

Energy

NJ Energy Firm Partners With UAE on Planned \$25B Investment in Power for US Data Centers

By Angela Shah



ECP subsidiary Convergent Energy and Power has eight solar-plus-storage systems operating in Central and Upstate New York.

Photo courtesy Convergent

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New Jersey-based Energy Capital Partners has announced a multi-billion partnership with Abu Dhabi sovereign wealth fund ADQ to develop projects to meet the growing need for energy to power data and industrial centers in the U.S.

ADQ and ECP said their joint venture is expected to invest as much as \$25 billion in building power generation and energy infrastructure, targeting the growing electricity demand from energy-intensive data centers, namely from increased use of artificial intelligence.

Seeded by an initial capital commitment of \$5 billion from both partners, the partnership plans to focus primarily on the U.S. market with the goal of developing 25 GW of power generation projects. The investment strategy prioritizes greenfield developments, new builds and expansion projects to secure a stable energy supply for large-scale cloud computing and industrial electrification, according to a statement.

Doug Kimmelman, ECP's founder and executive chairman, said the venture's main priority will be building new natural gas-fired power generation to meet the needs of "hyperscalers"—companies such as Amazon or Google—that offer massive computing storage and services.

"AI will be a major driver of U.S. economic and job growth over the coming decade, but not unless ample new electricity supplies are developed," Kimmelman said in a statement. The joint venture with ADQ, he added, will "provide the electricity resources demanded by the rapidly growing AI data center sector."

The American Public Power Association estimates that U.S. data center demand will nearly triple by 2030, driving more than \$1 trillion in investment to meet that need. Those data centers are crucial for powering advanced AI technology, and they alone consumed 4.4% of total U.S. electricity in 2023, according to a U.S. Department of Energy report published in December.

That figure could reach 12% by 2028, the report said.

Energy Capital Partners' deal with ADQ comes a few months after the firm launched a \$50-billion strategic partnership with global investment firm KKR aimed at accelerating the development of data centers by providing the power generation and transmission infrastructure needed to support AI usage and cloud computing.

"Data center power demand ... will go unmet without the right infrastructure in place, which is critical to boosting productivity, supporting electrification and helping countries create a competitive edge in AI," Joe Bae, KKR's co-chief executive officer said in a statement. "At

the same time, the scaling of this mission-critical infrastructure must be done affordably, reliably and sustainably, while addressing the needs of all stakeholders—from technology companies to end consumers.”

In addition to private investment, federal funding through the 2022 CHIPS and Science Act, the 2021 Infrastructure Investment and Jobs Act and 2022 Inflation Reduction Act is also acting like a catalyst for the development of additional energy infrastructure required for advanced computer data processing.

Founded in 2005, Energy Capital Partners has owned, controlled and operated more than 83 GW of power generation across U.S. energy markets, including natural gas, geothermal, hydro, solar, wind, battery storage and waste-to-energy. To further those goals, ECP announced in December it had acquired a 50% stake in three U.S. solar projects from Danish-based Orsted. Those projects include solar energy farms and storage facilities in Texas and Arizona.

A few months earlier, London-based Bridgepoint Group said it had finalized its about \$1-billion-purchase of Energy Capital Partners.

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