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Data Center Briefing

December 20, 2025

Global

Key themes:
Oracle commits to Michigan AI data center campus with 17+ year DTE service agreement and privately funded energy infrastructure; Virginia 500kV Golden-to-Mars transmission line faces heavy opposition; SCC decision due in January; UK Planning and Infrastructure Act and LDES cap-and-floor aim to accelerate grid and storage delivery; EU launches €1.5bn Battery Booster Strategy; new content/FDI rules from 2026 onward; EU ReArm Europe expands funding for AI/cloud/cyber and AI factories/Gigafactories; Supply chain volatility: tariff uncertainty and rising copper/metal demand could pressure capex and lead times; Platform scaling and ecosystem tie-ups: T5 growth; Telehouse Canada–Megaport connectivity partnership; Alternative power pilots: PowerCell leases hydrogen fuel cell systems to a US data center provider (Q1 2026)

Market overview (Global | 20 Dec 2025)

Demand signals for AI-oriented capacity remain strong, with hyperscalers and incumbents pushing new campus builds and tighter integration with utility infrastructure. The biggest concrete siting move in today's flow is Oracle's planned AI campus in Michigan with a long-duration service framework and privately funded energy infrastructure, underscoring how power access, cooling design, and utility counterparties are becoming core bankability variables for new builds.

Policy and grid items skew toward acceleration *and* friction: the UK is pushing planning reform and backing long-duration storage via a cap-and-floor model, while in Northern Virginia community and regulatory pushback on major transmission expansion remains a near-term execution risk for Data Center Alley.

Risks and watchpoints

Near-term downside risks (execution, capex, schedule):

- **Transmission build-out opposition / permitting risk (US—Virginia):** Loudoun County resistance to Dominion's proposed 500kV line raises schedule and cost uncertainty, including pressure for undergrounding and explicit cost allocation to data center customers (see Virginia residents oppose Golden to Mars transmission line).
- **Supply chain cost volatility:** Elevated uncertainty around **potential U.S. tariff refunds** and **surging copper/metal demand** tied to the energy transition could pressure project budgets and OEM lead times (see Everstream highlights tariffs, metal demand and supply risks).
- **Grid and cable infrastructure security/regulatory tightening:** New compliance burdens can raise cost and timing risk for network and interconnect projects (e.g., Taiwan's stricter undersea cable protections and penalties; see Taiwan tightens laws to protect critical undersea cables).

Potential upside risks (capacity unlocks, support mechanisms):

- **UK planning acceleration and community compensation signals:** The UK's new planning reforms and explicit bill discounts for communities hosting new pylons may de-risk delivery of grid assets that ultimately underpin data center energisation (see UK Planning and Infrastructure Act accelerates housing and clean energy).
- **Revenue stabilization for long-duration storage (UK):** Ofgem's cap-and-floor approach for LDES can improve financeability of duration assets that support higher-load regions and intermittent renewables build-out (see UK minister outlines support for long-duration electricity storage).
- **EU industrial policy for batteries:** The EU's Battery Booster Strategy (incl. a €1.5bn facility and new content/FDI rules) may accelerate European battery value chain capacity relevant to UPS/BESS supply and pricing over time (see EU launches Battery Booster Strategy to strengthen industry).

Key deals and projects

Data center development & utility contracting

- **Michigan (US): Oracle AI campus for OpenAI**
  - Oracle will **build and operate** a "major AI data center campus" in **Saline Township, Michigan** to serve **OpenAI**.
  - Cooling: **closed-loop, non-evaporative** design.
  - Power/utility: **privately funded energy infrastructure** under a **17+ year service agreement** with **DTE Energy**.
  - Cost trajectory: Oracle expects to contribute **~$300m annually toward fixed energy costs by 2029–2030**, alongside "thousands of jobs" and recurring community benefits (schools/government/services).

- Source: Oracle to build major AI data center in Michigan.

Digital infrastructure platform scale-up

- **T5 Services (US & Europe): delivery and O&M scale**
    - Reported growth from **$87m (2021)** to **$1.6bn (2025)**.
    - Operational footprint: **77 data centers**, **>4 GW** capacity across the US and Europe; delivered **750 MW** and **2m sq ft** of mission-critical space.
    - Source: T5 Services rapidly scales integrated data center delivery.

Connectivity/ecosystem partnerships

- **Canada: Telehouse Canada + Megaport**
    - Partnership offers on-demand connectivity over Megaport's NaaS platform, including access to **280+ cloud on-ramps**, **300+ service providers**, Megaport Cloud Routers and the **AI Exchange** ecosystem.
    - Source: Telehouse Canada partners with Megaport for advanced cloud connectivity.
- **US/global: Dell + Equinix hybrid infrastructure**
    - Collaboration runs Dell PowerStore/PowerFlex inside **Equinix Cloud-Connected Data Centers** to support low-latency, compliance, DR, sovereignty and AI/analytics use cases.
    - Source: Dell and Equinix enable cloud-adjacent hybrid data infrastructure.

