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Data Centers: Energy Use, Costs and Reporting

The rapid proliferation of data centers and other large tech facilities across the country has raised concerns about energy consumption - especially in light of rapidly increasing electricity costs for consumers. Many of these data centers are also relying partially on onsite backup generation, which can have local air pollution impacts. Concerns about costs, impacts to grid reliability, and air pollution are growing in all areas of Texas. Data centers are not required to report how much energy they actually use despite massive impacts.

Data Center Facts

- Texas currently hosts between 335 and over 400 operational facilities, with another 240+ in the works, positioning Texas as the global epicenter for internet and AI infrastructure.
- A recent ERCOT demand projection found that the total peak use of our main electric grid could rise from about 90 GWs of use today to 370 GWs of use by 2032 if all the large electric loads that want to operate in Texas were approved.
- Massive transmission lines are being planned and built in Texas, and Texans are not only concerned by the size and location of these lines but that they could bear the costs even though the growth is being spurred by large industrial users like data centers.
- A modern AI-focused data center can consume as much electricity as 100,000 households.
- Projections estimate data centers could consume up to 12% of all U.S. electricity by 2028.
- Tax exemptions for data center equipment cost Texas nearly a billion dollars a year.
- Polling indicates that 69% of Texans do not support data centers being built in their communities.

Possible Solutions

- Large electric loads must be required to pay separately for 100 percent of the costs necessary to service them, including transmission and energy use, distribution and financing costs. The legislature could require all public and private utilities to institute a new tariff schedule or amend an existing tariff schedule that is equal or proportional to the costs of serving them, mitigating the risk that other classes of retail consumers are paying unwarranted costs.
- Texas must change the way we allocate transmission costs so that large loads pay their fair share, either through rulemaking at the PUCT - as suggested by SB 6 - or, if not, further legislative action.
- Require annual reporting on energy use, maximum demand, and energy sources, including the water use of co-located power resources, to the Public Utility Commission of Texas (PUCT)

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- Require the PUCT to maintain a publicly accessible website to provide information about all data center facilities in the state, including energy use.
- Make sections of Non-Disclosure Agreements that limit public access to information about energy use and supply unenforceable or void.
- Direct the State Energy Conservation Office to adopt a statewide building code for large industrial loads that would be a state minimum and require large loads to meet certain building code standards, including water and energy efficiency requirements. The Code should be based on codes developed by the International Code Council.
- Require developers to either implement Community Benefit Agreements with local or regional entities where they are located, or contribute to programs overseen by a state agency in amounts commensurate with the amount of water and energy they consume.

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