

Four Pillars of Responsible Data Center Growth

1. Protecting families and businesses (House Bill 2101, Senate Bill 960)

Preventing residents and businesses from subsidizing the data center industry's energy infrastructure.

Patrons: Senators Russet Perry and Richard Stuart; Delegates Michelle Maldonado and Michael Weibert

- **Fair cost allocation:** Directs the State Corporation Commission (SCC) to ensure energy expenses are distributed fairly.
- **Prevents industry subsidies:** Mandates the SCC to protect non-data center customers from bill increases associated with data center load growth.
- **Interim protections:** Shields residents and businesses from unfair costs linked to new energy infrastructure investments driven primarily by data centers, ensuring that no undue charges are imposed until the SCC establishes proper safeguards.

Why it's needed: The rapid growth of data centers' energy demands will shift costs onto families and businesses. These measures ensure costs are borne by those who directly benefit from the infrastructure.

2. Enhancing transparency

Promoting accountability through robust reporting on energy use, water consumption and emissions.

A. State Clearinghouse (House Bill 2035)

Patrons: Delegate Shelly Simonds; Senator Kannan Srinivasan

- The Virginia Department of Environmental Quality (DEQ) will track and publicly report data on energy, water use and emissions from high-energy facilities (requiring >30 MW of uninterrupted capacity).
- High-energy facilities must file annual updates and notify the DEQ of significant changes.

Why it's needed: Virginia lacks centralized tracking of energy and water use by high-energy facilities. A publicly accessible clearinghouse will enhance transparency, oversight and planning.

B. Application Requirements for Local Permits (House Bill 1601)

Patron: Delegate Josh Thomas

- High-energy use facilities (>100 MW) applying for local permits must provide localities with a site assessment examining their noise impact on nearby residential areas and schools, and

localities may also require that the site assessment examine impacts on water, agriculture, parks, historic sites and forests.

- The bill also enables localities to require electric utilities serving the facility to provide information on new generating units, substations and transmission infrastructure needed to serve the project.

Why it's needed: Current applications often omit critical infrastructure and resource details. Early disclosures will help local governments and communities make more informed decisions and better plan for the impacts of new developments.

3. Responsibly managing resources (House Bill 2027)

Ensuring responsible data center growth through statewide regulatory review.

Patron: Delegate Josh Thomas

- **SCC permits for high-energy facilities:** Creates a State Corporation Commission approval process for high load facilities (>25 MW), including hyperscale data centers.
- **Comprehensive evaluations:** Assesses grid reliability, cost impacts, economic contributions and compliance with Virginia's energy and environmental policies.
- **Environmental considerations:** Integrates DEQ's environmental assessments into the SCC review process.

Why it's needed: Uncoordinated data center expansion risks overloading energy infrastructure, driving up costs for families, and depleting natural resources. The December 9th Joint Legislative Audit and Review Commission report on data centers found that under every scenario studied, it would be *difficult or very difficult* for Virginia to build the necessary power plants and infrastructure to meet the industry's demands. Requiring state-level approval before utilities commit to providing electric service will allow for a more thorough evaluation, better addressing these challenges and safeguarding the public interest statewide.

4. Incentivizing efficiency

Tying tax benefits to clean energy and efficiency standards.

Patrons: Delegate Rip Sullivan; Senator Creigh Deeds

- Links state tax exemptions to energy efficiency and renewable energy procurement standards.

Why it's needed: Virginia's current tax exemptions, now exceeding \$1 billion, lack performance standards. Connecting standards consistent with state energy policies to these tax benefits is a commonsense way to reduce costs and pollution.