US Data Center Daily Briefing

December 20, 2025

KEY THEMES

- Utility capacity expansion accelerating for data center load (Georgia +10,000 MW)
- Michigan Saline Township Oracle–OpenAI campus advances with strong utility contract protections
- FERC pushes PJM colocation and large-load transmission service design on tight timelines
- Transmission and permitting backlash intensifies (Virginia 500 kV line; Ohio water discharges)
- Rising political/regulatory scrutiny of incentives, process legitimacy, and environmental impacts
- Supply chain and materials risk (tariffs; copper/metal demand)

Market overview (North America | 20 Dec 2025)

AI-driven load growth continues to force "system-level" responses across generation, transmission, and regulation—shifting project risk from pure real estate execution to power contracting, cost allocation, and permitting. This week's newsflow highlights (i) regulators increasingly willing to approve large-load power contracts with strong credit protections, (ii) rapid policy work on large-load interconnection and colocation, and (iii) mounting community pushback (transmission siting, water impacts, zoning/tax incentives) as data centers become a mainstream ratepayer and land-use issue.

Risks and watchpoints (near-term)

- **Demand-risk and stranded-capex risk shifting onto utilities/ratepayers**: Georgia Power's plan to add ~10,000 MW at $16.3bn comes with explicit warnings from opponents about downside if data center demand falls (Georgia approves 50% power expansion to serve data centers).
- **Regulatory process and legitimacy risk**: Michigan's fast-track approval of DTE contracts for the Saline Township campus drew criticism over an uncontested ex parte process and limited local participation (Michigan commission approves DTE data center despite community concerns).
- **Interconnection/colocation rule uncertainty (PJM)**: FERC is pushing PJM to create new transmission services and define terms for colocating large loads at existing plants—creating near-term opportunity for behind-the-meter strategies but also compliance/rate-design uncertainty (FERC orders PJM to develop data center colocation rules).

- **Transmission siting backlash in "Data Center Alley"**: Loudoun County resident opposition to Dominion's proposed 500 kV Golden-to-Mars line is intensifying; the Virginia SCC decision is expected in January and could set precedent on undergrounding/cost responsibility (Virginia residents oppose Golden to Mars transmission line).
- **Water and discharge permitting as bottleneck**: Ohio EPA's proposed general permit for cooling/boiler wastewater discharges opens a new regulatory pathway but has heavy scrutiny and a comment window to 16 Jan 2026—risking delays and added conditions for new builds (Ohio EPA proposes permit to allow data center discharges).
- **Materials and supply chain inflation**: Elevated uncertainty around tariffs and surging copper/metal demand (energy transition) increases risk to electrical balance-of-plant costs and schedules (Everstream highlights tariffs, metal demand and supply risks).

Key deals and projects (campus / development)

Michigan: Saline Township Oracle–OpenAI "Stargate" campus

- Michigan regulators approved DTE Energy's request to serve a **1.4 GW** development with contracts featuring **upfront collateral, minimum charges, and a termination fee**—a structure that reduces utility counterparty risk and may become a template for other large-load approvals (Michigan approves DTE to power Oracle-OpenAI data center).
- Oracle separately stated it will build and operate a major AI data center campus in Saline Township to serve OpenAI, with **closed-loop, non-evaporative cooling** and **privately funded energy infrastructure** under a **17+ year service agreement with DTE**; Oracle expects to contribute **~$300m annually toward fixed energy costs by 2029–2030** (Oracle to build major AI data center in Michigan).
- Environmental permitting/community scrutiny remains active: a hearing addressed a permit to disturb **10 acres of wetlands** for the project; additional Michigan capacity proposals are also surfacing (Michigan hearing on wetlands permit for Saline data center).

Texas: land-backed campus strategy

- Texas Pacific Land Corp. partnered with Bolt Data & Energy to develop large-scale West Texas campuses on TPL land. Bolt raised **$150m** and TPL invested **$50m** (reported **$200m partnership**). TPL receives **equity, warrants, and a ROFR to supply water**; Bolt plans **natural gas-fueled, renewable, and ultimately nuclear** supply strategies (Bolt and TPL partner to build West Texas data centers).

Arizona: binding county framework around renewables and water

- Pima County executed a binding MOA with Beale Infrastructure for the **$3.6bn** Houghton Data Center with enforceable **water, energy, and 100% renewable matching** commitments, including an **Energy Supply Agreement for phase 1**. Beale will pay **~$21m** for the site; projected **$58.8m county tax revenues over 10 years** and **180+ permanent / 3,000+ construction jobs** (Pima County and Beale sign MOA for Houghton Data Center).

Pennsylvania: reuse of thermal generation sites

- Springdale Borough Council approved a conditional use permit for a **565,000-sq-ft** data center at the former Cheswick Generating Station site (5–2 vote), despite resident concerns (Springdale council approves data center at former coal plant site).

