

PANORAMIC

PROJECT FINANCE 2027

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LEXOLOGY

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Panoramic guide (formerly Getting the Deal Through) enabling side-by-side comparison of local insights into collateral and security packages; forex and withholding tax issues; remittances and repatriation of foreign earnings; foreign currency accounts; foreign investment issues, including investment, ownership, insurance, worker, equipment and nationalisation / expropriation restrictions and fiscal treatment; relevant government authorities; natural resource regulation; government approvals and filings; arbitration and governing law considerations; environmental, health and safety laws; project companies; public legislation, limitations and transactions; and recent trends.

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Global Overview

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The numbers

Following a nearly 50% jump in global project finance volumes in 2025, the project finance sector is projected to experience strong growth in transaction volumes across a widening set of asset classes in 2026. Power generation is anticipated to continue to expand, primarily through renewables, battery storage, and a rejuvenation in the use of nuclear power, driven by a continued increase in demand driven by increased population, data centres, and electrification. Global project finance volumes rose by 28.1% at the beginning of 2026, up to US\$265.8 billion compared to US\$207.5 billion in the first half of 2025.

The United States continued to make up the bulk of project finance activity, representing more than half of total global loans during the first half of 2026 at US\$144.2 billion, up from US\$112.8 billion during the same period in 2025. The Americas saw a total project finance loan volume of US\$164 billion across 204 deals. The Asia Pacific loan market stayed relatively static at US\$23 billion, slightly down from US\$24.7 billion last year despite the number of deals rising from 63 to 77. The Europe, Middle East and Africa (EMEA) market grew by 12.5% to US\$78.7 billion over 122 deals.

In terms of sector activity, power continued to lead despite the rise of data centres, with renewables making up 86.1% of the US\$119.9 billion in global loan value. Oil and gas, buoyed by several sizeable US liquefied natural gas (LNG) deals, nearly doubled to US\$28.5 billion. Telecoms increased to US\$81.8 billion, with data centres representing 75.5% of that total.

Standout deals in terms of deal value feature major data centre megadeals like the US\$22.75 billion loan backing construction of a Vantage Data Centre and Oracle campus in Abilene, Texas. Major US oil and gas deals such as a US\$8.8 billion loan to back Commonwealth LNG's new LNG export facility in Louisiana also feature heavily. Alphabet acquired Intersect Power for US\$4.75 billion, demonstrative of the increased demand for both digital infrastructure as well as renewable energy solutions to meet rising demand for power.

Drivers of deal trends

Artificial intelligence (AI) and digital infrastructure

The unprecedented data centre buildout has continued as demand for AI tools has skyrocketed. Data centre deals accounted for 91.7% of the US\$56.3 billion in telecoms

loans in the Americas, 75.5% of the US\$81.8 billion in telecoms loans in the EMEA loan market, and five of the six telecoms transactions in Asia, valued at more than US\$4.5 billion.

The growth in power demand from data centres has been significant, climbing 19.7% over 2025 with the United States accounting for about 40% of total global data centre electricity demand. The International Energy Agency (IEA) projects that data centre demand will grow four times faster than overall electricity demand, from around 500 TWh (terawatt-hours) in 2025 to around 950 TWh in 2030. While significant, this would still account for less than 3% of global electricity demand by 2030, though the demand growth would still be significant at a regional level.

Opposition to data centres has begun to emerge in some areas. States like Virginia, Texas and Arizona that previously provided incentives for data centres have begun to repeal or even reverse incentives. New York became the first state to impose a state-wide moratorium on construction of large new data centres. Policy changes will likely shift from unfettered growth to reducing the impact data centres have on the power grid, as well as other limitations due to opposition based on noise, water use, pollution, energy prices, and broader opposition to the adoption of AI. Changes may include requirements that data centres supply their own power, a policy that President Trump spoke in favour of during his State of the Union Address, which has also seen support in countries such as Ireland, Australia, and the Netherlands.

