Power Tracker: US Data Center Outlook Largely Intact Despite Rising Political Scrutiny

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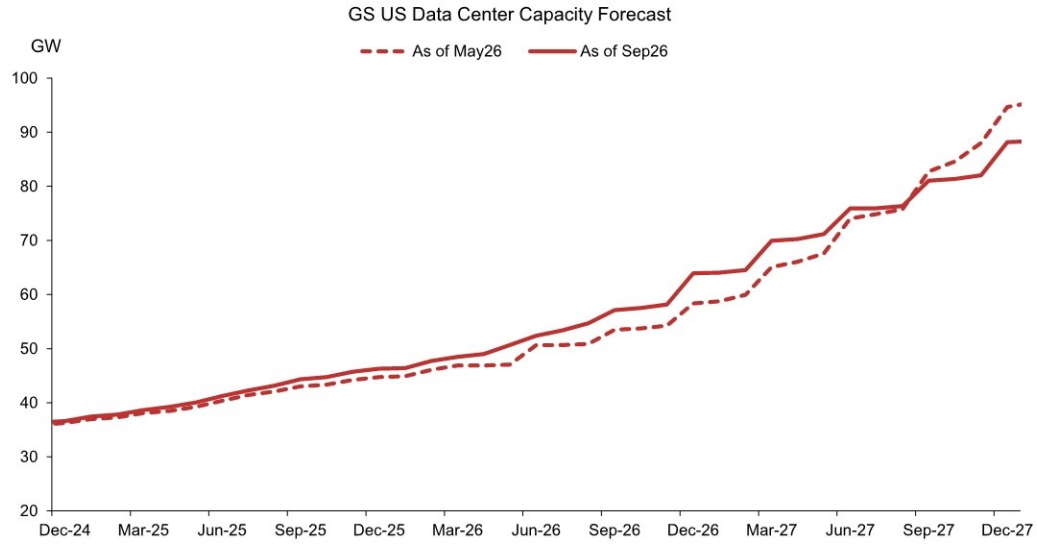
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- While US data center development faces increasing political and community opposition, project data and our updated capacity estimates suggest that the US data center growth outlook through 2027 remains largely unchanged. Recent developments, including Governor Abbott's directive to halt new Texas data center permits pending ERCOT and the Texas Water Development Board (TWDB) audits, highlight the growing scrutiny. Public sentiment has also turned more negative, with a recent NBC News poll showing 64% of voters would be less likely to support a candidate who backs a local data center, vs 11% who would be more likely.
- However, our latest estimates (based on the historical relationship between scheduled and activated capacity) point to only moderate near-term revisions: we raise our year-end 2026 US data center capacity forecast by 5 GW to 64 GW, while reducing our year-end 2027 forecast by 5 GW to 90 GW (Exhibit 1).
  - We now expect US data center power demand to grow 38% (12 GW) in 2026 and 38% (17 GW) in 2027 (all assessed on a December vs December basis). This is assuming a utilization rate consistent with industry reports, as well as bottom-up regional models - where each market carries its own utilization assumption - that converge to a weighted average utilization rate of 70%.
  - Regionally, we reduce our 2027 year-end ERCOT forecast by 1 GW, reflecting stricter interconnection requirements and political scrutiny of large-load additions, while reducing our 2027 PJM forecast by 5 GW following PJM's bring-your-own-capacity announcement.
- Effective peak spare capacity tightened across every key region this summer, including ERCOT, PJM, MISO, CAISO, NW, and SE, in part due to record-breaking peak-summer demand (Exhibit 2). Although most key regions saw marginal tightening yoy, the US Lower 48 effective spare capacity obscures this regional tightening and instead shows a yoy loosening as peak-demand hours vary by region and do not occur at the same time.

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Featured Charts

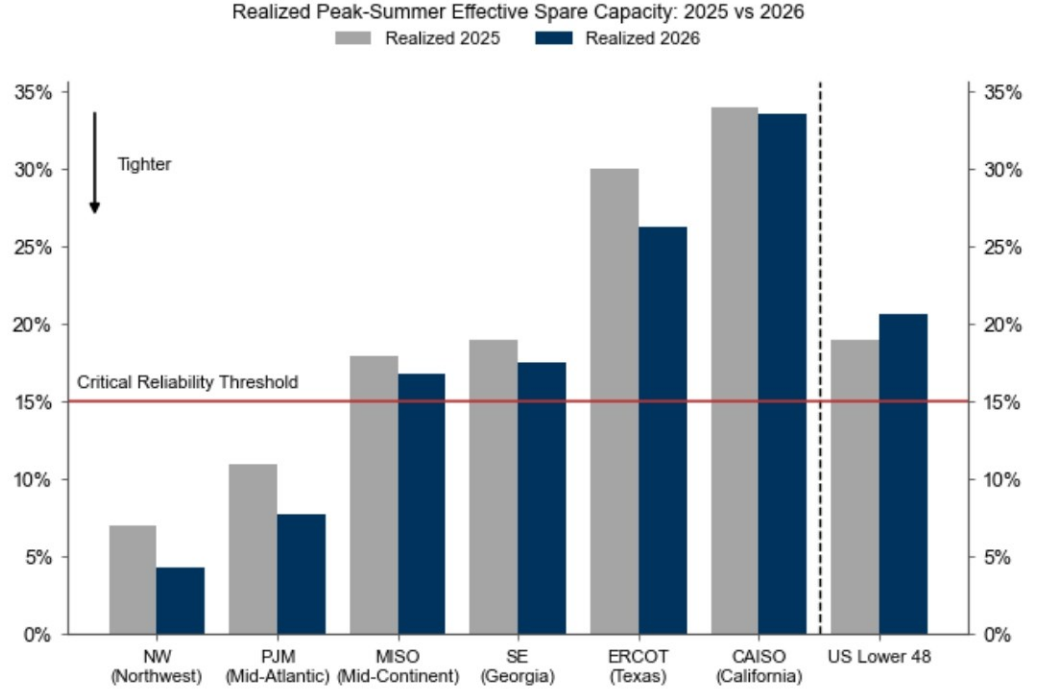
Exhibit 1: Our moderate revisions through 2027 indicate a limited impact thus far from political constraints on the US data center growth outlook



Our GS data center capacity forecast assumes only 60/50% of currently scheduled additions are realized, which is derived from the historical relationship between scheduled and activated capacity.

