Data Centres · Pre-Development

The First 20%: Financing Data-Centre Pre-Development and Power

A stage-gated capital framework for land control, interconnection, design, deposits and long-lead equipment before senior construction debt

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ABSTRACT

This paper addresses which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. It converts the question into an evidence-led decision system covering economics, structure, timing, control and downside funding. The analysis uses current primary and authoritative sources, supported by transaction-specific documents and clearly identified hypothetical modelling assumptions. The recommended process links land rights, utility correspondence, load schedule, interconnection study to cash at risk, megawatts by stage, deposit coverage, option runway. It also assigns preparation, challenge and approval across the relevant parties. Scenario outputs illustrate method only. Actual terms, values, timing, legal effect, tax treatment and investment outcomes require current evidence and qualified professional review.

Keywords

Data Centres · Pre-Development, cash at risk, megawatts by stage, deposit coverage, option runway, cost to ready-to-build, sponsor equity, development preferred equity, pre-development bridge

1. Executive thesis

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links land rights, the site control milestone and the cash at risk measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Grid Uncertainty is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the sponsor equity route against at least the base pre-development plan case and record the sensitivity of cash at risk. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

The control response assigns preparation, challenge and approval to different people across sponsor, utility, landowner. Open items remain in an exception register with a deadline and consequence. A financing or investment recommendation is released after the relevant evidence is complete, the downside case is funded, and the legal, regulatory, tax, accounting and technical questions have been reviewed by qualified advisers where applicable.

- Evidence focus: land rights.
- Evidence focus: utility correspondence.
- Evidence focus: load schedule.

2. The decision perimeter

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links utility correspondence, the utility application milestone and the megawatts by stage measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Land-Option Expiry is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the development preferred equity route against at least the nine-month connection delay case and record the sensitivity of megawatts by stage. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

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- Evidence focus: utility correspondence.
- Evidence focus: load schedule.
- Evidence focus: interconnection study.

3. Assumptions and scenario limits

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links load schedule, the connection offer milestone and the deposit coverage measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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Figure 1. Structured decision view; categories are topic-specific and values require current transaction evidence.

4. Parties, authority and conflicts

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links interconnection study, the design freeze milestone and the option runway measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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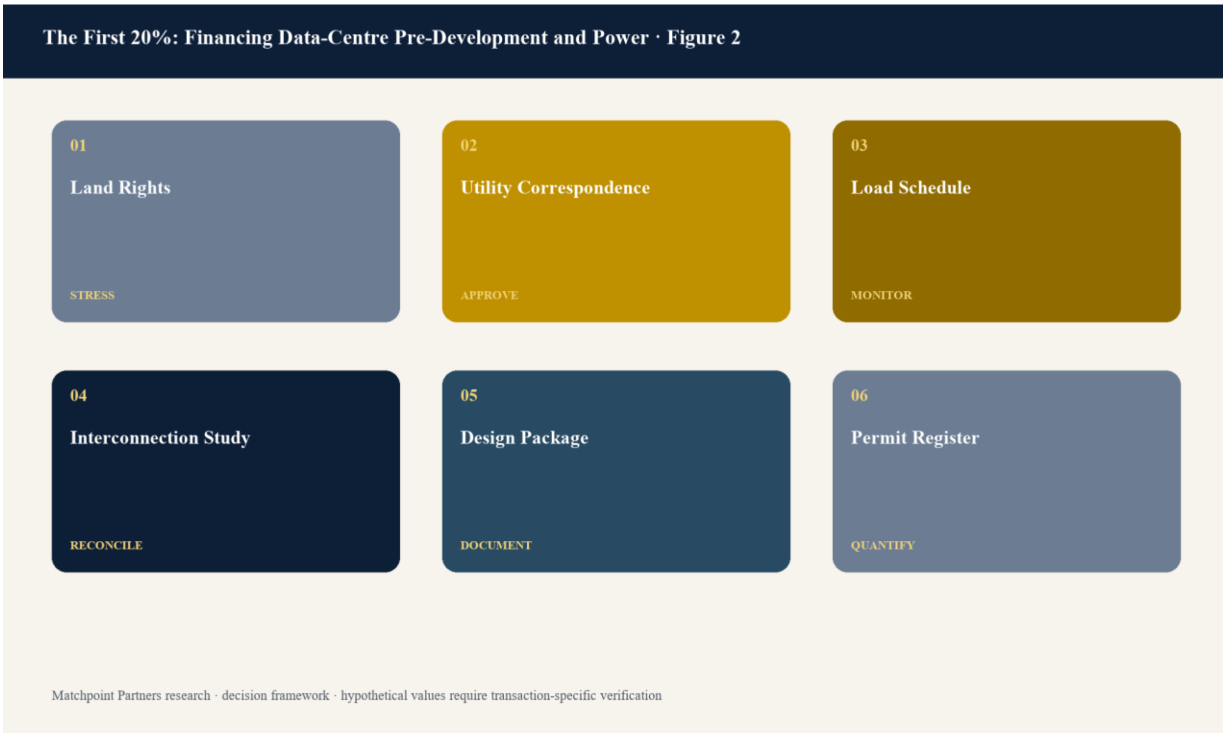

