Bipartisan Policy Center

Key Considerations for Data Center Development

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1. Executive Summary: Key Considerations for Data Center Development

Recent rapid growth in the development and use of both artificial intelligence—computer systems that perform complex tasks which have historically required human reasoning—and expansion of the digital services sector have led to explosive growth in the development of data centers in the United States. Continued advancement of AI capabilities in the United States is a priority that Republicans, Democrats, and business leaders have identified as an imperative for the nation's economic growth and national security. The development of these data centers has proceeded at a pace and scale that utility planning frameworks, regulatory structures, local approval processes, and community engagement practices were not designed to accommodate. It has resulted in increasing concerns about where data centers are built, their impact on local communities, how they are powered, and what consequences they have for energy use, environmental impacts, and consumer costs. These concerns, if left unaddressed, risk the loss of social license for future data center development projects.

KEY CONSIDERATIONS FOR DATA CENTER DEVELOPMENT PROJECT

From February to June 2026, the Bipartisan Policy Center convened more than 150 participants across the nation, in both roundtable discussions and one-on-one interviews, to identify a set of key considerations that parties involved in data center development could use to help advance responsible, publicly supported data center projects. Participants in these discussions represented a diverse range of perspectives and viewpoints on data center development, including local and state officials, former state and federal regulators, data center developers, hyperscalers, financial institutions, electric and water utilities, environmental and conservation groups, utility consumer advocates, agricultural interests, and affected community members. All discussions were private and conducted under Chatham House Rule to promote frankness in the views expressed.

Summing it up: Data centers enable technologies critical to modern convenience and the growth of the American economy. The direct impacts of data centers are concentrated in distinct areas in which they are located and their utilities, watersheds, airsheds, and community character. Engaging in forward-looking conversations about how to address concerns while clearly communicating benefits to local communities will support positive outcomes for both data center developers and the local communities.

FIVE KEY CONSIDERATIONS TO SHAPE DATA CENTER DEVELOPMENT

Drawing on this process, BPC developed five key considerations for communities and others involved in data center development. Taken together, these considerations offer opportunities to improve the data center development process and help ensure that projects move forward where they have strong public support. It is important to note that there are a wide range of data center developers, development practices, end-uses, architectures and designs, and more. Recognizing that, this report focuses on identifying planning process considerations that data center developers and local communities can use to support effective development practices and are widely applicable to different types of data center projects. These considerations are summarized in Table 1 below and examined in greater detail in Section 3 of this report, which explores the key considerations identified, characterizes feedback from roundtable participants, and identifies tools to support key considerations and potential questions to support effective engagement as part of planning processes.

Table 1: Key Considerations for Data Center Development

Key Consideration	Questions for Developers and Decisionmakers	Approaches
Transparency and Communication	How have project information and potential community and regional impacts been communicated to the public?	Engage communities early and often, recognizing that local officials and residents are long-term partners.
	Have developers conducted thorough outreach and education, and is there a senior executive assigned and responsive to feedback received from the community?	Establish constructive processes for sharing relevant project data including development milestones, resource-use estimates, and economic development studies.
	Have confidentiality agreements been scoped and timed to maximize public transparency while protecting only genuinely competitive information?	Identify trusted community partners that can help share information, highlight benefits and concerns, and support education and outreach efforts.
Power and Water: Utilization, Infrastructure, and Affordability	How have effects on power and water costs and future availability for other consumers been evaluated and disclosed?	Ensure that regulators and utility system operators understand data center power and water consumption behavior over the life of the project.
	How can new infrastructure costs be allocated fairly, and how can other consumers be protected? What costs would not be introduced "but for" the data center?	Use state or regional market and regulatory structures to ensure large load customers pay their fair share and protect residential customers from rate impacts.
	Have opportunities to create mutually beneficial outcomes like greater infrastructure utilization or waste heat utilization been explored? If these innovative opportunities exist, what are their barriers?	Leverage the resources of developers to fund investments that ease integration and create mutual benefits, such as load flexibility, residential energy efficiency upgrades, and water efficiency upgrades.
Quality of Life: Facility Risk and Community Impact	What tangible benefits will host communities and regions receive in the short- and long-term?	Ensure local input on a comprehensive, transparent community benefit agreement that creates tangible benefits such as tax revenue, workforce training, K-12 investments, and parks and recreation upgrades.
	What is the current experience and quality of life of residents near the proposed development?	Respond to direct community feedback on quality-of-life concerns and desired future conditions through agreed-upon processes and ongoing dialogue.
	How is the developer planning to mitigate potential light and noise pollution impacts to neighbors?	Engage in detailed discussion on data center designs and practices to lessen noise and light impacts.
Land Use and Environmental Impacts	What facility designs were considered, and how do they relate to the community's landscape in scale, appearance, and presence?	Developers may adopt a "build up, not out" presumption that prioritizes development to previously disturbed land, retired industrial sites, or parcels.
	What are the facility's impacts on air quality, water stress, and water quality—both during normal operations and when using backup power? Has the developer evaluated low or zero carbon and low water-use systems for the facility?	Document and disclose air and water impacts regularly. Seek to power facilities with low or zero carbon energy as regulatory structures allow. Mitigate pollution from on-site generation by prioritizing nonemitting resources or reducing diesel generator run times.
Economic Development	What is the projected net economic and fiscal benefit to the host community or region over the life of the project, and has the information been communicated to the community in plain language?	Tie incentives to verifiable outcomes that are transparently tracked over the long term, such as fiscal incentives conditioned to performance—including local hiring thresholds and local investment milestones.
	How do the timing and geographic reach of benefits compare to the local or regional costs or impacts? What is the opportunity cost of rejecting a proposed project?	Direct public funding and community-benefit agreements to those who bear the greatest impacts, and time those benefits to when the impacts occur.
	Have developers met with local organizations to listen to community priorities and build partnerships? Has the developer considered workforce training options to ensure the host community benefits directly?	Work with state and local leaders to support workforce development, skills training, and long-term job growth opportunities where possible.

2. Introduction

Recent rapid growth in the development and use of both artificial intelligence—computer systems that perform complex tasks which have historically required human reasoning—and expansion of the digital services sector have led to explosive growth in the development of data centers in the United States. Continued advancement of AI capabilities in the United States is a priority that Republicans, Democrats, and business leaders have identified as an imperative for the nation's economic growth and national security. These projects have proceeded at a pace and scale that is straining the existing processes for permitting, serving power and water, and allocating costs in a manner consistent with maintaining public support. This has resulted in concerns about where data centers are built, how they are powered, and what consequences they have for energy use, environmental impacts, and consumer costs.

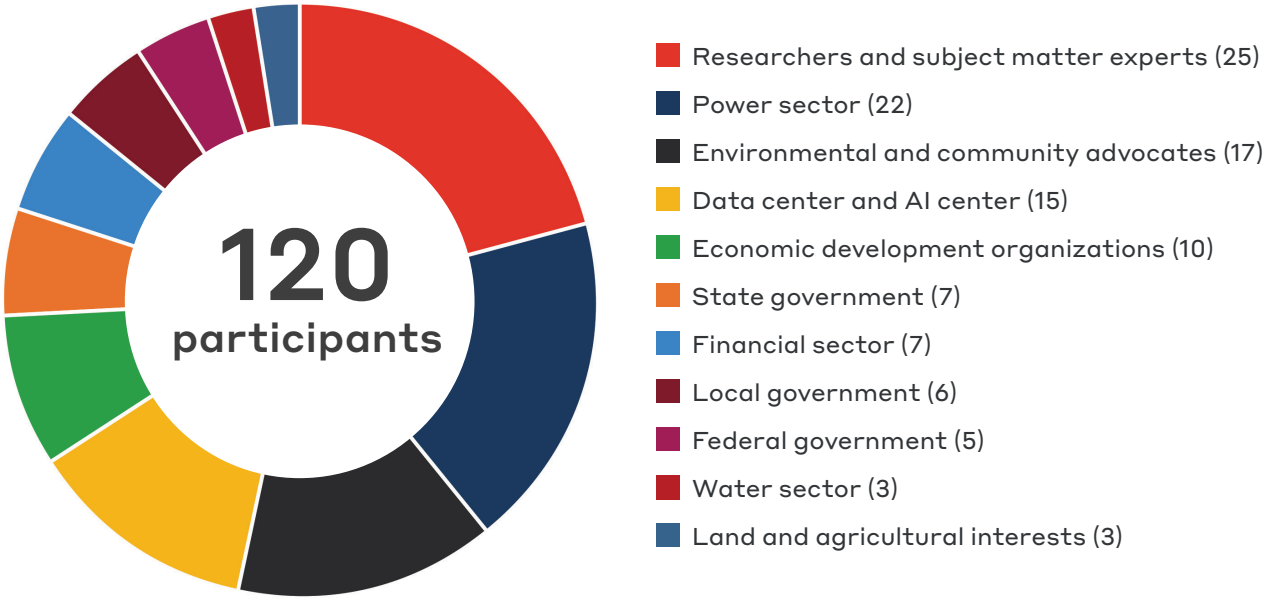
On the state and local levels, constituents are making their voices heard on data center development. In some localities, constituents have expressed significant concerns with officials who have supported data center developments. These actions have resulted in the establishment of local moratoriums and the ousting of incumbent lawmakers and councilmembers who are seen as overly supportive of data center projects without significant community backing. In these scenarios, local communities exercise their democratic rights by replacing lawmakers and council members, proposing and passing data center ballot measures, and actively engaging in public comment processes. In cases where a significant number of people express concerns with local data center proposals, communities are engaging in grassroots movements to try to shape local outcomes.