Source: Aterio, Goldman Sachs Global Investment Research

Exhibit 2: This summer, effective spare capacity realized tighter yoy across every key region

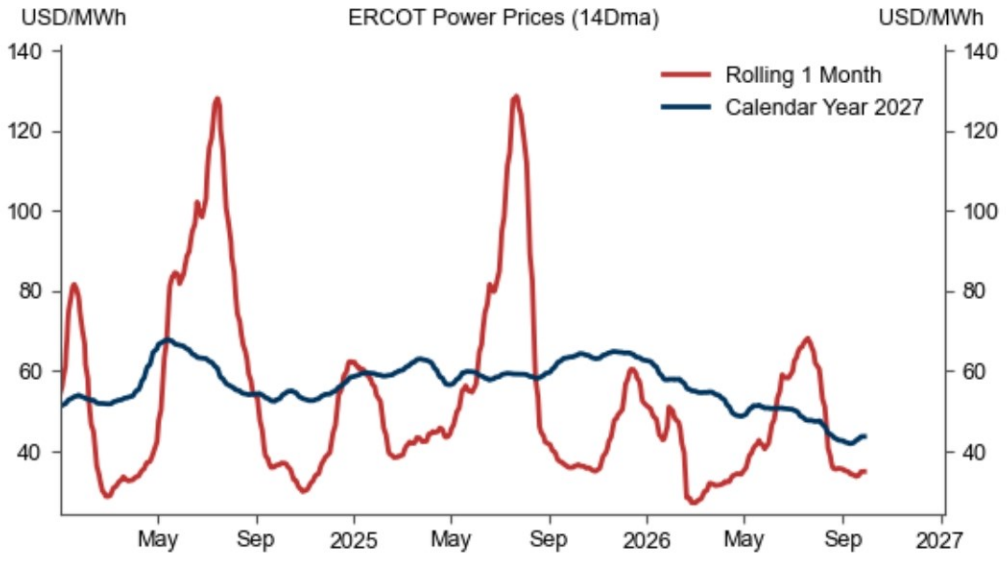


Effective spare capacity is calculated using daily peak-hour power demand and effective power generation capacity in the month in a given power market, indicating critical tightness if below 15%.

Source: EIA, Goldman Sachs Global Investment Research

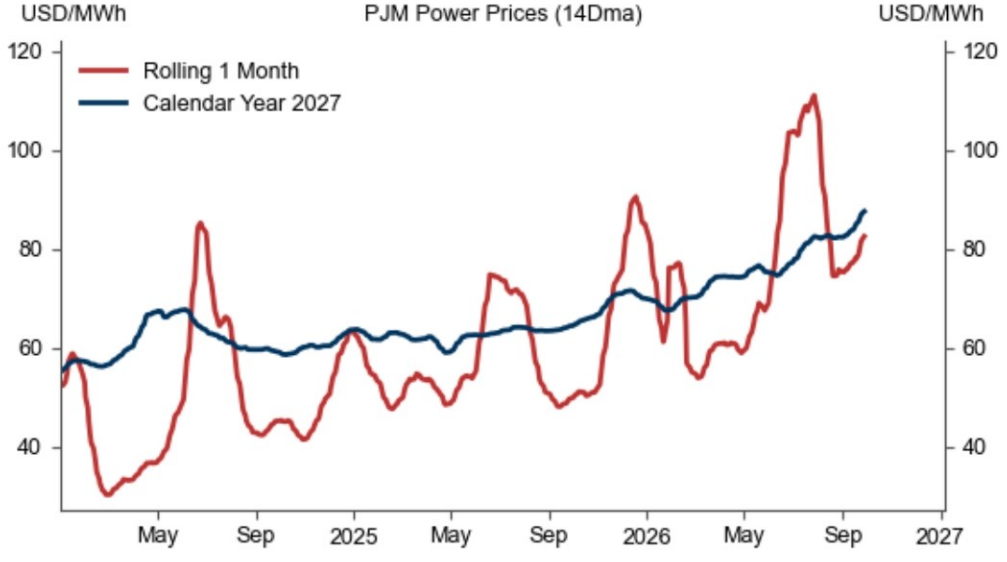
Prices

Exhibit 3: ERCOT (Texas) power prices this summer remain below 2024 and 2025 levels despite year-on-year peak-summer effective spare capacity tightening
ERCOT North 345kV Hub peak load prices



Source: Bloomberg

Exhibit 4: Summer heat-waves have sent PJM (Mid-Atlantic) power prices higher, rallying over the 100 USD/MWh level this summer
PJM western hub peak power swap prices

