DATA CENTERS

BI-WEEKLY UPDATE

January 27, 2026

FRESH COAST
Climate Solutions

Bold Solutions. Transformative Action.

EMERGING THEMES

Investments & Market Activity

Data center investment and power demand projected to continue upward trajectory

- Moody's Ratings projects $3T in global investment by 2030; 14% increase in energy demand in 2026 from 2025

Large scale bets on nuclear and gas-powered generation deals

- Meta announced 3 major partnerships for nuclear development
- OH becomes a hub for growth in new data centers and nuclear power
- Talen Energy's $3.5B gas-fired plant acquisitions in the PJM interconnection region

Research & Technology

Access to power driving regional trends in new data center development

- UVA research shows the Great Lakes region is home to 20% of US data centers
- Texas is on-track to capture 30% of the US data center market by 2028
- Expansions projected in the Southeast (Georgia)
- Possible contraction in Western regions

Developers consider more adaptable data center designs and alternative power sources

- Modular, reference-based designs to allow for mid-construction updates to various power / cooling infrastructure
- Geothermal startup receives series C funding

Legislation

Bipartisan efforts to get Big Tech to "pay their own way"

- The President and several state governors push for an emergency PJM auction to compel technology companies to enter long-term power generation deals
- New York state unveils initiative to shift costs away from ratepayers while inviting further development

Increasing state and local planning efforts

- Bill proposed in OH to create a commission to study data center impacts
- Washtenaw County communities learn from Saline Township; enact data center moratoriums and assess zoning and ordinance requirements

Sustainability

Addressing community concerns becomes a business imperative

- Microsoft announces new playbook to develop "Community-First AI Infrastructure"

Balancing oversight with efficiency

- Ohio EPA creates draft general permit for data centers, easing restrictions on water discharge into Lake Erie
- Utility permitting delays, transmission and interconnection studies, other regulatory requirements slow hyperscale development

CATEGORIES OF NEWS UPDATES

Bi-weekly, Fresh Coast summarizes the latest data center industry news and assesses potential impacts across key categories for Joyce Foundation and stakeholders

Investments & Market Activity **1**

Sustainability **4**

Research & Technology **2**

Other Industry News **5**

Legislation & Policy **3**

Investments & Market Activity

Article/Link	Summary	Potential Impact
Moody's 2026 Outlook Projects $3T in Data Center Investment	**1/20/2026 (Global):** An outlook analysis by Moody's Ratings has projected over $3 trillion in global data center infrastructure investments during the next five years. Global electricity consumption for data centers is expected to hit 600 TWh in 2026. The largest hyperscalers in the U.S. are projected to account for $500–600 billion in annual capital expenditures. Power availability is the primary bottleneck to growth, prompting development of on-site power generation and investments in new energy sources. The industry is adapting by diversifying risk across customers, expanding technologies, and restructuring site leases.	**High** – Sustainable AI data center growth hinges on securing reliable clean power, balancing financial risk, and investing in long-term energy infrastructure.
Meta's Big Nuclear Deals	**1/20/2026 (National):** Meta has secured up to 6.6 gigawatts of nuclear power through long-term agreements that both extend the life and expand the capacity of existing Vistra-operated nuclear plants and include contracts with advanced nuclear startups developing next-generation technologies. These deals highlight a broader corporate movement toward clean, always-on energy sources that complement intermittent renewables and help meet escalating data-center demand.	**High** – Meta's approach may speed access to 24/7 clean power but also brings risks from uncertain technology, regulatory hurdles, long timelines, and high costs.
Talen's 2.6 GW, $3.5 B Deal for PJM Gas Plants	**1/16/2026 (PJM Region):** Talen Energy plans to acquire three gas-fired power plants in the PJM Interconnection from Energy Capital Partners (totaling 2.57 GW) for $3.45 billion. The facilities include a 480 MW combustion turbine in Mount Sterling, Ohio; a 1,218-MW combined-cycle plant in Lawrenceburg, Indiana; and an 869-MW combined-cycle plant in Waterford, Ohio. The acquisition is funded with $2.55 billion in debt and $900 million in Talen stock. The project diversifies Talen's power generation portfolio. The deal is still subject to approvals from FERC and the Indiana Utility Regulatory Commission, expected to close in the second half of 2026.	**Medium** – The deal deepens dependence on fossil fuels and is funded with debt, increasing both environmental and financial risk.
OH Data Centers Drive Nuclear Power Investment	**1/18/2026 (OH):** Ohio's data center growth is creating a rise in electricity demand that the current grid cannot fully meet. To address this, stakeholders are looking at nuclear power expansion as a long-term solution. However, new nuclear reactors won't come online for several years, creating a gap between the immediate demand and future power supply. This raises a key question of who bears the cost of bridging the gap during the interim. This issue highlights the tension between immediate power needs and long-term infrastructure planning.	**Medium** – Ohio's turn toward both upgraded and experimental nuclear power highlights a critical but risky path toward meeting soaring data center demand.
Patmos's $100M Clean Energy Loan for Data Center	**1/12/2026 (MO):** Patmos Hosting has obtained a $100 million C-PACE loan to continue developing its $1 billion, 35 MW data center. The funding will support energy-efficient upgrades to HVAC, plumbing, and equipment, enhancing both computing capacity and office space within the 421,000 sq. ft. structure. Two tenants have already signed leases, and 10 MW of capacity is already operational. Patmos is focusing on mid-sized customers (under 50 MW) rather than hyperscalers. A closed-loop water system and a local partnership to receive chilled water will reduce the need for cooling energy and water consumption. The project is expected to be completed later this year.	**Medium** – The project promotes sustainable data center design and partner-ships for resource sharing while continuing growth of the data center market.

