

Week to 16 October 2026.

Lenders and governments start pricing the gap between contracted and delivered capacity

AI compute, data centres and the power behind them · covers 12 to 16 October 2026

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THE WEEK IN BRIEF

Figures given in Malaysia's Parliament showed operating data centres drawing about 1.37 GW against 6 GW of contracted maximum load, CoreWeave's bonds traded at distressed levels, and PJM obtained an emergency order letting it call on data-centre backup generators, which it did not need to use. TSMC said its own checks on US power came back "so far so good", and ASML said its planned 2027 and 2028 supply will not fully meet demand.

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PJM runs short, and Pennsylvania proposes who is cut first

On 12 October, with warm weather in PJM's maintenance season, the Department of Energy issued an emergency order under section 202(c) of the Federal Power Act, effective 13 to 16 October.

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Credit markets reprice contracted AI capacity that is not yet delivered

CoreWeave's shares fell 15.5% on 14 October and closed 5.94% higher the next day, while the yield on its 9.75% bond due 2031 reached 15.78% and its five-year credit default swaps last stood at nearly 1,038 basis points.

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Malaysia counts the gap between contracted and drawn power, and says it charges for it

As at August, 45 of the 62 data centres with signed electricity supply agreements were operating, with a combined maximum load of 6 GW against actual consumption of about 1.37 GW, figures given in Parliament showed.

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WEEK TO 16 OCTOBER 2026

Key numbers

THE NUMBERS

- Malaysia's 45 operating data centres with signed supply agreements had a combined maximum load of **6 GW** in August but drew about 1.37 GW, figures given in Parliament showed, The Edge reported.
- PJM was working with **66%** of its generating fleet's capacity in mid-October, with more than 61,000 MW out, and the US Department of Energy issued an emergency order letting it direct backup generation at data centres.
- The yield on CoreWeave's bond due 2031 reached **15.78%** on 15 October, and its five-year credit default swaps traded above 1,000 basis points, CNBC reported.
- ASML's non-current contract liabilities rose to **€9.30 billion** at the end of September from €3.57 billion three months earlier, as it said its planned 2027 and 2028 supply will not fully meet demand.

WHAT MOVED · 01 · PJM

PJM runs short, and Pennsylvania proposes who is cut first

12 to 16 October

On 12 October, with warm weather in PJM's maintenance season, the Department of Energy issued an emergency order under section 202(c) of the Federal Power Act, effective 13 to 16 October. It authorises PJM to direct backup generation at data centres and other large loads to run as a last resort before an EEA 3 is declared, which DOE describes as before firm load interruption, or during one. PJM counted this as the ninth such order this year and had not needed the large-load backup authority as of 14 October. Spot power at PJM's Western hub reached US\$1,021 per MWh on 13 October, Bloomberg reported. PJM plans a revised reliability backstop filing by 29 October, the National Law Review reported, and Pennsylvania's utility commission said on 16 October it is inviting comment on a proposal, approved as a tentative order on 1 October, that new large loads without enough new capacity be curtailed before other customers.

WHY IT MATTERS

The largest US grid needed federal emergency powers in an ordinary October week, and the reserve it was authorised to call on was backup generation already installed at data-centre sites, though it did not need to use it. With no regional rule yet on who is curtailed first, Pennsylvania's proposal would put new large loads that have not secured enough new capacity at the front of that queue.

WHAT MOVED · 02 · AI CREDIT

Credit markets reprice contracted AI capacity that is not yet delivered

13 to 16 October

CoreWeave's shares fell 15.5% on 14 October and closed 5.94% higher the next day, while the yield on its 9.75% bond due 2031 reached 15.78% and its five-year credit default swaps last stood at nearly 1,038 basis points, CNBC reported. Chief executive Mike Intrator wrote in a memo obtained by CNBC that the company's backlog, which Deutsche Bank puts above US\$100 billion, "more than supports all of our debt obligations". JPMorgan and Goldman Sachs sold a US\$5 billion loan package for Volta at 95 cents on the dollar and 6.5 percentage points over the benchmark, pushing yields past 11%, Bloomberg reported, citing people with knowledge of the matter. The money covers a lease on a 133 MW Norwegian data centre and about 36,000 Nvidia GPUs, and Volta signed a six-year, US\$10 billion capacity agreement with Anthropic in August, Quartz reported. Nscale's Glomfjord site in Norway has 6.4 MW of a planned 30 MW running and is about six months late, DCD reported; a source said no penalties were imposed.

WHY IT MATTERS

Our reading is that a signed backlog is the main asset these borrowers offer lenders while their capacity is still being built. This week CoreWeave's swaps passed the 1,000 basis points that S&P Global Market Intelligence's Gavan Nolan told CNBC is generally a sign of credit distress, and Volta's banks had to cut the loan's price to sell it, even with a signed six-year offtake behind it. The Evercore ISI trading desk, quoted by CNBC, said the market was "basically saying 'no mas' to AI debt without operating cash flow support".