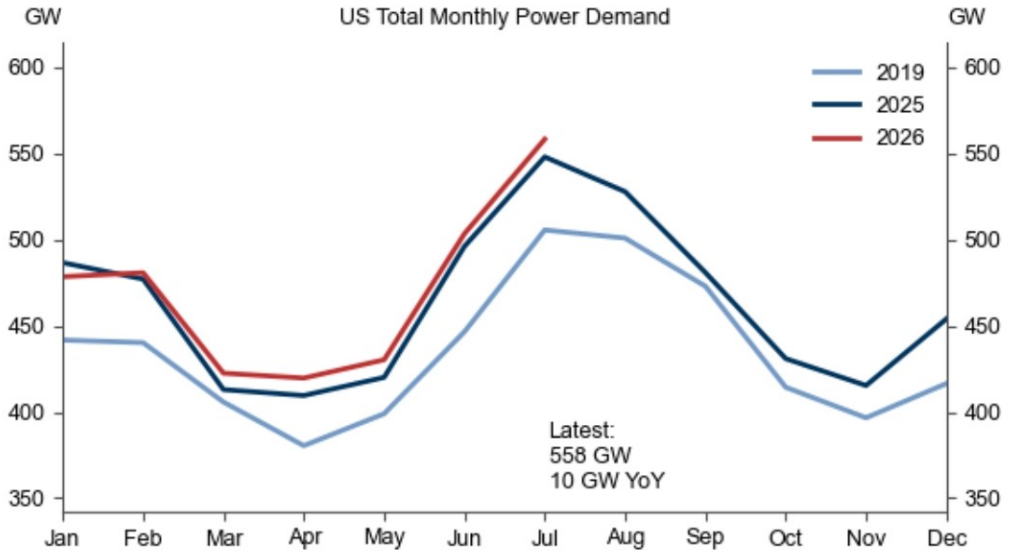


Source: Bloomberg

Demand

Aggregate Power Demand

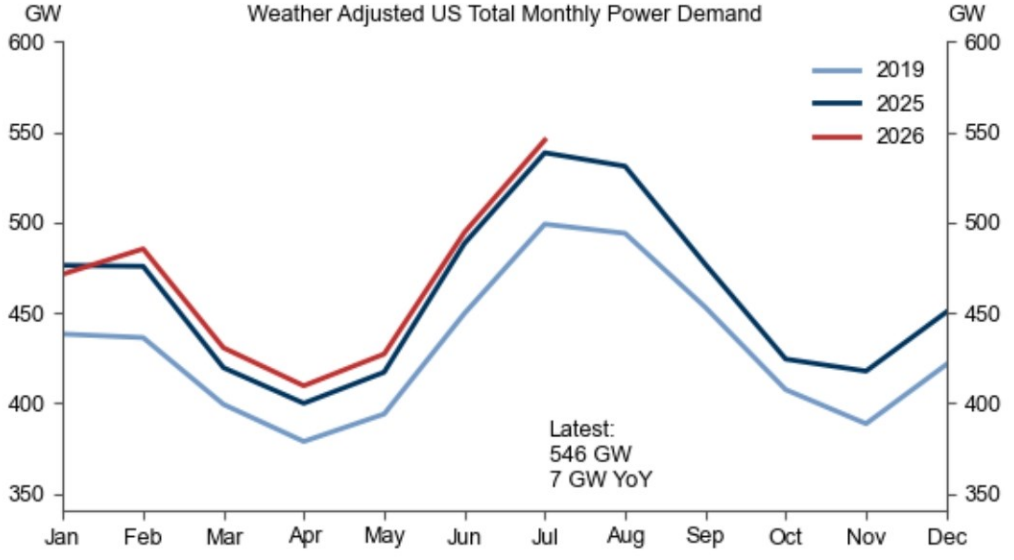
Exhibit 5: US yoy power demand growth through July has slowed this year to 1.4% from 2.4% in 2025



Not weather adjusted

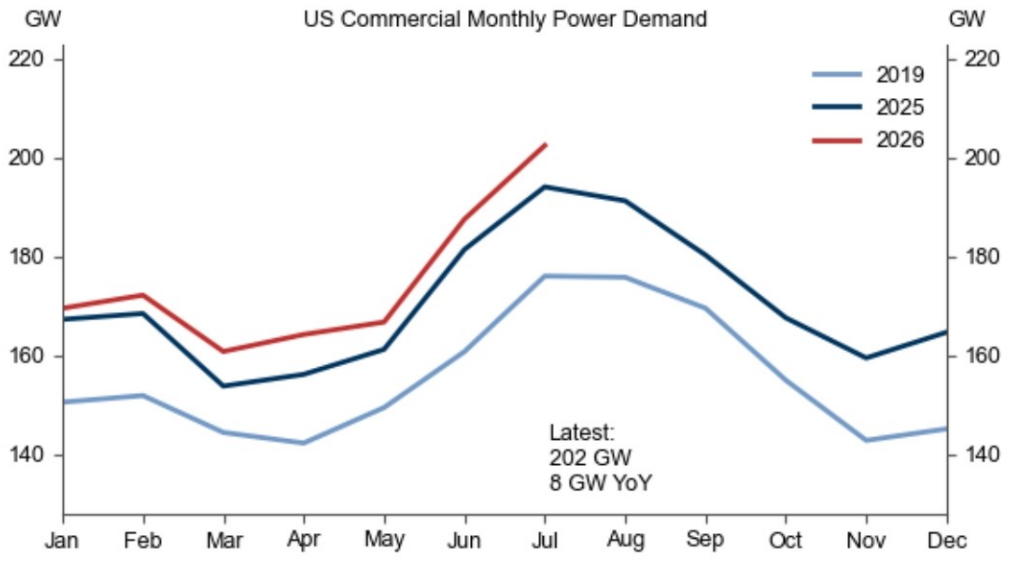
Source: EIA, Bloomberg, Goldman Sachs Global Investment Research

Exhibit 6: After weather adjustment, US yoy power demand growth through July has slowed this year to 1.6% from 1.9% in 2025



Source: EIA, Bloomberg, Goldman Sachs Global Investment Research

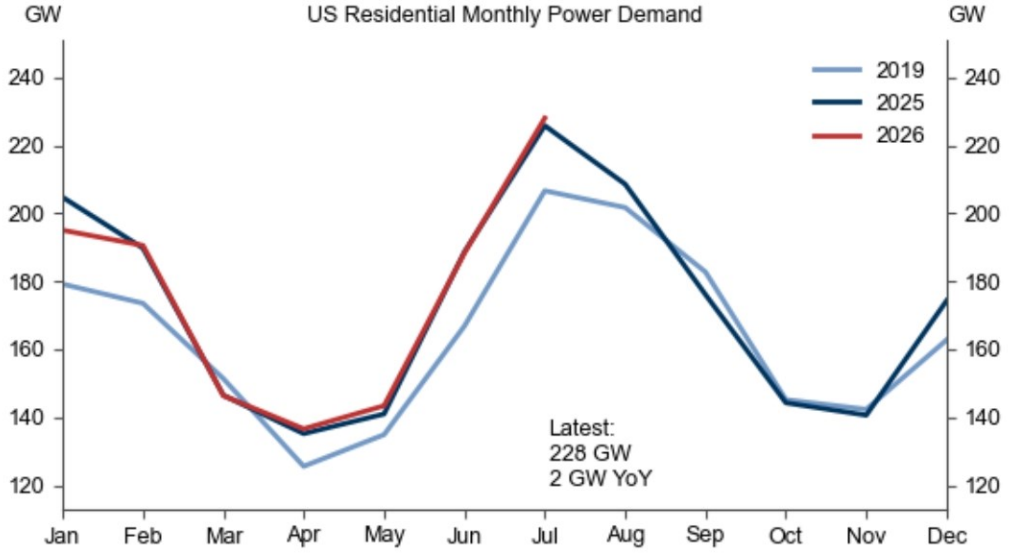
Exhibit 7: The commercial sector continues to be the strongest sector in power demand growth year-to-date with a 3.5% yoy growth rate, down slightly from 3.7% ytd in 2025



