

THE BINSWANGER BRIEF

The New Site Selection Sequence: Why Power Comes Before the Map

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AN INCREASINGLY COMMON ANECDOTE:

a site selection team recently spent four months narrowing a shortlist on a 40-acre site for an advanced manufacturing client before anyone called the utility to qualify power.

By the time they did, the leading site's connection would have taken longer than the plant itself was expected to take to build. The top qualifier was scrapped, and the project moved to a different state. The land was never the problem – the sequence was.

For years, the site selection process followed a dependable order: identify markets with the right labor pool and logistics, negotiate incentives, confirm zoning, with utility service treated as a formality handled late in due diligence. That order made sense when power was abundant, and connections were fast. Neither is true anymore for data centers, semiconductor fabs, battery plants, or biotech manufacturing, all of which now draw loads that rival small cities and require power quality that most local grids were never built to guarantee. A recent industry survey of corporate site selectors put electric power availability at 98.5 percent importance, the highest-rated factor of any kind in the entire evaluation, ahead of labor, incentives, and logistics combined.

THE QUEUE
HAS BECOME THE TIMELINE

The scale of the backlog is now the story. The Electric Reliability Council of Texas (ERCOT)'s large-load interconnection queue reached roughly 410 gigawatts in the spring of 2026, about five times the grid's current generating capacity, with data centers making up the large majority of that demand, according to ERCOT's own reporting to Texas regulators. In Dominion Energy's Virginia territory, home to the world's largest data center market, multiple industry sources, including JLL's 2026 Market Outlook, put the average wait for a new 100-megawatt connection at around seven years. PJM Interconnection data shows AI infrastructure projects that reached operational status in 2025 took an average of more than seven years from application to energization, with the bottleneck increasingly downstream of approval, in transmission and substation buildout rather than the interconnection study itself.

Advanced manufacturing faces an identical constraint. A modern semiconductor fab or battery plant can draw 100 to 600 megawatts continuously, around the clock, with power quality tolerances measured in milliseconds. Transformer lead times industry-wide currently run 18 to 36 months on their own, before any grid study even begins – if timing is misaligned, it can have devastating consequences to the project. In central Ohio, a marquee semiconductor project saw its opening pushed to 2030 or 2031, and the substation AEP Ohio had built specifically to serve it sat unused long enough that the utility petitioned to reroute that capacity to a nearby data center. When a project of that scale can outrun its own dedicated substation, land availability was never the constraint worth optimizing first.

Biotech manufacturing carries a different profile but the same underlying exposure. Pharmaceutical and biomanufacturing facilities use energy at an intensity roughly 14 times higher than typical manufacturing or office buildings, driven by cleanroom HVAC, air quality, and sterilization systems that cannot tolerate interruption. Most biomanufacturing sites need at least 5 megawatts of continuous power and require true backup redundancy (not just a generator held in reserve for emergencies) with an engineered second feed, as a single power interruption during a production run can void an entire batch of a therapy already committed to patients or clinical trials. That combination, moderate megawattage but zero tolerance for downtime, means biotech occupiers are often competing for the same substation capacity and transformer supply as much larger data center and manufacturing loads, without the negotiating leverage that comes with a 200-megawatt commitment.

WHAT IT COSTS WHEN THE SEQUENCE FAILS

The financial exposure of getting this order wrong is no longer theoretical. Projects that withdraw from interconnection queues after sinking capital into land and design work cite grid upgrade costs as the primary reason, which, at 30 to 37 percent of total project budget, are oftentimes large enough to erase a project's return on its own. On the utility side, PJM ratepayers across seven states absorbed an estimated $4.3 billion in electricity infrastructure spending in a single year tied specifically to connecting new large loads. Likewise, a failure to bring cheaper generation online in time cost consumers in that same market an estimated $7 billion in a single capacity auction. Those are not just background context to occupiers, because rising regional power costs and local political backlash against large-load users (including a wave of state and county data center moratoria in 2026) are shaping which markets stay viable options and which quietly close during the search itself.



FOUR CORRIDORS, FOUR VERSIONS OF THE SAME PROBLEM

Northern Virginia's Dominion territory illustrates the clearest case of a market outgrowing its own grid. New projects now source power from substations 20 to 40 miles outside the traditional core because the core is full, and sites with an existing utility power commitment trade at a meaningful premium over nearby unentitled land.

Texas, through ERCOT's queue and the state's new Senate Bill 6 large-load framework, is attempting to build a faster, batch-based review process from scratch while demand keeps compounding, with roughly 198 gigawatts of large-load applications filed in the first quarter of 2026 alone.

Georgia tells a related but distinct story: The Public Service Commission approved nearly 10,000 megawatts of new generation in December 2025, with roughly 80 percent of it earmarked for data centers, even as a wave of county and municipal moratoria across the state, including outright bans in parts of Atlanta and Fayetteville, show how quickly local politics can outpace utility planning.

Ohio shows what happens when generation planned for one industry (semiconductors) gets temporarily reassigned to another (data centers) because the initial intended use isn't ready yet. It also shows a possible way forward too: a large private battery storage project now under construction near that same Ohio data center cluster is designed to inject power back into the regional grid during periods of peak strain - an early example of occupiers treating on-site generation as a planning tool rather than a backup plan.

A FRAMEWORK FOR SEQUENCING THE SEARCH

None of this means power-intensive projects should avoid these markets. It means the search itself needs to run in a different order:

1. Screen markets by interconnection queue position and utility capacity before touring sites, not after.
2. Distinguish power that is merely available on paper from power that is contractually deliverable within your construction schedule.
3. Price in the cost and timeline of any required transmission or substation upgrades before valuing land.
4. Evaluate flexible-load strategies, interruptible service, on-site generation, battery storage, as site criteria, not late-stage mitigations.
5. Sequence land acquisition to follow a signed power commitment, rather than running the two processes in parallel and hoping they converge.



QUESTIONS WORTH ASKING BEFORE THE FIRST SITE TOUR

This is the sequencing question the industry hasn't fully answered yet, even as the broader point – that power now outranks land as a first-pass filter – has become widely accepted among site selection professionals. Knowing that power matters most is no longer a competitive advantage. Knowing how to search for it first is.

BEFORE A BROKER EVER WALKS A CLIENT ONTO A PARCEL, A PROPERLY SEQUENCED SEARCH SHOULD ALREADY HAVE ANSWERS TO:

What is this site's actual queue position – not it's theoretical capacity – with the serving utility?

What portion of any required transmission or substation upgrade cost falls to the occupier versus the utility?

Has the utility confirmed a deliverable in-service date in writing, or only an estimate?

Does the local jurisdiction have any pending moratorium, ordinance, or zoning change that could affect approval timing independent of the utility process entirely?

A site that cannot answer these four questions with documentation (not assurances) is not ready to be toured yet. Regardless of how well it scores on labor, incentives, or logistics, the core structure of the deal will be deeply flawed and poses a high risk of failure, resulting in the loss of both time and critical resources for the occupier.



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