Data Centers Bi-Weekly Update

June 16, 2026

FRESH COAST
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Emerging Themes

Investments & Market Activity

AI firms enter new phase to raise capital for the data center buildout

- SpaceX raises $75B with IPO, Alphabet raises $85B in equity to fund AI ventures
- Anthropic and OpenAI file for IPOs with the SEC, targeting market debuts this fall

Data centers drive mergers, competition, and innovation in battery storage & VPP markets

- Nextpower to acquire Prevalon (solar + storage)
- GM expands battery storage business
- Waymo partners with battery recycler B2U Storage Solutions
- Panasonic plans to target US data center battery market
- DTE partners with LG for 8 battery projects in MI
- Google signs 3-year VPP deal with Voltus

Research & Technology

New reports highlight the interconnected environmental, supply chain, and governance challenges posed by AI

- United Nations University report examines the substantial energy, water, land, and carbon impacts of AI's use globally
- BofA Institute highlights data center-driven resource challenges from off-site water use to critical metals

Emerging technologies gain momentum at national scale

- Grid-software company OATI could use dynamic line rating (DLR) technique to boost U.S. transmission capacity
- First DOE pilot microreactor reaches criticality, signaling faster pathway to deployment
- The DOE released its latest roadmap for fusion energy

Legislation & Policy

Federal hesitation on data centers, momentum for geothermal

- EPA Administrator rebuffed calls to set nationwide standards for data centers
- The U.S. House passed a bipartisan package of bills to support the burgeoning geothermal industry

States continue to grapple with data center regulations

- IL Governor pauses new data center tax incentives and outlines proposed data center policy framework after POWER Act stalls
- OH data center bill package stalls, special June session under consideration
- NY legislature passes statewide moratorium
- PA Senator proposes moratorium and updated public utility language

Sustainability

Private industry faces growing pressure to improve sustainability credibility

- Microsoft claims its Great Lakes data centers will stay below Great Lakes Compact thresholds
- Amazon announced it reached 75% of its goal to be "water positive" by 2030
- Google publicly committed to be "water positive" by 2030

Data centers are creating policy tension and clean energy tailwinds

- Policymakers face increasing pressure to reconcile attracting economic benefits with resource and community impacts
- Hyperscale demand is unlocking capital for renewables, storage, and infrastructure upgrades

Investments & Market Activity

Article/Link	Summary	Potential Impact
Four AI Giants Aim to Raise Record Capital in Public Markets	**6/11/2026 (National):** Four major AI-driven companies - SpaceX, Alphabet, OpenAI, and Anthropic - are collectively planning fundraising efforts that could total between $270 billion and $370 billion, potentially exceeding all U.S. IPO proceeds from the past five years. This surge reflects massive demand for capital to build out AI infrastructure, with strong investor interest already shown in deals like SpaceX's oversubscribed IPO and large-scale private fundraising by Google, OpenAI, and Anthropic. The IPOs come amid intense competition and soaring expenses for computing infrastructure, with analysts noting limited alternatives for raising the enormous capital required to sustain AI development.	**High** – While going public brings transparency requirements and access to funding, it also brings scrutiny and pressure that could shape how aggressively the AI buildout continues.
AI Data Center Boom Sparks Rush Into Battery Storage and Grid Innovation	**5/31/2026 (National):** Solar energy company Nextpower agreed to acquire Prevalon Energy, a utility-scale battery storage provider, for $365 million. The acquisition is aimed at positioning Nextpower in the AI data center power supply market, with management highlighting Prevalon's technology, backlog, and hyperscaler customer relationships. Read the full article here. **6/9/2026 (National):** Automaker General Motors (GM) is expanding into energy storage and data center infrastructure by developing next-generation sodium-ion batteries and vehicle-to-grid capabilities to meet rising electricity demand driven by AI growth. Read the full article here. **6/4/2026 (National):** Autonomous driving company Waymo is partnering with battery recycling company B2U Storage Solutions to repurpose used EV batteries into grid-scale storage, extending battery life and helping meet rising power demand with recycled assets. Read the full article here. **6/8/2026 (National):** Electronics company Panasonic plans to begin U.S. production of data-center-focused batteries by 2028, investing billions to capture growing demand from AI infrastructure buildouts. Read the full article here. **6/3/2026 (MI):** DTE Energy plans to invest $1.6 billion to deploy large-scale battery storage systems from LG Energy Solution, adding 1.5 GW/6 GWh of capacity to support grid reliability and clean energy goals. Read the full article here.	**High** – AI data center demand is pulling a wide range of players into grid-scale battery storage and recycling, effectively blurring traditional industry lines. The influx of capital and competition is accelerating the buildout of a more flexible, scalable energy ecosystem, but also signals that AI's massive power needs will require advancements in coordination across the entire energy value chain.
Google's "Bring Your Own Capacity" Agreement	**6/3/2026 (National):** Google and distributed energy platform Voltus signed a three-year agreement to unlock 100 MW of electricity capacity from flexible distributed energy resources (such as batteries and smart thermostats) within the PJM grid region. Rather than building new grid infrastructure, Voltus will coordinate these existing resources into a virtual power plant (VPP) funded by Google, reducing demand on the grid when needed and compensating participating customers for their contributions.	**Medium** – The deal highlights how 3rd party energy aggregation with VPPs is becoming hyperscaler-grade.

