

ENERGY MANAGEMENT | INSIGHTS REPORT

Energy Intelligence: From Passive Consumption to Active Optimization

Smart Metering, Energy Management Software, AI-Driven Control, and the New Economics of Energy Source Selection

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EXECUTIVE SUMMARY

The global **energy management systems (EMS)** market reached approximately **\$63.6 billion in 2025** and is projected to exceed **\$131 billion by 2030**, driven by surging electricity costs, AI-intensified data center demand, and the proliferation of distributed energy resources (DER). Simultaneously, the **advanced metering infrastructure (AMI)** market stood at \$25–29 billion in 2025, growing at a CAGR of **11–16%**, as utilities and commercial operators race to replace legacy meters with intelligence-generating endpoints.

The defining shift underway is not simply one of monitoring energy — it is the emergence of **active optimization**: AI-powered platforms that continuously evaluate the cost and availability of electricity from the utility grid, on-site solar or wind generation, and battery storage, then direct energy flows to minimize cost and carbon in real time. Smart cities, factories, hyperscale data centers, and connected homes are each deploying this **energy intelligence stack** — and the market opportunity for software, metering, and AI companies is immense.

AI energy efficiency tools alone are forecast to grow from **\$3.2 billion in 2025 to \$24.9 billion by 2035**, a CAGR of 22.8%. This report examines the key technology layers — smart metering, energy management software, control platforms, and AI — and analyzes how they are being deployed across sectors to reshape how organizations choose, manage, and optimize their energy sources.

\$75.4B

IoT Energy Management Market
2025

22.8%
CAGR

AI Energy Efficiency Tools
Growth (2026–2035)

Up to 40%

Energy Cost Reduction via IoT
EMS Deployment

Introduction

For most of the twentieth century, energy was treated as a fixed input — an overhead cost to be budgeted, not engineered. Facilities consumed what they consumed; utilities supplied what was needed; and the price, paid monthly on a paper invoice, rarely entered real-time operational decisions. That paradigm is dissolving. The convergence of **smart metering, energy management software, distributed energy resources, and artificial intelligence** has created a new class of infrastructure: the energy intelligence stack — a layered system that senses consumption at the endpoint, communicates it across digital networks, analyzes it with machine learning, and acts on it in milliseconds. The result transforms energy from a passive cost line into a variable that can be actively shaped.

The economic driver is straightforward. Electricity prices across North America and Europe have risen **25–45% since 2020**, while the proliferation of on-site solar panels, battery storage systems, and EV charging infrastructure has given sophisticated consumers — factories, data centers, commercial buildings, and increasingly homes — the **ability to choose their energy source in near-real time**. The question is no longer only how much energy is consumed, but from where and when: the utility grid at prevailing tariff rates, a co-located solar array producing at near-zero marginal cost, or a battery bank charged during off-peak hours and discharged at peak. Software and AI are the arbitrage engine that makes these decisions continuously and correctly.

The market response has been proportional to the opportunity. The global **energy management systems market exceeded \$63 billion in 2025** and is on track to reach \$131 billion by 2030 (Mordor Intelligence). Advanced metering infrastructure — the sensing layer that makes intelligent management possible — reached **\$25–29 billion in 2025**, underpinned by government mandates and utility digitization programs across every major economy. AI-native energy optimization platforms, which sit atop both the metering and software layers, represent the fastest-growing segment, with Precedence Research projecting a **22.8% CAGR** through 2035.

This report examines the four technology layers of energy intelligence — smart metering, energy management software, control systems, and AI — and analyzes how they are being deployed across **smart cities, industrial facilities, hyperscale data centers, and residential environments**. We profile the leading companies, document recent M&A activity, and assess the structural forces that make this sector a compelling target for investment and acquisition.

