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Go Speed Racer Go — Data Center Developers Put the Pedal to the Metal

Speed to Market Becomes Top Priority Over Cost, Other Considerations



- Several factors drive data center development across seven key states
- As market matures and dynamics shift, more states pulling in major projects
- Utilities see balance sheets threatened by record debt from AI-driven capex
- Developers race to get sites online amid fast-changing global marketplace

1. Introduction

If there's one thing the energy industry has learned over the past decade, it's that demand can shift quickly — but rarely has it shifted this fast. The explosive growth of artificial intelligence (AI) and cloud computing has triggered a land rush for data center development across the U.S., sending shockwaves through power markets, natural gas infrastructure and utility planning processes. What was once a steady, if unglamorous, segment of the digital economy has become one of the most consequential drivers of energy demand growth. And unlike prior cycles, where industrial expansion unfolded over years or decades, the timeline here is measured in months.

That urgency is reshaping how — and where — data centers are built. Developers are no longer simply optimizing for cost or proximity to end users; they are chasing speed to market above all else. The ability to secure power, permits and physical infrastructure has quickly vaulted to the top of the priority list, often outweighing longer-term considerations like efficiency or even total project cost. In many cases, the question is no longer “What is the best location?” but rather “What location can get online first?”

This report examines how that shift is playing out across the U.S., where a combination of regulatory frameworks, power availability, natural gas access and market maturity is determining

which regions emerge as winners — and which fall behind. Established hubs like Northern Virginia and Texas continue to anchor development, benefiting from existing infrastructure and deep industry ecosystems. But even these markets are showing signs of strain, as grid congestion, rising costs and local opposition complicate further expansion.

At the same time, a growing number of secondary markets are stepping into the spotlight. States that previously sat on the sidelines are now attracting multibillion-dollar investments, driven by a mix of available land, supportive policies and — perhaps most importantly — access to reliable and scalable energy supplies. This geographic diversification reflects both necessity and opportunity: necessity, because traditional hubs cannot absorb all incremental demand; and opportunity, because new markets can position themselves to capture a share of this rapidly expanding sector.

Underlying all of this is a fundamental constraint: power. Data centers are extraordinarily energy-intensive, and their rapid proliferation is placing unprecedented pressure on the U.S. electric grid. Utilities are scrambling to keep pace, ramping up capital expenditures to expand generation, transmission and distribution infrastructure. That buildout, in turn, is driving a surge in utility debt levels and raising important questions about how this wave of investment will be financed — and who ultimately bears the cost.

Natural gas plays a central role in this story. Whether through grid-connected generation or behind-the-meter solutions, gas-fired power remains the most reliable and scalable option for meeting data center demand in the near term. As a result, data center development is increasingly intertwined with gas supply dynamics, pipeline capacity and regional pricing differentials. In some cases, access to gas infrastructure is becoming just as critical as access to the electric grid itself.

The interplay between these factors — market maturity, regulation, power availability and fuel supply — creates a complex and evolving landscape for developers, utilities and policymakers alike. It also introduces a degree of uncertainty. While current projections point to sustained, rapid growth in data center demand, history suggests that periods of intense investment can eventually lead to overbuilding and market imbalances. The risk of getting ahead of demand is real, even in a sector that currently seems insatiable.

In the pages that follow, we break down these dynamics in detail, starting with the key states driving data center development today and expanding to include emerging markets that are gaining traction. We then turn to the utility sector, where the financial and operational implications of AI-driven load growth are becoming increasingly apparent. Finally, we explore the critical importance of speed to market and the strategies developers are deploying to navigate the challenges of siting and powering new facilities.

The bottom line? Data centers are no longer just a tech story — they are an energy story, a financial story and, increasingly, a policy story. And as the race to build out AI infrastructure accelerates, the decisions being made today will shape the trajectory of U.S. energy markets for years to come.

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