Research & Technology

Article/Link	Summary	Potential Impact
UN and Bank of America Reports Warn of Soaring Resource Strain from AI Data Center Boom	**6/3/2026 (Global):** The United Nations University Institute for Water, Environment, and Health, published a report titled 'Environmental Cost of AI's Energy Use: Carbon, Water and Land Footprints'. The report analyzes the global AI market, while recognizing that 90% of AI capacity is concentrated in the U.S. and China, and emphasizes that environmental impacts vary based on energy sources and location, warning that focusing only on carbon overlooks trade-offs, while also framing AI's footprint as a broader governance and equity issue requiring more responsible, transparent development. Read the full report here. **6/2/2026 (National):** The Bank of America Institute released a report titled 'Data Center Construction Creates a Resource Shock.' The report argues that AI-driven data center growth is triggering a rapid, system-wide surge in demand for power, water, and raw materials - transforming data centers into one of the most resource-intensive forms of modern infrastructure. It highlights that the biggest pressures are often indirect (especially electricity generation, cooling, and chip manufacturing), and warns that grids, utilities, and supply chains are not yet equipped for the scale, speed, and geographic concentration of this expansion, creating emerging bottlenecks in energy delivery, water availability, and materials supply. Read the full report here.	**High** – Together, the reports highlight that AI's rapid expansion is driving a multi-dimensional resource surge, while exposing major gaps in infrastructure readiness and sustainability planning. They underscore that without more holistic, coordinated approaches, the AI buildout risks shifting significant environmental and resource burdens onto strained systems.
Expansion of Grid-Enhancing Tech	**6/10/2026 (National):** Grid software firm Open Access Technology International (OATI) is proposing an AI-driven software approach to boost U.S. transmission capacity by 10–20% using dynamic line ratings and real-time data, enabling more efficient use of existing grid infrastructure instead of building new lines. While the plan has strong industry backing and could unlock significant cost savings and capacity gains, it still faces hurdles around data reliability, coordination across operators, and regulatory alignment as it seeks DOE support through the $1.9 billion SPARK grant program, though the company says it will move forward regardless of whether it receives federal money. See OATI's proposal here.	**High** – AI-driven grid-enhancing technologies could unlock new transmission capacity quickly but scaling them will depend on overcoming trust and coordination barriers.
National Blueprint for Fusion Energy	**6/9/2026 (National):** The U.S. Department of Energy has released a new Fusion Science & Technology Roadmap outlining a national strategy to bring commercial fusion power to market by the mid-2030s. Developed with input from hundreds of experts, the plan identifies key technology gaps and milestones while emphasizing public-private partnerships to scale the domestic fusion industry. The initiative aims to strengthen U.S. energy security, support grid reliability, and position fusion as a long-term source of abundant, low-carbon power. Read the full roadmap here.	**High** – If successful, the roadmap could accelerate fusion from a research concept to a scalable energy solution, potentially reshaping the future global energy mix.
Microreactor Achieves Criticality Milestone	**6/2/2026 (National):** Antares Nuclear's "Mark-0" microreactor became the first advanced reactor to reach zero-power criticality under the U.S. Department of Energy's Reactor Pilot Program, marking a key milestone in validating next-generation nuclear designs. The test, conducted at Idaho National Laboratory, demonstrates that the reactor can sustain a nuclear chain reaction, though it is not yet producing power, and is intended as a stepping stone toward commercial microreactors capable of electricity generation by 2027 and deployment by 2028. Read the DOE's announcement here.	**High** – This milestone signals accelerating progress toward deployable, small-scale nuclear energy systems.

