CONSTELLATION ENERGY CORPORATION

Nasdaq: CEG | Nuclear, gas and geothermal power generation; retail electricity supply | Baltimore, Maryland

Tommy Lau | 30 October 2026 | Initiation of coverage | Independent research

INITIATE AT NO CALL	**Target price:** None (no call)	**Last price:** US$264.58 (Nasdaq close, 29 October 2026)	**Upside:** Base value US$290 (+10%)

Constellation's scarcest asset is its place on the grid. At US$265, the shares already price in most of its own plan.

Constellation runs America's largest nuclear fleet and is restarting the 835 MW Crane reactor, the former Three Mile Island Unit 1, for Microsoft. My piece of 30 October argued that the fastest nuclear power for AI comes from reactors that already hold a place on the grid. Its FERC filing agrees: a fresh connection would not have been fully deliverable before the end of 2030.

The claim holds, and it explains the premium the market pays. Crane adds only about 3.8% to nuclear output; the money is in pricing the rest of a fleet that already holds its grid places. But the 2027 consensus of US$13.32 already sits 9% above what Constellation's own March framework implies.

My call: no call, with medium conviction. Twenty times my 2028 EPS of US$14.52 gives US$290, up 10%, inside a range of US$184 (down 30%) to US$381 (up 44%). That is short of my 15% bar for a long.

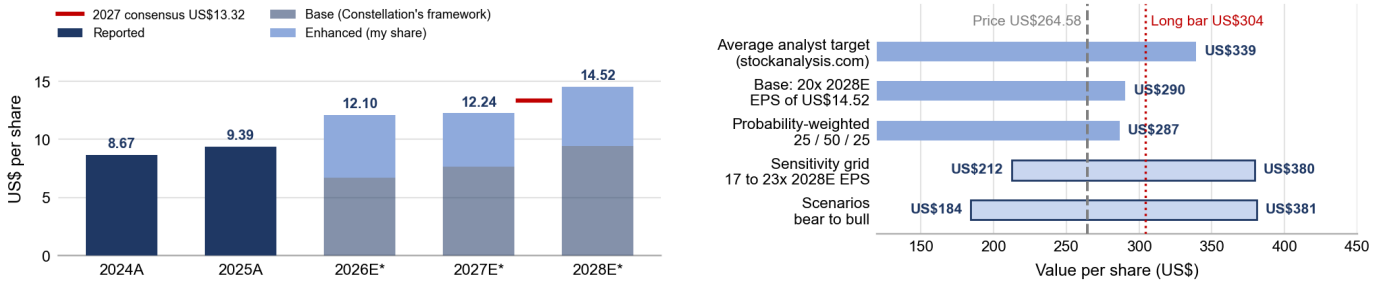
Stock data
LAST PRICE **US$264.58, Nasdaq close 29 October 2026; record close US$403.95 and intraday high US$412.70 on 15 Oct 2025**
MARKET VALUE **US$93.7bn on 354.31m shares (31 Jul 2026)**
NET DEBT, 30 JUN 2026 **US$24.0bn before about US$5.9bn of pending sale proceeds; enterprise value about US$118bn**
2026 GUIDE (6 AUG 2026) **Adjusted operating EPS US$11.50 to 12.50, raised from US$11.00 to 12.00**
P/E **22.0x 2026 guide midpoint; 19.9x 2027 consensus (US$13.32); 18.2x my 2028E**
CRANE **835 MW restart for Microsoft, target H2 2027; 760 MW of grid rights moved from Eddystone (FERC, 1 Jun 2026)**
CONSENSUS (STOCKANALYSIS.COM) **Average target US$339 (25 analysts); forward P/E 21.3x**
NEXT EVENT **Q3 2026 results, listed for 9 November 2026 on the investor events page; not confirmed by a release I could read**

Key financials (calendar years; adjusted operating EPS as Constellation defines it)

US$ per share unless stated	2024A	2025A	2026E*	2027E*	2028E*
Base EPS, Constellation's framework (midpoint)			6.70	7.65	9.44†
Enhanced share of the total (%)			44.6	37.5	35.0
Adjusted operating EPS	8.67	9.39	12.10	12.24	14.52
Growth (%)		8.3	28.9	1.2	18.7
Guide midpoint / consensus EPS			12.00	13.32	
P/E at US$264.58 (x)			22.0	21.6	18.2

