

# Well now, hasn't that been a funny old year...?

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For the final Friday Editorial of 2025 – yes, today's my last working day for the year – let's not wheel out that old trope of "that was the year that was" or... shudder... what's on the cards for 2026 in a desperate effort to drive home a forward-looking strategy.

How about we take a look back at recent market activity and focus **not** on the "blah, blah, blah" of trends and all that guff, but home in on the things that actually took the market by surprise.

As it happens, 2025 was replete with revelations!

One of the biggest surprises of the year was nailed by an infra lending doyen who pointed to "the hardening of attitudes within banks towards energy transition".

Talk about jumping the shark – ET didn't just jump the shark, it sailed over the pool waving merrily, with ESG riding pillion.

The infra / energy lending community cast aside the nice-guy mask it's been wearing for a few years to reveal its true face... and it ain't pretty... coz it never was.

One banker remarks at the eye-watering volte face from woke to boke (need to be Scottish for that one), admiring "how quickly risk departments went utterly sour on... everything" that wasn't mainstream.

The entire infra community is quietly deleting mission statements and banks – apart from the obvious tree-huggers – have handed back the reins to risk departments.

And that's not just for the weird and wonderful, established renewable energy is coming under greater scrutiny. As one lender says: "Risk departments always had concerns about wind and solar, and this year we saw T&Cs head south like a duck in winter."

Meanwhile, when it comes to cutting edge energy projects seeking debt, these are being told to "go forth and transition" as one old chum puts it.

Hydrogen at the funkier end of the spectrum (most projects, to be fair) has been "kicked into the long grass" and as one grandee puts it, adding "even some of the most ardent supporters have gone very, very quiet".

The most convenient case study is BP. The O&G major (let's go back to calling it that) slashed plans for its H2CCS business from 30 projects to 5-7 hydrogen / CCS deals this decade. It pulled the plug on the [Teesside 500MW hydrogen](#) plant in March having closed [NZT Power](#) and [Northern Endurance Partnership](#) at the end of 2024.

Sources are dubious about the future of most O&G majors in hydrogen and, on the BP front, one says: “I would hazard a guess the rest of its projects will go too.”

## Give me strength

One of the biggest wake-up calls to the industry was the need to build out power generation – and just keep building as there’s no end to requirement in sight – and that’s not just to achieve energy security for all nations.

One old mate says: “The way I look at it, the market – and I mean all participants: government, private sector and finance – have realised that the energy transition is not an OR proposition... energy transition OR fossil fuels... it’s an AND proposition.

“We need as much energy as we can get from wherever we can. It needs to be cheap and it needs to be profitable.”

Sources point to data centres and the “sheer amount of power needed to fuel all these Nvidia chips” that’s going to take it all... fossil fuels and renewables... “and even then, that’s probably not enough”.

To that end, the industry is hilariously branding natural gas a “transition fuel” in established markets.

And that’s when nuclear started to look like a real contender and the tipping point was reached on [offshore wind](#) – and, broadly speaking, it’s not recovered since.

Europe has seen numerous offshore wind procurements fail, the US is flipping OWFs the bird, APAC remains lugubrious, and the rest of the world seems not to give a jot.

Most organisations that are invested in offshore wind farms seem to be looking for partial (or entire) exits and – outside of Poland where the notion of switching off coal-fired plants is compelling – it’s not exactly flavour of the day.

The surging [popularity of nuclear](#) – even among the “big beard and sandal brigade” – took a lot of people by surprise.

As one infra veteran puts it: “That nuclear energy would be embraced again – even by die hard ‘net zero’ types – was surprising. Maybe I should not have been so surprised as in the long run logic and physics trumps!” (that was laboured)

Many were taken aback by financial close on the UK’s “project finance” of the 3.2GW [Sizewell C](#) nuclear power plant, of which one chum of old warns: “Nuclear takes a generation to build and it is expensive.”

Granted, the biggest ticket is held by the UK government – cheerfully supported by the National Wealth Fund with an HM Treasury funded £36.6 billion (48bn) facility at the ready – and the commercial debt (only) amounts to £1 billion.

While nuclear is being nodded through without so much as a by-your-leave, geothermal is charging up the agenda and hydrogen’s tumbling the opposite direction.

However, one banker says H2 and geothermal are viewed in the same negative light and that they are “no-gos with risk departments”.

So, when it comes to energy transition, the days of the rubber stamp are behind us and the shift we’ve seen in recent years in renewable energy has now travelled all the way down the stack.

In much the same ways that developers pick and choose which markets they play in, lenders are, as one banker puts it, “now very choosy about which deals they go after” but also “which sponsors they partner with”.

But maybe that’s for the best as “the wash out will be that the projects that do come will be more stable”, and “the anything-goes market of energy transition is in the rearview mirror”.

## Surprise Surprise

Most of the surprises landed in the energy space and it was expected that traditional infrastructure remains in the doldrums. However, with the rise in defence as a focus that will likely change.

Actually, the return of “defence” to discussions came as a shock to many. While this will not be bullets and front-line duties, governments’ shift in focus this direction will surely bring the infra community to the table.

And it’s quite amazing what can fall into this category. As one source says of defence, it’s a “slow burner surprise” but that it “may be the big story of 25-26 cycle”.

Data centres are all the rage and as one source says “any DC below \$1 billion is small” so it’s going to take a lot financing – with associated energy sources so as not to impact national grids.

Hydrogen: “No one needs it or wants it after all” with a glimmer of hope “but it means that those projects that survive will get attention.”

Energy transition, the view of many is: “The realisation that energy transition is a bit of a lie. It’s very expensive and it is a very long road.” Another source adds: “I can’t help thinking this is all overhyped and being overbuilt, like fibre.”

The money is out there for the right projects: “All investors say there is lots of capital and not enough projects. Realistically the projects are there, but investors are picky.”

One source celebrates the “incredible resilience of gas” adding: “It’s not dead and with no Russian piped gas, LNG is only game in town. Combine that with need for flexibility and gas is needed.”

So, here’s to 2026 which one old mate says “is going to be tricky in terms of the volume of deals and the scrutiny they will come under”.

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