

Transcript**Topic: Project Finance Infrastructure Q&A****Revised Draft****Title**

Powering the AI Era: How Infrastructure Is Evolving to Meet Surging Demand

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[Doug Lavelle] I'm Doug Lavelle, Sales Leader, Project Finance Americas. Few trends are reshaping the investment landscape quite as quickly as artificial intelligence and the scale of infrastructure required to support it. It's something we're all hearing about more and more, but what does it all really mean in practice? Rising demand for data processing is not only transforming the technology sector but also placing new and significant demands on energy systems, capital markets, and long-term infrastructure planning.

From our perspective providing trust and agency services, and to help us unpack what's driving this and where it may be headed—I'm joined by two of our Project Finance energy and infrastructure specialists: Will Marder, Product Leader, Project Finance Americas, and Keith Reader, Product Leader, Project Finance Europe.

[Will Marder– U.S. POV] Great to be here Doug.

[Keith Reader – European POV] Likewise, excited to dive in.

[Doug Lavelle] Let's start with one of the dominant themes in today's market: the rapid growth of AI and data centers. How significant is this trend, and what does it mean for the Project Finance market?

[Will Marder] AI is clearly one of the most important drivers of infrastructure and energy activity today. In the U.S. in particular, we're seeing a sharp increase in data center development, and these facilities require substantial and reliable power sources.

What's notable is how the conversation has shifted. Data centers were once viewed primarily as real estate assets. Increasingly, they're being evaluated through the lens of power—how to generate it, deliver it and finance it. And perhaps, most importantly, how much is required.

[Doug Lavelle] That's a really interesting shift—from real estate to almost more of an energy story.

[Will Marder] Exactly, and that shift is important. It means investors and operators are thinking less about square footage and more about access to consistent, scalable power.

We're also seeing the emergence of very large financing transactions—so-called “mega-deals,” which reflect the scale of capital required to support this growth, especially as this relates to hyper-scale projects.

[Doug Lavelle] So building on that, what challenges does this create—particularly for the energy sector?

[Keith Reader] The biggest challenge is meeting the scale and consistency of power demand. Globally—and particularly across Europe, where grid capacity can be more constrained—AI workloads require high levels of continuous energy, which puts pressure not just on generation, but also on transmission and distribution systems.

This is driving investment across the energy value chain—from traditional power generation to grid enhancements. In many international markets, we're also seeing a stronger emphasis on balancing renewables with stability, particularly as intermittent renewable sources alone may not meet these needs—giving rise to increased prominence to the battery storage. When the sun goes down or the wind stops blowing batteries can step in to ensure constant supply.

[Doug Lavelle] Turning to policy—especially in the U.S.—there was considerable uncertainty around renewable energy at the start of the current administration. How has that actually played out from an investment standpoint?

[Will Marder] There was definitely a period of uncertainty surrounding potential regulatory and policy changes. Early discussions included possible revisions to existing incentive frameworks, which led market participants to reassess timelines and risk.

But in reality, it hasn't been quite as disruptive as many expected. While certain subsectors, particularly offshore wind, have faced delays or reassessments, other areas, such as solar and battery storage, have remained relatively resilient within the U.S.

[Doug Lavelle] That's helpful context. So despite all the headlines, the market's been fairly steady. We've also heard a lot about recent legislative proposals. How has the market responded more broadly to policy uncertainty?

[Keith Reader] Market participants appear to be drawing on experience from previous cycles. In Europe and other international markets, incentive structures for renewable energy have changed multiple times over the past few decades, and the sector has adapted each time.

There has been some acceleration in project timelines, particularly where existing incentives could still be utilized. But overall, the underlying drivers—such as demand growth and cost competitiveness—remain intact.

Importantly, the energy transition is increasingly being viewed not only as a sustainability initiative but also as a matter of economic and operational necessity—and increasingly an energy security play

[Doug Lavelle] Let's broaden the lens to global dynamics. How are geopolitical developments shaping infrastructure investment, particularly in energy, right now?

[Will Marder] Energy security has become a central theme globally. Ongoing geopolitical tensions have highlighted the importance of reliable and diversified energy supplies.

We've seen disruptions to traditional oil and gas flows, which in turn have supported investment in alternative infrastructure. Particularly liquefied natural gas export and import terminals, as well as domestic energy production.

So, in many ways, it's prompting countries to rethink their long-term infrastructure strategies.

[Keith Reader] And just to add to that, there's also a growing recognition that domestic renewable energy plays a role in energy security, not just decarbonization.

In several regions, governments and investors are accelerating the development of locally sourced energy, including wind and solar, to reduce exposure to global supply shocks.

That said, macroeconomic conditions—such as inflation and interest rates—are also influenced by these dynamics, which can affect overall project economics.

[Doug Lavelle] Right, so it's all very interconnected. There's clearly continued commitment to the energy transition, but sentiment has evolved. Where are you seeing shifts in investor or consumer behavior?

[Keith Reader] One notable area is electric vehicles. Earlier growth was driven by early adopters, but broader adoption has slowed somewhat in several global markets.

There's a degree of interdependence here—consumers are looking for expanded charging infrastructure before committing to EVs, while infrastructure development often depends on sustained demand.

It's a bit of a chicken-and-egg situation, and that's created a more gradual adoption curve than initially expected.

[Will Marder] At the same time, we're seeing continued strength in other areas of the energy transition, such as battery energy storage systems, which are enabling the deployment of more non-dispatchable assets like wind and solar onto the grid, particularly where the economics are compelling.

And importantly, some markets are responding differently depending on local conditions—such as fuel prices, policy support, the availability of interconnection and each market's energy capacity mix.

[Doug Lavelle] Looking ahead to the rest of the year and beyond, what are the trends you're watching?

[Will Marder] In addition to energy demand, we expect continued investment in core infrastructure—transportation, ports, and water systems.

There's also increasing demand for materials and technologies that support electrification and advanced manufacturing, including critical minerals and components. In the U.S., this is also being reinforced by a push toward the onshoring of manufacturing, supported by policy incentives aimed at expanding domestic production of batteries, electric motors, rare earth magnets and solar components.

[Keith Reader] And I'll add to that the continued importance of reliable baseload power. As demand grows, particularly from data centers, there is renewed interest in a broader mix of energy sources, including technologies that can provide consistent output, such as natural gas.

At the same time, global supply chain considerations are becoming increasingly relevant, especially in sectors that require specialized technology

[Doug Lavelle] Finally, let's talk about capital. What has this past year told us about financing conditions, and how does that shape the outlook?

[Keith Reader] One of the more encouraging takeaways is the depth of the capital markets and the number of options available. We've seen strong participation from both traditional lenders and non-bank providers, including institutional investors and private credit. That breadth enables borrowers to find the right type of capital for their projects.

This diversity of these various capital sources complement more than compete with each other, providing flexibility for borrowers and sponsors with the large-scale capital requirements in infrastructure

[Will Marder] We've also seen relatively favorable borrowing conditions, with a broader range of financing options than in previous cycles.

As a result, we anticipate continued activity in large-scale projects, particularly those aligned with long-term structural trends—such as AI infrastructure and energy systems.

[Doug Lavelle] Thank you both—this was a really great discussion. What stands out from this discussion is the degree of interconnectedness across sectors—technology, energy, and capital markets are increasingly moving together, creating both opportunities and complexities for investors.

And looking ahead, it feels like we're still in the early stages of this shift—where the demand for power, digital infrastructure and energy resilience isn't just growing but accelerating.

Keep listening to hear how aviation finance—specifically the ABS market—is navigating recovery and resilience.

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