A **stakeholder** is a person, organization, or group that can affect, be affected by, or has an interest in a decision, project, or policy.

A **decisionmaker** is someone who has the authority to approve, reject, or implement a proposed course of action.

A **policymaker** is an individual or group responsible for crafting and enacting rules or law.

Figure 1: Overview of Roundtable Participants



The goal of the BPC's Key Considerations for Data Centers (KCDC) project is to reconcile community concerns with the national technology and economic interests that data centers represent. Over five months and amid significant local, state, and federal debate on this topic, BPC's KCDC project convened and interviewed over 150 stakeholders through one-on-one discussions and five roundtables hosted across the United States to help identify how local communities view the impacts—both positive and negative—of data center developments in their communities. BPC selected each roundtable location to elicit input from a specific subset of data center stakeholders. Each roundtable location was selected for distinct reasons: Houston for its prominence in the energy sector; San Francisco for its established technology base; and Kansas City, MO, for the Midwest's significant share of data center development. Washington, DC, hosted two events—an in-person roundtable on national policy perspectives and a hybrid roundtable for participants unable to join any of the other in-person roundtables. Based on input from these conversations, BPC developed a set of Key Considerations for Data Centers. This project was not intended to evaluate the use of AI or its impact on local employment trends or the overall economy.

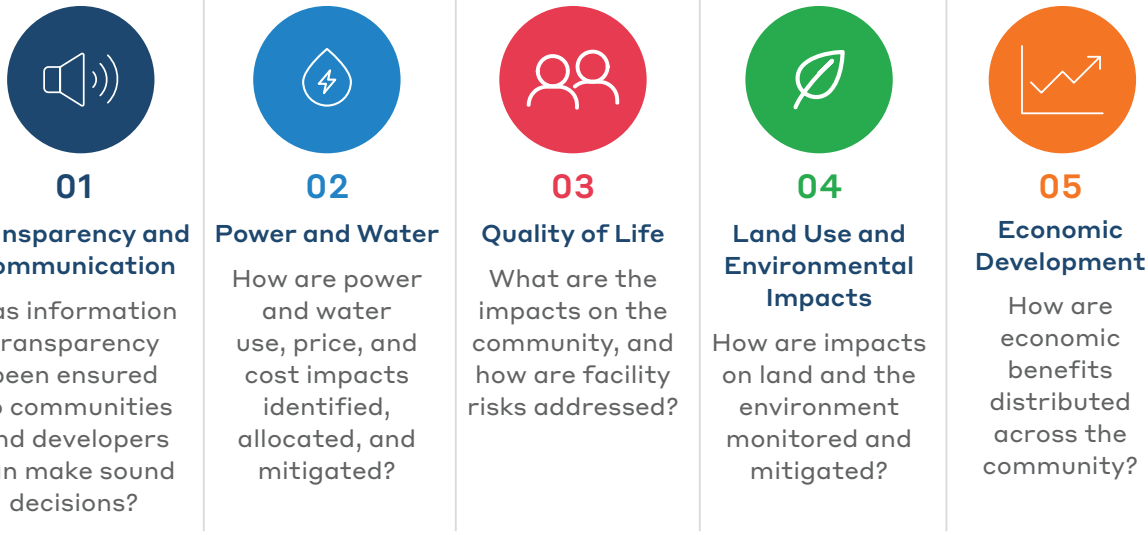
What is a key consideration? It is an impact area stakeholders can address through deliberate planning and coordination to improve development outcomes. It is not a prescriptive standard. The key considerations identified in this report shape what topics should be addressed or negotiated, not how. The KCDC project aims to support data center developers, utilities, local decisionmakers, and community participants.

In convening these roundtables, BPC targeted the entire spectrum of voices represented in data center proceedings, including data center developers; local, state, and federal elected officials; the financial sector; utility regulators and consumer advocates; water and electric utilities; land-use and agricultural interests; economic development interests; and environmental and climate groups. While BPC invited a broad spectrum of participants to take part in these conversations, ultimately, invitees decided whether to attend. BPC also scheduled one-on-one meetings with business, technology, policy, and community leaders as well as data center opposition groups to gather additional perspectives and input for this project on what different participants viewed as helpful for facilitating better outcomes.

Based on the roundtable series and one-on-one interviews, BPC identified five key considerations for communities and other data center development stakeholders—which, taken together, represent opportunities to improve the data center development process and public support for these projects. Prior to publication of this report, BPC shared the executive summary, including the five key considerations, with roundtable participants and invited them to provide feedback. Participants shared feedback with BPC and, where appropriate, BPC incorporated this input into the final published version of this report.

These five key considerations, summarized in **Figure 2 below**, include transparency and communication, power and water, quality of life, land use and environmental impacts, and economic development. Each consideration is explored in greater detail in Section 3 of this report, which characterizes feedback from roundtable participants, identifies tools to support these key considerations, and highlights potential questions to support effective planning and engagement efforts. While input from roundtable participants helped shape this report, the final set of key considerations and this report are solely a product of the Bipartisan Policy Center.

Figure 2: Five Key Considerations for Data Center Development



3. The Stakes for Data Center Development: Balancing the Economic Imperative with Community Concerns

Data center development has reached a defining moment. Data center developers risk losing their social license to site and operate new projects if local communities do not support the growing wave of project proposals. Mounting public discourse over new data center development projects reflects the tension between two narratives: national economic interest and community impact. Proponents of fast data center development—the "speed to power" approach—point to the national economic and security imperative to develop artificial intelligence as quickly as possible to "win the AI race," an effort backed by unprecedented private capital deployment. Republicans, Democrats, and business leaders alike have identified continued AI development in the United States as an economic and national security priority, positioning the rapid AI infrastructure buildout as central to U.S. competitiveness against rival nations. In July 2025, the Trump administration released "Winning the AI Race: America's AI Action Plan" alongside Executive Order 14318, "Accelerating Federal Permitting of Data Center Infrastructure," which directs agencies to streamline environmental reviews, expand Fixing America's Surface Transportation Act of 2015 (FAST-41) coverage, and make federal lands available for qualifying projects exceeding 100 megawatts of new electricity load.

Externalities in economics are unintended costs or benefits imposed on uninvolved parties as a result of an economic transaction or activity. Because these "spillover" effects are not reflected in market prices, they lead to market inefficiencies where resources are misallocated.

Data centers, and in turn AI-related investments, are among the most significant drivers of recent U.S. economic performance and a central element of the nation's competitive economic position. AI's growing economic weight is substantial: according to the Federal Reserve Bank of St. Louis, AI-related investment categories—information processing equipment, software, R&D, and data center construction—together contributed 1.3 percentage points to real GDP growth in the first quarter of 2025. Across the first nine months of 2025, these categories accounted for an estimated 39% of total GDP growth, surpassing the comparable contribution of information technology investment during the dot-com boom. That impact grows even larger when the broader range of digital services data centers support is factored in alongside AI itself.

This urgency narrative runs headlong into a counternarrative on data centers: that individuals and local host communities may be worse off in a future characterized by heavy AI deployment, absent deliberately crafted guardrails. Beyond serving as the physical vessel for new and disruptive AI technology, data centers carry resource needs—specifically for power and water—that can raise significant concerns at the local and regional levels. Unlike traditional development projects, data centers produce digital outputs, such as compute, whose benefits are diffuse, difficult to quantify, and often extend well beyond the local, state, or regional jurisdictions that approve the projects in

the first place. When contrasted with their discrete, often localized resource needs, the less tangible and geographically dispersed benefits of data centers can make it challenging to garner local buy-in for projects. The potential misalignment of scope, impacts, and benefits for data center deployment underscores the importance of ensuring that local community members and decisionmakers engage in effective education and engagement processes, along with a clear accounting of the benefits their communities stand to gain.

