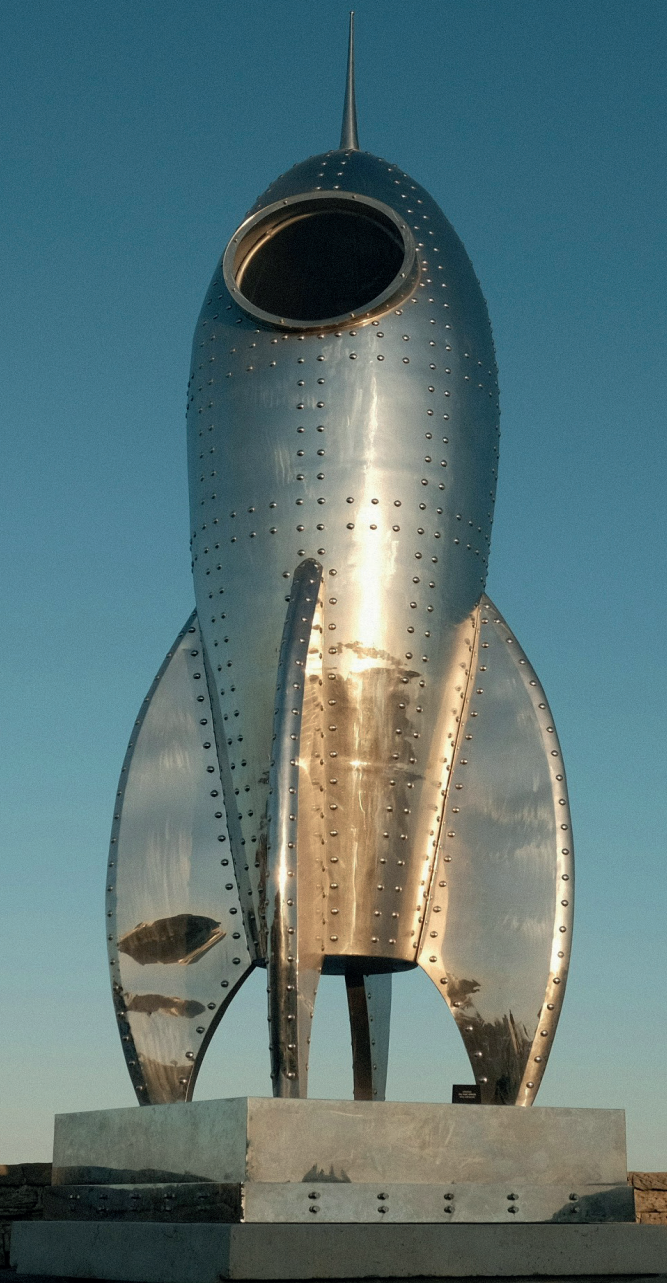


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Power 1.0: the enduring investment opportunity in growth markets

BY NEDA VAKILIAN, MANAGING DIRECTOR AND HEAD OF CAPITAL SOLUTIONS AT ACTIS

A crucial part of the energy transition story is being written in what Actis refers to as growth markets: institutionally secure, middle- to higher-income economies with rising demand, expanding industrial bases and increasingly sophisticated power systems.

However, growth markets remain significantly under-allocated by global infrastructure capital. This persists despite these economies hosting most of the world's population and demographic growth and undergoing rapid industrialisation, urbanisation and digitalisation. For example, they attract only a fifth of clean energy investment despite accounting for 85% of global energy demand growth.¹ Actis believes that this supply-demand imbalance means many of the largest investible opportunities sit in growth markets.

This opportunity is being unlocked by the arrival of Power 1.0 – the point at which Actis believes renewables, storage and ancillary services operate at system scale and become bankable. In many of Actis' markets, it is our view that, the alignment of economics, policy and delivery capability needed for Power 1.0 is now increasingly in place, creating large, consistent investment pipelines that strengthen over time.

On the supply side, steep falls in the levelised cost of energy ("LCOE") for solar,

wind and batteries, coupled with improved system integration, have fundamentally expanded the range of viable projects. As the chart below illustrates, the past decade has seen a marked decline in the LCOE of solar, wind and storage technologies globally, reinforcing the economics underpinning Power 1.0.

On the demand side, rapid urbanisation, population growth and accelerating electrification are generating substantial additional power needs. Together, these forces create a durable investment opportunity characterised by clear demand, strengthening policy support and a persistent capital shortfall.