The Iran War, the rise of Chinese renewables, the Trump administration and nuclear power

The Iran war has demonstrated the precarity of oil and gas supplies and the resulting effects on prices, forcing governments worldwide to take drastic measures to protect their economies. Prices spiked forcing western nations to release record amounts of oil from strategic reserves, while China cut oil imports in half and called on inventories belonging to state-backed companies. With roughly 20% of global oil passing through the Strait of Hormuz, the war and resulting closure of the strait have had significant effects on industries such as energy, construction, and shipping. With prices skyrocketing, particularly in Asia where natural gas prices jumped more than 100%, many countries have begun pivoting away from oil and natural gas, accelerating a trend that began with market instability resulting from the conflict between Russia and Ukraine. The war has also prompted the construction of new projects to bypass the Strait of Hormuz. The West-East pipeline in the United Arab Emirates and the Basra-Haditha pipeline in Iraq are both under construction already, and a Dubai-based port operator is in talks to develop a new port outside the Persian Gulf to reduce dependence on the strait.

The Iran war has coincided with a dramatic reduction in the prices of solar panels and batteries, particularly from China resulting from supply chain improvements and technical innovations. As a result, countries such as the Philippines and Australia are following early adopters such as Pakistan in importing Chinese batteries and solar panels. Australia alone accounted for almost 10% of all battery installation in March of 2026, surpassing 2GWh (gigawatt-hours) of battery storage per million people. The boom has been supported by a strong market for renewables as well as a US\$4.8 billion subsidy programme [supported by the Australian government](#). Global battery capacity is expected to grow ten-fold by 2035 according to energy research firm BNEF, supported by a 90% drop in prices since 2010. The dramatic reduction in battery prices has benefited intermittent renewables such as wind

and solar. Solar has remained the largest segment of projects in the Asia Pacific region, with 43 projects raising US\$6.38 billion and accounting for 40.2% of total power financing in the first half of 2026, with wind a close second at 35.1%. In Europe and the Middle East, renewables made up 86.1% of the US\$119.9 billion in power financing.

In the United States, the story has been slightly different, as oil and gas projects have had a resurgence. The Trump administration has [leaned heavily into policies that support the industry](#), resulting in US\$28.5 billion in deals being done across the Americas in the oil and gas sector over the first half of 2026. The Trump administration has continued its stance of opposing the deployment of clean energy, with policies that scale back federal support leading to the cancellation or delay of US\$83 billion across hundreds of projects. Project financing for renewables has remained strong in 2026, as companies race to meet the deadline to qualify for tax credits for wind and solar, which must begin construction by 4 July 2026 or be placed in service by 31 December 2027 in order to be eligible. Despite the headwinds, renewables accounted for over 80% of the power sector across the Americas in the first half of the year, including Enlight's US\$3 billion financing for a solar and storage project in Arizona and a US\$2.8 billion financing for the Panther Grove wind projects in Illinois by Copenhagen Infrastructure Partners and Enbridge. While the renewable power sector is projected to continue to grow despite the loss of tax credits, offshore wind will continue to face struggle. The Trump administration has continued to reimburse companies in exchange for ending offshore wind leases, most recently paying Bluepoint Wind and Golden State Wind US\$900 million in exchange for ending their leases.

Nuclear energy has emerged as another winner of the Iran war, with countries like South Korea, Taiwan, Kenya, Rwanda and South Africa all reaffirming support for nuclear power. Japan restarted the world's largest nuclear power plant (by capacity), which has been offline since the 2011 Fukushima disaster. In Europe, France reversed plans to reduce nuclear reliance from 70% to 50%. Italy ended a 40-year moratorium on nuclear power, Belgium reversed its nuclear phase-out, and Denmark, Switzerland and Germany are considering reversing bans on civilian nuclear power, while Poland is developing its first nuclear plant with a target operation date in 2036. China has connected more than 20 nuclear reactors to its grid in the last 10 years, with 23 under construction. In the United States, nuclear power has received [substantial support from the Trump administration](#), with the administration allocating billions of dollars to new nuclear funding.

Ultimately, a marked increase in demand due to the growth of digital infrastructure, instability due to the Iran war, as well as plummeting prices for renewable energy (particularly solar and batteries) signal an increase in renewable energy project financing transactions in the coming years.

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