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Resilience Is The Word As Investors Consider The Energy Transition Under Trump

Energy transition and climate investing were on the agenda at NEXUS 2025; as the new US administration tilts towards fossil fuels, climate investors are sticking to the programme.

How will the Trump administration affect the energy transition? The answer varies depending on where you sit, both geographically and in the investment ecosystem.

"So in any political regime in any environment, there's positives and negatives, right? There's opportunities and there's challenges and we've been talking a lot about what are the opportunities in the chaos here, in the United States right now," said Meghan Sharp, global head and chief investment officer of Decarbonization Partners, a climate tech investing joint venture between BlackRock and Temasek.

Sharp was among the leaders in energy and climate investment at PEI Group's NEXUS 2025 event this month to respond to questions on how actions taken by President Trump's administration had affected their investment outlook.

Earlier in the week Trump's energy secretary, Chris Wright, had delivered a speech in Houston, Texas, in which he cast the previous administration's climate change policies as "myopic", "irrational and quasi-religious", decried wind and solar as being more expensive than other forms of energy and extolled the virtues of liquified natural gas as a dominant energy source, as well as advances in geothermal and nuclear.

Neil McMahon, Kimmeridge

Alongside Sharp on a panel discussing private capital's role in the energy transition was Neil McMahon, managing partner of Kimmeridge, an energy-focused private equity firm investing in both unconventional US oil and gas assets and carbon removal projects through a carbon solutions fund. Trump's reversal of a Biden-era halt on LNG export permits is good news for Kimmeridge's investment in Commonwealth LNG, which now has the go-ahead for a circa $8 billion investment in a new LNG terminal in Louisiana.

"We see that as part of the energy transition, because these LNG cargos will go to Latin America, and they will be displacing coal," said McMahon. "Very simply, coal is probably the worst pollutant, so you knock out that first, and then work on everything else; that's a major theme for us."

Elsewhere Kimmeridge is "firmly of the belief that carbon credits are here to stay", said McMahon. The firm's portfolio company Chestnut Carbon, a nature-based carbon removal business, in January entered a carbon credit offtake agreement with Microsoft, spanning 25 years and seven million tonnes of carbon removal credits.

"We believe that Microsoft will need carbon credits in the future for their growth in data centres, and we're very happy to plant trees to meet that demand," said McMahon, "And we don't see that any policy change in this administration will go against that."

Petya Nikolova, deputy CIO and head of infrastructure investments at the New York City Comptroller's Office, described how dramatic shifts in policy underscore the benefits of diversification across geography, strategy and asset class. In her role Nikolova shapes investment strategy for the $260 billion New York City Retirement Systems, which has made commitments to funds managed by TPG Rise, EQT, Global Infrastructure Partners, a part of BlackRock, and others, according to New Private Markets' data.

Petya Nikolova, New York City Comptroller's Office

"These vehicles are very long term, from life to exits, so it is really more than one administration – or even two. LNG is a great example," said Nikolova."This leads us to invest more in strategies that are more diversified, by sector or geography. When you have more uncertainty in certain geographies, our partners can go to others."

Meghan Sharp, Decarbonization Partners

Decarbonization Partners' Sharp agreed: "From a pure diversification approach investing globally is really important. North America is not the only place where you can find really amazing companies focused on decarbonizing technologies."

Decarbonization Partners closed its debut fund on $1.4 billion in April last year and has a global remit. "While it is true that historically our pipeline has been North Americadominated, right now it happens to be dominated by a lot of opportunities in APAC and EMEA," continued Sharp, who explained that the geographic mix for the fund will probably end up at 50 percent North America, with the rest split evenly between Europe and APAC, which is what they had initially envisaged.

"Absolutely I think there can be, and will be, a cooling in the market around some technologies and it's all about finding the opportunities and investing in the opportunities here in North America," Sharp continued.