Figure 2. Structured decision view; categories are topic-specific and values require current transaction evidence.

5. Economics and value transfer

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links design package, the ready to build milestone and the cost to ready-to-build measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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6. Structure comparison

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links permit register, the senior close milestone and the take-out eligibility measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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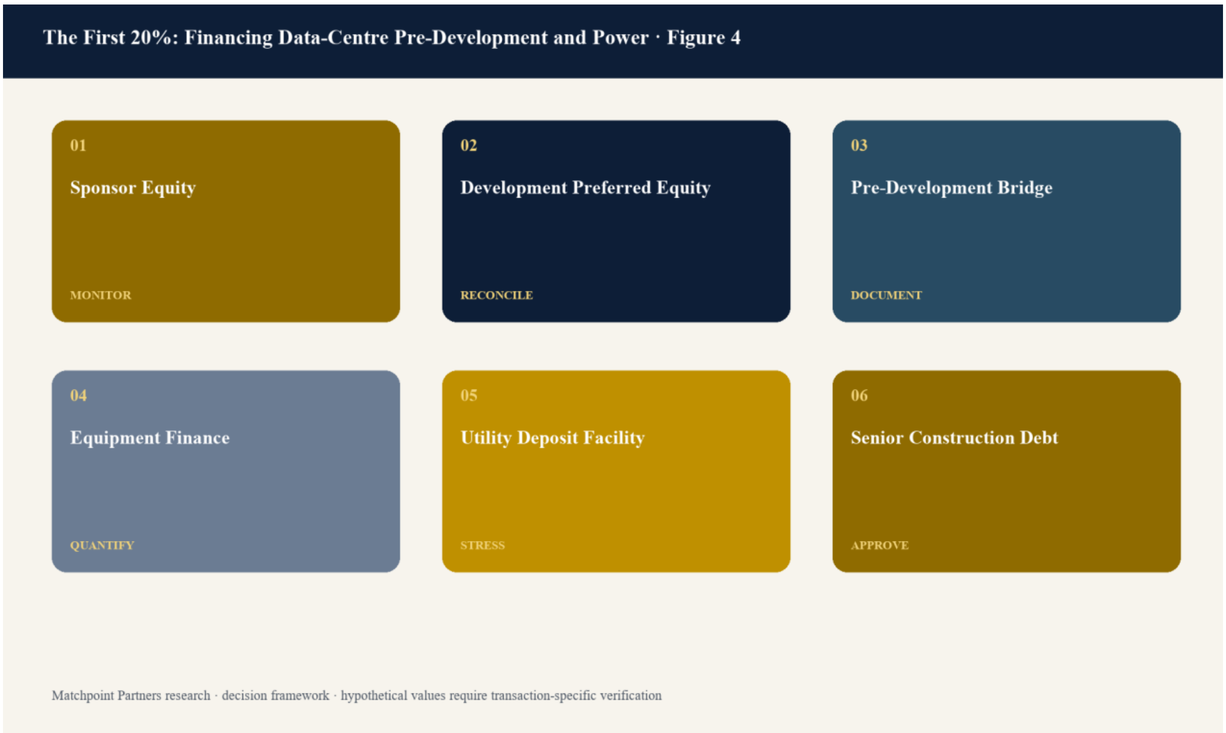