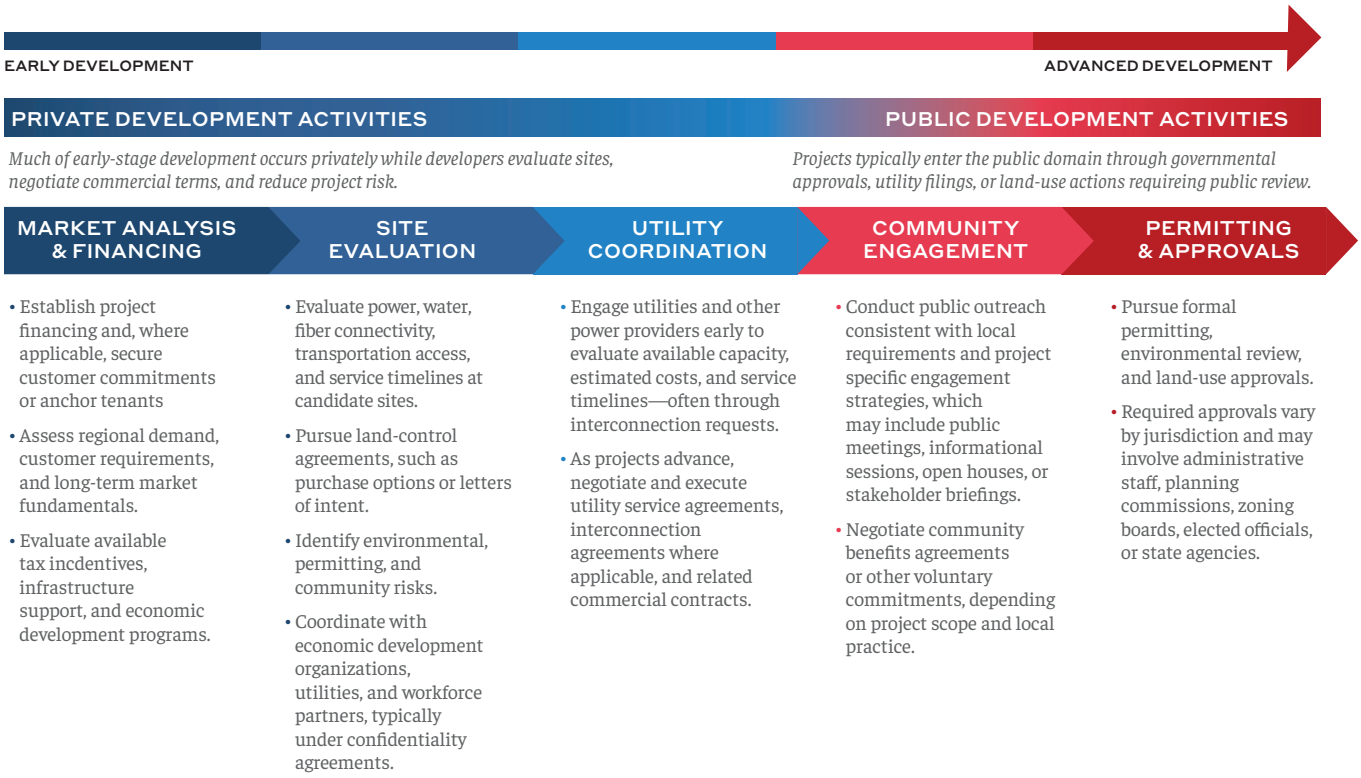
3.1 WHAT IS DATA CENTER DEVELOPMENT?

Data centers existed prior to the emergence and rapid growth of AI. During the early computing era, a significant amount of computing infrastructure lived in modest server closets inside office buildings, universities, and corporate campuses. As power and compute needs grew, those closets gave way to purpose-built facilities used to host computer servers that are now referred to as data centers. During the early internet era, data center energy demand was not significant enough in most areas of the country to constitute a strain on local resources and rarely drew community scrutiny. However, as chip technology has evolved, rack density has increased, resulting in higher average energy requirements for data centers. The current wave of hyperscale development—driven first by cloud computing and accelerated by AI—marks a significant increase in the scale of data center development projects.

Not all data centers are created equal. There are a wide range of data center developers, development practices, end-uses, architectures and designs, and more. Recognizing that, this report identifies planning process considerations that data center stakeholders can use to support effective community engagement practices.

New data center developments follow a blueprint similar to other large-scale infrastructure projects. Developers evaluate candidate sites against a range of criteria—grid capacity, water resources, fiber connectivity, land cost, tax treatment, and permitting timelines—while simultaneously assessing the commercial side: financing, chip costs, and demand for compute, among other factors. Over the development cycle, data center developers gather information while de-risking their possible project locations until they identify the most viable site for a given project, which best aligns cost, necessary resources, and a supportive development environment, among other factors. **Figure 3** provides an overview of how these development activities progress over time.

Figure 3: General Overview of the Pre-Construction Data Center Development Cycle



3.2 POLICY AND STAKEHOLDER LANDSCAPE

While the development of AI in the United States has been identified as an economic and national priority by a bipartisan group of national legislators, public opinion has shifted over the past year. This shift is clear in recent polling on data center sentiment from June 2026, which identified a doubling of strong opposition to data center development over a nine-month period between August 2025 and May 2026, from 24% to 55% of respondents who said they "strongly oppose" a data center being built nearby. A March 2026 Gallup poll found that roughly 70% of Americans oppose local data centers, and Stanford's AI Index documents a widening gap between rapid adoption and public comfort with the technology's physical footprint.

The public's unease has captured the attention of policymakers at every level of government. In some cases, elected officials who have voiced strong support for data center development have subsequently been voted out of office, underscoring the emerging political consequences driven by public opposition.

Because state and local jurisdictions—from municipalities to counties to states—approach data center development through their own local, legal, fiscal, and political lens, there is significant variation in how communities nationwide are working with these new neighbors. Table 2 provides an overview of recent local, state, and federal actions in response to data center development projects.

Table 2: Overview of Local, State, and Federal Action Responding to Data Center Development

Description	Recent actions
LOCAL There is little existing state preemption of county or local ordinances responding to data center impacts and local opposition.[a] As a result, counties and other local authorities are moving fast—54 moratoria have been enacted across the country.	• Manitowoc, WI: 18-month moratorium to provide time to develop regulations. • Denver, CO: 12-month moratorium to reform zoning for data centers. • Harvey County, KS: Development moratorium through 2028. • Hill County, TX: The county's one-year moratorium was recently lifted after a data center developer sued.
STATE States' approaches vary from moratoria to incentivizing or streamlining development. States—particularly governors—are scrutinizing their fiscal and regulatory approaches to data centers, reflecting the tension in each state's political economy to compete for economic development without ignoring local opposition.	**MORATORIA** • Fifteen states have proposed data center moratoria. • Only two states, Maine and New York, have sent bills to governors. Maine's was vetoed. • Gov. Kathy Hochul (D-NY) signed an executive order establishing a one-year moratorium on new data centers. **INCENTIVES:** • The governors of Ohio and Illinois directed collection authorities to pause data center tax incentives. • Kansas recently enacted a 20-year data center tax break. • Virginia preserved a sales tax exemption for data centers but established a $0.011 per kilowatt-hour electricity consumption tax.
FEDERAL Congress has yet to pass data center legislation. Legislative proposals vary, ranging from requirements that data centers cover their own upgrade costs to a national moratorium.	• Policy proposals range from Sen. Sanders' (I-VT) and Rep. Ocasio-Cortez's (D-NY) moratorium bill to the bipartisan GRID Act from Sens. Hawley (R-MO) and Blumenthal (D-CT), which mandates a "Bring Your Own Generation" approach. Reps. Evans' (R-CO) and Castor's (D-FL) Ratepayer Protection Act seeks to recover the full costs of grid upgrades to serve large loads. • The White House has issued three executive orders to support AI deployment, and the Department of Energy directed the Federal Energy Regulatory Commission to consider action on how large loads are connected to the grid.

[a] West Virginia's Power Generation and Consumption Act may be the only example of streamlined, state-led permitting for data center and the power infrastructure supporting data centers.

