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Discovering growth and return opportunities across the power sector: Unlocking scalable growth in power infrastructure

The evolution of the power sector

The power sector continues to evolve, driven by technological advancement, accelerated load growth and the need to upgrade legacy, capacity-constrained infrastructure.

The generation mix is decarbonising, while firming and storage are developed to balance intermittent renewables. Behind-the-meter generation is growing, which is contributing to intraday system volatility.

At the same time, demand is growing with the increasing electrification of cities and industries, and the rise of data centers.

These shifts in supply and demand are forcing changes to the grid, underscoring the challenge of ensuring a resilient, reliable power supply in an increasingly complex, dispersed and interconnected system.

The future of global energy consumption

Global energy demand is expected to rise steadily over the next decade, driven by three structural trends: (i) sustained economic and industrial growth; (ii) rising cooling and appliance loads amid higher temperatures and living standards; and (iii) accelerated electrification and digitalisation, particularly the rapid data center expansion to support AI and cloud services.

According to the *IEA World Energy Outlook 2025*,¹ primary energy demand continues to grow under all scenarios – from business as usual to aggressive climate targets – while electricity demand expands at more than twice that pace as vehicles, heating and industrial processes move from liquid fuels to electricity. The IEA's Stated Policies Scenario projects global electricity consumption to be about 40% higher by 2035 compared to today, and data center electricity use is expected to more than double by 2030.²

We believe infrastructure managers with well-established operational capabilities and industry experience are favorably positioned to benefit from this growth by deploying capital into projects that support reliable, low-carbon power systems and flexible grids.

The rise of new industry segments

The evolution of the power sector is generating a broad set of infrastructure investment opportunities, as capital is required to meet rising energy demand, support greater resilience and reliability, connect new generation and load, and enable data-driven management to balance demand and supply.

We believe many of these opportunities are well-suited to a value add infrastructure strategy, as they combine asset-centric infrastructure characteristics with growth opportunities from sectoral tailwinds.

Examples of value add investment opportunities

Transmission development: New transmission development is increasingly critical and a potentially attractive investment opportunity, offering the chance to capture a greenfield premium, while building regulated infrastructure that seeks to deliver stable, long-term risk-adjusted returns once operational. Key growth-drivers include rising global electricity demand, the geographic separation of large-scale generation and consumption centers, the need to upgrade aging networks, and the addition of new renewable and thermal electricity generating facilities requiring grid interconnection – all factors that are fueling billions of dollars in investment.



¹ <https://iea.blob.core.windows.net/assets/71bc1da5-4ee8-41a3-9b2f-d82338841959/WorldEnergyOutlook2025.pdf>

² <https://iea.blob.core.windows.net/assets/71bc1da5-4ee8-41a3-9b2f-d82338841959/WorldEnergyOutlook2025.pdf>

Connection services: New generation and load assets (primarily data centers) require infrastructure to connect to the grid, with businesses emerging that specialise in delivering, then owning and maintaining connection infrastructure. Success requires industry expertise, including both operational capability and the ability to efficiently navigate complete connection processes, but ultimately can deliver long-term contracted, asset-backed revenue streams.

Microgrids: Microgrids are localised power systems that combine generation, storage and distribution of electricity near the point of use. They typically operate under long-term contracts with municipalities or industrial clients, which help ensure steady and predictable revenue. Although global interest in decentralised energy models has accelerated adoption of these systems, they remain most common in areas with limited or unreliable grid access or where connections face long delays. But even grid-connected environments are increasingly adopting microgrids – to enhance resilience, balance local supply and demand and improve overall network efficiency.

Smart metering: Smart meters play a major role in optimising grid performance, providing real-time visibility into electricity usage through advanced metering infrastructure (AMI). This increased visibility allows utilities and consumers to track consumption accurately and deploy demand response programs that reduce peak load, easing strain on the grid and improving efficiency. The transition to smart metering is driving investment opportunity, backed by long-term customer contracts and regulatory support, with the opportunity to expand into home energy management (incorporating EV charging, storage, heat pumps, etc).

Waste-to-energy: Waste-to-energy facilities combine waste management and renewable energy

generation benefits by transforming municipal solid waste into electricity and heat. These assets usually benefit from long-term contracts with municipalities. We believe expanded investment opportunities in this sector are being driven by tougher landfill regulations, urban population growth, and decarbonisation policies that recognise waste-to-energy as an alternative to traditional waste disposal.

Leveraging scale to prepare assets for successful ownership transition

Over time, evolving industry segments will grow and mature, providing opportunities to exit to core and core-plus infrastructure investors. This typically can require the establishment of stable operating processes, clear governance structures, and performance reporting frameworks suited to long-term, lower-risk ownerships. As businesses scale, we believe they must demonstrate the ability to manage operational complexity and maintain consistent performance to potential buyers, such as strategic operators and infrastructure funds, who value risk management and operational performance.

Infrastructure managers with scale, established footprints, and extensive experience may be strategically advantaged to position emerging power businesses for successful ownership transition and value-maximising exits. This could include the ability to fund major capital investments and leverage existing portfolio assets to unlock synergies. Leveraging long-standing industry relationships could potentially facilitate partnerships, accelerate timelines, and broaden the pool of qualified bidders. In addition, operational experience drawn from managing large, complex assets could also support the identification of emerging trends and the accelerated adoption and integration of new technologies in a shifting regulatory landscape – improving reliability, efficiency, and sustainability.

IFM power sector footprint

IFM has a 30-year infrastructure track record and is global owner and asset manager of power and utilities infrastructure. IFM's managed funds' power sector infrastructure footprint spans 202,000 kilometres of electricity networks, 4,000 kilometres of district heating networks, and 20 GW of renewable generating capacity, highlighting our scale and expertise across the sector.

We believe our scale and breadth – over US\$86 billion in infrastructure assets under management – underscore our goal to play a central role in shaping infrastructure operations worldwide. We believe we have the skill and expertise to identify high-quality opportunities in sectors that are already within the IFM ecosystem, allowing us to work to deliver value for clients across the infrastructure landscape.

All data as at 31 December, 2025

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