DATA CENTERS

BI-WEEKLY UPDATE

December 15, 2025

FRESH COAST
Climate Solutions

Bold Solutions. Transformative Action.

EMERGING THEMES

Investments & Market Activity

Mix of rising investor caution amid continued investment

- Morgan Stanley holds preliminary conversations with investors over a significant risk transfer (SRT) tied to businesses involved in AI infrastructure
- Investment group Blue Owl raises $1.7B for its new Digital Infrastructure Trust

Continued federal investment in nuclear

- DOE selects recipients for $800M in federal cost-share funding to support Small Modular Reactor (SMR) - development expected in early 2030s

Research & Technology

Innovation initiatives from tech giants

- Google announces Project Starcatcher, with plans to put AI data centers in space
- A new product offering pairs NVIDIA hardware and AWS software for large customers to produce “AI Factories” on-site for data sovereignty

Innovation initiatives from startups

- New York startup Aircela builds a machine that converts CO_2 from air into synthetic gasoline
- Illinois Quantum and Microelectronics Park (IQMP) supports semi-conductor / quantum startups

Legislation

Federal proposals to protect constituents against data center impacts

- 230+ environmental groups call for national data center moratorium, but found few supporters in Congress
- Ohio congressman co-sponsors new bill that would require FERC to study how to protect ratepayers

State & local political support for greater transparency and renewable energy goals

- Rising concerns about rushed approvals and lack of transparency in the 2026 MI governor race
- New York Power Authority (NYPA) updates Strategic Plan with increased support for renewables

Enviro/Social/Economic Impacts

Carbon Capture and Storage (CCS) projects proposed as a "bridge climate solution"

- Renewable energy developer NextEra partners with Exxon Mobil to prepare natural gas + CCS data center to potential hyperscaler tenants
- Google backs new natural gas power plant in Illinois with CCS

Questions over how to “get it right” in terms of AI data center scale of development

- Vast efficiency difference between larger / smaller language models
- Risk of stranded physical assets due to over-projected demand

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

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Investments

Article/Link	Summary	Potential Impact
Morgan Stanley Considers Offloading Data Center Exposure	**12/3/2025 (National):** Morgan Stanley, a global firm for financial services, is exploring ways to reduce its exposure (financial risk) from data center financing by shifting some risk to outside investors through a transfer tied to AI infrastructure loans. This reflects growing caution when financing massive data center construction that's heavily supported by debt, raising concerns about concentrated financial risk if the AI boom slows.	**High** – Amid growing concerns of over-leveraged AI and data center investment, some financial institutions are considering opportunities to lower their risk of exposure.
Blue Owl's $1.7B Data Center Fund	**12/4/2025 (National):** Blue Owl Capital has raised $1.7 billion for a new non-traded digital infrastructure fund focused on data centers, which launched operations in early December. The fund has already secured stakes in 11 U.S. data centers. About half (55%) of net assets raised were backed by private wealth.	**Medium** – AI infrastructure funding highlights continued investor confidence.
SMR Projects Receive $400M Each in Federal Aid	**12/3/2025 (MI, TN, National):** The U.S. Department of Energy has selected the Tennessee Valley Authority (TVA) and Holtec to each receive $400 million in cost-shared federal funding to advance early small modular reactor deployments (Generation III+). The funding aims to bring new low water usage SMRs online in the early 2030s. TVA plans to deploy a GE Hitachi BWRX-300 in Tennessee, while Holtec will build two SMR-300 units in Michigan. Both projects are planned to become repeatable models to support growing electricity demand.	**Medium** – SMR research and deployment supports low-carbon power that can reduce reliance on fossil fuels while meeting rising electricity demand; but requires RD&D and deployment not expected until early 2030s.
Deep Green's Proposal in Lansing, MI	**12/6/2025 (MI):** Deep Green is proposing a 24 MW data center in Lansing, MI by purchasing and redeveloping underused city parking lots. The project would include privately funded electricity upgrades and a closed-loop water cooling system connected to the city's hot water network. Plans also include reuse of excess heat to reduce the need for natural gas use to heat nearby buildings. City Council will decide on the parking lot property sales and rezoning after further review in 2026. Deep Green would pay $1.4M to acquire the properties of interest.	**Low** – If approved, the project supports more energy-efficient data center infrastructure with closed-loop water, heat reuse, and adaptive site redevelopment.