Legislation & Policy

Article/Link	Summary	Potential Impact
EPA Will Leave Data Center Regulations to the States	**6/15/2026 (National):** EPA Administrator Lee Zeldin announced at the POLITICO Energy Summit in Washington DC that the Trump administration will not set nationwide environmental requirements or recommendations for the data center industry, arguing that states and local communities are better equipped than federal regulators to make those calls. Zeldin noted that data centers vary too widely in how they are powered and cooled to be treated uniformly.	**High** – A fragmented state-by-state regulatory approach may lead to uneven standards and increased pressure on local grids and resources as AI demand surges.
House Advances Bill Package to Accelerate Geothermal	**6/3/2026 (National):** The U.S. House passed a bipartisan package of six bills called the Geothermal Energy Advancement Act (H.R. 5631) aimed at overcoming permitting and regulatory barriers slowing geothermal development. Key provisions include granting geothermal projects the same streamlined permitting pathway as oil and gas, requiring drilling permits to be processed within 60 days, and establishing a federal point person to resolve permitting conflicts. New drilling and AI-driven exploration technologies are expanding access to geothermal resources, but growth remains constrained by outdated federal permitting and limited access to public lands, where over 90% of U.S. resources are located.	**High** – The legislation addresses the permitting bottleneck as new technologies promise to expand geothermal access, a 24/7 clean power source.
OH and IL Legislative Efforts to Regulate Data Centers Stall	**6/5/2026 (IL):** Illinois Governor JB Pritzker directed the state's Department of Commerce and Economic Opportunity to pause new data center tax incentive agreements starting July 1, 2026, while outlining a broader framework addressing energy costs, water use, air quality, and community transparency. He also called on public and private stakeholders to align on a more balanced approach to data center growth. Read the announcement and policy framework here. **6/12/2026 (OH):** Ohio lawmakers introduced a sweeping data center bill to curb incentives and address concerns around electricity costs, water use, transparency, and local impacts, reflecting growing scrutiny of the sector. However, the effort quickly stalled amid disagreements over how far to go, especially on tax breaks, leaving the legislation on hold until a potential June 24 session to revisit a deal on data centers. Read the full article about the stalled bill package here.	**High** – The stalled efforts in both Illinois and Ohio highlight a missed near-term window for coordinated statewide action, leaving data center policy in limbo as demand, and associated impacts, continue to accelerate.
New York Advances Potential One Year Moratorium	**6/8/2026 (NY):** New York's legislature has passed the Responsible Data Center Development Act (S10642), proposing a one-year moratorium on large data centers (20MW+), now awaiting Governor Kathy Hochul's approval. The measure aims to study environmental and economic impacts while imposing stricter requirements on energy use, water consumption, and community investment for future projects. If signed, New York would become the first U.S. state to enact a statewide data center moratorium.	**Medium** – The bill's success reflects the rising political scrutiny to data center development, creating uncertainty and potential bottlenecks for development.
PA Senator Proposes Limits on Data Centers	**6/9/2026 (PA):** Pennsylvania State Sen. Katie Muth has introduced legislation (SB1359) to impose a three-year moratorium on hyperscale data center construction, aiming to pause development and study impacts under the proposed bill. Separately, she has proposed updating the state's Public Utility Code to ensure data centers cannot be classified as public utilities, a move prompted in part by Sam Altman's comments likening AI to essential services like electricity or water. Read the article about utility language here.	**Medium** – These proposals signal tightening political resistance to data center expansion.

Sustainability

Article/Link	Summary	Potential Impact
Data Center Boom Fueling Clean Energy Growth and Climate Tech Investment	**6/8/2026 (National):** Amid growing public backlash over their resource use, data centers are also driving rapid expansion in clean energy, especially solar and battery storage, as tech companies seek faster, cheaper power solutions. This demand is also catalyzing investment across the energy ecosystem, including startups like Base Power, which is scaling distributed home battery networks to stabilize grids and lower costs. At the same time, venture capital is flowing into next-generation energy technologies through firms like Gigascale Capital, which are targeting innovations, from grid hardware to automation, that can bridge the gap between surging electricity demand and available supply.	**High** – The data center surge is rapidly increasing energy demand but also actively accelerating innovation and investment in clean energy and grid technologies needed to support it.
Microsoft Defends Water Use as Data Center Expansion Faces Scrutiny	**5/26/2026 (Great Lakes Region):** In a panel discussion hosted by the Great Lakes St. Lawrence Governors & Premiers, a Microsoft official said its $20 billion data center expansion across the Great Lakes region will remain below the water-use threshold that would trigger additional review under the Great Lakes Compact, largely due to the use of more efficient closed-loop cooling systems. While direct water consumption appears relatively modest, officials and experts emphasize that the much larger impact may come from electricity demand, which is driving new power generation and associated water use - particularly from gas-fired plants. The Great Lakes region is rapidly emerging as a major data center hub, intensifying scrutiny over environmental impacts, transparency, and the adequacy of current reporting requirements.	**High** – Even with limited on-site water use, the energy demands of data centers are shifting environmental impacts upstream, complicating how regulators assess and manage their true resource footprint.
MN Court Rules for Environmental Protections for Data Centers	**6/8/2026 (MN):** The Minnesota Court of Appeals ruled in favor of the Minnesota Center for Environmental Advocacy nonprofit to halt progress on a proposed 500,000 sq ft, 84 acre data center in Faribault, MN. The ruling comes after the court found that residents lacked sufficient answers about air quality impacts, noise pollution, and greenhouse gas emissions. The city and developer indicated they would work toward providing the additional environmental information required. The nonprofit is currently involved in at least three other lawsuits related to data center development across Minnesota.	**Medium** – Growing legal and environmental challenges are increasingly slowing and complicating data center development, adding new layers of scrutiny as demand accelerates.
Big Tech Moves Toward "Water Positive" Data Centers as Sustainability Pressure Mounts	**6/12/2026 (National):** Amazon announced it has already reached 75% of its goal to be water positive by 2030, while significantly improving the efficiency of its data center operations. The company is reducing reliance on freshwater through reclaimed water, investing in replenishment projects, and optimizing cooling systems, achieving a 52% improvement in water efficiency since 2021. These efforts are part of a broader, multi-pronged strategy to balance rapid infrastructure growth with local resource impacts. Read the full article here. **6/4/2026 (National):** Google committed to becoming "water positive" by 2030, aiming to replenish more water than its data centers consume. The company plans to invest in water infrastructure, watershed protection, and alternative water sources, alongside increasing transparency into usage. Its current portfolio of projects is expected to replenish over 19 billion gallons annually - roughly double its 2024 water consumption. Read the full article here.	**Medium** – The narrative around water stewardship is becoming a core competitive focus for hyperscalers, with companies racing to offset growing data center footprints by investing in large-scale efficiency and replenishment efforts.

