US Data Center Daily Briefing

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KEY THEMES

- Karnataka ‘i-governance’ rollout using agentic AI systems
- Karnataka revises Data Centre Policy 2022–27 for sustainability
- ISSB opts for non-mandatory nature-related reporting practice statement
- Watershed launches AI agents as X-Energy raises $1B+

Karnataka is trying to do something most governments only talk about: rebuild citizen services around real-time data, automation, and “agentic AI” — and then back it up with a tougher sustainability lens for data centres. In one announcement, the state signalled it wants to be both an AI deployment lab and a data-centre-ready jurisdiction. The tell is the policy stack: new AI governance, more money for deeptech, and a rewrite of the Data Centre Policy 2022–27.

The Big Stories

Karnataka pushes AI-led i-governance and sustainable data centres is a fairly sweeping agenda shift: the state says it’s moving to “i-governance,” using real-time data, automation, and agentic AI systems across citizen services. If you’re tracking where public-sector AI adoption gets operationalised first (not just piloted), this is the sort of concrete commitment that can pull in vendors, systems integrators, and ultimately local compute demand.

The government is also forming a committee on “responsible AI,” with a framework expected within months. That timeline matters: if Karnataka can set a usable ruleset quickly, it may become a reference point for other Indian states trying to balance AI rollouts with accountability — and for companies that want clarity on what “allowed” looks like before they scale deployments.

On the infrastructure side, Karnataka says it’s revising its Data Centre Policy 2022–27 with “stronger sustainability.” That’s a directional marker for the market: sustainability requirements are increasingly becoming the de facto gatekeeper for permitting, power access, and public acceptance — and a policy rewrite suggests the state wants to tighten the terms under which new capacity gets built.

Finally, Karnataka is raising deeptech grants from ₹50 Lakh to ₹1 Cr and says it's seeing interest from AI firms including Anthropic and Mistral AI. Put together, it's a classic flywheel attempt: fund local deeptech, attract marquee AI names, and ensure the data-centre framework doesn't get stranded by sustainability pushback.

Behind the Headlines

The most consequential part of today's ESG noise might be the standards body choosing *not* to swing for the fences. In the Weekly ESG roundup: ISSB, bp revolt, Shell lawsuit, GM milestone, the ISSB (under the IFRS Foundation) decides to develop non-mandatory nature-related reporting requirements, with staff recommending a practice statement rather than a standalone standard. For data centre operators and their investors, that's a signal that "nature" (biodiversity, land use, water context) is getting formal attention — but the global reporting regime is still inching forward, not snapping into place.

Shareholder and legal pressure is also showing up in messy, uneven ways: bp shareholders defeat a disclosure-limiting resolution, while Shell faces a new climate lawsuit. That combination is a reminder that even when standard-setters go slower, the pressure doesn't disappear — it migrates to AGMs and courts. For infrastructure-heavy sectors, that often means higher scrutiny on what gets disclosed and how defensible "transition" claims are.

The roundup also hints at where the market is spending to make sustainability data usable: Watershed launches AI agents aimed at "messy" sustainability data. That's not a side quest — if disclosures expand (even voluntarily), the bottleneck becomes data wrangling across suppliers, sites, and power contracts. Meanwhile, capital continues to chase the energy stack around data centres: funding mentions include X-Energy (over $1 billion) alongside a string of smaller raises (Lime Rock $640 million; Decade Energy €22 million; Exergy3 $13.5 million; Renewable Metals $12 million) — a reminder that the infrastructure enabling compute growth is being financed across multiple layers, not just grid-scale generation.

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