



DIGITAL POWER DIGEST

WEEK IN REVIEW

The Buildout Hits Its Constraints

This week the AI infrastructure debate saw one of the leading centers of data center construction impose a statewide moratorium in the face of fierce political opposition. Texas — shorthand until now for abundant land, gas and a permissive development regime — paused new data center approvals while ERCOT and the Public Utility Commission audit a 474 GW interconnection queue. Credit markets stayed open but continued to turn discriminating, utilities committed balance-sheet capital to customer-backed generation, and Bloomberg documented that AI load itself behaves differently from the steady demand assumption embedded in conventional power systems.

Texas turned queue position into an underwriting test. ERCOT is tracking more than 1,800 projects representing roughly 474 GW of requested load — more than five times the peak power record of 91.1 GW set on July 22 — and roughly 90% of the requested capacity is data centers. Governor Abbott’s August 3 directive requires projects to document power supply, water use, tax incentives, community impacts and ownership before advancing; ERCOT responded by suspending its Batch Zero study (leaving billions of dollars in limbo). Only 28 of 377 companies contacted in an earlier PUCT survey responded, and that non-compliance is the audit’s stated trigger. The immediate effect is delay. The long-term impacts will play out over time but it is a truism that capital dislikes—and flees—uncertainty and ERCOT just inserted a huge dose of it into its AI capex market.

Capital is available, but no longer frictionless. Six major AI and technology issuers — Amazon, Alphabet, Nvidia, Meta, Oracle and SpaceX — have raised more than \$200 billion of dollar bonds this year, and hyperscaler issuance through July was already nearly double all of 2025. Alphabet still attracted roughly \$115 billion of orders for a \$25 billion sale, but paid an unusually generous new-issue concession and committed to a predictable twice-a-year issuance cadence to calm supply fears. BlackRock’s \$12.5 billion Meta-linked data center financing cleared only at a 7.5% yield — junk-bond territory for investment-grade paper — and only by steering allocation to buy-and-hold accounts. The market is not closing; it is differentiating on tenant credit, contract quality and residual-value risk.

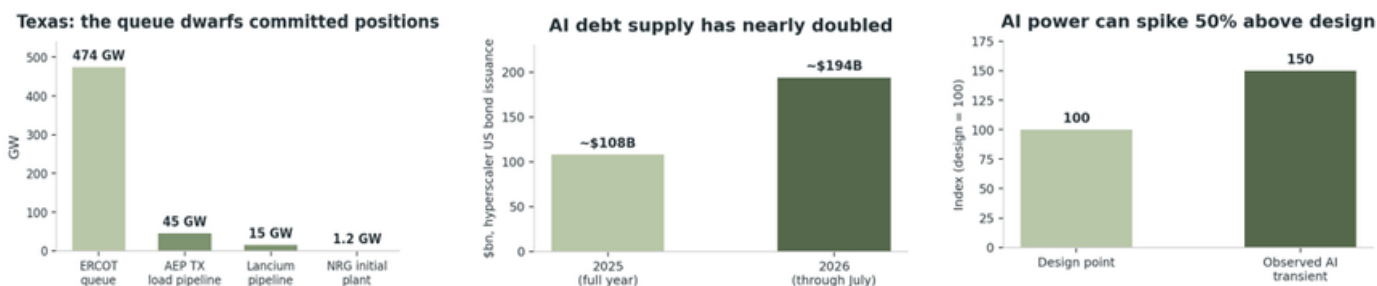
Power rights are becoming strategic assets. AEP has secured 13 GW of gas turbines through 2031 with framework options on 10 GW more through 2035. Duke plans 15 GW of new generation by 2031 and expects to issue \$10 billion of equity between 2027 and 2030. Nvidia agreed to invest up to \$3 billion in Lancium — an equity claim on grid positions, not chips. NRG’s proposed 1.2 GW hyperscaler-backed plant goes further: roughly 95% of projected free cash flow would come from capacity payments under a minimum 15-year term with a parent guarantee. The emerging product is not electricity; it is deliverable, financeable megawatts.