Figure 4. Structured decision view; categories are topic-specific and values require current transaction evidence.

7. Risk map and control response

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links equipment reservations, the site control milestone and the contingency measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: equipment reservations.
- Evidence focus: take-out term sheet.
- Evidence focus: land rights.

8. Risk focus: Grid Uncertainty

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- Evidence focus: land rights.
- Evidence focus: utility correspondence.
- Evidence focus: load schedule.

9. Risk focus: Land-Option Expiry

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links utility correspondence, the design freeze milestone and the megawatts by stage measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: utility correspondence.
- Evidence focus: load schedule.
- Evidence focus: interconnection study.

10. Risk focus: Design Rework

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- Evidence focus: load schedule.
- Evidence focus: interconnection study.
- Evidence focus: design package.

11. Risk focus: Deposit Loss

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links interconnection study, the senior close milestone and the option runway measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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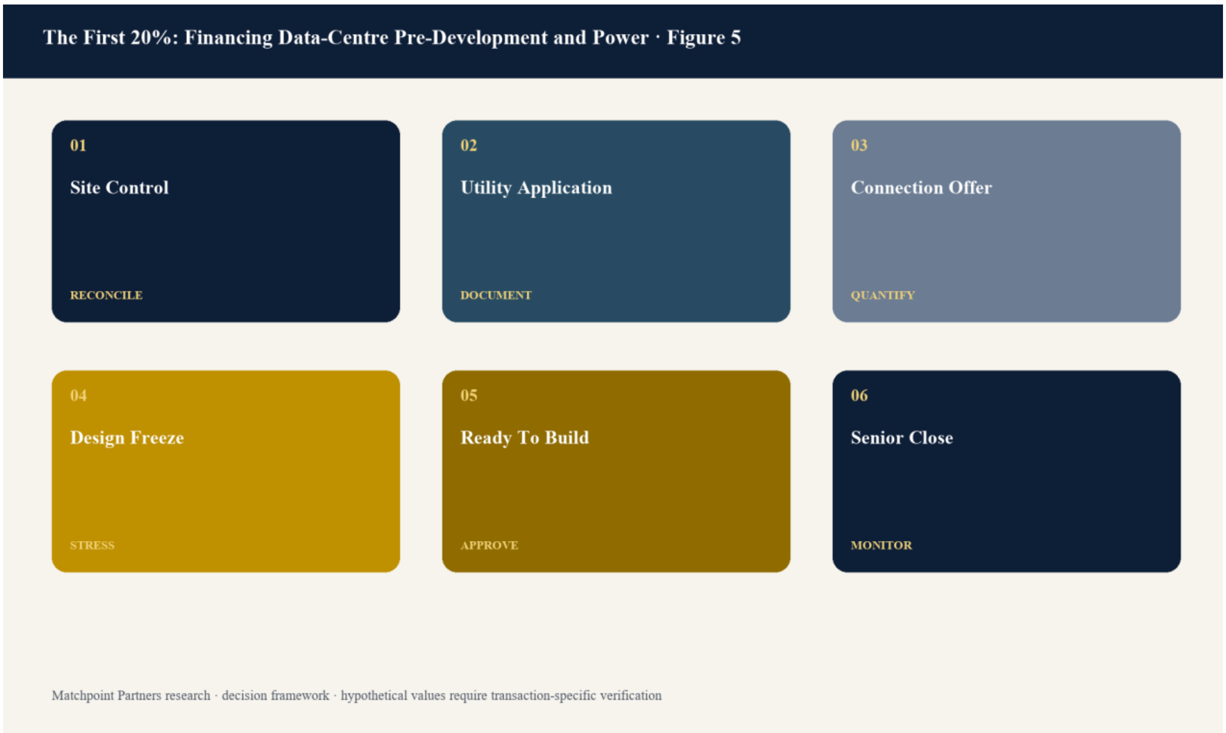