WHAT MOVED · 03 · MALAYSIA

Malaysia counts the gap between contracted and drawn power, and says it charges for it

13 to 15 October

As at August, 45 of the 62 data centres with signed electricity supply agreements were operating, with a combined maximum load of 6 GW against actual consumption of about 1.37 GW, figures given in Parliament showed, The Edge reported. On 15 October investment, trade and industry minister Johari Abdul Ghani told Parliament that operators who request capacity and use only part of it are charged for the rest. "That is our policy now," he said, adding that investors should bear the cost of the transmission upgrades their projects need. He gave a different count, 57 operational data centres requiring 6,237 MW, The Star reported.

WHY IT MATTERS

On the figures given in Parliament, operating sites were drawing under a quarter of their contracted maximum load. Part of that gap is expected, because operators contract maximum demand for phased builds, and no source splits ramp-up from overbooking. A charge on reserved but unused capacity changes the economics of booking ahead, and Taiwan's state utility said the same week that it is considering rules on allocating supply to site developers before an investor is secured, Focus Taiwan reported.

WHAT MOVED · 04 · APAC LISTINGS

Listings stall in Asia-Pacific while banks keep lending in Johor

13 to 16 October

Blackstone-backed AirTrunk postponed a planned Singapore REIT listing of about US\$1.5 billion and has not set a new launch date, though one person told Reuters it aims to complete the listing by early next year. It had considered raising the offered yield to about 6% from 5.5%, Bloomberg reported, also citing unnamed sources. After Firmus withdrew its ASX listing, eToro's Josh Gilbert told Forbes Australia that investors "just weren't prepared to pay a sky-high price up front for capacity that's still largely on the drawing board". Debt for Johor kept coming: DayOne added a RM15 billion facility from seven banks, taking its Malaysian senior secured financing to about US\$7.2 billion in total, and said its billings, contracted capacity already earning income, had passed 1 GW against bookings of about 2.3 GW. Princeton Digital Group is seeking up to US\$1.2 billion for its Johor campus, and Bridge Data Centres is in talks to enlarge a Malaysian loan to about US\$6.6 billion from US\$2.8 billion, Bloomberg reported, citing unnamed sources.

WHY IT MATTERS

Public equity investors stepped back from data-centre listings, with rates and volatility the reasons given for AirTrunk's delay and unbuilt capacity the objection an eToro analyst raised about Firmus. Banks kept funding contracted capacity in Johor, where operators have a delivery record, so capacity under construction there can still raise debt while listings stall.

WHAT MOVED · 05 · OPPOSITION

Opposition reaches Virginia's legislature as Memphis-area councils pause

12 to 15 October

In Virginia, state senator Russet Perry filed Senate Bill 843, which would stop state agencies approving data-centre planning applications for three years from 1 July 2027, DCD reported. Near Memphis, Millington adopted an immediate six-month pause on applications for "non-grid power generation, accessory computing or industrial-scale computing facilities", and Shelby County passed a moratorium on first reading by five votes to four, ahead of the Memphis council's vote on 20 October, Action News 5 reported. Inside Climate News, citing Ballotpedia, counts about 40 local ballot measures in seven states, 21 of them in Ohio. Google's country director in Finland apologised for extensive forest clearances at its Muhos and Kajaani sites, which critics say went ahead without the required environmental assessments, and Google filed its response to the regulator on 14 October.

WHY IT MATTERS

A statewide pause is now proposed in Virginia, which DCD calls the industry's largest market, in a bill that would take effect from 1 July 2027 if enacted. Millington's pause also covers non-grid power generation, in a town that has yet to receive a data-centre proposal, so at least one local authority now treats power built on site as a use that needs its own approval.

WHAT MOVED · 06 · CHIPS

Chipmakers say their own supply is the limit, and TSMC checked US power

14 to 15 October

On 15 October TSMC said it now expects 2026 revenue growth of about 44% in US dollar terms. Chief executive C.C. Wei said TSMC is now "sending our own teams of people to check on the data center build-out progress and power supply situation in the U.S. The feedback is so far so good", and that demand "is still far above our capability today to supply". ASML said on 14 October that "our supply as currently planned for both 2027 and 2028 will not fully meet the demand of our customers". At the opening of its new advanced assembly and test plant in Taichung, Micron's president and chief operating officer Manish Bhatia said all of the plant's 2027 capacity was sold, Reuters reported.

WHY IT MATTERS

TSMC checked US power and data-centre readiness for itself, called the result "so far so good", and pointed to its own constraints, "a little bit shortage on the back end" and tool supply that is "tight". ASML puts its lithography shortfall through 2028.