It is our view that Power 1.0 is the foundation for investment viability in growth markets, but it is not the only force shaping opportunities. Three broader dynamics reinforce this shift: (i) deglobalisation and the rise of power sovereignty; (ii) the ability to build efficient, cost-competitive, modern platforms in markets with structural infrastructure gaps; and (iii) a persistent risk perception gap, where incomplete assessments can overstate risk-adjusted outcomes.

The case for power sovereignty: demand, policy and the road to investible assets

Growth markets are, in Actis' view, where the next decade of energy will be decided. India sits at the intersection of the demographic, economic and structural

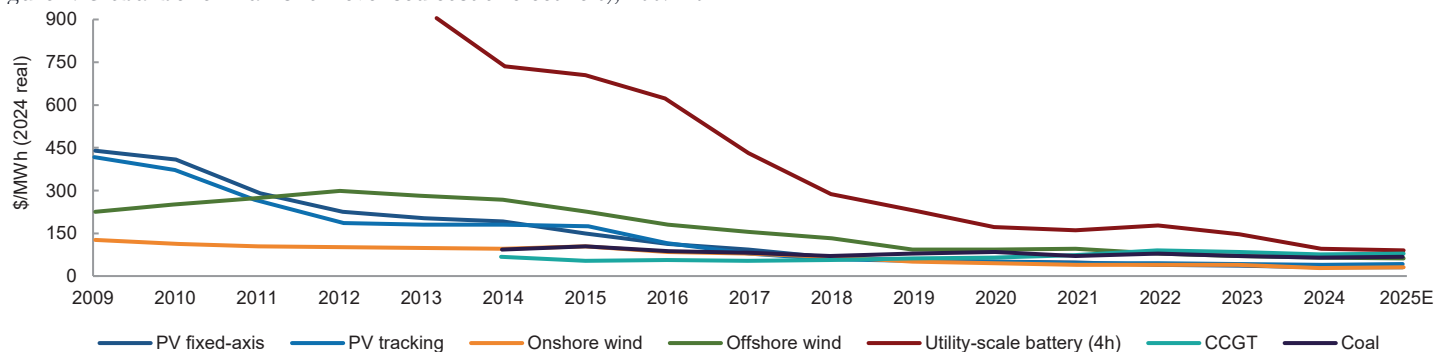
forces shaping these markets and illustrates how national ambition, transparent market frameworks and disciplined local execution may convert into investible pipelines and scalable energy platforms.

As the third largest power consumer in the world, India is expected to account for roughly 10% of the global increase in electricity demand through 2027.² This rising demand is placing growing pressure on existing infrastructure and heightening the need for additional generation, more flexible and durable power systems, and a sharper focus on energy security.

India imports around 85% of its crude oil and more than half of its natural gas.³ Amid deglobalisation and supply chain and trade volatility, policymakers are increasingly prioritising domestic renewable generation. Secure national power has become a tool of economic resilience and sovereignty.

This push for power sovereignty is evident in the government's target of 500 GW of renewables by 2030, up from roughly 200 to 220 GW today.⁴ Meeting this goal would require doubling the country's renewable capacity within five years – an ambitious but achievable objective. To support this, the national and state authorities run regular procurement programmes offering long-term Power Purchase Agreements (PPAs), forming part of a broader framework designed to unlock the country's renewable power potential.

Figure 1: Global benchmarks for levelised cost of electricity, 2009-2024



Source: BloombergNEF. Levelised cost of electricity update 2025

Since the unbundling of the power sector in 2003, clear procurement frameworks have been put in place that help enable projects to secure bankable agreements and reach commercial scale; regulation now permits producers to sell power beyond state utilities and directly to corporations, and the country has invested heavily in transmission infrastructure, reducing curtailment and increasing usable output. Together, these measures have created a more mature market setting with reliable routes to market via long-term PPAs. The market continues to evolve, with contract structures emerging that integrate renewable generation with onsite, co-located battery storage.

With these policies in place, India has been able to capture rising yields and declining costs as renewable technologies have matured and scaled, to the point where renewables increasingly achieve grid parity with conventional fossil generation. Battery energy storage systems have been central to this shift. They address intermittency and improve cost-competitiveness by storing excess energy when supply is high, and releasing it when supply is scarce and prices are higher. Hybrid projects can then be tailored to provide baseload power for industrial and utility consumers. This evolution has made load matching and hybrid contracting commercially viable and may materially mitigate exposure to uncontracted merchant risk.

