

Data Centers and the Need for Coordinated Oversight

Part of the series *Data Centers and the Next Era of Energy Regulation*

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Executive Summary

Data centers bring positive and negative impacts to communities, simultaneously. They can bring tax revenue and economic development, but they can also drive up electric rates and pollute surrounding air and water. While communities experience these impacts holistically, the agencies that regulate them are siloed by topic (e.g., energy, environment, economic development). This paper focuses on how policymakers can improve cross-agency collaboration and transparency to regulate data center development more effectively.

Expert agencies' subject matter focus creates three challenges for regulating data centers:

1. **Lack of a holistic view:** Siloed agency processes can result in information gaps for decision-makers and the public.
2. **Ineffective public engagement:** Separate comment periods for each agency make it more difficult for community members to raise questions and express concerns. This can exacerbate public distrust and cause misinformation to spread.
3. **Lost opportunities:** Separate agency reviews and their timing limit regulators' ability to improve outcomes, such as replacing backup diesel generators with battery storage.

States can promote more efficient, transparent and informed regulatory decisions by developing collaborative frameworks, equipping agencies with requisite capabilities and establishing baseline standards. These reforms will not happen on their own. Governors, economic development agencies and other policymakers need to take charge and champion them. Data center developers also have an obligation to improve their processes. They should prove how their projects will benefit the public and provide a proactive strategy for coordinating agency reviews. Best practices for improving community outcomes include:

1. **Develop and communicate a clear, comprehensive statewide approach to data centers.** Frameworks should set baseline expectations and require agencies and developers to implement best practices for data center development. This should include a central repository where community members can access verified information on proposed projects, understand state agency roles, identify public comment opportunities and learn what topics will be addressed.
2. **Involve all affected agencies (state, tribal and local) early in the process.** Coordinated agencies collect more comprehensive and accurate information about data center impacts. Early and proactive coordination helps direct community concerns to the agency best suited to responding.
3. **Ensure agencies have the authority and resources necessary to effectuate policy goals.** Empowering all relevant agencies can strengthen cross-agency collaboration and reiterate state policy priorities. States need energy regulators with authority and resources to manage load growth.

4. **Establish clear and consistent transparency requirements.** Many data center developers are reluctant to share information, but requiring transparency on the expected impacts will facilitate informed decision-making.

Several states are already taking steps to improve cross-agency collaboration and transparency.

- Oregon's POWER (Protecting Oregonians with Energy Responsibility) Act requires its public utilities commission to consider whether data centers will comply with state clean energy goals, and the governor convened an advisory committee that has hosted meetings on topics ranging from economic development potential to water and energy impacts.
- New York and Pennsylvania executive orders require the states' public service, economic development and environmental agencies to study impacts and implement concrete standards that address public concerns.
- Massachusetts unveiled a framework setting expectations for responsible data center development.
- Missouri and Minnesota convened public forums to discuss their approaches to data center challenges and their agencies' oversight roles.

States have different data center development goals. Some will emphasize economic development, while others will focus on utility rate affordability and climate policies. Regardless of state objectives, this report demonstrates that collaboration and transparency help agencies build public trust, improve community outcomes and promote the public interest.

Introduction

Americans are increasingly skeptical about data centers locating in their communities.¹ So it is unsurprising that the wave of new data center developments has led to public pressure on local, state and federal regulators and policymakers. This represents a dramatic and rapid shift from the recent past when communities were competing to attract data centers.²

Why has public opinion shifted so drastically? Because data centers bring a plethora of positive and negative impacts to communities, which they experience all at once, and those impacts are being felt and shared via news, social media and word of mouth. Yet, the regulatory processes separate project reviews by topic area (e.g., air, water and energy) and regulatory authority (e.g., at the state, tribal and local level). This separation limits the ability of states, tribes and local governments to react and achieve outcomes that benefit communities, exacerbates public frustration and distrust, and creates opportunities for misinformation to proliferate. It also opens

¹ Jones, J. M. (2026, May 13). *Americans oppose AI data centers in their area*. Gallup. <https://news.gallup.com/poll/709772/americans-oppose-data-centers-area.aspx>

² See, for example, Illinois Department of Commerce & Economic Opportunity. (2024). *Data Center Investment Program: 2024 Annual Report*, p. 3. <https://dceo.illinois.gov/content/dam/soi/en/web/dceo/aboutdceo/reportsrequiredbystatute/2024-data-centers-annual-report-submission.pdf>

opportunities for developers to exploit gaps in information and evade comprehensive review, which further undermines public trust and fuels opposition.

