KEEL INFRASTRUCTURE

DIGITAL POWER WEEKLY

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$84.75B
ALPHABET AI EQUITY RAISE

$965B
ANTHROPIC VALUATION AT IPO FILING

$35B
APOLLO/BLACKSTONE TPU DEBT PRICED

1.5%
COMPUTE SHARE OF TOTAL U.S. GDP

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WEEK IN REVIEW

EVERYTHING EVERYWHERE ALL AT ONCE

The past week saw the AI buildout's capital structure accelerate in capital markets — on every layer simultaneously. Alphabet announced an $80 billion equity package that was subsequently upsized to $84.75 billion, anchored by a $10 billion Berkshire Hathaway placement. Anthropic filed confidentially for an IPO hours later, at a $965 billion private valuation that now exceeds OpenAI's. By Friday, Apollo and Blackstone had priced $35 billion of structured debt to lease Google TPUs to Anthropic, and SpaceX disclosed a $920 million-per-month compute contract with Google ahead of a June 12 listing targeting $1.77 trillion. Equity, IPO, private credit, and lease obligation — four distinct capital products, one underlying asset class: powered compute.

The political ledger moved in the opposite direction the same week. New York's legislature passed a one-year moratorium on large data centers of 20 MW or more, awaiting Gov. Hochul's signature. Stratos, Kevin O'Leary's proposed 9 GW Utah campus, faced pressure to shrink materially before permits were issued. And the utility industry's own conference in Las Vegas was interrupted by ratepayer protesters citing record sector profits. The capital is arriving faster than the social license.

Financial & Business: Alphabet's AI equity package was announced at $80 billion and then upsized to $84.75 billion; the structure matters more than the size: a $40 billion at-the-market program beginning in Q3, $34.75 billion of underwritten common/depositary shares and mandatory convertible preferred, and the $10 billion Berkshire placement — one of the largest equity packages ever assembled, executed while the stock sits near the number-two market capitalization globally. Goldman, JPMorgan and Morgan Stanley lead. The rationale is arithmetic, not narrative: 2026 capex guidance runs to $190 billion, 2027 is guided "significantly" higher, and Bloomberg Intelligence sees a path to $300 billion — beyond operating cash flow. When the largest-cap companies on earth must issue equity to fund infrastructure, the buildout has formally outgrown internal funding. The second-order effect is allocation: Alphabet's raise competes directly for the institutional dollars that SpaceX, Anthropic and OpenAI are courting for their own listings this fall.

Political: Albany delivered the sharpest state-level counterforce so far this year. New York's legislature passed a one-year moratorium on data centers above 20 MW — 28 such projects sit in the state pipeline, which sponsors say would expand statewide energy use by roughly a third — paired with a bill requiring developers to bear full interconnection and upgrade costs and to hit renewable supply ratios rising from roughly one-third by 2035 to 90% by 2040.

Both New York bills await Governor Hochul's signature, and the moratorium's practical bite depends on it — but the passage is the message: a major load state has moved from incentive design to outright pause, and attached self-funded interconnection and clean-supply mandates as the price of re-entry. Utah supplied the development-scale parallel. Stratos, Kevin O'Leary's proposed 40,000-acre, 9 GW campus near the Great Salt Lake, is facing pressure to shrink toward 10,000 acres; reports differ on the final agreed footprint, but the political message is clear: a multi-gigawatt campus is being resized before the first permit. A Texas county outside Dallas adopted its own one-year data center moratorium last month before rescinding it after litigation. The pattern across New York, Utah and Texas is consistent: community consent is being priced into project scope before the first permit issues.

The utilities walked into the same weather. Edison Electric Institute's (EEI) annual conference opened June 2 in Las Vegas under an affordability banner, and by June 3 protesters had interrupted the NV Energy CEO's remarks before roughly 1,000 executives — organized around record utility sector annual profits exceeding $244 billion and a disclosure set that writes its own attack ads: $626 million of combined CEO pay across 51 utilities in 2025 (average $12.3 million, up ~16%), the top package up 176% at AEP while the same utility ran more than 173,000 Ohio disconnections in twelve months, sector margins expanding from 12.8% toward 14.6% of revenue, and residential rates up 9.5% in a year. Maryland has already capped ratepayer recovery of executive pay; Minnesota is moving in the same direction. The affordability backlash is hardening into rate-design politics — and it is becoming the structural tailwind for any architecture that takes large loads off the regulated bill entirely.

POWER BUSINESS REORGANIZING AROUND AI INFRASTRUCTURE

Some of the week's specific data points are worth holding individually:

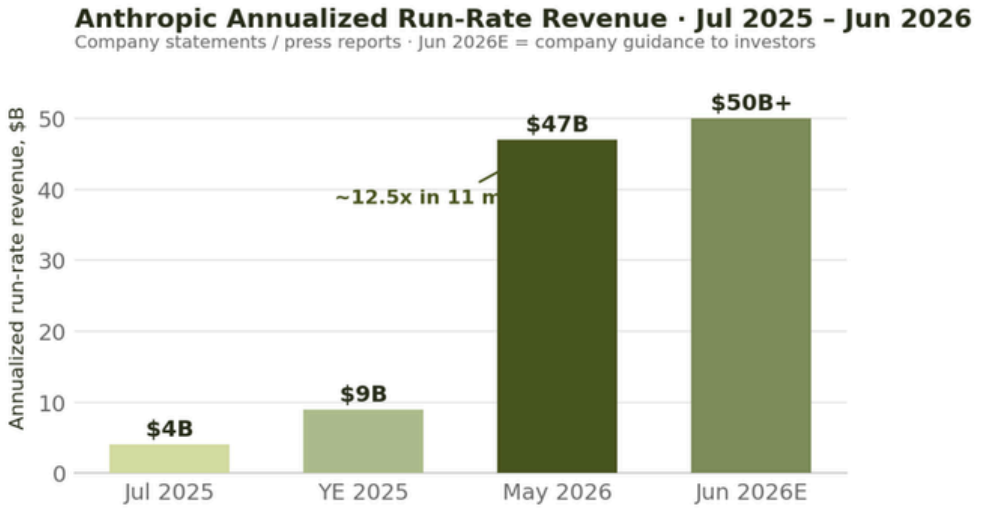
- **FERC granted Constellation a waiver:** Over the PJM market monitor's objection — allowing 760 MW of capacity interconnection rights to move from the Eddystone units to the Crane (Three Mile Island Unit 1) restart, according to the cited FERC order. If upheld as a precedent, the order would make CIRs a more flexible brownfield development asset and help bridge transmission timelines that run to December 2030.
- **Epoch AI quantified the macro footprint:** AI-related data center construction, compute hardware and networking reached ~0.8% of US GDP in Q1 2026, driving total computing infrastructure to ~1.5% — more than double the 2015–2022 average. AI infrastructure is now the leading driver of US private investment growth.
- **Fluence shares rose more than 37% on a single announcement:** A 136 MW AI-factory reference design developed with Siemens, Nvidia and nVent that embeds grid-scale batteries in the data center electrical architecture. The market is paying venture multiples for standardized, repeatable power-integration designs.
- **Behind-the-meter capacity is compounding:** Roughly 2 GW online today, ~3 GW expected by year-end, and as much as 13 GW by end-2027 per Cleanview — more than New York City's power demand. Meta is now erecting ~125,000-square-foot fabric structures at New Albany, Ohio, fed by a pair of 200 MW off-grid plants under a 10-year Williams deal, cutting compute deployment time in half.
- **Original Synchronized Load:** The UK grid operator expects an 800 MW demand spike for England's World Cup opener on June 17 — larger than the surge during the 1966 final. Reliability events are cultural as well as industrial; the grid prices both.

ANTHROPIC'S IPO FILING ATOP A VERTICAL REVENUE CURVE

Sources: Bloomberg; Wall Street Journal; company statements.

Anthropic confidentially filed IPO paperwork on Monday, positioning for a fall debut that could beat OpenAI to the public market. The filing lands on top of a capital sequence with little precedent: a $65 billion private round in late May at a $965 billion valuation — surpassing OpenAI's for the first time — led by Greenoaks, Dragoneer, Altimeter and Sequoia.

The revenue curve explains the valuation. Annualized run-rate has gone from $4 billion last July to $9 billion at year-end to $47 billion at the May raise, with company guidance pointing past $50 billion by the end of June. Q2 revenue is expected near $10.9 billion, more than doubling sequentially, with the first profitable quarter in reach. Banks have told both labs that whoever lists first defines the category and takes first claim on the pools of capital waiting for public AI exposure — OpenAI's own confidential filing is reportedly weeks away, and its CEO publicly disclaimed any race.



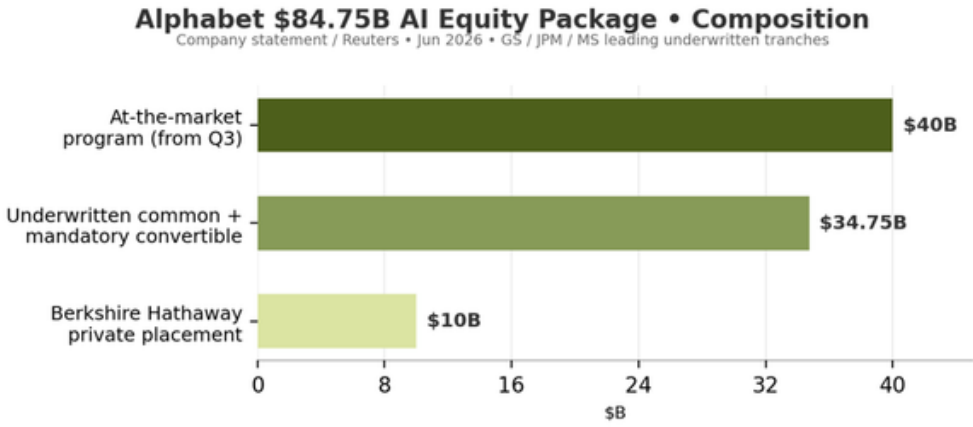
The **risk set is equally specific:** compute constraints that have forced throttling, enterprise customers turning more disciplined on AI spend, and active litigation with the federal government over a Pentagon supply-chain-risk designation the company says threatens billions in revenue.

