Infrastructure Masons

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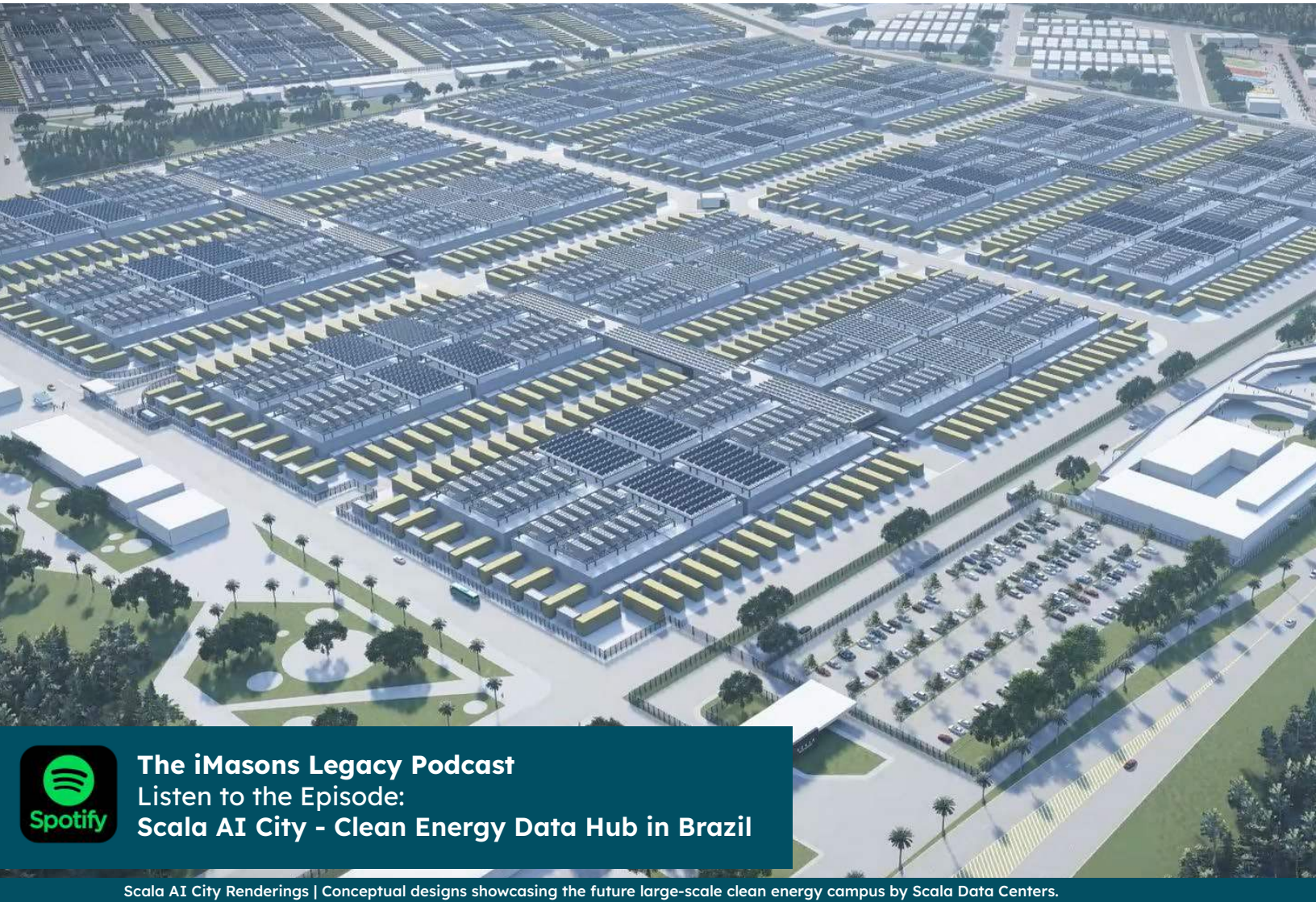
Combining AI Large Scale Deployments with Renewable Energy is Possible: Scala AI City, a Clean Energy Zone, Takes Root in Brazil



The iMasons Legacy Podcast
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Scala AI City - Clean Energy Data Hub in Brazil

Scala AI City Renderings | Conceptual designs showcasing the future large-scale clean energy campus by Scala Data Centers.
Image courtesy of Scala Data Centers

A city-size data center complex taking root on a eucalyptus plantation in south Brazil could become an AI hub for the world with up to 4.75 GW of clean power IT capacity, according to Scala Data Centers, the project developer.

The first phase of the Scala AI City project in Eldorado do Sul, about 20 miles west of Porto Alegre, is a $500 million 54 MW IT data center, which is more than the total installed capacity of neighboring Argentina and Uruguay combined.

“To build the whole Scala AI City, the investment has the potential to reach more than $50 billion,” said Marcos Peigo, CEO of Scala.

To make this vision a reality, Scala partnered with the government of the state of Rio Grande do Sul to establish a framework that streamlines permitting processes and demonstrates strong alignment to accelerate strategic infrastructure deployment.

4.75 GW

of clean power IT Capacity

A city-size AI hub is taking shape in southern Brazil

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The Project site was spared from the 2024 floods by several miles

The investment in Eldorado do Sul is particularly relevant in the wake of catastrophic floods that hit the region in 2024, wiping out homes and businesses, Peigo added. The site of the data center project was spared from the flooding by several miles in each direction. The project will help to rebuild the economy.

Scala AI City capitalizes on Brazil’s power grid infrastructure development program that dates back to the 1970s and ongoing investment in hydro, wind, solar and biomass resources that has endowed the country with available clean power capacity.

Brazil’s entire power generation mix is composed of more than 90% renewables. An existing substation near the Scala AI City project site will supply the data center complex with 100% renewable and certified energy — the same standard already applied across Scala’s entire portfolio.

“We came up with the idea of exporting energy with the value of data centers,” Peigo explained. “If we cannot take the energy and the transmission available in the country to North America, can we bring the data from North America to be processed in Brazil?”

Approval of regulation that enables international AI workloads to be processed in Brazil by local players would unlock this power-shoring potential. This could attract huge investments across the entire ecosystem, including digital infrastructure, power, and computing capacity, according to Scala.

Dean Nelson, Chairman and Founder of iMasons [left], and Agostinho Villela, Chief Technology Officer of Scala Data Centers [right].
Photo courtesy of iMasons.

> **"The track record that Scala has in Brazil and LATAM, combined with the access to renewable power is a perfect combination for success."**
>
> — Santiago Suinaga, CEO of iMasons

The Scala AI City project resonates with the concept of Clean Energy Zones that Infrastructure Masons (iMasons) members started to discuss in 2024. These zones are master-planned areas developed around concentrated sources of clean energy to serve multiple industries, including data center complexes.

The regulatory framework needed to realize the Scala AI City project also echoes themes discussed within iMasons about the need for safe harbors to protect the data that digital infrastructure processes, stores and transmits, which could allow companies the flexibility to process workloads wherever clean power is available.

Scala Data Centers' partnership with iMasons aligns with both organizations' core values of innovation, efficiency, and sustainability. Santiago Suinaga, CEO of iMasons, noted that the Scala AI City project balances economic development with a sustainable approach that will bring benefits to the Latin America (LATAM) region and communities.

"We are seeing hyperscalers deploy the majority of generative AI training and inference in the U.S. because of the familiarity, but exploring innovative alternatives is crucial," said Suinaga. "The track record that Scala has in Brazil and LATAM, combined with the access to renewable power, is a perfect combination for success."

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