

DATA CENTERS

BI-WEEKLY UPDATE

February 11, 2026



**FRESH
COAST**
Climate Solutions

Bold Solutions. Transformative Action.

EMERGING THEMES

Investments & Market Activity

Aggressive Capital Expenditure Amidst Financial Risk

- Tech giants are investing heavily in AI infrastructure, facing rising debt costs, closing out other parts of the business to focus on AI buildout
- Oracle announced a \$50 billion capital expenditure plan for 2026 and is considering selling its healthcare unit or cutting up to 30,000 jobs to fund further expansion
- Microsoft's quarterly capital expenditures reached a record high of \$37.5 billion in Q2 2026
- Blackstone is considering a \$14 billion financing role to support projects like Oracle's Project Stargate

Research & Technology

Decentralization and Colocation Integration

- Vacant and affordable facilities in urban areas present an opportunity for data center colocation
- Small-scale "micro data centers" (5–20 MW) are being developed near utility substations to boost underutilized capacity

On-Site Power Independence

- Developers look to bypass public grid for stable power
- ~1/3 of developers plan to operate with fully on-site energy by 2030 (Bloom)
- Chevron's "energy parks" use natural gas to power data centers

Nuclear

- Advanced Reactor Roadmap for 300 GW by 2050

Legislation

Grid operators face mounting pressure to balance stakeholder interests

- MISO and SPP granted fast-track reviews for new power generation despite lawsuits from public interest groups
- PJM region governors and the White House weigh in on cost allocation and reform proposals

State-level policies take shape as more communities note the risks of development

- Wisconsin state assembly passes bill with mandates for energy cost allocation, land use, water consumption, etc.
- Michigan legislator considers submitting bill proposal for state-wide moratorium
- 19+ Michigan communities issue moratoria

Sustainability

New findings indicate the US is at an inflection point for managing data center growth and associated climate impacts

- Union of Concerned Scientists publishes national research with fact-sheets for IL, MI, and WI that show surging demand can be met without sacrificing climate goals
- The Guardian reports that the US leads a global surge in gas-fired power generation, driven by demand for AI
- Microsoft projects massive increase in water consumption despite previous pledge to become "water positive"

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 & Market Activity

Article/Link

Summary

Potential Impact

[Oracle's Plans for Expansion and Financing](#)

2/2/26 (National): Oracle has announced a \$50 billion plan for capital expenditure in 2026 to expand its global AI data center footprint. This investment aims to support demand for high-performance computing. Oracle seeks to transition from a provider centered around software to a dominant player in the AI hardware market, competing with Microsoft and Google.

1/30/26 (National): Oracle is reportedly thinking about 20,000-30,000 job cuts to free up \$10 billion for its planned \$156 billion AI data center expansion. The move comes as U.S. banks have been retreating from funding and doubling interest premiums for projects linked to Oracle due to high infrastructure debt. Oracle is also considering selling its \$28.3 billion healthcare unit (Cerner) and requiring their customers to pay 40% upfront deposits or to supply their own AI chips. ([Source](#))

High – Oracle's AI plans aim to provide hardware, but require debt, layoffs, and possible sale of other parts of the business; concerns are growing of increased risk of focus on AI and potential AI market bust; also risks prioritizing expansion over enviro/ social impacts.

[Blackstone's Role in Oracle's \\$14B MI Data Center](#)

1/29/26 (MI): Blackstone may be considering a larger financial role in Oracle's \$10 billion Michigan data center project after previous partner Blue Owl Capital withdrew. Blackstone is considering an additional debt commitment to help bridge a \$14 billion financing goal led by Bank of America. Oracle has been facing scrutiny from lenders as debt costs rise and with a \$248 billion pipeline of future lease commitments. Blackstone's potential support would aim to stabilize a 1.4-gigawatt Project Stargate facility for OpenAI.

Medium – Blackstone signals support for large development and debt for buildout; financial focus risks prioritizing short-medium term returns over enviro/ social impacts.

[Meta's \\$6B Fiber Optic Deal](#)

1/27/26 (National): Meta has partnered with Corning in a \$6 billion multi-year agreement to supply optical fiber and connectivity for its expanding U.S. data center network. With Corning's infrastructure capabilities, Meta can ensure a stable U.S. supply chain for the specialized materials needed for its AI projects. This partnership is part of Meta's \$600 billion AI strategy.