Sharp also underscored the points that her firm is "returns, returns, returns" focused, and that government incentives and tax breaks were never part of the investment underwriting case. "From our first pitch deck in 2022, we made it very clear that on base underwrite we weren't going to rely on subsidies and regulation. We'll certainly take the tailwinds, but it can't be the basis of the underwrite."

She also noted that, regardless of the nature of political discourse, the energy transition is still very much underway, referring to takeaways from a recent gathering of utilities and energy CEOs. "In public right now for obvious reasons, people are being careful, but privately the companies in the room said they're not backing off their net carbon goals. Interestingly they're not calling it 'net carbon zero', they are calling it 'near carbon zero'. So the language is changing, but the sentiment in the room was the transition is going to to happen. Will it go slower? Maybe, but the horse has left the barn.

"We have to remain really commercial here and realize that the direction of travel is the transition."

Jan Ståhlberg, Trill Impact

Also on the panel was Jan Ståhlberg, founder and managing partner of impact investing firm Trill Impact. His view on Trump's impact was less sanguine than other panellists. He agreed that investments need to be based on commercial viability rather than policy, but it would take a "brave woman or man" to invest in areas of a heavily regulated and politicised sector like energy infrastructure when the state is telling you not to do it.

"Frankly I think the new administration has – for the energy transition – been a disaster," said Ståhlberg. "Of course energy investment is a long-term decision, but with the US administration having this kind of policy that will slow down the energy transition, no doubt.

"[LNG and oil is] where the money will go. Over the last 12 months we've had $1.2 trillion into alternatives [wind and solar] versus $1.1 trillion into oil and gas. This is going to look completely different over the next period because of the US administration. So I think that from a climate perspective this is a disaster."

Kimmeridge's McMahon expressed doubt as to whether the "drill, baby, drill" mantra coming from the White House would indeed lead to increased oil production. "I think there is a mindset from the White House that every American company needs to stand up and start drilling; and every American company is saying, 'Why? We are not going to get paid for this?' So nobody's doing it, and nobody will do it, because there is no incentive from a financial point of view."

Power Sustainable, an asset manager owned by listed energy company Power Corporation of Canada, manages a private equity decarbonisation strategy that – like Decarbonization Partners' – is not predicated on tax or other government incentives in its deal underwriting. For this reason, the administration makes little difference to its investment opportunity, said New York-based managing partner Karine Khatcherian. However, for the climate itself, it's a bit different.

Karine Khatcherian, Power Sustainable

"When you think about climate, there's new transformational technologies that need support to get to a stage where they're profitable, and there is the project side as well," Khatcherian said. "Scaling back support for these just means that the US is going to be behind China; the US is going to end up behind Europe."

Khatcherian was speaking alongside Susan McGeachie, CEO of non-profit Global Climate Finance Accelerator, on the topic of mobilising climate capital. McGeachie noted that outside of the US (she is based in Toronto, Canada, and has a global remit) the situation remains unchanged. In the US, however, the challenge is "finding new sources of capital to replace concessional loans coming out of the [Department of Energy]".

"In the first Trump administration, private philanthropers really came in and plugged that gap," she said, adding she was optimistic that the same could happen again.

Khatcherian highlighted an ongoing issue that sustainable investing has when it comes to language. A common reaction when people read the name of her firm on her conference badge is "oh, we don't do sustainability". "So I say 'Let's talk about that; what do you mean by that?'"

'Climate', like 'renewables' and 'clean tech' before it, has become a problematic label. "If you take the discussion away from climate, on to resiliency, you get a better reception, and a lot of what we do is resiliency," said Khatcherian, who gave the example of companies that maintain and improve an ageing electricity grid to protect supply amid more frequent extreme weather events.

Headwinds for the sector in the US could ultimately be positive for those who are committed to investing in climate-related companies and assets, said Khatcherian. "In an environment where this is less trendy, it is an amazing opportunity, because the climate tourists stop investing."

Susan McGeachie, Global Climate Finance Accelerator