Note, in almost every case, moratoria established are not permanent but instead require a "pause" or "freeze" on development. Based on BPC's review, the stated intent of these moratoria is often to provide regulators and other authorities with adequate time to develop standards or processes.

While policymakers play an important role in establishing the rules and procedures for how data center development projects identify locations, engage in siting and permitting processes, and interconnect with the grid, local community stakeholders also have opportunities to provide input on local project decisions. These communities have different channels for engaging in data center development processes. Table 3 below identifies those who can affect, be affected by, or have an interest in a decision, project, or policy related to data center development, and briefly characterizes the ways in which each might engage in the data center development process.

Table 3: How do Data Center Stakeholders Engage in Development Processes?

Policy Makers	Decision Makers	Local Stakeholders
Federal Government • Establish national priorities and tasks federal departments and agencies with enforcement of laws	**Data Center Developers and AI Sector** • Build and operate facilities • Select sites for new projects and investing capital.	**Environmental and Community Advocates** • Public comment • Organize communities around issues of concern
State Government • Establish energy and utility policy • Administer incentives • Approve permitting applications	**Utility Sector** • Supply electricity and ancillary services • Plan and implement system repairs and invest in infrastructure • Treat and distribute water to local users	**Local Residents** • Engage in public comment processes • Share concerns with public officials • Elect candidates to public office that represent preferences
Local Government • Establish and enforce zoning and land use permitting • Engage residents and manage service demands	**Financial Sector** • Assess project and market risk • Finance development projects • Lend, invest, and underwrite projects	**Land and Agriculture Interests** • Sell and lease land • Raise zoning and conservation concerns
Economic Development • Negotiate incentives • Promote job creation and tax base growth		
Researchers and Subject Experts Conduct research and technical analysis to inform policy and public understanding		
Media Share local stories and support government accountability and transparency		

3.3 ZOOMING IN ON ELECTRICITY POLICY RESPONSES TO DATA CENTERS

Outside of policy, significant public debate has concentrated on how the power sector will adapt to meet the new electricity demand from the significant number of new data centers expected to come online in the next decade. While speed to power is a fundamental priority shared by data center developers and federal policymakers, the availability of electricity for new projects is emerging as a significant constraint on future development efforts. Sizeable data center electricity demand and tight interconnection timelines both risk affecting costs and reliability outcomes for all electricity customers if not handled prudently.

Data centers' impact on residential customer costs is complex and regionally diverse. Studies have shown that load growth has the potential to push electric rates lower by spreading fixed grid costs across a larger number of customers. However, real outcomes depend on a variety of issues including existing headroom on the grid at a given point of interconnection, cost allocation decisions made by state regulators, wholesale market structures, and utility tariff structures that vary significantly across the country.

In response to mounting cost-of-living concerns, in January 2026 a bipartisan group of governors from 13 states and federal officials pressed their shared grid operator, PJM, to ensure data centers bear their own electricity generation costs. Among a range of other federal actions, the White House coordinated a Ratepayer Protection Pledge which was later expanded to over 200 signatories including data center developers, utilities, cooperatives, and states. This nonbinding pledge aims to ensure developers pay their share of costs. At the state level, utility regulators have approved 42 tariffs[b] designed to protect other ratepayers from the costs and risks posed by large loads.

- **FERC weighs in.**[c]
  On June 18, 2026, FERC issued six "show cause" orders to the major grid operators pushing them to reform their procedures for data centers and other large loads to connect to the grid.[d]
  In doing so, FERC asked the grid operators to evaluate reforms relating to five key categories. FERC's five categories for reform included:

  1. Developing efficient transmission service application and study processes, including consideration of alternative transmission technologies
  2. Preventing cost shifting and requiring transparency into transmission costs
  3. Accommodating co-location agreements and behind-the-meter generation
  4. Providing new transmission services for flexible large loads

[b] Using the DELTa tracker, we filtered for approved tariffs that targeted data centers specifically or large loads generally, excluding cryptocurrency and industrial tariffs.

[c] FERC's authority is to ensure "just and reasonable" and not "unduly discriminatory" rates for transmission and wholesale power transactions.

[d] FERC's action targets the six federally regulated Regional Transmission Organizations and Independent System Operators, which operate wholesale power markets serving roughly two-thirds of the country's electricity demand. They allocate FERC jurisdictional transmission and wholesale costs to participating utilities.

5. Developing a process to study generating facilities that serve electrically proximate large loads and co-located loads

Absent extensions, the process outlined by FERC will be on an accelerated timeline, with grid operators filing proposals by October 15, 2026. For providers in jurisdictions that are not included in the six identified regional grid operators, FERC Chairman Laura Swett encouraged them to make their own individual filings to address the issues raised in the show cause orders.

- **PJM is on the front lines.** As policymakers wrestle with load growth challenges, a nuanced picture of downstream impacts has emerged. PJM, the regional transmission organization for the Mid-Atlantic and Upper Midwest, is central to data center growth and is an important test case in this new era of rapid load growth and infrastructure investment. According to PJM's independent market monitor, wholesale power prices rose 76% over the course of a year, from $77.78 per megawatt-hour in Q1 of 2025 to $136.53 per megawatt-hour in Q1 of 2026, with much of the increase stemming from the impact of Winter Storm Fern in late January 2026. This increase comes amidst continued PJM capacity market challenges, as recent base residual auctions (BRA) have failed to reach PJM's reliability threshold. PJM's independent market monitor attributes this shortfall, along with an additional $23.1 billion in costs borne by other PJM customers over the last three auctions and a 65.5% increase in total capacity revenue in the most recent 2027/2028 BRA, to existing and forecasted data centers.
- **Utilities are trying to thread the needle.** Separately, Lawrence Berkeley National Library (LBNL) found that to date, states with the highest load growth have seen average retail prices decline in real terms because fixed infrastructure costs are spread over more customers. However, this relationship may be location-dependent and temporary, as preexisting assets with available headroom become fully utilized and new infrastructure investments are required. LBNL recently updated its original analysis to make it even more explicit that large load growth can drive energy prices either up or down, depending on factors such as asset utilization, systems for cost allocation, and overall energy market structures. This conclusion is consistent with states like Virginia, where a Joint Legislative Audit and Review Commission (JLARC) study found that, though data centers are currently paying their full cost of service, their demand growth will likely impose broader system costs on all customers through three primary channels:

  1. New generation and transmission infrastructure whose fixed costs are socialized across the rate base
  2. Higher energy market prices as supply struggles to keep pace
  3. Greater exposure to price volatility from power imports

- **Tough decisions on cost allocation are coming.** A recent report from the Electric Power Research Institute outlines the dynamic surrounding cost-of-living concerns well, highlighting a fundamental principle of ratemaking:

  > *"[P]rice impacts depend on whether serving new customers costs more or less than the average cost of serving today's customers. If incremental costs are low, because the system has spare capacity or new supply is relatively cheap, added load can reduce average prices. If incremental costs are high, because major new infrastructure is required, average prices can rise."*

In other words, the impact of the data center boom on ratepayers depends on effective rate design, cost allocation frameworks, and infrastructure flexibility and efficiency.

Developments within the PJM footprint illustrate the cost allocation issues arising from this dynamic, for both interconnecting data centers to the grid and building new supply to serve them. Interconnecting new customers can trigger transmission network upgrades across the system, the costs of which may be socialized across the user base—a practice consumer advocates in PJM contend is unfair. PJM's capacity market, which is centralized to find a single clearing price used to allocate costs across the different participating utility zones, has also raised concerns over unfair cost allocation. FERC's show cause orders are designed to address these concerns, but technical and fairness challenges remain. For example: What happens if a data center triggers a network upgrade that also benefits other users?

4. Five Key Considerations for Data Center Development Identified through the Roundtable Series

Section 3 of this report details five key considerations for data center development identified by BPC based on direct participant feedback during the roundtable series. For each key consideration, we present relevant themes and impacts identified by participants, highlight tools that host communities may want to consider utilizing to address these impacts, and review relevant questions for host communities to ask when coordinating with potential data center development project proposals. The key considerations identified during this process include:

1. Transparency and Communication
2. Power and Water: Utilization, Infrastructure, and Affordability
3. Quality of Life: Facility Risk and Community Impact
4. Land Use and Environmental Impacts
5. Economic Development

4.1 TRANSPARENCY AND COMMUNICATION

During the roundtable series, the theme of transparent communication surfaced as a critical consideration spanning all five of the key considerations identified through this process. Host communities cannot evaluate the value proposition a data center project presents without understanding core details of the development plan. Closely related to the consideration of transparent communication is the need for better community education, outreach, and open access to data related to how these projects plan to utilize local resources and impact local environments.