And the load model is becoming part of the credit model. Training clusters can push demand as much as 50% above design capacity for split seconds, stressing batteries, generators and cooling. NERC’s review of more than 33 GW of operating data centers found roughly three-quarters of load models insufficient to represent dynamic behavior. Power quality, controls, storage and ride-through engineering are turning into underwriting variables, because downtime destroys compute revenue and premature equipment wear changes depreciation assumptions.

The common read-through: the physical buildout continues, but the burden of proof has moved upstream. Regulators want to know whether the load is real and who pays for it. Lenders want durable contracts and better secondary-market performance. Utilities want customer-backed generation. Operators need campuses that behave predictably at the grid edge. The winners will be projects that can answer all four before steel is ordered.

474 GW ERCOT LARGE-LOAD QUEUE	\$200B+ 2026 \$ BONDS, SIX AI/TECH ISSUERS	500+ ACTIVE U.S. DATA CENTER RESTRICTIONS	+50% AI LOAD SPIKE ABOVE DESIGN
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★ CHARTS OF THE WEEK | THREE CONSTRAINTS ON THE AI BUILDOUT



Sources: ERCOT/PUCT; AEP; NRG; The Information; Bloomberg; FT. Charts: Keel Infrastructure

The three charts point to the same change in market structure: announced demand is being discounted, debt capacity is no longer free, and the electrical behavior of AI is now an engineering constraint. The common requirement is proof — of load, of capital and of controllability.

★ MARKET SPOTLIGHT | FEATURED ANALYSES

TEXAS PUT THE QUEUE ON TRIAL

A 474 GW backlog turns load credibility into a regulatory requirement

Governor Greg Abbott's August 3 directive did more than pause a fast-track interconnection process; it imposed an underwriting test on a market whose development pipeline had become too large to take at face value. ERCOT is tracking more than 1,800 projects representing roughly 474 GW of requested load — more than five times the record peak demand set two weeks earlier — and roughly 90% of the requested capacity is data centers. ERCOT responded by suspending Batch Zero, the first cohort under the state's new large-load process, and will seek a good-cause exception at the PUCT's August 20 open meeting.

474 GW ERCOT QUEUE	1,800+ PROJECTS TRACKED	~90% OF REQUESTED MW: DATA CENTERS	28/377 PUCT SURVEY RESPONSES
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THE QUEUE IS NOT THE LOAD

The central problem is conversion. Texas is the country's second-largest data center market, with at least 335 operating facilities identified by the Texas Tribune, yet the queue is orders of magnitude larger than anything that can plausibly reach construction on current timelines. The audit requires disclosure of projected peak and annual power use, on-site generation, water demand and reuse, tax incentives, community impacts and ownership. The trigger was non-compliance: only 28 of 377 companies responded to the PUCT's statutory power-and-water survey. That gap explains why regulators no longer accept the queue as a load forecast — and why SB 6's disclosure-and-curtailment framework, signed in June 2025, is now being enforced rather than merely implemented.

BRING-YOUR-OWN-POWER MOVES FROM OPTIONAL TO DEFENSIVE

The policy direction favors projects that carry their own infrastructure risk. NRG is aligned on principal commercial terms for a 1.2 GW Texas combined-cycle plant for an unnamed hyperscaler: a minimum 15-year term, an investment-grade parent guarantee, and capacity payments supporting roughly 95% of projected free cash flow. As CEO Robert Gaudette put it, NRG is paid for the megawatts it builds and makes available, not for how much the data center runs — the return is set upfront, independent of merchant power and gas prices. Nvidia's investment of up to \$3 billion in Lancium makes the same point from a different angle: Lancium has 4 GW already contracted on the Texas grid and as much as 15 GW of powered land awaiting connection rights, and the deal values that portfolio near \$10 billion. Scarce grid studies and transmission positions are becoming balance-sheet assets.