Not weather adjusted

Source: EIA, Bloomberg, Goldman Sachs Global Investment Research

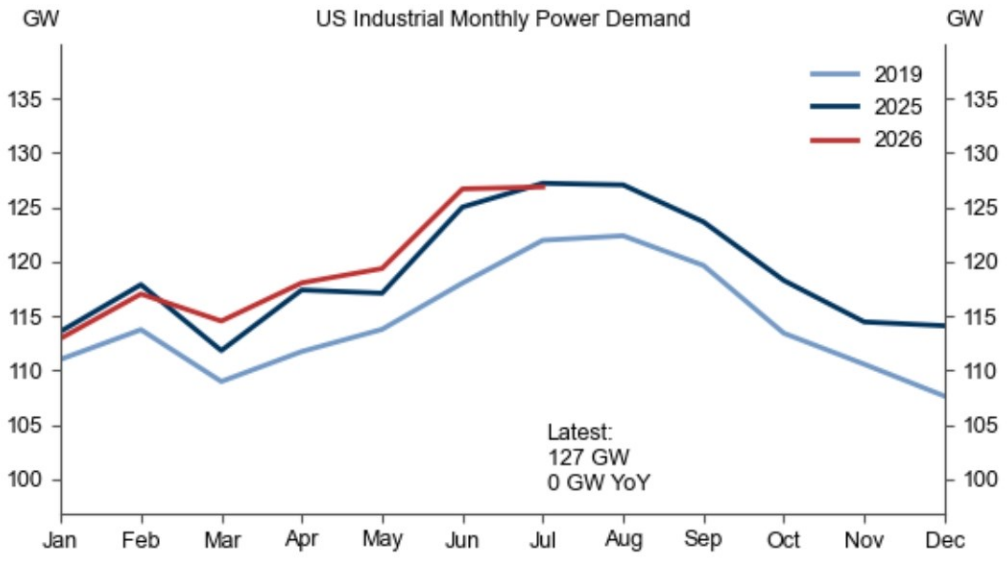
Exhibit 8: US residential power demand has been flat yoy



Not weather adjusted

Source: EIA, Bloomberg, Goldman Sachs Global Investment Research

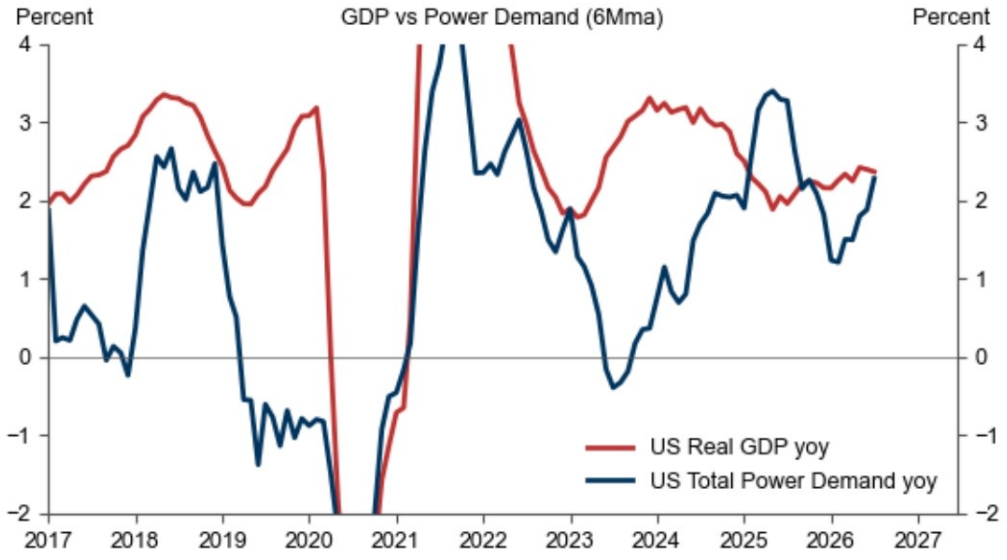
Exhibit 9: Industrial power demand yoy growth slowed in July



Not weather adjusted

Source: EIA, Bloomberg, Goldman Sachs Global Investment Research

Exhibit 10: US power demand growth is once again catching up with US GDP growth
Weather-adjusted US total power demand (including small-scale solar power use) and US real GDP yoy, monthly

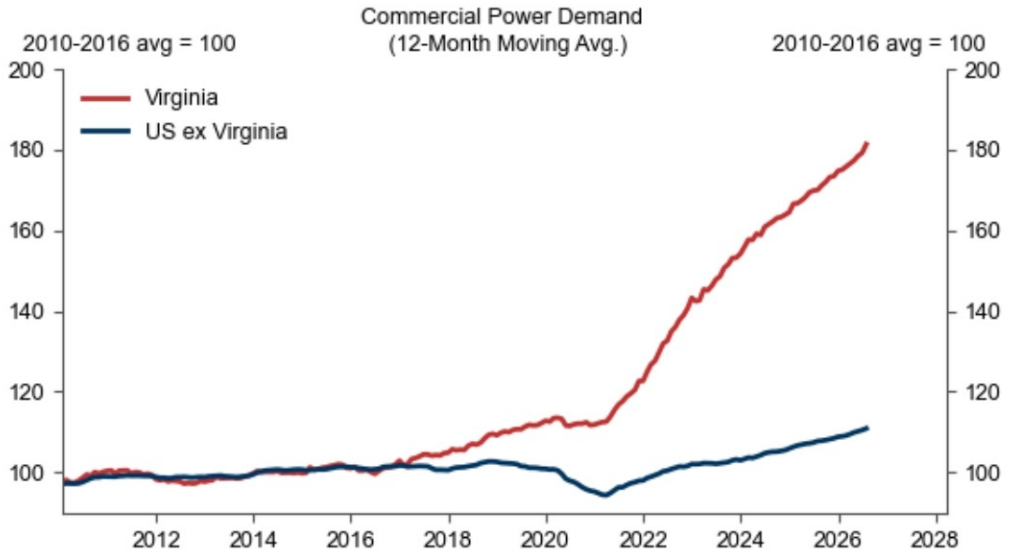


To avoid underestimating power demand, we include all small-scale solar power generation in US total power demand

Source: EIA, Bloomberg, Haver, Goldman Sachs Global Investment Research

Data Center Power Demand

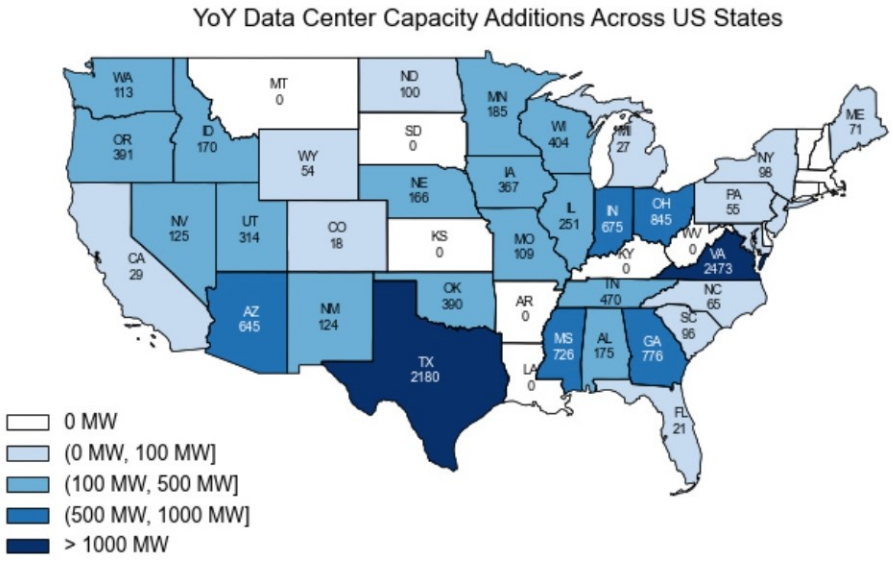
Exhibit 11: Estimated data center power demand in Virginia continues to edge higher