Key Themes from Roundtable Participants

- **Participants pointed to the need for community engagement "early and often."** One mantra that resonated with many participants was the importance of engaging with communities "early and often." Texas roundtable participants emphasized the value of developers providing answers to frequently asked questions about specific projects, and actively updating these answers as projects progressed, new concerns were identified, and additional information became available.
- **Concerns over real or perceived information asymmetry.** Participants at multiple roundtables highlighted the challenge of information asymmetry, noting that data center developers had access to planning information of public interest, which put communities at a perceived disadvantage for

understanding the environmental impacts these new neighbors could have on their communities.[e] Many participants expressed frustration with the use of nondisclosure agreements (NDAs), noting that their use undermined local community engagement efforts and engendered distrust.

- **Desire for greater transparency and greater access to data.** One recurring theme at many of the roundtables was a desire from community groups for access to greater information about planned data center projects. Attendees in several roundtables suggested that greater access to data about planned data center resource utilization could strengthen early planning processes and support more informed negotiations between communities and developers. Participants specifically asked for developers to commit to greater transparency about planning and process. Participants also identified tools such as project landing pages and process trackers as useful ways to share information with local communities.
- **Concerns about information sources and trusted educators.** Participants representing a variety of perspectives expressed concern about misleading information readily available on the internet about data centers, and expressed a desire for trusted sources of information that could be shared with communities. Many participants suggested that a lack of accurate, high-quality information perpetuated the cycle of community distrust.
- **Communications with host communities should be tailored and coordinated with trusted community groups where possible.** Roundtable participants highlighted the need for better communication and community outreach efforts from data center developers. Participants noted that information provided to host communities needs to be tailored to the specific community being addressed. In Houston, one roundtable attendee highlighted successful projects in their community where industry and developers had worked closely with established community organizations and trusted community leaders to share information about proposed projects. Similarly, one utility participant noted the importance of developers being upfront with communities about what information could or could not be shared at a given point in time.
- **Process is not well understood by locals.** Data center development is straining how the public interacts with important development questions—who participates, on what timeline, with what information, and through which jurisdiction or authority.

[e] **Information asymmetry** occurs when one party in a transaction or relationship possesses more or better knowledge than the other.

QUESTIONS FOR STAKEHOLDERS: TRANSPARENCY AND COMMUNICATION

1. How have project information and potential community and regional impacts been communicated to the public?
2. Have developers conducted thorough outreach and education, and is there a senior executive assigned and responsive to feedback received from the community?
3. Have confidentiality agreements been scoped and timed to maximize public transparency while protecting only genuinely competitive information?
4. What questions is the community asking about the project? Have these been satisfactorily answered at the appropriate level for non-experts?
5. How is information about the project accessed? How frequently is it updated?
6. How, when, and in what ways are the data center customers and clients briefed on the data center development, and kept informed about community and regional feedback and impacts?

KEY CONSIDERATIONS TOOLBOX: TRANSPARENCY AND COMMUNICATION

- Identify opportunities to engage early and often with local communities. Early engagement and education can include identifying and answering frequently asked questions, hosting town hall meetings, and making project updates easily accessible online.
- Establish constructive processes for sharing relevant project data. Constructive processes for sharing relevant project data can include development milestones, resource-use estimates, and economic development studies.
- Identify trusted community partners that can help share vetted, accurate information. This includes opportunities to work closely with trusted local leaders and organizations who can help highlight areas of concern for local communities and support education and outreach efforts.
- Explore opportunities for greater data sharing opportunities. Aggregating data from individual projects may provide opportunities to share valuable information about how data centers operate and what resources they draw from local communities during which phases.
- Provide real-time process updates. This can include updates on studies, permitting, and community listening sessions, hosted so that residents can transparently track decision-making processes.

4.2 POWER AND WATER: UTILIZATION, INFRASTRUCTURE, AND AFFORDABILITY

New demands for power and water affect other utility consumers in a region who share these resources. This consideration addresses the impacts data centers have, or are perceived to have, on the electric and water utility services provided to communities. These impacts include reliability, affordability, and infrastructure expansion.

An overarching concern identified during the roundtables was the scale and speed at which data center developers seek access to power and water, and the impact of data centers on existing ratepayers. These interconnection requests are out of sync with the historical planning and infrastructure development cycles for utility connection and expansion. Across most of the roundtables, participants returned to a common theme: Existing regulatory frameworks—particularly forecasting and interconnection—were not designed to manage the risks, costs, and scale of this emerging class of data center customers. Utilities and grid operators are trying to thread the needle on energy demand forecasting. There are economic and customer cost implications to both underestimating and overestimating the needed buildout of grid and generation infrastructure for these projects. Participants recognized a meaningful upside to these projects: Well-capitalized data center developers have the potential to bring much-needed investment to aging power and water systems that local communities would be hard-pressed to fund otherwise. The division of authority between states, FERC, and utilities complicates swift and cohesive action to address the challenges data centers pose.

Key Themes from Roundtable Participants

- **Stranded asset risk could leave ratepayers and communities responsible for costs.** Multiple roundtables raised the concern that data center demand could be a bubble, and that if AI models become more efficient and energy demand plateaus as a result, communities could be left with expensive, underutilized grid infrastructure built to serve facilities that have scaled back or shut down. Participants at the Kansas City roundtable compared this risk directly to the fiber overbuild of the early 2000s and called for protections for residential ratepayers.
- **Improving load forecasting is critical to identifying opportunities for no-regrets investments.** Improving load forecasting techniques came up at every roundtable, from a wide range of participants. Data center load forecasts that are imprecise, speculative, or inflated pose a greater risk of underbuilding or overbuilding assets with 30-plus-year lifecycles if that demand does not materialize in the predicted timeframe.
- **Concerns about whether utility regulatory models are structurally misaligned with this moment.** Several participants touched on the theme that the public utility model is incentivized to build generation to meet peak demand and invest capital to meet those peaks, with limited incentive to find alternatives to costly generation projects. The challenge is compounded by the fact that data center development timelines move far faster than utility interconnection and grid buildout timelines, forcing utilities to make long-term capital commitments using imprecise information.

- **Data centers can be a catalyst for grid modernization under the right circumstances.** An upside noted by several participants is the opportunity well-capitalized developers can bring to aging utility systems to support necessary infrastructure replacement, modernization, and buildout. These upgrades improve overall system reliability and help socialize costs among ratepayers. Several participants framed it as a "but for" statement: But for data centers, the costs of updating old infrastructure would fall squarely on existing customers. Finally, participants noted that these new projects could provide an adequate customer base in areas that had historically overbuilt infrastructure or lost customers.
- **The "downward pressure on rates" argument is possible, but far from guaranteed.** Supporters of this viewpoint stress that large data center loads spread fixed grid costs across more kilowatt-hours, lowering per-unit rates for all customers—municipal utility participants in San Francisco cited this as a benefit of their data center partnerships. However, Washington, DC roundtable participants stressed that this outcome is not automatic and depends heavily on regulatory design, planning, and system conditions. In instances where additional fixed infrastructure must be built to bring data centers online, careful consideration will be needed to allocate costs appropriately if developers and utilities seek to shield existing ratepayers from incremental costs.
- **Mismatch between project pace and grid system planning timelines.** Data center developments can be built in 18-24 months, compared with generation infrastructure that averages four years in the interconnection queue alone. Speed to power is important to both load and generation, but these operate on two different planning processes that, in their current imbalance, create reliability concerns for all customers.
- **Water-energy nexus tradeoffs are an important piece of the puzzle.** Several roundtable participants highlighted the importance of decisionmakers understanding how water-energy nexus tradeoffs affect data center operations. San Francisco participants emphasized that broadening the aperture to assess water and power infrastructure choices together, rather than in isolation, is essential, since cooling tradeoffs and emerging technologies—including higher operating heat thresholds and closed-loop systems—can shift the demand between the two resources.