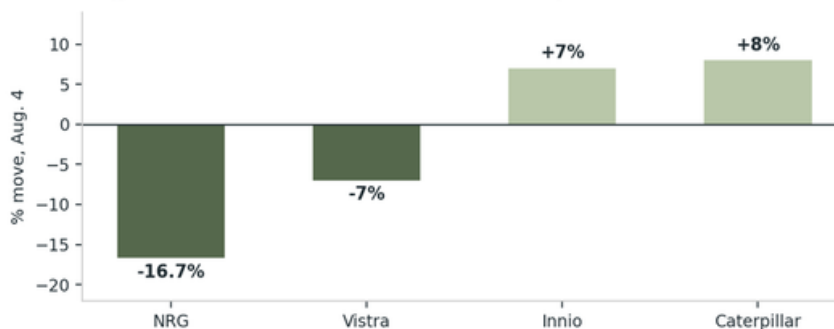
THE MORATORIUM IS BECOMING A NATIONAL CREDIT VARIABLE

Texas is not an isolated policy event. The Information counted more than 500 active local restrictions at the start of August, after more than 150 towns and counties adopted temporary or permanent limits in July alone. New York has paused approvals for one year for hyperscale projects of 50 MW or more. The notable change is geography: the backlash is now concentrated in the Midwest and South — precisely where developers moved to escape the land, power and permitting constraints of legacy markets.

THE AUDIT MOVES DILIGENCE TO THE FRONT OF THE DEVELOPMENT CYCLE

POWER	WATER	PUBLIC SUPPORT	PROJECT IDENTITY
Peak and annual use; grid vs. on-site supply; generation progress	Peak and annual use; source; cooling and reuse plan	Tax abatements, grants, incentives and who ultimately funds infrastructure	Ownership, community impacts and evidence of a committed end user rather than a speculative placeholder

Aug. 4 tape: Texas merchants down, power equipment up



Sources: Company reports; market data, Aug. 4. Chart: Keel Infrastructure.

A note on causation, because the tape invited a lazy read: the August 4 moves were earnings-driven first and policy-driven second. NRG's roughly 17% decline traces primarily to a Q2 EPS miss — Houston around-the-clock power cleared at \$33/MWh against a \$52 plan — with the audit compounding its Texas-heavy exposure. Vistra fell about 7% despite a solid quarter, the cleaner expression of Texas policy risk. Caterpillar's 8% gain came on a beat-and-raise powered by a record \$72 billion backlog, and engine maker Innio rose about 7%. The tell is Constellation — a nuclear operator with no ERCOT exposure — which is up over the same month. This is Texas-specific repricing plus a bid for the equipment layer, not an unwind of the AI power trade.

500+ ACTIVE U.S. RESTRICTIONS	1,800+ LOCAL LIMITS ADDED IN JULY	50 MW NEW YORK PAUSE THRESHOLD	15 yr NRG MINIMUM TERM
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FOUR IMPLICATIONS

- 1. Queue quality becomes a valuation input.** Pipelines should be probability-weighted for survey response, study maturity, site control, power procurement and construction milestones rather than counted at face value.
- 2. Powered land earns a scarcity premium.** Completed studies, transmission capacity and generation rights reduce policy-duration risk; Nvidia/Lancium is a direct equity expression of that value.
- 3. Customer-backed generation moves toward the standard case.** Long-term capacity payments and parent guarantees align the political requirement that large loads pay their own way with the financing requirement for predictable cash flow.
- 4. Siting risk moves into cost of capital.** A project can now lose schedule not because chips or turbines are unavailable, but because local and state permissions change after development capital has been committed.

SCENARIO	MARKET SIGNAL	INFRASTRUCTURE EFFECT
Selective reopening	PUCT/ERCOT triage Batch Zero and prioritize complete filings	Pre-studied, self-funded projects regain schedule; speculative queue MW is written down
Pause extends through election	Audit timetable slips and approvals remain discretionary	Merchant generators and raw land reprice; on-site generation and existing studies gain value
Rules hardens into tariff	Cost allocation, water disclosure, collateral and milestone rules become permanent	Development shifts from option value to financeable obligations earlier in the process
Local restrictions broaden	More counties adopt bans or tax-incentive rollbacks	Capital migrates toward jurisdictions with explicit large-load rules and durable community agreements e.g. PJM

WHAT TO WATCH

ERCOT's good-cause exception request at the August 20 PUCT open meeting; the audit's treatment of projects with completed studies; any restart date for Batch Zero; whether NRG's 1.2 GW hyperscaler project proceeds to final documentation unchanged; and whether Texas converts the audit checklist into permanent large-load rules under SB 6. Bottom line: Texas has not rejected data centers. It has changed the evidentiary standard for getting to the grid.

