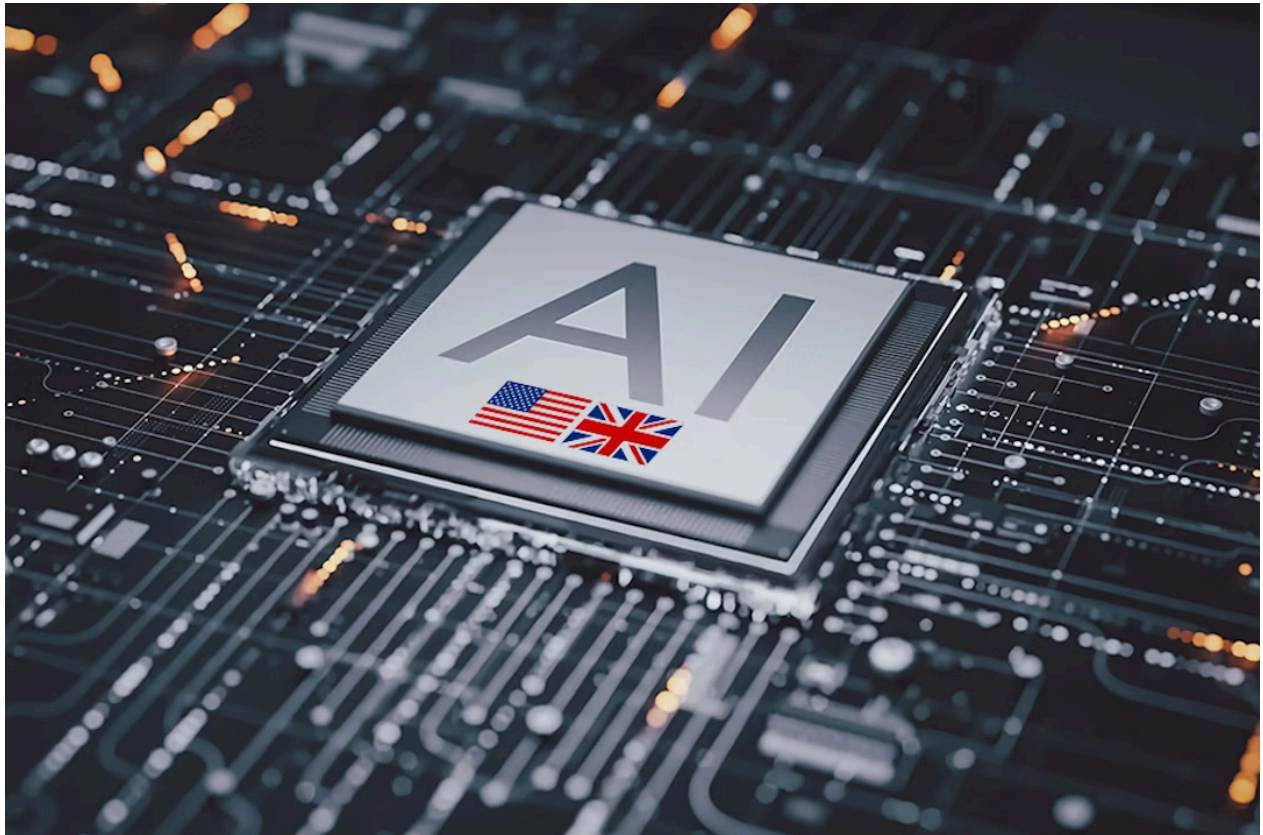


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The AI-Powered Energy Future: US-UK Cooperation for a Secure and Clean Transition



Kashvi Chandok, Climate and Energy Fellow, Shane Londagin, Senior Policy Advisor for Innovation

Takeaways

- While concerns grow over AI's energy consumption, its potential to revolutionize energy efficiency and accelerate the transition to sustainable power is undeniable. In leading nations like the US and UK, AI is set to optimize resource allocation, enhance grid stability, and drive clean energy innovation.
- The UK's ambitious AI expansion plans align with US efforts to restrict chip exports to adversarial nations and amplify relationships with allies, solidifying a chance for strategic partnership that enhances clean energy innovation while strengthening national security.
- Strengthened US-UK AI chip trade empowers the UK to leverage AI for renewable integration, grid stability, and battery storage. With 95% accurate forecasting, AI minimizes disruptions, while AI-driven data centers could cut 40 terawatt-hours of energy use annually. In nuclear power, AI enhances safety, predictive maintenance, and reactor efficiency, making it a driving force in the UK's 2030 clean energy transition.

As AI-driven technologies become central to both economic competitiveness and energy innovation, nations are increasingly prioritizing secure access to advanced computing power. The US and the UK, long-standing allies with shared technological ambitions, have consistently deepened their collaboration in emerging fields, including AI and semiconductor development. This partnership is becoming even more critical, particularly amid growing concerns over technological competition with China.

