PRIVATE EQUITY INTELLIGENCE SERIES
Energy Transition Portfolio Leadership

THE LEADERSHIP PARADOX

Why the Window to Get the Right CEO Has Never Been Shorter, and the Search Has Never Taken Longer

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The headline finding from our analysis of C-suite transitions across energy transition portfolio companies:

- The average time to hire a portco CEO in the energy transition sector has increased 40% over the last three years. The search is harder, longer, and more expensive than ever.
- The window in which a wrong hire becomes an IRR problem has shortened materially. Compressing hold periods, policy volatility, and a bifurcated talent market have combined to reduce the tolerance for a mis-hire.
- Over 70% of PE-backed CEOs are replaced during an average hold period. Replacing a CEO typically extends the hold period by 6 to 12 months. This is an IRR equation, not an HR one.
- The talent pool is critically thin: the energy transition demands a CEO profile that combines technical depth, capital markets fluency, and policy navigation. That profile barely exists at scale.
- The firms outperforming are those who treat CEO succession not as a reactive event but as a value creation lever: pre-identifying, pre-briefing, and pre-testing candidates before the vacancy arises.

Bottom line: In a sector where policy can shift overnight and a 6-month leadership gap destroys quarters of momentum, waiting until the chair is empty is not a strategy. It is a liability.

40% Increase in CEO search duration, energy transition portcos (3 yrs)	**70%+** PE-backed CEOs replaced during hold period (multiple management consultancy sources, 2024-2025)	**6–12 mo** Hold period extension triggered by a CEO replacement	**~5 mo** Average CEO time-to-hire across sectors. Already unacceptably long.

PART ONE: THE MACRO CONTEXT. WHY THIS MOMENT IS DIFFERENT

1. A Sector at the Intersection of Capital, Climate, and Chaos

Private equity's relationship with the energy transition has moved through three distinct phases in under a decade: scepticism, enthusiasm, and now, something more honest: pragmatism under pressure. The volume of capital deployed into energy transition companies has been staggering. Global investment in the low-carbon energy transition surged 17% in 2023, reaching $1.77 trillion according to BloombergNEF. Private equity and venture capital poured nearly $8 billion into UK renewables alone in the first nine months of 2024. The pipeline of projects (solar, battery storage, hydrogen, grid infrastructure, offshore wind) is extraordinary in scale.

But the operating environment for those companies is anything but straightforward. Three forces have converged to create the most complex leadership context the sector has ever faced.

Force 1: Policy Whiplash. The IRA's Long Shadow

The US Inflation Reduction Act was, briefly, the clearest long-term policy signal the renewables sector had ever received: $369 billion of tax incentives, structured over a decade, designed to end the boom-bust cycles that had historically punished long-term capital deployment. It worked. And then the political environment changed.

The Trump administration's return to office in January 2025 brought immediate executive actions freezing IRA-related disbursements. On July 4, 2025, the One Big Beautiful Bill Act was signed into law, introducing accelerated repeal schedules for key renewable energy tax credits, compressing qualification deadlines, tightening domestic content requirements, and eliminating several EV and residential energy incentives. For PE-backed energy transition companies, particularly those mid-scaling whose business models were underwritten in part by those credits, this was not a political footnote. It was a material change to the investment thesis.

The ripple effect for leadership is direct: the CEO of an energy transition portco in 2025–2026 is not just running a company. They are navigating a regulatory environment that can, and has, changed with the stroke of a pen. That requires a very specific type of executive. It is not the profile most of the available talent pool offers.

> "If you want to risk your projects, it's going to be more expensive for the consumers. If you could have policy certainty and get things like infrastructure investors involved, then the reality is you have better projects built with less expensive capital."
> **-- Clean Capital CEO, February 2025**

Force 2: Geopolitical Stress. Energy Security Has Replaced Energy Transition

Europe's response to the Ukraine conflict, and more recently the effective closure of the Strait of Hormuz, which disrupted approximately 20% of global crude and LNG supply, has reframed the energy conversation at board level. Energy security has moved from a policy aspiration to an operational imperative. In this environment, the leadership question shifts: is our portco CEO positioned to respond to a macro event that was not in the investment thesis? The honest answer, in many cases, is: we don't know.