Not weather adjusted

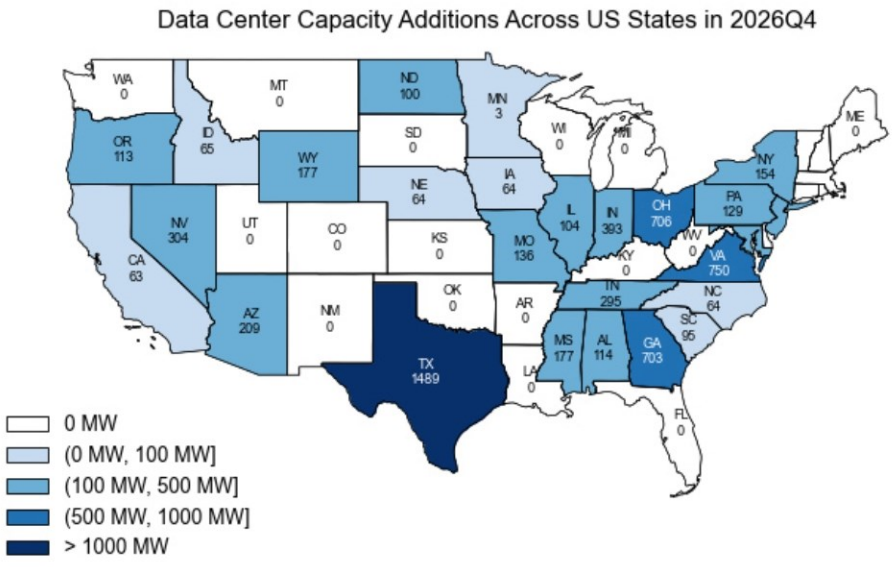
Source: Haver, Goldman Sachs Global Investment Research

Exhibit 12: Virginia, Texas and Ohio led data center expansions in the past year, along with Georgia, Mississippi and Indiana



Source: Aterio, Goldman Sachs Global Investment Research

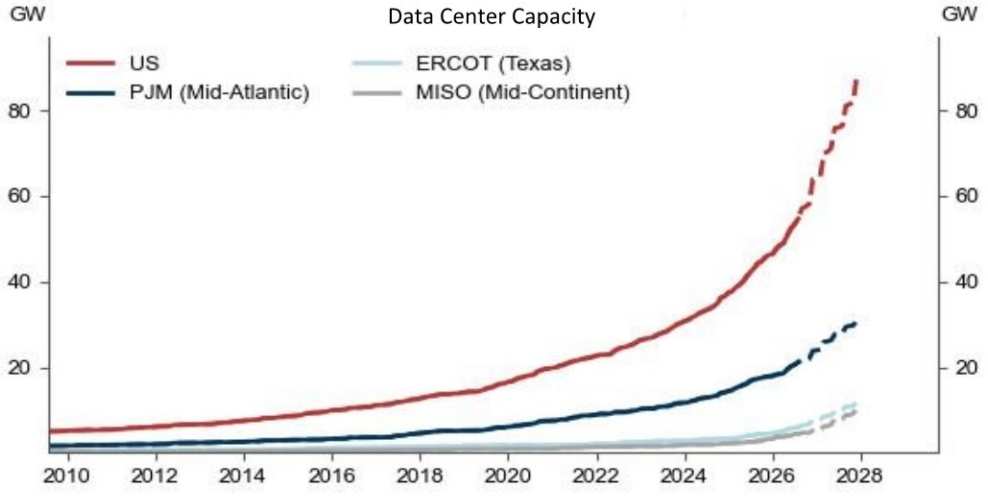
Exhibit 13: Texas, Virginia and Ohio are leading data center development in 2026Q4



Data center capacity additions are a GS forecast based on the historical relationship between scheduled and activated capacity.

Source: Aterio, Goldman Sachs Global Investment Research

Exhibit 14: We expect significant data center growth acceleration in both the US national and key regional power markets in 2026/27