Michigan (other): smaller-scale capacity with phased funding

- Southfield approved Metrobloks' site plan for a **100 MW** (109,683-sq-ft) data center on 12.19 acres; developer estimates **~$1.5bn** across two phases and plans to finalize capitalization after securing a tenant (Southfield approves 100MW Metrobloks data center site plan).

Power & grid / interconnection highlights

- **Georgia capacity build-out**: Georgia PSC approved Georgia Power's plan to increase generating capacity by **~50% (~10,000 MW)**; construction estimated at **$16.3bn** with customers projected to pay **$50–$60bn** over coming decades. Georgia Power agreed to use new-customer revenue to apply downward pressure on rates **2029–2031** (at least **$8.50/month**) (Georgia approves 50% power expansion to serve data centers).
- **PJM colocation framework underway**: FERC ordered PJM to create rules enabling data centers to colocate at gas and nuclear plants, including **three new transmission services within 60 days** and a **Jan. 19 report** on integrating large loads (FERC orders PJM to develop data center colocation rules). Related coverage emphasizes that this follows disputes such as Amazon's proposed colocation at the Susquehanna nuclear plant and broader shortage concerns in a region serving ~65m people (FERC allows data centers to connect directly to power plants).
- **PJM market signal**: Capacity prices hit **$333.44 per MW-day**, up ~**1,000%** over ~two years; cleared supply **134,479 MW** was ~**6,600 MW** short of the reliability requirement. Talen expects **>$1bn** in capacity revenues for the 2027–2028 planning year (PJM capacity prices surge as data centers tighten supply).
- **Transmission siting risk (Virginia)**: Dominion's proposed **500 kV** Golden-to-Mars line faces organized opposition and calls for undergrounding and cost assignment to data center

customers; Virginia SCC decision expected January (Virginia residents oppose Golden to Mars transmission line).

Policy and regulatory developments

- **Water permitting (Ohio)**: Ohio EPA proposed a **five-year general permit** allowing qualifying data centers to discharge specified cooling/boiler wastewaters under conditions; comments open through **16 Jan 2026** and final approval rests with the Director (Ohio EPA proposes permit to allow data center discharges).
- **Maryland: mandated studies and planning capacity**: The General Assembly overrode the Governor's vetoes to require studies of **GHG costs and data center impacts** and to establish an **energy planning office** (Maryland lawmakers override governor on climate, data center bills).
- **Michigan incentives under pressure**: Bipartisan lawmakers introduced a three-bill package to repeal data center sales/use tax exemptions that have attracted at least 14 hyperscale proposals, including the Saline Township project (Michigan lawmakers seek repeal of data center tax breaks).
- **Local/community agreements setting new "operating constraints"**: A court-filed settlement for a Pittsburg data center requires rooftop solar, recycled-water cooling, 100% renewable energy, wildlife surveys, and a **$750,000** climate resiliency payment; the Center for Biological Diversity will not oppose phase 1 and future phases need separate environmental review (Agreement secures renewables and recycled water for data center).
- **Political risk: national pushback narrative**: Calls for a national moratorium on new data center construction are being amplified by Senator Bernie Sanders and 200+ environmental groups, citing energy/water/emissions concerns and activism blocking/delaying ~$64bn of plans (US calls for data center moratorium amid AI energy concerns).

Technology, delivery capacity, and "enablers"

- **Execution capacity in delivery/ops**: T5 Services reported growth from **$87m (2021)** to **$1.6bn (2025)**; now managing **77** data centers and **>4 GW** across the U.S. and Europe; delivered **750 MW** and **2m sq ft** (T5 Services rapidly scales integrated data center delivery).
- **Networking for AI scale**: Arista launched its Netdi-powered Blue Box platform aimed at reliable NOS-agnostic networking for large AI/cloud data centers, highlighting diagnostics and resilience features (Arista unveils Netdi-powered Blue Box for AI networking).

- **Interconnection ecosystem**: Telehouse Canada partnered with Megaport to provide on-demand cloud/AI connectivity with access to 280+ cloud on-ramps and Megaport's AI Exchange ecosystem (Telehouse Canada partners with Megaport for advanced cloud connectivity).

What to watch (next 2–6 weeks)

- PJM's required filings: **new transmission services within 60 days** and the **Jan. 19** large-load integration report after FERC's colocation order (FERC orders PJM to develop data center colocation rules).
- Virginia SCC decision timing and conditions for Dominion's **500 kV** Golden-to-Mars project (undergrounding/cost allocation precedent) (Virginia residents oppose Golden to Mars transmission line).
- Ohio EPA general permit outcome and whether conditions expand to address concerns (comment deadline **16 Jan 2026**) (Ohio EPA proposes permit to allow data center discharges).
- Michigan follow-through: implementation of DTE tariff/cost-of-service studies and ongoing permitting/community actions around the **1.4 GW** Saline Township campus (Michigan approves DTE to power Oracle-OpenAI data center).
- Watch for additional U.S. utility approvals adopting **collateral/minimum-charge/termination-fee** templates for hyperscale power service agreements (Michigan as early reference point) (Michigan approves DTE to power Oracle-OpenAI data center).

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