Since communities experience data center impacts holistically, data center projects need a holistic, accessible and transparent agency review process. While agencies ultimately decide how to address applications, developers need to proactively engage the public and affected agencies before filing an application for a large load. In other words, the developer has an obligation to pursue improved cross-agency collaboration and transparency as part of any data center project.

Improved cross-agency collaboration and transparency will help mitigate these challenges by ensuring decision-makers can make informed decisions, understand the scope of potential impacts and collectively ensure nothing falls through the cracks. Collaborative efforts may be driven by state, tribal and local decision-makers interested in facilitating development (such as the governor or economic development agency) or proactive developers seeking improved project outcomes. Either way, a clear and comprehensive approach is critical.

This paper is designed to guide decision-makers pursuing improved cross-agency collaboration and transparency with developer and agency actions. We start by defining the challenges that stem from a piecemeal approach before laying out a vision for better outcomes for communities. We then recommend core principles that should be part of any statewide comprehensive framework for strengthening agency collaboration and improving outcomes for communities. We finish by identifying several case studies that put those principles into practice. As those examples demonstrate, clear leadership — for example, from a governor or economic development office — is critical.

The Challenges with a Piecemeal Approach

Data centers present challenges and opportunities in many communities. Proponents cite the potential economic upsides,³ while opponents focus on environmental impacts, quality of life concerns or potentially negative economic consequences such as higher electricity bills.⁴ Given the breadth of the potential benefits and risks, assessments and decisions determining whether a data center is in the public interest are split across multiple agencies at the local, state and federal levels — like most large infrastructure projects. While the specifics vary by state, a general overview of agency authority is shown below in Table 1.

³ Jones, 2026. See also Fortin, J. (2026, June 23). The A.I. boom boosted teacher pay in a rural county. Can it last? *The New York Times*. <https://www.nytimes.com/2026/06/23/us/louisiana-teachers-bonus-meta-tax-revenue.html>

⁴ Jones, 2026.

Table 1. Affected agencies' scope and roles in data center review

Agency	Scope and Mandate	Role in Data Center Review
Public utility commission	Economic regulation of utility and telecommunication companies, utility connections and retail rates	- Overseeing electric, gas and water utilities that serve data centers and are subject to state jurisdiction⁵ - Reviewing large load tariffs or special contracts, interconnection rules, long-term integrated resource plans, requests to construct specific infrastructure to serve a data center customer and/or public interest review for large energy facilities.
Environmental agency ⁶	Protection of public health and welfare, including air and water pollution, water supply ⁷ and sometimes noise ⁸	- Evaluating, proposing and finalizing all air- and water-related permits through the required public process, and perhaps noise - Ensuring air and water permits comply with federal and state requirements - Enforcing violations of air, water, or noise permits

⁵ States generally have jurisdiction over investor-owned utilities that deliver electricity directly to end users (provide "retail" service). Municipal utilities and co-operatives are not-for-profit entities that are subject to state law but are typically overseen by their boards rather than PUCs.

⁶ We generally refer to the environmental agencies as state bodies, but that will not always be the case. Under the federal Clean Water Act and Clean Air Act, the U.S. Environmental Protection Agency has primary authority to issue permits for air and water pollution, and EPA may delegate that authority to a state or local agency under certain conditions. Most states, and many tribes, have received delegated authority, but in several instances, EPA has retained authority or delegated it to a local (city or county) entity.

⁷ In some areas there is a separate water authority, not a state or local agency, that is responsible for issuing water supply or wastewater discharge permits, or both.

⁸ The authority to regulate noise varies across the United States. In some cases, it resides with the environmental agency at the state level or the public health agency. In other areas, it is up to local government — county, city or town — to regulate if it has the authority. State policymakers may need to designate a state agency responsible for ensuring adequate protection from noise pollution.