The McKinsey-led research on energy transition leadership is unambiguous: the most effective leaders in this sector must manage the duality of old and new, must be commercially ruthless and technically credible, and must be capable of holding investor confidence through sustained periods of uncertainty. One energy CEO in McKinsey's research put it plainly: "It is very easy to lose investors if you say, 'Don't worry, we will lose money on this for the next ten years.' But to succeed now, you need to find the oxygen and the space to develop the new and the uncertain."

That is an exceptionally demanding brief, and it narrows the candidate pool considerably.

Force 3: The Talent Market Has Not Kept Pace with Capital Deployment

Capital has flooded the sector. Talent has not. The UK alone faces a green economy skills gap of approximately 200,000 roles, with acute shortages at senior leadership levels, according to a 2025 analysis of PE-backed renewable platforms by a leading global executive search firm. The dynamic in the executive market is captured bluntly by one industry assessment: "Everyone needs the same 200 people. That Chief Renewable Energy Officer who successfully scaled a 5GW solar portfolio? Six companies want to hire her right now."

This is not hyperbole. It is a structural constraint. The energy transition has created a category of required executive capability (technical depth in project finance, grid dynamics, storage economics and interconnection, combined with the capital markets fluency and stakeholder management required by a PE environment) that simply does not exist in sufficient numbers. The market is being asked to supply a bespoke product at volume pricing. It cannot.

PART TWO: THE DATA. WHAT IS ACTUALLY HAPPENING IN PORTCO CEO HIRING

2. The Numbers That Should Concern Every Investment Committee

The core finding from our cross-sector analysis of C-suite transitions across energy transition portfolio companies, corroborated and contextualised by data from leading management consultancies, global executive search firms, and market intelligence providers, is a structural mismatch between search duration and IRR tolerance that is getting worse, not better.

The Search Is Getting Longer

The average time to hire a CEO across all sectors was nearly five months as of 2024, according to multi-firm analysis of executive hiring data across the sector. That average already masks significant variation. In complex sectors with specialist profiles, six to nine months is not uncommon. In energy transition, where the profile requirements are multi-disciplinary and the candidate universe is thin, our analysis points to a 40% increase in average search duration over the three-year period from 2022 to 2025. Searches that once took four to five months now routinely take six to eight, and the most demanding profiles can extend to nine to twelve months.

The structural causes are not mysterious. A major 2024 analysis of the PE CEO market by a leading global management consultancy identified the core problem with precision: candidates are retired, stuck in existing deals, or facing replacement. A wave of deal completions in 2021 and early 2022 locked in a generation of operating CEOs for five-to-seven-year hold periods. A subsequent slowdown in exits, with PE deal value falling approximately 30% in 2022 and remaining compressed through 2023, according to the same research, has kept those executives in place. The available pool, at any given moment, is less than two-thirds of what the market theoretically contains.

Add to this the energy transition premium, the additional complexity in the required profile, and the search challenge compounds significantly.

> "We'll be looking at the largest deal market of the last few years, with no more than two-thirds of the pool of proven top executives available to help capitalise on it." -- Global management consultancy research, 2024

The Window Is Getting Shorter

At the same time as searches are getting longer, the tolerance for getting it wrong, or for having a vacancy at all, has shortened. This is a function of three structural changes to the PE holding environment.

First, hold periods are extending involuntarily. Exit activity fell to its lowest point in over a decade in 2023, with US PE capital deployed declining 29.5% and exit value falling 26.4%, per Pitchbook data cited in leading management consultancy research. Longer holds mean more pressure on in-period value creation and less room for a leadership reset year.

Second, the regulatory and market environment for energy transition companies means that momentum loss is not recoverable at linear cost. A portco missing a critical project development window, failing a grid interconnection application, or sitting without a permanent CEO during a policy transition may not simply experience a delay. It may find the investment thesis has changed around it.

Third, the financial cost of a wrong hire or a delayed hire in a PE context is severe. A bad C-suite hire can set a company back by 30% of the leader's first-year earnings in direct costs

alone, and that figure does not capture the deferred value creation, the team attrition that frequently follows a leadership mis-step, or the signal a CEO change sends to offtake partners, lenders, and grid operators.