Read-Through: *A near-trillion-dollar valuation atop a 12x revenue year forces the listing question: public markets are the only pool deep enough to fund what comes next. Every dollar of that growth is ultimately a claim on powered compute someone must deliver.*

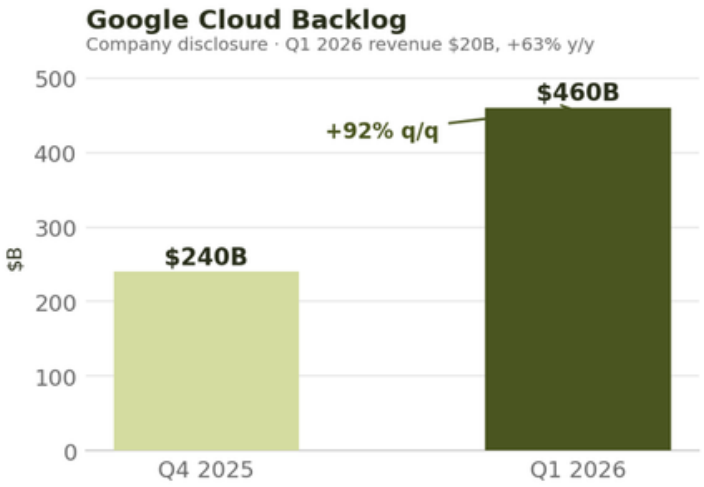
ALPHABET'S $84.75B: THE HYPERSCALER EQUITY ERA BEGINS

Sources: Bloomberg; Wall Street Journal; company statement.

The composition of Alphabet's raise reads as a deliberate test of every equity channel at once — an ATM program for patient issuance, underwritten blocks for speed, mandatory convertibles for yield buyers, and a cornerstone holder for signaling. The package was announced at $80 billion and later upsized to $84.75 billion: a $40 billion at-the-market program, $34.75 billion of underwritten common/depositary shares and mandatory convertible preferred, and the $10 billion Berkshire placement. Berkshire's placement, atop a stake already near $16.6 billion, is its most significant technology commitment since Apple and an early statement of the post-Buffett portfolio under Greg Abel.



The use of proceeds is unambiguous: data center expansion and computing capacity, including TPUs the company now sells directly. Cloud revenue hit $20 billion in Q1, up 63%, while backlog nearly doubled in a quarter to $460 billion — contracted future demand that must be served with capacity that does not yet exist.



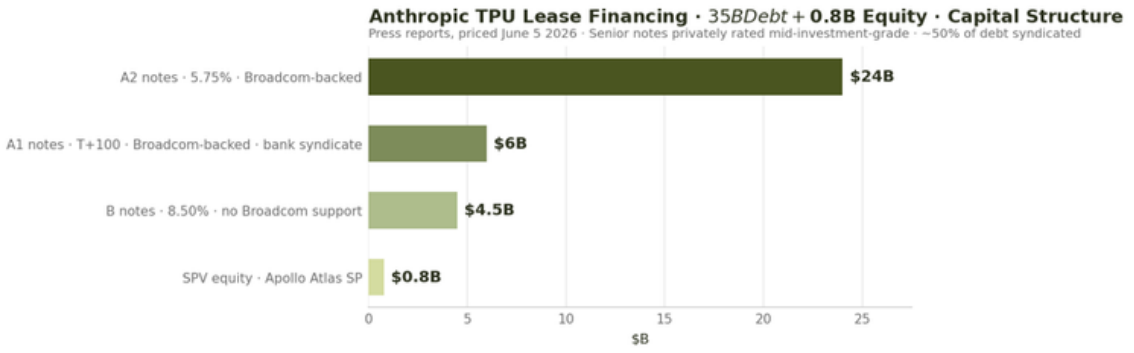
Read-Through: *A $460B backlog against a $190B+ capex budget is the cleanest demand-supply mismatch in the market. The equity raise also crowds the fall IPO window — Alphabet is competing for the same institutional dollar as the labs going public against it.*

APOLLO/BLACKSTONE $35B: THE CHIP-LEASE TEMPLATE GETS A TERM SHEET

Sources: Bloomberg; Broadcom earnings call; press reports.

Apollo and Blackstone priced the $35 billion financing for Anthropic's Google TPU capacity on Friday — one of the largest private credit transactions ever completed, and the first at scale to treat custom silicon as leasable, financeable infrastructure. The architecture is a special-purpose vehicle that buys the chips and leases them to Anthropic; debt service is carried by the lease payments plus the uncertain residual value of the hardware.

The tranching is where the template gets defined. Two senior layers — $6 billion of A1 notes sold to a bank group at roughly 100 basis points over Treasuries, and $24 billion of A2 notes priced at par with a 5.75% coupon — carry Broadcom support and privately rated mid-investment-grade profiles; Apollo's Athene insurance arm anchored the A2 book. A $4.5 billion B tranche without the Broadcom wrap cleared at 8.5%. Atlas SP contributed $800 million of equity, making Apollo's structured-finance unit the effective owner of the SPV. Roughly half the debt was syndicated.



The Broadcom keystone. The credit engineering hinges on a residual value support agreement: if Anthropic stops paying, the SPV liquidates the chips, and Broadcom covers 100% of any shortfall to A1 and A2 holders. That single undertaking imports Broadcom's corporate credit into the structure — the same mechanic Meta supplied for its Hyperion facility bonds, which consequently trade in line with Meta corporate debt. The precedent is now generalized: a strong balance sheet can rent its rating to AI hardware the way monoline insurers once wrapped municipal bonds. Broadcom's CEO framed the deal as the first tranche of a platform with Apollo, Blackstone and other investors intended to deploy more than 20 GW of compute capacity through 2028 — an explicit pipeline, with the senior partner naming both Anthropic and OpenAI as intended beneficiaries.

Compute-as-contract, marked weekly. The lease economics now have public comparables. SpaceX's pre-IPO disclosures put Anthropic's Colossus commitment at $1.25 billion per month through 2029, and this week added Google itself as a tenant: $920 million per month from October 2026 to June 2029 for capacity spanning at least 110,000 Nvidia chips — bridge capacity, in Google's framing, for Gemini Enterprise demand running ahead of its own buildout. **The world's deepest-pocketed compute owner is renting from a competitor while raising $84.75 billion to build its own. Scarcity is the entire story.**

Read-Through: Chip finance has converged on the project-finance form: SPV ownership, lease cash flows, credit enhancement from an industrial sponsor, tranched risk distribution. The open question is collateral half-life — turbines hold value for thirty years, accelerators for perhaps five. The structures price that risk in the B tranche; the senior paper prices Broadcom. Power developers should study the template, because the same investors will analyze the funding architecture for generation serving these loads.

Links: Bloomberg; Broadcom IR; SpaceX prospectus disclosures

CRANE/THREE MILE ISLAND: FERC WAIVER PUTS CIR PORTABILITY IN PLAY

Sources: Utility Dive; FERC order, June 1 2026; Constellation waiver request.

FERC approved Constellation's waiver of PJM rules on Monday — over the PJM Independent Market Monitor's objection — permitting the transfer of 760 MW of capacity interconnection rights from the Eddystone plant near Philadelphia to the Crane nuclear unit, the former Three Mile Island Unit 1. The mechanics matter more than the headline. Crane's $1.6 billion, 835 MW restart, targeted for the second half of 2027 and fully contracted to Microsoft under a 20-year agreement, hit a deliverability wall: PJM determined the unit could not safely deliver full output without 765-kV and 500-kV transmission upgrades that will not finish before December 2030 — and may slip further. Without relief, a restarted reactor would have run de-rated for years, which Constellation argued creates its own reliability problem: nuclear equipment held below rated output for extended periods faces elevated vibration and wear.

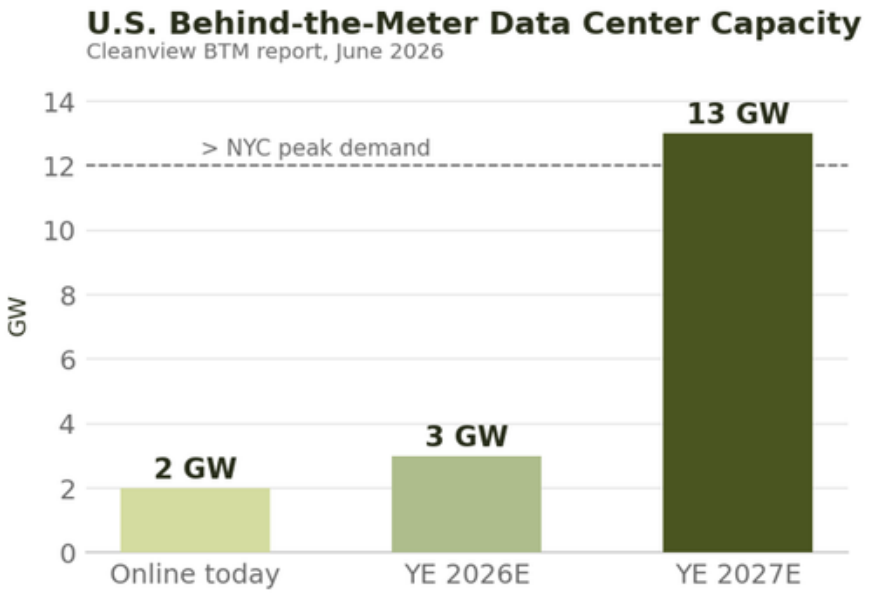
The unlock came from an unrelated federal action. DOE emergency orders have kept the Eddystone units running past their planned 2025 retirement as energy-only resources — meaning their CIRs sit idle. FERC found the transfer solves a concrete problem, harms no third party, and puts stranded rights to efficient use, potentially making Crane fully deliverable years before the wires are built.

