

TPG's Jim Coulter shares insights on the state of climate investing

SAN FRANCISCO – “AI is going to touch all white-collar industries,” said Jim Coulter early Monday morning in a press conference. Coulter is a private equity investor and co-founder of Texas Pacific Group, one of the largest private equity firms in the world.

AI has been reshaping the business landscape, with recent data showing that [78% of organizations are using AI](#) in at least one of their business functions. According to the United Nations Conference on Trade and Development, the market value of AI is [projected to reach \\$4.8 trillion by 2033](#) — up from just \$189 billion in 2023.

“I believe the biggest effect of AI on our industry will be an opportunity set to transform companies,” Coulter said. “If you think about AI as a tool, it is going to change how healthcare is delivered. It's going to change how insurance functions. It's going to change, you name the white collar intensive industry, and AI will affect that industry.”

TPG has made substantial investments in AI, including backing for [Hayden AI](#), a San Francisco-based company that utilizes AI-powered camera systems to automate traffic enforcement. The funding came through [TPG Rise Climate](#), the dedicated climate investing platform of TPG led by Coulter. It is one of the largest private equity funds in the climate space.

“Our investments so far — and we're just beginning, really — have the promise to deliver carbon emissions reductions essentially equivalent to taking about two 50 million cars off the road a year,” Coulter said.

While AI and its applications are experiencing rapid growth in all sectors worldwide, many critics argue that their environmental impact remains a concern.

According to the [UN Environment Programme](#), powering AI systems requires a significant amount of rare earth metals, which are extracted in environmentally harmful ways. Data centers rely on water consumption to cool their electrical components while also generating hazardous electronic waste that contains substances such as mercury and lead. Additionally, those same data centers require an exorbitant of energy to power them. A single ChatGPT response to a question [consumes 10 times more electricity](#) than a comparable search made on Google.

To make matters worse, the U.S. is currently facing the looming threat of [electricity supply shortages](#), and experts say the current grid will not be enough to meet the demands of AI's growing energy needs.

With how environmentally harmful AI can be, what is TPG Rise Climate doing to help mitigate this issue while also remaining committed to its promise of being ecologically helpful?

We've been approaching that by creating green solutions, the greenest possible solutions for data center demand," Coulter said. "I believe data center demand will be met, and it's our job to try to make sure it can be met efficiently and cheaply and responsibly with renewable power."

TPG Rise Climate has made significant investments in companies that generate strong financial returns while also leading initiatives such as renewable energy and ‘green solutions.’ Coulter notes that while the U.S. has made significant strides in transitioning to renewable energy, it is [still behind countries like China](#) in terms of energy policy and innovation.

What's going to be very fascinating is we have a global AI race between the US and China, and to fund that work and fuel that, we're probably going to have to have a global energy race.”

Coulter said. “I think the U.S. probably made a pretty large mistake not supporting solar and renewables earlier.”

While the current U.S. administration prioritizes fossil fuels and has seemingly adopted a ‘drill baby drill’ mindset, Coulter and TPG Rise remain focused on identifying and supporting companies that offer both business and social solutions.

“There is no free lunch in business. And for a long time, we've had a free lunch in carbon externalities,” Coulter said.