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Exclusive: E2 inks up to $1B battery supply deal for data centers

By Alan Neuhauser
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E2Companies signed a $500 million to $1 billion term sheet with Corscale Data Centers to supply the data center developer with battery and energy management systems, the company tells Axios exclusively.

Why it matters: The systems use short-duration batteries to level out sudden power spikes, enabling data centers to more easily rely on intermittent solar and wind energy.

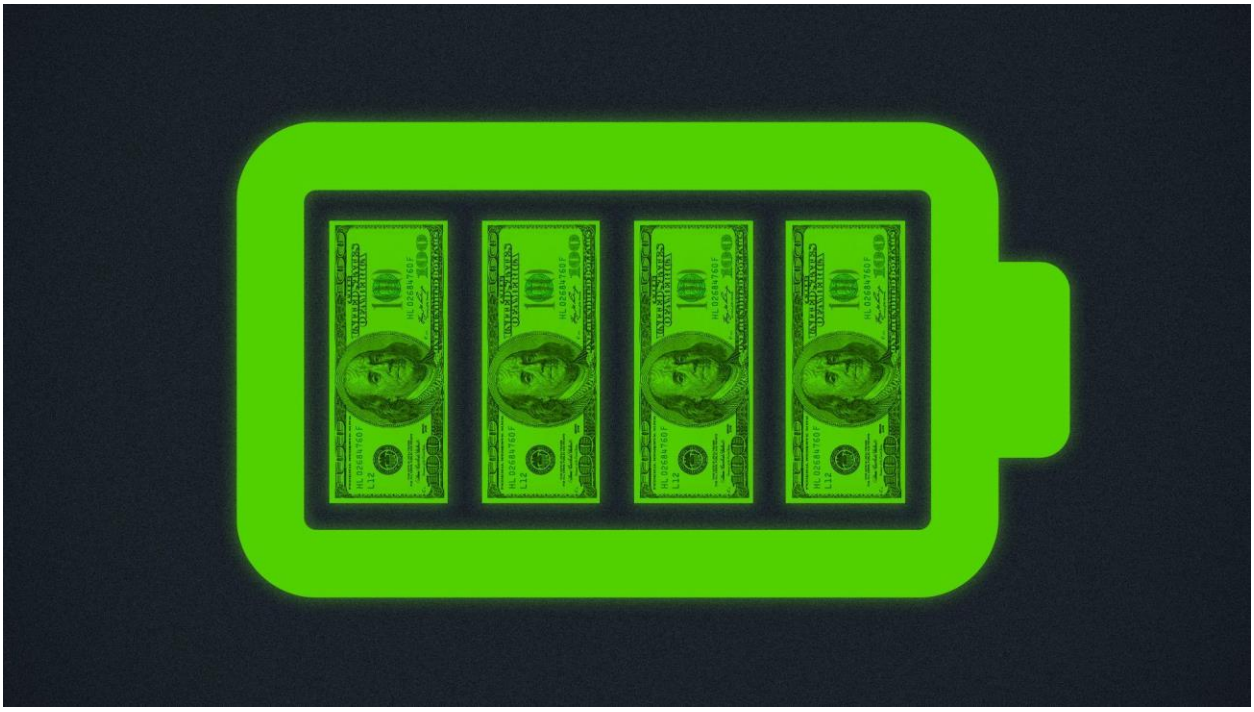

Illustration: Aïda Amer/Axios

Driving the news: E2Companies agreed to supply more than 300 MW of power systems to Corscale over two years.

Zoom in: Each 1 MW "R3di System" — as in "ready" — contains lithium iron phosphate batteries, which can dispatch 20 to 30 minutes of power.

- The modular, stackable systems also integrate with other onsite energy sources, such as the natural gas turbines that data centers commonly use for multi-hour or multi-day backup power.

State of play: E2Companies, based in Bonita Springs, Florida, has deployed eight such systems, CEO James Richmond tells Axios.

- It both sells the systems and offers a grid-monitoring subscription.

Catch up quick: E2 in February agreed to a SPAC merger with Nabors Energy Transition Corp. II, giving E2 a pre-money equity value of $500 million.

- The blank-check company is backed by Houston-based oil and gas producer Nabors Industries, which plans to use E2's on-site power systems to decarbonize its drilling operations.

What we're watching: The companies missed a February deadline to complete the deal.

- "We're seeing the auditor right now, and as soon as we have the audited financials, we'll file the proxy," Richmond says.

- The CEO, in an email, said, "This merger with Nabors Energy Transition Corp is moving forward as expected." He added, "There is no concern about the IPO process or deadline."

Context: AI data centers have unleashed a surge of new electricity demand.

- Most data centers rely on electric grids. But tech firms have also started developing renewable, battery and natural gas assets in case the grid goes down or to supply cheaper power whenever grid prices soar.

What they're saying: "Renewable energy problems happen in real time: if a cloud goes through a 200 MW solar field, you're going to see a 100 MW drop instantaneously, and then come back a second later," Richmond says.

- "You need some energy that can hold a grid stable while that happens."

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