

# Conference Recap: Environmental Industry Summit 2025

Assessing the state of the environmental services & consulting industry in today's political climate



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The Raymond James Power & Infrastructure team attended the Environment Industry Summit, hosted by Environmental Business International and the Environmental Business Journal, in San Diego in early April. The conference brought together founders, strategists, and advisors in the environmental services and consulting sectors to discuss the state of the industry, energy transition regulations, M&A market, and AI as it stands in today's uncertain, everchanging political climate. We welcome the opportunity to speak with you further about the industry and how recent federal changes will impact its momentum.

## SELECT PRESENTING COMPANIES



## KEY THEMES & OBSERVATIONS

### POLITICAL SENTIMENT

*Despite federal budget deficits, tariffs, and regulatory changes, environmental services will still be required*

- ✓ Environmental services business will **weather the tariff rollercoaster better** than products-based businesses
- ✓ Regulatory rulings may have a mixed impact – on the one hand, **amending or revoking current regulation takes time**; on the other, more authority will be pushed to the state level, where **bipartisan support still exists for key environmental issues** like water safety, PFAS remediation, and data center expansion

### ENERGY TRANSITION & POWER

*Power generation infrastructure takes years to build – companies are playing the long game when it comes to sourcing power*

- ✓ **Spend on clean energy systems and power will increase by 10% by 2026** – with federal funding cuts and weak debt markets, **infrastructure funding will have to rely on private markets**
- ✓ **Grid hardening and resiliency is key** as power demand continues to rise – O&M services, vegetation management, and under-grounding of transmission and distribution networks will be in high demand
- ✓ **Decentralization of the grid to bolster power resilience** is leading to the **rise of microgrids**, which consolidate various energy sources to maximize distributed energy efficiency
- ✓ **Energy independence for data centers will be critical** – as uncontaminated / uninhibited land becomes scarce, **bigger companies will invest in building their own power networks** (including new pipelines) in new geographies
- ✓ The **renewable market has not slowed down** as much as expected – given rising power demand, companies are taking an “**all of the above**” approach in combining power sources

### IT & AI

*The role of automation and predictive modeling in environmental services is growing*

- ✓ AI has become a common tool in the workplace to **interact with and analyze bulk quantities of data** – with the caveat that **data need to be well-maintained and organized** from the get-go
- ✓ Environmental companies report mostly using AI for **preparing proposals, mining and analyzing data, and summarizing large document sets**
- ✓ The role of **digital twins** is becoming more prevalent for **predictive maintenance and plant optimization**
- ✓ The **speed of AI development is so fast** that **updates become obsolete quickly**

### M&A MARKET ACTIVITY

*Investor demand far exceeds seller supply, as potential targets wait for markets settle to maximize valuations*

- ✓ The **full impact of tariffs on key products** (e.g., solar panels, cables and wiring, large equipment) is yet to be determined – but these will likely **get more expensive**, and buyers will have to account for price increases and potential pass-throughs
- ✓ There is still **decent deal momentum in the engineering services space** as buyers and sellers find synergies in equipment costs, labor utilization, geographic distribution, customer diversification, and more