CLIMATE XCHANGE

SCPN LISTENING SESSION

Data Centers and State Climate Policy

May 22nd at 12PM ET

Introduction

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State Climate Policy
Network Manager

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State Climate Policy Network

Network of **15,000+**

- ➔ State and local elected officials
- ➔ NGO advocates
- ➔ Researchers
- ➔ State agency staffers
- ➔ Organizers and activists
- ➔ Business leaders

... working on state climate policy

www.climate-xchange.org/network

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Pro Bono Policy Assistance

We specialize in state climate policy design and analysis.
Reach out to kristen@climate-xchange.org with your requests on:

- **Example states** and **model rules** for a given policy
- **Gap analysis** of your state's climate policy landscape
- **Connections** to other actors working on similar issues

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SCPN Listening Session: Data Centers

Today's Goal: Gather concerns, questions, and ideas related to state-level data center policy, so we can better serve your needs.

Participation is KEY!

- There will be informal, non-recorded discussion
- Keep the discussion constructive
- Try to make connections with peers on this call

Agenda

1. **Intro:** Survey of state data center policy
2. **Small Groups:** Discuss questions/ideas around specific data center topics
3. **Share Back:** Facilitated discussion of themes/takeaways from small groups

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Data Center Policy Survey

Jacqueline Adams

Senior Policy &
Research Associate

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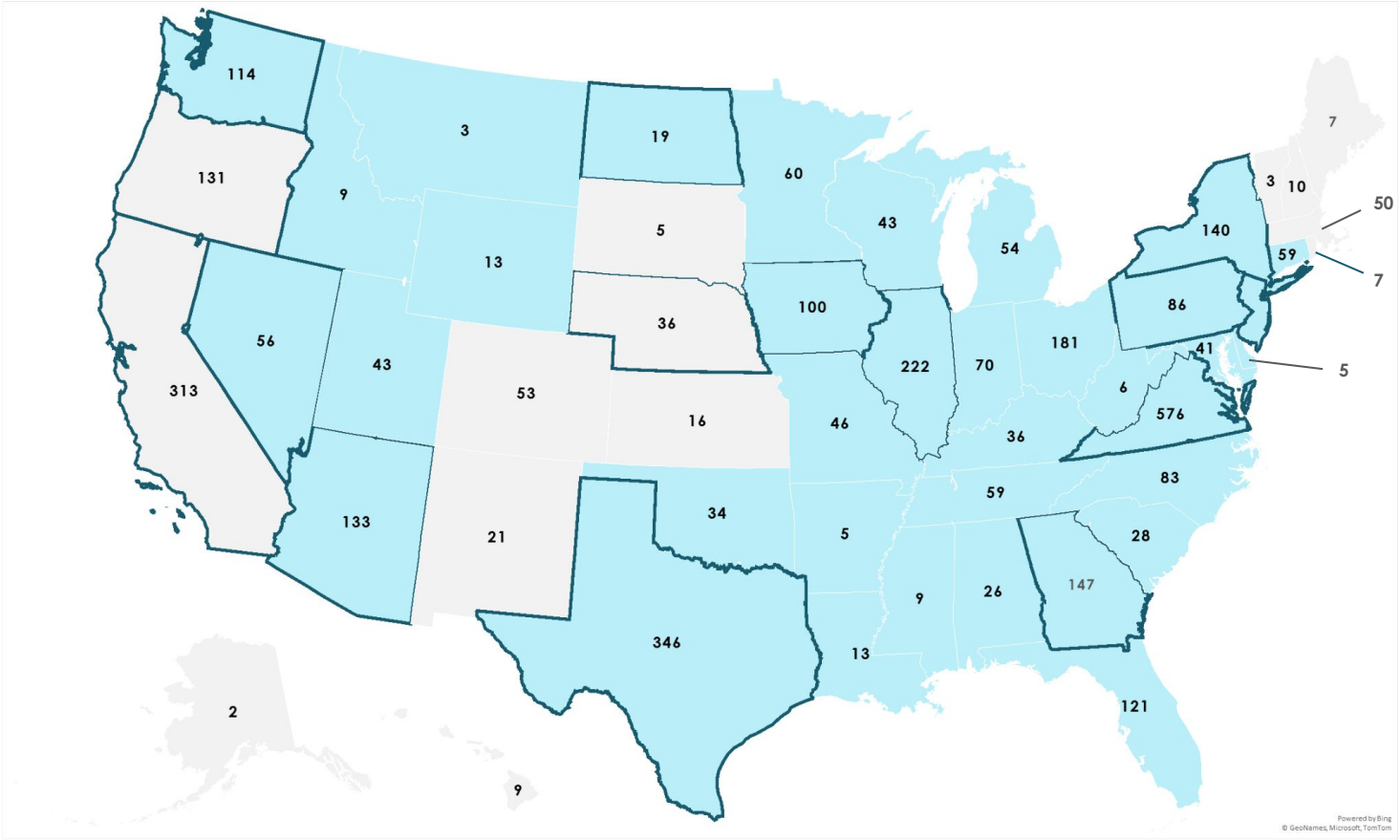
Existing Data Centers, Incentives, High Growth

