



# M&A trends in energy, natural resources, and chemicals

H1 2025 M&A trends report

Power plays and policy shifts: ENRC M&A reignites in 2025

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# Power, politics, and portfolio plays

The ENRC sector experienced significant activity during the first half of 2025, driven largely by shifting political landscapes and evolving energy demands. Renewables saw substantial growth in H1'25, marked by a 10.5 percent increase in deal volume and a remarkable 384.6 percent rise in deal value compared to H2'24. This surge is driven by AI-fueled electricity demand, with US data centers projected to account for 8.6 percent of total electricity demand by 2035. States such as Virginia, Texas, Ohio, and Georgia are emerging as critical hubs for renewable energy access. Amid uncertain macroeconomic conditions, companies are focusing on strategic capital discipline for immediate profitability and long-term growth opportunities. With the return of the Trump administration, oil and gas (O&G) firms gained regulatory clarity, motivating increased dealmaking despite uncertainties.

The administration's macroeconomic focus on growth has broadened traditional energy investment avenues. The broad reversal of clean energy subsidies is projected to significantly slow renewable installations and deter investment. However, acquisitions in solar and battery storage have continued robustly, with deal value skyrocketing. This compensates for federal policy uncertainties as companies seek to leverage AI demands and align portfolios with state-level decarbonization efforts.

Rumors of a possible Shell–BP merger highlight the potential for major strategic realignment among global players, addressing changing valuations and investment priorities. This potential merger would likely reflect broader tensions in balancing renewable investments and traditional O&G assets. Despite challenges, investments in solar and battery storage persisted, focusing on economically viable projects that reduce reliance on government incentives.

Advancements in AI and energy needs of data centers drove vertical integration within power and utilities, reflecting the strategic importance of technology. The strategic acquisition of Encino Acquisition Partners by EOG Resources exemplifies this trend,<sup>1</sup> as it consolidates overlapping gas basins and leverages operational synergies to integrate back-office operations. This highlights the sector's focus on efficiency and consolidation alongside innovation. As strategic priorities across subsectors recalibrated, M&A activity rebounded, marking a notable increase in deal value up from a cautious 2024.<sup>2</sup>

Across the board, M&A activity has rebounded, with total deal value in H1'25 rising 42.2 percent compared to H2'24, despite a 10.7 percent decline in volume. Strategic buyers led the charge, accounting for nearly 70 percent of deal volume and 78 percent of deal value. This shift reflects a preference for smaller

adjacent or ancillary bets in methane monitoring, for example, or service businesses tied to infrastructure, providing strategic advantages without committing to large-scale projects. The sector's resilience is evident in the diversity of deals—from billion-dollar oil basin consolidations to targeted acquisitions in battery storage and advanced materials. This report dissects the data, trends, and strategic implications shaping the ENRC M&A landscape and offers a forward-looking view into H2'25.

## H1 2025 highlights

**508**  
deals

 **-10.7%**  
decrease in number  
of deals QoQ

**\$136.9**  
deal value (in \$US bn)

 **42.2%**  
increase in deal  
value QoQ

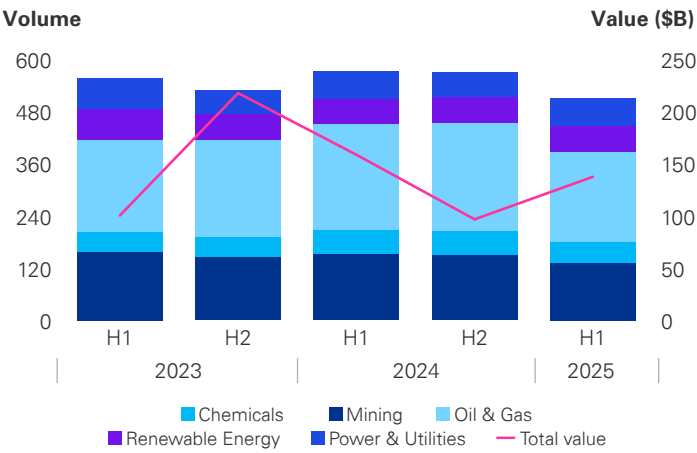
<sup>1</sup> "EOG Resources to Acquire Encino Acquisition Partners from CPP Investments and Encino Energy," EOG Resources, May 30, 2025