QUESTIONS FOR STAKEHOLDERS: POWER AND WATER: UTILIZATION, INFRASTRUCTURE, AND AFFORDABILITY

1. How have effects on power and water costs and future availability for other consumers been evaluated and disclosed? What costs are caused by the data center, and what frameworks are in place to equitably allocate those costs and prevent cost shifting to other consumers?
2. How can new infrastructure costs be allocated fairly, and how can other consumers be protected? What costs would not be introduced "but for" the data center?
3. Have opportunities to create mutually beneficial outcomes like greater infrastructure utilization or waste heat utilization been explored? If these innovative opportunities exist, what are their barriers?
4. What is the projected power—including backup power—and water demand over the project's full lifecycle? Has the developer published power or water use effectiveness scores?
5. Does the developer have a dedicated executive team liaison to work with local power and water providers, and to attend public meetings with local service providers and community members?

KEY CONSIDERATIONS TOOLBOX: POWER AND WATER: UTILIZATION, INFRASTRUCTURE, AND AFFORDABILITY

- Understand consumption. Ensure that regulators and utility system operators understand data center power and water consumption behavior over the life of the project.
- Use market and regulatory structures in the state or region to ensure large load customers pay their fair share and protect residential customers from rate impacts. Developers and communities should seek to evaluate the availability of new, innovative structures to ensure that costs are allocated fairly to the new large loads, such as Nevada's Clean Transition Tariff. Some regulators are asking what costs would not exist "but for" the data center development.
- Leverage resources to fund mutually beneficial investments. Leverage the resources of developers to fund investments that ease integration and create mutual benefits, such as load flexibility, residential energy efficiency upgrades, and water efficiency upgrades.
- Assess development credibility. Utility infrastructure is primarily built on forecasts, and there is evidence of speculative projects inflating forecasts, which results in distorted system investment planning. Evaluating developer credibility at different development stages is one promising practice to improve forecasting.
- Plan for the temporal constraints. Utility infrastructure is built for periods of high demand. Strategically planning how data centers use these resources during peak times—including through peak-shaving or demand flexibility approaches—can mitigate

their impact on the broader system, alleviate community concern, and support data centers' goal of speed to power.

- Optimize across water and energy demand. Different regions will have different sensitivity to water and energy usage. Careful analysis should be done to ensure that the water-energy tradeoff is optimized to minimize data center resource and sustainability impacts.
- Allocate funding to support innovative and mutually beneficial system investment. For example, funding for low- and moderate-income customer energy efficiency upgrades can support keeping costs down and reducing energy demand to facilitate new data center demand growth.

4.3 QUALITY OF LIFE: FACILITY RISK AND COMMUNITY IMPACT

Quality of life considerations for data centers relate to how a facility shapes daily life for the community in the surrounding areas—from the disruptions of the construction phase through the full span of its operating years and into retirement decisions. These considerations encompass the safety of nearby residents, the environmental and health burdens a facility may impose, the fairness with which those burdens are distributed across communities, and whether host communities receive tangible local benefits in exchange for the services data centers provide to society at large.

Key Themes from Roundtable Participants

- **There is a need to weigh community benefits and burdens when addressing local resident concerns.** Across the roundtables, participants emphasized that the threshold questions for most host residents are practical and immediate: whether air quality, water quality, and safety will hold steady, improve, or deteriorate. Safety, including fire and battery storage risk as well as the handling of hazardous materials during construction and operation, was also noted as having the potential to affect local residents if not handled with care. Additional day-to-day concerns named by participants included noise, property values, energy reliability, and local tax impacts.
- **Local residents want clear messaging about how they will benefit from data centers.** Participants identified the importance of stronger messaging and education to connect data center projects to tangible local benefits, such as improved connectivity and access to online services. Data centers are the foundational infrastructure of the modern digital economy, powering everything from social media to cloud computing and photo storage. Participants also highlighted that proximity to a data center can improve regional broadband and latency by drawing fiber and interconnection infrastructure into an area.
- **Consider cumulative health and environmental justice impacts in siting decisions.** Environmental justice and cumulative health impacts surfaced as a distinct thread, with one participant framing data centers as "another industry, another nuisance" in a long pattern of

burdens borne by host communities. Participants noted that environmental justice communities have a long history of bearing safety and environmental risks from large industrial users, and that data centers risk continuing this pattern when they site in already-disadvantaged areas.

- **Noise and light pollution are hyperlocal problems that can harm quality of life, often outside of regulatory structures.** Noise from data center cooling systems was flagged across all roundtables as a concrete quality-of-life harm, with some noting that noise concerns are depressing nearby property values. Participants provided mitigation options ranging from berms to tree planting, and, as a last resort, property purchase plans.[f] In rural areas targeted for data center development, light pollution is emerging as a new concern for communities accustomed to dark skies. In Kansas City, the roundtable recommended that communities adopt proactive siting plans that account for noise, light, and other quality-of-life factors before projects are approved.

QUESTIONS FOR STAKEHOLDERS: QUALITY OF LIFE: FACILITY RISK AND COMMUNITY IMPACT

1. What tangible benefits will host communities and regions receive in the short and long term?
2. What is the current experience and quality of life of residents near the proposed development?
3. How is the developer planning to mitigate potential light and noise pollution impacts to neighbors?
4. What is the developer's risk profile, experience, and record of success?
5. Has the developer provided execution plans for all elements of the facility's development and operation?
6. How long does the data center plan to be operational, and what contracts are in place for its operation? Have customers been disclosed? What are the risks to its operation and operator?

[f] Berms are landscaped earthen mounds placed around a site's perimeter to screen the facility from view and to dampen noise from equipment like cooling systems and generators.

KEY CONSIDERATIONS TOOLBOX: QUALITY OF LIFE: FACILITY RISK AND COMMUNITY IMPACT

- **Ensure community access to tangible benefits. Operators and host jurisdictions can commit to a comprehensive, transparent community benefit agreement that documents and ensures tangible local benefits such as local hiring, local procurement and supply-chain participation, and philanthropic investment. They can also fund public amenities, such as parks, broadband, and workforce training.**
- **Lessen noise and light impacts through infrastructures and practices. Respond to direct community feedback on quality-of-life concerns and desired future conditions through agreed-upon processes and ongoing dialogue.**
- **Front-load attention to lived experience. Developers can plan for the construction-phase experience as well as long-term operations by proactively engaging in detailed discussion on data center designs and practices to lessen impacts.**
- **Assess environmental justice burdens. Reviewers can assess a proposed facility against the burdens a host community already carries, including air and water quality, nearby industry, and health outcomes. The Centers for Disease Control and Prevention's Environmental Justice Index is a benchmark for assessing burdens.**
- **Address aesthetic and neighbor impacts up front. Communities and governments can set standards for setbacks, screening, lighting, and fencing, and can consider additions such as trails, art, berms, or, if needed, property purchases when impacts cannot be mitigated.**

3.4 LAND USE AND ENVIRONMENTAL IMPACTS

The large projected resource needs from data centers create significant concerns about land use and environmental impacts of their construction. These environmental impacts extend across multiple mediums where their collective weight can negatively impact local communities if not appropriately considered during project planning and construction phases. Specific areas for consideration include net water consumption and pollution risks, local air pollution concerns, and increases in greenhouse gas emissions from power sources servicing data centers. Land use considerations for data centers include siting, scale, eminent domain, land optimization, and campus visibility—encompassing where facilities are built, how the land is used, what they replace, how they affect neighbors (aesthetics), and how sites are managed at end-of-life.

Key Themes from Roundtable Participants

Throughout discussions, several distinct concerns were consistently raised regarding the real and perceived environmental and land impacts of data centers. Participants reported that, though these challenges are highly project- and site-dependent, data centers can be detrimental to local air quality and water supply, and accelerate greenhouse gas emissions if not properly accounted for early in design and siting processes. These concerns, however, might be allayed with proactive planning and design decisions.

