

Decentralized Power Generation Industry Report Highlighting Competitive Landscape and Future Outlook

*The Business Research Company's
Decentralized Power Generation Global
Market Report 2026 – Market Size,
Trends, And Forecast 2026-2035*

LONDON, GREATER LONDON, UNITED
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[decentralized power generation](#)

[market](#) is becoming increasingly important as the demand for localized and sustainable energy solutions grows worldwide. This market is evolving rapidly, supported by technological advancements and shifting energy consumption patterns. Let's explore the current market size, growth drivers, regional dynamics, and key trends shaping this sector's future.

Rapid Expansion in the Decentralized Power Generation Market Size

The decentralized power generation market has seen significant growth in recent years. From \$49 billion in 2025, it is projected to rise to \$54.32 billion in 2026, achieving a compound annual growth rate (CAGR) of 10.9%. This historical growth is largely driven by higher adoption rates of solar and wind energy, increased awareness about energy efficiency, government incentives promoting renewable energy, growing electricity demand in both residential and commercial sectors, and the rollout of pilot projects focused on decentralized generation.

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Future Projections Indicate Strong Growth for the Decentralized Power Generation Market

Looking ahead, the market size for decentralized power generation is expected to expand even more rapidly, reaching \$82.74 billion by 2030 with a CAGR of 11.1%. Factors fueling this growth include the rise of community microgrids, the growing popularity of electric vehicles, wider deployment of hybrid renewable energy and battery storage systems, expansion of peer-to-peer energy trading platforms, and the integration of AI and IoT technologies for smarter energy management. Key trends anticipated during this period involve enhanced microgrid

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management, increased use of energy storage and battery management systems, broader adoption of peer-to-peer energy networks, advancements in demand response and load balancing technologies, as well as a growing focus on hybrid decentralized power systems.

[What Decentralized Power Generation Means and Its Benefits](#)

Decentralized power generation refers to producing electricity from multiple smaller, distributed sources located near where the energy is consumed, instead of relying on large central power plants. These sources often include renewables like solar panels, wind turbines, and small hydro or biomass units. This approach allows local energy production, lowers transmission losses, improves grid resilience, boosts energy efficiency, and gives communities or businesses more control over their electricity supply.

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Renewable Energy Adoption as a Key Growth Driver for Decentralized Power Generation

One of the most critical factors propelling the decentralized power generation market is the increasing use of renewable energy sources. Renewables such as solar, wind, and hydropower are naturally replenished and are gaining traction thanks to favorable government policies and financial support aimed at reducing reliance on fossil fuels. This shift to cleaner energy sources promotes the deployment of distributed power systems that generate electricity closer to the point of use.

Support from Government Initiatives Strengthens Market Growth

For example, in January 2024, the U.S. Energy Information Administration reported that solar power capacity in the electric sector was forecasted to grow by 38%, climbing from 95 gigawatts (GW) at the end of 2023 to 131 GW by the end of 2024 due to planned solar projects. This surge highlights how government-backed initiatives are accelerating renewable energy adoption and, in turn, driving the expansion of decentralized power generation.

Regional Market Share Leaders in Decentralized Power Generation

In 2025, North America held the largest share of the decentralized power generation market. However, the Asia-Pacific region is anticipated to be the fastest-growing market over the forecast period. The market report encompasses several key regions including Asia-Pacific, South East Asia, Western Europe, Eastern Europe, North America, South America, the Middle East, and Africa, providing a comprehensive global perspective on the market's growth trajectory.

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