Read-Through: This is a major regulatory data point for brownfield strategy, but it should be treated as a waiver-driven precedent rather than a blanket rule. FERC has permitted moving interconnection rights from a constrained or repurposed asset to a new resource as a bridge over a four-plus-year transmission gap — over the market monitor's objection. CIRs are increasingly bankable development currency; every owner of legacy generation with established rights should be mapping where idle or transferable CIRs sit.

THE TENT BUILDOUT: BTM CAPACITY TRIPLES, THEN QUADRUPLES

Sources: Cleanview BTM report; city permitting records; satellite imagery review.

Cleanview's behind-the-meter survey puts hard numbers on the gray market in speed: roughly 2 GW of BTM data center capacity operating today, on track for ~3 GW by year-end — the output of three nuclear units — and a path to as much as 13 GW by the end of 2027, more than New York City's power demand.



Read-Through: When one of the world's most sophisticated data center operators trades architectural permanence for months of schedule, the market price of time is being stated in public. BTM generation is no longer a workaround — it is the only supply category compounding at venture rates, and the Williams structure shows midstream players converting gas deliverability directly into contracted off-grid power revenue.

TERAWULF AND THE LOAN MARKET: DATA CENTER CREDIT FINDS ITS NEXT CHANNEL

Sources: Bloomberg interview, June 5 2026.

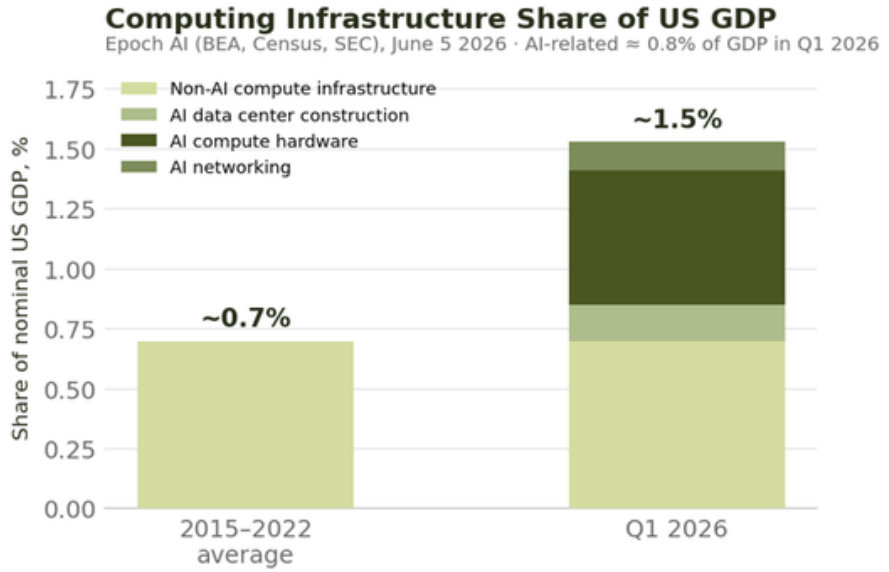
TeraWulf is working with Morgan Stanley and other banks to open the leveraged-loan market for AI infrastructure after using Google-backed credit support to validate the Lake Mariner financing template. The strategic prize is the CLO complex — the largest buyer base in leveraged credit, and a capital pool the sector has not yet fully tapped. The nearer precedent is CoreWeave's GPU-backed loan-market access, supported by customer contracts including OpenAI; the exact transaction sizes and order books vary by report, so the read-through is structure rather than a single headline number.

Read-Through: The sequence is bonds, then loans, then CLOs — each step widening the buyer base and compressing the cost of capital. Hyperscaler credit support (Google's backstop, Broadcom's residual guarantee) is the common enabling technology across these structures.

EPOCH AI: THE BUILDOUT IS NOW MACRO

Sources: Epoch AI data insight, June 5 2026 (BEA, Census Bureau, SEC).

Epoch AI's charts makes the buildout legible in GDP terms: AI-related data center construction (~0.15% of GDP), compute hardware (~0.56%) and networking (~0.12%) summed to roughly 0.8% of US GDP in Q1 2026, lifting total computing infrastructure to ~1.5% against a 2015–2022 average near 0.7%. AI infrastructure is now the single largest driver of growth in US private investment — still small as a share of output, but compounding faster than any comparable category.

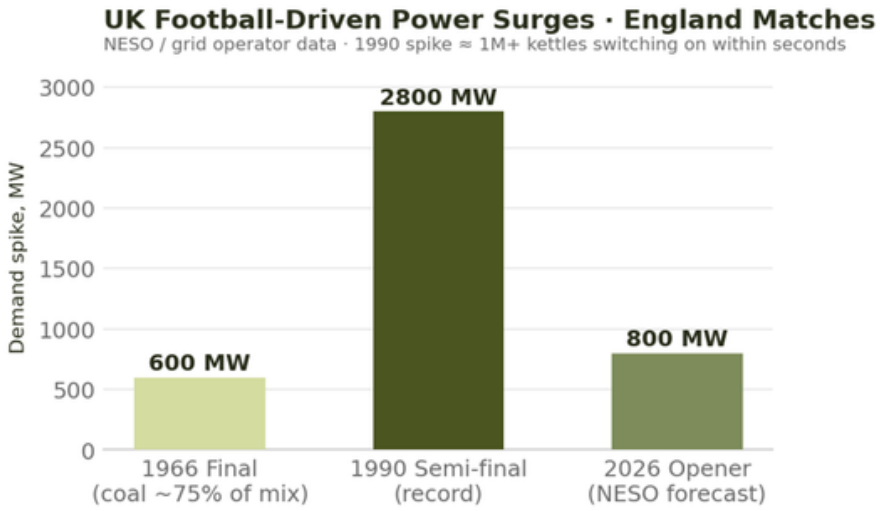


Read-Through: A doubling of an investment category's GDP share in three years is rail-and-telecom-era behavior. The measure also excludes overseas buildout by U.S. firms — the domestic figure understates the program.

THE KETTLE INDEX: ENGLAND'S OPENER AND THE OLDEST DEMAND SPIKE IN POWER

Sources: Bloomberg; National Energy System Operator forecasts.

Britain's grid operator expects demand to jump as much as 800 MW when England opens its World Cup against Croatia on June 17 — the half-time kettle surge, larger than the 600 MW spike during the 1966 final and managed by a system that has since shed coal entirely, with wind and solar now supplying more than half of UK electricity. NESO's operations chief calls it the "cleanest electricity in history" for a World Cup. The all-time record stands at 2.8 GW from the 1990 semi-final — a million-plus kettles switching on within seconds. Per-match consumption has actually fallen ~20% since 1998 on television efficiency, even as the expanded tournament adds 40 matches and as much as 60% more total event demand.



Read-Through: Synchronized human behavior remains the original flexibility problem. The AI era's contribution is a demand spike that never goes to half-time.

THE BOTTOM LINE: AI BUILDOUT PASSES THE HAT

Step back from the individual deals and the week resolves into a single event: the AI buildout formally exhausted private capital and presented itself to the public capital markets — on every layer of the stack at once. Alphabet, the second-most-valuable company on earth, issuing $84.75 billion of equity because $190 billion-plus of capex exceeds even its cash machine. Anthropic and OpenAI racing to a public listing because trillion-dollar private valuations have outgrown the private bid. Apollo and Blackstone distributing $35 billion of chip-lease paper across banks, insurers and institutional credit. TeraWulf engineering a path to the CLO market. Four channels, one direction: outward, toward every pool of savings in the economy.

Epoch's GDP work explains why this was inevitable. An investment program running at 1.5% of national output cannot be funded from retained earnings and venture rounds; it requires the full apparatus of public finance — equity, investment-grade credit, securitization, and eventually the retail bid. That apparatus arrived this week, with credit enhancement as its enabling technology: Broadcom renting its rating to TPU leases, Google backstopping a bitcoin miner's bonds, Meta wrapping its own facility paper.

The same week supplied the constraint that all of this capital must now negotiate. New York paused hyperscale development outright (awaiting the Hochul's signature). Utah forced Stratos, a proposed 9 GW campus, into a public footprint-reduction. Ratepayers interrupted the utility industry's own conference, armed with the sector's compensation disclosures. The capital markets have decided the buildout happens; the political markets are deciding where, on whose grid, and at whose cost. The gap between those two settlement processes is where development risk now lives — and where the returns to navigating it accrue.

The synthesis is the operating thesis of this publication: power delivered outside the contested rate base — behind the meter, self-funded, bilaterally contracted — is the necessary architecture that clears all markets simultaneously. Meta's tents, Williams' off-grid plants, Constellation's portable CIRs, and the affordability politics of Las Vegas all point the same way.

> **— Make no little plans; they have no magic to stir men's blood —**
>
> *Daniel Burnham, architect of the 1909 Plan of Chicago*

★ MARKET SPOTLIGHT | FEATURED ANALYSES

GRID POWER IS 'LEAVIN' ON A JET PLANE': THE END OF UNDIFFERENTIATED ELECTRICITY

Sources: Keel Infrastructure Strategic Memorandum (June 2026); PJM RBP / Connect & Manage materials; FERC Order 2023; NERC Large Load Task Force; state PUC dockets (VA, GA, TX, NC).

The regulated utility model promised every customer the same thing: reliable power at cost-of-service rates, delivered through a single queue, under a single tariff. That promise is being broken — not by politics or accident, but by the structural incompatibility between AI-scale power demand and the engineering assumptions built into the grid over the past century. A 500 MW AI campus draws more power than a mid-sized city, needs it on a fixed timeline, requires near-zero curtailment, and will pay to ensure that certainty. A residential customer cannot say the same. Treating these two loads identically — same queue, same tariff, same reliability standard — is no longer tenable.

The old model — Aeroflot economics. The postwar regulatory compact was deliberately egalitarian: one price (cost-plus), one queue, one service standard. That model worked when load was predictable, incremental, and geographically dispersed — a new industrial plant added 10–50 MW over several years. The AI buildout broke every assumption simultaneously: scale (single campuses requesting 500 MW to 1+ GW), speed (hyperscalers want power in 18–36 months against PJM transmission queues running 4–6 years), certainty (one hour of lost power to a running LLM cluster can exceed $1 million in value), and geography (load clustering in Northern Virginia, PJM West, Phoenix and Dallas simultaneously). PJM received interconnection requests for 300+ GW of new generation and load between 2022 and 2024 — roughly equal to the entire existing installed capacity of the eastern United States. It cannot process all of it, and it cannot serve all of it equally. The Aeroflot model is over.