**2026E is Constellation's first half (US$5.29) plus my US$3.90 for Q3 and US$2.91 for Q4. 2027E and 2028E are my estimates on Constellation's framework of 31 March 2026: base EPS at its midpoints (US$6.70, US$7.65, US$11.65 for 2026, 2027, 2029) and enhanced earnings at the midpoint of its 35 to 40% range for 2027 and 35% for 2028. †My interpolation between 2027 and 2029. 2026 P/E on the guide midpoint. Consensus from stockanalysis.com, checked 28 October 2026.*

Two charts: earnings on the company's own framework, and a value close to the price

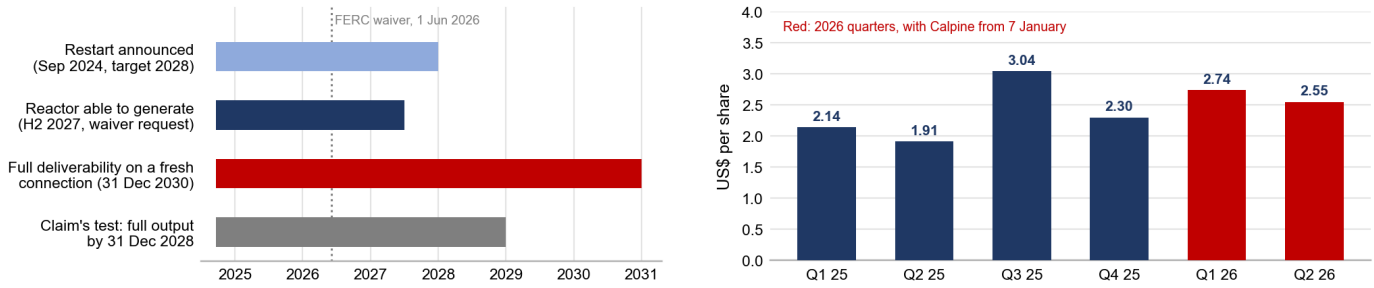


Left: adjusted operating EPS, 2024A and 2025A as reported; 2026E to 2028E split into Constellation's base earnings and my enhanced share, against the 2027 consensus (red). Right: value per share from the base case, the weighted cases, the sensitivity grid and the bear to bull range, against the price (grey) and the 15% bar for a long (red).

The thesis: the reactor was the easy part

Think of the empty house from the piece. The boiler can be fixed in weeks, but the electricity account was closed and the meter taken away, and the power company will take years to reconnect it. The quick way in is to move the connection from another house you own and meant to close.

Crane is that house. Constellation shut it in 2019 and announced the restart in September 2024, with Microsoft buying its output for 20 years. It estimated about US$1.6bn of capital spending; a federal loan guarantee of up to US$1.0bn was issued in November 2025, and the NRC approved Crane's fuel licence amendment this summer. Its FERC waiver request of 31 March 2026 says the plant can physically generate in the second half of 2027, with the regulator's approvals expected early that year.



Left: Crane's dates. Sources: Constellation release of 20 September 2024; FERC waiver request and affidavit, docket ER26-2028-000, 31 March 2026; the claim in my piece of 30 October. Right: adjusted operating EPS by quarter; Q3 2025 derived from the full year. Sources: Constellation quarterly earnings releases, Form 8-K Exhibit 99.1.

The connection was the hard part. The 10-Q says PJM's first study tied Crane to transmission upgrades with in-service dates as late as December 2030: hundreds of miles of new 765 kV and 500 kV lines, as far away as West Virginia, the waiver request adds. On that study the soonest Crane could be fully deliverable was 31 December 2030. So Constellation borrowed a connection. Eddystone Units 3 and 4, roughly 50-year-old oil and gas units of 380 MW each, were due to retire on 31 May 2025 and now run only under federal emergency orders, as energy-only resources. FERC agreed on 1 June 2026 that their 760 MW of capacity interconnection rights can move to Crane, which it said could let Crane be fully operational before 31 December 2030.

Nothing in Constellation's filings shows the piece was wrong. Its 2027 date, its 2030 date, the 760 MW and the emergency orders all match the 10-Q and the waiver request. The claim's own test, power at full output by the end of 2028, is still open.