Medium – Large fiber deal enables AI data center expansion; risks prioritizing increased processing speed and capacity over enviro/ social impacts.

[Microsoft's \\$1B Capital Expenditure & 1GW Online](#)

1/29/26 (National, WI): In Q2 of 2026, Microsoft brought 1 GW of data center capacity online (equal to half of 2025's total capacity). The company's quarterly capital expenditures reached a new record high of \$37.5 billion, including two-thirds for equipment (GPUs and CPUs) and \$6.7 billion for leasing of data center space.

Medium – Microsoft brings major data center capacity online; risks prioritizing speed-to-power over enviro/social impacts.

Research & Technology

Article/Link

Summary

Potential Impact

[Chevron's Plan to Alleviate Consumer Costs](#)

2/2/26 (National): Chevron CEO Mike Wirth announced a strategy to build "energy parks" that use natural gas to power AI data centers independent of the public electric grid. By generating electricity on-site, Chevron aims to bypass the grid and protect residential consumers from rising energy prices driven by AI demand. This approach leverages AI support to maintain the company's financial growth despite fluctuating oil prices.

High – Off-grid natural gas plants may protect consumers from rate hikes, but increase fossil fuel reliance and impact climate goals; also shifts energy oversight away from regulators.

[Data Center Colocation for Urban Needs](#)

1/26/26 (CA, National): CoreSite's colocation facility in downtown Los Angeles is an example of how data center infrastructure could shift from remote, low-cost rural areas into the heart of dense metropolitan cities. Unlike massive single-tenant "hyperscale" centers used by tech giants like Google or Microsoft for model training, urban colocation centers act as high-performance "apartment buildings" for computing power. These can even house servers for diverse industries such as healthcare and banking. This is driven by the demand for low-latency connections as AI becomes more integrated into daily business operations.

Medium – AI infrastructure in urban areas can support resource sharing and take advantage of vacant space; but could also impact affordability, grid, etc.

[Tech Partnership for Smaller, More Efficient Data Centers](#)

2/4/26 (National): NVIDIA has partnered with EPRI, Prologis, and InfraPartners to develop small-scale "micro data centers" (5–20 MW) with the goal of easing grid congestion. These compact facilities will be located near utility substations to boost underutilized power capacity for inference. Inference is the real-time processing that powers active AI. By bringing computing closer to where data is consumed, the collaboration aims to reduce strain on transmission and to speed up AI deployment without the typical infrastructure delays associated with large gigawatt-scale projects.

Medium – Micro data centers could revitalize underutilized grid power, improve efficiency while, and reduce need for costly transmission upgrades; RD&D and impact study is needed.

[Voltus & Octopus Partner on Data Center VPPs](#)

2/3/26 (PJM Region, MISO Region, NY, CA): Voltus and Octopus Energy US have partnered to integrate Distributed Energy Resources (DERs) into Virtual Power Plants (VPPs). This supports data center demand by leveraging Octopus's retail energy expertise and Voltus's demand-response platform to help flexibly manage loads. The partnership aims to help stabilize the grid during peak demand periods with infrastructure such as battery storage and backup generators. This would provide data centers with reliable power and revenue for distributed energy assets owners.

Medium – DER and VPP integration could enhance grid resilience and efficiency and lower operational costs. R&D and regulatory approvals required.

[ANR & SMR Power](#)

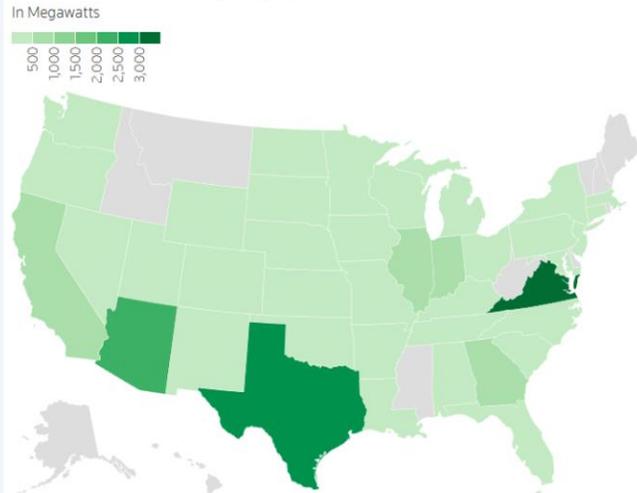
1/28/26 (National): "Electric Power Research Institute (EPRI) and the Nuclear Energy Institute (NEI) issued an updated Advanced Reactor Roadmap – a strategic blueprint targeting the deployment of over 300 GW of advanced nuclear capacity by 2050." Advanced Nuclear Reactors (ANRs) and Small Modular Reactors (SMRs) can provide 24/7 carbon-free power required for AI. SMRs are designed for on-site deployment, potentially offering a scalable solution to grid congestion bottlenecks. Meta, Amazon, and Google have already begun investing in nuclear capacity. However, the hurdles such as high upfront costs, complex regulatory approvals, and long timelines remain.

