

Data Centers Bi-Weekly Update

August 25, 2026



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COAST**
Climate Solutions

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Emerging Themes

Investments & Market Activity

The data center buildout is blurring traditional industry boundaries

- Nvidia evolves from chip supplier to capital facilitator with new initiative connecting its customers with major asset managers to mobilize \$500B in capital for AI investment
- Nvidia confirms its \$105B backing for OpenAI data center at PORTS Technology Campus in OH
- Industrial companies continue pivot toward serving AI infrastructure demand, including Ford, Caterpillar, Cummins, Eaton, etc.
- BlackRock-led private acquisition of AES Ohio's parent company raises concerns over overlapping ownership of utilities and data center infrastructure

Research & Technology

Major data center energy demand is leading to commercial innovation

- EIA forecasts continued growth in U.S. electricity demand through 2027 despite changes in policy and data center development forecasts
- Companies explore distributed, residential-based AI compute as a supplement to large centralized data centers
- Voltus and Sunrun use residential solar and storage to support "Bring Your Own Capacity" (BYOC) program for hyperscale data centers
- LG Energy Solution pivots battery production at MI plant toward grid-scale storage to support growing power demand from data centers

Legislation & Policy

Policies to improve grid reliability, protect ratepayers, and strengthen oversight gain momentum

- FERC orders PJM to remove key barriers to adopting more virtual power plants (VPPs)
- PA governor advances "GRID standards" through executive order
- Oracle drops legal challenge to WI PSC credit-rating requirements
- Chicago pursues stricter data center regulations
- GSGP publishes overview of data center water management regulations

Data centers politics go mainstream

- Candidates across the political spectrum in the Great Lakes states campaign on data center oversight and regulation

Sustainability

Analysis of data center environmental impacts is becoming more comprehensive

- Dedicated power plants for data centers could raise US power-sector emissions 20%
- Upstream water use is emerging as a critical but underappreciated issue
- Reduced federal wetland oversight is accelerating data center approvals

Local/state authorities gauge where & how to exert influence

- New England governors issue joint statement against proposed NextEra-Dominion merger
- PJM clear 50+ GW of clean energy in interconnection queue, shifting focus to local execution
- TX governor explains shift in stance toward data center guardrails

Investments & Market Activity

Article/Link

Summary

Potential Impact

Nvidia Expands Role in AI Infrastructure Financing

8/10/2026 (National): Nvidia is evolving from a chip supplier into a key financier of the AI ecosystem, helping customers secure funding for the enormous cost of building AI data centers and GPU clusters. The company has partnered with major firms including BlackRock, Blackstone, Apollo, Brookfield, Goldman Sachs, and KKR on an [initiative that could mobilize more than \\$500 billion to fund AI infrastructure projects](#), acting as a matchmaker between AI developers and the capital needed to build new infrastructure. Beyond arranging financing, Nvidia is also creating lending structures that help cloud providers and AI startups purchase GPUs by providing credit support and facilitating access to debt markets. As of April 2026, Nvidia reported approximately \$1 billion of investments in infrastructure funds and \$27 billion of total investment commitments, demonstrating that it is putting significant capital behind the strategy rather than simply acting as an intermediary.

High – Nvidia is enabling a self-reinforcing AI investment cycle, helping fund AI data centers and GPU clusters so customers can buy more Nvidia hardware, which then drives further infrastructure expansion.

Nvidia Backs Massive OpenAI Data Center in OH

8/17/2026 (OH): Nvidia will provide up to \$105 billion in financing and compute support for a new OpenAI data center campus in Pike County, Ohio, one of the largest AI infrastructure projects announced to date. The facility, to be built and operated by SB Energy, will support an initial 4.25 GW of computing capacity with the potential to expand by another 3.75 GW, with capacity expected to come online beginning in 2028. The project highlights the scale of investment flowing into AI infrastructure and Nvidia's growing role not just as a chip supplier, but also as a financier of the AI ecosystem. See Nvidia's press release [here](#) and OpenAI's press release [here](#).

High – The project shows how AI infrastructure is becoming a coordinated effort among tech companies, energy developers, financiers, and public-sector partners.