The Global Market

The energy intelligence ecosystem spans several overlapping markets. The **global IoT Energy Management Market** — the broadest measure encompassing connected sensing, communication, and management across all segments — was valued at **\$75.4 billion in 2025** and is projected to reach \$157.2 billion by 2030, a CAGR of approximately 15.9% (NEXT MSC). Within this umbrella, distinct sub-markets are tracked separately by most analysts:

Sub-Market	2025 Market Size	Forecast	CAGR	Key Driver
Energy Management Systems (EMS)	\$60–70B	\$131–223B (2030–2035)	12–15%	Industrial & commercial digitization
Advanced Metering Infrastructure (AMI)	\$25–29B	\$59–78B (2034–2035)	11–16%	Smart grid mandates, DER growth
AI Energy Efficiency Tools	\$3.2B	\$24.9B (2035)	22.8%	AI/ML platform adoption
Home Energy Management (HEMS)	\$5.8B+	\$16B+ (2034)	13.8%	Solar/EV/battery adoption by consumers

Sub-Market	2025 Market Size	Forecast	CAGR	Key Driver
Smart Meter Data Management	\$1.4B	\$7.0B (2035)	17.4%	Cloud MDM, analytics, AI integration

Regional Landscape

North America commands the largest EMS market share, led by mandated utility smart meter deployments — penetration is set to exceed **94% of electricity meters** by 2029. The United States also dominates data center construction, with the IEA projecting that more than **85% of new data center capacity additions** over the next decade will be concentrated in the US, China, and the EU — all three jurisdictions where energy costs and carbon mandates are driving aggressive EMS adoption.

Asia-Pacific holds approximately **42% of the global AMI market share** in 2025, driven by India's 47.6 million cumulative smart meter installations and China's state-mandated digitization of distribution infrastructure. Industrial IoT energy management is advancing rapidly in South Korea, Japan, and Taiwan, where manufacturers face export competitiveness pressures linked to energy intensity.

Europe presents a uniquely favorable regulatory landscape: by end-2024, an estimated **3.8 million home energy management systems** were installed across the continent, and the EU's Energy Efficiency Directive mandates progressive improvement in building and industrial energy intensity. Germany, France, and the Nordics are leading BEMS deployments; the UK is advancing smart export tariffs that make HEMS economically attractive for solar-plus-storage households.

What Leading Research Bodies Are Saying

IEA — Energy and AI (2025 Special Report)

The International Energy Agency's landmark **Key Questions on Energy and AI** report and accompanying World Energy Outlook 2025 provide the most authoritative framing of AI's dual role: as both a consumer of energy (data centers) and a tool for reducing it. The IEA found that **electricity demand from data centers surged 17% in 2025** — far outpacing global electricity demand growth of 3% — while investment in data center infrastructure reached an estimated **\$580 billion** for the year. Against this backdrop, the IEA emphasizes that AI-driven optimization is now essential, not optional: "Measured per individual task, the energy efficiency of AI is improving at a rate unprecedented in energy history," the report states.

Particularly notable is the IEA's finding that the widespread application of AI tools across the global economy could **free up to 175 GW of transmission capacity** without building new lines — equivalent to eliminating the peak demand of France — through intelligent load scheduling, predictive maintenance of grid assets, and real-time optimization of distributed resources. The transport sector application of AI alone could yield energy savings equivalent to **120 million cars removed from roads**.

"The energy efficiency of AI is improving at a rate unprecedented in energy history."

International Energy Agency, Key Questions on Energy and AI, 2025 — as AI optimizes energy use across sectors, the net effect becomes powerfully deflationary for energy intensity.

Deloitte — AI for Energy Systems (2025)

Deloitte's Southeast Asia **AI for Energy Systems** report frames the challenge succinctly: energy systems face mounting pressure from rising demand, aging infrastructure, and environmental constraints, but AI offers "transformative potential to help address these matters by **optimizing operations, strengthening reliability,**

and unlocking substantial economic and environmental benefits." Deloitte identifies three core application categories where AI is generating measurable results: predictive maintenance of metering and distribution assets, dynamic load optimization across building and industrial systems, and intelligent dispatch of distributed energy resources.

Deloitte's analysis underscores a structural shift in how energy management vendors are competing: the historical advantage of incumbents — proprietary hardware and long-term service contracts — is being challenged by cloud-native AI platforms that can ingest data from any meter or sensor and deliver optimization without owning the underlying infrastructure. This creates M&A pressure on both sides: incumbents acquiring AI capabilities, and AI platforms acquiring installed hardware bases.

