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Clean Energy M&A and PPAs: Emerging Opportunities

As US power markets undergo structural shifts that redefine how buyers, sellers, and investors approach energy storage and renewables, clear themes are emerging for M&A and power purchase agreements (PPAs): discipline has replaced velocity, 'patient capital' is back, and diversification – across geography, technology, and revenue streams – is essential.

Ascend Analytics recently released its 2025 M&A and PPA Market Outlook Report, which focuses on battery energy storage systems (BESS), hybrids, and renewable M&A and PPAs. In the full report, Ascend connects macroeconomic conditions, policy changes, and market fundamentals to actionable M&A and development opportunities in a rapidly evolving clean energy landscape.

Key Takeaways

- The M&A market remains dynamic, shaped by a mix of policy uncertainty and structural demand drivers. Ascend expects that transaction volumes will recover, albeit at a disciplined pace.
- Diversification has become essential as buyers actively seek exposure across multiple ISOs to manage merchant risk, hedge against localized policy shifts, and balance interconnection timelines.
- Renewables and storage continue to offer least-cost new generation options across much of the US, though project economics are becoming more region-specific.
- Renewable PPA solicitations are likely to be a 'race to the bottom' and PPA contract prices should align strongly with the levelized cost of energy (LCOE) for a specific technology.
- The full Ascend Analytics 2025 M&A and PPA Market Outlook Report provides deeper data, regional forecasts, and actionable insights essential for developing the right strategies to maximize risk-adjusted returns.

An Evolving M&A Market: From Growth-at-Any-Cost to Disciplined Dealmaking:

During 2021–2022, platform acquisitions and large-scale portfolio transactions were fueled by low interest rates, global capital inflows, and a 'growth first' mindset. By 2023–2024, the market had recalibrated. Higher interest rates, interconnection costs, and regional overbuilds – particularly in ERCOT – shifted investor focus from scale to selectivity.

In early 2025, M&A activity ticked up as developers sought to recycle capital and as FERC Order 2023 increased the cost burden of holding interconnection positions. Today, buyers are focusing on targeted, late-stage assets that fit portfolio needs, while 'patient capital' investors with long time horizons gravitate toward high-quality projects at attractive valuations. Merchant risk mitigation continues to be an important area of focus, as well.

Headwinds and Tailwinds for Renewables, Storage, and Hybrid M&A

The M&A market remains dynamic, shaped by a mix of policy uncertainty and structural demand drivers.

- **Headwinds:** Tariffs on Foreign Entities of Concern (FEOC), shifting federal tax credit timelines, and volatile capital costs created a Q2 2025 slowdown. Policy uncertainty at both state (especially in ERCOT) and federal levels helped reinforce a 'wait-and-see' posture among developers and investors.
- **Tailwinds:** Reconfirmed storage ITC eligibility, strong state-level clean energy mandates, corporate procurement commitments, backlogged thermal supplies, and accelerating load growth from electrification and data centers support long-term fundamentals for BESS, hybrid, and renewables.

Overall, Ascend Analytics is seeing recovery in transaction volume and expects that transaction volumes will recover, albeit at a disciplined pace.

Regional Expansion and Diversification in Energy Market M&A

Historically, CAISO and ERCOT have been the primary hubs for storage and hybrid M&A. Now, development and investment opportunities are spreading into MISO, NYISO, ISO-NE, WECC, and SPP, driven by supportive state policies and attractive economics.

Diversification has also become essential. Buyers are actively seeking exposure across multiple ISOs to manage merchant risk, hedge against localized policy shifts, and balance interconnection timelines. Development services agreements with local partners are becoming a common strategy to facilitate efficient entry into less familiar markets.

Storage M&A: Market Outlook by Region

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Renewables and Storage: Competitive Dynamics

Renewables and storage continue to offer least-cost new generation options across much of the US, though project economics are becoming more region-specific.

The full report includes key insights related to:

- **Post-IRA M&A Outlook:** M&A for contracted assets is expected to remain steady, with strong buyer appetite for operational projects carrying minimal merchant risk.
- **PPA Price Dynamics:** Competitive markets with oversupplied interconnection queues are driving PPA prices toward developers' cost of capital rather than off-taker value.
- **Regional Price Differentiation:** PPA prices rise fastest in the Northeast due to scarce sites and high development costs, while ERCOT and the Southwest retain the nation's most competitive solar economics.
- **Green Premiums:** Willingness to pay for clean energy remains robust in mandate-driven states but is more constrained in cost-sensitive regions.

PPAs: Long-Term Price and Cost Outlook

Renewable PPA solicitations are likely to be a 'race to the bottom' and PPA contract prices should align strongly with the levelized cost of energy (LCOE) for a specific technology. This becomes even more true in markets where the capacity value of the renewable resource is minimal or in a market where renewable LCOEs are above the merchant value of the renewable product.

The same competitive pressures that exist in wind and solar PPAs exist for storage tolling agreements as well. The uncertainty in merchant pricing conditions for storage is much higher than in renewables, and the value of firm off-take is correspondingly higher for storage. This has led to a strong divergence between the high merchant value of storage in many locations and low cost-driven tolling rates.

Interested in Learning More?

The full Ascend Analytics 2025 M&A and PPA Market Outlook Report provides deeper data, regional forecasts, and actionable insights essential for developing the right strategies to maximize risk-adjusted returns. Request a copy of the full report today to access detailed price projections, valuation frameworks, and regional opportunity maps that help facilitate clear, prudent decisions in markets that reward precision and insight.

Ascend Analytics integrates market intelligence, bankable valuations, and risk mitigation into actionable insights. These capabilities, combined with the Ascend Energy Exchange (AEX™) platform, connect qualified buyers and sellers, accelerate deal execution, and maximize value realization. Contact us to learn more.

About Ascend Analytics

Ascend Analytics is the leading provider of market intelligence and analytics solutions for the power industry.

The company's offerings enable decision makers in power development and supply procurement to maximize the value of planning, operating, and managing risk for renewable, storage, and other assets. From real-time to 30-year horizons, their forecasts and insights are at the foundation of over \$50 billion in project financing assessments.

Ascend provides energy market stakeholders with the clarity and confidence to successfully navigate the rapidly shifting energy landscape. Visit us at ascendanalytics.com