Research & Technology

Article/Link	Summary	Potential Impact
Amazon's On-Site Nvidia "AI Factories"	**12/2/2025 (National):** Amazon has introduced on-site "AI Factories" that let enterprises and governments run AWS AI systems inside their own data centers using Nvidia or Amazon chips. The setup combines Nvidia's AI Factory hardware with AWS software, networking, security, and AI platforms. Customers can keep full physical control over their data and infrastructure. This targets data sovereignty concerns. Microsoft is also deploying Nvidia-powered AI factories and similar hybrid combinations of cloud and private infrastructure.	**Medium** – "AI Factories" may be attractive for sake of data sovereignty but could introduce new resource-related challenges due to de-centralization.
IQMP & Silicon Catalyst's IL Quantum Startup Accelerator	**12/9/2025 (IL, National):** The Illinois Quantum and Microelectronics Park (IQMP) was built for development and research on scaling up quantum technology and microelectronics. IQMP has partnered with Silicon Catalyst's accelerator program to support quantum startups in Illinois, providing lab space, advanced equipment, and infrastructure. This collaboration is facilitated by the Illinois Economic Development Corporation and aims to give startups access to the National Quantum Facility, which features specialized capabilities for scaling up. The initiative promotes commercialization of emerging quantum technologies.	**Medium** – Purpose-built facilities allow more efficient energy use. The initiative also democratizes access to new tech. However, the project risks prioritizing increased speed and capacity over social and environmental impacts.
Aircela's Carbon Neutral Fuel	**12/4/2025 (NY, National):** Aircela, a startup based in New York, has created a small machine that captures carbon dioxide from the air and uses renewable electricity to convert it into synthetic gasoline that can be used in engines without any further modification. This alternative decarbonization pathway produces carbon-neutral fuel that is ready to use right on-site and without petroleum. It could be utilized in existing gasoline-based infrastructure and engines. While currently focused on fueling vehicles, this technology could potentially be scaled to decarbonize data center infrastructure.	**Medium** – If scalable, this tech could significantly lower the carbon footprint of existing systems, reducing emissions without requiring new large infrastructure. R&D required.
Google Aims for Data Centers in Outer Space	**12/1/2025 (National):** Google CEO Sundar Pichai says the company is exploring data centers based in space as a long-term solution to the massive energy demands of AI. Project Suncatcher will allow Google to test AI hardware in orbit by 2027. The project will use constant solar power from space to reduce the environmental footprint of data centers based on Earth, which consume a growing amount of available global electric power.	**Low** – If practical, data centers in space could cut carbon emissions and energy strain, but high costs and unknown environmental tradeoffs mean sustainability benefits remain uncertain.

Legislation

Article/Link	Summary	Potential Impact
NYPA Approves 5.5GW Renewables Plan	**12/10/2025 (NY):** The New York Power Authority (NYPA) has approved a 5.5 GW renewable energy plan which adds capacity through solar, wind, distributed energy storage, and a 500 MW compressed air storage project. The plan was originally only 3 GW, so the update in capacity reflects broader policy and market shifts to balance New York's clean energy goals with affordability. Key projects involve major developers such as AES, EDF Renewable Energy, Forward Power, and Orenda. The NYPA hold majority ownership to maintain control and manage financial risk.	**High** – NYPA's updated plans signals New York's commitment to expansion of renewable energy sources and contributes to increased investment in clean energy.
Concern About Data Center Impacts, But Opposition to Moratorium	**12/10/2025 (National):** Lawmakers in the Senate Commerce Committee are increasingly concerned about the environmental and economic impacts of rapidly expanding AI data centers, but most Democrats still don't support a nationwide data center construction moratorium. Instead, the debate is shifting toward regulating data centers through existing environmental laws and new targeted legislation (such as the "Protecting Families from AI Data Center Energy Costs Act" - see below) and focus on renewable energy expansion.	**Medium** – The moratorium proposal builds awareness and may spur discussion among Federal lawmakers regarding data centers' impacts on communities across the country.
Protecting Families from AI Data Center Energy Costs Act	**12/9/2025 (OH, National):** U.S. Representatives Greg Landsman from Ohio and Don Beyer from Virginia are backing a federal bill that would require energy regulators to study ways to prevent AI data centers from driving up electricity costs for households and small businesses. Ohio is currently facing intense data center growth and rising pressure on its power grid, raising concerns that local ratepayers could end up subsidizing AI-driven energy use. Read the bill here.	**Medium** – If enacted, the bill could help protect consumers from rising utility bills while forcing more distinct accountability and promoting research on AI data center energy efficiency.
Impact of Data Centers on Broader Michigan Politics	**12/4/2025 (MI):** Proposed AI data centers in Michigan (especially the $7 billion Saline project backed by OpenAI, Oracle, and DTE) are sparking local opposition over water use, energy demand, transparency, and community impacts. Michigan's Governor Whitmer and labor groups frame these projects as major economic wins for local jobs and investment. Concerns about rushed approvals, rising electricity costs, and conflicts with climate goals have resulted in a grassroots activism response. Residents in opposition are organizing protests and social media campaigns and packing local meetings. The issue is emerging as a key political fault line ahead of Michigan's 2026 governor's race.	**Medium** – Concerns are rising over community trust in decision-making about AI data centers. Grassroots organizing increases pressure on politicians to slow approvals and could reshape how projects are reviewed.