Exposure to such risks is a major consideration in infrastructure investing, with Actis' on-the-ground presence and deep sector and market expertise helping determine which opportunities to select and which to avoid. The firm's builder-operator approach, strong partnerships, and sustainability-focus have created a consistent investment model that seeks to mitigate risk, maximise value creation and accelerate delivery.

Actis has been active in India's energy sector for more than a decade, deploying over \$1.5 billion of equity into the sector, developing and operating approximately 7 GW of capacity.⁵ Actis has successfully exited two renewable generation platforms to strategic buyers, demonstrating how disciplined local execution and rigorous sustainability practices may help mitigate the risk of assets and create scalable, profitable platforms underpinned by long-term contracted offtakes capable of attracting interest across the buyer universe.

Actis' successes in India illustrate the benefits of investing in growth markets with a rigorous execution-led approach. While India's size and scale make it an outlier on the global stage, the same themes are at play across other growth markets, from Southeast Asia to the Middle East to Latin



BluPine Energy, Actis' renewable energy platform in India

America. Energy demand is accelerating in such markets and, with the growing focus on power sovereignty, conditions are aligning for investment in domestic renewable generation.

From gap to growth: constructing efficient energy platforms at scale

While the story in many growth markets, such as India, is about energy addition as well as transition, in Central and Eastern Europe ("CEE") it is more about transition and building modern, efficient energy platforms for the twenty-first century to fill infrastructure gaps and replace outdated systems. CEE's legacy coal fleets and fragmented development, combined with renewed political urgency, create a clear opportunity to build a power generation architecture at scale.

As in other places, many CEE markets embarked on their transition from a position of structural under-investment. Heavy reliance on coal generation, material exposure to EU carbon pricing and limited cross border interconnection have left wholesale electricity prices materially above most European peers. The need for investment was further underscored by Russia's invasion of Ukraine and Europe's dependence on Russian gas. This crystallised a policy imperative to scale domestic renewables and to reconfigure grids for resilience and energy independence. These price signals and policy commitments have created a near-term platform opportunity for investors who can deploy regional scale quickly.

These pressures have triggered reforms across the region, with Romania a notable example. In recent years, Romania has launched a €3 billion European Commission-backed contract for difference ("CfD") scheme and has taken initial steps toward reintroducing long-term bilateral PPAs to give developers a clearer path to stable,

long-term contracted cashflows.⁶ Actis considers that these measures do more than just support projects: they help to formalise routes to contract, mitigate perceived market and offtaker risk, and materially improve financing certainty for larger integrated independent power producers ("IPPs"). Where such mechanisms exist, developers can underwrite projects with lower merchant exposure and assemble multi-gigawatt portfolios that are financeable at scale.

Scale matters because many CEE systems offer a near blank slate and are not constrained by entrenched infrastructure or long-running arrangements, allowing new plants and network solutions to be designed and delivered to modern standards from the outset rather than retrofitted into legacy networks. After several years of market mapping, Actis established Rezolv Energy in 2022 to aggregate secured development pipelines across Romania and neighbouring markets and to build a regional IPP that combines proprietary projects, procurement advantages and euro-denominated contracting to deliver hard-currency cashflows to our investors. The platform is targeting more than 2 GW of solar and onshore wind capacity. In a region with relatively few institutional quality platforms, this scarcity value is a key part of the exit story.

The broader shift toward national resilience, regionalisation and the deglobalisation of supply further deepens the case. Governments are designing policy measures to shorten the path to operation and to favour domestic clean generation. First movers are more likely to capture procurement, contractual and scarcity value while creating platforms that are attractive to buyers. These platforms can be supported by a dual revenue model that pairs CfDs with corporate PPAs, delivering bankable, hard currency cashflows.



Rezolv Energy, Actis' renewable energy platform in Romania

The CEE region shows how coordinated policy, market design and early platform building may convert geopolitical shocks into structured and investible opportunities. The lessons here are global. By identifying markets with latent demand, positive policy environments and scale potential, investors can capitalise on being early entrants into growth market renewable power.