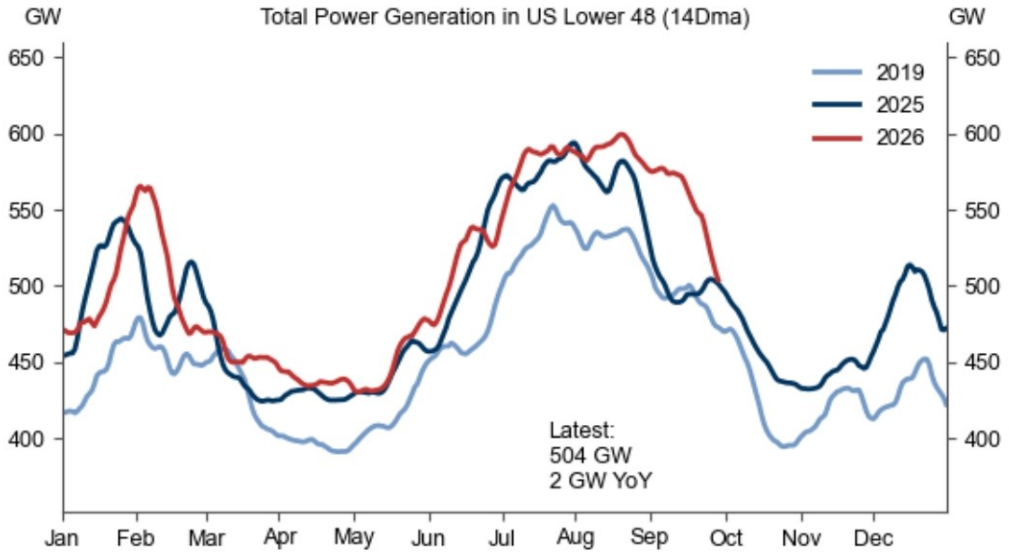


Source: Aterio, Goldman Sachs Global Investment Research

Supply

Generation and Stack

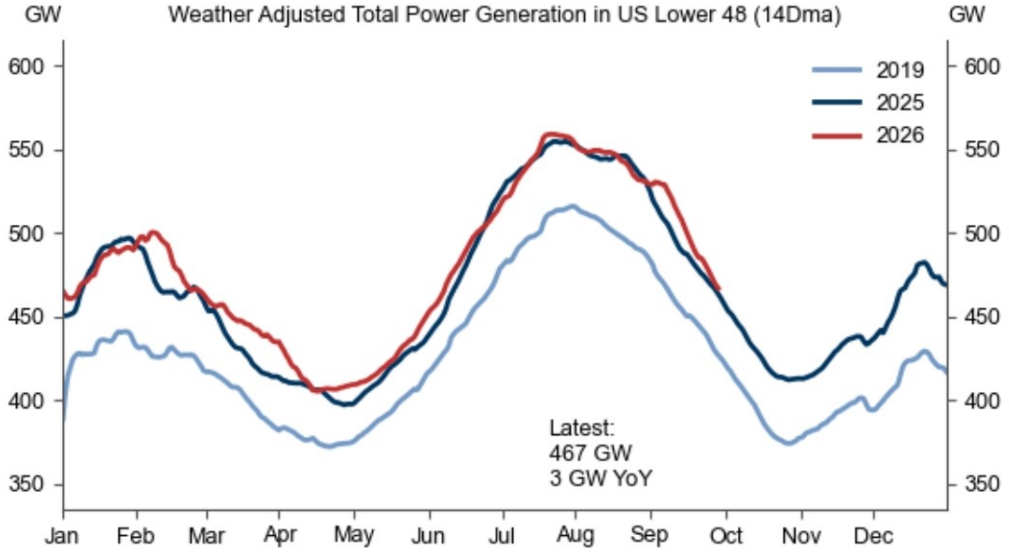
Exhibit 15: US total power generation moved higher yoy following a 2.0 SD warmer than average September



Not weather adjusted. SD is standard deviation.

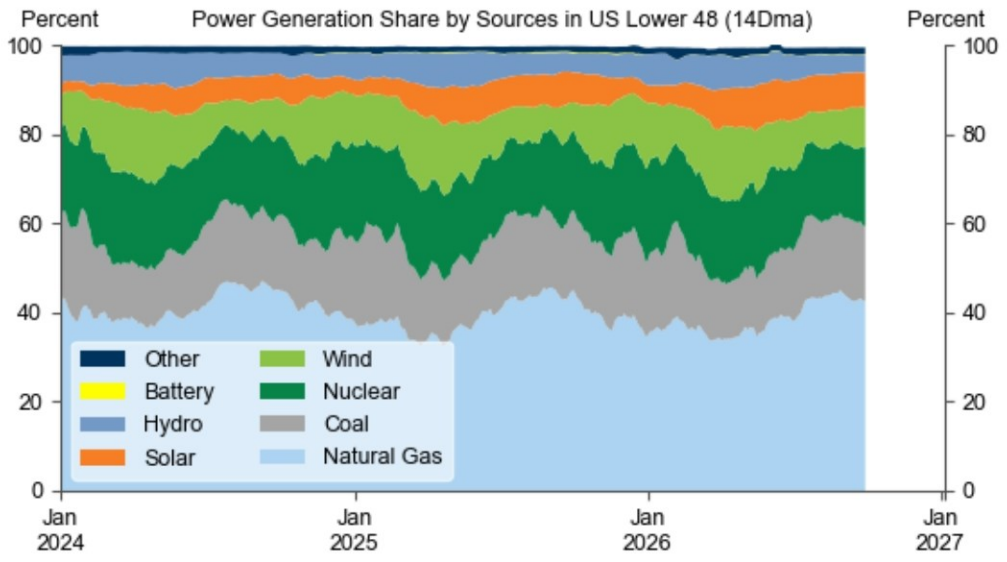
Source: EIA, Goldman Sachs Global Investment Research

Exhibit 16: After adjusting for weather, US total power generation was up marginally yoy through September



Source: EIA, Bloomberg, Goldman Sachs Global Investment Research

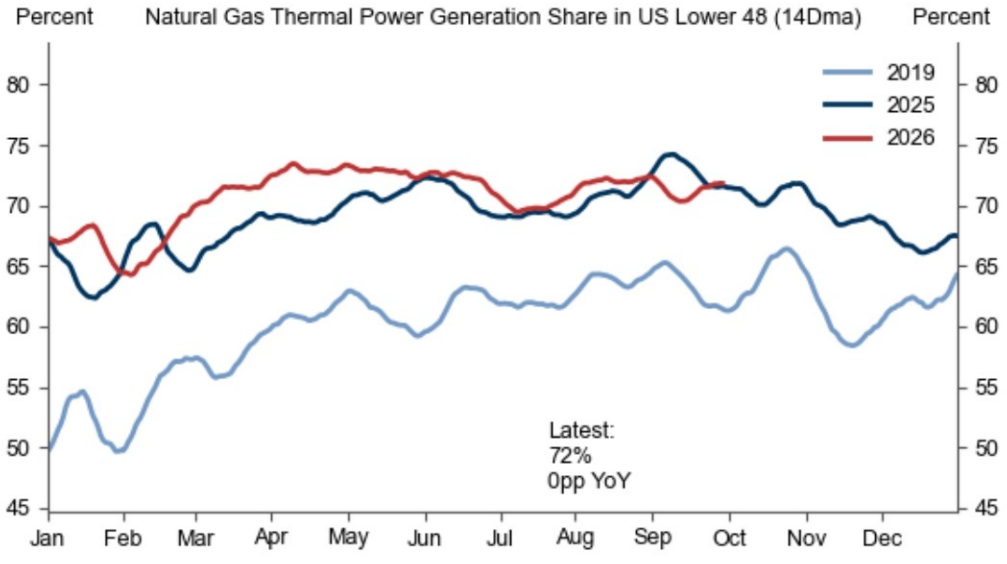
Exhibit 17: The thermal (natural gas and coal) share in US power supply is down yoy, edged out by higher wind and solar generation



Not weather adjusted

Source: EIA, Goldman Sachs Global Investment Research

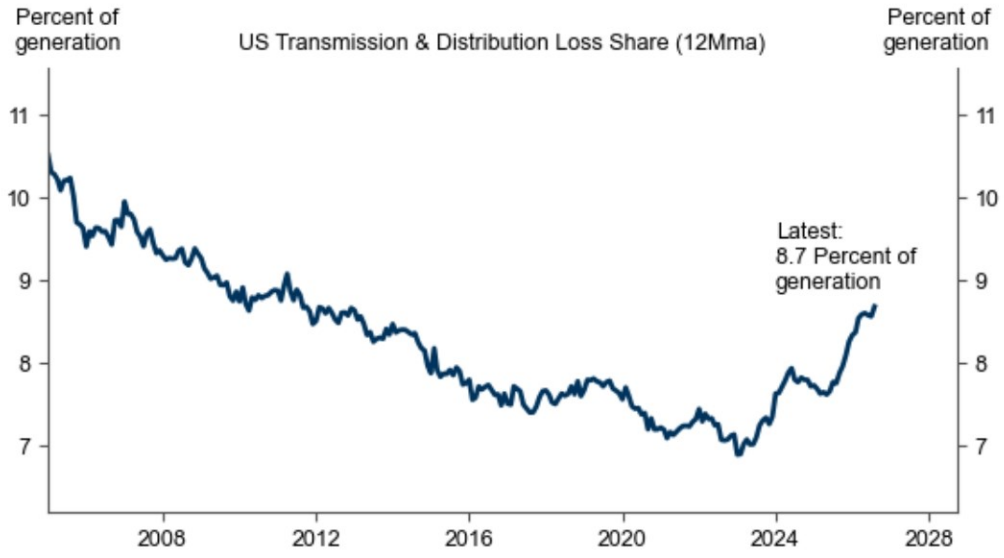
Exhibit 18: High load and competitive natural gas prices vs coal kept the gas share of thermal generation well supported last month