The compounding effect is this: you have less time to get it right, it takes longer to find the person, and the cost of failure, financial and strategic, has never been higher.

Most Firms Are Under-Prepared

a 2024-2025 global succession planning survey by a leading management consultancy of over 1,700 CEOs and board members globally found that while 26% of leaders across all ownership structures say CEO succession is among their top priorities, only 16% of PE-backed company respondents say the same. PE firms develop their senior leadership teams with succession in mind at roughly half the frequency of public companies. Only 45% have materially increased investment in succession planning.

This is the structural gap. PE's traditional model (hire right at entry, then replace if necessary) is straining under market conditions that have lengthened the distance between 'we need a new CEO' and 'we have the right CEO in the chair.' The firms performing best are those treating succession not as a transaction but as an ongoing management process.

PART THREE: WHAT ACCELERATED RETURNS. AND WHAT DID NOT

3. The Leadership Decisions That Made and Broke Returns

Across the C-suite transitions we observed and the broader research base, a consistent pattern emerges in what differentiated the portcos that created value from those that eroded it. The decisions cluster around five themes.

What Accelerated Returns

Hiring the Builder, Not the Operator: Timing Matters

The most consistent pattern in outperforming portcos was a deliberate distinction between the CEO required for the scaling phase and the one required for the optimisation phase. The energy transition sector requires genuine technical credibility, but the scaling phase requires someone who can simultaneously hold investor confidence, negotiate with grid operators and regulators, build a high-performance organisation from a standing start, and deploy capital at pace. That is a builder profile, not an operator profile.

Portcos that stumbled most often hired for domain expertise over execution capability, bringing in technically deep individuals who could not hold the room in an LP update or manage the commercial complexity of a rapidly moving pipeline. The inverse error of hiring commercially polished executives with insufficient grasp of project development dynamics was equally damaging, particularly when regulatory environments shifted.

Pre-Building the Bench Before the Gap Appeared

The firms achieving the cleanest CEO transitions, and the shortest periods of disruption, in the transition space had done the work in advance. Not succession planning as a compliance exercise, but active market mapping: understanding who was available, who was approaching the end of existing engagements, and what the profile required for the next phase of company development looked like. One PE operating partner described it as maintaining a 'live shortlist': continuously updated, never triggered by urgency. That approach compressed the functional search from six months to six weeks when the moment came.

Giving the CEO Real Authority and Real Accountability

Energy transition portcos operating in scaling mode require a CEO with genuine decision-making authority. Boards and investment committees that over-managed, requiring investment committee sign-off for decisions that needed to be made in days, not weeks, consistently saw leadership frustration and, eventually, leadership departure. The highest-performing portcos created structured governance that gave CEOs operational speed while maintaining financial control. The equity incentive structure mattered here: Carta's 2025 data shows median initial equity grants to PE-backed CEOs now at 2.2–2.6% of equity, with over 50% of performance conditions tied to MOIC or IRR. Aligning incentives correctly created a CEO who was genuinely invested in the outcome, not one working to a management contract.

Treating the CFO/COO Appointment as Critically as the CEO

The portcos that navigated rapid scaling phases most effectively were those where the CEO and CFO/COO combination was designed, not accidental. In the energy transition sector particularly, where project finance, tax equity structures, and ITC/PTC credit monetisation are core operational competencies, a CFO who understands the capital stack as deeply as the CEO understands the technology stack is not optional. The CEO-CFO pairing that did not work almost always collapsed around either a commercial misalignment (a technically-led CEO with a purely financial CFO) or a cultural mismatch (an entrepreneurial CEO with a process-driven finance function).

What Did Not Accelerate Returns

Hiring for the Past, Not the Future Stage

The most common mis-hire pattern in energy transition portcos was appointing a CEO whose reference experience was from a company at a different stage of development, typically a mature utility or a large corporate. These executives brought credibility and structure but frequently struggled with the velocity, ambiguity, and capital constraints of a scaling portco. The GE Power story remains instructive at a macro level: the appointment of executives who had managed existing infrastructure through a transition they did not fully anticipate cost the company, and its shareholders, billions. In portco terms, the equivalent is a CEO who has run a 5GW portfolio being appointed to build the first 500MW, the skills are not directly transferable.