Data Center Boom Spurs Industrial Pivot

8/18/2026 (National): The rapid growth of AI data centers is creating new business opportunities for U.S. industrial companies, with firms such as Caterpillar, Cummins, Eaton, and Ford expanding into power generation and infrastructure markets. As utilities struggle to deliver enough grid capacity, data center developers are increasingly turning to onsite generation, driving strong demand for generators, turbines, engines, cooling equipment, and electrical systems. At Caterpillar, engine and turbine sales recently surpassed construction equipment revenue for the first time, highlighting how AI infrastructure is reshaping industrial demand.

High – The AI buildout is creating a broad industrial investment cycle that extends to manufacturers across the power, equipment, and infrastructure supply chain.

Data Center Investors Eye Utility Ownership

8/16/2026 (OH): A BlackRock-led consortium of investors is seeking to acquire AES Ohio's parent company, arguing the deal will provide capital for billions of dollars of grid investments needed to support surging electricity demand from data centers and AI infrastructure. Critics note that private equity investors typically focus on maximizing returns, raising concerns that consumers could ultimately face higher costs or bear greater risk if utility investment decisions increasingly align with the interests of large energy users rather than ratepayers. The proposal also raises questions about whether Ohio regulators can effectively oversee a complex ownership structure whose investors hold stakes across utilities, data centers, and related infrastructure.

Medium – The proposed deal reflects a broader question of who should own and control the infrastructure powering data centers, and whether the benefits accrue to consumers, utilities, or investors.

Research & Technology

Article/Link

[U.S. Power Demand to Hit New Records](#)

[Home-Based GPU Networks Could Serve as AI Computing Nodes](#)

[Voltus Expands Data Center BYOC Offering With Sunrun](#)

[LG's MI Battery Plant Pivots to Storage](#)

Summary

8/11/2026 (National): The U.S. Energy Information Administration (EIA) in its most recent [Short-Term Energy Outlook](#) expects U.S. electricity consumption to reach new record highs in 2026 and 2027, driven by growth in AI and crypto data centers as well as broader electrification trends. Natural gas is projected to remain the dominant power source at roughly 40% of generation through 2027, while renewables grow from 24% of generation in 2025 to 27% by 2027; coal declines from 17% to 15%, and nuclear remains stable at 18%. Despite a reduced Texas demand forecast following the state's pause on new data centers, national power demand is expected to continue rising.

8/18/2026 (National): As opposition to large AI data centers grows and power constraints intensify, a number of companies are testing distributed networks that place GPU-equipped compute appliances in homes, effectively turning residences into small-scale edge computing nodes. Proponents argue that spreading compute across thousands of homes could reduce siting challenges, ease localized grid impacts, and create new sources of income for homeowners while supporting certain AI workloads. However, experts caution that residential GPU networks are unlikely to replace hyperscale data centers due to challenges around latency, reliability, security, maintenance, and power quality. Instead, they are increasingly viewed as a potential supplement for inference and edge-computing workloads, rather than a substitute for centralized AI training infrastructure.

8/12/2026 (IL): Distributed energy aggregator [Voltus](#) has [partnered](#) with [Sunrun](#) to add residential solar-and-battery systems to its ["Bring Your Own Capacity" \(BYOC\) program](#), allowing hyperscale data centers to access flexible power capacity from distributed energy resources rather than waiting for new grid infrastructure. Sunrun will supply capacity from thousands of home solar-plus-storage systems in PJM and MISO regions, which Voltus will aggregate to support growing data center demand. The model is gaining traction as data center growth outpaces grid expansion, with Voltus estimating it could unlock more than 10 GW of flexible capacity; [Google has already committed](#) to purchase 100 MW in PJM.

8/19/2026 (MI): [LG Energy Solution](#) has opened one of the largest battery manufacturing facilities in the U.S. in Lansing, MI. Originally designed to serve the electric vehicle market, the plant has expanded its focus to include grid-scale energy storage systems, reflecting growing demand for power infrastructure to support load growth from data centers, AI, and broader electrification trends. The plant highlights the rapid growth of a domestic battery supply chain, which barely existed in the U.S. before 2025. Company executives and government officials emphasized the factory's role in strengthening energy security, reducing reliance on Chinese battery production, and supporting the expansion of both the electric grid and the digital economy.

Potential Impact

High – The forecast highlights a key tension in the AI era: power demand is shifting rapidly, while the generation and infrastructure assets needed to support it are built to last for decades.