Figure 5. Structured decision view; categories are topic-specific and values require current transaction evidence.

12. Risk focus: Equipment Cancellation

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links design package, the site control milestone and the cost to ready-to-build measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: design package.
- Evidence focus: permit register.
- Evidence focus: equipment reservations.

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13. Risk focus: Permitting Delay

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- Evidence focus: permit register.
- Evidence focus: equipment reservations.
- Evidence focus: take-out term sheet.

14. Risk focus: Customer Timing

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links equipment reservations, the connection offer milestone and the contingency measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: equipment reservations.
- Evidence focus: take-out term sheet.
- Evidence focus: land rights.

15. Risk focus: Construction Take-Out

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links take-out term sheet, the design freeze milestone and the monthly liquidity measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: take-out term sheet.
- Evidence focus: land rights.
- Evidence focus: utility correspondence.

16. Evidence focus: Land Rights

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- Evidence focus: land rights.
- Evidence focus: utility correspondence.
- Evidence focus: load schedule.

17. Evidence focus: Utility Correspondence

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- Evidence focus: utility correspondence.
- Evidence focus: load schedule.
- Evidence focus: interconnection study.

18. Evidence focus: Load Schedule

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- Evidence focus: load schedule.
- Evidence focus: interconnection study.
- Evidence focus: design package.

19. Evidence focus: Interconnection Study

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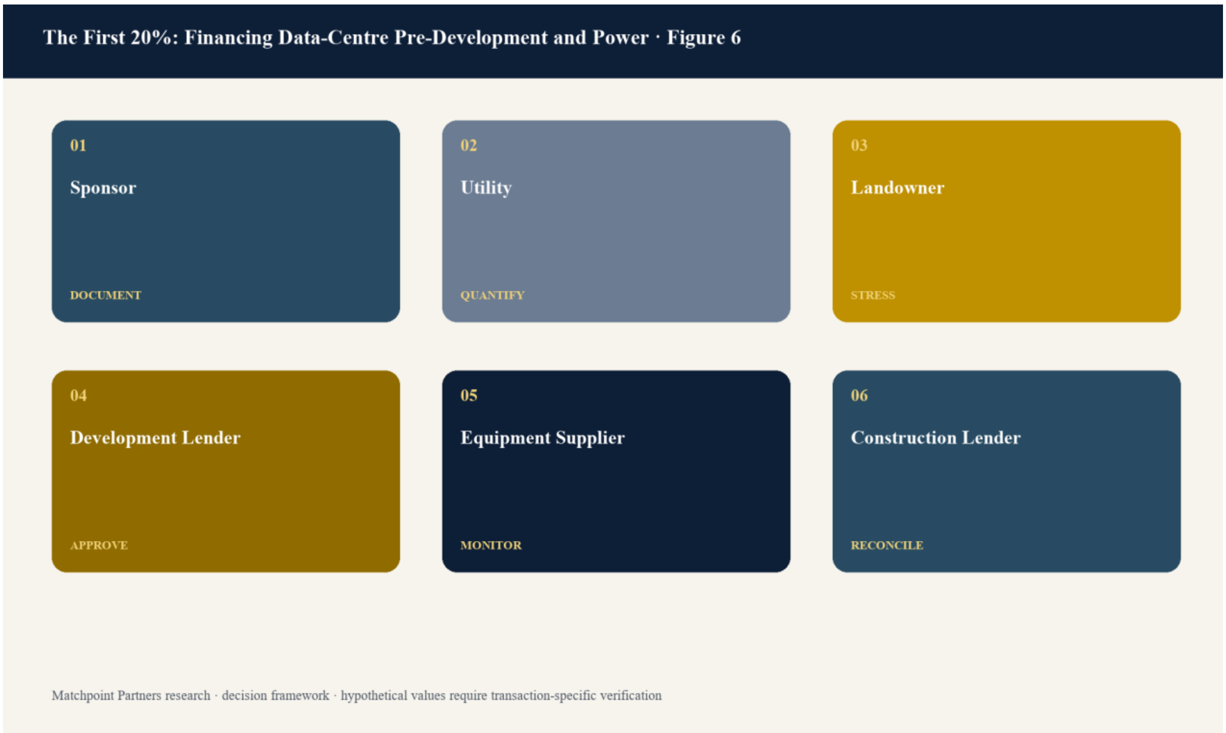