Agency	Scope and Mandate	Role in Data Center Review
State energy office	State energy policy implementation, including promoting technology, market innovation or statewide clean energy programs	- Assisting corporations to navigate state permitting, the energy market and the regulatory environment - Forging public-private partnerships⁹
Economic development agency Revenue agency	Distribution of state or local tax exemptions (e.g., property, sales) and incentives, if available	Awarding exemptions or incentives and monitoring compliance with any conditions placed on exemptions or incentives
Local siting or zoning board ¹⁰	Local land use and zoning designations	- Evaluating requests to rezone areas to allow data center development in general - Reviewing conditional use permits for individual data center developments

⁹ Terry, D. (2025, May 7). *Letter to U.S. Secretary of Energy Chris Wright*. National Association of State Energy Offices. <https://www.naseo.org/Data/Sites/1/documents/tknaseo/naseo-response-to-doe-rfi-on-datacenters-and-ai-final.pdf>

¹⁰ While local siting and zoning issues are a critical component of the data center development process, this paper focuses more on coordination at the state level. Several recent reports provide guidance on these local issues. For example: Great Plains Institute. (2026 July). *Aligning Data Centers with Sustainability Goals: Local Government Playbook*. <https://betterenergy.org/wp-content/uploads/2026/07/2026-GPI-and-EAJK-Playbook-on-Data-Centers-Final.pdf>. Graham Sustainability Institute. (2026 February). *What Michigan Local Governments Should Know About Data Centers*. University of Michigan. <https://graham.umich.edu/product/michigan-data-centers-guide>.

Tasking expert agencies with implementing specific mandates has long been a pillar of effective government administration, but siloed agency mandates also create at least three challenges.

Lack of a holistic view: When each agency only sees a sliver of a given project (e.g., one agency handles the air or water permit, another the electric service, and yet another the land use permit), it can be challenging to achieve a holistic review of a project's impacts and benefits. Siloed agency processes also create potential gaps in information collection and sharing, leaving decision-makers and communities potentially unaware of what information is missing. This tension is especially acute now, with the level of opposition to data centers, the scope and scale of potential impacts, and the pace of the data center industry, which expects fast results.

Ineffective public engagement: Splitting comment and engagement periods across multiple agencies exacerbates engagement fatigue and structural barriers, which deter public input. Communities are not subdivided by impact; neighbors to new facilities can experience all the impacts and benefits at once. Community members may therefore raise any or all concerns about a project and expect action on issues that an individual agency is unable to address. For example, air quality impacts may be a top priority for the surrounding community, but a developer may not apply for environmental permits until the end of the process. Commenters concerned about air quality may therefore begin raising air pollution issues during the earliest public comment opportunity with the local siting board or public utility commission, despite those agencies' lack of authority to mandate specific pollution controls or limit the operation of backup diesel generators. This may cause utility commissions to dismiss air quality concerns rather than proactively engaging their peer air agency. Commenters could end up feeling frustrated, disappointed, unheard and more distrustful of government. It may also leave an information vacuum, exacerbating the spread of misinformation, which helps fuel opposition to data centers or even unconnected energy infrastructure projects.¹¹

Lost opportunities: Agencies using a siloed approach may forego opportunities to make changes to a data center project that would improve community outcomes. For instance, an environmental agency typically can consider only what is submitted to it for review. Once a data center submits a permit application for a specific number of backup diesel generators, the air regulator can consider whether and what pollution control equipment should be required on the generators but may be unable to require a data center to change its facility design or mandate alternatives such as battery storage. Relegating air quality issues to the end of the process limits a state's ability to proactively address community concerns, worsening public health outcomes and fueling opposition to future development.

¹¹ For example, misinformation is increasingly tying large energy infrastructure projects like transmission upgrades to AI or data center development, even if the transmission project was planned well before the current influx of data center demand. See, for example, Draker, D. (2026, April 9). *Opponents of data centers join with critics of power line proposal in northern Minnesota*. MPR News. <https://www.mprnews.org/story/2026/04/08/opponents-of-data-centers-join-with-critics-of-power-line-proposal-in-northern-minnesota>

Other issues, like noise, may be regulated at the state level by the environmental or public health agency or may fall to local authorities (city or county). Local ordinances may restrict the hours and levels of permitted noise, but local agencies frequently face severe staffing limitations and may lack expertise in technically complicated noise issues.¹² If noise pollution requires a local permit, a developer may file that application even later in the process than the air permit application — far too late to enable meaningful design changes to address noise concerns. If local rules do not require a permit, a local zoning authority may not address noise at all until the facility begins operations, leaving surrounding communities frustrated and with few options to alleviate their concerns.

Agencies do not have to be so isolated. Each state or local agency has a different mandate, jurisdiction and mission, but at a high level, each is charged with pursuing outcomes in the public interest. As a result, there are opportunities for agencies to support each other in achieving state and local policy goals set by their governor or legislature. Those goals will look different in different states and communities. In some places, for example, economic development will be the priority, while other jurisdictions may emphasize utility rate affordability and compliance with climate policies.

