

KEYNOTE INTERVIEW

Decarbonisation shift favours asset creators



*As the energy transition adopts a broader, power-first approach, specialist platforms are increasingly well-positioned to capture the opportunity, says Quinbrook's **Brian Restall***

The North American energy transition landscape looks markedly different from five years ago. At the start of the decade, the transition was largely framed as a renewables and policy story. Fast forward to today and that focus has broadened to power demand, reliability, energy security and cost-effectiveness.

Electricity demand is being particularly driven higher by the rapid expansion of AI and data centres, the return of manufacturing to the US and broader electrification. At the same time, major constraints on grid capacity, interconnection and speed-to-power are making it increasingly

difficult to get electricity to where and when it is needed most. That is shifting the balance of opportunity towards those able to create new energy infrastructure rather than simply acquire existing assets, says Brian Restall, CEO of Quinbrook.

Q What do investors still misunderstand about the opportunity in North America?

Higher interest rates have transformed the market. Investors can no longer

rely on cheap leverage to drive returns; they have to create genuine value in the underlying asset and projects need to stand up on their own economics. In many ways, this shift has played to the strengths of specialist players like us. Large energy users are no longer simply looking to buy renewable power; they need solutions to increasingly complex power challenges.

In that context, there's a fundamental difference between an asset creator and an asset aggregator. Generalists will often focus on acquiring assets or portfolios through competitive auction processes. That strategy can leave returns far more exposed to the

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Q What is particularly interesting about Canada today and where does the opportunity differ from the US?

Generation mix, regulation, market structure and customer needs are very different, not only between the US and Canada, but also within each country. You can’t take something that works in one US market and assume it will work in Canada, or even in another US state.

In Canada, we see good potential to support growing power demand from energy-intensive industries, as well as deliver on targets for low-carbon fuels, both liquid and gaseous. Our own focus is on clean energy fuels, where we see an increasing and substantial market opportunity.

Local knowledge is critical and that applies across North America. Specialist investors with boots on the ground can navigate local regulation, grid-connection processes and customer requirements, while their sector expertise and established relationships enable them to work effectively with local developers and partners. Canada continues to be an attractive market, particularly where specialist expertise can be combined with strong local relationships and capital to develop the infrastructure needed to meet changing energy demand.

performance of the underlying business and the broader economic cycle. Asset creators, by contrast, develop and build the infrastructure that core investors ultimately want to own. They can create value by keeping development and construction capabilities in-house rather than outsourcing them. This can reduce third-party margins and development costs, while greater control over construction and delivery improves cost efficiency.

Once an asset is built and a long-term contract is in place with a strong counterparty, investors gain much clearer visibility over future revenues. By managing more of this process internally, it

becomes possible to capture value across the development lifecycle – potentially delivering a meaningful uplift in returns for investors of between 200 and 700 basis points. Doing this day in, day out builds a depth of experience that’s difficult to replicate.

Q Which technologies will be most important to the next phase of the energy transition?

The next phase is not about picking a winning technology. The focus should be technology-agnostic and customer-centric: start with the needs of the customer or power system and work back

to the right solution for a particular location. Affordability has become a key theme in the clean energy transition and I think that will ensure the longevity of the market.

In North America, rapidly rising power demand means solar and batteries will remain important. But there’s also growing demand for grid infrastructure, firming capacity and other solutions that can deliver reliable power quickly, particularly for data centres and manufacturing. Gas-fired peakers can play a role as well in providing firming capacity during the transition.

Renewable fuels are relevant where direct electrification is difficult,

particularly in hard-to-abate industries and transport. We also need to get much more out of the grid than we already have, while continuing to build new transmission and distribution. We think about the whole energy system rather than individual technologies, with a view to providing reliable, affordable and increasingly low-carbon power. Ultimately, it's about matching power supply with demand — in the right place, at the right time and at the right cost.

Q How is rising US electricity demand influencing the opportunity set for energy infrastructure investors and the way hyperscalers think about securing power?

Hyperscalers are getting far more sophisticated. They can no longer just rely on the grid and assume power will be there when they need it. Instead, they're looking at the whole solution: generation, batteries, grid connections, firming, and in some cases, bringing power directly to the site. That's really a paradigm shift in North America, and globally.

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We saw this shift from renewables-first to energy-first coming when we built our data-centre platform six years ago, before the current AI boom. Our thesis was simply that power would become the limiting factor for hyperscale data centres. The need for colocation is now much more widely understood. And it's continued to evolve as customers use more storage for video and AI, with the market expanding accordingly. That understanding is now bringing two sectors together that historically operated quite separately: energy developers need to understand digital infrastructure, and hyperscalers increasingly need to understand power.

Initially, when there was plenty of spare capacity, hyperscalers could pick and choose. Today, more and more, power-first positioning is what attracts them, because they now see power as the main constraint. The US is competing to lead the AI and digital economy, and that requires an enormous amount of energy infrastructure.

It's not just about building more generation — you need storage, transmission and distribution, grid connections, equipment manufacturing, firming capacity and, in some cases, temporary power while longer-term solutions are built. This has become an economic competitiveness issue for the US as much as an energy one. If you cannot provide the power, it's much harder to build the digital and manufacturing infrastructure.

We're now seeing the US get its policy right, pushing data centres to bring their own generation so they don't strain the wider grid — an approach that plays directly to our strengths in both clean energy and data infrastructure.

There is plenty of capital looking for infrastructure opportunities. What's harder to find are projects that can actually be delivered, and teams that can deliver them. That's why some of the most interesting opportunities are in the difficult parts of the market where you must solve a real problem rather than simply provide capital

— and doing that requires being a sector specialist. Combining clean energy and data-centre development as core competencies has become a real advantage: our Rowan platform is now among the top three data-centre developers in the US.

Q How can investors navigate policy uncertainty without making a bet on the outcome of the next election or policy cycle?

In my nearly 30 years in the industry, there's never been a period of complete policy certainty. Elections bring changes, so the key is to focus on fundamentals rather than try to predict the next policy cycle. That means working with customers who have a genuine and growing need for energy and providing solutions that are affordable, reliable and sustainable.

Long-term contracts with customers provide a degree of certainty regardless of changes in policy, provided projects comply with the prevailing regulatory framework. It's also important to have people on the ground and strong relationships with customers, regulators and other market participants to avoid any unpleasant surprises. Policy uncertainty can actually favour specialist investors because they can pivot more quickly than large aggregators, which reduces competition for opportunities.

We also believe a project should be economically viable with or without subsidies. Rather than building an investment case around a particular incentive, technology or policy scheme, it's important to remain technology-agnostic and customer-centric, focusing on solutions for which customers are willing to sign long-term, fixed-price contracts. Policy risk extends beyond subsidies and tax credits. Tariffs, procurement rules and supply-chain constraints can all affect project economics. But the underlying need for power remains driven by data centres, manufacturing and grid investment. ■