McKinsey — Global Energy Perspective 2025

McKinsey's **Global Energy Perspective 2025** highlights two macro forces directly relevant to energy intelligence: **geopolitical uncertainty and shifting industrial policy** are accelerating enterprise investment in energy self-sufficiency, while **rising power demand** — particularly from AI infrastructure — is pressuring corporate energy cost structures. McKinsey notes that industrial and commercial operators who deploy intelligent energy management stand to capture meaningful margin improvement as electricity becomes a larger share of operational cost.

AI optimization can reduce HVAC energy use by up to 37% in commercial buildings and 23% in residential settings.

Precedence Research / AI Energy Efficiency Tools Market, 2025 — AI-driven control of building systems is among the most immediate and measurable ROI cases.

MarketsandMarkets / Mordor Intelligence — EMS and AMI Market Analysis

Multiple buy-side research firms converge on similar structural conclusions: the EMS market is bifurcating between **enterprise-grade, multi-site platforms** (dominated by Schneider Electric, Siemens, Honeywell, and Johnson Controls) and **cloud-native, AI-first challengers** (C3.ai, AutoGrid, Sense, GridPoint) that compete on analytics depth and integration flexibility. Mordor Intelligence notes that **software now accounts for 42% of EMS revenue** — a share that has been rising steadily as customers prioritize intelligence over hardware. MarketsandMarkets projects the smart meter market to grow from \$22.7 billion in 2025 to \$41.8 billion by 2030, noting that the shift to **smart meter data management (SMDM) platforms** in the cloud represents the highest-value layer in the metering stack.

Technology & Ecosystem Breakdown

1. Advanced Metering Infrastructure (AMI)

AMI — the network of smart meters, communication infrastructure, and head-end software — is the foundational sensing layer of the energy intelligence stack. Modern smart meters transmit real-time or near-real-time consumption data via cellular, RF mesh, or PLC networks to **meter data management (MDM) systems**, which aggregate, validate, and make the data available for analytics. Key players include Itron (US), Landis+Gyr (Switzerland), Aclara/Hubbell (US), Sagemcom (France), and Siemens. North America's smart meter installed base is approaching **160 million endpoints**, with penetration set to exceed 94% by 2029. Globally, India alone added tens of millions of meters under its RDSS national rollout.

2. Building Energy Management Systems (BEMS)

BEMS platforms govern HVAC, lighting, access control, and plug loads within commercial and institutional buildings, integrating data from AMI meters, BACnet/Modbus sensors, and weather feeds. The global BEMS market is projected to grow from **\$8.2 billion in 2024 to \$17.5 billion by 2030**. AI-enhanced BEMS — sometimes called AEMS or cognitive building platforms — apply machine learning to predict occupancy

patterns, pre-condition spaces, and autonomously switch between utility power and on-site generation. Johnson Controls' OpenBlue platform, Siemens' Desigo CC, and Schneider Electric's EcoStruxure Building are the dominant enterprise offerings.

3. Industrial / Factory Energy Management Systems (IEMS/FEMS)

Manufacturing facilities represent among the most impactful EMS deployment environments. IoT-connected industrial energy management systems have demonstrated **cost reductions of nearly 40%** through continuous monitoring of production equipment, compressors, motors, and process heating. IEMS platforms integrate with SCADA, MES, and ERP systems to correlate energy consumption with production output — enabling energy KPIs tied to per-unit cost. Siemens' SIMATIC Energy Manager, ABB's Ability™ EDCS, and Schneider's EcoStruxure Machine are category leaders. Predictive maintenance embedded in IEMS reduces equipment failures by up to **70%**, cutting both unplanned downtime and the energy waste of degraded equipment.

