US Data Center Daily Briefing

January 16, 2026

KEY THEMES

- Illinois grid/storage procurement and tighter generator permitting
- Microsoft community-first AI data centre commitments; 7.9 GW contracted in MISO
- Compute demand scaling to utility-level: OpenAI up to 750 MW from Cerebras
- Interconnection delays (4–10 years) emerge as key constraint; large grid capex implied
- Battery storage M&A in PJM with long-term contracted revenues (15-year PPA)
- Behind-the-meter biomass-to-AI data centre conversions with disclosed capex
- Turbine supply chain backlogs into 2030 affecting on-site generation planning
- Sovereign AI/data-residency-driven data centre investment (Tamil Nadu)
- Subsea and IX connectivity buildouts supporting distributed AI/edge architectures
- Policy and operational risk signals: permitting rollbacks debates; Uganda internet shutdown

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Data centres & digital infrastructure briefing (Global) — 16 Jan 2026 (UTC)

Top news (3)

1. **Illinois tightens the link between data centres and the grid.** The new law sets up **>1 GW** of storage procurement in Aug-2026 (plus **3 GW** more later), restarts nuclear development pathways, and **tightens emissions permitting for data centre backup generators**: Illinois Clean and Reliable Grid Affordability Act.
2. **Microsoft sets a "community-first" playbook for US AI data centre growth.** Microsoft says it will apply the framework to **new and expanding US AI data centre markets in H1 2026**, including commitments on **property taxes**, **funding grid upgrades**, and community investment; it also discloses **7.9 GW of new generation contracted in MISO** and a **40% water-use intensity reduction target by 2030**: Microsoft Community-First framework.
3. **Compute demand is now being described in utility-scale power terms.** OpenAI signed a multibillion-dollar agreement to buy up to **750 MW of inference capacity** from Cerebras over **three years** for parts of ChatGPT inference: OpenAI–Cerebras inference capacity deal.

Key deals & projects

North America (US)

- **Behind-the-meter "power plant to AI DC" conversion (California)**: NewYork GreenCloud plans to convert the idled **Buena Vista Biomass Power plant** from **18 MW to 41 MW** into a "carbon-negative, behind-the-meter AI data center," citing **~$156m capex** and a related **$6bn partnership with Atlas Cloud AI** including an **initial $250m deployment** to host **288 HGX B300 systems by Feb 2026**: Idled California biomass plant rebuilt as carbon-negative AI factory.
- **Edge AI pods at internet exchanges (US roll-out)**: Moonshot Energy, QumulusAI and IXP.us plan deployments at **25 US sites** starting with **Wichita State University by July 2026**, with an ambition to scale to **125 sites** across campuses/municipalities. Moonshot's modules are **2,000 kW** units; IXP.us provides carrier-neutral interconnection: deploy QAI Moon Pods.
- **Corporate structure move (operator/developer)**: T5 Data Centers will split into **T5 Services** (construction/ops) and **T5 Properties** (assets/development). Leadership is assigned and alignment is planned through **Q1 2026**: T5 aligns Services and Properties.

Europe (UK / EU)

- **UK environmental permitting**: The Environment Agency issued permit **EPR/TP3120LE/A001** for Iron Mountain's **LON3 Data Centre in Slough**, with permit/decision documents published **15 Jan 2026**: permit for Iron Mountain LON3.
- **Trade framework (EU / Mercosur)**: The EU Council authorised signature of the **EU–Mercosur Partnership Agreement** (formal signature planned **17 Jan 2026**). It still requires **European Parliament consent** and **ratification by all EU member states and Mercosur parties**, with potential use of an **Interim Trade Agreement** after Parliament consent: EU–Mercosur Partnership Agreement.

Asia (India / SE Asia)

- **Sovereign AI park (India)**: Tamil Nadu signed an MoU with Sarvam AI for a **Sovereign AI Park** with **Rs 10,000 crore** initial investment, including **compute/GPU infrastructure** and a **large data centre near IIT Madras**, plus an institute focused on AI in governance: Tamil Nadu–Sarvam AI Sovereign AI Park.
- **AI DC deployment pipeline (SE Asia)**: Gorilla Technology cites a pipeline **exceeding $7bn** and a **$1.4bn multi-year partnership** to deploy **AI-ready data centers across Southeast**

Asia, alongside reaffirmed **2025 guidance of $100–$110m** and **2026 revenue expectations of $137–$200m**: Gorilla Technology AI data centre deals.