Medium – Nuclear offers scalable zero-carbon fuel for AI, but have slow deployment and capital risk; RD&D and socio/econ/enviro impacts studies are needed

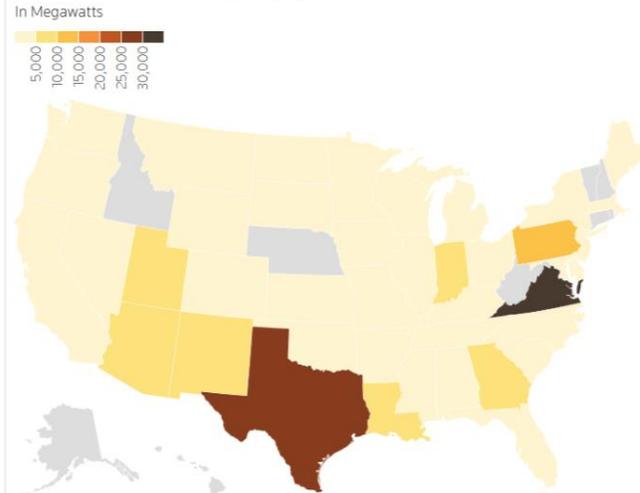
Charting the data center development roadmap in key US states - Reuters

Current & planned data center capacity across key US states

Current US data center capacity by state



Planned US data center capacity by state

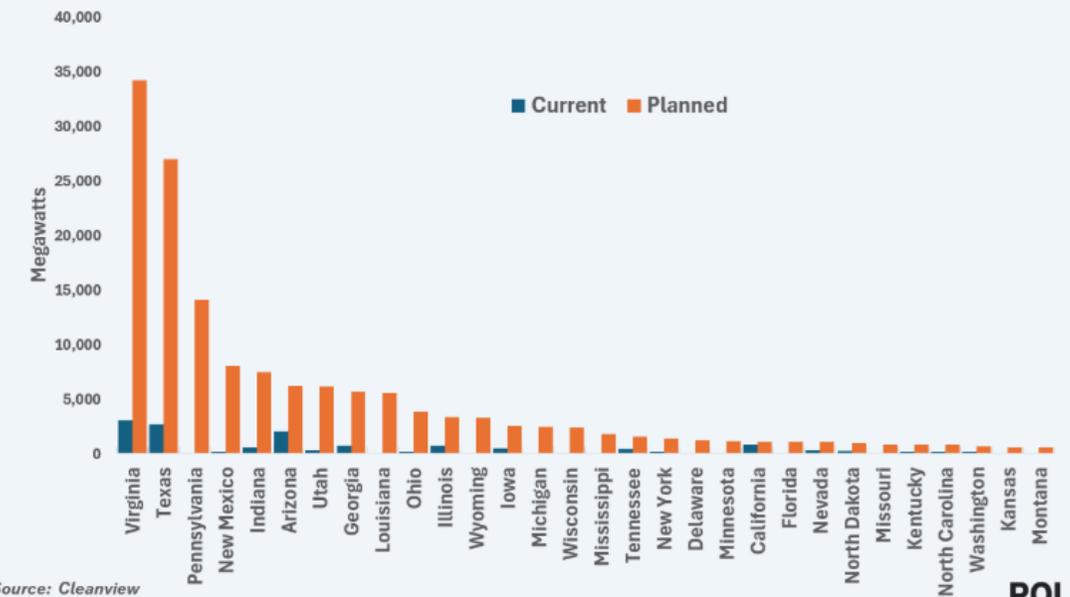


Note: Data based on official filings; other announced plans may still be filed.
Source: Cleanview