Early this year, the UK government unveiled an ambitious plan to "turbocharge AI" and position itself as a global leader in the technology. This plan includes a 20-fold increase in public compute capacity by 2030, the creation of AI Growth Zones, and the establishment of a dedicated AI Energy Council. These initiatives align closely with the US's own efforts to maintain technological superiority in AI and semiconductor manufacturing, creating further synergies in clean energy advancements.

Just days later, on January 15, 2025, the US The Department of Commerce Bureau of Industry and Security (BIS) published interim final export rules on artificial intelligence (AI) Chips and technology control. The plan creates a pathway for 18 US allies to procure an unlimited supply of CHIPS while restricting the export of advanced AI chips to adversarial nations, like China and Russia. While

primarily a national security and AI policy measure, these rules could have significant implications for clean energy collaboration between allied nations.

The United Kingdom is one of 18 allied nations with unrestricted access to US AI chips, creating a unique opportunity to harness high-performance GPUs for clean energy innovation. A stable supply of advanced AI chips from the US enables the UK to accelerate the deployment of AI-driven energy solutions, reducing reliance on Chinese semiconductor manufacturers and minimizing supply chain vulnerabilities. The expanding US-UK AI chip partnership is pivotal in advancing clean energy technologies while bolstering national security. In this memo, we highlight keyways in which increased AI chip trade between these allies can drive energy efficiency, enhance climate resilience, and strengthen infrastructure security.

UK's Strategic Opportunity in the Global AI Chips Market

The US and UK are already deepening AI collaboration. In April 2024, they signed a Memorandum of Understanding on AI Cooperation, led by former US Commerce Secretary Gina Raimondo and UK Technology Secretary Michelle Donelan. This agreement establishes joint AI risk assessments, safety testing, and personnel exchanges between their AI Safety Institutes. Its swift implementation highlights the urgency of addressing AI risks while reinforcing the US-UK chip trade.

As semiconductor chips continue to transform global energy systems – dominating a \$500 billion market –unrestricted access to advanced semiconductor technology is crucial for any nation striving to lead in clean energy innovation. According to the Institute of Electrical and Electronics Engineers, this surge in demand is expected to accelerate innovation in chip development, creating substantial growth potential for companies specializing in AI semiconductor manufacturing.

At the moment, The UK chips and semiconductor industry finds itself in a precarious position as global trade tensions continue to escalate. As of March 2025, the UK accounts for a mere 0.5% of global semiconductor sales, highlighting its limited presence in this crucial sector. In an effort to bolster its position and secure access to advanced AI chip technology, the UK government has already committed £100 million to purchase components from leading American companies.

Given shifting political dynamics and strained relations between the US and certain European counterparts, the UK has emerged as a key strategic partner for AI chip trade. The longstanding special relationship between the US and the UK has historically fostered collaboration across various industries, and recent geopolitical developments have only reinforced this alliance. This alignment could prove mutually beneficial: U.S. firms can sustain their global leadership in AI Chips, while the UK leads to drive energy transformation. By combining American technological leadership with the UK's

ambitious clean energy potential, both nations can set the pace for global advancements in AI-powered energy systems.

Meanwhile, UK startups can leverage American support—both politically and economically—to scale their operations, access larger markets, and compete more effectively on the global stage. By fostering closer trade ties in AI chips for clean energy, both nations can capitalize on the growing demand for AI applications while reinforcing their technological leadership amid shifting geopolitical dynamics.

AI's Role in Clean Energy

AI-driven semiconductor technology is poised to play a critical role in advancing the UK's clean energy transition. As the government accelerates its goal of decarbonizing the electricity grid by 2030, AI-enabled chips can enhance efficiency across the energy system—improving grid stability, optimizing renewable energy integration, and reducing operational costs. These advanced semiconductors power Predictive AI, which leverages vast datasets to forecast energy demand, manage supply fluctuations, and enhance battery storage operations. By minimizing reliance on costly grid infrastructure upgrades, AI-powered solutions can help the UK meet its Net Zero commitments more efficiently.

The potential for AI-driven energy optimization is vast. For example, Greenbyte AB estimates that the world's wind turbines generate over 400 billion data points annually, offering a wealth of untapped insights for improving turbine performance. AI and machine learning (ML) technologies can analyze this data in real time, maximizing energy output while reducing wear and tear on equipment. These advanced semiconductors enable real-time monitoring and automated response mechanisms, helping to reduce the likelihood of supply disruptions. While the need for physical grid upgrades is acknowledged, AI-powered chips provide a complementary approach, improving the existing network's adaptability and efficiency, thus postponing costly infrastructure expansions.