Research & Technology

Article/Link	Summary	Potential Impact
UVA Researches Impacts of Data Centers in the Great Lakes	**1/15/2026 (Great Lakes Region):** The University of Virginia's Weldon Cooper Center reports that the Great Lakes region now hosts 20% of all U.S. data centers, with 525 facilities in 2024 and rapid hyperscale expansion that will sharply increase statewide electricity demand - doubling in at least five states and pushing Ohio's share from 5.3% to 10.9% by 2030. While the sector brings construction-phase jobs and some tax revenue, long-term employment is limited, and rising energy and water demands pose growing environmental and infrastructure challenges. Read the full whitepaper and accompanying fact sheets here.	**High** – The research highlights that surging data center growth in the Great Lakes region will raise urgent infrastructure and environmental challenges.
Bloom Energy's 2026 Power Report	**1/20/2026 (National):** Bloom Energy's 2026 Power Report highlights a major shift in how data centers are sourcing power, as hyperscalers increasingly invest in onsite generation to reduce reliance on the grid. By 2030, about a third of data centers are expected to operate fully without the grid. Power availability is reshaping the U.S. market. Texas is projected to capture almost 30% of the market share. Key factors including access to power, speed of interconnection, and operational independence are now primary drivers of site selection for AI facilities. Read the full report here.	**Medium** – Data centers are increasingly prioritizing off-grid power and high-density architecture to meet AI needs without straining local grids or financially burdening local communities.
Adaptability in Data Center Design	**1/20/2026 (National):** AI's growth is reshaping data center design, emphasizing the need for adaptability, scalability, and sustainability. Traditional data center layouts no longer suffice, as AI server demand will require extremely high power and more advanced cooling. Adaptive architectures such as modular designs and software-enabled energy management systems allow facilities to dynamically adjust to workload demands more efficiently. These strategies enable operators to balance speed and improve environmental responsibility to ensure that data centers can scale up alongside advanced AI technology without compromising performance.	**Medium** – Adaptive and modular design is critical for AI data centers to meet demands while maintaining energy efficiency and scaling sustainability.
Geothermal AI Startup Raises $115M	**1/22/2026 (National):** Zanskar secured $115 million in Series C funding to expand its AI-powered geothermal discovery platform and develop multiple geothermal power plants across the Western U.S., aiming to deliver clean, firm electricity before 2030. The company uses AI, modern drilling, and computational geoscience to locate hidden geothermal systems, reduce exploration risk, and unlock a terawatt-scale clean-energy opportunity previously limited by high discovery cost.	**Small** – The funding signals rising confidence in geothermal as a scalable, 24/7 carbon-free power source as grid and data-center demands surge.