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Source: Cleanview

ROI REUTERS OPEN INTEREST

The top 30 US states for current & planned data center capacity

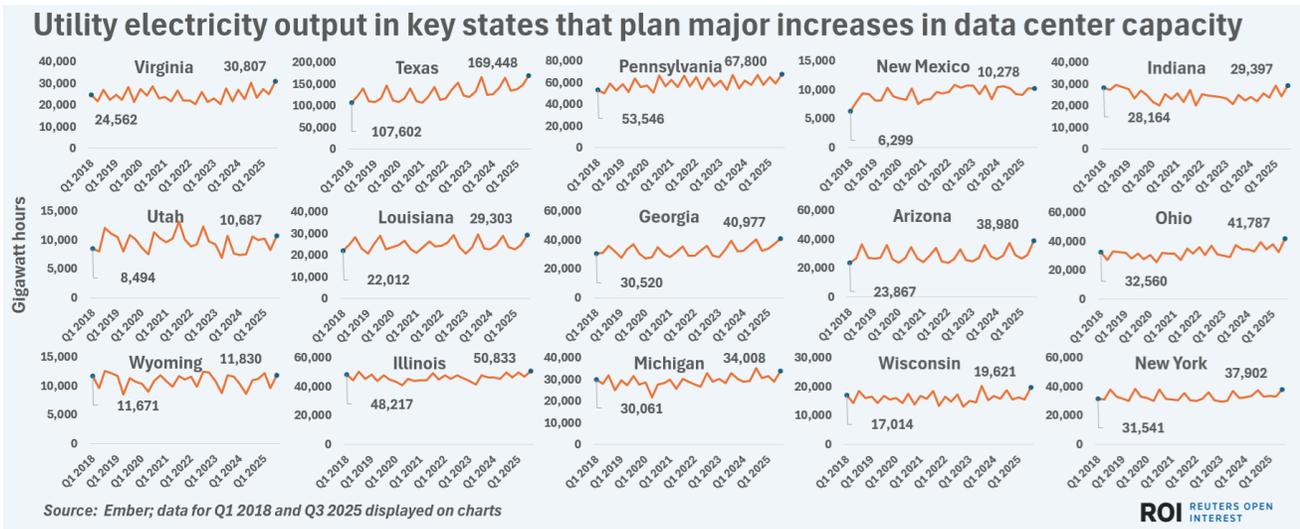
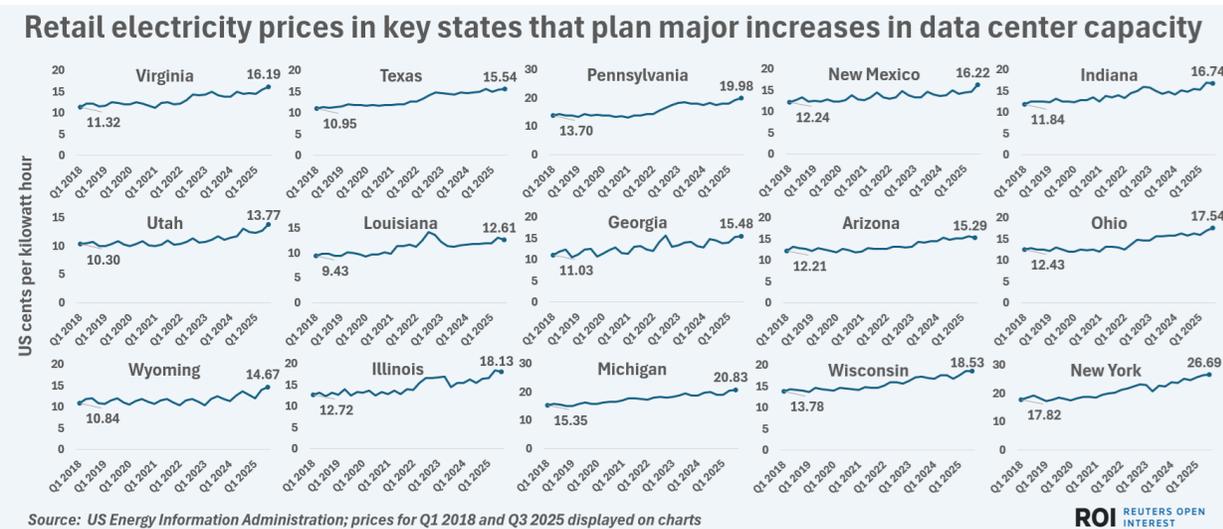


