Data Centers Bi-Weekly Update

June 2, 2026

FRESH COAST
Climate Solutions

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Emerging Themes

Investments & Market Activity

Data center demand continues to drive vertical integration and surging investment across various markets

- DigitalBridge merges large-scale private power generation with its data center portfolio through acquisition of ArcLight
- Zayo acquires Crown Castle's fiber network to move AI compute capacity from remote sites to dense urban demand centers
- BIG Fiber secures new capital to scale its dark fiber network infrastructure

Cleantech companies receive early-stage investments

- Big Tech finances non-profit startup incubator for testing cleantech in data centers
- Ford Energy signs 5-year BESS deal with EDF Renewables

Research & Technology

Renewables + batteries are becoming a scalable, cost-competitive alternative to fossil fuels

- IRENA report demonstrates strong economics of "firm" renewable power by pairing solar and wind with batteries, projecting lower costs than fossil-fuels
- SEIA finds data centers drove record deployment of batteries on the US grid in Q1

New partnerships form to scale emerging technologies

- Mountain West states form consortium to scale geothermal power
- Startups partner with NVIDIA for distributed micro data centers
- MI-based startup Volt Harbor receives funding to launch modular energy storage platform

Legislation & Policy

Data centers prompt federal grid intervention, testing the limits of regulatory authority

- DOE authorizes PJM to curtail data center energy use during May heatwave
- DOE faces lawsuit over coal plant retirement delays from Great Lakes states and environmental groups

Great Lakes states are reassessing data center incentives and imposing new requirements

- OH pauses new data center tax incentives after uncovering $1.6B in lost state tax revenue last year; joint legislative committee continues impact review
- PA unveils "GRID" standards framework to address key areas of concern around data center development

Sustainability

Rising public awareness and opposition to data centers are making trust and sustainability critical to project development

- Data center project cancellations increased at record pace in Q1 2026; blocked or stalled projects in 2025 represent over $156B
- Communities continue to pass moratoria across the Great Lakes states, including Minneapolis

Solar and storage are rapidly scaling, driving down costs and strengthening grid reliability

- NERC report finds the US grid is better prepared for summer driven by record solar and storage additions
- IL's Clean and Reliable Grid Affordability Act (CRGA) takes effect this summer, emphasizing near-term practicality of clean energy

Investments & Market Activity

Article/Link	Summary	Potential Impact
AI Infrastructure Boom Drives Consolidation and Capital Surge in Fiber Industry	**5/28/2026 (National):** Global communications infrastructure company Zayo acquired Crown Castle's fiber assets, generating $8.5B in sales revenue for Crown Castle, and adding roughly 90,000 route miles of fiber to Zayo's existing network - significantly expanding its metro and long-haul network footprint. Zayo sees the deal as key to supporting the full lifecycle of AI infrastructure – linking remote, power-rich training sites with dense metropolitan areas where inference workloads will be consumed. See Zayo's press release here; read the full article here. **5/19/2026 (National):** Telecommunications company BIG Fiber raised $250 million in financing from investors Stonepeak and Caisse de dépôt et placement du Québec (CDPQ) to expand its dark fiber network – referring to inactive, or un-lit fiber-optic cables - signaling accelerating private capital investment into the physical connectivity layer supporting AI data centers. Demand is being driven by hyperscalers building distributed AI campuses in power-rich regions, which require high-capacity, low-latency links between facilities and metro areas. Read the full article here.	**High** – Together, these stories highlight another bottleneck for the large-scale deployment of AI – network infrastructure – sparking consolidation and a wave of new capital needed to connect distributed AI compute at scale.
DigitalBridge Acquires ArcLight, Linking Power and AI Infrastructure	**5/27/2026 (National):** DigitalBridge, a digital infrastructure investor, agreed to acquire ArcLight Capital Partners, one of the largest private power generation investment companies in the U.S., for approximately $1.05B. ArcLight holds roughly 20.8 GW of generation capacity and a ~15 GW project pipeline, including about 7 GW in PJM - a region with heavy data center development. The deal is contingent on a separate, previously announced acquisition of DigitalBridge by a SoftBank affiliate, and requires clearance from the Federal Energy Regulation Commission (FERC), the Committee on Foreign Investment in the United States (CFIUS), and the Federal Communications Commission (FCC).	**High** – The acquisition highlights continued vertical integration by data center operators up the power supply chain to directly own generation assets rather than rely on utilities.
Tech Giants Back Data Center Cleantech Solutions Initiative	**5/27/2026 (National):** Nonprofit investment platform Elemental Impact, backed by Amazon, Google, Meta, and Microsoft, launched the Data Center Innovation Initiative (DCII) - a new effort aimed at investing in clean energy and materials technology startups and testing their solutions directly in data center environments. Elemental Impact will invest $500k to $5M per project in up to 10 startups through 2027, targeting energy storage, advanced electrical systems, novel industrial cooling, and low-carbon building materials.	**Medium** – The DCII's capital investment is modest relative to the amounts these companies are spending on the AI buildout, making this a proof-of-concept signal rather than a market-moving cleantech investment.
Ford Energy Signs 5-Year, 20-GWh Storage Deal with EDF	**5/20/2026 (National):** Ford Energy, the newly launched battery energy storage arm of Ford Motor Company, has signed a five-year framework agreement to supply up to 20 GWh of storage capacity to EDF Power Solutions North America. This marks Ford Energy's first major commercial deal as it repurposes excess U.S. electric vehicle battery manufacturing capacity. Under the agreement, EDF will purchase as much as 4 GWh per year of Ford's domestically manufactured DC Block BESS units beginning in 2028. Long-term supply and traceability are essential as grid-scale storage projects accelerate nationwide.	**Medium** – Ford Energy adds a new domestic BESS supplier for data centers hungry for behind-the-meter storage in a market where supply chain reliability is a constraint.