Other Industry News

Article/Link	Summary	Potential Impact
Grid Watchdog Warns AI Data Centers Could Destabilize Power Systems	**6/10/2026 (National):** NERC has issued a high-level warning that AI-driven data centers pose unique and growing risks to grid reliability due to their massive, highly dynamic power demands. Unlike traditional industrial loads, data centers can abruptly disconnect or ramp down in response to minor grid disturbances, causing sudden swings of hundreds or even thousands of megawatts - behavior the grid was not designed to handle. Compounding the issue, utilities and grid operators currently lack sufficient modeling tools, standards, and operational practices to manage these "computational loads," even as demand is expected to surge rapidly. Experts note that while this creates near-term reliability challenges and may drive more firm power buildout, improved coordination, software controls, and storage could eventually turn data centers into flexible grid assets.	**High** – AI data centers are reshaping grid reliability dynamics, forcing a fundamental rethink of how power systems are designed, managed, and regulated in real time.
Democratic Governors Walk Tightrope as Backlash Against Data Centers Intensifies	**6/8/2026 (National):** Democratic governors across multiple states are facing growing political pressure as public opposition to data centers accelerates, driven by concerns over energy use, water consumption, and rising utility costs. While many governors continue to support data center development for its economic benefits, they are increasingly rolling out guardrails such as stricter environmental standards and ratepayer protections to address community concerns. At the same time, internal divisions within the Democratic Party are widening, with progressive candidates and activists pushing for moratoriums or stricter limits on projects, creating new political fault lines. High-profile actions like proposed moratoriums in New York and incentive pauses in Illinois highlight how states are trying to balance growth with mounting opposition.	**High** – Rising political tension within states is turning data center policy into a key battleground, increasing uncertainty around approvals and shaping how quickly AI infrastructure can scale.
Data Center Backlash Intensifies Across U.S.	**6/12/2026 (National):** Opposition to data center development is rapidly organizing and scaling, with at least 75 projects worth ~$130 billion blocked or delayed in Q1 2026, matching nearly all of 2025's total. Grassroots resistance has grown nationwide - active opposition groups more than doubled to 833 groups across 49 states, and in some cases mobilize before projects are even formally proposed. The pushback has also become bipartisan, with over 300 state bills introduced and moratorium proposals in 14 states, alongside a federal proposal backed by both progressive and conservative lawmakers.	**High** – Rising opposition highlights the need for developers to more actively engage communities and address concerns around energy, environment, and local benefits as data center expansion accelerates.
OpenAI & Oracle Break Ground in Saline, MI	**6/1/2026 (MI):** A $16 billion data center campus nicknamed "the Barn" broke ground in Saline Township with Oracle and OpenAI as primary tenants. The facility will be the largest data center in Michigan by both power capacity and physical size, drawing more than 1 GW of power. To address water use concerns, Oracle CEO Clay Magouyrk said the facility uses a closed-loop cooling system in which water recirculates rather than being consumed and claimed the facility will use less water than the farmland it replaced. Residents remain skeptical, with some calling the project's impact on the community a "shame." See Open AI CEO Sam Altman's speech here. See Governor Gretchen Whitmer's speech here.	**Medium** – The scale of this facility raises significant concerns about land use, energy demand, and whether claims about water efficiency can be verified.

Thank You

Let’s make bold changes together

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