Medium – The model could reduce concentration of AI's demands on local land, water, and power resources while allowing more of the economic benefits to flow directly to households that host compute capacity.

Medium – The partnership highlights a shift toward using distributed energy assets for data centers, creating opportunities for households to benefit from the AI infrastructure buildout.

Medium – The factory is part of a broader industrial pivot toward supplying the batteries, power systems, and infrastructure needed to support AI-driven growth.

Legislation & Policy

Article/Link

[FERC Opens PJM Market to Virtual Power Plants \(VPPs\)](#)

[Pennsylvania Tightens Data Center Rules](#)

[Oracle Drops Wisconsin Data Center Lawsuit](#)

[Great Lakes Region Data Center Water Use Overview](#)

[Chicago Seeks Greater Data Center Oversight](#)

Summary

8/13/2026 (PJM): The Federal Energy Regulatory Commission (FERC) ruled that PJM must accept statistical sampling as a valid way to measure demand-response and virtual power plant (VPP) performance, removing a key barrier for aggregators. The decision could unlock at least 4.9 GW of capacity in PJM, equivalent to several large power plants, as the region faces rapidly rising electricity demand driven in part by hyperscale data centers. The ruling overturns PJM's requirement that aggregators provide utility smart-meter data for verification, which many providers struggled to obtain. Supporters say the change will allow more households, batteries, thermostats, and other distributed energy resources to participate in demand-response markets, improving grid reliability and reducing costs without building new generation.

8/19/2026 (PA): Pennsylvania Governor Josh Shapiro signed an [executive order](#) requiring large data center projects to comply with the state's [Governor's Responsible Infrastructure Development](#) (GRID) standards, giving local governments greater influence over whether developments move forward. Under the rules, state permits cannot be issued without local approval and legally binding commitments on energy affordability, environmental protection, workforce development, transparency, and community engagement. Developers must also pay the full cost of electricity infrastructure needed to serve their facilities, while data centers are removed from Pennsylvania's fast-track permitting program and state agencies are barred from using NDAs for such projects.

8/17/2026 (WI): Oracle withdrew its lawsuit challenging the Wisconsin Public Service Commission's requirements that large data center developers provide financial guarantees if they do not meet certain credit-rating thresholds. The rules are designed to ensure that data center developers prove they can fund the power infrastructure they require, or provide financial guarantees upfront, so that if a project is delayed, downsized, or canceled, the resulting grid investments do not become stranded costs borne by utility customers. Consumer advocates and regulators viewed the case as a key test of how states will allocate the costs and risks associated with rapidly expanding AI and data center infrastructure.

8/18/2026 (Great Lakes region): The Conference of Great Lakes St. Lawrence Compact Council and Regional Body released a [new overview](#) of data centers in the region, covering their growth, water use, and the state and provincial policies that govern them. The resource also highlights ongoing collaboration among Great Lakes jurisdictions on water management, reuse, and regulatory approaches for the rapidly expanding industry.

8/11/2026 (Chicago): Chicago Mayor Brandon Johnson signed an executive order requiring enhanced review of new data center projects, establishes a dedicated Data Center Task Force, and called on the City Council to approve a temporary moratorium on new facilities and major expansions. The order increases scrutiny of air pollution, noise, community impacts, energy use, and water consumption while the Data Centers Task Force develops a longer-term regulatory framework. The executive order draws upon recommendations made in the City's Sustainable Data Centers Working Group [July report](#).

Potential Impact

High – The decision strengthens the case for VPPs as a scalable source of grid capacity, allowing distributed resources to compete alongside traditional generation.

Medium – The order reflects a shift in power toward communities, with PA's GRID standards requiring developers to earn local support and bear more infrastructure costs.

Medium – The withdrawal preserves an emerging regulatory model that seeks to ensure developers absorb the financial risks of the AI buildout.

Medium – The overview is a useful reference for data center water management policies in the Great Lakes.

Medium – Chicago is joining a growing list of jurisdictions seeking stronger oversight of data center development before approving additional growth.

Legislation & Policy (Continued)

Article/Link

Summary

Potential Impact

Data Centers
Emerge as a
Major 2026
Election Issue

8/14/2026 (National): Data center development is increasingly shaping state and local elections as voters raise concerns about energy demand, water use, tax incentives, and community impacts. Candidates supporting restrictions or moratoriums on data centers have gained traction in states such as Michigan and Wisconsin, while governors in New York and Texas have taken steps to pause or slow new projects. The trend suggests data centers are evolving from a niche infrastructure topic into a mainstream political issue.