Sources: Texas Tribune; Utility Dive; ERCOT/PUCT; NRG disclosures; The Information; company reports.

AI CREDIT FINDS ITS CLEARING PRICE

The market is open, but balance sheet and structure now determine cost of capital

The AI buildout is entering the phase in which financing capacity, not just computing demand, sets the pace. Amazon, Alphabet, Nvidia, Meta, Oracle and SpaceX have together raised more than \$200 billion in dollar bonds this year, and hyperscaler issuance through July — roughly \$194 billion — was already nearly double all of 2025. The market can still absorb very large transactions, but weak secondary performance has underwriters changing allocation, timing and pricing.

\$200B+ 2026 DOLLAR BONDS	\$25B ALPHABET SALE	\$115B ALPHABET PEAK ORDERS	7.5% META-LINKED PROJECT YIELD
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ALPHABET SHOWS THE MARKET CAN CLEAR — WITH CONCESSIONS

Alphabet's \$25 billion, ten-tranche sale illustrates the new equilibrium. The deal drew roughly \$115 billion of peak orders — behind only Oracle's \$129 billion and Amazon's \$126 billion earlier this year — but the company paid an unusually generous new-issue concession by 2026 standards, with the spread on the longest bond starting at 155 basis points over Treasuries before settling at 130. Alphabet also told investors it now plans to tap the US dollar market on a predictable twice-a-year cadence. The pacing message was as important as the pricing: scarcity of future issuance is now part of execution strategy for a borrower funding up to \$205 billion of 2026 capex through its first negative-free-cash-flow year since going public.

STRUCTURE IS DOING MORE OF THE CREDIT WORK

Project finance is requiring even more structure. BlackRock's \$12.5 billion bond for Meta's 1 GW El Paso campus targeted pension and insurance accounts specifically to reduce fast-money selling — and still required a 7.53% yield, a level more common in junk bonds, against Fitch-projected lease coverage of about 1.12x over 20 years. Banks are discussing at least \$15 billion of debt for a Google-backed Anthropic data center project in Texas, while Blackstone has separately floated a second Anthropic chip-financing package of at least \$36 billion. In high yield, CoreWeave is leaning more heavily on leveraged loans as the bond market crowds. The common denominator: capital is available when repayment is tied to strong counterparties, contracted capacity or explicit backstops.

CAPITAL CHANNEL	WHAT CLEARS	WHAT GETS PENALIZED
Hyperscaler balance sheet	Large benchmark bonds with explicit issuance pacing	Repeat supply, weak secondary trading, high capex without cash conversion
Project / SPV debt	Long leases, parent guarantees, completion support, real-money buyers	Residual-value risk, weak tenant credit, fast-money allocation
Private credit / structured	Backstops, chip or lease commitments, bespoke collateral	Circularity, opacity, subordination, uncertain takeout markets
IPO / equity	Scaled owners of powered campuses with visible contracted revenue	Speculative pipeline without conversion or operating history

BOTTOM LINE

For infrastructure investors, the relevant spread is increasingly between contracted and corporate risk. A hyperscaler balance sheet can still clear the investment-grade market. A project company needs lease duration, collateral, completion support and a credible residual-value case. A neocloud or AI lab without those protections pays materially more. The sector label is no longer sufficient credit enhancement.

Sources: Bloomberg; FT; Alphabet; BlackRock/Meta financing reporting; Fitch; Blackstone/Anthropic reporting.

AI LOAD IS NOT BASELOAD

Millisecond demand swings turn power quality into a design and financing variable

AI data centers are often modeled as very large baseload customers. Operationally, that assumption is increasingly wrong. Training clusters synchronize hundreds of thousands of GPUs and move demand on millisecond time scales — the digital equivalent of a school of fish changing direction. Power usage can spike as much as 50% above design capacity, so a 1 GW facility can briefly pull 1.5 GW, per Bloomberg’s reporting this week. Power increments the size of small cities appear and disappear within seconds.