Crane is the proof, not the profit. At a 93% capacity factor, my assumption, 835 MW makes about 6.8 TWh a year, 3.8% of the 179 TWh Constellation expects its nuclear fleet to make in 2026. Each US$10/MWh of margin on Crane's output is worth about US$0.14 a share a year after tax, on my arithmetic. The profit is in the rest of the fleet: Constellation says 147 million MWh a year of its nuclear output still earns only the federal tax credit floor and is free to sell under long contracts. Every one of those MWh already has a grid place.

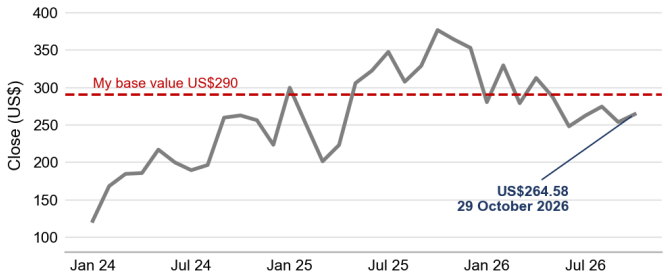
That is what Google bought on 6 October: 890 MW of uprates at 11 existing units on a 20-year contract, and a separate 15-year supply deal for 2,700 MW, price not disclosed. The costs show why existing sites win. US$1.6bn for Crane is about US$1,900 per kW. Constellation puts the cost of replacing the Calpine gas plants at about US$65bn, more than twice the

US$26.6bn enterprise value it paid. More than US$4.3bn for 890 MW of uprates is about US$4,800 per kW, and Google still signed for 20 years.

Constellation is also bigger than when the story began. It closed the Calpine purchase on 7 January 2026 for about US$21.8bn in shares and cash, adding about 23 GW of gas, geothermal and battery plants after the sales regulators required. The last of those, 4.4 GW in PJM for US$5.0bn and Brazos Valley in Texas for US$860m, are due to close by the end of 2026.

Variant perception: what the market prices in, and where I differ

At US$264.58 Constellation is worth US$93.7bn. Net debt was US$24.0bn at the end of June, before about US$5.9bn of sale proceeds, so the enterprise value is about US$118bn. The shares trade at 22.0 times the US$12.00 midpoint of the raised 2026 guide and 19.9 times the 2027 consensus of US$13.32. The forward P/E is 21.3 times, against 14.4 times for Vistra, 12.0 for Talen and 9.6 for NRG (stockanalysis.com): a premium of seven to twelve turns for a fleet that is mostly nuclear and mostly contracted or floored.



Date	What happened	Move
15 Oct 2025	Record close US$403.95	Peak
January 2026	Calls to cap PJM capacity prices; Calpine closes	down 20.5%
11 May 2026	Q1 results; guide affirmed	down 1.3%
6 Aug 2026	Q2 results; guide raised; FERC waiver	down 1.5%
6 Oct 2026	Google: 890 MW uprates, 2,700 MW supply	up 12.2%
13 to 23 Oct	No company results	down 14.3%

Left: Constellation month-end close, January 2024 to the 29 October 2026 close, against my base value (red). Yahoo Finance, read 30 October 2026. Right: moves from the previous close to the close on the day; January is the month-end change.

I read the fall since the record as the market pricing PJM politics. On 16 January 2026, according to press reports, the White House and the PJM governors called for an emergency auction and a longer cap on capacity prices, and the shares fell 20.5% that month. PJM's 2028 to 2029 auction then cleared at the US$325 per MW-day cap; every Constellation plant in PJM cleared, 18,875 MW in all, about US$2.2bn a year of capacity revenue on my arithmetic.

Where I agree with the market. The piece's mechanism is real and it justifies the premium. A grid place is scarce, Constellation owns more of them than anyone, and buyers like Google pay for them. That is not news to the market, and at 20 times next year's earnings it is not cheap.

Where I differ: the consensus runs ahead of the company's own plan. On 31 March Constellation split its earnings into base (contracts, the tax credit floor, average margins) and enhanced (higher prices and trading). It guided base EPS of about US$6.70 in 2026, US$7.65 in 2027 and US$11.65 in 2029, and put enhanced at 35 to 40% of the 2027 total. At the midpoints that gives about US$12.24 for 2027. The consensus of US$13.32 is 8.8% higher.