High – Whether campaign-season rhetoric translates into lasting policy remains to be seen, but the growing data center backlash has become a major election issue.

8/12/2026 (OH): In Ohio's gubernatorial race, Democratic candidate Amy Acton is backing a conditional moratorium on new data centers unless projects meet stringent requirements, while Republican candidate Vivek Ramaswamy supports continued development but proposes requiring data centers to deliver local benefits, including lower electricity bills. Read the full article [here](#).

8/17/2026 (IL): In Illinois' gubernatorial race, Democratic Gov. J.B. Pritzker and Republican challenger Darren Bailey are both calling for stronger oversight of data centers as concerns grow over their impacts on electricity demand, water use, and utility costs. Pritzker has paused state data center tax incentives while pursuing new regulations, while Bailey supports continued AI and data center growth but argues stronger protections are needed for Illinois residents and ratepayers. Read the full article [here](#).

8/18/2026 (WI): In Wisconsin's gubernatorial race, Democratic candidate David Crowley and Republican candidate Tom Tiffany have made data center oversight a campaign issue, with both supporting stronger protections for communities, utility customers, and local decision-making. However, Tiffany supports repealing state data center tax incentives, while Crowley favors retaining incentives if developers can demonstrate sufficient value to taxpayers. Read the full article [here](#).

8/12/2026 (MI): In Michigan's August primary elections, candidates who opposed data center development or supported stricter oversight won several notable races, including Abdul El-Sayed's Democratic Senate primary victory and Joanna Whaley's state House primary win after helping lead opposition to a proposed data center in Allen Park. The results, along with other successful anti-data-center campaigns across the state, suggest that concerns over data centers are increasingly influencing voter behavior and shaping Michigan politics. Read the full article [here](#).

High – Across the Midwest, voter concerns over electricity costs, water use, tax incentives, and local impacts have pushed candidates of both parties to adopt tougher positions on data centers, with opponents increasingly using each other's past support for the industry as a political attack line. Even in races where both candidates favor stricter oversight, the debate has shifted to who can better protect communities from data center impacts, raising the question of whether today's campaign rhetoric will translate into lasting policy and regulatory changes after November.

The Data
Center Issue in
Midwest
Elections

Sustainability

Article/Link

[Data Center Boom Could Drive 20% Increase in US Power Sector Emissions](#)

8/18/2026 (National): As AI-driven data center demand surges, developers are increasingly building dedicated natural gas power plants to bypass lengthy grid connection delays and secure reliable electricity. [BloombergNEF](#) tracks 99 proposed gas-fired plants that could emit roughly 318 million metric tons of CO₂ annually, potentially increasing total U.S. power-sector emissions by about 20% and making it more difficult for major tech companies to achieve their climate commitments. The trend highlights growing tension between rapid AI infrastructure expansion and decarbonization goals.

Potential Impact

High – Tech firms' AI buildout is exposing a disconnect between their climate commitments and the fossil fuel infrastructure they are now supporting.

[AI's Water Footprint Is Much Larger Than Reported](#)

8/19/2026 (National): While attention has focused on the water AI data centers use for cooling, the article argues this captures only part of AI's true water footprint. Significant water is also required for electricity generation and semiconductor manufacturing, with research suggesting these upstream activities can double or triple a data center's total water use. As AI infrastructure expands, the broader supply-chain impact could further strain water systems, making water a strategic resource that companies must actively manage to support sustainable long-term growth.

High – AI's environmental impact extends far beyond the data center, making water scarcity an increasingly important constraint on future AI growth.

[Data Centers Sidestep Federal Water Permits After 2023 Supreme Court Ruling](#)

7/8/2026 (National): A 2023 Supreme Court ruling ([Sackett v. EPA](#)) significantly narrowed which wetlands and streams are protected under the [Clean Water Act](#), reducing the number of projects that require federal water permits and public review. Historically, most large developments faced extensive wetlands permitting and environmental scrutiny, but many data centers can now move forward with streamlined approvals or avoid wetlands permits altogether if affected waters fall outside the law's revised scope. At least 26 data centers have been approved using these expedited processes since 2024, with dozens more proceeding without wetlands permits, accelerating construction while raising concerns about environmental oversight and local input.