"The power business is moving from Aeroflot to American Airlines: what used to be one-size-fits-all reliability is becoming a segmented market for speed, firmness, flexibility, and priority."

The segmentation map. What is replacing it is not chaos but differentiation — the same cabin structure the airline industry adopted when deregulation ended uniform-service mandates in the 1970s:

Class	Grid Model	Who Qualifies	What You Pay / Post	What You Get
COACH	Standard tariff, standard queue	Residential, small commercial	Retail rate; no security deposit	Power eventually; curtailment risk; no priority
PREMIUM ECONOMY	Large-Load Tariff (LLT)	Industrial, 25–100 MW loads	Cost-of-service premium; multi-year commitment; financial security	Faster queue position; clearer path to service; still subject to congestion
BUSINESS CLASS	RBP / bilateral / BYOC arrangements	Hyperscale AI, 100–500 MW	Negotiated capacity payment; post bond; bring own capacity or network upgrades	Dedicated path; reduced curtailment risk; some dispatch optionality
FIRST CLASS	Bespoke utility + state deals	Mega-campuses, 500 MW–1 GW+	Custom rate, custom reliability; state economic development incentives	Priority interconnection; custom SLA; potential transmission reservation
PRIVATE AVIATION	Behind-the-meter generation	Any load that can self-supply	Capital cost of own generation; fuel supply agreements	Full control of electrons; no queue; no tariff; no curtailment from grid

Coach and premium economy: managed decline, first upgrades. Standard tariff service is not going away — it serves roughly 150 million U.S. customers and will for decades — but its relative position in the power hierarchy is declining. As utilities divert capital to large-load infrastructure, the standard tariff customer pays for system upgrades they did not request while receiving the same or worse reliability. The evidence is already in the rate cases: Dominion's $1.2 billion rate increase filing driven substantially by data center load; Georgia Power's 2025 IRP projecting $18 billion of incremental capital to serve new load, socialized across all ratepayers; record PJM transmission congestion costs of $2.8 billion in 2024, with Northern Virginia large-load clustering a primary driver. The first explicit cabin upgrade appeared in large-load tariffs — 25 MW+ structures requiring 10–20 year commitments, financial security postings and network-upgrade contributions in exchange for a clearer path to service. PJM's Connect & Manage framework is the premium-economy trade-off at RTO scale: faster to market, with interim curtailment risk until network upgrades complete.

Business class: RBP, BYOC and bilateral arrangements. Business class emerged from the structural failures of the standard queue. PJM's Reliability-Based Procurement framework — proposed in late 2024 and operationalized in 2025 — was one of the first formal acknowledgments that certain loads require a differentiated procurement path. The January 2026 framework explicitly contemplated large loads bringing their own generation (BYOC) or connecting subject to accelerated curtailment backstops, with a one-time backstop procurement targeting 14.9 GW of new resources tied specifically to large-load growth. This is not a universal service upgrade — it is a capacity reservation product for customers willing to pay for certainty. The occupants are the hyperscalers connecting at 100–500 MW: Meta's 2025 PJM agreements included capacity postings of $50–100M per large campus with explicit curtailment-hierarchy provisions; Google's Northern Virginia cluster (3.2 GW contracted as of Q1 2026) layers PPAs, utility bilaterals and direct transmission investment into an effective private capacity reservation system; Amazon's 2.5 GW Talen/Susquehanna arrangement was blocked by FERC in 2024, but the underlying logic — securing firm power bilaterally — has not changed; CoreWeave, now 90%+ PJM-dependent, passes its business-class firmness obligation upstream to developers through explicit power guarantees in its colo leases.

"PJM's RBP and Connect & Manage are early attempts to admit this reality without saying the quiet part out loud: not all load is equal anymore."

First class: bespoke utility and state deals. At 500 MW–1 GW+ the procurement dynamic inverts: the customer has enough leverage to negotiate custom reliability agreements, priority interconnection, and rate structures unavailable to any smaller load. The political economy matters as much as the engineering. Microsoft's $3.3 billion Wisconsin commitment drew direct gubernatorial engagement and grid priority from We Energies; Amazon's $11 billion Indiana cluster cleared expedited IURC rate filings within 90 days; Meta's 2+ GW Iowa cluster secured bespoke MidAmerican wind agreements with multi-site meter aggregation; Stargate's Texas Phase I carries ERCOT priority designation and state-level permitting fast-track. Capital commitments at this scale make grid infrastructure a state economic priority, not a utility planning constraint.

Private aviation: behind-the-meter power. The endgame for the most sophisticated operators is building, owning, or contracting dedicated generation and bypassing the public grid entirely for primary power. The drivers are straightforward: grid interconnection in the most desirable markets carries a 4–5 year queue; a BTM gas turbine facility can be permitted, constructed and operational in 24–48 months, and the cost premium is increasingly offset by speed and contractual firmness. SB Energy/Stargate has procured 9.2 GW of GE Vernova turbines against a $33B Ohio gas-generation program; Takanock has 5.3 GW+ of planned BTM dispatchable generation backed by a $500M ArcLight/DigitalBridge commitment; Amazon and Microsoft are pursuing the nuclear variant (X-Energy SMRs; the 835 MW Three Mile Island restart PPA). The ultimate form is the vertically integrated AI company owning generation, transmission rights and compute on one campus — xAI's Colossus in Memphis is the closest current example.

'Babe, I hate to go': A footnote on the song that lends this article its title: "Leaving on a Jet Plane" was written in 1966 by a 23-year-old folk singer named John Denver, who called it "Babe, I Hate to Go" until his producer persuaded him the jet plane was the stronger line. Peter, Paul and Mary carried it to #1 in 1969 — their first chart-topper and their last hit, the sound of one era handing off to another. The utility industry should sit with that discography. Its largest and most creditworthy loads have their bags packed — upgrading cabins, contracting bilaterally, or exiting the tariff entirely for self-supplied power — while the customers staying behind spent this week interrupting the industry's own conference in Las Vegas, armed with its own compensation disclosures. A century as the only carrier in town is ending in the worst possible configuration: the departure of the best traffic and the resentment of the rest. Unless the sector learns to price the difference — and to make coach worth flying — Denver's original title is on its way to becoming the working anthem of the regulated utility. Babe, I hate to go. And the second verse is worse: don't know when I'll be back again.

Read-Through: *We are watching the end of undifferentiated electricity service. The future grid will price not just megawatt-hours, but priority, firmness, speed-to-power, curtailment risk, and optionality.*

Links: Keel Strategic Memorandum; PJM RBP / Connect & Manage; FERC Order 2023; NERC LLTF

THE ALPHABET PREPAY: BIG TECH ENTERS THE POWER CAPITAL STRUCTURE

A $1 billion municipal debut in California marks the first time a hyperscaler has taken the funding-recipient seat in a prepaid energy bond — and the secondary market immediately repriced it. The signal extends well beyond munis.

Alphabet made its municipal-bond market debut this week, and the market's verdict arrived within three trading sessions. The roughly $1 billion prepaid energy transaction — issued by the California Community Choice Financing Authority on behalf of Pioneer Community Energy, the Rocklin-based community choice aggregator, and underwritten by Goldman Sachs — priced its largest tranche at +95 basis points to benchmark. By Friday afternoon, the 2035 maturity had turned over $492 million on a single CUSIP, trading at an average spread of +89 with prints as tight as +74. Twenty-one basis points of compression inside a week is not enthusiasm. It is the market concluding the paper was issued cheap because nothing comparable existed to price it against.

T**he structure is familiar; the occupant is not.** Prepay bonds are the municipal market's quiet arbitrage machine: a conduit issuer sells tax-exempt debt, hands the proceeds to a funding recipient who borrows at tax-exempt rates and deploys at taxable ones, and the spread is shared — the recipient keeps a funding advantage, the utility locks in discounted power, bondholders get high-grade corporate credit in tax-exempt wrapper. The funding-recipient seat has historically belonged to bank commodity desks — Goldman's J. Aron franchise chief among them — with insurers such as New York Life entering more recently. CCCFA has industrialized the model: $5.48 billion issued in 2023 alone, making it the third-largest tax-exempt issuer in the country behind only the states of California and New York, with roughly $9 billion of cumulative prepay issuance saving participating CCA ratepayers more than $45 million annually. Typical deal economics have delivered 10–12% power-cost savings over the first seven to ten years. Alphabet is the first technology company to occupy that seat. That single substitution changes what the structure is for.

Why the order book overwhelmed. Three forces converged. Scarcity first: there is no other way to own Alphabet credit tax-exempt, and the prepay universe's corporate exposure has been concentrated in bank names trading on bank curves. A double-A technology balance sheet is a new species for SMA buyers, muni ladders, and crossover accounts alike. Yield second: +95 over benchmark for Alphabet-linked exposure was generous against the company's taxable curve on an after-tax basis — a new-issue concession that existed only because no comp did, and which the secondary arbitraged away immediately. Momentum third: prepays have been the muni market's growth sector for three years, and the dealer community knows the pattern — oversubscription, instant tightening, repeat. The single-day turnover on the 2035s reads as classic post-allocation repositioning: flippers monetizing the concession while under-allocated institutions paid up to build core positions.

Why Alphabet wants the seat. The funding-recipient role is, functionally, a borrowing window. Alphabet receives roughly $1 billion of tax-exempt proceeds today against an obligation to deliver energy payments over the life of the bonds — sub-corporate-curve funding at the precise moment the company is raising capital at historic scale for AI infrastructure, having recently expanded its largest-ever financing to $84.75 billion. One billion dollars is a rounding error against that program, which is the point: this is a pilot of whether the municipal prepay channel — deep, tax-advantaged, and previously reserved for bank intermediaries — can become a recurring funding and procurement tool. The strategic kicker is positional. By intermediating a CCA's renewable supply, Alphabet embeds itself in California's power procurement architecture at a moment when its data center load growth leaves it structurally short electricity.

