



Electricity consumed by US data centers is projected to grow by between four and ten times by 2030.
Photographer: SeongJoon Cho/Bloomberg

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Latham's \$2 Billion Energy Practice Girds for AI Explosion

BIG LAW SPOTLIGHT

December 2, 2024, 2:00 AM PST
By Roy Strom, Reporter

- Global energy and infrastructure practice now tops 675 lawyers
- AI data centers are the biggest growth area for the group

Latham & Watkins' recently reorganized energy practice is responsible for more than one third of the top-grossing firm's revenue, and its leaders are counting on the explosion of artificial intelligence to keep the momentum going.



The now roughly \$2 billion energy and infrastructure practice was restructured by the firm under global chair **Justin Stolte**, who rejoined Latham in 2020. A former petroleum engineer with a degree from the Colorado School of Mines, Stolte has

a background in the traditional energy sector but believed a successful firm would have to take an "any and all" approach to the types of power sources that will drive the future, especially one in which generative AI figures prominently.

"A lot of people view AI on its surface to be a tech story. It's not just a tech story," said Stolte. "It's equally a power story."

Something similar could be said about Latham's own growth.

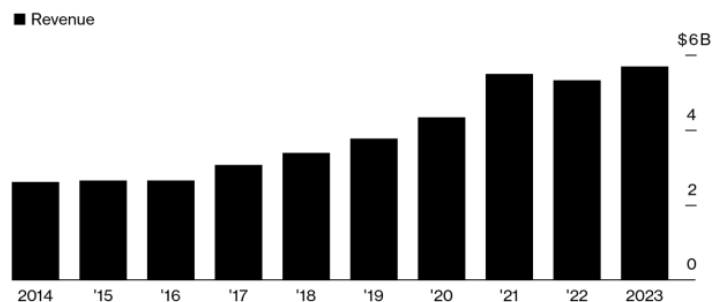
The second-largest law firm by revenue in the world, Latham brought in more than \$5.5 billion in 2023—more than doubling revenue from a decade prior. Its heady growth is often ascribed to advising on major deals and capital markets transactions. It has a large private equity practice, headlined by a close relationship to asset management giant The Carlyle Group.

But the under-the-hood growth story can't ignore the role of an energy practice where revenue has surged more than 300% during Stolte's tenure, according to the firm. The practice today generates as much revenue as an AmLaw 25 firm, Latham reported, which last year was equivalent to at least \$1.85 billion.

"We've leaned in heavily on the energy transition work, but we've also made sure we've remained at the top of the field from a traditional energy perspective, including oil and gas," said Stolte, who is based in Houston and came over from Gibson Dunn.

Latham's Doubling Decade

Revenue at Latham & Watkins more than doubled from 2014 to 2023. It's now the second-largest firm by revenue.



Source: The American Lawyer

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Latham has hired more than 30 partners to its global energy practice over the past four years in a highly competitive lateral market. It now boasts more than 675 lawyers in the practice group.

“The reality for many of these firms is that there are not enough lawyers who are credible” in energy and infrastructure work, Stolte said. “So retaining talent is incredibly important.”

Today, deal teams in Latham's energy group frequently switch between traditional and renewables projects. They handle work across the globe, based out of major hubs in Houston, New York, and London.

Stolte led a team in August advising Australia's largest energy producer, Woodside Energy Group Ltd. in a \$2.35 billion purchase of a clean ammonia project in Texas. A similar team in September advised ExxonMobil in the sale of a stake in a proposed low-carbon hydrogen and ammonia production facility in Texas.

Stolte in November then pivoted back to a traditional oil and gas deal, advising investment management firm Kayne Anderson in a \$2 billion purchase of assets in Northeast Utah's Uinta Basin.

Hot in Houston

Of course the firm has much competition in this burgeoning sector.

Energy and infrastructure practices are likely the top area of interest for firms looking to recruit in Houston, said Marcel Meijer, managing partner at legal recruiting firm CenterPeak. “Houston has become one of the most competitive markets in the world,” he said.

Kirkland & Ellis, the world's largest firm by revenue, has [invested](#) significantly in its own energy & infrastructure practice in recent years, hiring from competitors including Skadden, A&O Shearman, Clifford Chance, and Vinson & Elkins.

More than 60 major law firms have opened offices in Houston since 2010, Meijer said, many enticed by the city's power industry. Clifford Chance is perhaps the most high-profile recent example, highlighting its energy and infrastructure practice when it opened in Houston with 10 partners last year. (It has since grown to 15 partners.)

Stolte himself is no stranger to the competition. When top deals firm Paul Weiss targeted a Houston office last year, the firm unsuccessfully sought to recruit Stolte for the job, Bloomberg Law [reported](#).

Trump Threat

A surge in energy transition work powered in part by the Inflation Reduction Act, which plowed tax credits into the market to incentivize green energy, may be jeopardized by President-Elect Donald Trump, who has decried the bill as “the green new scam.”

But this viewpoint comes hard up against the relentless energy demands of power-hungry AI processors and the data centers that house them. Electricity consumed by US data centers is projected to grow by between four and ten times its current level by 2030, according to Bloomberg Intelligence.

AI data centers are the biggest growth area for Latham's E&I group, Stolte said. In October, the firm advised the Canada Pension Plan Investment Board on a joint venture with Equinix Inc. to raise \$15 billion in capital to be put toward expanding hyperscale data centers in the US. The firm has advised on data center-related projects around the globe, including in [the UK](#), [Ireland](#), [Germany](#), [Latin America](#), and [Southeast Asia](#).

Generating so much new electricity will be a challenge that many expect to require a blend of renewable energy and carbon sources like natural gas.

“When you forecast these power needs, natural gas has to play a significant part of that,” Stolte said.

It's also driving more and more alternative asset managers—a bedrock set of clients for the world's most profitable law firms—to invest heavily in energy and AI.

“That is the next wave of work,” Stolte said. “It's just starting to play itself out.”