Legislation & Policy

Article/Link	Summary	Potential Impact
President Trump Plans for Big Tech to Cover Power Costs	**1/16/2026 (National):** President Trump and governors from several PJM states are pushing for a one-time emergency electricity auction that would require major tech companies to fund about $15 billion in new power plants through 15-year contracts. This aims to ensure that data centers pay for the energy they need, as regional peak demand is projected to rise 17% by 2030. The plan could protect households from rising electricity prices (which hit a record 18.07 cents/kWh in 2025) while addressing shortages in the grid.	**High** – If implemented, the plan could improve grid reliability and protect residential ratepayers, but it may accelerate fossil fuel buildout.
NY Plans for Data Centers to Pay for Power	**1/13/2026 (NY):** New York Governor Kathy Hochul announced that large power users, including data centers, will be required to either generate their own electricity or pay higher rates if they do not provide significant job creation or economic benefits. The new policy aims to prevent household electricity bills from rising due to data center demand while still encouraging economic growth. This initiative also seeks to streamline grid connections for new facilities and accelerate investments in power infrastructure. This includes plans to expand nuclear capacity from 1 GW to 5 GW to meet growing power demands.	**High** – The policy balances economic development with consumer protection by ensuring data centers contribute to their energy costs and supporting grid reliability.
Proposed OH Bill for Data Center Study Commission	**1/19/2026 (OH):** Ohio lawmakers have introduced House Bill 646, which would create a 13-member Data Center Study Commission to examine the growth of data centers and their potential effects on communities, farmland, and infrastructure. It is sponsored by Representatives Gary Click and Kellie Deeter. The bill aims to provide guidance on siting and development and to prioritize brownfield redevelopment, as well as addressing concerns about energy, water use, noise, and local economic impacts. The Commission would hold at least four public hearings and deliver a report with findings and legislative recommendations to the Governor and legislature.	**Medium** – The bill proposal signals that Ohio may soon take a more coordinated, statewide approach to managing data center growth.
City of Saline's Temporary Moratorium; Washtenaw County Communities Press Pause	**1/14/2026 (MI):** The Saline City Council unanimously approved a one-year moratorium on new data center proposals within city limits on Jan. 12. This action gives the city more time to evaluate long-term community impacts, study zoning and legal frameworks, and to draft potential ordinance changes. The Council emphasized learning from nearby Saline township's experiences as case studies and assessing opportunities such as battery storage and renewable energy integration. **1/18/2026 (MI):** Freedom Township approved a moratorium on data-center proposals, Sylvan Township and York Township likewise enacted or pursued similar pauses, and Lodi Township discussed implementing a six-month pause to craft local rules. Lima Township separately adopted a 180-day moratorium to update its zoning ordinance, while Ypsilanti Township chose a different approach by tightening zoning so hyperscale data centers are allowed only in industrial and commercial revitalization zones.	**Low** –The escalating backlash and complications in Saline Township are prompting neighboring communities to pre-emptively enact pauses, tighten zoning, and reassess their own rules as they hope to avoid the same high-stakes conflicts.

Sustainability

Article/Link	Summary	Potential Impact
Microsoft Announces Community-First Framework	**1/15/2026 (National):** Microsoft has announced a "Community-First Infrastructure" framework that commits to paying the full infrastructure and power costs of its AI data centers, coupled with stringent water-stewardship, local hiring, and full tax contributions to avoid burdening residents. It also emphasizes early engagement with communities and regulators to ensure data-center expansion strengthens, rather than strains, local infrastructure and public trust.. Read Microsoft's framework here.	**High** – If implemented, the framework add pressure to the rest of the hyperscale industry to adopt stricter, more locally accountable standards.
Proposed OH EPA Data Center Permit Could Harm Lake Erie	**1/21/2026 (OH):** Ohio lawmakers are raising concerns about a proposed Ohio EPA rule that would change how wastewater and stormwater discharges from data centers are regulated. Instead of issuing site-specific permits, the Ohio EPA wants to use a single general permit for all data centers. The Ohio EPA argues that this form of permitting would improve efficiency and says all discharges would still have to meet state and federal water quality standards, but state lawmakers argue the plan risks environmental harm by easing oversight just as cooling-water demands and wastewater volumes from the state's growing data center sector continue to rise. Read the draft permit here.	**Medium** – If adopted, the permit may weaken site-specific oversight and regulatory control for sustainability measures, especially for Lake Erie.
Climate Change is Missing from MI's Data Center Debate	**1/16/2026 (MI):** Climate change considerations are largely missing from legal discussions about the expansion of hyperscale data centers in Michigan. While proponents emphasize economic benefits such as jobs and tax revenue, critics raise concerns about electricity demand, water consumption, and environmental and community impacts. Data centers consume vast amounts of electricity, which will likely rely on fossil fuels for quick rollout, potentially undermining Michigan's statewide decarbonization goals. Without proper regulations, data centers will continue to accelerate global warming, yet the broader climate implications often receive little attention in public debates.	**Medium** – Hyperscale MI data centers could exacerbate carbon emissions and strain water and electricity, highlighting a significant gap in climate-conscious planning and policy.