What to watch. The 74bp prints are the forward indicator. If they hold, the next Alphabet-linked prepay clears materially tighter, the ratepayer savings split improves, and Goldman has both a proven template and an order book to show Microsoft, Amazon, and Meta treasury teams. The constraints are real but navigable: prepay structures carry mandatory tender dates well inside final maturity, the tax treatment rests on commodity prepayment rules that have periodically drawn IRS and Congressional scrutiny, and "trillion-dollar tech company borrows tax-exempt" is a headline with obvious political valence in the current affordability environment. A wave of hyperscaler prepays would also concentrate muni portfolios in correlated AI-capex credit — a diversification question the buy side has not yet had to ask.

Read-Through: ***Hyperscalers are no longer merely buying power — they are entering the power capital structure, monetizing their credit ratings inside public financing vehicles that sit between generation and load. The arbitrage that powers the prepay — tax-exempt in, taxable out — is the same family of wedge that powers behind-the-meter development: value migrates to whoever can deliver electrons outside the traditional utility cost stack. Pioneer's framing of the savings as ratepayer relief is the political wrapper; the substance is a hyperscaler balance sheet underwriting a power transaction because the economics cleared. The open question is sequencing: how long before a funding-recipient structure attaches not to a CCA's renewable portfolio, but to dedicated generation serving the recipient's own load. When that deal prints, the convergence of tech credit and power infrastructure stops being a muni-market curiosity and becomes a financing category.***

Links: CCCFA; Pioneer Community Energy; EMMA / MSRB trade data

DEVELOPMENT

PHOENIX RATE CASE: DATA CENTER LOAD GETS ITS OWN TARIFF TEST | DEVELOPMENT / RATE DESIGN

Sources: Wall Street Journal, June 4 2026; APS rate case reporting.

Arizona has become an interesting test case for the question sitting underneath every AI load forecast: who pays for the grid built to serve it? The state's largest utility is proposing a 45% electricity-rate increase for data centers alongside a 14.5% increase for households, in a market where summer bills already collide with triple-digit heat and fast-growing load.

The strategic signal is not the rate request alone; it is the segmentation. Data centers are no longer being treated as ordinary commercial load. Utilities and regulators are beginning to isolate hyperscale demand, assign grid costs to it explicitly, and defend the household bill from being converted into an AI infrastructure subsidy.

Read-Through: *Phoenix is the rate-design version of Connect & Manage: large load is being carved out, repriced, and forced to carry more of the cost stack. The winning development model is not merely cheap land and fiber; it is a credible answer to cost causation before the first substation is energized.*

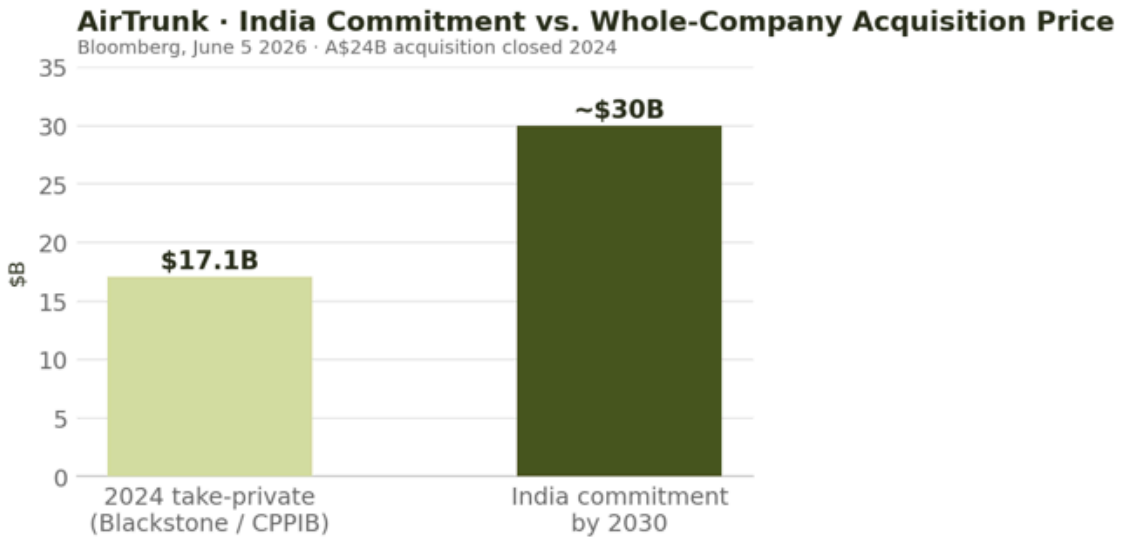
Links: WSJ - Phoenix data-center rate case

INTERNATIONAL

AIRTRUNK COMMITS $30B TO INDIA: THE BUILDOUT'S NEXT THEATER | INTERNATIONAL

Sources: Bloomberg, June 5 2026; company statement.

AirTrunk, the Blackstone- and CPP Investments-backed Asia-Pacific data center platform, will deploy roughly $30 billion in India by 2030, targeting up to 5 GW of new data-center capacity — nearly twice the A$24 billion (US$17.1 billion) its sponsors paid for the entire company in 2024. The commitment makes India one of the platform's most significant long-term markets alongside Australia, Hong Kong, Japan, Malaysia and Singapore, and follows April's acquisition of Lumina CloudInfra, the entry vehicle into the world's most populous country. Founder and CEO Robin Khuda's stated rationale is a procurement checklist, not a demographics story: government-led AI initiatives, talent depth, and — the operative phrase for this publication — massive availability of renewable energy.



Read-Through: *A single sponsor-backed platform committing $30B to one emerging market is private equity underwriting sovereign-scale AI demand. The capital is migrating to jurisdictions where power, land and political consent can be assembled faster than in constrained Western grids — the same speed-to-power calculus that drives U.S. behind-the-meter development, executed at the country-selection layer. Note the sequencing: the energy availability claim leads the investment thesis. Power procurement is now the site-selection variable, globally.*

EU GIGAFACTORIES: THE €20B PLAN STALLS WHILE PRIVATE CAPITAL LAPS IT

Sources: Bloomberg, June 2–3 2026; Handelsblatt; European Commission statements.

The European Union's €20 billion ($23.3 billion) program to subsidize five 1 GW AI "gigafactories" is slipping on every axis that matters to a developer. The bidding process has moved from May to July; funds are earmarked in two phases, 2028 and 2030; and a funding shortfall means at most two of the five facilities can be financed before the EU's next budget cycle begins in 2028. Initial interest from roughly 70 companies has narrowed to about ten consortia — one per country — and the committed are wavering: Schwarz Group's enthusiasm has cooled amid moving goalposts, Deutsche Telekom will participate only if industry and government customers guarantee demand, and Telefónica has trimmed its intended JV stake to 10–15%. The public money itself is thin: €4.1 billion of EU subsidies, matched by host states, with private investors expected to fund the balance of each project.

The private-market counterfactual ran in parallel: SoftBank announced at least €45 billion, or roughly $52 billion, for AI data centers in France — more than twice the entire EU program, from a single sponsor, on commercial timelines. Mistral's CEO, whose company is joining a French consortium bidding for the EU funds, publicly called the program's national-consortium framing structurally misconceived, arguing any credible effort must be pan-European and far larger. Germany's chancellor, meanwhile, is promising computing independence from American and Chinese data centers within five years.

Read-Through: *Subsidy on a 2028–2030 disbursement clock cannot finance infrastructure that tenants underwrite on 18–36 month timelines — the EU is repeating the Chips Act error of matching policy cadence against private capital velocity and losing. The developmental read is that Europe's sovereign-AI buildout will be led by private balance sheets (SoftBank, hyperscalers) with the EU program reduced to marginal co-funding. For U.S. developers, the competitive signal is reassuring: the deepest, fastest pools of AI infrastructure capital remain dollar-denominated, and the projects they fund will be sited where power clears the queue, not where the subsidy sits.*

LNG: HORMUZ SQUEEZE SETS UP A BUYER'S MARKET

Sources: Bloomberg Opinion, June 1 2026; IMF and FRED data cited by Bloomberg.

The LNG market is running two tapes at once: a short-term geopolitical squeeze and a medium-term supply wave. Benchmark Asian LNG prices briefly moved to roughly $30/MMBtu in March from below $11/MMBtu in February as the Iran/Hormuz shock tightened risk premia, but the structural setup points to a 2026-2030 supply wave that could push the market back toward buyers.

For power-intensive data center markets, the implications are direct. Lower LNG clears marginal generation economics in Europe and Asia, reduces inflation pass-through, and can reopen gas-fired bridge-power strategies that looked uneconomic under crisis pricing.

Read-Through: *Cheap LNG is not a U.S.-only power story. If the coming supply wave materializes, international AI campuses get a lower-cost thermal backstop - but also a fresh political fight over importing gas to power sovereign AI.*

Links: Bloomberg Opinion - LNG glut

FINANCE

DOUBLELINE: 'MAYBE 100%' ODDS OF AN AI CREDIT BUBBLE — EVENTUALLY MARKETS

Sources: Bloomberg Global Credit Forum, New York, June 3 2026; Morgan Stanley; Bloomberg Intelligence.

At the the recent Bloomberg Global Credit Forum in New York DoubleLine's director of global developed credit, Robert Cohen, put the probability of an eventual AI debt bubble at "I'll put maybe 100% on that" — grounding the call in the historical pattern of railroad and internet investment manias rather than present-day spreads. The supply data gives the call its denominator: more than $370 billion of AI-linked high-grade notes, junk bonds and loans have priced since the start of 2025; Bloomberg Intelligence sees AI capex approaching $5 trillion over five years, much of it debt-funded; and Morgan Stanley estimates 10–15% of all 2026 credit issuance could be AI-tied within a record $2.25 trillion high-grade supply year (versus $1.81 trillion in 2025), with hyperscalers alone expected to sell $250–300 billion. Alphabet has already raised roughly $60 billion across six currencies in recent months.