- **Water consumption is a significant community concern.** In regions already experiencing water stress, the increased demand for water from data centers was a resonant concern. For example, in the Permian Basin and West Texas, communities already facing freshwater shortages fear data centers will outcompete agriculture and residents for a limited water supply. In San Francisco, participants suggested that projects carefully evaluate proposed data centers' full water impacts, discussing the concept of "WUE+," a broader water accounting metric that would include the embodied water used in electricity generation to better capture the entirety of a project's water consumption.
- **Backup diesel and temporary generators at data center scale present real risks to air quality and emission reduction goals, and harm community trust**. Nationwide, community members have raised concerns of health impacts tied to air emissions from industrial facilities, situating data centers within a broader environmental justice context discussed above. In addition to real harms inflicted on communities, roundtable participants noted that bad actors also harm the reputation of the broader industry. In particular, the San Francisco roundtable focused on the proliferation of behind-the-meter diesel backup generators and the potential for new co-located gas generation to serve near-continuous data center loads, both of which contribute to local air quality challenges.
- **New fossil generation to serve data centers creates concerns over meeting greenhouse gas emission goals.** Without policy interventions, participants expressed concern that the growth in power demand for data centers could significantly increase greenhouse gas emissions and undermine critical progress made in mitigating climate change, particularly through new gas generation facilities. While not a localized impact, some participants noted that this concern could create significant opposition, depending on the topic's political salience in the area.
- **Strong interest in optimizing available land utilization.** Across the roundtables, participants returned to a consistent set of land-use concerns: the conversion of active farmland and greenfield sites to industrial use, the proximity of large campuses to residential areas, and the aesthetic footprint of building lighting, fencing, and screening. Data centers can optimize land use by siting on parcels unsuited for housing or agriculture, brownfields, or locations near existing interconnections, favoring a "build up, not out" approach over converting active farmland. Many participants supported brownfield redevelopment and siting where possible.
- **Use of eminent domain for projects draws strong reactions from locals.** Acquiring land or transmission corridors through eminent domain raises questions about whether the public benefit justifies the acquisition and how impacted landowners are compensated.
- **Data centers' future decommissioning plans are a concern.** Decommissioning and end-of-life planning emerged as a concern at multiple roundtables. Participants emphasized concerns about long-term planning and wanted more information up front about what happens to a data center campus once it becomes obsolete or is abandoned.

QUESTIONS FOR STAKEHOLDERS: LAND USE AND ENVIRONMENTAL IMPACT

1. What facility designs were considered, and how do they relate to the community's landscape in scale, appearance, and presence?
2. What are the facility's impacts on air and water quality, both during normal operations and when using backup power? Has the developer evaluated low- or zero-carbon energy procurements?
3. How will the facility's scale, appearance, and presence fit within the landscape of the community?
4. Does the developer have a recycling or circular economy plan to repurpose used server components? If not, what is the plan for disposing, destroying, or landfilling used components?

KEY CONSIDERATIONS TOOLBOX: LAND USE AND ENVIRONMENTAL IMPACTS

- Prioritize brownfield and existing-infrastructure sites. Developers may adopt a build up, not out presumption that prioritizes development on previously disturbed land, retired industrial sites, or parcels already served by power, water, and fiber before converting farmland or greenfields.
- Document and disclose air and water impacts regularly. Seek to power facilities with low or zero carbon energy as regulatory structures allow. Mitigate pollution from on-site generation by prioritizing nonemitting resources or reducing diesel generator run times.
- Create a sustainability plan. At the outset, data centers could create a sustainability plan benchmarked to recognized standards, such as LEED or EPA Energy Star, with energy and water efficiency targets and ongoing monitoring of water use and air pollution.
- Install minimally polluting onsite generation. Options exist that can provide needed backup power without the attendant air pollution impacts. Data center projects should seek to maximize their use. Where diesel generators are used, run times should be minimized.
- Source a meaningful share of demand from low- or zero-emission energy. Developers could build or procure low- or zero-emission sources of power, creating demand for clean energy on the grid and helping scale innovative technology.
- Plan for clusters, not single facilities. Local government officials can consider using energy-zone planning, regional siting frameworks, or whole-of-government coordination to evaluate cumulative land, infrastructure, and visual impacts across multiple projects in a region.
- Explore decommissioning plans at the front end. If possible, local officials can condition approvals on enforceable end-of-life provisions such as financial assurance, site restoration standards, and reuse pathways.

4.5 ECONOMIC DEVELOPMENT

Economic development considerations for data centers focus on the gap between anticipated and realized local benefits. Who benefits from data centers, and when? Who bears the costs? And will the fiscal, workforce, and spillover benefits to host communities materialize as expected? If not, what are the consequences?

Key Themes from Roundtable Participants

- **Communities are eager to see tangible benefits from property tax revenues.** Across roundtables, participants acknowledged that data centers can generate substantial economic value. For example, California alone saw an estimated $13.1 billion in tax revenue and 99,000 direct and indirect jobs from data centers in 2023.[g] However, how and when new data center developments translate into tangible economic benefits for communities matters. Participants also expressed concern that neighboring jurisdictions with data center moratoriums could still receive state-level tax benefits despite implementing bans in their own jurisdiction.
- **Participants drew a sharp line between sizeable but temporary construction-phase employment and the smaller number of permanent positions.** Several participants expressed frustration with job creation claims from data center developers—noting that many of the jobs created by data centers would be temporary construction jobs versus permanent positions. Data center development projects create fewer long-term jobs that provide a lasting benefit to local communities.
- **Job quality and local beneficiaries matter.** This conversation surfaced concerns about wage levels and local hiring versus out-of-area labor and noted that unionized construction workers are a primary beneficiary of the current data center construction boom.
- **Other economic issues, such as stranded cost risk and commercial real estate, can affect communities.** Indirect effects also surfaced: impacts on housing, commercial real estate, property values, and local services.

[g] PwC, Economic Contributions of Data Centers in the United States (2017–2023), prepared for the Data Center Coalition, February 2025. https://www.centerofyourdigitalworld.org/2025-impact-study

QUESTIONS FOR STAKEHOLDERS: ECONOMIC DEVELOPMENT

1. What is the projected net economic and fiscal benefit to the host community or region over the life of the project? What independent analysis supports those numbers?
2. How do the timing and geographic reach of benefits compare to the local or regional costs or impacts? What is the opportunity cost of rejecting a proposed project?
3. Have developers met with local organizations to listen to community priorities and build partnerships? Has the developer considered workforce training options to ensure the host community benefits directly?
4. What tax benefits will the data center receive over its lifetime? How do those benefits compare to the value and benefit received by the local community or region?
5. What agreements are in place to ensure the host community or region receives benefits?
6. What analysis has been conducted on the development's effects on local jobs, wages, housing, and the broader community and region?

KEY CONSIDERATIONS TOOLBOX: ECONOMIC DEVELOPMENT

- Tie incentives to verified outcomes. Jurisdictions can condition tax abatements and community benefit agreements on enforceable performance triggers, such as local hiring thresholds and capital investment milestones, rather than granting full benefits up front based on projections alone.
- Align revenue beneficiaries with those who experience the most impacts from these developments. States and localities can structure tax-revenue allocation and abatements so that benefits flow to those who bear the greatest impacts, and time those benefits to when the impacts occur.
- Build durable local workforce pipelines. Work with state and local leaders to support workforce development, skills training, and long-term job growth opportunities where possible. Developers, community and technical colleges, and workforce boards can partner on training and apprenticeship programs, with data center operators taking responsibility for on-site training that provides credentials for local residents.
- Level the negotiating table and track outcomes. States can provide technical assistance, model agreements, and templates so smaller jurisdictions can negotiate on equal footing with data center developers.

5. Conclusion

Data centers are arriving in communities at a pace and scale that few local frameworks were designed to accommodate. Roundtable discussions and other conversations for this project made it clear that there are no simple answers—only a set of interconnected considerations that communities, utilities, developers, investors, and policymakers must weigh together. The themes explored in this report—transparency and communication, power and water impacts, cost of living, economic development, quality of life, and land use—are deeply interdependent, and decisions in one area inevitably shape the options and outcomes in others. Additionally, local communities all bring different sets of goals, history, values, and acceptable tradeoffs to these decisions. There is no one-size-fits-all solution to siting data centers in local communities.

Across the multiple venues where BPC hosted discussions, it was clear that a lack of responsiveness to community hesitations may ultimately reduce the viability of data center projects and hamper investments. On the other hand, proactively addressing the domains summarized in BPC's set of key considerations has the potential to strengthen community support, enable a publicly supported AI infrastructure buildout and the associated economic growth, and make communities better off in the process. The findings in this report can be used by policymakers, developers, investors, and communities to adjust in-market practices and align around mutual expectations and desired outcomes.

5.1 SCOPING FOR ADDITIONAL WORK

Long-term coordination and reducing information asymmetry. The roundtable series surfaced several questions where continued engagement and research efforts could be beneficial. These included how to reconcile expedited siting timelines with meaningful community input, and how to weigh near-term economic benefits against longer-term grid and resource commitments. Rather than treating these unresolved questions as gaps, they are better understood as the agenda for a next phase of work.

Future exploration could proceed in several areas. Translating the considerations raised during the roundtables into more concrete policy recommendations would be beneficial. Finally, an opportunity exists to establish a landing page focused on developing information-sharing frameworks that give communities and developers access to comparable, timely data on load growth, interconnection queues, and committed resources, as a means of reducing the information asymmetries that currently complicate good-faith negotiations for data center development projects.