+50% TRANSIENT VS. DESIGN	33 GW+ NERC REVIEW SAMPLE	~75% LOAD MODELS INSUFFICIENT	~80% UPTIME AT SOME SITES
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THE CAMPUS IS EXPERIENCING MECHANICAL CONSEQUENCES

The first cost shows up inside the fence. Operators and suppliers report broken engine cranks, cracked gas turbines, prematurely worn batteries and stressed cooling systems. Batteries installed to smooth fluctuations have in some cases required replacement within weeks or months, per the Uptime Institute. Chevron’s planned 2.67 GW West Texas campus — built to Microsoft’s 99.999% reliability requirement — added engineering time and shifted initial power delivery from 2027 to 2028 because load, generation, storage, controls and the grid connection had to be designed as one system.

THE GRID MODEL IS LAGGING THE LOAD

The second cost shows up at the grid interface. NERC’s review of more than 33 GW of operational data centers found roughly three-quarters of load models insufficient to represent dynamic behavior, and in May it issued a rare Level 3 “essential actions” alert — its highest tier — after events in which more than 1,000 MW of computational load dropped off the bulk power system in seconds. Power-quality specialists are now focused on rapid ramps and sub-synchronous oscillations that can propagate stress well beyond the facility itself.

POWER QUALITY ENTERS THE FINANCING MODEL

The third cost is financial. Downtime is not primarily a maintenance expense; it is lost utilization of extremely expensive compute. Bloomberg reported that some facilities are seeing uptime closer to 80%, versus the near-continuous operation embedded in many data center pro formas. If reliability problems persist, lenders and equity investors may need to haircut utilization, shorten equipment lives and require more capital for storage, controls and redundant power electronics — at exactly the moment investors are already questioning depreciation schedules.

FOUR IMPLICATIONS

- 1. Storage sizing becomes operating infrastructure.** BESS, flywheels, capacitors and power electronics are not backup; they are shock absorbers between synchronized GPUs and rotating machinery.
- 2. Interconnection studies need dynamic models.** Static MW forecasts are insufficient when load can change by hundreds of megawatts in milliseconds.
- 3. Warranties and insurance should reprice cycling.** Equipment designed around steady utilization may face materially different duty cycles in AI service.
- 4. Uptime assumptions deserve credit scrutiny.** Lost utilization can overwhelm the replacement cost of failed equipment, because the lost asset is compute revenue, not the breaker or battery itself.

WHAT TO WATCH

NERC large-load modeling and ride-through requirements as the LLWG work plan advances; utility requests for real-time telemetry and ramp limits; contractual responsibility for power-quality equipment; BESS duty-cycle warranties; and whether lenders begin underwriting lower utilization or larger maintenance reserves. Bottom line: the next data center bottleneck may be controllability rather than nameplate megawatts.

Sources: Bloomberg; NERC; Uptime Institute; industry participants.

WEEKLY ROUNDUP

THIRTY STORIES, ONE PHYSICAL STACK

The week's top stories, itemized- each with its own read-through

1. AEP buys the turbine calendar: AEP has secured about 13 GW of gas-turbine supply from GE Vernova and Mitsubishi for deployment through 2031, with framework options on up to 10 GW more through 2035. Its contracted large-load pipeline reached 69 GW, including 45 GW in Texas. Read-through: in a sold-out equipment market, the delivery date is the asset — turbine slots are becoming regulated-growth inventory rather than ordinary procurement. (Utility Dive, Aug. 3)

2. NRG advances a 1.2 GW hyperscaler plant: NRG is aligned on principal terms for a Texas CCGT backed by a global cloud/AI customer: \$3.2 billion (~\$2,670/kW), late-2029 COD, a 15-year minimum term, a parent guarantee, and capacity payments supporting roughly 95% of projected free cash flow, with expansion potential to 2.4 GW. Read-through: merchant risk has been engineered out of the structure — NRG is paid for megawatts made available, not megawatt-hours consumed, and calls this the first of 5.4 GW of secured turbine and EPC capacity through 2032. (Utility Dive, Aug. 6)

3. Nvidia buys into powered land: Nvidia agreed to invest \$2 billion in Lancium for roughly 20%, with another \$1 billion tied to grid milestones, valuing the Stargate power developer near \$10 billion. Lancium has 4 GW contracted on the Texas grid and as much as 15 GW of powered land awaiting connection rights. Read-through: the chipmaker is underwriting its own demand chain — grid studies and transmission positions are now equity-worthy balance-sheet assets. (The Information, Aug. 7)