Not weather adjusted

Source: EIA, Goldman Sachs Global Investment Research

Exhibit 19: US power transmission and distribution losses share is now the highest since October 2011

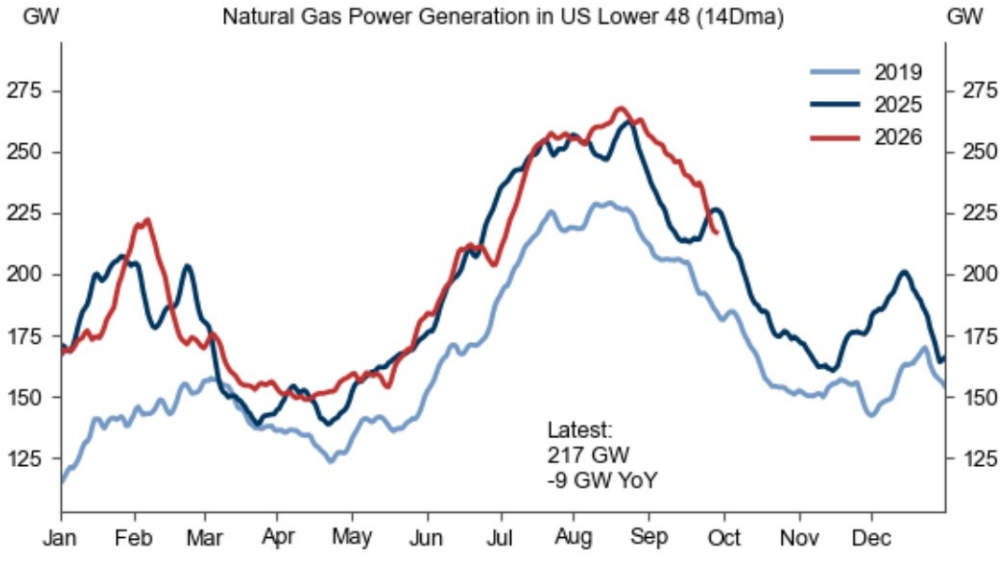


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Source: EIA, Goldman Sachs Global Investment Research

Generation by Fuels

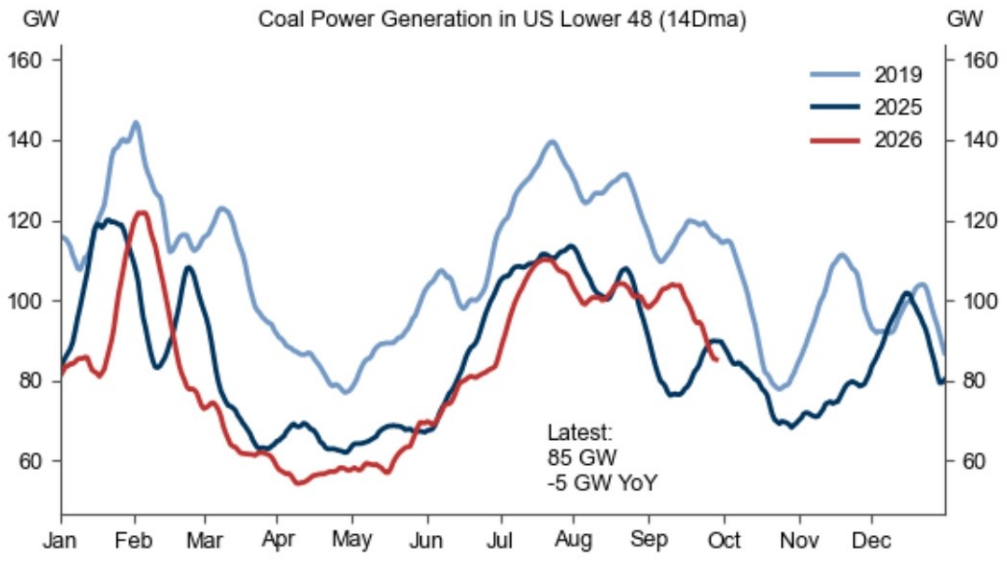
Exhibit 20: US Lower 48 natural gas-fired generation was the highest September on record



Not weather adjusted

Source: EIA, Goldman Sachs Global Investment Research

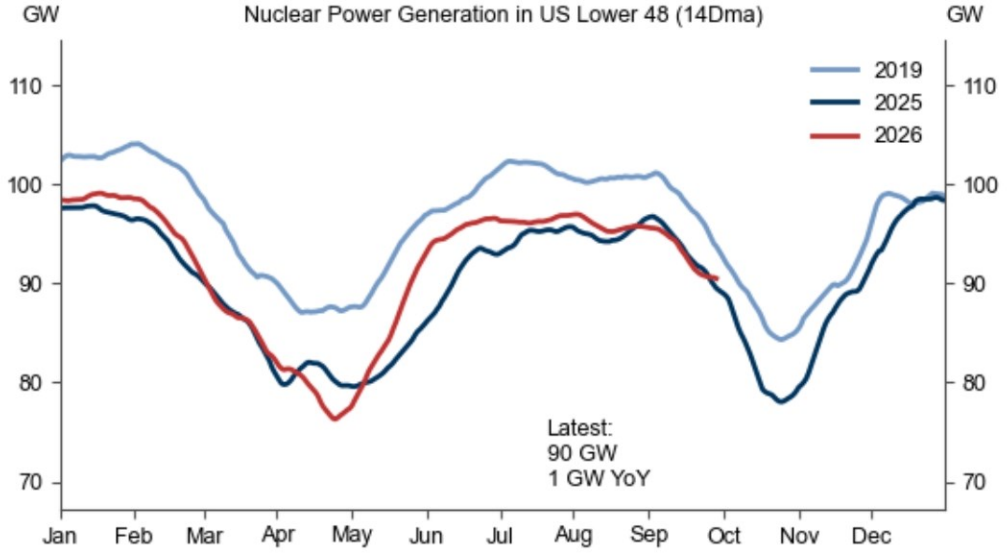
Exhibit 21: Coal generation moved higher yoy alongside gas to support September cooling demand