States with Existing Data Center Incentives

States with Highest Expected Data Center Growth

133 Number of Existing Data Centers in the State



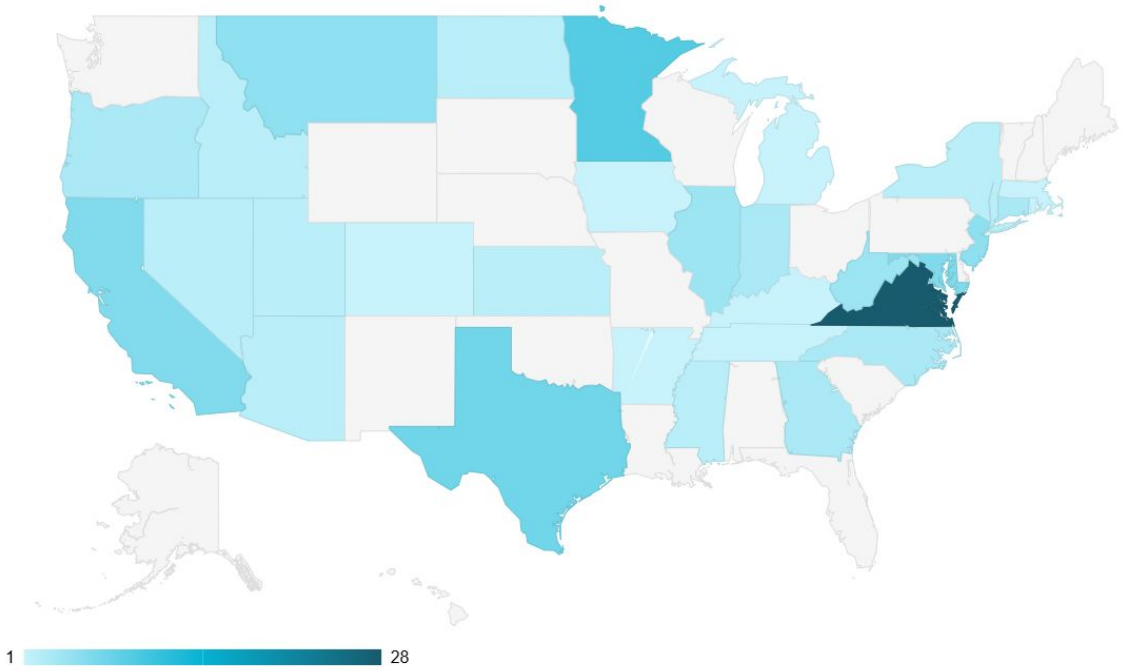
In the 2025 Legislative Session

- **113** unique bills
- **30** states
- **2** bills per state (median)

Top 5 States:

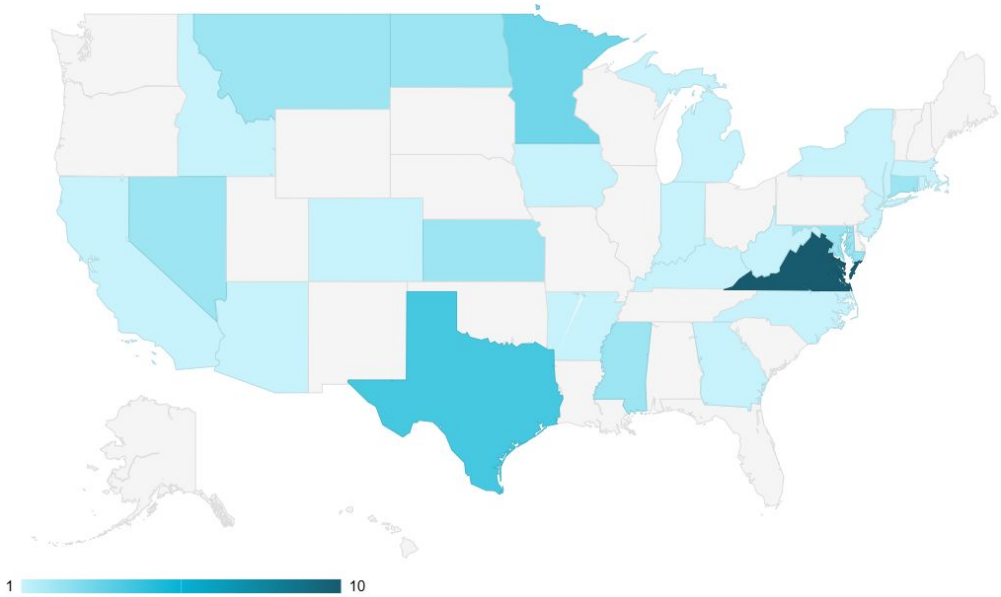
- Virginia - **28**
- Minnesota - **9**
- Texas - **7**
- California - **6**
- Maryland - **6**