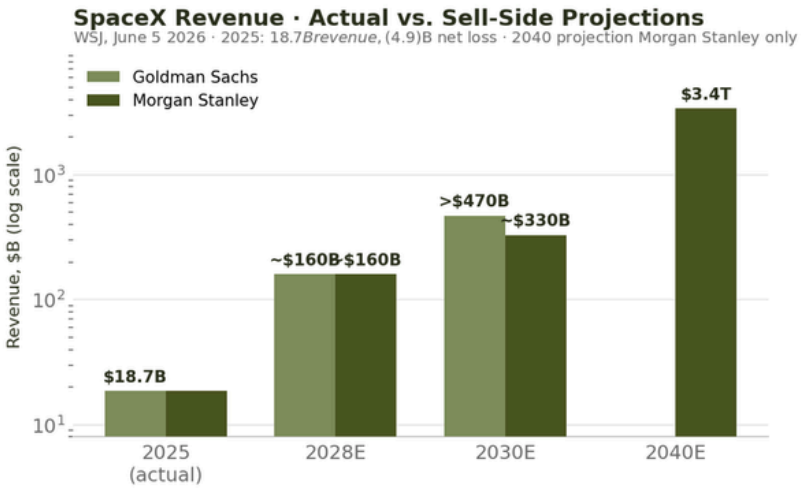
The demand side has not blinked. Panelists stressed that hyperscaler backing — Alphabet, Meta — plus amortizing structures materially de-risk the senior paper; Invesco's investment-grade head advised recovering principal as quickly as possible. Wells Fargo's high-grade syndicate head sees spreads pinned in a tight range absent a genuine macro downturn, even with a heavy AI project-finance pipeline visible. Cohen himself has largely avoided AI-linked paper on valuation but conceded that at the right spread his firm has ample capacity for the higher-quality credits — bubble warning and standing bid, simultaneously.

Read-Through: *The bubble call and the bid coexist, which is the actual state of the market: discipline is being expressed through structure selection, not abstention. The differentiator panelists kept circling — strong balance sheets, strong protections, credit enhancement — is the same one defined by this week's TPU pricing: wrapped paper trades at 5.75%, unwrapped at 8.5%. For power developers entering this capital market, the lesson is to arrive with the enhancement already engineered: investment-grade tenancy, contracted cash flows, and industrial sponsors willing to rent their ratings. The froth, when it comes, will sort by exactly those features.*

SPACEX AT $1.77T: THE BANKS PUBLISH THE DREAM CURVE

Sources: Wall Street Journal, June 5 2026; Morgan Stanley and Goldman Sachs sell-side projections shared with investors.

With SpaceX targeting a $75 billion raise next week at a $1.77 trillion valuation — the largest IPO ever — the lead banks' research arms circulated the projections doing the underwriting work. Morgan Stanley's 2040 case: $3.4 trillion of revenue and more than $2.7 trillion of adjusted EBITDA. The bridge from 2025 actuals ($18.7 billion of revenue, a $4.9 billion loss) runs through the AI division: both Goldman and Morgan Stanley model ~$160 billion of total revenue in 2028, diverging by 2030 (Goldman above $470 billion, Morgan Stanley near $330 billion) — with the AI unit supplying the bulk of growth after this year, at $322 billion and $190 billion respectively in 2030, against $3.2 billion of AI revenue in 2025. EBITDA projections follow: roughly $110 billion in 2028, then $352 billion (GS) and $230 billion (MS) in 2030. Twenty-one banks share the mandate; Goldman and Morgan Stanley hold the top roles and the largest share of fees.



Read-Through: *To clear $1.77 trillion, the sell side is capitalizing a $3.2 billion AI business at a 60–100x five-year revenue ramp — a steeper curve than any hyperscaler has ever printed, resting on compute that must be powered, cooled and financed somewhere. Read alongside the disclosures already in this issue ($1.25B/month from Anthropic, $920M/month from Google), the prospectus is less a rocket company filing than a powered-compute offtake book. The projections are not forecasts; they are a statement of how much future powered compute the public market is being asked to pre-fund — and a marker for how the 2040 numbers will be re-marked when power, not capital, binds.*

Links: Bloomberg - SpaceX $75B IPO; WSJ - SpaceX IPO terms; Bloomberg - Google compute contract; Bloomberg - S&P index decision; Bloomberg Opinion - SpaceX valuation math; WSJ - Bezos/Musk space race

GIGASCALE: CLIMATE VENTURE REPRICES TO THE AI POWER TRADE

Sources: Bloomberg, June 1 2026; BloombergNEF.

Gigascale Capital — co-founded by former Meta CTO Mike Schroepfer, who helped drive that company's data center buildout — closed its first institutional fund at $250 million for early-stage companies. The sector backdrop explains the positioning: climate tech venture funding fell 16% in 2025 to $26.7 billion while economy-wide venture and PE grew 26%, driven by AI. Gigascale's answer is to back clean tech that serves the buildout — Form Energy, whose long-duration batteries just signed to support a Google data center in Minnesota, and Panthalassa, which raised a $140 million Series B led by Peter Thiel to deploy autonomous wave-powered platforms running AI inference at sea. Schroepfer describes the simultaneous hardware revolution and demand surge as a "perfect storm of disruption." Founding partner Victoria Beasley's test for non-AI climate deals is blunter: a value proposition that clears without the sustainability label — her example, Dioxycle, converts CO2 to ethylene at a cost target below fossil routes, with a L'Oréal supply agreement in hand.

Read-Through: *Climate venture has been annexed by the power trade: the surviving theses are AI-demand-adjacent or cost-parity-without-subsidy — sustainability as a feature, not the product. Form Energy's Google deal and Panthalassa's inference-at-sea concept monetize the same scarcity this publication tracks weekly: firm electrons delivered where the queue isn't. When venture capital is funding floating offshore compute to escape the interconnection problem entirely, the market price of grid access has been stated.*

SCHNEIDER CONVERTIBLE: OEMS MONETIZE THE AI MULTIPLE

Sources: Bloomberg, June 4 2026; deal terms seen by Bloomberg.

Schneider Electric moved to sell EUR800 million of 2034 convertible bonds after its shares rallied to a record high on AI data-center infrastructure demand. Proceeds are expected to repurchase EUR650 million of outstanding 2030 bonds, with the remainder for general corporate purposes; the existing 2030 convertible was quoted around 143.6 cents.

The transaction is opportunistic liability management with an AI premium attached. Schneider is using the equity market's willingness to pay for power, cooling and controls exposure to refinance balance-sheet cost while preserving upside conversion value.

Read-Through: *AI infrastructure has created a financing window for the picks-and-shovels complex. OEMs that sit closest to power distribution, cooling and controls can now refinance like growth companies while selling into a utility-scale capex supercycle.*

Links: Bloomberg - Schneider convertible offering

HELION SERIES G: FUSION CAPITAL CHASES THE AI POWER CURVE | NUCLEAR / FUSION CAPITAL

Sources: Helion Energy company release, June 2026.

Helion raised $465 million in Series G capital to meet accelerating global demand for power, adding another private fusion financing data point to the AI infrastructure cycle. The raise reinforces the market's willingness to fund long-duration energy technology when it is tied to the scarcity value of clean, firm power.

Fusion remains pre-commercial and execution risk remains binary, but the capital narrative has changed. The buyer is no longer merely the decarbonization market; it is an AI load curve that wants clean firm megawatts at industrial scale.

Links: Helion - Series G funding release

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META EQUITY WATCH: THE ALPHABET TEMPLATE SPREADS

Sources: Bloomberg, June 5 2026; Financial Times reporting cited by Bloomberg.

Meta is reportedly considering an equity raise after Alphabet's oversubscribed AI-funding sale, with full-year capital expenditures recently lifted to as much as $145 billion as AI infrastructure costs and component pricing rise. Meta had not hired banks and may ultimately decide not to issue, but the stock still fell as much as 7% on the report.

The important change is market psychology. Equity issuance by megacap technology companies is no longer a distress signal; it is becoming a funding sleeve for infrastructure programs too large to fit cleanly inside operating cash flow, even for the highest-margin platforms in the world.

Read-Through: *Alphabet did not just raise capital; it created permission. If Meta follows, hyperscaler equity becomes a recurring AI-infrastructure product, and every powered-land platform should assume its customers are managing capital structure as aggressively as engineering.*

Links: Bloomberg - Meta potential share sale

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Links: Helion - Series G funding release

OEMs

ANTARES MARK-0: FIRST ADVANCED-REACTOR CRITICALITY OF THE PILOT ERA | DISPATCHABLE EQUIPMENT / NUCLEAR

Sources: U.S. Department of Energy, June 4 2026; Idaho National Laboratory.

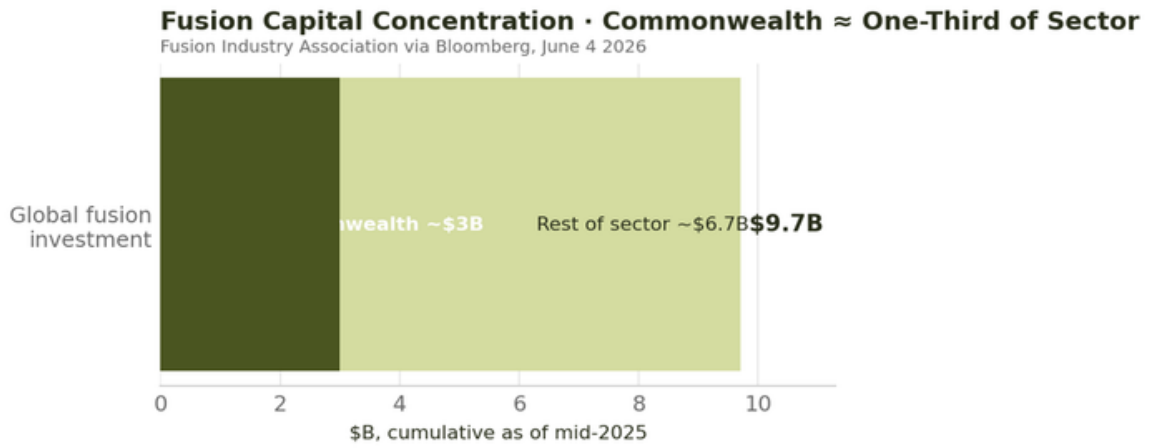
Antares Nuclear's Mark-0 completed a zero-power fueled criticality demonstration at Idaho National Laboratory under DOE's Reactor Pilot Program — the first privately developed non-light-water reactor to reach criticality in the United States in more than four decades, and the first of multiple pilot designs expected to go critical by the July 4 deadline set in the May 2025 executive order. The test validates safety and operating physics, establishes the basis for subsequent units to generate electricity from 2027, and feeds the design and licensing record for eventual NRC commercialization. Antares targets microreactor applications across terrestrial, space and military-installation use cases; the Mark-0 is the 53rd reactor built at the INL site since 1951. DOE has already stood up a follow-on program — the Nuclear Energy Launch Pad — to extend the pilot model, and Antares' CEO credits the program with compressing not just reactor physics timelines but regulatory-pathway and supply-chain learning.