Not weather adjusted

Source: EIA, Goldman Sachs Global Investment Research

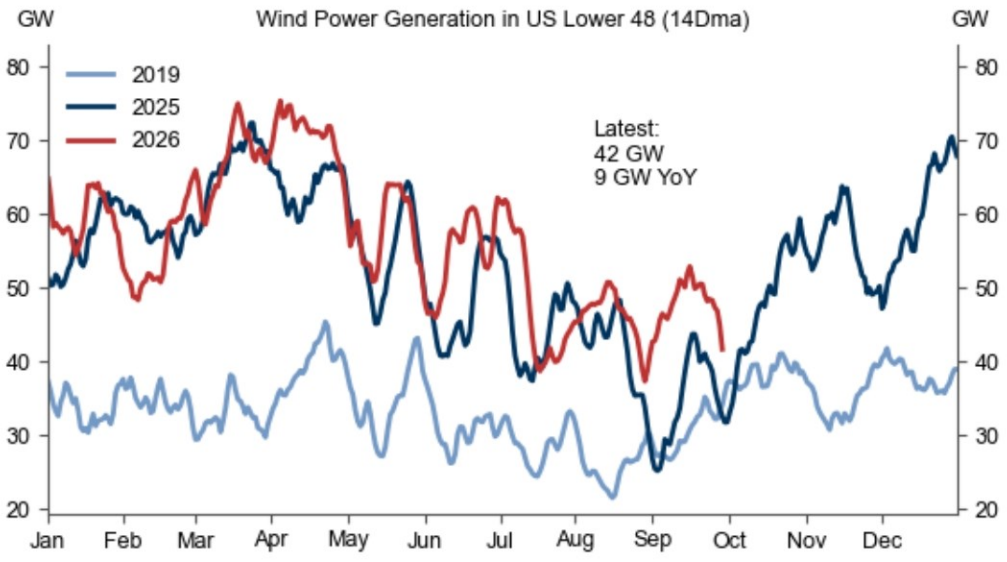
Exhibit 22: Nuclear power generation was largely flat yoy in September



Not weather adjusted

Source: EIA, Goldman Sachs Global Investment Research

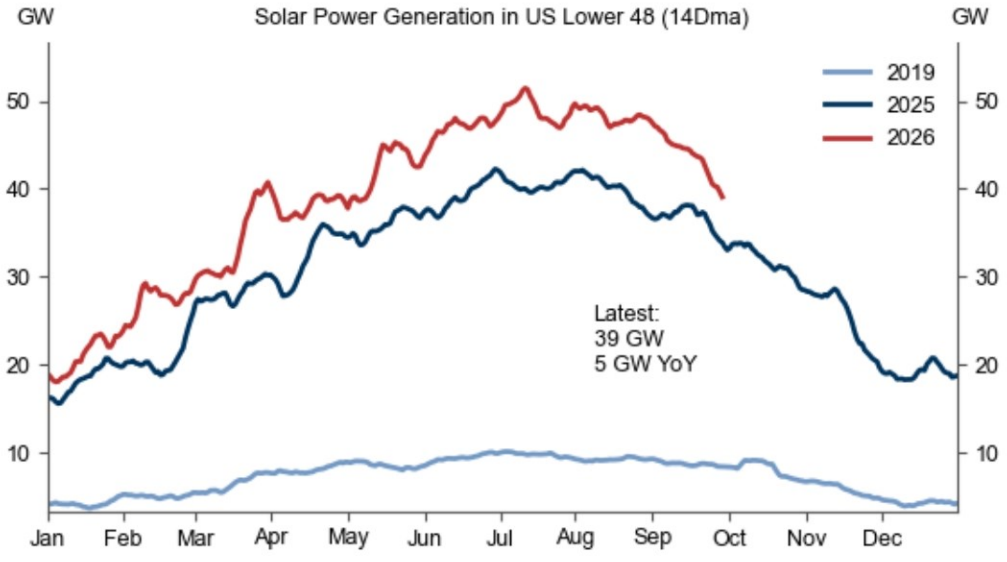
Exhibit 23: On average, wind generation has remained higher yoy through the summer, partially driven by capacity additions



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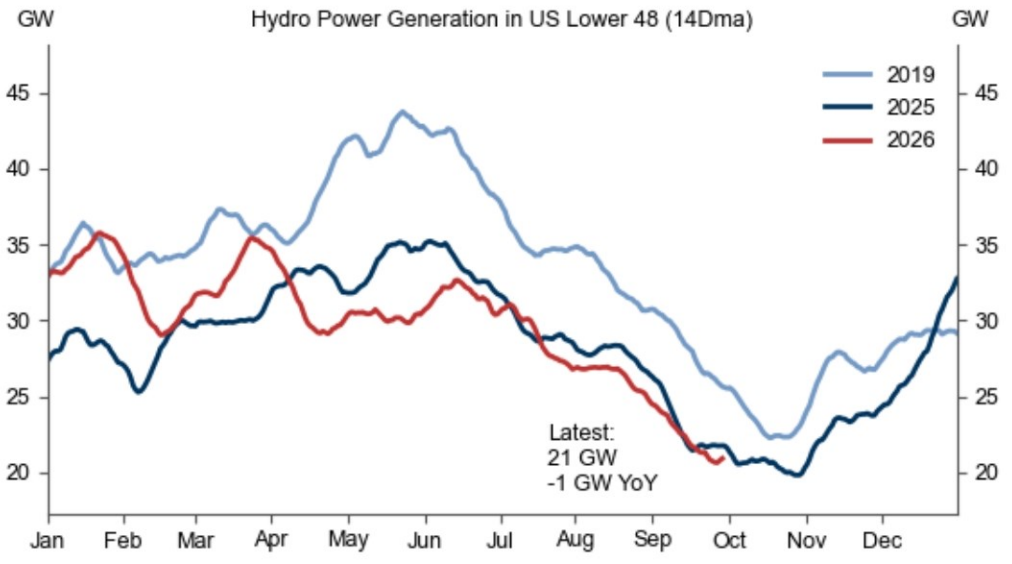
Source: EIA, Goldman Sachs Global Investment Research

Exhibit 24: While seasonally lower, solar generation has remained up yoy driven by capacity additions



Source: EIA, Goldman Sachs Global Investment Research

Exhibit 25: US Hydro power generation has remained down yoy driven by droughts in 60% of the country



Source: EIA, Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

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