Bills from the 2025 Session by State



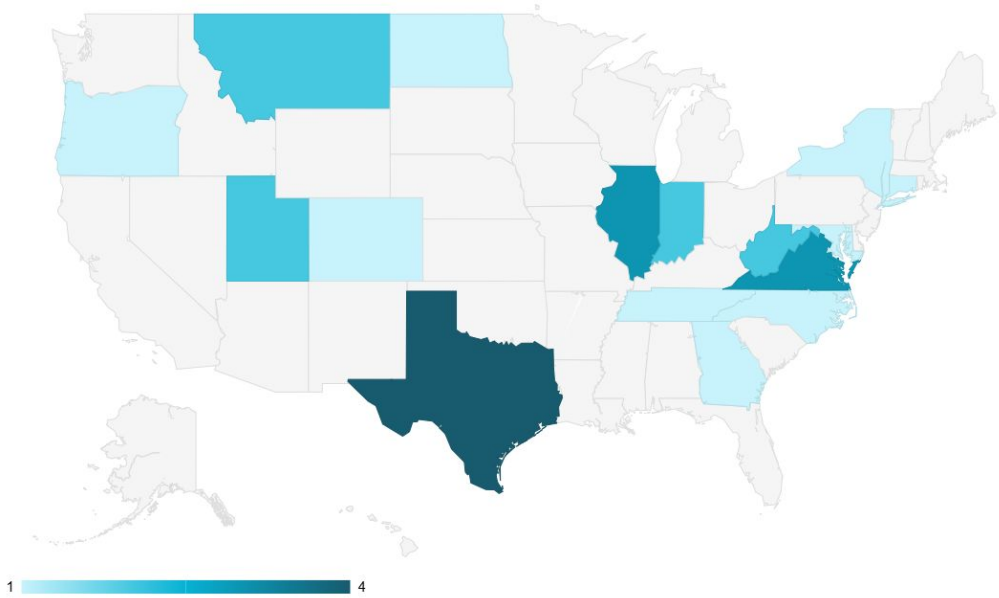
Issue Areas: 47 Employment, Tax, Economic Justice Bills

1. **Employment, Tax, Economic Justice**
2. Grid Planning and Reliability
3. Water Use and Other Environmental Factors
4. Rates and Affordability
5. Transparency
6. Efficiency Requirements
7. Co-Siting Requirements
8. Green Energy Procurement
9. Microgrids



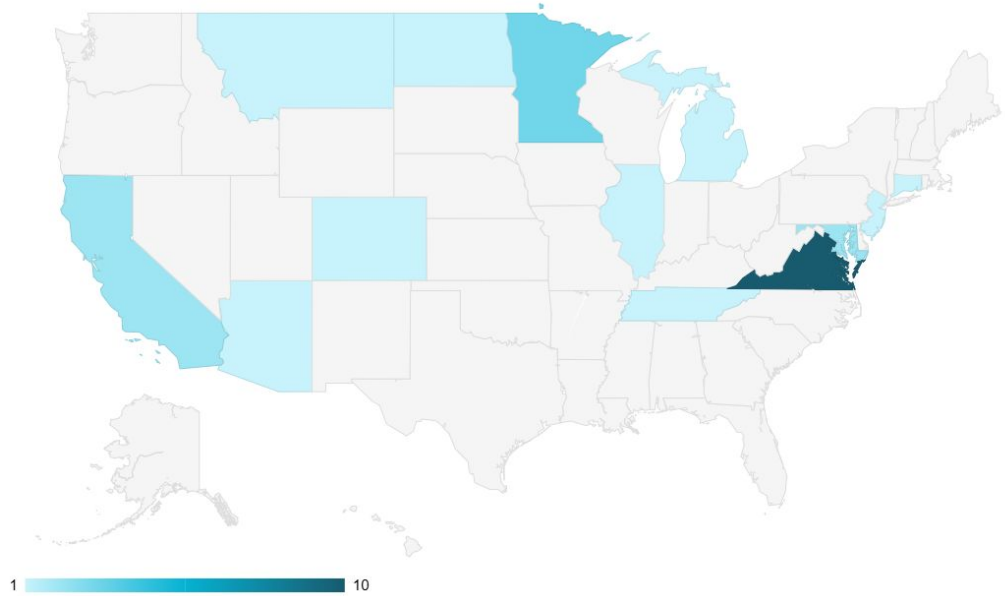
Issue Areas: 29 Grid Planning and Reliability Bills

1. Employment, Tax, Economic Justice
2. **Grid Planning and Reliability**
3. Water Use and Other Environmental Factors
4. Rates and Affordability
5. Transparency
6. Efficiency Requirements
7. Co-Siting Requirements
8. Green Energy Procurement
9. Microgrids