Research & Technology

Article/Link	Summary	Potential Impact
24/7 Renewables Near Cost Parity With Fossil Generation	**5/21/2026 (Global):** A new International Renewable Energy Agency (IRENA) report finds that combining solar, wind, and battery storage into integrated systems can now deliver round-the-clock ("firm") renewable power at costs competitive with, or even below, new fossil fuel plants in high-quality regions. This model relies on overbuilding renewables and using increasingly cheap batteries to smooth intermittency, with costs for solar-plus-storage already in the ~$54–82/MWh range and expected to fall further this decade. For the U.S., where surging AI-driven data center demand is creating urgent need for reliable, clean "always-on" power, these firm renewable systems could provide a scalable alternative to new gas generation while meeting strict uptime requirements.	**High** – 24/7 renewables are quickly becoming a cost-competitive, scalable solution for powering U.S. data center growth without new fossil buildout.
Data Centers Drive Record Grid Battery Installation	**5/26/2026 (National):** The U.S. installed a record 9.7 GWh of battery storage in Q1 2026, led by 7.8 GWh of utility-scale deployments, with smaller contributions from commercial (648 MWh) and residential (515 MWh) segments, according to the Solar Energy Industries Association's (SEIA) Q1 report. The report highlights strong growth driven by data center demand and increasing solar-storage pairing (nearly half of installed utility-scale energy storage capacity is collocated with solar and roughly half is standalone) but warns that federal permitting gridlock and political opposition to renewable projects threaten 36% of planned clean energy capacity through 2030.	**High** – The report underscores battery storage's strong demand fundamentals but the sector's growth trajectory could be constrained by federal policy bottlenecks.
Mountain West States Unite to Scale Geothermal	**5/21/2026 (National):** Utah, Colorado, Arizona, and New Mexico formed the Mountain West Geothermal Consortium to accelerate development of what could be hundreds of gigawatts of always-on, carbon-free power across the region. The group aims to coordinate policy, permitting, and financing to de-risk projects and unlock investment in enhanced geothermal systems, which can provide reliable baseload energy unlike intermittent renewables. Leaders explicitly pointed to geothermal as a potential solution for large, power-hungry data centers, offering a firm, local energy source that can scale alongside surging electricity demand in the West.	**Medium** – The consortium could position geothermal as a key "always-on" clean power source for U.S. data center growth.
Startups Push Micro Data Centers to Ease Resource Strain	**5/15/2026 (National):** Startups such as Span and Heata are deploying cabinet-sized, distributed data center "nodes" in homes and small businesses to expand compute capacity without building massive centralized facilities. These systems, being piloted with partners like Nvidia and homebuilders, aim to reduce grid strain, lower costs, and avoid the land, water, and community pushback tied to hyperscale data center development. While still early, the model could scale to gigawatts of distributed capacity, though questions remain about reliability, economics, and whether it meaningfully offsets traditional data center demand.	**Medium** – Distributed "edge" data centers could complement, but are unlikely to replace, hyperscale infrastructure for large AI workloads.
Volt Harbor to Scale Modular Battery Storage System	**5/28/2026 (MI):** Michigan-based energy storage startup Volt Harbor raised $2M in seed financing from MFV Partners to launch and scale its Medium Access Control MAC-BESS™ platform, a modular energy storage system that integrates batteries, power electronics, and on-board computing into a single, software-defined architecture. Unlike traditional systems, it uses software to coordinate different battery types - including second-life EV batteries - in real time, enabling greater flexibility, lower costs, and faster deployment for data centers and grid applications.	**Small** – Volt Harbor's model could signal a shift toward software-driven, interoperable storage systems to unlock cheaper, faster, and more flexible energy infrastructure.