Distributed data centers. A further area warranting dedicated attention is the emergence of a new generation of distributed data center proposals, in which compute capacity is sited across smaller, geographically dispersed facilities rather than concentrated in large campuses. While such configurations may ease siting and interconnection pressure in some respects, they also raise distinct questions about how these arrangements would be integrated across customer classes and in ratemaking processes. Examining how distributed models affect cost causation, rate stability, and the protections afforded to residential customers would be a valuable focus for subsequent engagement.

Appendix A—Resources for Host Communities

ELECTRICITY COSTS AND RATE DESIGN

Tailored for Scale: Designing Electric Rates and Tariffs for Large Loads

This Energy and Environmental Economics (E3) white paper examines how utilities should design electric rates and tariffs to accommodate rapidly growing large loads while protecting existing ratepayers. The report includes four utility case studies—PG&E, Umatilla Electric Cooperative, Dominion Energy, and Entergy Mississippi. It outlines a framework of rate design archetypes, risk mitigation tools, and best practices for utilities and regulators navigating the tension between enabling large load growth and preventing cross-subsidization.

Factors Influencing Recent Trends in Retail Electricity Prices in the United States

This Lawrence Berkeley National Laboratory study analyzes the primary drivers of recent state-level trends in U.S. retail electricity prices using descriptive analysis and regression models across all 48 contiguous states. While national average prices have largely tracked inflation, the study finds that states with the steepest increases typically had shrinking customer loads—partly tied to behind-the-meter solar growth—and renewables portfolio standards paired with costly incremental renewable supply. Utility-scale wind and solar deployed outside RPS programs showed no discernible upward price effect. Natural gas price volatility, hurricanes, storms, and wildfires also contributed to significant price increases in some states.

Recent Retail Electricity Price Trends: What Do We Know… or Think We Know?

This Lawrence Berkeley National Laboratory and Brattle Group presentation examines national and state-level retail electricity price trends from 2019 to 2024 and the drivers behind them. It finds that while nominal prices rose roughly 23% over that period, real, inflation-adjusted prices were largely flat at the national level, masking significant variation across states. Key drivers examined include aging distribution infrastructure, extreme weather and wildfire mitigation costs, natural gas price volatility, load growth, utility-scale wind and solar deployment, state renewables portfolio standards, and net-energy metered solar. State-level case studies cover California, Maine, North Dakota, Florida, Virginia, and the PJM capacity market.

ComEd Inks Deals to Keep Data Centers from Boosting Energy Bills

This January 2026 E&E News article covers Commonwealth Edison's approach to preventing data center growth from raising electricity costs for existing customers.

FINANCE AND INVESTMENT

Decoding Data Centers: Sustainability Due Diligence Across the Value Chain

This March 2026 joint report from the Environmental Defense Fund and Nuveen provides an investor-focused framework for evaluating environmental risks across the AI data center value chain. It covers energy use and emissions, water management, and community impacts across sectors including hyperscale technology companies, electric utilities, semiconductor manufacturers, and real estate developers, and includes more than 75 engagement questions, a metrics and disclosures review, and asset-class-specific guidance.

Balancing Risk and Growth: Best Practices for Utility Credit and Collateral Requirements for Large Load Customers

This July 2025 white paper from Energy and Environmental Economics (E3), funded by the Data Center Coalition, proposes a modernized framework for how utilities and regulators should structure credit and collateral requirements for large load customers such as data centers. It critiques one-size-fits-all approaches, outlines five core principles—balance, equity, optionality, scalability, and adaptability—and offers best practices including milestone-based collateral, menu-driven credit tools, and a proposed Credit Efficiency Index to reduce redundant risk requirements while protecting ratepayers.

Guidance to Support Effective Application of the Equator Principles for Data Centre Projects

This guidance document, produced by Arup for Equator Principles Limited, helps financial institutions, project sponsors, and independent consultants apply the Equator Principles to data center transactions. It covers data center typologies and operating models, key environmental and social risks—energy, greenhouse gas emissions, water, waste, community impacts, supply chain— and sector-specific guidance on project categorization, impact assessment, and independent review.

SUSTAINABILITY AND ENVIRONMENT

Developing Sustainable Data Centers: A Strategic Roadmap to Achieve Net Zero Carbon and Reduce Environmental Impact

This Ramboll white paper presents a holistic sustainability roadmap for data center owners, developers, and operators across six impact areas: embodied carbon, operational carbon, biodiversity, circularity, energy export and reuse, and water efficiency. It proposes specific benchmarks for each alongside actionable guidance on energy efficiency, renewable procurement, waste heat recovery, demand response, and emerging generation technologies.

Diesel Generators at Data Centers

The Better Data Center Project examines the rapid proliferation of diesel backup generators at data centers, whose combined U.S. capacity has nearly tripled to an estimated 55 GW since 2018, and the air quality, noise, climate, and spill risks they pose to surrounding communities. The report also addresses how

generators are increasingly used beyond true emergencies, and concludes with recommendations for policymakers, including requiring battery storage alternatives, mandating Tier 4 emissions standards, prohibiting nonemergency use, and establishing setbacks and cumulative health impact assessments.

LOCAL GOVERNMENT AND COMMUNITY PLANNING

Pennsylvania Data Center Planning Toolkit

The Pennsylvania Data Center Planning Toolkit provides practical guidance to help local governments understand data centers and evaluate proposals in a way that aligns with local authority, infrastructure realities, and community goals. This toolkit is designed to support decision-making from initial inquiry through zoning, permitting, and long-term planning.

Partnering for Progress: Understanding Community-Centered Data Center Development

Published by the Electric Power Research Institute in June 2026, this independent study examines community opposition to data center development across the United States and Europe, drawing on case studies from Missouri, Virginia, Arizona, Ireland, the Netherlands, and the UK. The report finds that community acceptance has become a core project delivery constraint alongside power, water, and permitting, with at least 25 U.S. projects canceled due to local opposition in 2025 alone. Key opposition drivers include electricity affordability, water use, noise, and lack of transparency. The report pairs opposition cases with industry examples from Amazon, Google, Microsoft, and others, identifying early engagement, community benefit agreements, and workforce development as critical to building durable local support.

Data Centers and the Climate Landscape: An Actionable Resource for US Mayors

Developed by Climate Mayors in partnership with Bloomberg Associates, this January 2026 resource equips mayors and senior staff with practical guidance for aligning data center development with local climate, energy, and community priorities. It covers five key policy areas—land use planning, electricity rates, water use, air quality and noise, and economic development— and provides jurisdictional case studies, negotiation strategies, and tools for coordinating with utilities, state regulators, and peer municipalities.

Community Strategies to Address Data Center Development and Operation

This National League of Cities fact sheet offers local governments practical strategies for managing data center development through zoning, permitting, and policy tools. It covers approaches from by-right permissions to overlay zones, highlights examples from jurisdictions including Fairfax County and Prince William County, VA, and emphasizes community benefit agreements, early public engagement, and coordination with utilities to align data center growth with local goals.

NACo Informational Primer and County Considerations: Data Centers

This National Association of Counties primer helps county officials evaluate, permit, and oversee data center development. It covers land use and zoning authority, setbacks, noise and water standards, power demand impacts, and the use of development and community benefit agreements to align projects with local priorities. A county readiness checklist guides departments through key actions across infrastructure capacity, governance, and land use planning.

Balancing Data Center Growth with American Agriculture

The American Farm Bureau Federation's market intelligence report examines the tensions and tradeoffs between rapid data center expansion and agricultural land use in rural America. It covers site selection dynamics, farmland conversion risks, energy and water resource competition, and rural economic development considerations, and closes with AFBF's policy recommendations for responsible siting and resource management.

POLICY DATABASES AND TRACKERS

State Data Center Policy 101: 2026 Legislative Guide

MultiState's regularly updated legislative guide tracks state data center policy across all 50 states, covering energy, water, zoning, and tax issues. It offers key terms, legislative trends, and expert analysis, including findings that more than 40 states considered 267 data center-related bills in 2025, with activity continuing into 2026 across ratepayer protection, water disclosure, local moratoriums, and tax incentive reassessment.

Data Center Policy Database

Developed by the University of Virginia's Digital Infrastructure Governance & Society Lab and Digital Technology for Democracy Lab, this searchable repository centralizes and standardizes U.S. data center policy information, including zoning approvals, tax incentives, utility rules, and permitting requirements.

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