# QGRD™: Strong demand for electricity, favorable economics boost investor sentiment amid policy headwinds

The Nasdaq OMX Clean Edge Smart Grid Infrastructure™ Index (QGRD™) generated a return of 15.6% in the first half of the year, outpacing broad-based benchmarks such as the Nasdaq-100® (NDX®) and the S&P 500 (SPX) which returned 7.9% and 5.5% respectively. The index has been up this year despite a degree of policy uncertainty as investors continue to be encouraged by the long-term growth potential in electrification infrastructure. Increased demand from corporations and data centers and favorable economics have lent credence to initial hopes of a boom in demand for renewable energy (RE), energy storage, and transmission infrastructure. Despite shifts in policy negatively impacting much of the clean energy space, grid infrastructure stocks have remained resilient and outperformed the broader energy sector which has faced pressure from lower oil prices and oversupply concerns.

Grid infrastructure stocks have been on an upswing, thanks to increased demand from data centers, manufacturing onshoring, and the electrification of heat and transportation. This period of upswing comes after a particularly challenging time for the RE industry due to high interest rates and the pending removal of tax credits in the U.S. 2025 saw significant shifts in the policy environment, with the Trump administration expressing a preference for fossil fuels over wind and solar energy, and scaling back of incentives for wind and solar projects. Despite the shifts in the policy environment, demand for electricity has increased dramatically, with renewables accounting for nearly 98% of new capacity additions in the first quarter of 2025, according to the Federal Energy Regulatory Commission (FERC)[1]. This statistic speaks to the powerful shift away from fossil fuels that is currently underway. Corporations like Amazon, Meta, and Google are signing large contracts to buy large amounts of renewable energy, further boosting demand.

Statistics further illustrate quite powerfully the changes in the broad energy landscape. As per a study by McKinsey, global data center demand will more than triple to at least 170 GW by 2030 at a 19% CAGR[2]. All this new power demand will require a range of critical grid investments, from upgraded and new transmission lines to energy storage and demand response systems. In addition, much of this demand is likely to be met by renewable energy additions. Clean energy sources continue to be cheap when compared to fossil fuels, and therefore more competitive. Despite the changes in the policy environment, solar and energy storage systems continue to be the cheapest/fastest way to meet electricity demand, particularly given the long lead times for new natural gas turbines. In recent months, companies have been leveraging AI to help deploy and integrate renewables and storage. This use of AI is expected to dramatically increase the scale and capabilities of clean energy adoption[3].

[1] https://www.solarpowerworldonline.com/2025/04/solar-and-wind-contribute-98-of-new-u-s-electrical-generating-capacity-in-january-and-february-this-year/
[2] https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/ai-power-expanding-data-center-capacity-to-meet-growing-demand
[3] https://www.deloitte.com/us/en/insights/industry/renewable-energy/renewable-energy-industry-outlook.html