Hogan Lovells

Future of Energy

U.S. Energy & Infrastructure

Looking back at 2025 and what's ahead for 2026

2025 was a rollercoaster ride for the U.S. energy and infrastructure sectors from start to finish. Dealmaking was constrained at the beginning of the year as changes in administration and federal policy created uncertainty in the market. The market took off mid-year and never slowed. The demand for additional power fueled new generation opportunities from all corners of the industry and we expect continued growth in 2026. Please find our 2026 In & Out List for the U.S. energy & infrastructure sectors.

The 2026 In & Out List

Out	In
Project-level sales	DG platform sales
12/31/25 safe harbor scramble	7/4/26 safe harbor scramble
Proposed interconnection reform	Proposed permitting reform
Natural gas constraints	Natural gas infrastructure
Molecules vs. electrons	Molecules + electrons
Data centers	Just kidding … data centers!
Offshore wind pipeline	Geothermal pipeline
Grid instability	Battery storage and microgrids
Avoiding PPAs in regulated markets	Sleeved PPAs
Cable AI interference	Cables with lower latency routes
EV credits	Critical minerals mining
Dark fleet	Lake Maracaibo
LNG permitting delays	LNG export expansion
Federal funding for renewable energy projects	Funding for infra+ and transmission
Expansive change in law provisions	Tailored change in law provisions
Hydrogen development	SMRs development

2025 YEAR IN REVIEW:
A closer look at the year by subsector

Renewables

After a slow start to the year (by deal volume), the market picked up after the passage of the One Big Beautiful Bill Act (OBBBA) and finished at a sprint.

OBBBA had a profound impact on the industry, both in anticipated effect and its passage. Safe harboring projects for 2025 tax credits occurred at a dizzying pace.

Despite waning federal support, in 2025 the U.S. renewables industry added the most utility scale MW to date. Distributed Generation projects and developers capitalized upon the market's need for additional power, in part fueled by data center expansion. BESS continued its rise in importance in the U.S. energy industry, becoming one of the largest sources of new capacity in 2025. Inversely, offshore wind had one of its most challenging years to date with the suspension of leases for a number of projects.

Procurement remained a fulcrum point for projects and developers, and their sponsors continued to triage the landscape. Foreign Entity of Concern (FEOC) analysis became a key component for development and financing transactions.

Conventional Energy

Despite macroeconomic uncertainty and commodity price volatility, the U.S. midstream sector performed well in 2025. This has been primarily driven by material growth in natural gas demand, which is expected to remain strong for the foreseeable future.

Several key factors boosted the industry, including demand for new power generation for data centers, LNG export expansion in the U.S., a more favorable regulatory environment, and an increased investment in domestic power generation from natural gas.

2025 saw significant investment to expand and optimize natural gas pipeline capacity from key producing basins, such as the Permian and Haynesville, to LNG export facilities and petrochemical hubs along the Gulf Coast.

In 2025 the industry made significant investment in related gathering, processing, and storage facilities as well.

Digital Infrastructure and Data Centers

The words "data center" became a part of the vocabulary of an ordinary American. Data center development, the need for power, and the rising impact on financial markets permeated every corner of the U.S. energy and infrastructure sector.

In 2025, data center developers, energy developers, and IPPs entered into joint ventures and strategic alliances to address long-term anticipated power needs and opportunities.

Financing of data centers absorbed a growing share of project finance and capital markets products. Financing structures, models, and norms continue to evolve with the market.

State law also underwent a transformation in 2025. A number of states passed legislation to mitigate the potential retail rate impacts of data centers and AI on utility customers. Some states took steps to ensure sufficient power supply for surging data center demand. West Virginia, for example, created designated microgrid districts to permit the retail sale of power to high-impact consumers from sellers other than the state's regulated utilities.

Infra+

Airport infrastructure projects had a successful 2025 as a number of major development projects—such as JFK Airport Terminal One and JFK Airport Terminal Six—remained under development and the market for long-term development bonds remained strong.

Financing for road infrastructure projects also experienced an active year, including the SR400 project in Georgia, reaching financial close with a combination of private activity bonds and TIFIA financing.

Rail infrastructure projects struggled in 2025. The Brightline Rail project in Florida suffered from below expected ridership and delays in expanding into the commuter rail market. Federal funding was cut for the California High Speed Rail project.

Electric transmission became a focal point in 2025 as the need to move electricity from generation sources to end users, including data centers, and the need to make the electric distribution system in the U.S. more resilient garnered national attention. A number of long-distance high-voltage electric transmission lines commenced development in 2025 and should progress in 2026 and the years beyond.

2025 YEAR IN REVIEW:
A closer look at the year by subsector

Nuclear

One sector that experienced a renaissance was the nuclear sector, with federal governance and certain states taking steps to aid the growth of nuclear energy.

The U.S. Department of Energy (DOE) advanced a new authorization pathway to allow early-stage developers to build and run nuclear reactors outside the Nuclear Regulatory Commission licensing framework. DOE opened its land to these developers as well as data center partners looking to pair their centers with advanced reactors. DOE provided funding for new reactor construction in Michigan and Tennessee.

