The Midterms Didn't Stop Data Centers. They Made Them Pay for Their Own Infrastructure, and That Is Good for AGP.

BENJAMIN KRALL · NOVEMBER 2026

KEY POINTS

- The midterms did not stop data centers. They are forcing hyperscalers to pay for their own power and water, on the grid or Behind the Meter.
- Behind the Meter power, where hyperscalers build their own generation on site, adds electrical, underground, and civil scope to every project, the work our platform of companies performs.
- Five reasons the politics do not derail us: the pipeline is already financed and demand still outruns supply, we focus on retrofits over contested greenfield sites, our region is making developers pay rather than banning them, we are paid by landowners before a tenant is named, and data centers are only about 5% of our 2027 pro forma.

The consensus out of the midterms is that data-center construction just got derailed. Democrats gained ground nationally, including a historic win in Texas. Gallup found 71% of Americans oppose an AI data center in their area, and Texas' incoming governor wants to extend restrictions on new approvals.

That may be true for ground-up developers and landowners betting on rezoned farmland. It is not true for the execution layer, the businesses that build the power, water, and site infrastructure. Our platform of companies is the picks and shovels, and the midterms help us.

The midterms changed the conversation from whether data centers get built to how they get built and where their power and water come from. Voters do not want to pay for them, so hyperscalers will pay for their own, either Behind the Meter or by funding grid upgrades themselves.

Behind the Meter means generating power on site instead of relying on the utility, avoiding both the ratepayer fight and the years-long interconnection queue. That means more construction: site grading and equipment pads, on-site substations, transformers and switchgear, medium-voltage distribution, underground duct banks and vaults, gas lines, cooling towers, water and wastewater systems, battery storage, and fiber connectivity (all work the platform performs), all paid for by the hyperscaler.

Behind the Meter Is About to Be the Biggest Topic in Data Centers. That Means More Work for Us.

Most data centers today plug into the utility's shared grid. That model has two problems: the cost of expanding the grid is spread across every customer, which voters are rejecting, and the wait to connect now stretches for years. Texas alone has more than 233 GW of requests in its interconnection queue and only about 7.5 GW connected.

"The meter" is where the utility's system ends and the customer's begins. On the customer's side, a campus can run on natural-gas turbines, reciprocating engines, fuel cells, batteries, or geothermal, which Google and Meta have both contracted for. Most keep a utility tie for backup. A fully off-grid campus runs entirely on its own generation.

Elon Musk proved the model in Memphis. xAI converted a shuttered Electrolux factory into Colossus, one of the largest AI supercomputers in the world, in 122 days, running it on mobile natural-gas turbines while the grid connection caught up. For Colossus 2 and 3, it bought a former power plant in Mississippi and runs those campuses off-grid. The approach drew permit challenges, but it worked.

That is the future of data centers: build first, bring your own power, and do not wait in line. Self-supplied power is also the clearest way to show a community that its power and water are not being diverted. RaboResearch counts more than 130 GW of on-site generation already announced for U.S. data centers, and the largest developers are paying for it themselves:

- Microsoft and Chevron: 2.67 GW of dedicated gas generation in West Texas (Chevron)
- Oracle: a fuel-cell microgrid of up to 2.45 GW in New Mexico (Oracle)
- Amazon: 72.9 MW of fuel cells in Ohio, paying for the generation and pipeline (AEP Ohio)
- Monarch Compute Campus: about 2 GW of self-supplied gas and batteries in West Virginia (Caterpillar)
- Microsoft: a $31 million water-reuse system in Quincy, Washington (EPA)

None of this replaces the scope of a traditional data center. It adds to it: the developer builds the generation, substation, distribution, gas lines, and water systems itself, often while keeping a utility tie for backup. The more of that system a developer has to own, the larger our scope.