Figure 6. Structured decision view; categories are topic-specific and values require current transaction evidence.

20. Evidence focus: Design Package

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links design package, the connection offer milestone and the cost to ready-to-build measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

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- Evidence focus: design package.
- Evidence focus: permit register.
- Evidence focus: equipment reservations.

21. Evidence focus: Permit Register

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- Evidence focus: permit register.
- Evidence focus: equipment reservations.
- Evidence focus: take-out term sheet.

22. Evidence focus: Equipment Reservations

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- Evidence focus: equipment reservations.
- Evidence focus: take-out term sheet.
- Evidence focus: land rights.

23. Evidence focus: Take-Out Term Sheet

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- Evidence focus: take-out term sheet.
- Evidence focus: land rights.
- Evidence focus: utility correspondence.

24. Contract and term-sheet controls

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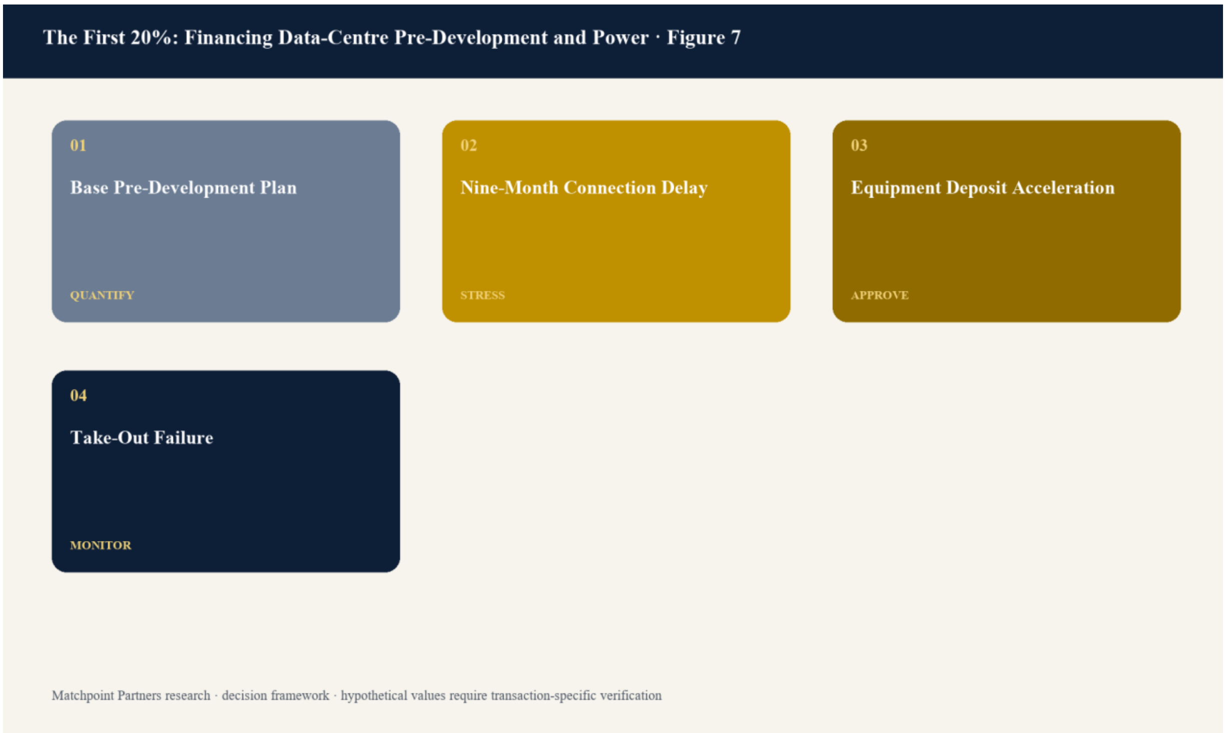