Power & grid / interconnection highlights

US grid build and constraints

- **Interconnection delays are being framed as the core bottleneck for AI-era growth**. Google flags transmission grid connection delays of **4–10 years** (with one utility citing **12 years** to study an interconnection). The piece also cites Berkeley Lab estimates of data centre demand rising from **176 TWh (2023)** to **325–580 TWh (2028)**, and Goldman Sachs' estimate of **~$720bn** grid spending needed through 2030: Grid constraints threaten AI-era data center growth.

Utility-scale storage supporting "Data Center Alley" load

- **Contracted BESS in PJM (Virginia)**: Elevate Renewables acquired the **150 MW / 600 MWh** Prospect Power project in Rockingham County, Virginia (under construction; COD **mid-2026**). It is **fully contracted** under a **15-year PPA** with Dominion Energy Virginia, positioned as reliability support for PJM amid rising data centre demand: Elevate Renewables buys Prospect Power battery.

Turbines, on-site generation and supply chain

- **Turbine backlogs into 2030**: EPRI researchers describe bottlenecks (rotor forgings, hot-section blades) pushing utilities toward **life extensions, uprates, repowering, and modular solutions**. Data centres are driving near-term demand for **30–100 MW** turbines; orders for **sub-20 MW** units hit record highs in 2025: Turbine supply chain backlogs reshape generation mix.

Policy & regulation

United States

- **EPA turbine permitting change (data-centre-adjacent impact)**: EPA updated performance standards for combustion and stationary gas turbines, requiring **air and construction permits even for temporary units** (posted to the Federal Register **15 Jan 2026**). The change could affect **xAI's** power options for its **Memphis and Southaven** campuses: EPA updates turbine rules affecting xAI data center power.
- **Kentucky: policy fight over who bears AI DC costs**: Kentucky lawmakers/regulators are debating approaches including **statewide tariffs** (example cited: **15-year contracts at 80%+**

projected usage) and a **Nuclear Reactor Site Readiness Pilot Program**; local opposition has stalled several projects: Kentucky lawmakers focus on AI data centers.

- **Federal direction on environmental permitting/budgets**: A report says the Trump administration is rolling back protections and fast-tracking permits for AI infrastructure/data centers, and proposes FY2026 budget cuts including **$2.46bn** from EPA Clean/Drinking Water SRFs and **$721m** from USDA Rural Development funding: rolls back U.S. environmental protections and permits.
- **EPA regulatory analysis methodology**: EPA said it will stop monetizing health benefits (ozone and PM2.5) in regulatory analysis while still counting industry costs; advocates warn this could weaken emissions rules relevant to turbines and other power sources for large data centers: EPA to stop monetizing health benefits.

Africa

- **Operational risk: national connectivity interruption**: Human Rights Watch says Uganda ordered a nationwide suspension of public internet starting **13 Jan 2026, 6 p.m.**, blocking social media/web browsing/messaging apps and halting SIM sales and outbound roaming; network measurement firms reported a confirmed traffic drop: Uganda Internet Shutdown Violates Rights.

Capital markets & corporate financing signals

- **Australia BESS platform funding optionality**: BlackRock-backed Akaysha Energy is exploring raising "several hundred million dollars," including a minority stake sale, after reports valuing it at **>US$1bn**; it operates the **850 MW Waratah Super Battery** and had an **AU$300m corporate debt facility** (Sep-2025): Akaysha Energy mulls minority stake sale.
- **Quantum compute as "datacenter-ready" hardware**: Equal1 raised **€51m ($60m)** led by ISIF (with Atlantic Bridge, EIC Fund and others) to deploy its **Bell-1 quantum server** into HPC centres and scale manufacturing: Equal1 raises €51M.

Connectivity & network infrastructure

- **New $1bn intra-Asia subsea cable venture**: NTT DATA, Sumitomo Corporation and JA Mitsui Leasing formed **Intra-Asia Marine Networks** to build the **~8,100 km Intra-Asia Marine Cable** linking **Japan, Malaysia and Singapore**. Estimated cost is **~$1bn**, initial capacity **~320 Tbps**, with technology references including **WSS** and **space-division multiplexing (up to 16 fibre pairs / 32 cores)**: Intra-Asia submarine cable venture.

- **US Midwest interconnection/edge positioning**: 1623 Farnam completed a mid-2025 expansion adding **1.5 MW IT capacity** and **280 cabinets**; it cites **60+ carriers**, Omaha IX adoption (including Iowa Communications Network), and Azure ExpressRoute partner positioning: 1623 Farnam 2025 Review.

2-line wrap

Policy is moving closer to the physical constraints: generator permitting, storage procurement, and interconnection delays are now front-and-center in multiple US states.

At the same time, AI infrastructure demand is being expressed in GW-scale commitments, pushing operators toward modular edge builds and more diverse compute and power supply options.