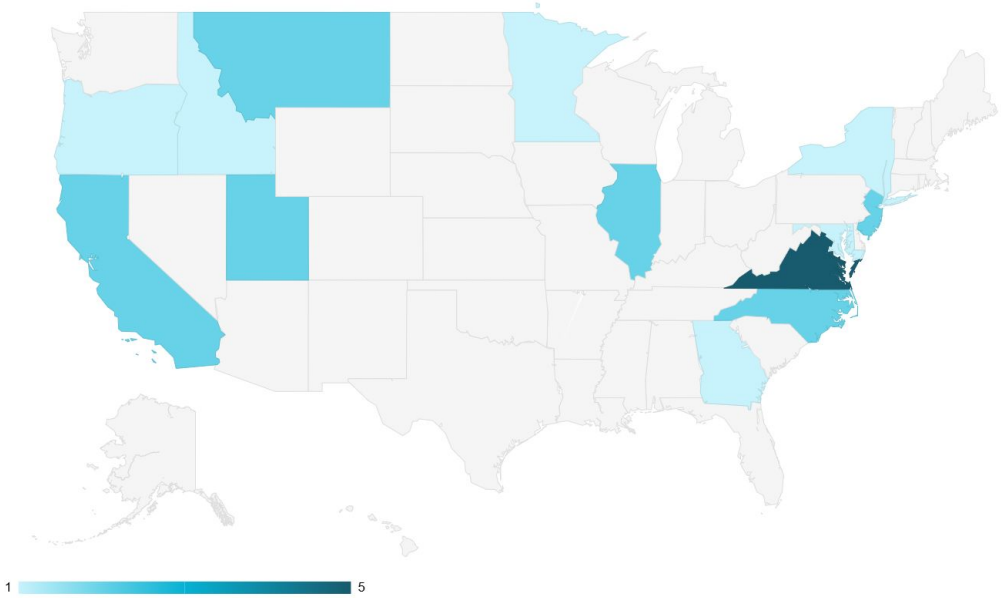
Issue Areas: 26 Water Use and Environmental Bills

1. Employment, Tax, Economic Justice
2. Grid Planning and Reliability
3. **Water Use and Other Environmental Factors**
4. Rates and Affordability
5. Transparency
6. Efficiency Requirements
7. Co-Siting Requirements
8. Green Energy Procurement
9. Microgrids



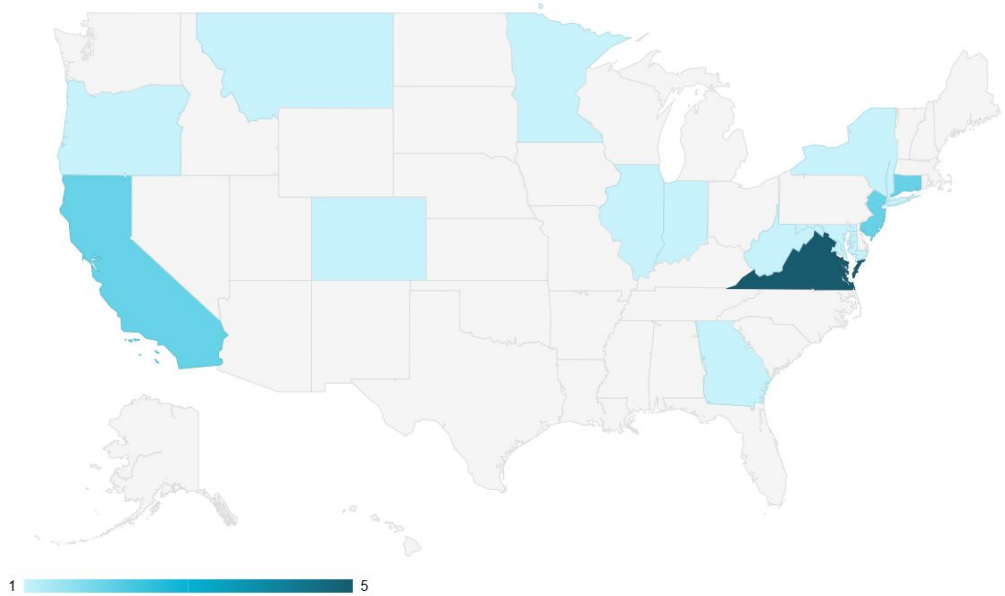
Issue Areas: 23 Rate and Affordability Bills

1. Employment, Tax, Economic Justice
2. Grid Planning and Reliability
3. Water Use and Other Environmental Factors
4. **Rates and Affordability**
5. Transparency
6. Efficiency Requirements
7. Co-Siting Requirements
8. Green Energy Procurement
9. Microgrids