<sup>2</sup> "Energy and AI, International Energy Agency, April 2025

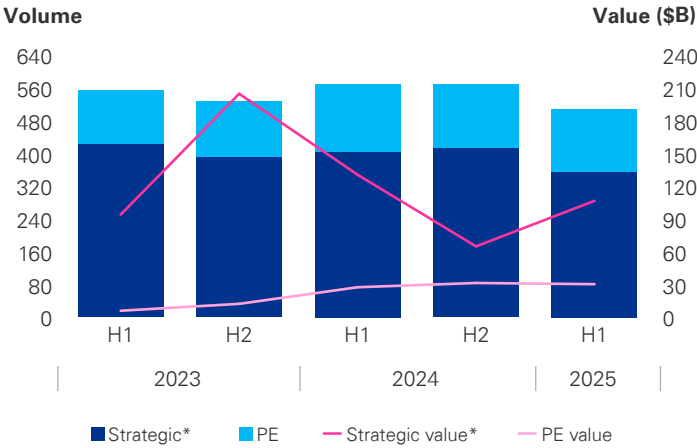
# Strategic buyers dominate the rebound

H1'25 saw a resurgence in deal value across most ENRC subsectors, even as deal volumes declined modestly. Strategic buyers drove the uptick, with a 64.4 percent increase in deal value compared to H2'24, while PE deal value dipped 3.6 percent. The top five deals in the overall ENRC sector were responsible for 45 percent of the total deal value, playing a crucial role in influencing the overall deal value within the sector. Of these five top deals, the two largest ones—Constellation Energy Corporation's \$26.6 billion acquisition of Calpine Corporation and Blackstone's \$11.5 billion acquisition TXNM Energy—accounted for more than half.

ENRC deal volume and value



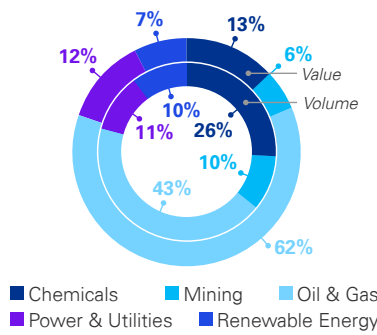
ENRC Strategic/PE deal volume and value



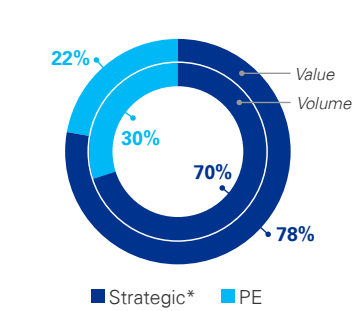
\*Data also contains figures for SPAC deals.

ENRC - H1'25

Sector mix

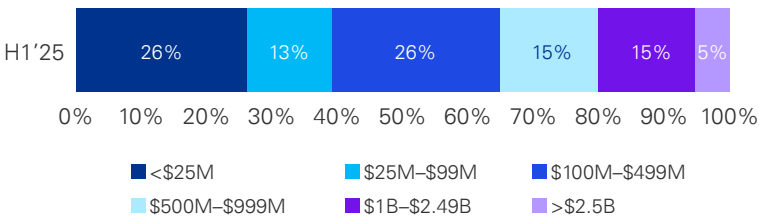


PE/strategic mix



Values may not add to 100% due to rounding.  
\*Data also contains figures for SPAC deals.

ENRC deal size mix - H1'25



Note: Deals with disclosed values only. Values may not add to 100% due to rounding.

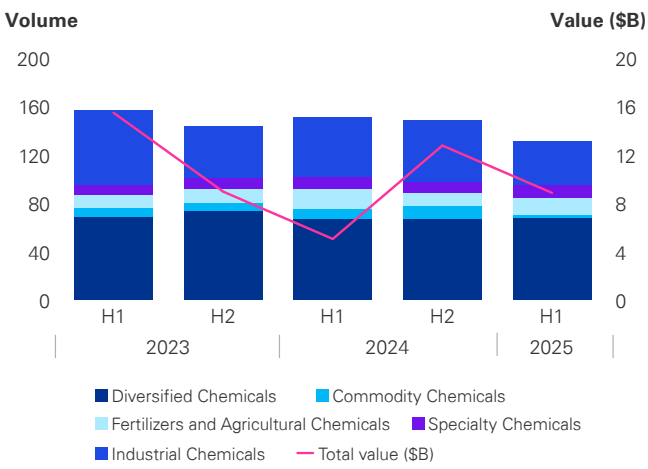
# Sector data

The ENRC sector saw a 42.2 percent increase in deal value in H1'25 compared to H2'24, despite a 10.7 percent decline in deal volume. Deal value declined 13.3 percent (YoY) from H1'24, and volume fell 10.9 percent (YoY), indicating a shift toward larger, more strategic transactions.

