

KEYNOTE INTERVIEW

Turning the transition dream into reality



Even accounting for some short-term hurdles, the past 12 months have demonstrated that investment in the energy transition remains a core sector of the global project finance market, says Wilmington Trust's [Will Marder](#)

The energy transition is widely championed as a way of improving energy security and prioritising the planet's health, all while creating new jobs in construction, operations and maintenance. There is an acceptance, however, that it will only succeed with huge amounts of capital, dwarfing even the trillions of dollars being invested in sustainable assets today.

Will Marder, managing director at financial services firm Wilmington Trust, discusses his opinions around industry trends and what he foresees for the new US administration. He emphasises that despite some short-term challenges, the investment pipeline for

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renewables, electrification and battery energy storage remains robust. While some developing economies may continue to rely on fossil fuels, the general direction of travel globally is clear. That's been made apparent throughout 2024 and looks set to be the case this year and beyond.

Q Looking back over the past 12 months, how have you seen asset prices and investment trends develop and

what impact has this had on the global energy transition?

We've definitely seen a shift from people talking just about renewable power generation to speaking about the energy transition more broadly. That covers everything from battery storage, sustainable fuels, hydrogen, carbon capture, transmission as well as supply chain-related projects. The ecosystem around renewables has certainly expanded a lot.

The high level of interest we're seeing in the sector has definitely driven up asset prices too. With so many lenders, infrastructure debt funds and equity funds chasing these projects,

developers and pipelines, you are seeing asset prices increase.

We believe that, if you're a borrower, you're in a good position today to find the right lender or investor for your specific project. These lenders are able to find their own sweet spot for what they deem to be an acceptable level of risk in terms of the financing structure, technology, market and so on. It means that not only is there a lot of capital, but project owners are also able to find the right source of capital for their particular needs.

Q At the same time as the transition is gathering pace, fossil fuels like coal remain popular in certain developing economies. How viable is investment there?

If you go back a year ago to COP28 in Dubai, the conference set out a number of goals and targets around how the signatories of the Paris Accord could meet their net-zero targets. There were some pretty stark changes that needed to happen, like tripling global renewable energy capacity, doubling the rate of energy efficiency improvement, reducing methane emissions and transitioning away from fossil fuels.

Certainly, in the US, Canada and Western Europe, we have had some successes on these fronts. For instance, in the US today you don't see much appetite for new-build natural gas projects. To the extent that there is financing for conventional power, it's either related to acquisitions or refinancing. This is also true for coal but to an even greater degree.

However, this is not necessarily the case in parts of the developing world. When we had the COP29 meeting in Baku at the end of 2024, for instance, the discussion was much more focused on the concept of a just transition that took into account the needs of developing economies like India and China.

These markets admitted that, given the baseload generation they need to



Q How are data centres and AI driving demand for power generation assets, and how will this demand be met?

A lot of people are talking about the power demand growth we're seeing due to AI and data centres. This energy demand is not just a result of the actual computing itself, but because of the need to cool servers. Demand is only likely to grow, too, as today we're barely scratching the surface of what AI is capable of. We really saw this digitalisation trend accelerate during the pandemic, when people started working from home more frequently, and many of these demand drivers have continued.

Beyond AI and data centres, we're seeing power demand being driven by cryptocurrency mining. The "electrification of everything" trend is also having an impact. This extends to transportation, such as electric vehicles, as well as for home heating and cooking. In the US state of New York, for instance, if you build a new house, you must have electric heating and cooking. To comply with new regulations, you cannot use natural gas.

To meet this massive ramp-up in demand, there's been a strong movement towards renewable energy but there remain debates over whether this demand could partially be met with nuclear energy, whether that's from new projects or reviving mothballed ones. The problem is these are incredibly time-consuming processes: eight to 10 years at minimum for nuclear assets.

For new natural gas projects, developers are looking at similarly extended pipelines. As such, we keep coming back to renewable energy. You can complete a good-sized solar project in 12-15 months. Wind farms also have a much shorter installation process. And these kinds of renewable projects involve very scalable technologies.

power their economies, coal and natural gas remain essential. I think we will continue to see fossil fuels play an important role in these developing economies. We will also likely see natural gas-fired generation play an ongoing role in baseload capacity in places with fairly strong renewable energy pipelines.

Reliable and dispatchable power generation will be needed to support clean, but intermittent resources.

Q How has the US outlook for sustainable assets changed based on President Donald Trump's comments

around repealing the Inflation Reduction Act?

Understandably, there has been a tremendous amount of focus on the political environment in the US. President Trump has been very negative about the IRA, even talking about a full-scale repeal. This seems unlikely as there's a lot of bipartisan support for renewables.

Admittedly, there potentially could be a downward effect on the renewable market if tariffs on foreign equipment were introduced. The US doesn't have substantial onshore supply chains to meet the needs of the sector, so prices could rise as a result, forcing some developers to seek higher power prices and renegotiate PPAs.

On the other hand, there may be a couple of pluses stemming from the new administration. President Trump is historically anti "red tape", wanting to reduce bureaucracy, therefore the process for permitting new projects could speed up. Plus, if tariffs lead to the onshoring of the renewable energy supply chain, we may get increased manufacturing capacity in the US for batteries, electric motors and other technologies.

With President Trump's time in office limited to just four years, we will not see any new fossil-fuel fired generation built, nor will we see any new nuclear power capacity come online during his second term in the White House. However, if his first few days in office provide

any indications of things to come, he does intend to make his mark by reshaping policy in the energy sector.

On President Trump's very first day in office he signed several executive orders pertaining to both onshore and offshore wind. He also pulled back support for electric vehicles. On the flip side, he opened up the potential for significant increases in oil and gas development in Alaska and sought to undo LNG permitting requirements implemented by the Biden administration. These executive orders are very high level, and it remains to be seen how various departments of the Federal government comply with them and what the ultimate impact is.

Q In addition to power generation, there's a growing realisation that battery energy storage infrastructure also needs to be rapidly expanded. How do you see investment opportunities in this area?

Battery technology is solving a number of issues with renewable energy sources, and we're seeing a huge uptick in financing as a result. For instance, it solves a transmission problem by storing power when it's produced and transmitting it later, such as overnight when prices are lower and transmission capacity is greater. Battery storage is essential. You cannot generate solar power at night, and you won't get much energy from wind farms on a calm day. Battery storage means developers and asset managers can better manage how and when power is delivered, allowing for the incorporation of intermittent resources into the grid.

In fact, asset management, not just acquisition, shouldn't be undervalued either. Assets need to be managed to maximise revenue, keep expenses low and ensure that they're properly maintained as well as able to generate the highest possible returns. Asset managers are vital for understanding the markets in which they operate. Plus,

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the transactions themselves have to be maintained. You need knowledgeable agents to maintain collateral, ensure funds are held reliably and applied properly.

Key deliverables must be made available to lenders so they can understand how projects are operating and be confident that debt can be repaid. A knowledgeable agent can really help in those situations.

Q What gives you cause for optimism regarding investment in energy and infrastructure markets in the medium to long term?

To meet long-term climate goals, there's a massive amount of investment required. The figure is in the order of trillions of dollars globally every year. At the same time, the market has been hot and we expect it to continue growing, especially with energy security becoming increasingly critical since the conflicts in Ukraine and the Middle East. All combined, this points to the renewable investment pipeline continuing to expand for the foreseeable future.

Of course, some challenges remain and cannot be ignored. Transmission, supply chain issues and political volatility are real factors, but investment has already been sustained over a long time-frame, as it must be to meet net-zero ambitions. We see no reason for this to change in the medium or long term. ■

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