Closing the risk perception gap: reframing risk to reveal investible opportunities

Too often capital allocation treats growth or emerging markets as one homogenous risk bucket, when, in reality, political, commercial and market risks vary markedly from country to country. Treating growth markets as a single category obscures the specific institutional and commercial requirements that determine whether a market is investible. Actis believes risk is best judged through the presence, or lack thereof, of a supportive investment framework and the market structures that follow from it. That means first assessing whether public policy and regulation are clear and durable and whether legal and contractual arrangements exist that can underpin long-term, contracted cashflows. It also means confirming sufficient market depth to support financing and exits as well as local capability to deliver and operate complex assets. Only when those foundations are in place does Actis then evaluate exit markets, underpinning infrastructure and whether local teams can execute at scale.

Disciplined underwriting and investing can lead to different outcomes than headline perceptions would suggest. Mexico is one such example where public commentary often emphasises political headlines and regulatory change, but those surface-level narratives understate and distract from the structural drivers beneath them. The country

combines deep economic integration with the US, sustained foreign direct investment and substantial foreign exchange reserves. The nearshoring wave is reallocating manufacturing and high value industrial activity to Mexico, and this structural shift is creating increased industrial electricity demand.

This demand is already visible. After years of under-investment in the country's energy sector, reserve margins tightened materially in 2024, falling below the 6% stability threshold, contributing to widespread power outages.⁷ New power generation and grid modernisation have now become immediate commercial necessities.

Fortunately, policy and contracting have adapted to these needs. The Sheinbaum administration has introduced reform packages that establish pragmatic routes for private capital, including projects developed in partnership with the state utility, the Comisión Federal de Electricidad ("CFE"), and those sold independently into the wholesale market. For institutional investors the decisive development is the emergence of arrangements with the CFE that provide long-term US dollar denominated revenues. In practice these arrangements are availability or fixed price offtake contracts which may substantially reduce merchant and foreign exchange exposure, materially improving bankability and access to favourable financing terms.

Actis has translated these structural and contractual developments into platform investments in Mexico, developing and owning generation platforms that aim to deliver long-term US dollar linked and, in some cases, inflation linked contracted revenues.

Risk is real in every market and must be managed, but it should not be overstated or used to exclude entire regions from consideration. By interrogating assumptions, applying disciplined market selection, securing conservative contracting and building in committed local execution capability, investors may narrow the gap between perceived and underwritten risk. As Actis' investments in Mexico demonstrate, public perceptions of a market often diverge significantly from the realities on the ground.

We believe that our approach to risk, which uses a proprietary data driven framework to evaluate and price risk across growth markets, can generate a risk premium relative to mature markets. This positions investors to capture the long-term value arising from the structural tailwinds positively benefitting growth markets.