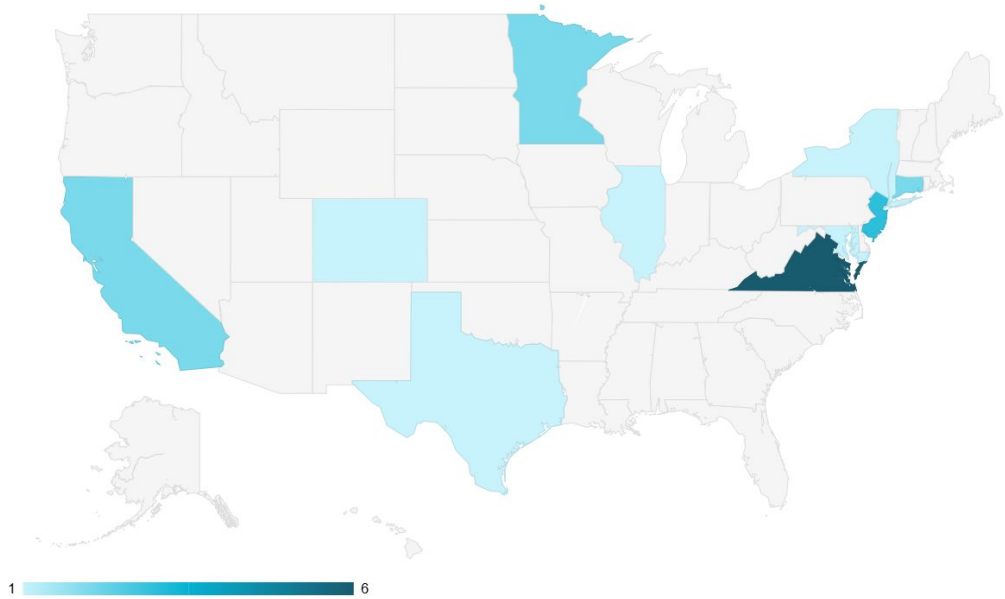
Issue Areas: 21 Transparency Bills

1. Employment, Tax, Economic Justice
2. Grid Planning and Reliability
3. Water Use and Other Environmental Factors
4. Rates and Affordability
5. **Transparency**
6. Efficiency Requirements
7. Co-Siting Requirements
8. Green Energy Procurement
9. Microgrids



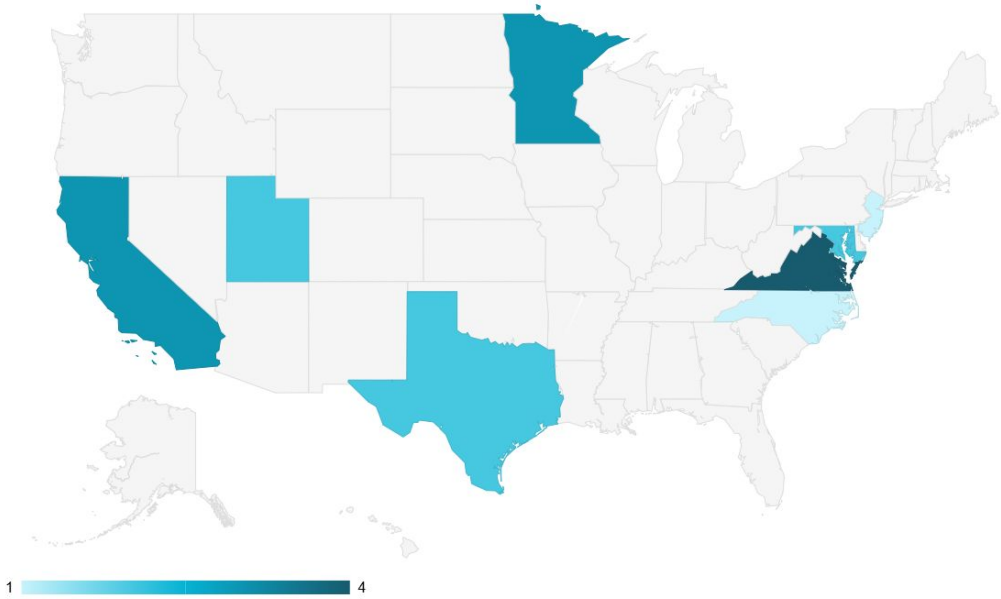
Issue Areas: 20 Efficiency Bills

1. Employment, Tax, Economic Justice
2. Grid Planning and Reliability
3. Water Use and Other Environmental Factors
4. Rates and Affordability
5. Transparency
6. **Efficiency Requirements**
7. Co-Siting Requirements
8. Green Energy Procurement
9. Microgrids



