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Daily Comment

Another Creak

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Two weeks ago, talking about **Oracle**, people were asking themselves whether the New Mexico case was an incident to be filed away or the first wingbeat of the canary.

Today there is one more element to answer that question.

The second project to creak is called **Lighthouse**, a **1.3 GW** campus in Port Washington, Wisconsin, developed by **Vantage Data Centers** with Oracle as tenant and destined for **OpenAI** as part of **Stargate**.

According to an analysis by the research firm **Aterio**, power will arrive well after the "second half of 2027" promised by Oracle to its clients.

The campus cannot switch on until **ATC** (American Transmission Co.) connects it to the grid, and ATC cannot build the new

high-voltage line until the state's public service commission (PSC) approves the project.

After the application had been judged complete, ATC filed further documents, changing routes and provisional lines, until on August 7 the commission unanimously revoked that "completeness" status.

This hadn't happened in decades.

The case was closed in September, a new application filed on September 18.

The clock has restarted from zero.

The next deadline is **October 19**, after which the law allows 180 days to decide, extendable by another 180.

In the best case, grid works would not start before **March 2027**.

In Aterio's base scenario, a first building (about 310 MW) is connected in **December 2027** and the campus reaches



full capacity in October 2028.

In the extended scenario, it reaches April 2029.

And it is precisely the extended scenario that has history on its side: in every comparable case the commission has extended the review.

Meanwhile, the cost of the line has risen **75%**, to USD **2.5-2.7** billion.

Here's the point.

In New Mexico the problem was a **gas pipeline**, emissions permits, local community hostility.

In Wisconsin it's a **regulator** losing patience with an application that's been changed too many times.

In Finland, according to this week's reports, authorities have ordered Google to halt work on two data centers.

On September 24, a major British bank wrote that the force majeure in New Mexico had "no read-across to the other sites".

The following day, Oracle's CDS, that is, the cost of insurance against its default, hit a record of **237** basis points.

Today, **two out of five campuses are delayed**.

When every project has a different reason for being delayed, the "isolated case" defense stops working.

The common denominator is energy, or rather, the cable that carries it.

It's no coincidence that Wisconsin is the only one of the five campuses that depends entirely on new grid infrastructure.

The two Texas sites use the ERCOT grid plus gas produced on-site, or only generation



produced on-site without going through the grid.

The grid is not keeping pace. In the United States, an average of about **1,560** miles a year of new extra-high-voltage lines were completed in 2010-14; in 2020-24, fewer than **300 miles**.

The median time between an interconnection request and entry into service has gone from less than two years to **over five**, and the trend for new interconnections is worsening.

Let's set out some numbers.

A leading American investment bank estimates that a **large cloud operator** needs to generate about **\$11.6** billion in AI revenue per GW per year to achieve a **15% return on invested capital**.

Applied to Lighthouse's 0.9 GW of

compute capacity, that threshold amounts to about USD **870** million per month.

Bloom Energy is even more generous: for a 1 GW campus, one month of power ahead of schedule is worth USD **1-2** billion in revenue.

Then there are the **costs of waiting**, the ones that keep running even with the lights off.

The campus shell is financed with **\$15** billion from a \$38 billion loan package at 7.0%, which is nearly USD **90** million in interest per month.

On top of that are the letters of credit Oracle must provide (downgraded to BBB-, it no longer has the A- rating required by Wisconsin's tariff for large loads over **100** million a year), and the \$1.1 billion grid



stabilization system that Oracle itself is financing.

All told, about USD 100 million a month.

Putting together deferred revenue and waiting costs, compared to the original plan the delay is worth about USD **5.6 billion** in the early scenario, USD **7.6 billion** in the base scenario, and USD **13.4 billion** in the extended scenario.

A caveat: deferred revenue isn't necessarily lost revenue.

It becomes lost revenue if the chips have already been bought, because a GPU loses about half its value in three years, meaning every month of downtime burns **1.4%** of its useful life, about USD **140 million** a month for every **\$10 billion** of chips.

The construction site slips, obsolescence doesn't.

Capital spending shifts forward, while

financing costs remain.

Then there's a detail that gives more pause than anything else.

At full capacity, Lighthouse's electricity **bill** would be about USD **60** million a month, less than 7% of the revenue it unlocks.

Energy is the smallest line item in the whole chain, and it's the one holding it hostage. This explains why the benefit of an early connection is enormous.

Even paying double for energy, with on-site gas turbines or fuel cells, every month gained is worth almost fifteen times the surcharge.

It's no coincidence that the same investment bank forecasts that **by 2030, 28% of American data center demand will be covered by on-site generation, up from virtually zero in 2025.**



Let's widen the view.

Of the **16 GW** of data centers planned in the US for 2026, only **5** were under construction at the start of the year; if 30-50% of the remaining 11 slip, we're talking about **3.3-5.5 GW** delayed: between \$3 and \$5 billion in deferred revenue every month, USD **20-30** billion with a six-month average delay.

It's a bill that cascades down: onto the operator who doesn't collect, onto the developer who doesn't receive the lease payments, onto the banks unable to place the loans, onto the chip suppliers, and onto the households who pay for the grid through their bills.

This is the picture.

What does the market think?

Oracle's stock fell by as much as **1.8%**

intraday on the day of the Aterio report (September 30), but has since risen more than 5% and is up 9.0% from the September 28 low.

The ones listening to the creak are in credit, where the loans financing Jupiter trade around **84** cents on the dollar and the Oracle 2056 bond yields over **8.0%**, high-yield bond territory.

The shareholder looks at compute demand, which exists and is enormous, while the bondholder looks at the calendar, which keeps slipping.

Not everything is bleak.

For instance, the **Saline**, Michigan campus already has power and permits, on-site solutions do exist, and scarcity rewards whoever already has power, but every solution costs more and takes time, precisely the two things the AI cycle



doesn't have.

Are we sure the market's black swan isn't precisely a structural energy shortage for data centers?

Actually it isn't even a black swan, because a black swan is the event nobody sees coming.

This one, everyone sees.

It resembles more of a gray rhino, an enormous and visible danger, advancing slowly while everyone looks elsewhere.

The risk isn't that the power never arrives.

It's that it arrives late, each time a little later, until the sum of the delays makes the whole process uneconomical for everyone.

Today's session is unlikely to notice Lighthouse.

There are two dates to mark: **October 19**, when Wisconsin's commission will rule on the new application, and the **end of the year**, when Saline must deliver its first building.

If the "safest" site were to creak as well, the market would stop talking about isolated cases.



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