US Data Center Daily Briefing

December 28, 2025

KEY THEMES

- PJM power tightness driving retirement reversals
- Dispatchable fossil capacity revalued by AI data centre load
- Open-access fibre platform formation in Indonesia (FibreCo JV)
- Political and reputational risk around mega data centre projects (Georgia)
- Sustainability debate: AI's energy/water footprint vs emissions-reduction use cases
- Land price inflation linked to data centre/IT investment announcements (Visakhapatnam)

Market overview (Global | 28 Dec 2025)

AI-driven data centre load continues to push power-market tightness and reshape infrastructure positioning. Media coverage this week underscores (i) electricity demand from data centres already around **~1.5% of global use last year** and projected to **more than double by 2030**, while (ii) near-term reliability needs are keeping marginal fossil capacity online in constrained markets like **PJM**. In parallel, digital infrastructure platforms (notably fibre) are being recapitalised and reorganised via open-access wholesale models to support AI/5G buildouts.

Risks and watchpoints

Near-term downside risks (execution/regulatory/reputational):

- **Grid reliability and price volatility:** The decision to keep legacy peakers running (see **PJM**) highlights risk that incremental data centre load triggers sharp pricing moves, tighter capacity margins, and politicised scrutiny of power costs for consumers. (AI data center demand keeps NRG's Fisk peaker plant operating)
- **Permitting/social licence & political blowback:** Large-scale data centre development can become a high-profile political issue, raising risks of delays, additional conditions, or investigations. Georgia political advertising tied to an alleged **$10bn, 11m sq ft** data centre project illustrates reputational and policy uncertainty around mega-campus scale. (Anonymous group spends $5M attacking Georgia Lt. Gov.)
- **Sustainability constraints (water/materials/e-waste):** Ongoing public debate on AI's resource footprint increases the likelihood of stricter reporting or design expectations

(water use, critical materials, e-waste), which could raise capex/opex for new builds. (AI and climate change: Can advanced intelligence combat warming)

Near-term upside risks (supportive catalysts):

- **Higher realised power prices support dispatchable assets:** Rising prices tied to data centre demand are already changing retirement economics for thermal assets, potentially improving cashflows for select generation portfolios and increasing valuation of flexible capacity. (AI data center demand keeps NRG's Fisk peaker plant operating)
- **Efficiency/abatement solutions become investable adjacencies:** Broader adoption of AI for building automation, traffic optimisation, and industrial efficiency could expand demand for data-centre-adjacent platforms (software, controls, monitoring) positioned as emissions reducers. (AI helps cut emissions despite rising power demands)

Key deals and projects

Digital infrastructure (fibre)

- **Indonesia – Indosat fibre carve-out into open-access platform:** Indosat forms FibreCo JV to house fibre infrastructure assets
  - **Structure:** Indosat Ooredoo Hutchison to **spin off fibre assets** into a JV, **FibreCo**, with **Arsari Group** and **Northstar Group**.
  - **Valuation:** Assets valued at **~IDR 14.6 trillion**.
  - **Ownership:** Indosat retains **~45%**.
  - **Strategic angle for investors:** FibreCo positioned as an **open-access wholesale fibre platform** across Indonesia, supporting mobile operators, ISPs, enterprises, and underpinning Indosat's **AI and 5G** investments.

Energy supply (dispatchable capacity kept online)

- **US PJM – Retirement reversals signal tightness:** AI data center demand keeps NRG's Fisk peaker plant operating
  - **Asset:** NRG Energy **withdrew planned retirement** of the **Fisk** plant; will keep **eight oil-fired peaker units** operating.
  - **Market driver:Electricity prices rose in PJM** due to increased demand from data centres powering AI.
  - **Broader read-through:** Reuters analysis cited indicates **~60% of fossil-fueled plants slated for retirement in PJM** have **postponed or cancelled retirements this year**—a

signal of near-term capacity scarcity and potential upward pressure on capacity and energy pricing.

Power & grid / interconnection highlights

- **PJM: load-driven tightness is altering retirement economics.** The Fisk decision and broader retirement deferrals suggest constrained reserve margins and a higher value placed on quick-start dispatchable capacity to meet incremental data centre demand. (AI data center demand keeps NRG's Fisk peaker plant operating)

Policy, regulation, and political context

- **US (Georgia): data centres as a political flashpoint.** Anonymous group spends $5M attacking Georgia Lt. Gov.
  - An entity calling itself **Georgians for Integrity** spent **~$5m** on ads alleging Georgia Lt. Gov. **Burt Jones** used his office to benefit a data centre project described as **$10bn** and **11m sq ft**.
  - The **Georgia Republican Party** filed an **ethics complaint**; the **Jones campaign disputes** the ads and has threatened legal action.
  - Investor implication: higher risk of public scrutiny and shifting local/state conditions for very large projects.

Demand, sustainability, and public narrative

- **Data centre power demand expected to rise sharply through 2030; AI positioned as both problem and solution.**
  - AI helps cut emissions despite rising power demands notes data centres used **~1.5% of electricity last year**, projected to **more than double by 2030**, while highlighting AI use-cases that can reduce emissions. Companies referenced include **Google**, **Geminus AI**, and geothermal startup **Zanskar** (given context on a New Mexico plant purchase and a Nevada discovery announcement).
  - AI and climate change: Can advanced intelligence combat warming highlights AI-enabled energy forecasting, renewable integration, and efficiency, while flagging **energy and water use**, **critical-material dependence**, and **e-waste**; mitigation via **sustainable data-centre design** and **circular material use**.

Real assets read-through (land values)

- **India (Visakhapatnam): land pricing responding to digital infra announcements.** IT investments lift Visakhapatnam plot prices by 60%
  - VMRDA plot auctions (Dec 17–18) saw bids rise up to **64%** after nearly **₹2.5 lakh crore** of IT, data centre, and digital infrastructure investments were announced.
  - Examples: **Palavalasa** from **₹14,500/sq yd** upset to **₹23,700** high; **Kapuluppada** plots **₹32,000–₹34,500** vs **₹23,500** upset.
  - Investor implication: early-stage land inflation can compress development returns and raise entry costs in perceived "next-wave" markets.

What to watch

- Whether **PJM** capacity tightness leads to further **retirement reversals** and higher forward power prices (and what that means for data centre siting and PPAs). (NRG Fisk decision)
- Escalation of **political/ethics scrutiny** around mega-scale campuses (potential delays/conditions). (Georgia $10bn, 11m sq ft controversy)
- Additional **open-access fibre** platform transactions in SEA as operators fund AI/5G rollouts. (Indosat FibreCo JV)
- Further evidence of **land price inflation** in emerging Indian tech corridors and implications for capex budgets. (Visakhapatnam auctions)
- Growing focus on **water/materials/e-waste** footprints and whether it translates into enforceable standards affecting design and cost. (AI and climate change commentary)

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