4. Duke funds a 15 GW generation build: Duke plans 15 GW of new generation by 2031, including 7.5 GW of gas and roughly 4.5 GW of battery storage, against 7.8 GW of signed data center service agreements, with about \$10 billion of common equity expected from 2027–2030. Read-through: regulated capex is being pre-sold to data centers, and the equity need is the honest measure of how large the program really is. (Utility Dive, Aug. 6)

5. TVA turns data center load into earnings: TVA's net income rose to \$965 million for the first nine months of its fiscal year, up \$220 million year over year, as higher power sales were driven largely by data centers and related services. Read-through: public power is quietly monetizing the same load private markets are fighting over — with a statutory cost-recovery model private developers can't match. (Utility Dive, Aug. 6)

6. Caterpillar's power unit overtakes yellow iron: Power & Energy is now Caterpillar's largest segment by sales. Company-wide backlog hit a record \$72 billion, up 92% year over year, with power-generation retail sales up 72% and some orders extending to 2030; shares gained about 8% on the beat-and-raise. Read-through: the equipment layer is capturing the constraint premium with none of the merchant, siting or tenant risk carried elsewhere in the stack. (Bloomberg, Aug. 4)

7. Jacobs' data center pipeline triples: Jacobs says its data center backlog has roughly doubled and its opportunity pipeline tripled, with visibility extending two to three years; record total backlog reached \$28.9 billion. Management is still screening out speculative work. Read-through: when even the E&C firms are underwriting load credibility, the queue-quality discount has reached the services layer. (Construction Dive, Aug. 6)

8. Alphabet raises \$25 billion — at a price: Alphabet's sale attracted about \$115 billion of peak orders, but the company paid a generous new-issue concession and told investors it will move to a predictable twice-a-year US issuance cadence. Read-through: strong demand and softer terms now coexist — even the market's best balance sheet is paying for pacing when investors expect repeated AI supply. (Bloomberg, Aug. 6)

9. Blackstone floats another \$36 billion Anthropic package: Early discussions contemplate at least \$36 billion of debt to finance Anthropic's use of Google chips, following a roughly \$35 billion package arranged earlier this year. Read-through: AI infrastructure is pushing private credit toward utility-scale ticket sizes — and toward exactly the circularity questions public bond investors have started to price. (Bloomberg, Aug. 4)

10. Volta combines venture equity with \$5 billion of financing: The Nvidia- and Dell-backed cloud startup raised \$300 million at a \$2.4 billion valuation, secured another \$5 billion financing pool, and landed a six-year, \$10 billion compute contract structured to separate chip access from customer balance-sheet constraints. Read-through: in neocloud finance, structure is substituting for balance sheet — the contract design is the credit enhancement. (Bloomberg, Aug. 4)

11. Anthropic books Norway compute: Anthropic is the customer behind Volta's \$10 billion, six-year compute agreement. The initial Norway site is 133 MW and will use Nvidia Vera Rubin chips; crypto miner Bitdeer is a delivery partner, continuing the migration of power-ready mining sites into AI. Read-through: energized brownfields keep clearing first — the interconnection position, not the building, is what the AI economy is actually buying. (Bloomberg, Aug. 4)

12. Firmus raises \$2 billion for Australia: Firmus raised \$2 billion from Coatue, Nvidia, Blackstone vehicles and Jane Street to expand Project Southgate in Australia and enter other Asia-Pacific markets. Read-through: global capital is following jurisdictions that can assemble power, land and accelerator supply in one place — the constraint set is the same on every continent. (Bloomberg, Aug. 6)

13. Switch files confidentially for an IPO: Switch is preparing a US listing that could come as soon as November and is seeking a valuation approaching \$50 billion including debt. Read-through: public equity is now being asked to capitalize the owners of powered campuses as aggressively as the users of compute — a live test of whether contracted-megawatt multiples travel. (Bloomberg, Aug. 7)