Source: Cleanview

ROI REUTERS OPEN INTEREST

- [Cleanview](#) estimate of “coast-to-coast” data center growth from see 1,000% increase (15 GW to 150 GW)
- 24 states are planning/building over 1 GW of new data center capacity
- VA continues to see dramatic expansion, along with TX and PA
- Other states see hefty expansion: IN, AZ, UT, GA, LA, OH, IL WY

Charting the data center development roadmap in key US states - Reuters



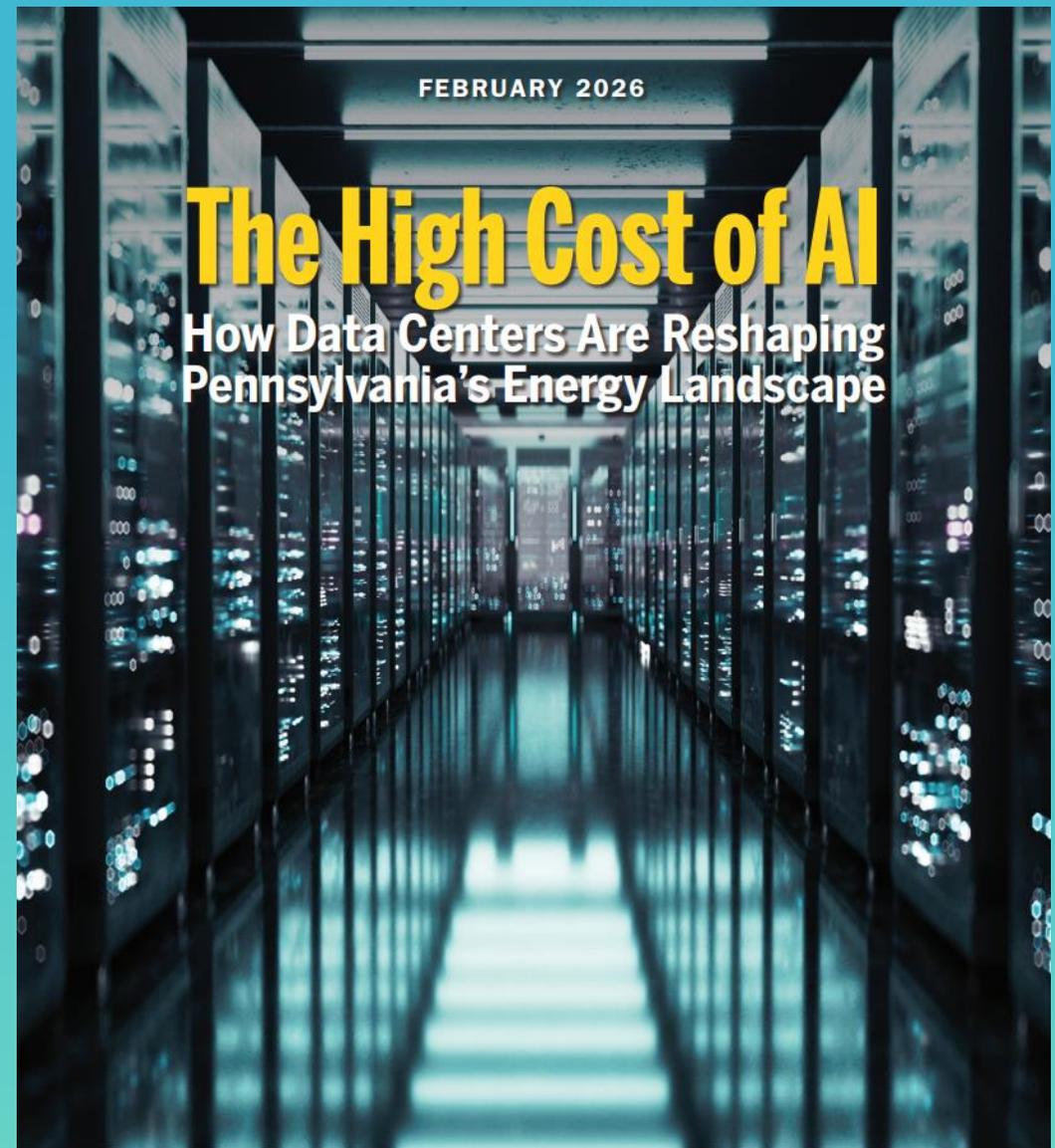
In top 15 states with the most planned new data center capacity

