

HOW DO WE POWER UP THE UK'S DATA CENTRE AMBITIONS?

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INDUSTRY GUESTS:

Diarmaid Connolly, Director, Cost Management, Linesight

Nancy Lamb, Head of Digital Infrastructure, arch.law

Brian Moorhead, Grid Services Director, Advanced Electricity Networks

Siobhan Nagle, Managing Director of Digital Infrastructure EMEA (*keynote speaker*)

Roelof Opperman, Founder & CEO, CogNovum

Tim O'Reilly, Director of Strategic Power, Tritax Management

Pete Sibley, Divisional Director (Nuclear), Hydrock now Stantec

Liz Hamson, Liz Hamson, Editor-in-Chief, BE News (*chair*)

AI and soaring demand for data are turbocharging the data centre market. In January, Prime Minister Keir Starmer pledged support for all 50 recommendations in the AI Opportunities Action Plan — a signal of intent that followed major investment announcements. Vantage Data Centers, Nscale, and Kyndryl committed £14bn to AI infrastructure in the UK, while Google revealed plans for a new \$1bn facility in Hertfordshire. Microsoft also announced a £2.5bn investment over the next three years to expand its AI infrastructure across the country.

This year promises to be huge for the data centre market, but will it be as big as people think? What can we do to accelerate investment in the grid and power up the UK's data centre ambitions? These were just some of the questions addressed during BE News' Spotlight on Data Centres event, hosted by SEC Newgate UK at its London office and sponsored by Hydrock, now Stantec, Linesight and Tritax Big Box.



The event got underway with a keynote speech delivered by Siobhan Nagle. She said the government's AI Opportunities Action Plan and the new Planning & Infrastructure

Bill would streamline the approval process and help to unlock land for data centre developments.

But, she added, we need to first determine what a data centre is. "Is it a standalone real estate asset, as a lot of people in the real estate industry see it, or a cog in a piece of global infrastructure?"

Nagle said she veered towards the latter, and added "contrary to the media hype, the industry is not a load of factories churning out AI".

Most data centres "are cloud facilities" and the bulk of the sector's growth will be driven by "plain old-fashioned cloud, that needs to be near people," she said.

"What we do know, though, is inference AI is going to swallow enormous amounts of power. Nobody's really building anything less than 200 MW for this, and it's probably more likely starting at 500 MW."

Latency is relevant for inference AI, said Nagle, and that will determine where things are built. "It still needs to be within a donkey's screech of centres of population and I'm defining that as probably 200 or 250 miles. This is the big difference from the machine learning being built in areas like the Nordics,



where power is cheap and not latency sensitive."

Nagle cautioned that in the long run, there are headwinds. "This is not the Wild West and it really winds me up when people describe it as a gold rush. What does every good sailor do with a headwind? Sail as close to the wind as we possibly can and I genuinely think we will get there."

Data centre regulations

During the Question Time-style panel debate that followed, Roelof Opperman, from CogNovum, picked up on the issue surrounding regulations and data centres.

He said the UK has a big opportunity to learn lessons from the "catastrophic" regulations the EU has implemented in relation to AI.

"The UK has a [significant chance] because of London, which is a tech centre with strong infrastructure, a strong capable grid and strong power projects coming online," said Opperman. "But you've got to get the power and tax policy right."

Arch.law's Nancy Lamb agreed, "From the UK perspective, we have an opportunity, but we need to be clear about what part of AI we want to dominate in," she said.

Linesight's Diarmaid Connolly highlighted



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Siobhan Nagle



the UK's established position in the data centre sector, with more than 500 facilities already built. "There's a clear road map for clients, and strong market confidence in the UK's ability to deliver."

Addressing the issue of power supply, Brian Moorhead, of Advanced Electricity Networks, said despite electrical infrastructure in the UK being historically underinvested in, it is still in a good place compared with many other nations.

"Investment is needed in the power infrastructure for the medium to longer term, but there are projects we could be getting on with much faster than we're currently doing if we can get the regulation right around how we access power," he added.

Will AI turbocharge the sector?

The panel were asked, to what extent is AI going to turbocharge the data centre sector over the next few years and how big is the opportunity?

Like any emerging market, there is a lot of speculation, and changes in the dynamic of what you can do and where, said Tim O'Reilly, of Tritax Management.

"We've seen facilities being talked about in far-flung parts of northern Scotland, miles from anywhere. I just don't see it in the immediate term. In the UK, our energy, even if you go to Scotland where fuels are ubiquitous, it's still six or seven times what it costs in West Virginia.



He continued: "We talk about moving back to core markets, and the UK is not necessarily a core market in a global context. So, you can move to West Virginia where there's plenty of coal and this US administration don't seem too worried about burning it."

The debate turned to what can be done to accelerate investment in the UK's power grid, and what new energy sources should be explored.

Offering a nuclear sector perspective, Pete Sibley, of Hydrock, now Stantec, drew attention to the convergence between the data centre market and the development of small modular reactors (SMRs), which is "a truly global phenomenon".

"Most are yet to be built, let's be realistic about that, because you need the right market conditions like investment, access to sites, the regulatory processes, a vendor with a viable technology, establishment

of a 'social licence' and alignment with government policy and incentives. Crucially, those pieces of the jigsaw are starting to come together in the UK," said Sibley.

Moorhead was asked how improvements could be made to bolster grid capacity. "With the current speculation on grid capacity and booking up slots, the system and the whole process around how companies get connected to the grid has fallen over," he said.

Fundamental reform

Moorhead added the government has already announced substantial changes to the existing system. "We're going through a period of probably the most fundamental reform on how you get connected to the grid and grid regulation that we've had since the privatisation of the electricity networks back in the early 90s."

Panellists were then asked what type of data centres suit the conditions in the UK, and what's going to drive the sector forward?

"It's inference, and it's cloud," said Lamb. "But we need to talk about the speed of deployment. Traditional construction takes too long and is not always on time."

"Somebody will come up with a fundamentally different design that changes that speed of deployment and actually focuses on the fact a data centre is really a data processing plant, not a hotel."

Connolly noted that, even with the appropriate planning in place, there remains ➤



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Nancy Lamb



Pete Sibley



Brian Moorhead



Nancy Lamb



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Tim O'Reilly



Roelof Opperman

a shortage of general contractors capable of delivering projects on the scale currently being proposed.

"It took 50 years to reach our current position; we're unlikely to double capacity within the next five years given the challenges we currently face," he said.

Nevertheless, Connolly expressed optimism about the UK's future, highlighting the significant potential and strong collective will to make progress. He added that government must continue to explore broader, more comprehensive end-to-end solutions.

O'Reilly said to unlock the sector's prospects the UK's planning system needs to be addressed. "You have planning officers looking at garage extensions, who are the same people looking at consenting data centres," he added.

"Specialisation is key. And where we are starting to open the conversation about data, and critical infrastructure, it changes the dynamic and clears routes for us to call out the local authorities and get the secretary of state involved if we need to."

Another issue flagged by the panel was the general public's perceptions of data centre developments. Panellists agreed the sector needed to be more vocal about the benefits of data centres and educate the public about how they enable every aspect of our lives to function.

"Nothing works without data centres," said Opperman. "We're going to be winning wars with our data centres, we're going to be defending people. We really need to be on this and we need to learn from other things." □



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