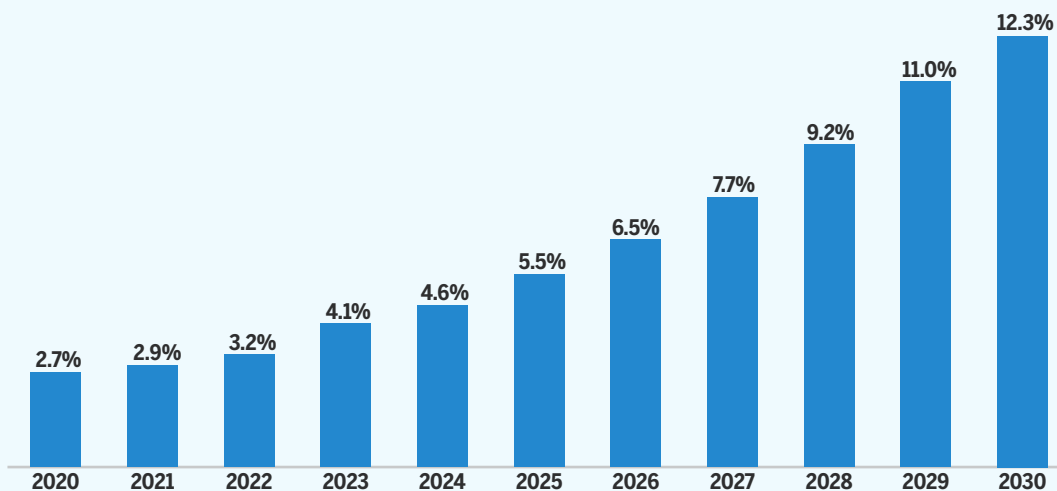


## Power Play

As artificial intelligence (AI) continues to advance, investors are closely monitoring companies that facilitate this paradigm-shifting technology. While many focus on large-cap semiconductor manufacturers and cloud service providers, we believe there may be other opportunities to position portfolios to potentially benefit from the growth in AI.

**Data Center as % of Electricity Consumption in the U.S.**



Source: U.S. Energy Information Administration Annual Energy Outlook 2025, International Energy Agency World Energy Outlook Special Report 2025, and Alger. Estimates are from 2025 through 2030.

- Enterprises running AI programs need data centers equipped with high-performance computing clusters, which are servers interconnected by fast networks that enable parallel processing that speeds up AI training and inference. Due to the surge in computing requirements for AI, data centers consume a vast amount of electricity for running servers and cooling systems.
- As can be seen in the chart above, data centers consume approximately 5% of total electricity in the U.S. today. However, given intensifying demands from AI workloads, this share could rise to roughly 12% by 2030, posing significant challenges for electric grid operators, in our view. In fact, the electricity consumed by U.S. data centers could more than triple—an incremental 423 TWh, enough to power more than 40 million American homes for a year.<sup>1</sup> Additionally, we believe widespread electrification, such as electric vehicle adoption, industrial automation, and robotics, may further strain on the power grid (see also [Time for an Upgrade](#)).
- With an acceleration in demand growth, utility companies may need to significantly upgrade their grid infrastructure to accommodate rising electricity demands. Therefore, we believe that companies that provide grid-related equipment and services as well as those engaged in sustainable power generation may be well positioned to potentially benefit from the rising electricity demand from intensifying AI workloads (see also [Inferring Strong Demand](#)).

<sup>1</sup> U.S. Energy Information Administration, Annual Energy Outlook 2025, International Energy Agency, World Energy Outlook Special Report 2025, and Alger estimates. The projected 3x increase in electricity demand from data centers is from 2024 through 2030.

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