4. Data Center Energy Management

Data centers have become the most acute case study in energy intelligence. Global data center electricity use surged by 17% in 2025 alone (IEA), and AI workloads — which are GPU-intensive and thermally demanding — are driving Power Usage Effectiveness (PUE) higher at many facilities. Best-in-class hyperscale operators achieve PUE of **1.1–1.2**, while the global average remains near **1.5–1.6**. AI-driven cooling and power management platforms are the primary lever: Google's deployment of DeepMind machine learning to its data centers reduced cooling energy by **up to 40%**. The Emerald Conductor platform demonstrated a **25% reduction in cluster power usage** during a 2025 Phoenix trial while maintaining quality of service. Data center operators are also deploying intelligent source-selection systems that dispatch workloads when renewable generation is cheapest or shift non-latency-sensitive compute to off-peak grid windows.

5. Smart City Energy Management Platforms

Smart cities deploy EMS logic at district and municipal scale — governing street lighting, transit infrastructure, public buildings, and distributed generation assets through integrated platforms. Smart energy management holds **22% of total smart city deployment share**, the second-largest segment after mobility (Grand View Research). Berlin's AI-powered street lighting program reduced district electricity consumption by **40%** in 2024 test districts. Over **\$140 billion** was invested in smart city infrastructure across Asia-Pacific in 2024–2025, with energy management a primary allocation. Siemens, Cisco, and Hitachi have been identified as leading platforms in smart city energy deployments.

6. Home Energy Management Systems (HEMS)

HEMS software — installed as a gateway device or embedded in solar inverters and battery storage systems — orchestrates the home's distributed energy assets: rooftop solar, battery storage, EV chargers, HVAC, and grid connection. At end-2024, **3.8 million HEMS were installed across European homes**, with approximately 1.2 million added in 2024 alone. AI-enabled HEMS apply forecasted generation, weather data, and dynamic tariff signals to decide, minute by minute, whether to consume from the grid, discharge the battery, or export surplus solar — delivering savings of 20–40% on household electricity bills in high-tariff markets. The global DER installed base (solar inverters, batteries, EV chargers, heat pumps) is projected to **quadruple from 144 million to 570 million units by 2035**, making HEMS the connective intelligence for a massive new asset class.

7. Energy Source Selection & Dispatch Software

The highest-value software layer — and the most rapidly growing — is the category that treats energy as a **dispatchable, optimizable variable** rather than a fixed utility cost. These platforms continuously evaluate the cost, availability, and carbon content of three sources: **(1) utility grid electricity** at prevailing tariff rates (which may vary hour-by-hour under time-of-use or real-time pricing), **(2) on-site or proximate renewable generation** (solar, wind) at near-zero marginal cost when available, and **(3) battery storage** charged at low-cost periods and dispatched at high-cost periods. Software providers in this space include AutoGrid, Stem (Athena AI), EnerNOC/Enel X, and a rapidly growing cohort of industrial IoT startups. Advanced

implementations achieve **10–20% improvement in round-trip storage efficiency** and extend battery life by **15–25%** through optimized charge/discharge cycling.

Technology Frontiers

Five technology trends are reshaping the energy intelligence landscape over the 2025–2030 horizon:

Technology	Status & Key Data
Edge AI for Energy Optimization	Edge AI energy systems — processing optimization logic at the meter or gateway rather than the cloud — are projected to expand at a CAGR of 24.5% through 2035 (Precedence Research). Enables sub-second control decisions and operates during connectivity outages. Critical for industrial and data center applications where latency matters.
AI-Integrated Smart Meters	Aclara partnered with Utilidata (March 2024) to embed distributed AI directly into smart meters — shifting compute to the endpoint for localized grid analytics. Itron's Enterprise Edition (IEE) Cloud (Feb 2024) moved MDM to cloud-native architecture with embedded AI anomaly detection.
Digital Twins for Energy Systems	Digital twin platforms create real-time virtual replicas of building, factory, and campus energy systems, enabling simulation of energy dispatch scenarios before committing. Siemens' Building X and Johnson Controls' OpenBlue deploy digital twin architectures for continuous EMS optimization. Estimated to reduce energy waste by 15–30% in complex facilities.
Autonomous Multi-Source Dispatch	Next-generation EMS platforms autonomously manage portfolios of utility connections, solar arrays, and battery banks using reinforcement learning — continuously re-optimizing dispatch based on real-time pricing, weather forecasts, and load predictions. Google DeepMind's cooling AI (40% reduction) is the landmark proof-of-concept; commercial analogs are now being deployed by Stem, AutoGrid, and Schneider EcoStruxure AI Advisor.
Smart Meter Data Analytics (SMDA)	The smart meter data management market — currently \$1.4B — is growing at 17.4% CAGR toward \$7B by 2035. SMDA platforms apply ML to interval meter data for load disaggregation, theft detection, and personalized energy recommendations. Itron's IEE Cloud and Landis+Gyr's Gridstream Analytics are category leaders.

