# Teesside to host UK’s second AI Growth Zone amid energy and climate tensions



The UK government has reportedly selected the former steelworks site at Teesside, near Middlesbrough, as the location for its second AI Growth Zone—part of a national effort to position Britain at the forefront of artificial intelligence infrastructure. Teesworks Ltd, the public-private partnership overseeing the site’s redevelopment, has submitted planning permission for a vast data centre spanning nearly 500,000 square metres, which could become Europe’s largest.

The Department for Science, Innovation and Technology has been in discussions with a major, unnamed investor and has held talks with leading tech firms including Anthropic, DeepMind, Microsoft and Google. The Teesside development is part of the UK’s AI Opportunities Action Plan, which outlines five Growth Zones to support AI infrastructure, each designed to handle at least 500MW of power by 2030. At least one site is expected to exceed 1GW capacity, potentially tripling the UK’s current data centre footprint.

Teesside joins the previously confirmed AI Growth Zone in Culham, Oxfordshire, home to the UK Atomic Energy Authority. Other regions have submitted bids, including areas in Scotland such as Glasgow, Irvine and Dumfries and Galloway, as well as Doncaster, York, Manchester and North Lincolnshire—illustrating the nationwide appetite for high-tech investment and job creation.

However, the Teesside plan has sparked tensions within government. The site is also being eyed by BP for a proposed blue hydrogen and carbon capture facility. A decision from Energy Secretary Ed Miliband is expected by late August. The high energy and water demands of the proposed data centre have raised concerns about compatibility with the government’s net-zero goals, underscoring the challenge of balancing industrial growth with climate targets.

Sources suggest that AI infrastructure development could have advanced more quickly without the constraints of current environmental policies, highlighting a complex policy landscape. Each AI Growth Zone will require enhanced electricity access, with the government planning to allocate up to 500MW of power per site to support data centre operations.

This latest move reflects the UK’s ambition to modernise disused industrial land while building the foundations for a competitive AI economy. With streamlined planning and targeted investment, the AI Growth Zones are set to drive infrastructure development and local regeneration. Yet, the Teesside project will test the government’s ability to reconcile its AI ambitions with climate commitments—two pillars central to the UK’s future industrial strategy.

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## Bibliography

1. <https://www.datacenterdynamics.com/en/news/uk-government-eyes-teesside-as-second-ai-data-center-hub-report/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/280b653b-9837-43d8-be80-c137cf492b85> - The UK government has selected the Teesworks site in Teesside, northeast England, for its second AI Growth Zone, with plans to establish Europe's largest data centre, spanning nearly 500,000 square metres. This decision, made amid tensions between departments over energy consumption, is part of efforts to expand the UK's AI and tech sectors. However, the data centre's high energy and water demands have sparked conflict with a proposed blue hydrogen and carbon capture facility by BP, which also seeks land at the site. Energy Secretary Ed Miliband must decide by August 28 whether to approve the hydrogen project.
3. <https://www.gov.uk/government/news/government-fires-starting-gun-on-ai-growth-zones-to-turbocharge-plan-for-change> - The UK government has opened bidding for AI Growth Zones, aiming to create dedicated areas for AI infrastructure development and attract private investment. Local and regional authorities across the UK are encouraged to submit proposals to become these zones, which will benefit from streamlined planning permissions and enhanced access to power. The initiative focuses on deindustrialised areas, with interest already building in Scotland, Wales, the North East, and North West.
4. <https://www.gov.uk/government/publications/ai-opportunities-action-plan-government-response/ai-opportunities-action-plan-government-response?1JAY0%2C95LPR3%2C66085%2C1=> - The UK government has responded to the AI Opportunities Action Plan by committing to the creation of AI Growth Zones (AIGZs). These zones will have enhanced access to power and support for planning approvals to accelerate the build-out of AI infrastructure on UK soil. The first AIGZ will be at Culham, the headquarters of the UK Atomic Energy Authority, with plans to develop one of the UK's largest AI data centres, beginning with 100MW of capacity and scaling up to 500MW.
5. <https://www.gov.uk/government/publications/ai-growth-zones> - The UK government has opened applications for the development of AI Growth Zones (AIGZs), inviting regional authorities, local authorities, and industry to apply. These zones aim to drive innovation, create high-skilled jobs, and strengthen the UK's position as a leader in AI. The application process is open indefinitely, with no closing date specified.
6. <https://www.gov.uk/government/news/investors-and-local-authorities-gear-up-as-ai-growth-zone-delivery-gathers-speed> - The UK government has received over 200 responses from local authorities across the UK expressing interest in becoming AI Growth Zones. These zones are intended to house the data centre infrastructure needed to support the UK's AI ambitions. The first additional sites are expected to be announced this summer, with building work anticipated to commence by the end of 2025.
7. <https://www.datacenterdynamics.com/en/news/uk-ai-growth-zones-data-center/> - The UK government has pledged to work with power companies to make up to 500MW of electricity available for new data centre developments in each of its planned AI Growth Zones. Priority will be given to sites with large existing power connections (with a current capacity of 500+ MW) or those with a clear plan for increasing energy capacity.