US Data Center Daily Briefing

January 18, 2026

KEY THEMES

- PJM proposals shift new-build funding toward data centres
- EPA air-permit enforcement risk for portable/temporary turbines
- Onsite generation scrutiny at xAI Memphis (turbines, NOx impacts)
- Nuclear PPAs/SMR offtake re-emerge for AI load growth
- Local permitting and community pushback in Michigan for large campuses
- India peak demand and major transmission approvals signal accelerating grid buildout
- Critical infrastructure resilience policy tightening in Austria (digital + energy)

Global data centres & power briefing (UTC 2026-01-18)

Audience: Institutional asset managers and infrastructure fund managers (data centres, power and grid)

Top news (3)

1. **PJM market redesign aimed at making hyperscale load pay for new generation**: The White House plus 13 governors urged PJM to run an auction offering **15-year contracts** so **data centre operators fund new power plants**, and to extend a **wholesale payment cap** through **mid-2028**. PJM also floated **emergency curtailment** mechanisms for large users and **faster interconnection** proposals (US urges PJM to make data centers fund new power plants).
2. **EPA tightens air-permitting expectations for "portable/temporary" gas turbines**: The EPA clarified that **methane gas turbines— even if temporary/portable—require air permits**, raising regulatory risk for data centre buildouts using trailer-mounted generation. This is directly linked to scrutiny at xAI's Memphis site (EPA rules xAI Memphis data centre used illegal power).
3. **Nuclear resurfaces as a credible supply option for AI-driven demand growth**: At an IAEA convening, tech and nuclear stakeholders discussed scaling nuclear amid projected electricity demand growth of **>10,000 TWh by 2035**. Recent examples cited include **Microsoft's 20-year PPA to restart Three Mile Island Unit One** and **Google's agreement to buy energy from multiple SMRs targeting operation by 2030** (AI drives renewed push for expanded nuclear power capacity).

Key deals & projects (by region)

United States

- **xAI (Memphis, TN) – "Colossus" data centre build and onsite generation**
  - EPA ruled xAI operated **up to 35 unpermitted methane gas turbines** at its Memphis **Colossus** data centre; EPA clarified that **portable/temporary turbines require air permits** (EPA rules xAI Memphis data centre used illegal power).
  - Site details disclosed in the story:
    - **Colossus 1 load:150 MW**
    - **Delivery speed:** built in **122 days (2024)**
    - **Expansion:** references to **Colossus 2** and **MACROHARDRR**, which "may need up to **2 GW**"
- **Michigan – community and regulatory pushback around large campuses**
  - **DTE Energy** accepted commission conditions to power a proposed **1.4 GW OpenAI and Oracle data centre** in **Saline Township**, while **Michigan AG Dana Nessel** and others requested a rehearing of the approval (Michigan communities debate rapid expansion of large data centers).
  - Multiple municipalities cited as debating/pausing/opposing large data centre projects over **energy, water, zoning, and community concerns**: **Lyon Township, Saginaw, Lansing, Van Buren Township, Allen Park** (Michigan communities debate rapid expansion of large data centers).

Global (nuclear contracting examples referenced)

- **Microsoft – nuclear-backed supply**: cited as signing a **20-year PPA** to **restart Three Mile Island Unit One** (AI drives renewed push for expanded nuclear power capacity).
- **Google – SMR offtake**: cited as agreeing to buy energy from **multiple SMRs** with an aim for **operation by 2030** (AI drives renewed push for expanded nuclear power capacity).

India

- System demand and buildout context relevant to data centre power planning:
  - **Record peak demand:242.49 GW** (FY 2025–26)
  - **Total installed capacity:509.743 GW** (as of 30 Nov 2025)
  - **Non-fossil share:51%**, stated as meeting India's NDC target **five years early** (India hits record 242.49 GW demand, boosts renewables share).

Power, grid & interconnection highlights

PJM (US): capacity procurement, curtailment risk, and interconnection acceleration

- Policymaker proposal:
  - A requested PJM auction for **15-year contracts** designed so **data centres fund new power plants** (US urges PJM to make data centers fund new power plants).
  - Request to extend a **wholesale payment cap** through **mid-2028** (US urges PJM to make data centers fund new power plants).
- PJM response concepts flagged:
  - A formula to **cut power to large grid users (including data centres) during emergencies**
  - Proposals to **fast-track interconnection** (US urges PJM to make data centers fund new power plants).

Michigan (US): utility service conditions for hyperscale load

- **DTE Energy** accepted commission conditions to serve a proposed **1.4 GW** campus for **OpenAI and Oracle** in **Saline Township**, but the approval is being challenged via a rehearing request (Michigan communities debate rapid expansion of large data centers).

India: transmission capex and grid expansion

- **Inter-state transmission projects approved:₹38,849 crore**
- **Transmission added:6,511 circuit km**
- Additional power-system actions cited: commissioning **Parbati-II (800 MW)** and approval of **Tato-II (700 MW)** (India hits record 242.49 GW demand, boosts renewables share).

Policy & regulation

United States: air permitting for onsite generation at data centres

- EPA determination affecting "behind-the-meter"/temporary generation tactics:
  - EPA ruled xAI ran **up to 35 unpermitted methane gas turbines** at its Memphis data centre, reinforcing that **portable/temporary turbines require air permits** (EPA rules xAI Memphis data centre used illegal power).
  - EPA estimated up to **296 tons of NOx reductions annually by 2032** under the clarified approach (EPA rules xAI Memphis data centre used illegal power).
  - The ruling followed an **NAACP lawsuit** and advocacy by **SELC** (EPA rules xAI Memphis data centre used illegal power).

Austria (EU): critical infrastructure resilience framework

- Austria published a **national risk analysis** and the **Austrian Resilience Strategy (ÖSRKE)** (Jan 2026), implementing the **Resilience Kritischer Einrichtungen Gesetz (RKEG)** adopted in Oct 2025 (Austria publishes national risk analysis and resilience strategy).
- Described as a **binding, BMI-led** framework to protect vital services—explicitly including **digital infrastructure**—against **natural hazards, prolonged power outages, sabotage and hybrid threats** (Austria publishes national risk analysis and resilience strategy).

United States (local): permitting and community constraints

- Michigan municipalities are actively debating/pausing/opposing large data centre proposals due to **energy, water, zoning, and community concerns**—a reminder that entitlement timelines can be as material as interconnection timelines (Michigan communities debate rapid expansion of large data centers).

2-line wrap

Policy and market design are tightening around hyperscale load—both via **who pays for new generation (PJM)** and **how onsite turbines are permitted (EPA)**.
At the same time, the supply conversation is widening, with nuclear (large and SMR) increasingly positioned as an option for AI-driven demand growth.

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