On the Grid, They Pay Too, and That Money Is Already Turning Into Construction

Hyperscalers that stay on the grid are paying too. Twenty states have approved large-load tariffs that make big users fund the plants, lines, and substations that serve them, and Tennessee's HB 1847 bars utilities from passing those costs to households starting in 2027. Meta is funding seven gas plants and 240 miles of transmission in Louisiana, and Google is covering about $1.3 billion of grid infrastructure in Indiana.

On the grid or off it, the result is the same: the hyperscaler funds the infrastructure, and contractors build it.

Why the Politics Don't Derail Us

The obvious question is the downside: what if moratoriums spread, permits stall, and some projects die? Here are five reasons the politics do not derail our platform of companies:

1. The train has left the station, and demand still outruns supply.
2. Our platform of companies focuses on retrofits, where there is far less political red tape than on ground-up campuses.
3. Our platform of companies is in the right region, where policy is making developers pay rather than banning them.
4. Our platform of companies arrives before the tenant, preparing and electrifying land years before a data center is planned.
5. Our platform of companies is built for more than data centers, which are only about 5% of our 2027 pro forma revenue.

1. The Train Has Left the Station, and Demand Still Outruns Supply

A moratorium stops the next permit. It does not stop what is already financed and under construction: 7,481 MW of data-center capacity, 80.4% of it preleased (CBRE), backed by $803 to $828 billion of hyperscaler capital spending this year (Business Insider via HL). Data-center construction spending has grown at a 217% annualized rate since May. It did not slow into the election. It accelerated.

Demand still outruns supply. As Brookfield CEO Connor Teskey said in an October 30, 2026 Goldman Sachs interview, "There is no shortage of capital, and there is no shortage of demand." The bottleneck is crews who can install transformers, pull cable, and trench duct banks, and that is what our platform of companies owns.

2. Converting Existing Industrial Sites Will Win Over Ground-Up Builds

Our platform companies are already putting this to work on hyperscale data centers, building the cooling systems that converted industrial sites need. Cooling is where retrofits need the most new work.

We focus on conversions because that is where political risk is lowest. Most opposition, and most of the 47 major U.S. projects delayed or canceled this year, involves farmland rezoned for new campuses. A former plant or smelter is already zoned industrial and usually has high-voltage service, a substation, and water, which means fewer contested approvals and a faster path to power, as recent smelter conversions and the former Electrolux plant in Memphis show.

Conversion does not eliminate construction. It changes its shape: electrical upgrades, new switchgear, cooling and water systems, and underground work threaded through an existing site.

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> How we approach data-center work through conversions of existing industrial sites, entering before a tenant is signed and paid by the real estate owner.
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3. The Region We Are Focused On Is Where the Next Wave Is Landing

Our platform of companies is based across Tennessee, Kentucky, Indiana, Alabama, and Virginia, a region with deep manufacturing roots, developable land, and generations of smelters, auto plants, and power plants. Large industrial loads are not new here, and neither is the workforce that serves them.

That history is drawing a new wave. Kentucky's LG&E and KU see 11 data centers totaling almost 3.5 GW as likely, out of a pipeline of about 12 GW. Data centers have grown from 1% of TVA's industrial load in 2019 to roughly 18% to 20% today. Indiana has 36 data-center campuses tracked, and Dominion has roughly 25 GW of large-load requests in Virginia.

The politics vary. Tennessee elected Republican Marsha Blackburn as governor. Kentucky pairs Democratic Governor Andy Beshear with Republican legislative majorities and already requires developers to meet their energy needs without raising costs for existing customers. Indiana Democrats broke the Republican supermajority in the state House, and Virginia created a rate class that makes the largest users pay for the capacity they reserve. No market is immune to zoning disputes.



GRANT STARK, CO-FOUNDER AND CHIEF EXECUTIVE OFFICER OF AGP, WITH TENNESSEE SENATOR BILL HAGERTY AT AN AGP EVENT ON DATA-CENTER DEVELOPMENT AND AI INFRASTRUCTURE.