- Electricity cost increase correlated with data centers: 15% increase in electricity cost for residential customers since early 2024
- Utility electricity capacity growth of 22%

Report:

The High Cost of AI How Data Centers Are Reshaping Pennsylvania's Energy Landscape

- \$9 billion in PJM's 2027/2028 capacity auction attributed to data centers
- 10% electricity increase expected for residential energy bills
- Due to new fossil fuel plant construction, transmission upgrades, keeping retired plants online
- "In 2024, over \$4.3 billion was paid by ratepayers in the PJM region to fund transmission expansions that were only needed to connect data center customers. In Pennsylvania alone, that number was close to \$500 million."
- Estimated tax revenue loss with sales tax exemption of \$43-75 million / yr
- PJM emissions electric grid intensity to increase 14% by 2030 due to more natural gas and coal-fired generation
- Increased impacts expected on water, health, noise, housing, etc. expected



Bloom Energy 2026 Data Center Power Report

Power availability is now the "defining boundary" on growth.

Geographic Reallocation: Texas is positioned to become the leading U.S. data center market by 2028 (30% of total demand). Legacy markets like California and Oregon are expected to lose more than half of their relative market share due to grid constraints and permitting complexity.

Power Gap: Utilities estimate power delivery will take 1.5 to 2 years longer than hyperscalers and colocation providers expect.

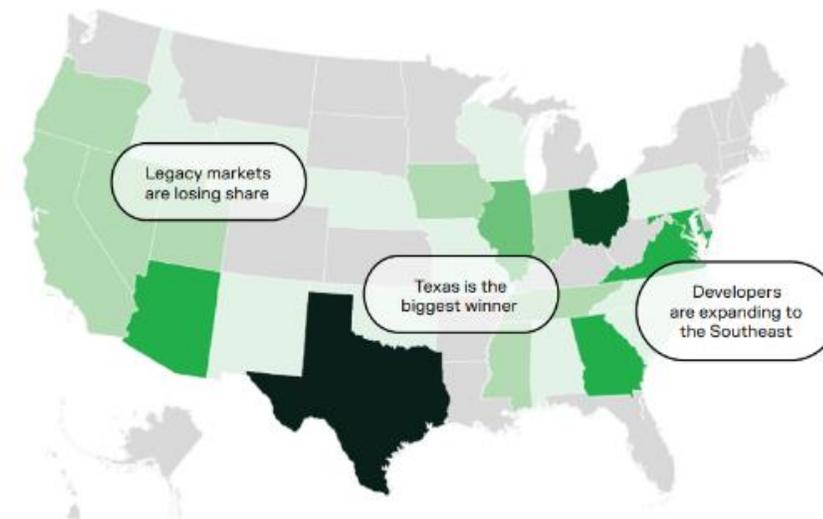
On-site Power: About 1/3 of developers are planning to operate campuses powered by fully on-site energy by 2030.

Next-Gen Architecture: 45% of operators plan to implement direct current (DC) architectures by year-end 2028.

As developers increasingly focus on power-advantaged regions, the geographic distribution of data centers will shift

Expected data center market share by state in 2028

<1% 30%



Expected change in market share in top 2025 markets

Texas	142%	California	-50%
Georgia	75%	Iowa	-60%
Arizona	0%	Oregon	-67%
Ohio	-17%	Nebraska	-75%
Illinois	-25%	Rest of U.S.	21%
Virginia	-35%		

Largest gains in rest of U.S.

Idaho	Wisconsin	S. Carolina
Mississippi	N. Dakota	Indiana
Maryland	Louisiana	S. Dakota
Kansas	Kentucky	

Source: DC Byte analysis as of Oct. '25, including 50 states and the District of Columbia

- Bloom Energy's report was cited in the previous update (1/27)
- Bloom Energy is an on-site energy provider (fuel cells, etc.) that advocates on-site power; its research methodology includes double-blind surveys with 152 decision-makers in the data center industry
- There does appear to be an industry trend toward on-site power to improve speed-to-operations.