Figure 7. Structured decision view; categories are topic-specific and values require current transaction evidence.

25. Downside funding and remedies

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- Evidence focus: utility correspondence.
- Evidence focus: load schedule.
- Evidence focus: interconnection study.

26. Hypothetical scenario matrix

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links load schedule, the connection offer milestone and the deposit coverage measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Design Rework is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the pre-development bridge route against at least the equipment deposit acceleration case and record the sensitivity of deposit coverage. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

The control response assigns preparation, challenge and approval to different people across landowner, development lender, equipment supplier. Open items remain in an exception register with a deadline and consequence. A financing or investment recommendation is released after the relevant evidence is complete, the downside case is funded, and the legal, regulatory, tax, accounting and technical questions have been reviewed by qualified advisers where applicable.

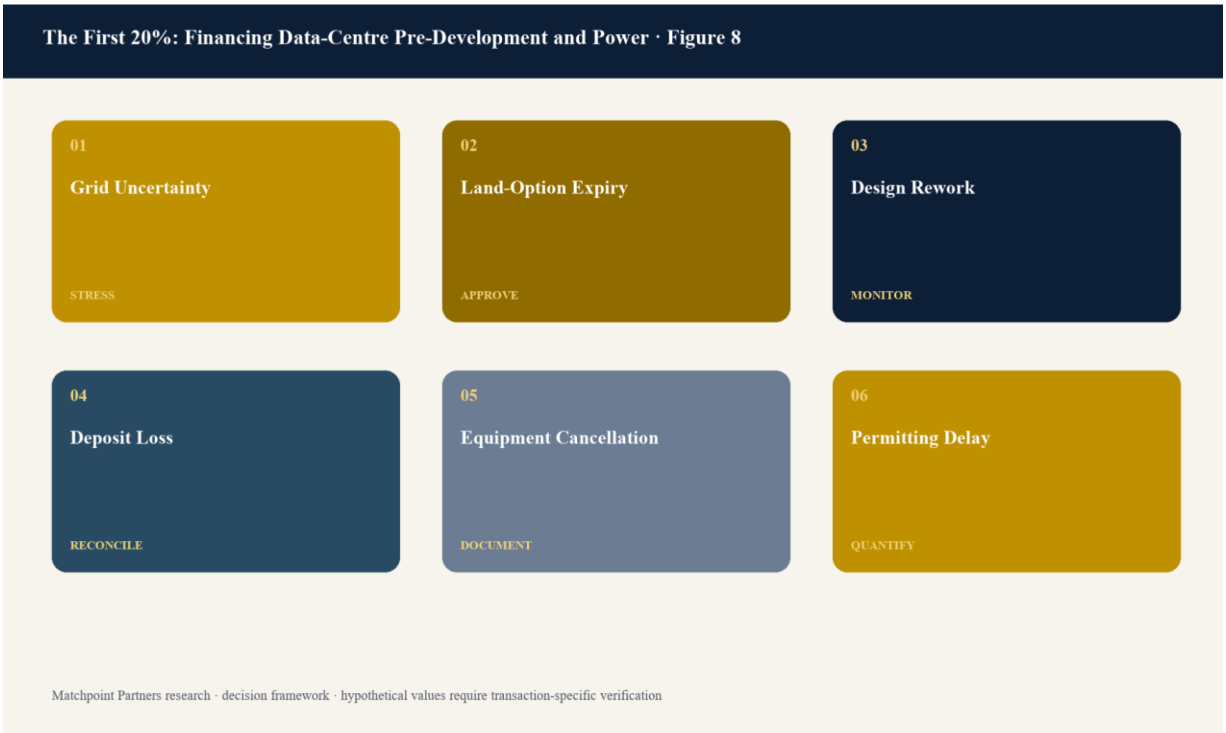

Figure 8. Structured decision view; categories are topic-specific and values require current transaction evidence.

27. Implementation roadmap

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links interconnection study, the design freeze milestone and the option runway measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Deposit Loss is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the equipment finance route against at least the take-out failure case and record the sensitivity of option runway. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

The control response assigns preparation, challenge and approval to different people across development lender, equipment supplier, construction lender. Open items remain in an exception register with a deadline and consequence. A financing or investment recommendation is released after the relevant evidence is complete, the downside case is funded, and the legal, regulatory, tax, accounting and technical questions have been reviewed by qualified advisers where applicable.