Delaying the Succession Conversation to Avoid Discomfort

The data is blunt on this: replacing a CEO typically extends the hold period by an average of six to twelve months. Yet only 16% of PE-backed company leaders say succession planning is a genuine top priority. The most common reason firms give for the delay is that it feels like a vote of no confidence in the incumbent, an HR discomfort that is, functionally, a financial decision with significant IRR consequences. The firms that resolved this tension did so by reframing succession planning as value creation infrastructure, not as a commentary on the current CEO.

Assuming Domain Expertise Would Substitute for Leadership Capability

Technical credibility in the energy transition sector is table stakes, not a differentiator. The McKinsey research on energy transition leadership, drawing on interviews with dozens of sector CEOs, found that the most effective leaders were those who could manage the duality of legacy and new, hold commercial discipline through uncertainty, and build the external relationships required with regulators, grid operators, and offtakers. These are not technical competencies. They are leadership competencies that operate at the intersection of commercial intelligence and political navigation. Candidates who lacked them, however technically proficient, consistently under-delivered in the scaling phase.

PART FOUR: THE PROFILE, WHAT THE RIGHT CEO ACTUALLY LOOKS LIKE

4. The Energy Transition CEO: A Profile That Barely Exists at Scale

The challenge is not simply finding a CEO. It is finding a CEO who satisfies a genuinely rare multi-domain brief at a stage of company development that is inherently unstable. The profile required is not, strictly speaking, impossible to find. But it is sufficiently unusual that firms waiting for it to appear will wait a long time.

The Six Capabilities That Predict Success

- Capital markets fluency at the operating level, not the theoretical level. The CEO must be able to brief institutional investors, navigate tax equity structures and credit markets, and hold commercial relationships with off-takers and lenders under conditions of uncertainty.
- Policy navigation, the ability to work with and around regulatory environments across multiple jurisdictions. In the current environment, this means understanding where ITC/PTC structures create commercial opportunities despite political uncertainty, and building business models that can flex with policy rather than assuming permanence.
- Technical depth sufficient for credibility, not sufficient for substitution. The CEO does not need to be an engineer. They need to understand grid interconnection dynamics, storage economics, and project development risk well enough to hold their own in a technical conversation and to know when they are being told something that does not add up.

- Operational pace: the ability to make good-enough decisions quickly in a context where the perfect is the enemy of the deployable. Energy transition scaling is not a planning exercise; it is a rolling execution challenge with moving parameters.
- Team-building under constraint: building high-performance organisations in sectors where talent is scarce, compensation must compete with both large-cap energy companies and growth-stage technology firms, and the mission-driven elements of the work are a genuine retention lever.
- Investor relationship management: the ability to translate operational complexity into investor-grade narrative. PE boards require a CEO who can give them confidence without oversimplifying; who can signal problems early without triggering panic, and who can hold the strategic line against short-term pressure when the long-term thesis is intact.

> "The most valuable leaders understand both worlds. They can evaluate the commercial viability of legacy energy assets while identifying opportunities for new renewable technologies.", a senior partner at a leading global executive search firm, 2025

Where the Profile Is Being Found, and Where It Is Not

The candidates who most consistently satisfy this brief come from three primary routes: from within the independent power producer (IPP) sector, from infrastructure-focused PE operating roles, and from the senior commercial leadership of the large-scale project developers. The candidates who consistently disappoint come from large utilities and traditional energy majors, where the pace, the capital constraint, and the decision-making velocity of a scaling portco are genuinely alien.

There is an emerging fourth route, from adjacent sectors including data centre infrastructure, telecoms infrastructure, and grid-scale technology businesses, that has produced some of the highest-performing energy transition CEOs of the last five years. These candidates bring the scaling capability and investor fluency but require deeper technical onboarding. In the right governance environment, they can outperform the 'pure sector' candidates significantly.

PART FIVE: RECOMMENDATIONS FOR PE PARTNERS

5. What Best-in-Class Looks Like, A Framework for Action

The firms that are outperforming in energy transition portco leadership are not doing anything magical. They are simply taking the decisions that the data recommends, consistently, in advance, and with the discipline to treat leadership as a capital allocation question rather than an administrative one.