What these states share is the direction of policy: not prohibiting development, but requiring developers to pay for the infrastructure they need, which turns directly into construction work. If projects move away from more restrictive markets, established industrial regions like ours are well placed to receive them.

4. Our Platform of Companies Arrives Before the Tenant

Most of the political fight over a data center happens late, when a hyperscaler is named and a rezoning hearing is scheduled. Our work starts years earlier: real estate owners bring us in to scope land, confirm it has the power a large user needs, then prepare and electrify it.

That insulates us. The landowner pays as the work is done, so if a tenant stalls, our receivables are not stranded. A powered, prepared site holds its value for any heavy user, and these are typically existing industrial sites, where political risk is lowest. On one recent project, pre-construction began months before the hyperscale tenant signed its lease.

5. AI Is Bigger Than Data Centers, and So Is Our Platform

Data centers are where AI models are trained and run, but they are one component of the AI movement, not the whole of it. AI is changing how goods are made and moved, how vehicles are powered, how networks carry data, and how hospitals and military bases operate. Every one of those needs power, connectivity, controls, and the crews to install them. That is us.

Only about 5% of AGP's 2027 pro forma revenue is tied to the data-center buildout, and that is deliberate. We expect it to pick up in 2028, once the facilities we are preparing today are operating, through long-term service contracts and the recurring electrical and fiber upgrades that come as computing technology advances. A data center is rebuilt from the inside every few years, and we intend to be the contractor already on site.

Six Markets We Are Focused On Outside of Data Centers

FUTURE-PROOFING FACTORIES, WAREHOUSES, AND DISTRIBUTION CENTERS

Most plants and warehouses were built decades ago for lights, motors, and a few conveyors, and a 1980s plant might have 1,000-amp service where automation needs two to three times that. We upgrade service, switchgear, distribution, and controls so factories, fulfillment centers, and food-processing plants can carry the loads of automation, refrigeration, and electrification.

ROBOTICS AND AUTOMATION

Manufacturers are bringing production home and retooling for automation, and robots do not install themselves. The platform has electricians embedded on the plant floor in Kentucky manufacturing, food processing, automotive, and heavy industrial facilities, handling robotics and machine service, PLC and controls integration, motor control, and 24-hour and outage support. We are adding industrial IT, OT security, and plant data analytics to deliver the full stack between the utility feed and the robot.

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EV AND ELECTRIFICATION

Fleet depots, campuses, and public hubs need charging installed, along with the service and switchgear to support it. That work continues for years through maintenance and upgrades.

COMMERCIAL ELECTRICAL

Our commercial electrical companies handle new construction, tenant improvements, and modernization across offices, retail, hospitality, multifamily, schools, hospitals, and municipal buildings. Much of that building stock was not designed for today's loads, and upgrading it is steady work that does not move with the data-center cycle.

FIBER, COMMUNICATIONS, AND CRITICAL INFRASTRUCTURE

Every modern grid node, from microgrids and battery storage to substations and EV charging, runs on secure fiber. Our fiber company has spent two decades building fiber and data networks for defense, government, and commercial customers, including Coast Guard, Navy, and Department of Defense environments. As AI pushes fiber demand into warehouses, hospitals, factories, ports, and bases, each needs a last-mile upgrade.

WATER INFRASTRUCTURE

Data centers, factories, and growing communities all need more water, and much of the system underneath them is decades old. Our underground company builds and repairs water mains, sewer, and stormwater systems, including the cooling and water-reuse systems data centers now require.

It is our belief that these sectors are not impacted by the midterm elections. A crew that can build a substation for a hyperscaler can upgrade a hospital's switchgear, wire a robotic line at an auto plant, or trench fiber onto a military base.

Not every project will move forward, and not every dollar of private generation becomes our revenue. But as hyperscalers pay for their own power, water, and grid connections, the electrical, underground, and civil scope on every project grows. We do not need to own the data centers, develop the AI, or manufacture the turbines. Our platform of companies builds the infrastructure underneath all of them, and that is where we are positioning American Gridwork Partners.