

DATA-CENTER POWER WATCH

WHEN POWER DELAYS CHANGE FIBER INVESTMENT

A plain-English guide to the latest developments
in Texas, Northern Virginia and PJM

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The issue in one sentence

Power has become the main source of timing risk for many new data centers.

A data center cannot open until it has enough electricity.

Fiber built too early can sit unused while the network owner waits for the data center to receive power and begin serving customers.

DELAYED REVENUE

The fiber provider spends money before customer revenue begins.

HIGHER RISK

A project may shrink, move or disappear if power cannot be secured.

BETTER PROJECTS WIN

Sites with confirmed power become more valuable and attract capital first.

How a data center turns into fiber revenue

The network provider gets paid only after several separate milestones occur.

SITE ANNOUNCED

1

A developer identifies land and a target size.

POWER CONFIRMED

2

The utility or onsite generation plan becomes credible.

FACILITY BUILT

3

The developer completes the data center.

CUSTOMERS GO LIVE

4

Computing equipment begins operating.

FIBER REVENUE

5

Network traffic produces recurring revenue.

WHERE MOST UNCERTAINTY SITS

A site announcement does not guarantee power. Fiber economics remain uncertain until the power plan is credible.

What changed during September

The updates all point in the same direction: developers must provide stronger proof before infrastructure gets built around them.

UPDATE	WHAT HAPPENED	PLAIN-ENGLISH MEANING
Texas	ERCOT expanded verification and required a statewide filing for large data centers.	A place in the power queue carries less weight unless the project can prove it is real.
PJM	PJM proposed new operating standards after nearly 4,000 MW of data-center demand disconnected during a grid event.	Data centers must show they can remain stable during grid disturbances.
Oracle	Oracle reported delivering 850 MW of new data-center capacity during the quarter.	Projects with secured power are still opening and creating network demand.
Virginia	The governor introduced tighter approval, cost and power rules for future large data centers.	New projects may take longer and cost more before they can open.

Texas now asks large projects to prove they are credible

The new review covers every data center of at least 25 MW that is seeking an ERCOT grid connection.

25 MW+

Projects covered by the statewide filing

October 12

Deadline for developers to respond

December 10

Target date for the state report

WHAT DEVELOPERS MUST EXPLAIN

POWER

How much the project depends on the grid and whether it has onsite generation

WATER

Where cooling water will come from and how much the project expects to use

OWNERSHIP

Who owns and controls the project

PUBLIC SUPPORT

What tax benefits or other public assistance the project expects

WHY IT MATTERS

Fiber providers should wait for evidence that power, water and ownership questions can be resolved before funding major construction.

PJM is addressing a new reliability problem

During a July grid disturbance, many Northern Virginia data centers disconnected at the same time and switched to backup power.

Nearly 4,000 MW

of data-center demand unexpectedly left the grid during the event

WHAT THIS MEANS FOR FIBER

The demand still exists, but the revenue start date may move later.

PJM'S PROPOSED RESPONSE

Data centers would need to stay connected through normal voltage and frequency disturbances instead of dropping off the grid together.

BUSINESS IMPACT

A completed building may still need more equipment, testing or operating changes before it can run reliably and begin generating network traffic.

Virginia may make future data centers harder and more expensive to develop

Some changes began immediately. The larger policy changes still require action by the 2027 General Assembly.

CHANGES ALREADY UNDERWAY

- 1 State agencies will stop signing secrecy agreements for data-center projects.
- 2 Virginia will speed up noise rules and review backup generators more closely.
- 3 State agencies will focus energy investments on affordability and grid reliability.

CHANGES PROPOSED FOR 2027

- 1 Local approval for data centers using more than 25 MW
- 2 More power-system costs charged directly to large data centers
- 3 Larger financial commitments before projects reserve scarce infrastructure
- 4 Limits on large onsite natural-gas generation
- 5 Priority for projects that bring cleaner power

BOTTOM LINE

New Virginia projects may need more approvals, more capital and a stronger power plan before fiber construction makes sense.

Oracle shows that well-prepared projects are still moving forward

Power constraints are slowing the market unevenly. They are not stopping every project.

850 MW

New data-center capacity Oracle says it delivered during its fiscal first quarter

WHY THIS MATTERS

The strongest projects can still secure power, open facilities and create fiber demand. The market is separating these projects from speculative announcements.



What the developments mean for different businesses

The effect depends on where a company sits in the data-center value chain.

BUSINESS	MAIN EFFECT	PRACTICAL RESPONSE
Fiber provider	Revenue can start later than expected, leaving new fiber underused.	Build in stages and tie spending to verified power milestones.
Data-center developer	More proof, testing and approvals may be required before opening.	Treat power, water and local approval as core development work.
Investor or lender	Announced capacity may overstate the number of projects that will open.	Value projects using the probability and timing of energization.
Corporate customer	Contracted computing capacity may arrive later or move to another market.	Ask suppliers how much capacity has confirmed power and a credible opening date.

A simple green, yellow and red framework for fiber investment

The purpose is to match capital spending to the amount of evidence behind each project.

GREEN

READY TO BUILD

The site has usable power or is commissioning. Customer activation is visible.

RECOMMENDED ACTION

Proceed with contracted or highly likely fiber demand.

YELLOW

PREPARE, THEN STAGE

Power is contractually secured, but delivery milestones still remain.

RECOMMENDED ACTION

Reserve routes and release construction spending in stages.

RED

LIMIT SPENDING

The project has land or an announced size, but power and approvals remain uncertain.

RECOMMENDED ACTION

Fund research and design only. Avoid major construction.

Five actions for current investment and sales reviews

These steps make the power risk visible without slowing every project.

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| 1 | Classify each project | Place every opportunity in the green, yellow or red category. |
| 2 | Use realistic timing | Model revenue from the likely power-on date, not the announced opening date. |
| 3 | Ask for evidence | Request utility documents, generation plans, water plans and local approvals. |
| 4 | Release money in stages | Tie engineering, equipment and construction spending to completed milestones. |
| 5 | Track the next decisions | Watch the Texas report, PJM's federal filing and Virginia's 2027 legislation. |

DECISION RULE

The more uncertain the power date, the less construction capital should be committed.

Terms used in this report

A few industry terms appear repeatedly in discussions about data-center power.

MW (megawatt)

A measure of electrical demand. Larger data centers can require hundreds of megawatts.

Energization

The point when electrical service becomes available to the site.

Fiber lateral

A short network extension connecting a main fiber route to a specific property.

Interconnection

The process for connecting a data center to the power grid.

Onsite generation

Electricity produced at the data-center site, often using natural gas or other equipment.

Stranded capital

Money spent on infrastructure that sits unused or earns less than expected.

MAIN TAKEAWAY

Power certainty now determines when many data-center fiber investments can earn revenue.