Legislation & Policy

Article/Link	Summary	Potential Impact
DOE Authorizes PJM to Curtail Data Centers Amid Grid Strain	**5/19/2026 (PJM Region):** The U.S. Department of Energy issued an emergency order allowing PJM to curtail power to data centers and other large energy users with backup generation during a mid-May heat wave and significant generation outages. With more than 40 GW of power plants offline for planned maintenance, and reserve margins falling below critical thresholds, the measure was a last resort to avoid rolling blackouts, requiring facilities to switch to on-site generation if directed. The event underscores how surging electricity demand, particularly in data center-heavy regions, is colliding with grid reliability constraints during peak conditions.	**High** – The emergency order highlights that similar tools may be deployed more frequently as rising peak demand and extreme weather increasingly strain the grid.
DOE Facing Lawsuit over Delay of MI Coal Plant Retirements	**5/18/2026 (MI):** States and environmental groups are suing the U.S. Department of Energy over its use of emergency powers to keep Michigan's J.H. Campbell coal plant operating past its planned retirement date. Plaintiffs argue the DOE exceeded its authority and failed to demonstrate a grid emergency, while the agency maintains the order is necessary to prevent reliability risks amid tight reserve margins in the Midwest. The case is one of several tied to similar DOE actions and could set a precedent for how broadly federal officials can intervene in generation planning and delay plant retirements.	**High** – The outcome of the lawsuit could reshape how aggressively the federal government can intervene in power markets to preserve reliability.
OH Reassesses Data Center Tax Breaks	**5/21/2026 (OH):** Ohio's data center sales tax exemption has ballooned far beyond expectations, reaching about $1.6 billion in 2025 - more than $1.4 billion above initial projections - with most of the benefit going to major tech companies like Amazon, Google, and Meta. The scale of the subsidy has sparked concern among policymakers and analysts, who argue the state significantly underestimated costs and question whether such large public benefits for a handful of corporations are justified. In response, lawmakers have explored ending the tax break (though vetoed by the governor) and launched a legislative committee to investigate the issue and determine what changes, if any, should be made going forward. Read the full article here. **5/28/2026 (OH):** Ohio Governor Mike DeWine ordered a pause on new data center tax exemption requests while the state studies the industry's growth and overall impact. The move is intended to give lawmakers time to evaluate both the economic benefits and local effects of data centers before approving additional incentives, though existing projects are not affected. Read the full article here.	**Medium** – Ohio's policy shift signals a broader inflection point where states may begin tightening data center incentives as the true fiscal, grid, and community costs become clearer, while scrutiny grows over whether public subsidies are disproportionately benefiting large tech companies instead of local communities.
PA Launches "GRID" Standards for Data Centers	**5/27/2026 (PA):** Pennsylvania introduced its Governor's Responsible Infrastructure Development (GRID) Standards in the governor's 2026–27 Budget Address as a framework tying state support for data centers to performance across energy, community, workforce, and environmental criteria. Developers must demonstrate they will fully cover grid and infrastructure costs, procure incremental power (including rising clean firm energy targets), meet minimum investment and job creation thresholds, and adhere to sustainability and community engagement requirements. Compliance is enforced through a certification process, pre-operation "GRID Ready" reporting, and ongoing annual reporting, with continued access to tax benefits and permitting advantages contingent on meeting the standards.	**Medium** – Pennsylvania's approach creates a structured model for aligning data center growth with grid and community priorities, but its effectiveness will depend on compliance and verification over time.