Recommendation 1: Map Before You Need To

Maintain a live market map of CEO-ready candidates in the energy transition sector, continuously updated, segmented by stage-readiness and availability horizon. This is not a search brief. It is an intelligence function. The investment in ongoing mapping pays back in search time compressed from six months to six weeks when the moment arrives.

Recommendation 2: Define the Profile for the Next Phase, Not the Current One

At each portfolio review, assess not just whether the current CEO is performing, but whether they are the right CEO for where the company will be in eighteen months. The energy transition scaling arc typically moves through at least two distinct leadership phases: the build/develop phase and the operate/optimise phase. The CEO who built the platform may not be the CEO who optimises it, and the reverse is equally true.

Recommendation 3: Pre-Brief Before You Formally Search

The most effective talent management approach we have observed in PE operates a 'pre-brief' process: introducing two to three candidates to the company, the investment thesis, and the board relationships at least six months before a formal search would be necessary. This is not a covert search, it is relationship capital. When the formal process begins, these candidates are informed, warmed, and considerably more likely to move at pace.

Recommendation 4: Treat the CFO/COO Appointment as Part of the CEO Decision

The leadership team design must be considered holistically. In energy transition portcos, the CEO-CFO relationship is the operational spine of the business. Hiring them sequentially, without explicit design of how the pairing will work, is a significant risk. The best outcomes come from firms that brief on both roles simultaneously, even if the hires are staggered.

Recommendation 5: Build Succession Into the Value Creation Plan

Succession planning should appear in the value creation plan from day one, treated as a risk management item with the same rigour as hedging, refinancing, or permitting risk. The question is not 'what happens if we need a new CEO?', it is 'we will almost certainly need a leadership evolution at some point; how are we preparing for it?'

> Over 70% of PE-backed CEOs are replaced during a hold period averaging five to six years. Yet only 16% of PE-backed company boards say CEO succession is among their genuine top priorities. This is not a talent problem. It is a governance problem with a talent consequence.

PART SIX: THE TALENT DIMENSION, A NOTE FOR SEARCH CONSULTANTS AND HR ADVISORS

6. How This Affects Talent: The Search Consultant's Perspective

The dynamics described in this paper have direct and material implications for how executive search should be approached in the energy transition PE sector, and for how talent strategy should be designed across the portfolio.

The first implication is structural: the traditional retained search model, brief, longlist, shortlist, interview, offer, start, is no longer adequate for the most demanding portco CEO searches in this sector. A six-to-nine-month search process, running against a hiring urgency created by a leadership vacancy, is simply too slow. The firms succeeding are those treating their search partner as an ongoing intelligence function, not a transactional supplier activated when a vacancy appears. The market map needs to exist before the vacancy. The relationships need to be warm before the brief is written.

The second implication relates to profile design. Search consultants advising PE firms in the energy transition sector need to push back on briefs that are either too narrow (sector experience only) or too broad (generic 'transformation leader' profiles). The energy transition CEO brief should be built around capabilities, not credentials, the ability to hold commercial pace under policy uncertainty, to bridge technical and financial audiences, and to build and retain a high-performance team in a talent-scarce environment. Domain experience is a filter, not a destination.

The third implication concerns the talent pipeline itself. The most effective PE firms in this sector are working with their search advisors to identify, and in some cases help develop, the next generation of energy transition CEO candidates, not just the current generation. This includes deliberately considering adjacent sector talent (infrastructure, data centres, telecoms) where the scaling and capital markets capabilities are strong, and calibrating the technical onboarding support required to make those candidates effective quickly.

Finally, the talent shortage at the CEO level is a symptom of a deeper problem in the talent system: the pipeline of future senior leaders in the energy transition sector is not being built fast enough to service the capital being deployed. The UK's 200,000-role skills gap at the green economy level has an echo at the top of the house. For search consultants and talent advisors operating in this space, the opportunity is significant, but only for those prepared to operate as genuine sector specialists rather than generalist search practitioners who have added 'energy transition' to their practice description.

In short: the sector needs talent strategy, not talent transactions. The firms that understand this distinction are the ones already outperforming on leadership, and, as a result, on returns.

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The following sources informed the analysis, data points, and contextual framing in this paper. All proprietary findings and trend analysis represent the authors' own conclusions drawn from cross-sector search experience and are not attributable to third parties.

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