WHAT MOVED · 07 · POWER CONTRACTS

Power and capacity signed this week arrive mostly from 2028

14 to 16 October

NiSource announced on 16 October a 20-year agreement to serve Microsoft's planned northwest Indiana campus from 2028, adding about 1,100 MW of new generation resources, with Microsoft funding all the generation and transmission needed to serve its load. In Sydney, DigiCo signed a 15-year, 71 MW contract at SYD1, including 20 MW reallocated from existing contracts and subject to customary conditions, at a site it describes as having "approved grid capacity and water access and State Significant Development Approval in place", with the first 10 MW expected to be energised late in its 2027 financial year. IREN set out plans for a 900 MW campus near Wagga Wagga, at an early assessment stage, working toward a grid connection from 2029 and outside its 5 GW secured-power portfolio.

WHY IT MATTERS

The earliest capacity signed this week is DigiCo's first 10 MW, on an established site that already had approved grid capacity and planning approval. Our reading is that those approvals explain part of why it can energise well before IREN's new campus, which is far larger and still at an early assessment stage, while most of the other capacity contracted this week arrives from 2028.

WEEK TO 16 OCTOBER 2026

Our reading of the week

OUR READING

This section gives our own reading of the week's events. Vailinor builds power-anchored, behind-the-meter compute, so we have an interest in the argument.

Our view is that the AI build-out is priced on signed capacity, while the constraint runs further up a chain: public and regulatory consent, then a grid connection, then energised power, and only then compute. On power, PJM worked with 66% of its fleet's capacity with more than 61,000 MW out, saw spot prices above US\$1,000 per MWh at its Western hub and received a federal emergency order letting it call on backup generation at data centres, the ninth such order this year by its own count, though it did not use that authority. On the grid, Malaysia's operating sites drew under a quarter of their contracted maximum load, its investment, trade and industry minister said operators are charged for capacity they reserve and do not use and should pay for the transmission upgrades their projects need, and Taiwan's state utility said it is considering rules on allocating supply to developers before an investor is secured. On consent, the Millington pause reaches non-grid generation, Shelby County backed a moratorium on first reading, and a three-year statewide pause is on file in Virginia.

Capital priced the distance between a contract and delivered capacity: CoreWeave's bonds and Volta's loan priced contracted capacity at yields above 11%, and an eToro analyst said investors were not prepared to pay a sky-high price up front for Firmus capacity that is still largely on the drawing board. The earliest capacity signed this week, DigiCo's first 10 MW, sits on a site that already had approved grid capacity and planning approval, and most of the rest arrives from 2028.

The case against this reading is that chips and the cost of money set the pace as much as power does: TSMC checked US power for itself and called it "so far so good", ASML says its planned 2027 and 2028 supply will not fully meet demand, and people familiar with AirTrunk's plans told Bloomberg that higher rates and market volatility were behind its delayed listing. Our reading is that a chip shortage and dearer money both raise the cost of each month a contracted site waits for power.

For investors, our first reading is that three of this week's disclosures set capacity already drawing power or earning income against capacity signed: Malaysia's operating sites drew under a quarter of their contracted maximum load, Nscale had 6.4 MW of a planned 30 MW running at Glomfjord, and DayOne bills more than 1 GW of the 2.3 GW it has booked. We expect lenders and listing investors to ask every developer for that split. Our second reading is that charges on unused reservations, curtailment-first rules for new load and pauses that cover on-site generation all move cost onto the developer who has signed but not yet energised. Millington's pause is in force and Malaysia's minister calls the charge current policy, though no rate has been published, while Pennsylvania's rule is still out for comment, so the size of that cost is not yet known.

WEEK TO 16 OCTOBER 2026

Capital and valuation read-through

Oracle's five-year credit default swaps widened about 10% in a week to 282 basis points. Suppliers are also being paid in advance: TrendForce raised its forecast for the combined capital spending of nine large cloud providers to more than US\$1.5 trillion in 2027, and attributed part of the increase to higher component prices and advance payments some suppliers now require. Our reading is that more of each capex dollar is going on scarce chips and memory, while debt investors charge more for capacity whose cash flows have not started.

WEEK TO 16 OCTOBER 2026

What we are watching

ON THE WATCH LIST

- The Memphis council's vote on a data-centre moratorium on 20 October.
- PJM's special Members Committee meeting on 22 October and its revised backstop filing, planned by 29 October.
- The Finnish regulator's decision on Google's 14 October response, including its request for limited stabilisation work, and Google's environmental assessments, which it aims to finish in six weeks at Kajaani and ten at Muhos.
- SK hynix's and Samsung's third-quarter results, due later this month.
- The local data-centre measures on the 3 November US ballot.

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ABOUT THIS BRIEF

This brief was prepared by Vailinor Analysts to help people better understand the AI and energy spaces, and the places where the two meet: power for data centres, the chips that set how much power they draw, and the money and policy behind both. It covers 12 October 2026 to the US market close on Friday 16 October 2026, and is written as at 19 October 2026. Every figure comes from the public sources listed above, as reported by the companies, regulators and publications named, and forecasts are attributed to whoever made them. Nothing in it is investment advice.