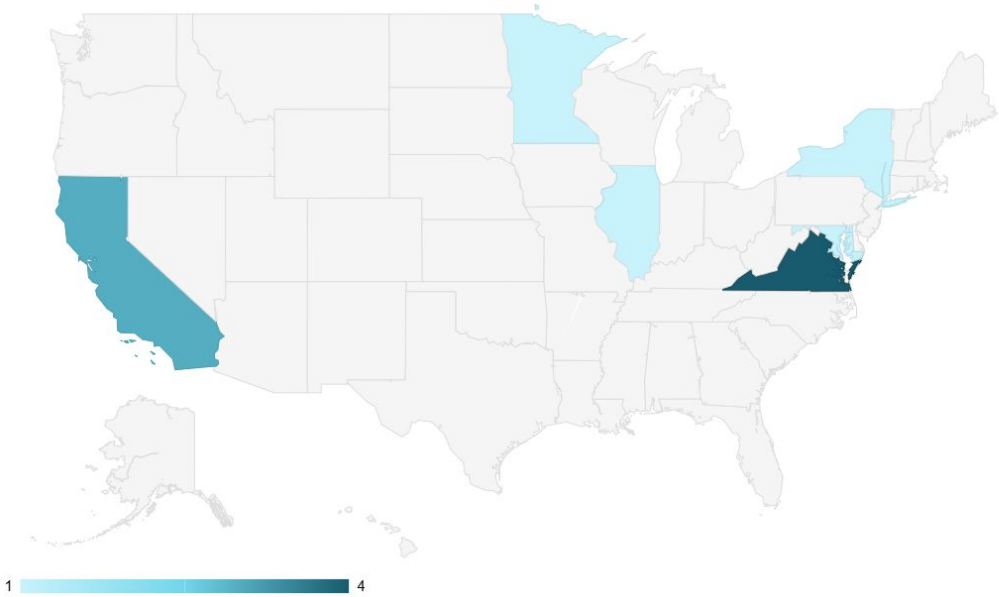
Issue Areas: 18 Co-Siting Bills

1. Employment, Tax, Economic Justice
2. Grid Planning and Reliability
3. Water Use and Other Environmental Factors
4. Rates and Affordability
5. Transparency
6. Efficiency Requirements
7. **Co-Siting Requirements**
8. Green Energy Procurement
9. Microgrids



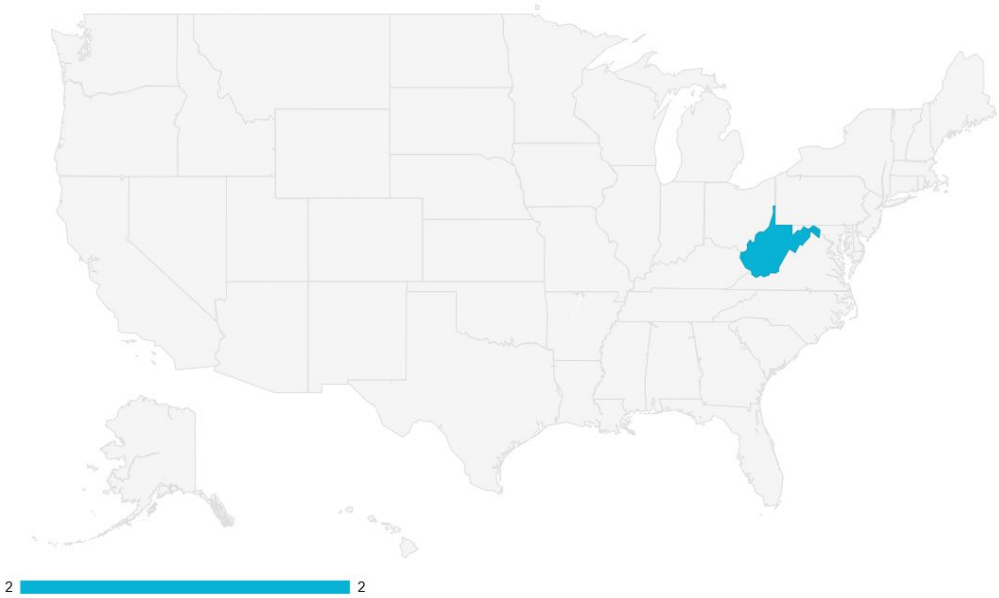
Issue Areas: 11 Green Energy Procurement Bills

1. Employment, Tax, Economic Justice
2. Grid Planning and Reliability
3. Water Use and Other Environmental Factors
4. Rates and Affordability
5. Transparency
6. Efficiency Requirements
7. Co-Siting Requirements
8. **Green Energy Procurement**
9. Microgrids