Major Companies

The energy intelligence market is served by three distinct cohorts: large automation and industrial conglomerates with full-stack EMS offerings, specialized metering companies with advanced data management capabilities, and AI-native software platforms.

Company / Ticker	HQ & Key Facts	Strengths ▲ / Weaknesses ▼
Schneider Electric (SU)	Rueil-Malmaison, France. ~€37B revenue. EcoStruxure platform spans BEMS, IEMS, and DCIM.	▲ Broadest EMS portfolio; deep AVEVA integration for industrial analytics. ▲ \$700M US investment (2025) signals commitment. ▼ Complexity of platform can slow SME adoption.

Company / Ticker	HQ & Key Facts	Strengths ▲ / Weaknesses ▼
Siemens AG (SIE)	Munich, Germany. €75B+ revenue. SIMATIC Energy Manager, Desigo CC, Building X digital twin.	▲ 2025 Gartner Magic Quadrant Leader for Industrial IoT Platforms. ▲ Strong in factory and smart city deployments. ▼ Hardware-heavy model faces SaaS margin pressure.
Honeywell International (HON)	Charlotte, NC. ~\$37B revenue. Forge Energy Optimization, building automation, process control.	▲ Deep installed base in commercial buildings and refineries. ▲ AI-driven Forge platform gaining traction. ▼ Recent spin-off of PMT division creates transition period.
Johnson Controls (JCI)	Cork, Ireland. ~\$26B revenue. OpenBlue platform, York HVAC, Metasys BMS.	▲ OpenBlue digital twin enables continuous building optimization. ▲ Strong in retrofit and multi-tenant commercial. ▼ Hardware manufacturing dilutes software margin profile.
ABB (ABB)	Zürich, Switzerland. ~\$32B revenue. Ability™ EDCS, EMS for utilities and industrials.	▲ Strong in industrial EMS and electrification of heavy industry. ▲ Leading robotics integration for factory energy optimization. ▼ Less consumer/building exposure limits HEMS upside.
Itron (ITRI)	Liberty Lake, WA. ~\$2.4B revenue. Smart meters, MDM, network management.	▲ IEE Cloud (2024) positions Itron as cloud-native MDM leader. ▲ Full AMI stack from hardware to analytics. ▼ Concentrated in regulated utility market.
Landis+Gyr (LAND)	Zug, Switzerland. ~CHF 1.8B revenue. Smart electricity, gas, and heat metering.	▲ 15-year TREFOR Infrastruktur agreement (2024) validates long-cycle recurring revenue. ▲ Gridstream platform for analytics. ▼ Slower to adopt AI-native MDM vs. Itron cloud.
C3.ai (AI)	Redwood City, CA. ~\$350M revenue. AI applications for energy, industrial, federal.	▲ Purpose-built AI applications for energy optimization, proven at Baker Hughes and Shell. ▲ Rapid deployment via pre-built ML models. ▼ Revenue growth slower than AI market; customer concentration risk.
AutoGrid (Private)	Redwood City, CA. AI energy intelligence SaaS for utilities and C&I customers.	▲ Leading AI platform for DER optimization and multi-source dispatch. ▲ Flex platform manages millions of distributed devices. ▼ Pre-revenue scale; dependent on utility partnership channels.
Stem / Athena AI (STEM)	San Francisco, CA. ~\$450M revenue. Battery storage + AI optimization for C&I and utilities.	▲ Athena AI platform optimizes charge/discharge across solar+storage portfolios. ▲ Strong US C&I and solar developer relationships. ▼ Hardware dependency on battery pricing volatility.

