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Q: What strategic actions have the hyperscalers taken to sustain and continue their growth?

A: The hyperscalers are no longer simply large consumers of power. They are becoming active participants in the energy ecosystem. Over the past 15 years, their involvement has evolved from signing long-term power purchase agreements to making direct investments in data centers, power infrastructure, and emerging energy technologies.

This shift is becoming particularly important as AI drives an unprecedented increase in computing and energy demand. Amazon's investment in X-energy in 2024, Alphabet's acquisition of Intersect in 2025, and Microsoft's recent exclusivity agreement for power generation alongside Chevron and Engine No. 1 are examples of how the largest technology companies are strengthening their positions across both the AI and power value chains.

The underlying message is clear: access to energy infrastructure is a competitive advantage. As a result, hyperscalers, neoclouds, developers, and colocation providers are all moving deeper into the value chain, bringing critical capabilities and assets in-house to gain greater control over the infrastructure their businesses increasingly depend on.

Q: How is the current political landscape influencing the pace and direction of the AI infrastructure buildout?

A: The politics surrounding AI infrastructure are becoming almost as important as the technology itself. Data center development and energy consumption are attracting greater scrutiny as communities and lawmakers weigh concerns around power demand, land and water usage, and local economic impact. This is shifting the conversation toward an industry's "right to operate" and who should control the resources needed to support continued AI growth.

As scrutiny increases, companies may look to gain greater ownership of the infrastructure that supports their operations through partnerships, investments, and acquisitions, further shifting the onus from public resources to private control. This dynamic may create a new wave of M&A activity across power and utility markets. We expect AI infrastructure to remain an increasingly prominent issue as policymakers balance the economic benefits of AI investment against its growing demands on local resources and communities.

Q: What risks or pressure points should investors be watching as AI-related investment continues to accelerate?

A: A key question for investors is whether the significant capital flowing into the AI ecosystem ultimately translates into sustainable returns. Many privately-owned AI companies have reached substantial valuations despite still being in the early stages of monetization. That creates increasing pressure to demonstrate a credible path to long-term profitability, especially for those considering a public offering. For companies that are already public, the market is becoming more discerning, rewarding those that can translate AI demand into durable revenue and earnings growth.

As the industry matures, we should see clearer separation between winners and losers. Companies unable to keep pace with the scale, capital requirements, and technological investment necessary to compete may face increasing pressure to partner, sell, or consolidate. That environment may also lead to increased consolidation among companies that struggle to keep pace with the scale of growth required to remain competitive. We believe the next phase of the AI cycle may be less about who can attract capital and more about who can turn that capital into sustainable returns.

Q: How significant are the costs associated with building and operating AI infrastructure?

A: The costs associated with building and utilizing AI infrastructure are proving to be greater than many initially anticipated. Computing demand continues to rise, but so do the power and cooling requirements needed to operate increasingly dense systems. Similarly, data center operators must invest not only in advanced hardware but also in the infrastructure necessary to keep that hardware running efficiently. Cooling alone represents a significant portion of operating expenses, underscoring the close relationship between energy and AI.

As AI adoption increases, power availability and cost management will become increasingly important competitive factors. Ultimately, the race to build AI has also become a race to secure firm power, and we expect this relationship to increasingly influence corporate strategy, infrastructure investment, and public policy discussions.

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