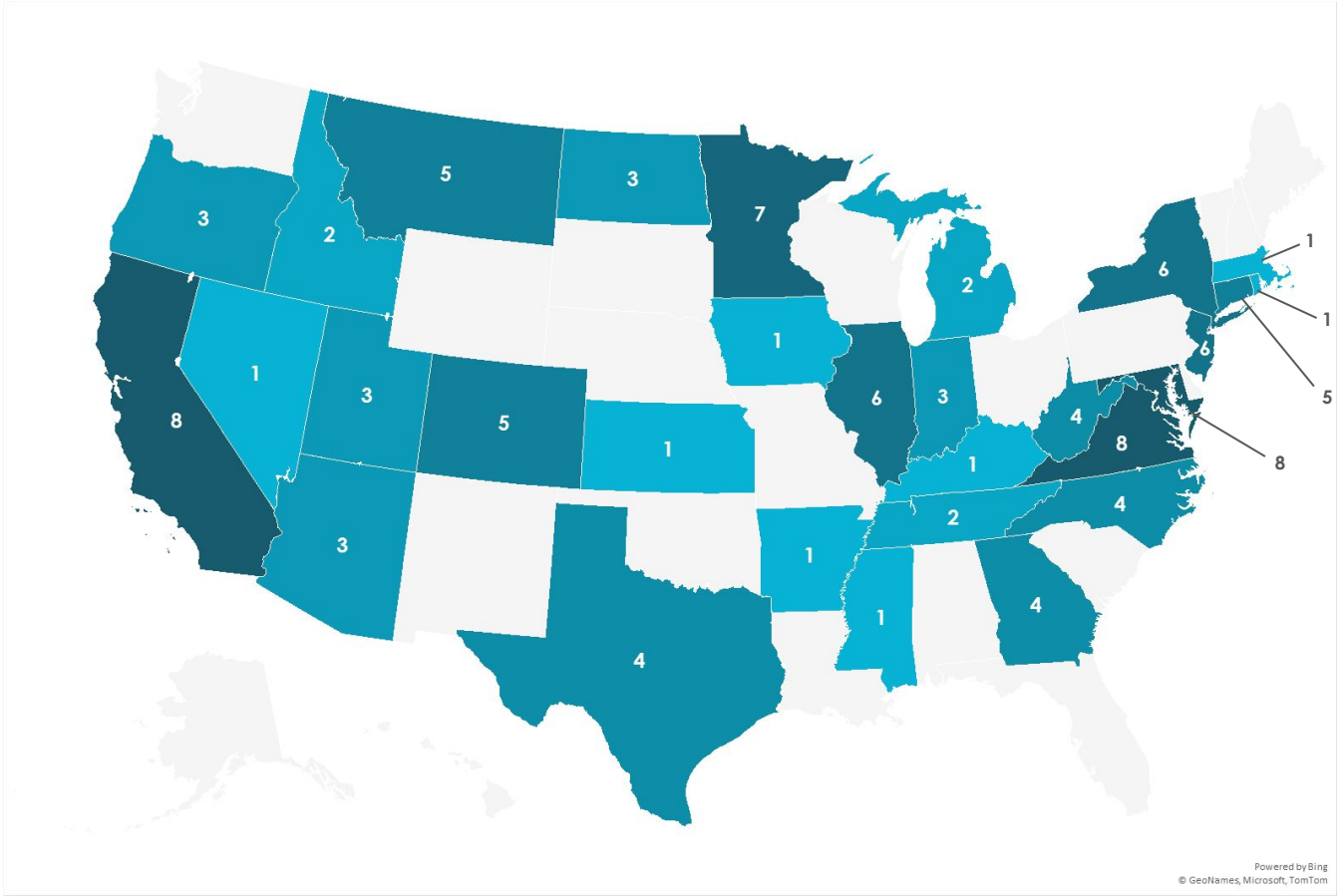


Issue Areas: 2 Microgrid Bills

1. Employment, Tax, Economic Justice
2. Grid Planning and Reliability
3. Water Use and Other Environmental Factors
4. Rates and Affordability
5. Transparency
6. Efficiency Requirements
7. Co-Siting Requirements
8. Green Energy Procurement
9. **Microgrids**



Number of Issue Areas Addressed in Each State



Employment, Tax, and Economic Justice

Texas H.B. 4908 - Regulation; Funding Allocation
Bill Status: Introduced

Taxes data center revenue, distributes it into the Texas Prosperity Payout Fund, and distributes those funds to Texas residents.

Maryland S.B. 0316 - Regulation; Funding Allocation
Bill Status: Failed

75% of tax revenue generated from sales and use tax on electricity generated for data centers will be put in an escrow account, which manages solar renewable energy credits.

Grid Planning and Reliability

Illinois H.B. 3758/S.B. 2497 - Regulation; Infrastructure Development
Bill Status: Introduced

Targets 15 GW of state energy storage and establishes a virtual power plant program to create jobs and reduce energy prices, laying groundwork for high energy demand data centers

Colorado SB25-280 - Tax Incentive with Goal
Bill Status: Failed

Offers two tiers of certification data centers can meet to gain tax incentives.

- Base Certification: requires capital investment, job creation, implementing grid support capabilities, obtaining an energy efficiency certification, implementing water efficiency standards, sourcing 50% of energy from renewables, implementing energy storage in exchange for 100% sales and use tax exemption
- Enhancement Certification: (after Base Certification is met) requires a $10 million investment in grid enhancements, investment in workforce development/community benefit programs in exchange for an income tax credit 10% of the value of the grid investment

Water and Other Environmental Factors

Arizona H.B. 2893 - Rescind Tax Incentive; Funding Allocation
Bill Status: Introduced

Reduces qualifying period for data center tax relief. The additional revenue is directed to state water management: 50% of revenue to water conservation efforts and 50% to agricultural irrigation efficiency.

Maryland H.B. 1484/S.B. 0978 - Regulation; Funding Allocation
Bill Status: Failed

Public participation and environmental impact analysis required for data centers that may negatively impact the environment or public health. Additional burden reporting is required for communities in at risk areas. Grants the state the authority to deny permits if such impacts are deemed too large. Permit fees will go into a cumulative impacts mitigation fund.

Rates and Affordability

Georgia S.B. 34 - Regulation
Bill Status: Left Committee

Prohibits costs from increased fuel requirements, generation, and transmission of data centers to be included in rates, ensuring financial burden is not passed on to customers. Defines data centers by their peak demand (100 MW or greater).