Below, we outline how the integration of AI-driven chips into the energy sector can strengthen the UK's clean energy infrastructure, lower costs for consumers, and drive innovation on its path to a fully decarbonized grid.

AI-Driven Energy Advancements for the UK

Building the Grid for the Future

The UK government has set an ambitious goal to decarbonize its national electric grid by 2030. Achieving this target requires not only integrating more renewable energy sources but also addressing critical challenges in grid stability, energy distribution, and demand forecasting. As more intermittent renewable energy—such as wind and solar—is added to the grid, managing supply fluctuations and preventing power imbalances becomes increasingly complex.

To maintain grid stability, the National Energy System Operator (NESO) currently relies on constraint payments—compensating gas and renewable energy generators to either increase or decrease their output in response to network limitations, maintenance outages, or unexpected demand shifts. However, these payments can be costly and inefficient, underscoring the need for more advanced grid management solutions.

AI presents a transformative opportunity to address these challenges by enhancing forecasting accuracy, optimizing energy storage, and enabling real-time smart grid management. By leveraging vast amounts of data and predictive analytics, AI can improve energy system efficiency, reduce costs, and help the UK transition to a more resilient, low-carbon grid. Some of the most promising AI-driven solutions include:

- **Improved Energy Load Forecasting:** AI utilizes historical data and information from smart devices on consumer behavior to predict expected energy demand. The ability of AI to process real-time data allows forecasts to be continually updated, improving accuracy. AI can identify complex patterns of usage where demand is volatile, that traditional forecasting methods would be unable to capture. Short term load forecasting with AI has consistently demonstrated 95% accuracy or higher.
- **Battery Storage Optimization:** Batteries are crucial for maintaining firm supply of clean energy to the grid, AI can predict optimum times for charging and discharging.
- **Smart Grid Management:** AI plays a crucial role in automating smart grids by enabling advanced monitoring and two-way communication, allowing for real-time detection and response to energy consumption patterns. By leveraging smart devices and ‘internet of things’ technology, AI can dynamically adjust electricity usage to align with supply, enhancing efficiency and grid stability.

Increasing Data Center Efficiency

Data centers are increasingly becoming the backbone of AI operations and a significant consumer of electricity. The UK’s growing AI sector faces a critical challenge in managing the energy footprint of these facilities while expanding its AI capabilities. This challenge is compounded by the projected increase in electricity demand from data centers, which could represent up to 6% of UK electricity demand by 2030, up from around 1% today

To address this challenge, advanced AI chips are playing a crucial role. These chips offer higher processing power with lower energy consumption, effectively expanding the UK’s AI capabilities while improving data center efficiency. For instance, Nvidia’s GB200 Grace Blackwell Superchip has demonstrated 25x energy efficiency over the prior GPU generation in AI inference. AI-driven optimization tools are proving to be invaluable in reducing energy waste in data centers:

- **Predictive Analytics:** AI algorithms can analyze historical data and real-time metrics to optimize energy consumption and predict future demand patterns.
- **Cooling System Optimization:** Intelligent cooling systems use AI to analyze real-time data and environmental factors, adjusting settings dynamically to maintain optimal conditions while reducing energy consumption.
- **Automated Maintenance:** AI-powered monitoring systems can detect anomalies, predict failures, and initiate proactive maintenance measures, significantly reducing downtime and improving equipment performance.

The impact of these AI-driven solutions can be substantial. For example, by transitioning from CPU-only operations to GPU-accelerated systems, HPC and AI workloads can save over 40 terawatt-hours of energy annually, equivalent to the electricity needs of nearly 5 million US homes.

Advancing Nuclear Power with AI

Nuclear energy remains a key component of the UK's clean energy transition. AI can enhance the efficiency and safety of nuclear reactors in multiple ways:

- **Optimizing Reactor Performance:** AI algorithms can help increase operational hours, optimize fuel use, and reduce uranium enrichment requirements.
- **Improving Safety and Monitoring:** AI-driven predictive maintenance and automated monitoring systems reduce human risk exposure and prevent operational failures.
- **Accelerating Regulatory Approvals:** The UK's Office for Nuclear Regulation (ONR) is already exploring AI's role in streamlining regulatory processes through sandboxing initiatives.
- **Exploring Advanced Nuclear Technologies:** AI-powered digital twins can refine thorium reactor designs, which offer a more sustainable and lower-risk alternative to traditional uranium reactors.

A Strategic Partnership for the Future

As AI continues to evolve, its role in shaping a more sustainable and secure future will only grow. The UK and the US have a unique opportunity to lead this transformation, leveraging AI not only for economic gains but also for transforming and bettering energy systems. By focusing on AI-driven climate solutions, data efficiency, and nuclear advancements, UK can accelerate their net-zero transitions while reinforcing stronger partnerships with the US.