

DigitalBridge-ArcLight deal ties AI data center boom to sprawling fossil fuel portfolio

Data center expansion and AI-driven electricity demand may give aging coal and gas plants a new financial lifeline

BOSTON, MA, UNITED STATES, May 28, 2026 /EINPresswire.com/ -- A major acquisition announced Wednesday could further entrench private equity firms at every level of the rapidly expanding AI and data center economy, from the data centers themselves to the fossil fuel infrastructure increasingly being kept online to power them.



DigitalBridge, a major digital infrastructure and data center investor, [announced it is acquiring](#) ArcLight Capital Partners, one of the largest private owners of fossil fuel power infrastructure in the United States. The deal links a major data center-focused investor to a sprawling portfolio of coal, gas, pipeline, and power generation assets at a time when utilities and policymakers are increasingly citing AI-driven electricity demand as justification for extending the life of aging fossil fuel infrastructure.

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DigitalBridge is already invested across the data center ecosystem through companies including DataBank, Switch, and Vantage Data Centers, which collectively account for more than 1.3 gigawatts of active U.S. data center IT capacity. [Recent research from the Private Equity Stakeholder Project](#) (PESP) found that private equity firms now own or have significant joint ventures with nearly half of the top 25 U.S. data center companies.

At the same time, ArcLight owns an extensive private fossil fuel infrastructure portfolio. According to Utility Dive, ArcLight owned approximately 20.8 gigawatts of power generation capacity as of June 2025, including major assets in PJM, the electricity market facing some of the fastest projected growth in AI and data center electricity demand.

ArcLight's portfolio spans the fossil fuel supply chain, including oil and gas extraction, pipelines and transport infrastructure, gas-fired power plants, and coal-fired generation. The firm owns stakes in the Keystone and Conemaugh coal plants in Pennsylvania, which were recently given a pathway to remain open until 2032 amid concerns over tightening electricity supply tied in part to planned data center development. President Donald Trump publicly took credit for helping keep the plants open.

"This deal shows how influential private equity firms are becoming across every level of the AI and data center economy," said Amanda Mendoza, Senior Research & Campaign Coordinator at PESP. "Private equity firms are increasingly positioned on all sides of the equation: financing data center growth while also owning the fossil fuel infrastructure utilities and policymakers argue needs to stay online longer to power it. As electricity demand from AI accelerates, there is a growing risk that aging fossil fuel infrastructure receives a new financial lifeline while the costs and health impacts tied to powering the data center boom are increasingly shifted onto the public."

ArcLight's fossil fuel portfolio also carries significant documented climate and public health impacts. Analysis from the Private Equity Climate Risks consortium found that nearly 80% of ArcLight's energy portfolio companies were fossil fuel companies as of January 2026. In 2024, the consortium estimated that ArcLight-backed fossil fuel assets were responsible for at least 54 million metric tons of carbon emissions annually.

Those emissions are linked to substantial public health costs. As of last year, ArcLight-backed fossil fuel assets were associated with up to [\\$3.7 billion in annual public health costs](#) nationally, including hundreds of premature deaths and tens of thousands of asthma incidents tied to fossil fuel pollution.

ArcLight has also been connected to multiple environmental controversies in recent years. For almost a decade, the firm co-owned the Gavin coal plant in Ohio, one of the highest-emitting and deadliest coal plants in the country. ArcLight was also among the owners of Third Coast Midstream, the company fined over a 2023 Gulf of Mexico oil spill. Less than a year after the spill, Third Coast raised new debt financing that funded a roughly \$74 million payout to owners, including ArcLight. The firm also owned the Lime Tree Bay refinery in the U.S. Virgin Islands before the facility was shut down after repeated incidents involving oil droplets and toxic emissions affecting nearby communities.

PESP has increasingly documented the role private equity firms play in both financing the data center buildout and owning the energy infrastructure powering it. A recent S&P analysis found that private equity investment in U.S. data centers reached \$45.7 billion in 2025, accounting for roughly 72% of total investment in the sector.

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