Read-Through: *Zero-power criticality is a physics milestone, not a commercial one — no electrons, no NRC operating license, no fuel supply chain at scale. The datum that matters is velocity: executive order to criticality in under thirteen months is a regulatory cadence the conventional Part 50/52 path has never produced, and it validates DOE site authorization as a parallel track to NRC licensing. For data center procurement, microreactors remain a late-decade option and the near-term BTM stack is still gas — but the pilot template (federal land, DOE authorization, load-adjacent siting) is precisely the architecture a 2030s nuclear-BTM campus would need. Watch which pilot graduates to a power-producing unit first, and on whose campus it lands.*

COMMONWEALTH FUSION: PEER REVIEW AS CAPITAL STRATEGY | NUCLEAR / FUSION CAPITAL

Sources: Bloomberg, June 4 2026; Journal of Plasma Physics; Fusion Industry Association.

Commonwealth Fusion Systems — nearly $3 billion raised from investors including Breakthrough Energy Ventures and Nvidia's venture arm — published five peer-reviewed papers it says validate the physics of ARC, its first commercial-scale plant: a 400 MW tokamak facility in Virginia targeting grid power in the early 2030s, enough for roughly 280,000 homes. The papers also address plasma-disruption mitigation, a core engineering risk. Co-founder and chief science officer Brandon Sorbom framed publication as the dividing line between credible programs and the field's history of unmet promises — "a standard that all fusion companies should be held to." The demonstration machine designed to prove net fusion energy is under construction in Devens, Massachusetts. Sector context: global fusion investment reached $9.7 billion as of mid-2025, with roughly a third concentrated in Commonwealth — capital pulled forward by the same data center power race that is funding SMRs and storage.



Read-Through: *Publication is investor relations for pre-revenue deep tech: peer review substitutes for operating history in the diligence stack, and with an IPO-saturated fall calendar, the discipline differentiates. The siting decision is the tell — fusion's first commercial unit is being placed in Virginia, inside the densest data center load pocket on earth. Even generation a decade from commerciality is being developed load-adjacent. For the 2026–2030 window the BTM stack remains gas; fusion's function today is as a forward call option that hyperscalers fund to hedge the 2030s.*

SIEMENS/NVIDIA/FLUENCE: THE 100 MW AI FACTORY GETS A REFERENCE ARCHITECTURE | OEMS

Sources: Siemens press release, June 1 2026; NVIDIA DSX Vera Rubin reference design.

Siemens, NVIDIA and Fluence, incorporating nVent-aligned design considerations, released an industrialized electrical, power and controls reference architecture for NVIDIA DSX Vera Rubin NVL72 AI factories. The design is sized at 136 MW total facility capacity with 100 MW of IT load, running from a nominal 34.5 kV utility interconnection through medium-voltage distribution, modular low-voltage power blocks and the rack interface.

The reference design targets Tier III concurrent maintainability and repeatable deployment blocks that can start at tens of megawatts and scale to hundreds without fundamental redesign. The planned supplement on advanced thermal management is the logical next layer.

Read-Through: *AI infrastructure is moving from bespoke campus engineering to productized electrical architecture. Standardization is a capital-markets event: it shorten diligence, compresses schedule risk, and creates repeatable designs that lenders can finance across sponsors.*

Links: Siemens - NVIDIA AI data center reference architecture

POLITICS

ILLINOIS INCENTIVES PAUSE: DATA CENTER SUBSIDIES ENTER THE FALL VETO SESSION

Sources: POLITICO, June 5 2026; Illinois governor statement.

Governor JB Pritzker halted new state data-center tax incentive agreements after lawmakers failed to adopt a similar pause during the spring session. Existing agreements before July 1 are not affected, but the Department of Commerce and Economic Opportunity will stop processing new agreements while lawmakers, utilities, labor, environmental groups and industry negotiate a broader framework ahead of the fall veto session.

The policy architecture is familiar: make data centers pay a larger share of grid costs, tighten energy and water efficiency standards, disclose resource use, help finance clean generation, and potentially enter community-benefits agreements with more robust water permitting.

Read-Through: *Illinois is not rejecting AI investment; it is repricing the public subsidy. The political center of gravity has moved from "jobs and capex" to "grid cost, water use and community benefit," which means incentives will increasingly come with tariff-like conditions.*

Links: POLITICO - Illinois data center subsidies pause

RTOs

TEXAS DATA CENTER RULES: ERCOT MOVES FROM OPEN ACCESS TO MANAGED LARGE LOAD

Sources: E&E News by POLITICO, June 3 2026; Texas Tribune, June 5 2026.

ERCOT approved two major rule packages that would reshape how large loads connect in Texas if finalized: one creates batch-style criteria and processes for bringing large users onto the grid; the other requires data centers and cryptocurrency mines to ride through brief grid disruptions to mitigate cascading-outage risk.

At the county level, Hill County rescinded what appeared to be Texas's first data-center moratorium after a developer sued for $100 million in damages. Commissioners replaced the pause with a checklist on firmer legal ground, underscoring the limits of county power in unincorporated Texas even as almost half of planned data centers are now slated for those areas.

Read-Through: *Texas is converging with PJM philosophically even if the mechanics differ: large load remains welcome, but not as passive tariff load that can trip offline at system-critical moments. The new bargain is faster access in exchange for operational obligations.*

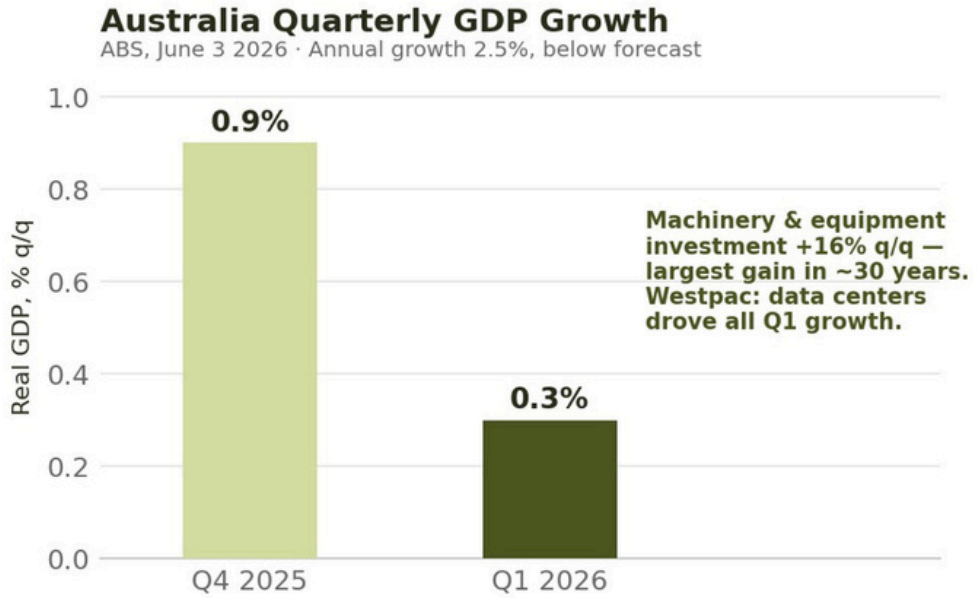
Links: E&E News - ERCOT grid rules for data centers; **Texas Tribune - Hill County moratorium rescinded**

ECONOMY

AUSTRALIA: DATA CENTERS ARE THE GDP PRINT

Sources: Australian Bureau of Statistics via Bloomberg, June 3 2026; Westpac; Deloitte Access Economics; Bloomberg Economics.

Australia's Q1 GDP rose 0.3% quarter-on-quarter — one-third the Q4 pace, below forecast, 2.5% annually — and the composition is the headline: private investment climbed nearly 4%, led by data centers, with machinery and equipment spending up 16%, the largest quarterly gain in almost 30 years. Westpac economists estimate the data center investment impulse, including spillovers, "drove all the growth this quarter." Everything else dragged: mining output fell 1.5% on cyclones, per-capita output declined 0.1%, the savings ratio fell to 6.2%, and household spending growth was flattered by an 11.7% jump in utility outlays as electricity rebates lapsed. The policy bind is acute — the RBA sits at 4.35% after three hikes, the US-Iran conflict is feeding an energy shock, Deloitte sees cooling without disinflation, and a Q2 contraction is a live possibility. Bloomberg Economics flags the import-heavy character of data center construction as one of three distortions muddying the quarter's read.