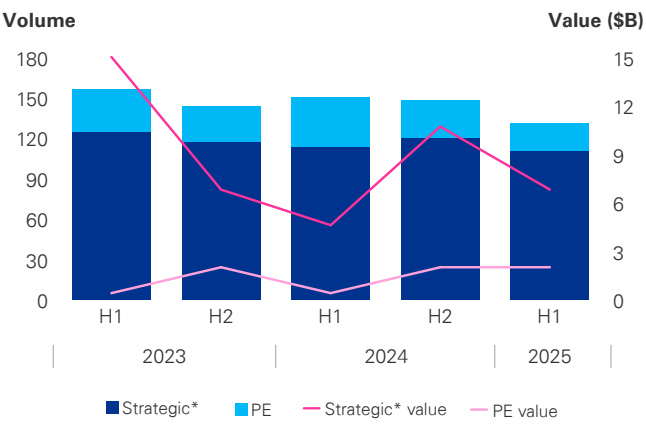
## Chemicals

Deal volume in chemicals declined 11.5 percent from H2'24 to H1'25 and 12.7 percent (YoY). Deal value dropped 30.3 percent in H1'25 over H2'24 and increased 78.3 percent YoY (from H1'24 to H1'25), reflecting a cautious approach amid regulatory shifts and cost pressures. The chemical industry continues to confront recessionary pressures as companies focus on cost-cutting measures and operational improvements.

Chemicals deals by subsector

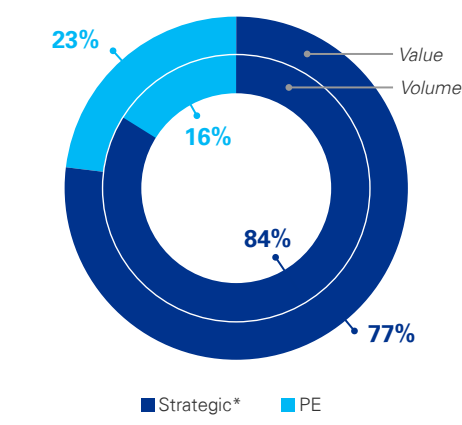


Chemicals strategic/PE deal volume and value



\*Data also contains figures for SPAC deals.

Chemicals strategic/PE mix - Q1'25



Values may not add to 100% due to rounding.  
\*Data also contains figures for SPAC deals.

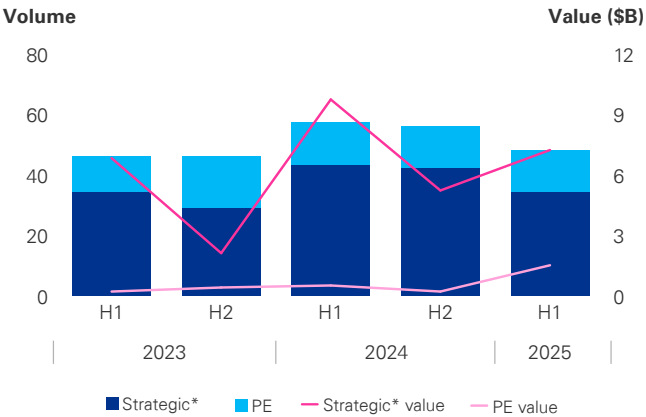




Mining

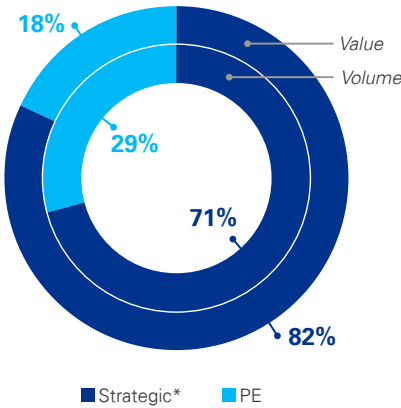
Mining deal volume fell 14.3 percent in H1'25 over H2'24 and 15.8 percent (YoY), but deal value surged 60.3 percent in H1'25 over H2'24 and declined 14.8 percent (YoY), driven by strategic acquisitions in critical minerals and infrastructure. Geopolitical risks and supply chain localization efforts are increasingly shaping M&A strategies within the mining sector. As global tensions and resource access restrictions evolve, companies are prioritizing acquisitions that secure critical minerals essential for advanced manufacturing, ensuring operational resilience and market competitiveness. Emerging interest in seabed mining further highlights the sector's search for untapped resources.