Recent M&A, Investments, and Strategic Moves

Transaction / Event	Value & Date	Strategic Significance
Aclara (Hubbell) × Utilidata Partnership	Undisclosed — March 2024	Embeds distributed AI directly inside Aclara smart meters — shifts energy intelligence from cloud to endpoint, enabling real-time grid analytics at the meter.
Itron Launches IEE Cloud Platform	Internal — February 2024	Cloud-native meter data management moves Itron's analytics offering to SaaS model, enabling AI anomaly detection and SMDA at enterprise scale.
Landis+Gyr × TREFOR Infrastruktur	15-Year Agreement — November 2024	Comprehensive smart meter and digital infrastructure deal across Denmark validates long-duration, high-value AMI relationships as the recurring revenue model matures.
Schneider Electric — US Factory & Digital Expansion	USD \$700M — March 2025	Creates 1,000 US manufacturing jobs, expands digital services capability; signals intent to build domestic EMS supply chain while growing AI-powered EcoStruxure services.
Schneider Electric — India JV Acquisition	Remaining 35% stake acquired — 2025	Full ownership of India JV accelerates EMS and smart infrastructure deployment in the fastest-growing emerging market for energy management.
Google DeepMind — Cooling AI Deployment	Ongoing (results published 2024–2025)	AI-driven cooling achieved 40% energy reduction in Google data centers — most visible commercial proof point for AI energy optimization ROI, catalyzing enterprise adoption.
Siemens — Gartner MQ Leader (IoT Platforms)	Recognition — 2025	Siemens recognized as a Leader in the Gartner Magic Quadrant for Industrial IoT Platforms — reinforces its position as the primary enterprise EMS platform for industrial verticals.

GrowthPhases® Perspective: The Energy Intelligence Stack as an Acquisition Thesis

GrowthPhases has identified the **energy intelligence stack** — the layered system of smart metering, energy management software, control platforms, and AI optimization — as a sector positioned for sustained, structural growth with compelling consolidation dynamics. The investment thesis rests on four permanent shifts that are rewiring how energy is consumed, managed, and procured across every vertical.

Why the Structural Forces Are Permanent

- **Energy cost volatility is structural, not cyclical.** Electricity prices have risen 25–45% across advanced economies since 2020 and show no signs of normalization as AI data centers, EV adoption, and industrial electrification add hundreds of gigawatts of new demand. Enterprises that do not actively manage energy source selection face compounding margin risk.
- **Distributed energy resources require software management.** The global DER installed base — solar panels, batteries, EV chargers, heat pumps — is projected to quadruple to 570 million units by 2035. Each unit is an asset that requires intelligent dispatch software to generate economic value rather than grid instability. HEMS, BEMS, and IEMS platforms are the mandatory management layer for this hardware build-out.

- **AI is transforming energy optimization from scheduled to autonomous.** The era of programmed energy schedules — charge the battery at midnight, limit HVAC during peak hours — is giving way to reinforcement-learning systems that optimize every dispatch decision continuously. Google DeepMind's 40% cooling energy reduction and AI HVAC platforms' 37% savings in commercial buildings are early-stage proof points of a transformation that is accelerating.
- **Smart metering creates a durable recurring revenue model.** AMI infrastructure contracts — exemplified by Landis+Gyr's 15-year TREFOR agreement — lock in multi-decade service relationships. As MDM platforms migrate to cloud-native SaaS (Itron's IEE Cloud), the metering installed base becomes a subscription revenue engine with high retention and cross-sell potential for analytics and AI services.

GrowthPhases® Expertise in Energy Intelligence

- Energy Management Systems (EMS/BEMS/IEMS) platforms from metering to optimization
- Smart metering (AMI) hardware and meter data management software
- AI-driven energy intelligence platforms with predictive analytics and autonomous control
- Distributed energy resource (DER) management across solar, storage, and grid sources
- Industrial IoT and SCADA integration for factory and data center energy optimization
- Building automation, HVAC control, and smart city energy infrastructure

The Road Ahead

AI as the Universal Energy Arbitrage Engine

By 2028, AI-native energy platforms will be ubiquitous across hyperscale data centers and large industrial facilities, autonomously selecting energy source mix in sub-second cycles. The economic leverage is significant: a 100 MW data center that improves average cost per MWh by \$10 through AI dispatch saves **\$8.76 million annually** — a return that justifies substantial software investment. The next frontier is multi-facility and campus-scale optimization, where AI manages energy flows across buildings, parking lots, and microgrids as an integrated portfolio.

