Macro Roundup Article

Headline: The Good, the Bad and the Ugly

Article Link: https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/insights/eye-on-the-market/good-bad-ugly-amv.pdf

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Tweet: Michael Cembalest @jpmorgan notes McKinsey, BCG, and S&P; Global all expect American electric power demand to grow 15-30% annually until 2030, with previously unanticipated power demand from AI a major driver.

Summary: Energy is a hot topic in AI circles. Dominion Resources which serves 6 million customers in 15 states has sharply increased its projected power needs for the coming decade. The sole reason for the change: increased demand from data centers. Dominion may not be representative of all utilities, but with the cost of transformer equipment already rising sharply, electrification of transport/heating and increased power demand from AI may turn electricity into a much scarcer resource. McKinsey, BCG, and S&P Global all expect US power demand to grow by 13%-15% per year until 2030. There were a lot of media articles on Amazon which acquired data centers and up to 40% of the output from the Susquehanna nuclear plant, both owned by Talen Energy. Amazon paid a premium of 50% over what Talen could earn from the grid. But these articles missed an important point: taking baseload power off an existing grid may not be feasible everywhere.

Related Articles: Electravision and Electricity 2024 and The AI Transition One Year Later: On Track, but Macro Impact Still Several Years Off

Primary Topic: Energy

Topics: Database, Energy, Important!, Investment, Op-Ed/Blog Post, Productivity, Weekly

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