Other Industry News

Article/Link	Summary	Potential Impact
Google Says Transmission Poses Data Center Connectivity Challenge	**1/15/2026 (National):** Google says the U.S. electric transmission system is now the biggest bottleneck to powering new data centers. Grid connection wait times can stretch to 10–12 years in some U.S. regions. As AI expansion drives growth in electricity demand, Google and other major tech companies are running into slow permitting and limited transmission capacity. To adapt, Google is exploring "co-location" by placing data centers next to power plants to bypass grid delays. However, the company says its long-term preference is still to connect to the broader grid. Regulators are weighing how these co-location arrangements for power access could affect costs and grid reliability.	**High** – The grid has become a clear constraint on data center growth, signaling AI expansion will depend on where transmission capacity can be built, and that co-location may be an emerging solution.
Data Center Dependency on Big Tech Crisis	**1/16/2025 (National):** U.S. utilities may be heading towards a future where grid reliability increasingly depends on the voluntary cooperation of large data centers. This could potentially create a "hostage situation" in which only private tech companies can control peak load reductions. Over time, demand response contracts could allow data centers to defer investment in the grid, but at this rate utilities could soon be unable to maintain service without compliance to private tech companies. Utilities could have less leverage than they think since data centers have geographic flexibility and low costs for site switching. Strategies proposed by utilities to mitigate risk include mandatory reserve margins, minimum participation floors in contracts, explicit mutual dependency, and investment in storage, peaker plants, and distributed energy resources. Demand response should be treated as insurance, not as a baseline for grid stability.	**High** – Reliance of utilities on voluntary data center workload reduction creates risks for grid reliability. This highlights the need for enforceable standards and diversified power infrastructure.
The Colocation Battle	**1/14/2026 (National):** Co-location for data centers is constrained by power availability rather than physical space, with increasing high-density AI workloads. The global colocation market is growing fast, but most new capacity is pre-leased. Regional growth is shifting toward markets with access to power rather than traditional urban hubs. Hyperscalers are adopting build-to-suit colocation and leasing entire campuses. Traditional enterprise-focused co-location providers face rising costs and supply chain delays. Cloud repatriation allows enterprises move workloads to co-location for cost, performance, and proximity benefits.	**Medium** – Delivering power efficiently with diversified energy procurement and scalable high-density infrastructure can increase reliability.
PJM Calls for Backstop Auction	**1/20/2026 (PJM Region):** The PJM Interconnection board initiated a reliability backstop capacity procurement. Its last auction fell short of meeting reliability targets by ~6.6 GW. The plan targets the demand from data centers and includes fast-track interconnection for self-supplied generation, curtailment rules for other large loads, and enhanced load forecasting. The board is also considering extending temporary price collars on capacity auctions to limit impacts on ratepayers. Analysts project that this could lead to 12.5+ GW of new gas-fired capacity for 2028–2030. The board noted that the current market auction structure may not provide sufficient reliable revenue to justify investment in new power generation, with most planned capacity still delayed or under construction, calling for potential market reform.	**Medium** – PJM's move underscores how soaring data center demand is forcing grid operators to intervene more aggressively to secure new power supplies and prevent reliability shortfalls.

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Let’s make bold changes together

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