Metering Intelligence Moves to the Edge

The Aclara-Utilidata partnership points toward the medium-term architecture: AI compute migrating from the cloud down to the smart meter endpoint. Edge-AI meters can perform load disaggregation, anomaly detection, and localized optimization without cloud round-trips — enabling sub-second decisions and resilience during network outages. This architectural shift will drive **meter replacement cycles** as utilities and commercial operators upgrade hardware to support edge compute. Companies that own both the meter hardware and the AI software layer will capture disproportionate value.

Energy Source Arbitrage Goes Mainstream in Commercial Buildings

The combination of falling battery storage costs (utility-scale BESS costs have declined approximately 90% over the past decade), rising grid tariffs, and improving BEMS AI is making **on-site generation and storage economically superior to grid power** for an expanding share of commercial and industrial loads. By 2030, a majority of new commercial buildings in high-tariff markets (California, Germany, Australia, UK) will be designed with integrated solar, storage, and AI dispatch as standard — not optional — components. BEMS vendors with native DER optimization capabilities will outcompete pure-play building automation providers.

The HEMS Market Reaches Critical Mass in Residential

As dynamic electricity tariffs — where the price changes hour-by-hour based on grid conditions — spread across European and US markets, HEMS becomes economically essential for solar-plus-storage households. With the residential DER base projected to grow fourfold by 2035, a household without an intelligent HEMS is leaving **20–40% of potential energy cost savings unrealized**. The competitive landscape will consolidate around a handful of platform winners that own the solar inverter, battery gateway, and EV charger integration points — making M&A in the hardware-software bundle the defining strategic move of the next three years.

Carbon Intelligence Becomes a Premium Feature

As corporate net-zero commitments translate into carbon accounting requirements, energy management platforms are adding **real-time carbon intensity tracking** alongside cost optimization — enabling companies to select energy sources not only for price but for carbon content. Google already time-shifts compute to hours and geographies with lowest-carbon grid supply; by 2027–2028, this capability will be a standard feature of enterprise BEMS and data center management platforms. Companies that embed carbon dispatch logic into their AI optimization engine will command premium pricing and differentiation in enterprise procurement cycles.

Conclusion

The energy intelligence stack is one of the most consequential infrastructure build-outs of the current decade. The convergence of ubiquitous smart metering, sophisticated energy management software, distributed energy resources, and AI optimization has created a new class of technology that treats energy not as a fixed overhead but as a **dispatchable, optimizable variable** — one that can be continuously shaped to minimize cost, carbon, and risk. Smart cities, factories, data centers, and homes are all deploying versions of this stack, and the economic case is now proven: 37% savings on HVAC, 40% reduction in data center cooling, 40% reduction in IoT-managed industrial energy costs, 20–40% household electricity savings. These are not projections — they are measured results from deployed systems.

The market opportunity is large and accelerating. From a \$75 billion IoT energy management base in 2025, the sector is on track toward \$157 billion by 2030. The AI software layer — growing at 22.8% CAGR — represents the highest-margin, fastest-expanding segment. **GrowthPhases® Acquisitions Group** is actively tracking acquisition targets across all four layers of the energy intelligence stack: smart metering and AMI infrastructure, energy management software platforms, AI-native optimization engines, and HEMS providers positioned for the residential DER wave. We see a narrow window — 2025 to 2028 — in which consolidation will establish the dominant platforms before the market reaches structural maturity.

The organizations that own the intelligence layer of energy will define the economics of consumption for the next generation of buildings, factories, and cities. **The meter is no longer a billing device — it is the first node of an AI-powered energy network.**

GrowthPhases® Acquisitions Group, LLC

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