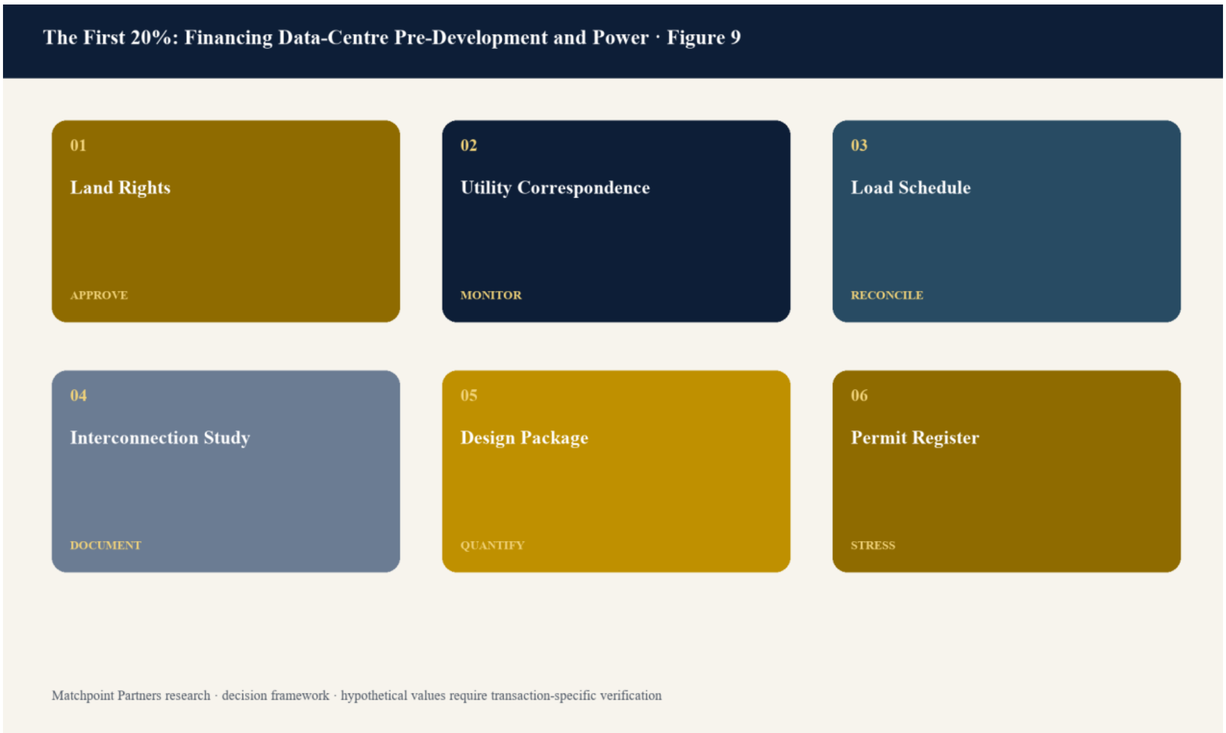

Figure 9. Structured decision view; categories are topic-specific and values require current transaction evidence.

28. Monitoring dashboard

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links design package, the ready to build milestone and the cost to ready-to-build measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Equipment Cancellation is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the utility deposit facility route against at least the base pre-development plan case and record the sensitivity of cost to ready-to-build. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

The control response assigns preparation, challenge and approval to different people across equipment supplier, construction lender, sponsor. Open items remain in an exception register with a deadline and consequence. A financing or investment recommendation is released after the relevant evidence is complete, the downside case is funded, and the legal, regulatory, tax, accounting and technical questions have been reviewed by qualified advisers where applicable.

- Evidence focus: design package.
- Evidence focus: permit register.
- Evidence focus: equipment reservations.

29. Decision memorandum and approval gate

The decision is which capital should fund each pre-development risk and which objective evidence permits that capital to roll into construction finance. The work begins with a dated perimeter, named decision authority and one controlled record. That record links permit register, the senior close milestone and the take-out eligibility measure. Each item carries a source, owner, date, status and exception. This structure lets the committee distinguish evidence that already exists from a management target or a hypothetical modelling assumption.

Permitting Delay is the principal focus on this page. Its effect can appear through timing, liquidity, control, value or enforceability. The review should test the senior construction debt route against at least the nine-month connection delay case and record the sensitivity of take-out eligibility. A reader should be able to reproduce the conclusion from the cited documents and the disclosed assumptions without relying on an unsupported market benchmark.