Mining strategic/PE deal volume and value



\*Data also contains figures for SPAC deals.

Mining strategic/PE mix - H1'25



Values may not add to 100% due to rounding.  
\*Data also contains figures for SPAC deals.

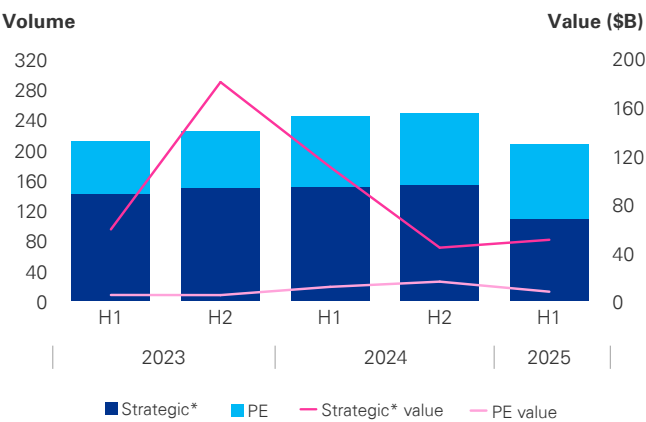


Oil and gas

Oil & Gas deal volume declined 16.6 percent H2'24 over H1'25 and 15.2 percent (YoY), while deal value dipped 3.1 percent in H1'25 over H2'24 and 52.7 percent (YoY). With shifting policies and economic pressures, companies are exercising capital discipline to sustain positive cash-flows while strategically aligning for future sector shifts. Despite the volume drop, strategic basin consolidations and LNG investments have seen continued activity. A growing perception that consolidation in O&G may be “nearly complete” stems from a series of transformative mega-deals in the past years that have significantly reshaped the competitive landscape and reduced the number of major independent players. The recent acquisitions of Pioneer by ExxonMobil, Hess by Chevron, and Endeavor by Diamondback represent a major wave of M&A activity since 2015, with 2023 experiencing a peak in deal value.

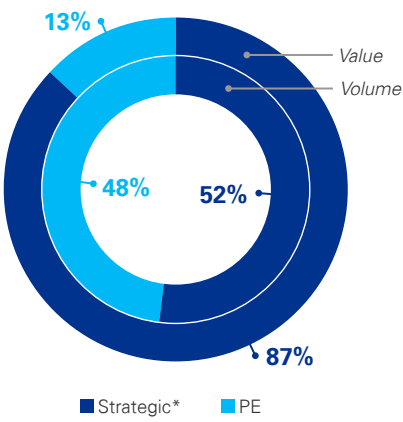
These deals are large and strategic, targeting high-quality assets in the Permian Basin and offshore Guyana. Post-merger, ExxonMobil and Chevron are poised to control a dominant portion of US crude and natural gas liquids (NGL) production. ExxonMobil alone could become the largest oil producer in the Permian basin, surpassing 1.3 million barrels/day (11 percent of the entire Permian basin). This level of concentration potentially leaves fewer targets for further consolidation among top-tier producers. Today’s market reflects a matured phase where consolidation among major players is largely complete, and the focus has shifted to optimizing synergies, navigating ESG pressures, and adapting to evolving energy demand patterns.

Oil and gas strategic/PE deal volume and value



\*Data also contains figures for SPAC deals.

Oil and gas strategic/PE mix - H1'25



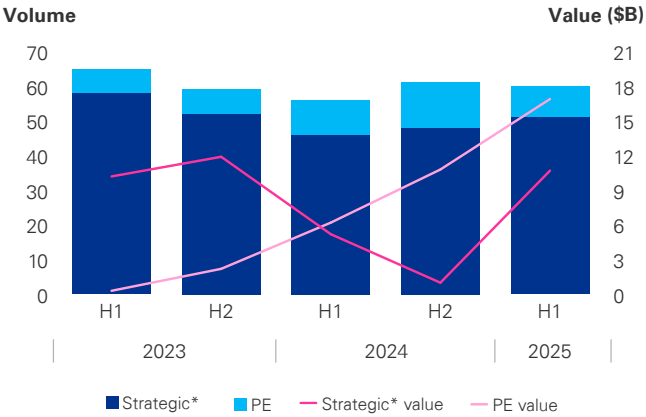
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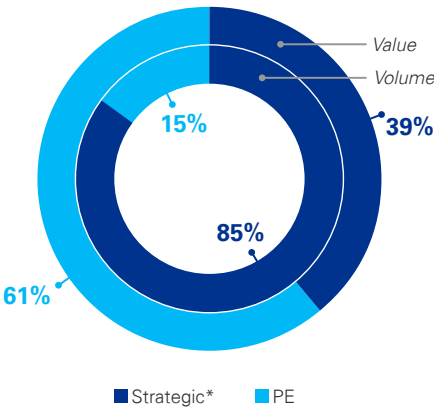
Power and utilities