Part of the gap is fair: the guide was raised by US$0.50 in August, Google signed in October, and enhanced earnings are about 45% of my 2026 estimate, above the company's own 40%. Part of it is a bet that 2026's prices and new contracts last. **The price pays 18.2 times my 2028 estimate**, which already sits close to what the company's own framework delivers.

Valuation, with the working

I value Constellation on adjusted operating EPS, as it reports them, excluding mark-to-market swings, decommissioning trust results and Calpine merger costs, twelve months out: by October 2027 the market will price 2028 as the year ahead. I use the company's own framework rather than build every plant. For 2028 I take the geometric path from US$7.65 to US$11.65, about US$9.44 of base EPS, and a 35% enhanced share, which gives US$14.52. The base figures are Constellation's; the paths and shares are my choices.

The multiple. I use 20 times 2028 earnings: about one turn below the forward P/E today, because the growth after 2028 is base earnings the company has already guided, and well above the 12.0 times median of the three power peers, because

most of Constellation's earnings are nuclear, contracted or floored by the tax credit. 20 x US$14.52 = US$290.48, 9.8% above the price.

Scenarios: three cases, twelve months out

Case	What happens	2028 EPS	Multiple	Value	Change	Weight
Bear	PJM caps prices for longer, power prices fall, Crane slips; base US$8.60, enhanced 30%	US$12.29	15x	US$184	down 30%	25%
Base	Constellation's framework at the midpoints	US$14.52	20x	US$290	up 10%	50%
Bull	Google's 2,700 MW priced at the low end of the company's range, enhanced 40%; base US$9.94	US$16.57	23x	US$381	up 44%	25%
Weighted	**25 / 50 / 25**			**about US$287**	**up 8%**	

2028 EPS = base EPS / (1 - enhanced share). The bear multiple of 15x is near Vistra's today. The bull base adds about US$0.50 for the Google supply deal on the company's own 2029 sensitivity of US$0.40 a share per GW at a US$20/MWh premium; with no start date or price disclosed, taking half a year in 2028 is my own assumption.

Sensitivity: 2028 EPS against the multiple

2028 EPS	17x	20x	23x
US$12.50	US$213	US$250	US$288
US$14.52	US$247	**US$290**	US$334
US$16.50	US$281	US$330	US$380

Six of the nine cells sit above the price, but only three sit 15% or more above it, and all three need either 23 times or US$16.50 of earnings. None sits 25% or more below. A long needs the base 15% or more above the price, a short 25% or more below. At 10% above, my call is no call, with medium conviction.

Peer landscape

Company	Ticker	Forward P/E	EV/EBITDA	What they run
Constellation	Nasdaq: CEG	21.3x	14.8x	Largest US nuclear fleet (~22 GW), Calpine gas and geothermal, retail supply
Vistra	NYSE: VST	14.4x	10.1x	Nuclear (Comanche Peak and others), gas fleet in ERCOT and PJM, retail
Talen Energy	Nasdaq: TLN	12.0x	44.8x	Susquehanna nuclear plant and gas plants in PJM
NRG Energy	NYSE: NRG	9.6x	13.5x	Gas fleet in ERCOT and PJM, retail electricity and home services

Forward P/E and EV/EBITDA from stockanalysis.com, updated 29 October 2026. Peer median forward P/E excluding Constellation: 12.0x. Talen had a trailing net loss, so its EV/EBITDA is not meaningful. Multiples are used only to set the range; no view on the peers' shares is expressed.

Catalysts

When	Event	What I watch
9 November 2026 (listed, not confirmed)	Q3 2026 results	Adjusted EPS against US$3.84 consensus (MarketBeat) and US$3.04 a year earlier; Crane milestones
By end of 2026	PJM asset and Brazos Valley sales close	About US$5.9bn before tax and adjustments; debt reduction against buybacks
Early 2027 (date not announced)	Q4 2026 results and 2027 guide	Guide midpoint against US$13.00; enhanced share against 35 to 40%
Early 2027	NRC approvals and PJM agreement for Crane	Whether the reactor or the connection sets the date
H2 2027	Crane able to generate	First power to the grid; output against 835 MW
2028	First Google uprate	On time; pricing of the 2,700 MW supply deal if disclosed

Risks: what would hurt the view

PJM politics. PJM is Constellation's largest market: 15,700 MW of its nuclear plants cleared the latest auction. The governors' statement and the cap show that the price a scarce grid place earns can be set by politics. That is the bear case, a 30% fall.