North Carolina H1002 - Regulation
Bill Status: Introduced

Prohibits passing data center-related energy costs to ratepayers.

Transparency

New York S.6394 - Regulation
Bill Status: Left Committee

Requires data centers to report projected energy and water usage, emissions, labor, and potential environmental impacts. Requires public hearings in the host community. All changes to environmental/efficiency planning must be reported. Annual reports must disclose efforts made to reduce fossil fuel and water usage. Establishes energy efficiency goals for data centers, which must align with the New York State Climate Leadership and Community Protection Act.

Georgia H.B. 528 - Tax Incentive with Goal; Regulation
Bill Status: Introduced

Requires high resource use facilities to report energy consumption metrics, sources, and waste heat production, as well as water usage, sources, and discharge details prior to applying for tax incentives or getting approvals to construct/operate such a facility. Must also report community impacts including tax contributions, air quality permits, and noise levels.

Efficiency Requirements

Texas S.B. 2888 - Tax Incentive with Goal
Bill Status: Introduced

Adds energy conservation and efficiency measures to tax exemption requirements for data centers. Measure might include installing liquid cooling systems or using ENERGY-STAR-certified servers.

New Jersey A.5462/S.4307 - Regulation
A.5462 Status: Introduced
S.4307 Status: Left Committee

Requires electric public utilities to develop and apply special tariff for data centers so costs are not passed on to customers. The tariff will also encourage data centers to adopt energy-efficient practices, including technologies that capture and utilize the heat they produce.

Co-Siting Requirements

California A.B. 1095 - Technology Incentive
Bill Status: Left Committee

Establishes the Climate Catalyst Revolving loan program to support projects that capture and convert waste heat from data centers; further, data centers generating waste heat energy will receive Renewable Energy Credits (RECs), if specific conditions are met.

Virginia H.B. 2578 - Study Bill; Tax Incentive with Goal
Bill Status: Failed

Data centers qualify for sales and use tax exemptions if they procure a certain percent of their annual load from renewables and can prove substantial investment in environmental management and energy efficiency. Backup generators that emit co2 will be phased out by 2027.

The state will also study backup generators that do not use fossil fuels and waste heat implementation.

Green Energy Procurement

New York S.6394 - Regulation
Bill Status: Left Committee

In addition to the transparency requirements discussed earlier, this bill also prohibits incentives for fossil fuel power purchase agreements. Mandates that by 2040, all energy used by data centers is sourced from renewable energy through such power purchase agreements.

Minnesota H.F. 2928 - Regulation
Bill Status: Introduced

Requires that data centers procure 65% of their power from renewable sources before 2030, and 100% after. Each individual data center will file plans with the public utility commission to attain these targets, and compliance will be assessed on an hourly level, not just for power produced the next day.

Microgrids

West Virginia H.B. 2014; Land Use and Siting
Bill Status: Enacted

The bill exempts data centers from certain zoning ordinances and allows them to produce and use their own power using microgrids. Special utility rates are allowed for microgrid customers. Taxes from data centers are used to enhance grid security and reliability.

Main Takeaways

- Data centers are a growing trend, incentivized in most states already, driving load growth and projected to accelerate
- With unchecked development, data centers may jeopardize climate goals
- States have options to mitigate their impacts
    - Some states have taken preliminary steps to address datacenter impacts
    - Different policy tools (taxes, regulations, studies) can address different areas of datacenter impact
    - Currently, strategies vary widely from state to state
- With smart policy around them, data centers may even help catalyze parts of the energy transition

Questions?

Email kristen@climate-xchange

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Small Group Discussion

(~10 people per room, 10-15 mins)

- ★ Assign one notetaker to capture what questions and takeaways you discuss (submit through our anonymous form)
- ★ Don’t be afraid to speak up! However, make space for everyone to speak
- ★ After small groups, we’ll ask folks to share main takeaways from their discussions

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Small Group Discussion

Answer our poll on what data center topic you're most interested in discussing in small groups for 10-15 mins today.

Water use and other local environmental impacts	Co-siting requirements for renewables, etc	Grid planning and reliability
Rates and energy affordability	Energy efficiency requirements	Green tariffs/procurement for data centers
Data center microgrids for critical services	Employment, tax, and economic justice	Data center transparency and accountability

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Small Group Guiding Questions

(if you need to get the conversation going!)

1. What are your major **concerns** related to your room's data center topic?
2. What **policy mechanisms** have you seen related to your room's data center topic?
    a. Compare the utility of different approaches (e.g. carrots vs. sticks) or levers (e.g. tax incentives, reporting reqs, performance standards, funding allocations, etc.)
    b. Consider regional-, state-, or utility-specific contexts
3. Who are the **stakeholders and organizations** working on this topic and other data center-related policy issues?
    a. Think about state, regional, and national advocates, policymakers and gov. officials, researchers, industry actors, and more

Small Group Report-Out

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Thank you for joining!

Reach out to kristen@climate-xchange.org with any additional questions!

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