Volume remained relatively stable with a 1.6 percent decline H2'24 over H1'25 and 7.1 percent decline (YoY). However, deal value jumped 133.5 percent in H1'25 from H2'24 and 143.1 percent (YoY), reflecting aggressive vertical integration and infrastructure investment. The increasing energy demands driven by advancements in AI, particularly within data centers, highlight the strategic importance of vertical integration efforts. This technological push is catalyzing investments in power infrastructure and flexible generation solutions, ensuring that energy supply keeps pace with emerging digital requirements.

Power and utilities deals by subsector



Power and utilities strategic/PE mix - H1'25



Values may not add to 100% due to rounding.  
\*Data also contains figures for SPAC deals.

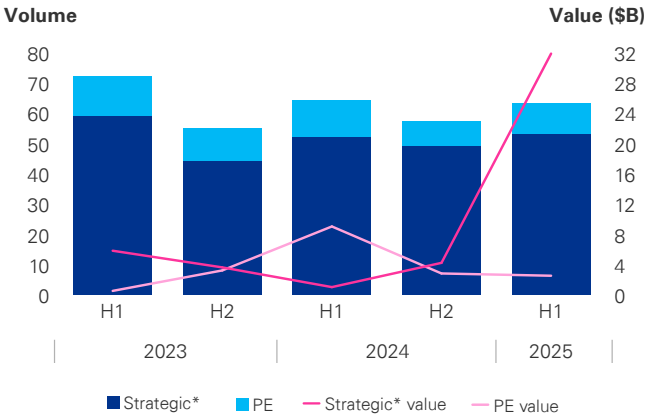


Renewable energy

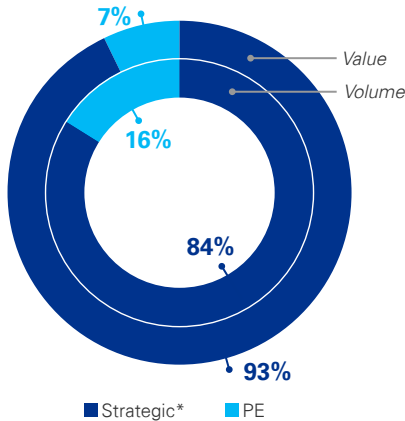
Renewables saw a 10.5 percent increase in volume H2'24 over H1'25 and 1.6 percent decline (YoY). Deal value skyrocketed 384.6 percent from H2'24 to H1'25 and 241.7 percent increase (YoY), driven by acquisitions in solar and battery storage, despite federal policy uncertainty.

- **Policy tension:** Regulatory uncertainty is on the rise as states like California and Massachusetts pursue decarbonization against a backdrop of federal disengagement.
- **Legislative changes:** The Trump administration has reshaped incentives, crucially impacting strategic planning in renewable energy and EV sectors.
- **Incentive dynamics:** Restrictions are affecting ownership in battery storage, nuclear, and similar areas; solar and wind incentives have been reduced, tightening deadlines for tax credits.
- **Strategic adaptation:** Subsidy removal has pressured companies reliant on support, necessitating diversification and agile business models.
- **EV sector challenges:** Tax credits for electric vehicles that expire in 2025 present growth hurdles.

Renewable energy deals by subsector



Renewable energy strategic/PE mix - H1'25



Values may not add to 100% due to rounding.  
\*Data also contains figures for SPAC deals.

Top deals

Acquirer:  
**Constellation Energy Corporation**  
Target:  
**Calpine Corporation**

Value (billions)  
**\$26.6**

Acquirer:  
**Blackstone**  
Target:  
**TXNM Energy**

Value (billions)  
**\$11.5**

Acquirer:  
**Sunoco LP**  
Target:  
**Parkland Corporation**

Value (billions)  
**\$9.1**

Acquirer:  
**Brookfield Infrastructure Partners L.P**  
Target:  
**Colonial Enterprises, Inc.**

Value (billions)  
**\$9.0**

Acquirer:  
**EOG Resources, Inc**  
Target:  
**Encino Acquisition Partners LLC**

Value (billions)  
**\$5.6**

Deal data has been sourced from Capital IQ and Pitchbook, and then further refined and analyzed by KPMG LLP. The cited values and volumes cover inbound, domestic, and outbound US deals announced during the timeframe, including both majority and minority stakes. Deal values are based on publicly available data and are not exhaustive. Previously published statistics may be revised to incorporate new data or changes.