Legislation & Policy

Article/Link

Summary

Potential Impact

[FERC Stands By MISO & SPP Fast-Track Reviews for Power Generators](#)

1/23/26 (National): The Federal Energy Regulatory Commission (FERC) has upheld its decision to allow temporary "fast-track" generator interconnection processes for MISO and SPP grid operators, following [two separate lawsuits](#) by public interest groups, who contended that the process gives unfair advantage to reviewed projects, and will improperly add to residential ratepayer costs. MISO's Expedited Resource Addition Study (ERAS) and SPP's Expedited Resource Adequacy Study aim to bypass long project timelines. SPP's process aims for a six-month turnaround, while MISO's targets just 90 days. Currently, over 51 GW of projects are moving through these expedited tracks to address resource needs driven by data centers and large industrial loads. Under MISO's review, about 75% of applications are for gas-powered projects.

High – Fast-track reviews accelerate power generation deployment for AI but may overlook social and environmental impacts.

[Debates Over Cost Allocation in PJM Region](#)

2/2/26 (National): As electricity prices rise and grid reliability tightens, policymakers, industry leaders, and PJM are debating whether data centers should pay upfront for new infrastructure or build their own power plants, especially as wholesale price spikes and capacity shortfalls increasingly affect consumers. PJM's evolving reform proposals, along with bipartisan state-level pressure, aim to balance cost, reliability, and growth, but experts warn that resolving these structural challenges will take years, leaving households exposed to ongoing price increases in the meantime.

High – Rapidly-growing AI-driven data center electricity demand is forcing urgent policy decisions that could shape energy costs, grid reliability, and who pays for new infrastructure.

[New WI Data Center Rate Class Bill](#)

1/23/26 (WI): The Wisconsin State Assembly passed AB 840, a bill creating a new rate class for data centers that prevents operators from passing their energy costs on to residential customers and requires them to fund their own generation, transmission, and land-reclamation infrastructure. The bill also mandates closed-loop water systems, annual water-use reporting, and financial bonding to cover reclamation costs. The bill drew opposition from several lawmakers who argued it was rushed and failed to adequately protect ratepayers. The bill now heads to the state senate for consideration.

Medium – The legislation could reshape the economics of data center development in the state and potentially set a precedent for how other states allocate the costs of powering the AI boom.

[Data Center Moratoriums in Michigan](#)

2/2/26 (MI): 19+ MI communities have proposed data center development moratoriums. Concerns rise over farmland, strained energy grids, and environmental impacts of these facilities (which were lured to MI by significant tax breaks). Read the full article [here](#).

2/2/26 (MI): MI State Representative Jennifer Wortz is creating legislation to impose a one-year statewide moratorium on new data center construction. The bill aims to halt development until comprehensive regulations are established to address concerns over "corporate welfare," farmland preservation, and environmental protection. This proposal seeks to ensure the industry's energy and land demands do not compromise MI's natural resources or taxpayer interests. Read the full article [here](#).

Medium – Michigan's growing wave of local pauses and proposed statewide moratorium signals that future developments could face delays, regulatory hurdles, and public scrutiny.

Sustainability

Article/Link

Summary

Potential Impact

[Data Centers Put U.S. at Crossroads: Clean Energy Needed to Avoid Costs & Emissions](#)

1/21/26 (National): A report from the Union of Concerned Scientists (UCS) warns that rapidly expanding data center electricity demand is poised to significantly reshape the U.S. power grid, potentially driving up utility bills, fossil fuel use, and public health and climate costs if left unmanaged. However, the analysis finds that strong clean-energy policies—paired with requirements for data centers to fund their fair share of grid upgrades—can meet rising demand with mostly carbon-free power, preventing 19% higher power-sector emissions and avoiding \$1.6 trillion to \$4.5 trillion in societal damages. The report offers state fact sheets for Michigan, Wisconsin, and Illinois. Access the full report and fact sheets [here](#).

High – The report indicates that the U.S. can meet electricity demand from data centers primarily with clean energy while phasing down fossil fuels, but strong policies are needed.