Sustainability

Article/Link	Summary	Potential Impact
230+ Environmental Groups Demand Data Center Moratorium	**12/8/2025 (National):** More than 230 environmental and community organizations have jointly called on Congress to pause new U.S. data center construction until stronger oversight is in place. While the letter to Congress cites concerns about energy use, water demand, and consumer costs, it does not provide detailed evidence or citations for its claims. This functions as a "left flank" political move by demanding a moratorium. Advocates may make more moderate and feasible proposals to lawmakers, like targeted regulation or a consortium for more responsible data center development. Read the letter here.	**Medium** – Nationwide moratorium push may help spur social and environmental regulations for data centers, even if moratorium fails.
How to "Get It Right" with Sustainable Data Center Growth	**12/1/2025 (National):** At her TED Talk, Sasha Luccioni argued that AI development is currently unsustainable, dominated by a few large corporations prioritizing energy-intensive data centers over people and the planet. She highlighted that small language models that are highly task-specific can achieve similar performance to larger LLMs while using less energy and reducing costs. Smaller models can also improve accessibility, privacy, and cybersecurity. Luccioni emphasizes the need for transparency, energy accountability, and legislation to shift AI towards more environmentally responsible practices.	**Medium** – Promoting smaller energy-efficient AI models could reduce emissions and enhance social equity by preventing major tech company monopolization. It increases public control and responsible use of AI.
NextEra & Exxon's Power Plant and Hyperscale Data Center	**12/8/2025 (National):** NextEra Energy is partnering with Exxon Mobil to propose a large data center hub powered by a 1.2 gigawatt natural gas plant paired with carbon capture technology. The project aims to meet rising AI-driven electricity demands. While NextEra is the nation's largest renewable energy developer, the project reflects a shift toward gas as a near-term solution, with renewables positioned as a future integration.	**Medium** – NG+CCS project highlights tensions between data center energy needs and climate goals. CCS can limit current emissions while renewable and low-carbon alternatives become more scalable.
Google's Natural Gas Powered Carbon Capture Data Center	**12/2/2025 (IL):** As AI data centers increase energy demand, Google has backed a new natural gas power plant in Illinois that uses carbon capture and storage (CCS) to drastically reduce emissions. The plant is designed to capture about 90% of its carbon dioxide and store it deep underground in a saline aquifer. This allows fossil fuel power generation with lower climate impact. The project relies on tested geological formations at the site and builds on prior large-scale carbon storage experiments in the region.	**Medium** – NG+CCS project advances reliable power while cutting emissions, but still depends on fossil fuels and carries environmental and safety concerns. This design could be replicated elsewhere.

Other Industry News

Article/Link	Summary	Potential Impact
Infrastructure Suppliers Are "Winner" of AI Boom	**12/5/2025 (National):** As AI drives intense growth in data center construction, the biggest beneficiary isn't the tech companies themselves but the firms supplying the infrastructure and materials. Massive investments in roads, power lines, water systems, and underground utilities are required before data centers can operate. This has created rising demand for construction materials like concrete, aggregates, and piping. Infrastructure and materials suppliers are often overlooked key pieces of the ongoing AI infrastructure build out.	**Medium** – Demand for supporting infrastructure is high and reflects importance of using low-carbon materials and sustainable planning to limit footprint of AI growth.
Anthropic CEO on Risks of Massive AI Spending	**12/3/2025 (National):** Anthropic CEO Dario Amodei discussed the rise of AI with the New York Times. He noted that technological advances are progressing as expected, but scaling poses risks due to uncertain computing needs and infrastructure costs. He emphasized the importance of AI for strategic national security, and also highlighted that governments and corporations must address AI's societal impact (especially on local jobs and workforce restructuring).	**Medium** – AI promises econ and productivity gains, but risks overinvestment and market volatility. Regulation and responsible AI asset deployment are key.
AI "Gold Rush" in Western America	**12/4/2025 (National):** The AI boom has sparked a data center "gold rush" in the region of Nevada's Tahoe-Reno Industrial Center. It has transformed a desert into one of the world's largest hubs for AI infrastructure. Tech giants such as Google, Microsoft, Amazon, Apple, and Switch are quickly building massive AI data centers, driven by enormous investment and fast-tracked permitting. The development has fueled local economic growth, but has also intensified concerns over water scarcity, rising electricity demand, carbon emissions, and lasting impacts on local communities, particularly the Pyramid Lake Paiute Tribe which resides downstream.	**Medium** – Without proper planning and enviro considerations, AI "gold rush" could strain scarce water supplies and increase energy use and fossil fuel reliance; also raises concerns of equity for indigenous communities whose water security may be compromised.
GA Utility Highlights Need for Increased Power Capacity	**12/5/2025 (GA):** Georgia Power is asking regulators to approve more than $15 billion in new electricity infrastructure to increase capacity by about 50% over the next six years. This move is largely to meet rising demand from AI data centers. This proposal would add up to 10,000 MW of new power capacity (about 80% intended for data centers). Critics worry that the utility could be overbuilding and that regular customers will be paying higher bills if projected demand falls short. The decision has become an intense debate in the local community amid recent rate hikes and growing public concern over affordability and transparency.	**Medium** – New capacity (likely including natural gas) could enable grid reliability, but increase bills; highlights tensions between corporate development and consumer protection with DC buildout.

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THANK YOU

Let’s make bold changes together

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