The Actis playbook: how to capture power 1.0 in growth markets

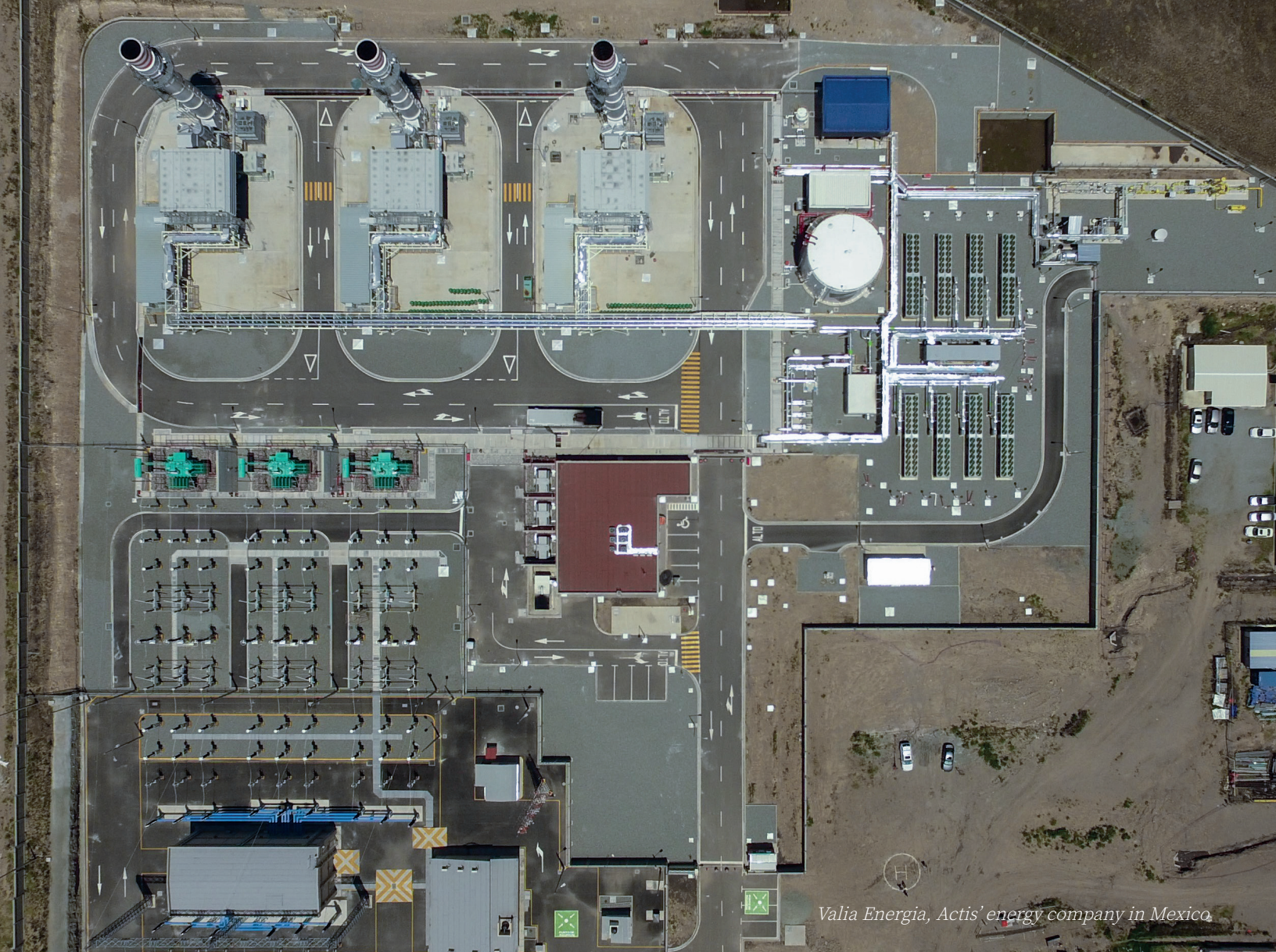
Growth markets bring together scale, rising demand and accelerating policy support, creating a sustained structural need for new generation and modern, resilient systems. For investors prepared to act, growth markets can offer a meaningful premium and the opportunity to shape resilient energy systems.

Over two decades Actis has built and scaled platforms across these markets and developed the operational capability to deliver at scale. Our playbook is straightforward but disciplined. We focus on markets where clear policy and transparent frameworks create credible routes to stable, risk-mitigated cashflows. We then apply a builder-operator model that embeds sustainability throughout the investment process.

By targeting markets that in Actis' view have reached or are approaching Power 1.0 conditions, and by building platforms with contracted revenues, scale and operational excellence, we believe that investors can capture an enduring opportunity grounded in long-term structural fundamentals.

We believe this is how disciplined investors can turn complexity into opportunity.

1. International Energy Agency, 2025. *Electricity 2025*
2. International Energy Agency, 2025. *Electricity 2025*
3. International Energy Agency, 2021. *India Energy Outlook 2021*; International Energy Agency, 2025. *India Gas Market Report: Outlook to 2030, 2025*
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5. Actis proprietary data, as at Q3 2025
6. European Commission, 2024. 'Commission approves €3 billion Romanian State aid scheme to support onshore wind and solar photovoltaic installations to foster the transition to a net-zero economy'
7. Bloomberg, 2024. 'At Its Limit': Mexico's Buckling Grid Threatens Nearshoring



Neda Vakilian is Managing Director and Head of Capital Solutions at Actis. She joined Actis in January 2022, where she is responsible for the coordination and management of strategic investor initiatives, fundraising project management and product development.

Neda has around 20 years of industry experience, working across private capital markets, business development, and fundraising. Before joining Actis, she was Co-Head of Capital Solutions and Investor Relations for Amber Infrastructure. In this role, she was responsible for sales, client servicing and product development, and was

an investment committee member and board director on strategies.

Prior to this, Neda worked at Macquarie Capital and the Green Investment Bank (now the Green Investment Group) where she was a leading member of the team responsible for raising what was, at the time, the largest renewables fund in Europe. She began her career as a solicitor, working at Clifford Chance and SJ Berwin.

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