

November 2025

Welcome to another Tortoise QuickTake podcast. Thank you for joining us. On this podcast, we highlight what happened in the energy and AI Infrastructure sector during the month of October.

Hello, I am Tortoise Senior Portfolio Manager Rob Thummel. Happy Halloween! The S&P 500 closed at near record levels, rising by 2.3% to end October. However, the energy sector fell by 1.2% during the month due to a 2.2% decline in oil prices driven by concerns about global oversupply. With oil prices in the 60s, some are asking how US producers will react. The US remains the largest producer of energy in the world and the largest energy exporter in the world. The Permian basin is an important contributor to that success. Last week, Exxon – the U. S's largest oil and gas producer reaffirmed its commitment to the Permian raising its 2025 production guidance from 1.5 million BOE per day to 1.6 million BOE per day. Chevron, also a significant producer in the Permian, reported record production as well. This is clearly positive for many of the Permian energy infrastructure pipeline operators like Plains, Energy Transfer, and others. Other large Permian producers also reported record Permian production as well. So, the Permian is expected to continue to grow despite the current price environment.

The energy infrastructure sector is also under performing the S&P 500 due to low oil prices impacting drilling activity. However, we expect the global oil markets to become more balanced later in the year or into 2026 with an average long term oil price moving back into the 70s. In the meantime, the energy infrastructure sector has made significant improvements with lower capital spending and lower debt, making the sector well positioned to deliver the well above average yields supported by a catalyst of the AI revolution that along with rising LNG exports, could boost natural gas production by as much as 30% by 2030.

Last week, the mega cap tech companies in the S&P provided updated capital spending estimates. The short answer: AI Capital spending is going higher. Hyper Scaler capex is expected to grow to \$335 billion in 2025, up 16% from previous forecasts. Capital is being spent on digital infrastructure, network switches, and data storage devices. Storage device maker Seagate reported 21% year-over-year revenue growth and 26% operating margins, with data center demand contributing over 80% of total revenue. Additionally, network switch maker Arista Networks also beat consensus revenue estimates, and NVIDIA CEO Jensen Huang called demand for latest generation Blackwell chips “extraordinary”. AI capital spending could grow to \$3-4T per year by 2030, up from \$600B today. This represents a 30-40% annual growth rate. We expect that growth to be mirrored within many of the digital infrastructure businesses we are invested in at Tortoise. At the heart of AI is data and electricity. Several electric utilities raised growth estimates tied to data center buildout in service territories. Xcel increased its EPS CAGR to 9%, WEC raised its growth rate to 8%, and DTE raised its top end growth rate to 6-8% annually through 2030.

Bring your own power is becoming the mantra to the data center buildout. Williams is expected to build up to 6 gigawatts of behind the meter power for the Socrates data center in New Albany, Ohio. Bitcoin miner, Riot Platforms announced plans to build 112 MW of potential data center capacity at its Corsicana site in Texas further supporting the build your own power thesis. We also received an update on electricity generation. Lastly, Entergy, who is building a data center the size of central park for Met in Northern Louisiana, raised its dividend by 6. 7% last week. Management reaffirmed its commitment to strategic growth and infrastructure investment, highlighting an expanding pipeline in the data center space and unveiling a \$41 billion capital investment plan.

As you can see, the AI theme is not only driving the broad market but it is also a major driver for the future energy market as well. Thanks for listening and have a great day!

Have topics you want covered or other feedback to share? Write us at info@tortoisecapital.com.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS

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The companies highlighted in this material are provided for illustrative purposes and selected based on recent trends/developments in the industry.