14. CoreWeave takes 360 MW to Indonesia: CoreWeave plans three Indonesian data centers totaling 360 MW for 2028; the company already has more than 1 GW in use and 3.5 GW under contract globally. Read-through: data localization and regional cloud demand are pushing the neocloud model into Asia — accelerator availability is now necessary but no longer sufficient; capacity delivery decides the map. (Bloomberg, Aug. 4)

15. Lumilens raises \$700 million for optical interconnect: The two-year-old startup was valued at \$5.5 billion and has begun shipping optical transceivers to a hyperscaler under a multi-year agreement it says is worth billions. Read-through: as rack density rises, copper distance limits become the next physical bottleneck — the buildout keeps minting winners one layer down the stack. (Wall Street Journal, Aug. 6)

16. AMD beats the quarter, misses the whisper: AMD forecast third-quarter revenue around \$13 billion and shares fell about 9% as investors demanded a steeper AI ramp. Data center revenue more than doubled to \$6.7 billion, and Lisa Su said 2027 data center sales could grow well over 100%. Read-through: in this tape, a beat is not a catalyst — the bar is the ramp, and anything short of it gets sold. (Bloomberg, Aug. 4)

17. Microsoft discloses \$24.1 billion from OpenAI: OpenAI generated \$24.1 billion of Microsoft revenue in the fiscal year ended June — likely around 70% of Microsoft's actual AI sales by Bloomberg's estimate. Read-through: the disclosure makes the circularity debate measurable: a large share of AI revenue is still supplier-customer interdependence, now with a number attached. (Bloomberg, Aug. 5)

WEEKLY ROUNDUP

18. Big Tech market value snaps back: Microsoft and Amazon added a combined \$1.3 trillion of market value in six sessions after cloud results showed AI-linked growth accelerating: Azure rose 43% and AWS 37%. Read-through: equity investors are rewarding revenue conversion even as bond investors demand higher concessions — the two markets are pricing the same buildout on different evidence. (Bloomberg, Aug. 7)

19. AI productivity finally reaches non-tech margins: Twenty-five S&P 500 companies quantified AI benefits averaging about 180 bps of margin expansion; excluding broader productivity programs, the average was 150 bps. Read-through: the debate is shifting from whether AI creates revenue to whether it lifts economy-wide operating leverage — which is ultimately what justifies the power bill. (Bloomberg, Aug. 7)

20. Anthropic gains on OpenAI in enterprise AI: The Wall Street Journal reports Anthropic's revenue growth has surpassed OpenAI's, powered by Claude Code, while OpenAI has reshuffled management and is fighting for enterprise customers. Read-through: model-market share can redirect billions of dollars of future compute procurement — tenant credit in this sector is a moving target. (Wall Street Journal, July 31)

21. Google's AI bench turns over: Jeff Dean is leaving Google to launch a startup while Demis Hassabis moves to chairman of DeepMind and Alphabet chief scientist. Read-through: just as Google is committing record capital to AI, talent retention becomes another utilization risk sitting on top of the infrastructure stack. (Bloomberg, Aug. 5)

22. China mobilizes its capital markets: Beijing is fast-tracking strategic IPOs and widening bond-market access to finance AI. Chinese tech firms raised about \$217 billion in two years — a fraction of US peers' haul — but domestic funding is materially cheaper, policy-supported and becoming more market-based. Read-through: the financing race is now state-shaped on one side and market-priced on the other; cost of capital is a strategic variable. (Bloomberg, Aug. 9)

23. China's model stack compresses price-performance: Alibaba, Moonshot, ByteDance, DeepSeek and Z.ai are producing models near the US frontier at much lower prices; independent tests cited by Bloomberg show some Chinese workloads running at pennies versus dollars for US models. Read-through: efficiency can reduce the capital required per unit of intelligence — a direct challenge to the assumption that demand for megawatts scales linearly with model quality. (Bloomberg, Aug. 4)

24. DeepSeek starts testing pricing power: After building its franchise on ultra-low prices, DeepSeek warned of a significant increase; V4 Flash currently costs \$0.14 per million input tokens and \$0.28 per million output tokens. The company is also planning roughly 1 GW of AI compute in Inner Mongolia. Read-through: even the price disruptor has to fund a power bill — monetization discipline is arriving on both sides of the Pacific. (Bloomberg, Aug. 6)