DOE's loan program shifted its priorities from net-zero carbon emissions to energy abundance and resilience and the industry experienced corresponding impacts. DOE provided loan guarantee support for the restart of two recently closed nuclear plants.

The Nuclear Regulatory Commission continued its reform efforts that began under the ADVANCE Act and were accelerated under the President's Executive Orders. These efforts should accelerate licensing timelines in 2026.

Regulatory

The issues of grid access and electricity supply to data centers and AI dominated the U.S. power sector in 2025, at both Federal Energy Regulatory Commission (FERC) and state levels. DOE proposed that FERC assert jurisdiction over the interconnection of data centers to the bulk power grid, which has historically been regulated by the states.

FERC also oversaw a number of proceedings to clarify the processes by which grid costs are allocated to data centers and to mitigate the reliability impacts of data center load, especially with respect to the co-location of data centers / AI with existing and new generating facilities.

These issues will continue to dominate the sector in 2026. States have worked to address and approve new generation and storage, largely to meet new industrial load. This indicates that efforts to address the impact of the power demand of data centers / AI and the resulting retail rate impacts will continue. FERC will continue to explore ways to expedite the generator interconnection process and get new transmission infrastructure built to support the Administration's AI priorities.

Tax Equity and Tax Transfers

The tax equity and tax transfer market experienced a robust year in 2025. The direct transfer market and the preferred equity step-up transaction market proved their value and continued to gain prevalence. The direct transfer market also found some level of stabilization around market terms and purchase price per credit.

With OBBBA introducing material tax changes, there was a huge push to begin construction prior to December 31, 2025 to avoid FEOC limitations and to get ahead of the July 4, 2026 grandfather deadlines for wind and solar. There was also an adoption to the September 2, 2025 change to limit the five percent beginning of construction safe harbor to low-output solar facilities.

Finally, a flurry of certifications and diligence centered around the credit "adders" for domestic content and energy communities.

Critical Minerals and Mining

2025 was an action-packed year for the critical minerals and mining sector. Amidst trade hostilities with the U.S., China flexed its dominance in certain critical minerals by tightening supply, with impacts rippling across a variety of industries. The U.S. government responded firmly and swiftly.

Domestically, it began aggressively pursuing industrial policy of a kind not widely seen in decades: it made equity investments in mining companies and commercial arrangements to protect mining companies from market risk.

Abroad, the need for critical minerals drove foreign policy in remarkable ways; the U.S. government negotiated a reconstruction fund with Ukraine that provides opportunity to access its critical minerals and other resources, as well as pacts and other agreements with other countries to commit resources and collaboration. This interventionist policy at home and economic statecraft abroad shows no sign of abating.

2025 YEAR IN REVIEW:
A few of our 2025 transactions

Gulf Pacific Power on its acquisition of Enel Green Power North America, Inc. subsidiaries, expanding GPP's ownership in Midwestern U.S. wind energy facilities.

The Government of Ukraine on the landmark mineral rights agreement with the United States Government, which includes formation of a reconstruction fund for Ukraine.

XPLR Infrastructure (NYSE: XIFR, formerly NextEra Energy Partners) on its divestiture of Meade Pipeline to an affiliate of Ares Capital Management for a cash consideration of approximately US$1.1 billion.

The underwriters in an asset-backed securitization (ABS) issuance being sold within the U.S. via Rule 144A and in Europe by Vantage Data Centers.The **first ever** Euro-based securitization of data center assets in Continental Europe.

Assured Guaranty in connection with its insurance of US$600 million in Special Facilities Revenue Bonds issued by the New York Transportation Development Corporation on behalf of JFK New Terminal One (JFK NTO).

A Fortune 10 Company in its tax equity investment in a portfolio of three solar projects being developed in South Carolina.

Breakthrough Energy Catalyst Foundation in relation to several investments into first of a kind technologies, including sustainable E-fuels company INERATEC, and a low carbon iron demonstration plant owned by Electra.

Mirion Technologies on the acquisition of Certrec, a leader in regulatory compliance and advanced digital applications for the nuclear industry

Ardian on its acquisition of Akuo, a French independent producer of renewable and distributed energy, present in Europe and on the two American continents.

BWX Technologies, Inc. on the US$525 million stock purchase of Kinectrics, Inc., which provides lifecycle management services for the global nuclear power markets and production of material for the nuclear medicine industry.

Our U.S. Energy & Infrastructure Team

To discuss any of these topics further please reach out to a member of our team who will be delighted to discuss this with you. Details of our team can be found below.

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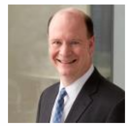

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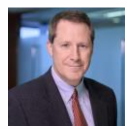

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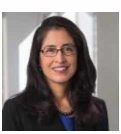

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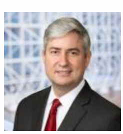

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