

The Missing Fuel for Your Data Center Growth.

Generative AI is catalyzing a remarkable \$1 trillion in new investments for data centers. However, a critical element often overlooked in this expansion is the connection to natural gas pipelines.

Let's explore why natural gas is vital for data center success.

The Energy Challenge

Data centers consume vast amounts of electricity, and with the surge in AI, their energy demands have escalated significantly. Electric utilities are struggling to meet this new demand, resulting in delays and uncertainties for data centers seeking reliable power. The traditional power grid simply cannot accommodate this explosive growth.

Onsite Power: A Temporary Solution?

In response to these challenges, many data centers are opting for onsite power generation. This approach provides immediate energy while electric utilities work to expand capacity. However, most of these generators rely on natural gas, and unfortunately, planning for these natural gas connections often occurs too late, leading to costly delays and complications.

Natural Gas: Fueling Sustainable Growth

Natural gas has evolved from a backup fuel to a crucial component for consistent and scalable power generation. By proactively planning natural gas connections, data centers can secure a stable, reliable, and competitive energy supply—especially in regions where electric utilities struggle to keep pace with demand.

Beyond Gas Utilities: Direct Access to Interstate Markets

Natural gas utilities are not the only avenue for connectivity. For substantial gas volumes, connecting directly to interstate gas markets can be a more efficient solution. For energy-intensive data centers, this direct connection often proves faster and more cost-effective.



However, challenges arise as many interstate pipelines are already at capacity, complicating access to available gas. Engaging with an expert can provide the necessary transparency and facilitate favorable gas contracts.

Strategic Approaches to Gas Connectivity

Given the complexities involved, it is essential to identify interstate pipelines with sufficient capacity. Partnering with a knowledgeable entity that can facilitate physical connections to these systems is crucial. Companies with expertise in this area can streamline the process, ensuring a steady gas supply without unnecessary complications.

Planning for Future Growth

As data centers continue to expand, the potential for interstate pipelines to reach full capacity looms. Developers must consider locations closer to natural gas production sites to secure a reliable and expandable gas supply, mitigating the risks associated with over-subscribed pipelines.

Avoiding Common Pitfalls

Neglecting the significance of natural gas connectivity can lead to several issues:

1) Power Delays: Insufficient natural gas infrastructure may result in extended delays in securing necessary power.

2) Collaborative Expertise: Partnering with firms specializing in natural gas infrastructure can streamline the process and provide invaluable insights, particularly those focused on serving large industrial clients and data centers.

3) Long-Term Strategic Vision: Planning for future growth to ensure that natural gas supply can accommodate evolving demands, providing flexibility in energy sourcing.

Conclusion: Act Now

The data center industry stands at a pivotal juncture. The astounding growth fueled by AI presents immense opportunities, coupled with significant challenges. To capitalize on these opportunities while navigating potential obstacles, developers must recognize the integral role of natural gas in their energy strategies. Prioritizing natural gas connectivity can lead to expedited market entry, enhanced reliability, and stronger operational foundations.

For data center developers seeking to navigate this complex landscape, Greylock is ready to assist.