25. Envision vertically integrates wind and compute: The renewable-energy group started a 120 MW first phase of its Inner Mongolia Galaxy Campus, targeting 2 GW: about 80% of power from nearby wind via dedicated lines, batteries rather than diesel backup, and a goal of 5 GW of AI capacity globally by 2030. Read-through: vertical integration of generation and compute is the Chinese answer to the interconnection queue — no queue, no audit, no merchant exposure. (Bloomberg, Aug. 5)

26. House report finds a data center security seam: A House China committee said US telecom networks had routine pathways to equipment and data centers connected to Chinese carriers, and the FCC is considering tighter rules on Chinese-made data center components. Read-through: supply-chain security is joining power, water and community impact on the underwriting checklist — another input that can alter schedule and cost after capital is committed. (Bloomberg, Aug. 4)

27. Eaton Fire expands the utility liability overhang: Los Angeles County fire officials concluded Southern California Edison equipment sparked the 2025 Eaton Fire, which killed 19 and destroyed or damaged more than 9,000 structures; more than 32,000 plaintiffs are suing. Read-through: grid hardening is a competing claim on utility capital — every wildfire dollar is a dollar not spent serving new large load. (Bloomberg, Aug. 4)

28. Data center politics moves from edge case to national variable: More than 150 towns and counties adopted temporary or permanent restrictions in July, taking the nationwide active count above 500. The highest concentration is now in the Midwest and South — the same regions developers targeted for cheaper land and power. Read-through: siting risk has migrated to precisely the geographies chosen to escape it; durable community agreements are becoming project infrastructure. (The Information, Aug. 9)

29. Wall Street starts rationing the issuance calendar: Underwriters are spacing AI-linked bond sales after weak secondary trading in deals from Amazon, Nvidia and SpaceX. One banker expects another \$50–60 billion of hyperscaler debt after Labor Day, but some issuers are signaling pauses so investors can absorb supply. Read-through: allocation, timing and pacing are the new price of admission — the calendar itself has become a credit tool. (Bloomberg, Aug. 7)

THE WEEK AHEAD | WHAT WE'RE WATCHING

- Aug. 20 — PUCT open meeting: ERCOT's good-cause exception request on the suspended Batch Zero timeline; any signal on audit scope, duration, or treatment of projects with completed studies.
- Post-Labor Day bond calendar: Underwriters expect another \$50–60 billion of hyperscaler supply; watch whether issuers honor the pacing signals and whether concessions keep widening.
- NRG hyperscaler deal: Movement from principal commercial terms to final documentation — and whether the counterparty is disclosed. The BYOP template will be copied if it closes clean.
- NERC LLWG work plan: Follow-through on the Level 3 alert's August 3 response deadline and the large-load ride-through white paper; site-level modeling requirements will define compliance cost for operating campuses.
- Nvidia results, late August: The demand-side referendum on everything above — guidance on Rubin-generation shipments will reset the load-growth debate again.

BY THE NUMBERS | ISSUE 13 RECAP

- 474 GW — ERCOT large-load queue vs. a 91.1 GW record peak set July 22.
- 28 / 377 — companies that answered the PUCT power-and-water survey.
- \$200B+ — 2026 dollar bonds from six AI/tech issuers; ~\$194B of hyperscaler supply through July, nearly 2x all of 2025.
- 7.53% — yield on BlackRock's \$12.5B Meta-linked data center bond.
- \$72B — Caterpillar's record backlog, up 92% year over year.
- ~95% — share of NRG's projected project free cash flow supported by capacity payments.
- ~\$10B — enterprise value the Nvidia deal implies for Lancium's powered-land portfolio.
- +50% / ~80% — AI transient above design capacity; uptime reported at some AI facilities.
- ~75% — share of load models NERC found insufficient across a 33 GW+ review sample.
- 500+ — active U.S. data center restrictions; 150+ added in July alone.

ABOUT DIGITAL POWER WEEKLY

Digital Power Weekly is Keel Infrastructure's institutional intelligence briefing on the intersection of power markets and digital infrastructure — interconnection, generation, gas supply, capital markets and regulation — edited by Chris Ruppel, SVP – Power. Analysis reflects public information and the editor's judgment as of the issue date. For informational purposes only; not investment advice.