US Data Center Daily Briefing

January 01, 2026

KEY THEMES

- Speed-to-power drives AI data centre economics
- Long-dated firm power PPAs and implied reliability value
- Interconnection and transformer bottlenecks constrain delivery
- Platform consolidation: SoftBank–DigitalBridge $4bn deal
- India policy push: draft data centre tax exemptions
- Capital recycling in India DCs via CapitaLand fund structure
- Rising local permitting/zoning scrutiny in US jurisdictions
- Transmission build-out momentum in South Africa via ITP prequalifications

Market overview (Global | 2026-01-01)

Demand for AI compute continues to pull capital and policy attention toward “speed to power,” with power procurement structures (long-dated PPAs) and grid execution constraints (interconnection queues, equipment lead times) increasingly shaping data centre underwriting. On the capital side, strategic M&A and fund-level recycling are accelerating as platforms seek scale across compute, connectivity, and power.

Risks and watchpoints

Downside / execution risks

- **Grid bottlenecks and delivery risk**: Commentary highlights **~2 TW queued** for interconnection and **long transformer lead times**, reinforcing schedule risk for new capacity and potential cost escalation (AI-driven data centers reshape U.S. power sector priorities).
- **Permitting and community pushback**: Local officials in Michigan warn rapid large-scale buildouts can conflict with land-use and energy goals, raising the risk of **zoning tightening or temporary moratoria** and more stringent **community benefit agreements** (Washtenaw County wrestles with incoming data center expansion).
- **Environmental scrutiny / disclosure expectations**: Pressure is building for Big Tech and AI platforms to publish concrete environmental plans for AI data centres and address fossil generation reliance; inconsistent AI labelling/watermarking standards may also become a

reputational and regulatory issue (Reporter urges AI industry to prioritize labels, phones, environment).

Upside / catalysts

- **Long-tenor power contracting signals bankability**: A cited example is a **20-year PPA for up to 1,200 MW** at Vistra's **Comanche Peak**, priced around **~$90–$100/MWh**, with an implied reliability value of **~$24/kW-month**—a potential template for financing "firm" power for AI loads (AI-driven data centers reshape U.S. power sector priorities).
- **Policy support for domestic capacity**: Federal initiatives referenced include DOE actions and **up to $800m for SMRs**, potentially supportive of longer-term firm, low-carbon supply (timing and deliverability remain key) (AI-driven data centers reshape U.S. power sector priorities).
- **India policy tailwinds**: India's draft National Data Centre Policy proposes **up to 20 years of tax exemptions**, supporting continued hyperscale investment and a deeper domestic development/financing market (2025 Catalyses India Data Centre Boom Amid Policy Push).

Key deals and platform moves

- **Strategic M&A (AI infrastructure)**: **SoftBank** signed a definitive agreement to acquire **DigitalBridge** for **~$4bn enterprise value**, aiming to strengthen large-scale AI infrastructure across **data centres, towers, fibre, and edge assets** (SoftBank to acquire DigitalBridge for $4B AI infrastructure push).
- **Capital recycling / fund formation (India DCs)**: **CapitaLand India Trust** will divest a **20.2% stake** in **three developing data centres** to **CapitaLand India Data Centre Fund** for **₹702 crore (S$99.73m)** while retaining majority ownership. The fund (managed by CLI) has raised **~S$150m at first close** and targets a **S$300m final close**; the acquisition occurs after first close (CapitaLand India Trust to divest stake in data centres).
- **India DC capex signals**: **TCS' HyperVault** received **~INR 18,000 Cr** investment from **TPG** (structure not detailed), cited amid broader hyperscaler investment plans (2025 Catalyses India Data Centre Boom Amid Policy Push).
- **Real estate capital flows (India)**: Savills reports 2025 Indian real estate PE inflows up **59% to $6.7bn**, with **data centres 23.2%** of investment allocation; 2026 inflows forecast **$6.5–$7.5bn** (Private equity investments in Indian real estate rise 59%).

Major projects and demand signals

- **US power procurement for AI clusters**: The "speed to power" dynamic is framed as a national priority, with the Comanche Peak PPA example (up to **1,200 MW**, **20-year** tenor, **~$90–$100/MWh**) illustrating willingness to pay for reliability attributes (AI-driven data centers reshape U.S. power sector priorities).
- **Michigan siting flashpoint**: Washtenaw County cites a **1.4 GW** project in **Saline Township** as emblematic of the scale arriving in local jurisdictions, alongside calls to enforce Michigan's renewable energy/REC requirement for data centres (Washtenaw County wrestles with incoming data center expansion).
- **India hyperscale pipeline**: A planned **1 GW** data centre investment by a hyperscaler (notably **OpenAI**) is referenced as part of India's 2025 inflection (2025 Catalyses India Data Centre Boom Amid Policy Push).

Power and grid / interconnection highlights

- **System constraints remain binding**: Execution constraints cited include **~2 TW** in interconnection queues and **transformer lead times**—critical for schedules, staged energisation, and capex certainty (AI-driven data centers reshape U.S. power sector priorities).
- **Transmission expansion procurement (South Africa)**: South Africa prequalified **seven** international-led consortia for its inaugural **Independent Transmission Project (ITP)**, targeting **~1,164 km** of high-voltage lines and substations, estimated at **~$1bn**. Prequalified groups include **Adani Power Middle East–Momentous Energy**, **AREF Cobra Transmission**, **Consortium Pulse Infrastructure**, and **EITP Consortium** (South Africa prequalifies consortia for USD1bn transmission programme).

Policy, regulation, and permitting

- **India (national policy push)**: Draft National Data Centre Policy proposes **up to 20 years of tax exemptions**, reinforcing a pro-build environment for domestic and foreign developers/operators (2025 Catalyses India Data Centre Boom Amid Policy Push).
- **US local/state environmental review (Minnesota)**: Minnesota EQB outlines environmental review tools for proposed data centre projects, including **EAW** (13-page worksheet; **30-day** public comment) and **AUAR**, plus a petition path requiring **100 local signatures**—a roadmap that can shape timelines and stakeholder strategy (FAQ on EQB Environmental Review for Minnesota Data Centers).

- **US local controls (Michigan)**: Washtenaw County recommends **zoning updates**, potential **temporary moratoria** where appropriate, and **community benefit agreements**; it also urges enforcement of a state requirement that data centres use **renewable energy or RECs** (Washtenaw County wrestles with incoming data center expansion).
- **EU / France governance backdrop**: A year-in-review flags shifts in French tech governance and sovereignty themes and notes the **Conseil d'État** reduced **Amazon France's fine from €32m to €15m** (French Tech Journal publishes 2025 year-in-review on AI, capital, sovereignty).

What to watch

- Whether "firm power" PPAs (e.g., 20-year structures) become more common—and what that implies for **all-in delivered power costs** and underwriting assumptions (AI-driven data centers reshape U.S. power sector priorities).
- Near-term schedule impacts from **transformer lead times** and interconnection queue depth; monitor knock-on effects for phased commissioning (AI-driven data centers reshape U.S. power sector priorities).
- Follow-through on India's draft policy (tax exemptions) and how it shapes the next wave of hyperscale commitments (2025 Catalyses India Data Centre Boom Amid Policy Push).
- Capital recycling and platform consolidation: implications of **SoftBank/DigitalBridge** for competitive dynamics and valuation benchmarks (SoftBank to acquire DigitalBridge for $4B AI infrastructure push).
- Local permitting friction in US growth nodes (zoning, moratoria, benefit agreements), particularly around very large proposed loads (Washtenaw County wrestles with incoming data center expansion).

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