High – State and local regulators have an opportunity to fill the federal oversight gap through stricter siting, water-use, and environmental review requirements tailored to local resource constraints.

[Microsoft & Qcells Expand Partnership to Explore BYOC Model](#)

8/20/2026 (National): Microsoft and clean energy company Qcells are expanding a partnership that began with Qcells supplying solar panels and engineering, procurement, and construction services under a multi-year 12 GW clean energy agreement. Under the new arrangement, Qcells would move beyond equipment supply to a "bring-your-own-capacity" (BYOC) model, developing and delivering new generation capacity that grows alongside Microsoft's expanding data center footprint, with Microsoft funding the power needed for its operations. The initiative is part of Microsoft's [Community-First AI Infrastructure](#) strategy, which aims to ensure AI-driven electricity demand is paired with new energy resources and community benefits rather than drawing from existing local power supplies. Read the Qcells press release [here](#).

Medium – Pairing new dedicated generation and community battery resources with data center growth could add AI compute capacity without driving up electricity costs for neighboring households.

Other Industry News

Article/Link

[Preparing for Uncertainty in the AI Infrastructure Boom](#)

[PJM Approves 50+ GW of Clean Energy After Years in Queue](#)

[TX Governor Abbott Defends Data Center Pivot](#)

[New England Governors Push Back on NextEra-Dominion Utility Merger](#)

Summary

8/22/2026 (National): In a Bloomberg Television interview, former IBM CEO Sam Palmisano argues that the AI boom is being driven by massive, long-term investments in data centers, semiconductors, and energy infrastructure, even though AI software and business models are evolving much more rapidly. He warns that if enterprise AI adoption falls short of expectations, cheaper open-source AI models gain market share, or demand for premium AI services weakens, today's infrastructure spending assumptions may need to be revisited. The result is a growing mismatch between slow-moving infrastructure investments and a fast-changing AI market, making contingency planning increasingly important.

8/24/2026 (PJM): PJM Interconnection has completed reviews and granted grid connection rights to more than 50 GW of new generation, primarily renewable energy and storage. Many of these projects have been stuck in PJM's interconnection queue since 2018, making them among the few resources that could realistically come online before 2030 to help meet rapidly growing electricity demand. Approval is only the first step, however, as developers still need financing, permits, equipment, transmission upgrades, and utility commitments. Key obstacles include slow project development, transmission constraints, and limited urgency from utilities and policymakers.

8/23/2026 (TX): Speaking on ABC's *This Week*, Texas Gov. Greg Abbott defended his recent shift on data centers, arguing that developers expanded rapidly without sufficient coordination with state and local governments, leading to growing concerns over power, water, and community impacts. Abbott, who is up for re-election this year, said the industry "deserves" some of the backlash it has received and pointed to Texas' roughly 335 operating data centers and at least 248 more planned as justification for [pausing new grid connection approvals](#) while regulators gather better information. He said future projects will face stricter expectations around water use, grid impacts, and community engagement before moving forward.

8/18/2026 (New England): The governors of Maine, Massachusetts, Connecticut, Vermont, and Rhode Island issued a [joint statement](#) through the [New England States Committee on Electricity \(NESCOE\)](#) urging regulators to closely scrutinize NextEra Energy's proposed acquisition of Dominion Energy, a deal that would create one of the largest regulated electric utilities in the world. The governors argue the merger would concentrate too much control over critical energy generation and transmission assets in New England, potentially reducing competition and increasing risks for ratepayers. They also cited concerns over NextEra's past efforts to oppose regional transmission projects and warned that the combined company could wield outsized influence over the region's energy infrastructure.

Potential Impact

High – Companies investing heavily in AI infrastructure should prepare for a range of demand outcomes, not just the most optimistic forecasts.

Medium – The fastest path to relieving PJM's capacity and cost issues is not just approving new projects, but getting the already-approved projects built and connected.

Medium – Abbott's reversal reflects growing concern over Texas' massive data center pipeline, as re-election pressures force a balance between development and community impacts.

Medium – The proposed merger and joint statement highlights growing concern among state leaders that utility consolidation could undermine competition, infrastructure development, and efforts to lower energy costs.

Thank You

Let's make bold changes together

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