Read-Through: *A G20 economy just printed a quarter in which the AI buildout was the entire growth impulse while monetary tightening and an energy shock dragged everything else — the Epoch AI finding from this issue, stamped into a second jurisdiction's national accounts. Two reads travel. First, AI infrastructure is now a macro variable central banks must model, and its import-heavy composition (chips, networking, power equipment) means the boom adds demand today and capacity later — inflationary on the way in, which keeps rates higher and squeezes every other rate-sensitive sector competing for the same labor and grid capacity. Second, this is the demand floor argument made empirically: even in a tightening cycle, with a war-driven energy shock, the buildout did not slow — it became the economy.*

APPENDIX | MARKET DATA | CALENDAR | KEY LINKS

APPENDIX 1 | WEEK'S KEY DATA POINTS

Date / Window	Event / Watch Item
$84.75B	Alphabet AI equity package — upsized from initial $80B; ATM $40B / underwritten common + preferred $34.75B / Berkshire $10B
$965B	Anthropic private valuation at confidential IPO filing; run-rate $47B in May, $50B+ guided by end-June
$35B	Apollo/Blackstone TPU lease debt priced — A2 5.75% wrapped; B 8.50% unwrapped; Broadcom RVS guarantee
$1.77T	SpaceX IPO target valuation; $75B raise June 12 — largest IPO ever
$3.4T	Morgan Stanley 2040 SpaceX revenue projection ($2.7T adj. EBITDA); 2025 actual $18.7B
$370B+	Cumulative AI debt issuance since start-2025 (high-grade, junk, loans) — Bloomberg News data
$2.25T	Morgan Stanley 2026E record US high-grade supply (vs. $1.81T in 2025); hyperscalers $250–300B
~$5T	Bloomberg Intelligence 5-year AI capex estimate, much debt-funded
$30B	AirTrunk India commitment by 2030, targeting up to 5 GW of new capacity — vs. $17.1B 2024 whole-company take-private
€20B	EU gigafactory program — bidding slips to July; funds earmarked 2028/2030; max two facilities fundable
$52B	SoftBank France AI data center commitment (EUR45B), targeting up to 3.1 GW by 2031.
$9.7B	Global fusion investment through mid-2025; ~1/3 concentrated in Commonwealth Fusion (ARC: 400 MW, VA)
$250M	Gigascale Capital first institutional fund; climate VC fell 16% in 2025 while total VC/PE grew 26% on AI
760 MW	CIRs transferred Eddystone → Crane (TMI-1) by FERC waiver, over market monitor objection
13 GW	Cleanview projected US BTM data center capacity by end-2027 (~2 GW today) — exceeds NYC demand

APPENDIX | MARKET DATA | CALENDAR | KEY LINKS

APPENDIX 1 | WEEK'S KEY DATA POINTS

Date / Window	Event / Watch Item
1.50%	Computing infrastructure share of US GDP, Q1 2026 (Epoch AI); AI-related ~0.8%
0.30%	Australia Q1 GDP q/q — Westpac: data center investment drove all growth; M&E +16%, ~30-yr high
16%	Avg. utility CEO pay growth 2025 ($12.3M avg across 51 IOUs); residential rates +9.5% y/y
Mark-0	First US advanced (non-LWR) reactor criticality in 40+ years — Antares, INL, DOE Reactor Pilot Program
~2 yrs	Jack Clark's stated possible window to recursive self-improvement; Anthropic proposes pause option + verification
$75B	SpaceX targeted IPO proceeds at $135/share; largest IPO ever if completed.
$30B Google / SpaceX	Compute contract through June 2029; $920MM/month beginning October 2026.
$145B	Meta high-end 2026 capex plan after AI infrastructure escalation; shares fell as much as 7% on equity-raise reports.
$52B / 3.1 GW	SoftBank French AI data-center commitment and targeted capacity by 2031 across Dunkirk, Bosquel and Bouchain.
45% / 14.5%	Proposed Phoenix-area utility rate increases for data centers and households, respectively.
136 MW / 100 MW	Siemens / NVIDIA / Fluence AI factory reference design facility size and IT load.
EUR800MM	Schneider Electric 2034 convertible offering; EUR650MM of 2030 bonds targeted for repurchase.
$465MM	Helion Series G funding round for fusion power development.
200%+	Bloom Energy share gain YTD as fuel cells are recast as community-friendly AI power infrastructure.
$30/MMBtu	Approximate March JKM LNG spike from sub-$11/MMBtu February levels before glut risk reasserts.
$100MM	Developer lawsuit that preceded Hill County, Texas rescinding its data-center moratorium.

APPENDIX 2 | CALENDAR / WATCH LIST

Date / Window	Event / Watch Item	Digital Power Relevance
Jun 9–12	SpaceX IPO pricing and listing ($75B raise, $1.77T target)	Largest-ever IPO; powered-compute offtake disclosures (Anthropic
Mid-June	RBA rate decision	Data-center-led GDP vs. inflation persistence; market ~50/50 on August
July 17	England World Cup opener (NESO 800 MW surge forecast)	Synchronized-demand reliability event; flexibility benchmark
July	EU gigafactory bidding process opens (delayed from May)	Consortium attrition watch; max two facilities fundable pre-2028 budget
Jul 4	DOE Reactor Pilot Program criticality deadline	Additional advanced-reactor criticalities expected after Antares Mark-0
Q3 2026	Alphabet ATM program begins ($40B)	Persistent equity supply within the upsized $84.75B package; competition for institutional AI dollar
Fall 2026	Anthropic / OpenAI public listing window	Category-defining first listing; public-market AI exposure repricing
Pending	NY Gov. Hochul signature — data center moratorium + cost-allocation bills	Sharpest state-level pause; self-funded interconnection as re-entry price
Ongoing	Anthropic-convened policymaker discussions on slowdown verification	Compute observability runs through the power system; monitor energy-sector role

ISSUE V3 CALENDAR ADDITIONS

Topic	Watch Item
FERC	June data-center/grid proposal - whether federal action preserves state cost-allocation authority or moves toward stronger federal oversight of large-load interconnection.
PJM	Connect-and-Manage rules, cost-causation methodology, CIR treatment and post-2026 large-load curtailment hierarchy finalization.
MISO	ERAS approvals for Entergy and other gas-fired capacity projects serving data-center demand; pace of MISO queue processing relative to project timelines.
Ohio and state incentives	Whether the tax-credit pause becomes a broader model for conditional data-center incentive review across other states.
Pennsylvania	GRID standard implementation and whether responsible-development frameworks create a competitive-permitting advantage for power-secured sites.
SpaceX	IPO launch timing, final offering valuation and institutional investor appetite for AI-infrastructure optionality at trillion-dollar scale.
Anthropic/OpenAI	Private-credit deal execution, chip-financing terms and any signals regarding IPO readiness or timeline.
OEMs	Cooling, power electronics, switchgear, engines and transformer capacity additions or delivery-schedule revisions.
Community risks	Escalation of data-center opposition around water, noise, tax incentives and utility cost-allocation in high-activity development corridors.

ISSUE V3 DATE / WINDOW WATCH LIST

Date / Window	Event / Watch Item	Digital Power Relevance
Jun 2026	FERC data-center / grid proposal watch	Federal action may affect state cost-allocation authority and large-load interconnection rules.
Jun 2026	SpaceX IPO marketing window	Tests investor appetite for AI-infrastructure optionality at trillion-dollar scale.
Q2-Q3 2026	Anthropic / Google TPU private-credit syndication	Private credit terms will indicate whether compute capacity is underwritten like infrastructure collateral.
Q3 2026	PJM Connect-and-Manage / cost-causation development	Large-load curtailment hierarchy, CIR treatment and capacity responsibility will shape PJM data-center financeability.
Q3 2026	MISO ERAS approvals for data-center-driven gas capacity	Shows whether expedited gas additions can serve AI load faster than conventional queue timelines.
2H 2026	Ohio data-center tax-credit pause review	Potential model for conditional incentive review across other states.
2H 2026	Pennsylvania GRID standards implementation	Responsible-development framework could become a permitting advantage for power-secured sites.
2H 2026	OEM delivery-slot updates: cooling, switchgear, engines, transformers	Non-chip supply chain availability will increasingly drive project schedules.
2027	EIA summer gas-burn forecast: 46.1 Bcf/d	Record electric-sector gas demand would validate the gas-bridge thesis for AI load.

APPENDIX 3 | ARTICLE ROUTING / SOURCE LIST

Development / International: Blackstone's AirTrunk to Spend $30 Billion on India Data Centers (Bloomberg, Jun 5); EU's AI Data Center Plans Stumble Due to Delays, Funding (Bloomberg, Jun 2–3).

Finance / Capital Markets: For Goldman's Top Bankers, It's All AI Data Centers All the Time (Bloomberg, Jun 1); DoubleLine's Cohen Says AI Bubble Is Coming to Credit Markets (Bloomberg, Jun 3); Morgan Stanley Sees SpaceX's Revenue Reaching $3.4 Trillion in 2040 (WSJ, Jun 5); Former Meta CTO Raises Clean Tech Fund as AI Reshapes Sector (Bloomberg, Jun 1).

Technology / OEMs: Department of Energy Celebrates First Advanced Reactor Criticality (DOE, Jun 4); Gates-Backed Commonwealth Fusion Says Its Tech Validated to Make Power (Bloomberg, Jun 4); Siemens / NVIDIA / Fluence AI factory reference architecture; Schneider convertible offering.

Politics / Society: Anthropic Urges Global Pause in AI Development, Flags Self-Improvement Risk (WSJ, Jun 4); Illinois data-center incentives pause.

RTOs: ERCOT large-load rule packages; voltage ride-through requirements for data centers and crypto mines; Hill County moratorium rescission after litigation.

Economy / Macro: Australia's Slowing Economy Propped Up by Data Center Boom (Bloomberg, Jun 2–3).

Additional Source Routing: Phoenix rate case (Development / Rate Design); Bloom Energy NIMBY pushback (Development / BTM Power); SpaceX IPO / Google compute / S&P index decision / space rivalry (Finance / Capital Markets); Meta potential share sale (Finance / Hyperscaler Equity); Anthropic IPO bank group (Finance / IPO); Goldman Minnis AI credit remarks (Finance / Credit Markets); Schneider convertible and Siemens reference design (OEMs / Capital Markets); Helion Series G (Finance / Fusion Capital); Illinois incentives pause (Politics); Texas ERCOT / Hill County rules (RTOs); LNG glut and SoftBank France (International / Energy).