# Momentum meets macro uncertainty

The ENRC sector enters the second half of 2025 with cautious optimism. While deal volume may remain subdued, faced with macroeconomic volatility and regulatory changes, firms are developing adaptable strategies to hedge against policy uncertainties while capitalizing on emerging opportunities. The strategic imperative for energy security, electrification, and decarbonization continues to drive high-value transactions. The Trump administration's pro-O&G stance and potential IRA rollbacks could reshape incentives, but state-level support and market forces will sustain renewables investment.<sup>3</sup> Despite concerns over federal policy uncertainty, it's important to note that tariffs have had limited impact on the ENRC sector, aside from minor effects on the cost of building materials and rare earth minerals. This resilience serves as a buffer against international trade pressures, allowing continued focus on domestic growth and strategic mergers.

Natural gas remains the linchpin of transition strategies, with LNG infrastructure and midstream assets attracting capital. AI-driven energy demand will further catalyze M&A in power infrastructure, especially transmission and flexible generation. Nuclear energy is receiving significant focus, with tailwinds in licensing and approvals; however, the long-term timelines for projects—often extending beyond current administrative cycles—introduce substantial uncertainty for investors. Chemicals may see continued interest in advanced materials and recycling technologies, while mining M&A may be shaped by geopolitical risk and supply chain localization.<sup>4 5</sup> Despite ongoing recessionary pressures in the chemical sector, certain companies like Ecolab have managed to weather the storm by effectively leveraging pricing and volume strategies. This resilience underscores the importance of strategic positioning, business model, scale, and adaptability amidst challenging market conditions, making specialty chemicals a bright spot for M&A activity.



## Oil and Gas: “Basins and barrels still rule”

Expect continued consolidation and LNG-focused acquisitions.



## Power and Utilities: “From grid to gigawatts”

Infrastructure platforms may expand to meet AI and EV demand.



## Renewables: “Storage is the new solar”

Battery deals may dominate amid grid reliability concerns.



## Chemicals: “Polymers with purpose”

AI accelerates development, specialty chemicals may remain hot, especially in medtech and electronics.



## Mining: “Critical minerals, critical moves”

Strategic acquisitions may focus on supply chain resilience.

<sup>3</sup> “Nadya Britton, Natalie Runyon, “IRA’s uncertain future: How the Trump administration’s approach could impact corporate tax functions,” Thomson Reuters Institute, February 27, 2025

<sup>4</sup> “David Rabley, “Is gen AI key to unlocking natural gas’s full potential?” Accenture, March 12, 2025

<sup>5</sup> “Bao Tran, “Battery Supply Disruptions: How Material Shortages Are Impacting Production (Latest Stats), PatentPC, July 14, 2025

# Key considerations as we look ahead

## 01

### Double down on infrastructure:

With AI and electrification driving demand, acquiring transmission and flexible generation assets is no longer optional—it's strategic. Infrastructure investors should prioritize vertically integrated platforms.

## 03

### Integrate and coordinate:

As vertical integration accelerates, post-merger integration becomes critical. Aligning operations across generation, transmission, and distribution will be key to unlocking value.

## 02

### Do your diligence on policy risk:

Regulatory shifts under the Trump administration could impact renewables and LNG. Chemical companies should focus on securing cost competitiveness and preparing for future acquisition opportunities. Understanding policy impacts, such as tariffs and competitive positioning, is crucial in navigating ongoing market changes. Dealmakers must model multiple policy scenarios and discount accordingly.

## 04

### Rev up the LNG engine:

Natural gas remains central to transition strategies. Midstream and LNG assets offer scale, stability, and strategic positioning amid global demand shifts.

## 05

### Mine the materials advantage:

Specialty chemicals and critical minerals are essential to advanced manufacturing. Strategic buyers should target assets with proprietary technologies and resilient supply chains.



# How KPMG can help

KPMG helps its clients overcome deal obstacles by taking a truly integrated approach to delivering value, leveraging its depth in the ENRC industry, data-supported and tools-led insights, and full M&A capabilities across the deal lifecycle.

With an ENRC specialization, our teams bring both transactional and operational experience, delivering rapid results and value creation.

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