[Microsoft's Water Consumption Oversight](#)

1/27/26 (National): Despite their 2020 pledge to become "water positive," Microsoft is projecting a massive increase in water consumption driven by the intensive cooling requirements of AI systems. The company now expects its annual water use to reach at least 18-28 billion liters by 2030, which is a potential 150%-250% increase from 2020 levels. This spike is particularly controversial in water-stressed regions where data centers compete with local residents for limited resources. While Microsoft is investing in water replenishment projects and more efficient cooling designs, critics suggest that speed and energy costs have historically been prioritized by the company over water conservation.

High – Microsoft's water consumption could deplete critical aquifers in drought-prone regions and triple their indirect environmental footprint through power plant cooling needs.

[Climate Costs from AI Gas Power](#)

1/29/26 (National): The Guardian reports that the U.S. is leading a record global surge in new gas-fired power plants, driven largely by the explosive energy demands of AI data centers, with global gas capacity in development expected to grow nearly 50%. This expansion could lock in 12.1 billion tons of U.S. CO₂ emissions over project lifetimes and more than 53 billion tons globally, pushing the world further off climate-stabilization pathways.

High – Meeting AI's rising electricity demand with gas risks hard-wiring decades of emissions as the world needs to rapidly phase out fossil fuels to avoid the worst impacts of climate change.

[Exowatt's Hyperscaler Land & Clean Energy Business](#)

1/26/26 (National): Exowatt, a clean energy startup, has launched a new business unit called ExoRise that combines land acquisition with proprietary solar-plus-storage technology to provide specialized power for hyperscale data centers. By utilizing a modular system that stores solar energy as heat, the company aims to deliver 24/7 carbon-free electricity that is more cost effective. This approach addresses bottlenecks of both land availability and grid congestion, offering tech companies a faster pathway to scale their AI infrastructure.

High – Exowatt's modular solar storage could accelerate data center decarbonization and bypasses grid delays.

Other Industry News

Article/Link

Summary

Potential Impact

[How Data Centers Can Be Better Neighbors](#)

2/2/26 (National): As public opposition to data center sprawl intensifies, industry experts are advocating for active community engagement. Key recommendations include early transparency in planning, "closed-loop" water cooling, and designing facilities with public green spaces. By prioritizing local hiring, investing in public infrastructure, and providing clear benefit and cost analyses, operators aim to transform data centers from perceived "resource drains" into welcomed community anchors.

High – This piece underscores that developers who engage transparently, mitigate local impacts, and deliver tangible community benefits will be better positioned to earn trust and secure project approvals.

[Controversial Lack of Transparency in MI-Los Alamos Project](#)

2/2/26 (MI): Ypsilanti Township residents have accused the University of Michigan and Los Alamos National Laboratory of "lying" about the true nature of a proposed data center. Residents expressed outrage over the lack of transparency. The project, which was initially presented as a standard research facility, will involve classified nuclear weapons research and high-intensity computing for the Department of Energy. Because the University of Michigan is a public university, it is exempt from local zoning laws. This leaves the township board and residents with no legal power to block the 124-acre development. Local concerns have risen over radiation risks, water consumption from the Huron River, and the impact on local property values.

Medium – This controversy has broken public trust. This is an example of the negative social impact that massive data center developments can have on a community.

[PA Farmer Refuses \\$15M Data Center Deal](#)

1/29/26 (PA): Mike Bashore, a Pennsylvania farmer, made headlines by rejecting a \$15 million offer to sell his family farm for a data center development. Despite the financial incentives, Bashore stands by his commitment to preserving agricultural heritage and preventing the industrialization of rural land. His decision has become a focal point for local activists and residents who feel strongly about protecting farmland from the expansion of "data center alleys" potentially making their way into the state.

Low – This refusal has fueled grassroots opposition to rural data center sprawl, highlighting growing tensions between tech expansion and the local agricultural identity.

[India Offers Zero Tax through 2047 to Attract AI](#)

2/1/26 (India): To become a premier global hub for artificial intelligence, the Indian government has announced a tax break that exempts foreign cloud providers from paying taxes on international revenue until 2047. To qualify for this incentive, companies must host their AI workloads within Indian data centers. This aims to lure tech giants like Google, Microsoft, and Amazon but barriers include India's ongoing struggles with power stability and water scarcity.

High – India will leverage tax exemptions to drive infrastructure investment, though it risks straining the nation's power and water.



FRESH COAST

Climate Solutions

THANK YOU

Let's make bold changes together

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