Crane slips. NRC approvals and PJM's agreement are expected early in 2027. A delay hurts the claim more than the earnings.

The fleet runs less. The nuclear capacity factor was 93.0% in Q2, against 94.8% a year earlier, on more refuelling outage days, and the plants are old.

Gas and integration. Calpine made Constellation a large gas generator, much of it in Texas. Net debt rose from US$5.4bn at the end of 2025 to US$24.0bn at the end of June; Constellation bought back about US$2.2bn of shares from January to July.

What would change my mind

Into a long: a price below about US$253, or a 2027 guide midpoint of US$13.00 or more. Scaled up in proportion, my 2028 estimate becomes about US$15.40 and the base value about US$310, 17% above the price; on my framework path alone it would be only about US$299, so the trigger assumes the higher guide carries into 2028. A priced long contract for a large part of the available nuclear output would do the same. **Into a short:** a price above about US$387, or PJM extending the cap on capacity prices for several more years.

My call is wrong if: The shares close above US$330 or below US$200 in October 2027, or 2026 adjusted operating earnings land below the US$11.50 bottom of Constellation's raised guide, or Crane has not delivered power to the grid by the end of 2027, the target Constellation still holds.

Conclusion

The October piece argued that the fastest nuclear power for AI comes from reactors that already hold a place on the grid. Constellation's filings agree: a fresh connection for Crane was not fully deliverable before the end of 2030, and borrowing 760 MW of Eddystone's rights keeps 2027 alive. Nothing I found says the piece was wrong. For the shares, Crane is the proof, not the profit, and the market already pays for the rest of the fleet: 19.9 times a 2027 consensus that sits 9% above the company's own framework. My call: no call, with medium conviction; base value US$290, range US$184 to US$381.

Appendix: forecast assumptions

Assumption	2026E	2027E	2028E	Basis
Base EPS, US$	6.70	7.65	9.44	Constellation midpoints; 2028 my geometric path to US$11.65 in 2029
Enhanced share	44.6%	37.5%	35.0%	Company: ~40% (2026), 35 to 40% (2027), 30 to 35% (2029)

All my estimates unless marked as Constellation's. Full workings, with live formulas, in the accompanying model, 2026-10-30_Constellation_Model.xlsx.

Sources

Constellation second quarter 2026 earnings release (Form 8-K, Exhibit 99.1) and Form 10-Q, 6 August 2026, for adjusted earnings, guidance, the balance sheet, nuclear output, the Crane interconnection note, the Calpine purchase and divestitures, and share repurchases. Constellation first quarter 2026 release, 11 May 2026, and fourth quarter 2025 release, 24 February 2026. Constellation 2026 Business and Earnings Outlook (Form 8-K, Exhibit 99.1), 31 March 2026, for base and enhanced earnings, the 2029 framework, its sensitivities and the Calpine replacement cost. Constellation Form 8-K of 14 July 2026 on the PJM 2028 to 2029 capacity auction and Form 8-K/A of 20 April 2026 on the Calpine closing. Constellation's request for limited waiver at FERC, docket ER26-2028-000, 31 March 2026, with its supporting affidavit, and the FERC order of 1 June 2026 as quoted by Utility Dive and the American Nuclear Society. Constellation and Google announcement of 6 October 2026. Constellation third quarter 2024 results, 4 November 2024, for the US$1.6bn estimate. Share prices from Yahoo Finance; consensus, targets and peer multiples from stockanalysis.com (S&P Global data); third quarter consensus from MarketBeat; all retrieved 30 October 2026. Estimates for the second half of 2026, 2027 and 2028 are the author's own.

About this note

I wrote this note and built the accompanying model independently. It is not a product of any bank or broker. It tests a claim from my journal piece of 30 October 2026, thephysicallayer.fyi/journal/constellation-restarts-the-reactor; all notes and their track record are at thephysicallayer.fyi/research. Figures from company filings are labelled as such; derived figures are marked; the forecasts and view are my own estimates and my own view. I hold no position in Constellation. Personal research, not investment advice.

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