Sustainability

Article/Link	Summary	Potential Impact
US Power Grid Enters Summer Stronger, Powered by Solar and Storage	**5/26/2026 (National):** A new North American Electric Reliability Corp. (NERC) report finds the U.S. power grid is better prepared for summer 2026, despite expected extreme heat, thanks to record additions of solar, battery storage, and some new natural gas capacity. These new resources have improved reserve margins and reduced the number of regions at elevated risk compared to last year, contradicting claims that delaying coal plant retirements is necessary for reliability. However, risks persist in regions like New England, the Pacific Northwest, and West Texas under extreme conditions, highlighting ongoing challenges from weather volatility and rising electricity demand.	**High** – Clean energy additions, particularly solar and batteries, are driving near-term grid reliability, but extreme weather and demand growth still pose meaningful risks.
Data Centers Face Rising Public Backlash	**5/27/2026 (National):** An analysis by Trellis Group highlights the growing public backlash against data centers driven not only by energy use but also by less visible impacts like water consumption, land use, noise, and e-waste. Community opposition is accelerating, with at least $64 billion in U.S. projects delayed or blocked, 188 local opposition groups active across 40 states, and rising cancellations and moratorium efforts. While some technical solutions exist across these impact areas, the author argues the real gap is in stronger disclosure, procurement standards, and better system design to ensure data centers deliver more sustainable and community-aligned outcomes.	**High** – The piece highlights that data center development hinges partly on earning community trust and meeting sustainability expectations in addition to securing land and power.
IL's Clean and Reliable Grid Affordability Act Goes Into Effect	**5/26/2026 (IL):** Illinois' Clean and Reliable Grid Affordability (CRGA) Act, passed in October 2025 and going into effect June 2026, is positioned as a comprehensive strategy to address rising electricity costs and reliability risks driven in part by increasing demand, including from data centers. The policy emphasizes faster-to-deploy resources like solar, storage, energy efficiency, and grid flexibility, rather than relying on slower, capital-intensive options like new nuclear or gas plants that can take years to come online. By prioritizing planning, distributed resources, and quicker build timelines, the framework aims to stabilize prices and maintain reliability while supporting continued clean energy growth.	**Medium** – The bill's approach recognizes flexible clean energy solutions as the most practical path to meeting rising demand without driving up costs or delaying grid capacity.
IL's POWER Act Fails to Pass During Spring Session	**5/31/2026 (IL):** The Protecting Our Energy, Water and Ratepayers (POWER) Act failed to advance before the Illinois General Assembly's May 31 deadline, with lawmakers confirming it would not receive a floor vote this spring session. The bill aimed to impose new requirements on large data centers, including environmental impact disclosures, renewable energy sourcing mandates, and reporting on water and energy use, alongside greater transparency and oversight mechanisms. With the legislation stalled, these proposed guardrails will not apply to near-term projects, though advocacy groups and lawmakers plan to continue negotiations over the summer and potentially revive the bill later this year.	**Medium** – The delay leaves Illinois without new rules to manage the rapid growth and impacts of data centers, increasing uncertainty around how future projects will be regulated.

Other Industry News

Article/Link	Summary	Potential Impact
Local Communities Across the Great Lakes Continue to Pass Data Center Moratoria	**5/8/2026 (National):** Local restrictions on data center construction are accelerating across the nation, with 69 jurisdictions pausing projects and at least four communities adopting permanent bans. Opposition is attributed to concerns over energy consumption, noise, water use, land impacts, and infrastructure strain (Source: Tom's Hardware). **5/27/2026 (MN):** Minneapolis City Council approved a six-month moratorium on data center projects > 350,000 sq ft for planners to study how large data centers would affect the grid, local emissions, and neighborhood infrastructure, especially as utilities warn of rising load growth and as other U.S. cities adopt similar restrictions (Source: DCD). **5/22/2026 (IL):** Logan County, IL, enacted a 12-month moratorium on new data center development. County officials said the pause is intended to give them time to update zoning rules and evaluate whether existing ordinances adequately address the scale and environmental footprint of modern AI-driven server campuses (Source: Illinois Times). **5/21/2026 (MI)**: Penn Township, MI, approved a 12-month moratorium on new data center development. The planning commission voted to stop approvals while it rewrites zoning rules. Officials say they need time to understand the implications of large-scale campuses and ensure local ordinances can protect residents (Source: WSBT 22).	**High** – The spread of local moratoria signals that growing public awareness and community resistance are becoming a material barrier to scaling AI infrastructure.
Community Backlash Stalls Billions in US Data Center Investment	**5/18/2026 (National):** Local opposition is increasingly disrupting the data center boom, with at least 48 projects worth $156 billion blocked or stalled in 2025 alone, driven by concerns over power demand, water use, noise, and tax incentives. Project cancellations are accelerating - jumping sharply from prior years - and more than 188 organized opposition groups across 40 states are now actively pushing back against new developments. Despite this resistance, major tech companies continue to invest aggressively, with hyperscalers on track to deploy hundreds of billions in capital to meet surging AI-driven compute demand.	**High** – Growing community opposition is becoming a significant and tangible risk to the pace and economics of AI infrastructure expansion.
Google Secures Tax Break for MI Hyperscale Data Center	**5/20/2026 (MI):** Local officials in Van Buren Township, MI approved tax incentives to cut Google's local property taxes in half for 12 years on its proposed 1 GW, 1.5 million sq ft "Project Cannoli" data center, (expected to save the company $124 million) while requiring it to pay the township a separate $15.4M for infrastructure and community projects. The agreement, which still needs state approval, also commits Google to creating jobs, awarding 5% of construction work to local contractors, and noise mitigation compliance that void the tax break if violated. The data center is expected to use 2–3.65 million gallons of water per day and rely on a clean energy agreement with DTE to offset electricity demand.	**Medium** – The incentive highlights the growing tension between attracting data center investment and ensuring communities receive sufficient economic returns.

Thank You

Let’s make bold changes together

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