The control response assigns preparation, challenge and approval to different people across construction lender, sponsor, utility. Open items remain in an exception register with a deadline and consequence. A financing or investment recommendation is released after the relevant evidence is complete, the downside case is funded, and the legal, regulatory, tax, accounting and technical questions have been reviewed by qualified advisers where applicable.

- Evidence focus: permit register.
- Evidence focus: equipment reservations.
- Evidence focus: take-out term sheet.

30. Sources, method and author

Sources were selected for institutional authority, direct relevance and current availability. Official law, regulator, government, standards-body and issuer materials take priority. The source date does not remove the need to confirm the current rule, programme or document before a transaction decision.

No.	Source	URL
1	U.S. Department of Energy, 2024 Report on U.S. Data Center Energy Use announcement	https://www.energy.gov/articles/doe-releases-new-report-evaluating-increase-electricity-demand-data-centers
2	U.S. Department of Energy, Clean Energy Resources to Meet Data Center Electricity Demand	https://www.energy.gov/oe/clean-energy-resources-meet-data-center-electricity-demand
3	Oracle Corporation, Form 10-K for fiscal 2026	https://www.sec.gov/Archives/edgar/data/1341439/000119312526277521/orcl-20260531.htm
4	Meta Platforms, Inc., Form 10-K for 2025	https://www.sec.gov/Archives/edgar/data/1326801/000162828026025534/meta-12312025x10kars.htm

Method

The paper separates source-backed statements, transaction evidence and hypothetical modelling assumptions. Scenario values illustrate a calculation pathway. They do not predict a market, issuer, fund, project, buyer, lender or family-office outcome.

Author

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