On-site / alternative power pilots

- **US: PowerCell fuel cell lease to a data center provider**
    - PowerCell to **lease two PS190 fuel cell power systems** for **6–12 months starting Q1 2026**, integrated with a Distributed Master Controller to validate performance/integration for a "zero-emission" data center power application.
    - Source: PowerCell to lease fuel cell systems to US data center.

Power, grid & interconnection highlights

US—Virginia: transmission expansion faces concentrated opposition

- Dominion Energy's proposed **500kV Golden to Mars transmission line** (intended to serve "Data Center Alley") is facing organized opposition in Loudoun County.
- The State Corporation Commission (SCC) has received **1,000+ comments** and **nearly 600 testifying witnesses**, extended written comments to **30 Dec**, with a decision expected in **January**.
- Key investor implication: energisation timelines and cost allocation remain a live issue; undergrounding requests could materially change capex and

delivery risk.
- Source: Virginia residents oppose Golden to Mars transmission line.

Europe—grid and renewables enabling infrastructure

- **UK: Five Estuaries Offshore Wind Farm consented**
  - Development consent granted for **>300 MW** offshore wind with associated onshore/offshore grid infrastructure into National Grid.
  - Source: UK approves Five Estuaries offshore wind farm project.
- **Latvia: distribution cable project contract modified**
  - AS “Sadales tīkls” modified a **€698,055.30** EU-funded contract with **SIA “Hanza-elektro”** for a new **20kV cable line** in **Baldone and Tome**.
  - Changes: added **cybersecurity requirements** and extended completion deadlines to **2026**, citing legislative changes and delays in deforestation.
  - Source: Latvia modifies contract for new 20kV power cable line.

Nuclear as baseload narrative (no new project finance disclosed)

- ENEC’s **Barakah Nuclear Energy Plant** received the 2025 Platts Global Energy Award for “Excellence in Energy – Power,” framed as reliable baseload supporting rising AI/tech/industrial demand.
- Source: ENEC’s Barakah nuclear plant wins Platts energy award.

Policy & regulation

UK: planning acceleration + storage financeability

- **Planning and Infrastructure Act (Royal Assent):** wide-ranging reforms to accelerate critical clean energy and transport infrastructure; includes **pylon-support schemes** and **electricity bill discounts up to £2,500** for communities hosting new pylons.
  - Source: UK Planning and Infrastructure Act accelerates housing and clean energy.
- **Long-duration electricity storage (LDES):** UK government backing for next-gen LDES via **Ofgem cap-and-floor** revenue stabilization.
  - Source: UK minister outlines support for long-duration electricity storage.

EU: industrial policy, defence-tech funding, and digital infrastructure evaluation

- **Battery Booster Strategy:** includes a **€1.5bn Battery Booster Facility**, plus raw materials/R&D support and new EU content and FDI rules, coordinated from **2026 onward**.
  - Source: EU launches Battery Booster Strategy to strengthen industry.

- **ReArm Europe Regulation:** amends multiple EU funding instruments to expand support for **dual-use and defence technologies**, explicitly including **AI, cloud, cyber**, and infrastructure such as **AI factories** and **AI Gigafactories**.
    - Source: EU Regulation to boost defence investments via ReArm Europe.
- **Digital Europe Programme interim evaluation:** highlights deployments across HPC/AI/cyber/skills; flags **co-funding and administrative bottlenecks** and calls for much larger future investment in “sovereign, energy-efficient, AI-ready” digital infrastructure.
    - Sources: EU Digital Europe Programme interim evaluation highlights achievements and EU interim evaluation of the Digital Europe Programme 2021–2024.

US: policy discourse on community benefit and negotiation posture

- Academic/policy commentary argues hyperscale negotiations should require **transparent impact analysis**, **cost-reflective pricing**, and **conditional incentives** tied to hyperscaler revenues.
- Source: Guiding hyperscale data centers for fair AI futures.

What to watch (next 2–6 weeks)

- **Virginia SCC decision timing and conditions** for Dominion’s 500kV Golden-to-Mars line; risk of undergrounding mandates and/or explicit cost responsibility for data center customers (Golden to Mars transmission line).
- **Execution milestones** for Oracle’s Michigan campus model: how “privately funded energy infrastructure” under a **17+ year** service agreement shapes replicability and utility negotiations (Oracle to build major AI data center in Michigan).
- **UK implementation details** for planning reforms and how quickly grid and major-project consenting timelines compress (Planning and Infrastructure Act).
- **LDES cap-and-floor pipeline response**: whether a near-term wave of UK LDES proposals emerges under the revenue-stabilization framework (LDES support).
- **Supply chain budget pressure** from copper/metal demand and tariff-related uncertainty (monitor procurement and EPC contingencies) (Everstream supply chain risks).
- **EU 2026 policy rollout**: practical impact of Battery Booster facility and new content/FDI rules on UPS/BESS and broader electrification supply chains (Battery Booster Strategy).

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