Regardless of the policy context, when agencies work together they can produce more efficient, transparent and informed decisions while heading off potential misinformation and proactively engaging community concerns. States can promote these outcomes by developing collaborative frameworks, equipping each agency with the requisite authority and establishing baseline standards. Those standards should protect the public health and welfare and include: minimum public outreach, project impact mitigation, best practices and transparency requirements. Governors in Massachusetts, New York and Pennsylvania have shown executive leadership by releasing comprehensive frameworks for the review of data center proposals and providing a foundation that other jurisdictions can build on.¹³

¹² For instance, data centers produce noise at frequency levels that may fall between the cracks of existing regulation or expertise. Yañez-Barnuevo, M. (2026, March 23). *Communities are raising noise pollution concerns about data centers*. Environmental and Energy Study Institute. <https://www.eesi.org/articles/view/communities-are-raising-noise-pollution-concernsabout-data-centers>

¹³ Massachusetts Government. (2026, June 25). *Healey-Driscoll administration statement of expectations for responsible data center development and operation in Massachusetts*. <https://www.mass.gov/doc/healey-driscoll-administration-statement-of-expectations-for-responsible-data-center-development-and-operations-in-massachusetts/download>; State of New York Executive Chamber. (2026, July 14). *Executive Order No. 62: Establishing a temporary moratorium on data centers in New York while the state develops higher standards for data center development and benefits blueprint to support localities*. Department of State. https://www.governor.ny.gov/sites/default/files/2026-07/EO_62.pdf; and Commonwealth of Pennsylvania Governor's Office. (2026, August 18). *Executive Order 2026-05 – Protecting Pennsylvania Consumers from Data Center Impacts*. https://www.pa.gov/content/dam/copapwp-pagov/en/governor/documents/eo2026_05_protecting%20pennsylvania%20consumers%20from%20data%20center%20impacts_final_executed.pdf.

Our Vision for Better Outcomes

Some individuals, organizations and communities will be opposed to data centers in any form. Regardless, decision-makers and project developers should consult and actively involve the community in deciding whether to host a data center or other large load projects. For communities willing to host one, best-case outcomes will include:

1. The data center discloses its anticipated energy consumption, water use and expected emissions and noise, clearly identifies mitigation and solicits open feedback from the community and interested stakeholders.
2. The facility limits the installation of fossil-fuel generation by prioritizing and maximizing the installation of new clean resources available to serve the data center. Investments made by the data center, independent power producers and electric utility to serve data center power needs catalyze the development of a modern, reliable and clean electric grid. Those investments include the deployment of advanced transmission technologies, smart meters, energy efficiency, demand response (at data centers and system wide), energy storage, renewable energy and emerging technologies for clean, firm power.¹⁴ If the facility nevertheless requires fossil-fuel generation for primary or backup power, any such resources include advanced pollution control equipment to reduce air and noise pollution and enforceable limits that reflect community values.
3. The facility minimizes impacts to water resources by using closed-loop systems and invests in the surrounding community to save more water resources than the facility consumes.
4. Local zoning requirements, site selection and permitting ensure the facility is located far enough from homes and other sensitive areas (like schools, churches, community centers) to minimize noise impacts. The facility limits noise as much as possible and installs noise controls as necessary to mitigate noise pollution, as well as providing any residences or sensitive areas with noise insulation or other appropriate building improvements.
5. The data center enters a community benefits agreement that aligns with local priorities, such as improving the local housing stock or enhancing community disaster preparedness via investments in resilience hubs utilizing distributed solar and storage.
6. The data center and electric utility reduce energy bills for vulnerable or energy-burdened customers by establishing or expanding existing support for low-income electric customers through: (a) energy efficiency or weatherization programs that reduce customer energy bills in the longer term and (b) bill assistance offering short-term relief.
7. The data center pays electricity rates and fees that fairly reflect new investments to serve the data center and equitably share other costs.
8. The facility contributes to the local and state (or tribal) tax base and economic development.

¹⁴ Clean, firm power refers to electricity generated by technologies, such as enhanced geothermal or nuclear, that generate power on demand while producing no, or very little, air pollution.

Each community will have its own list of preferred outcomes, which may overlap with or expand upon these general ideas. We present these best practices to guide our analysis of solutions below. In the next section, we evaluate key principles for transparency and coordination that policymakers and regulators can implement to move toward achieving these outcomes despite the structural challenges discussed above.

Key Principles for Agency Collaboration

A reactive and solitary approach may lead agencies to miss opportunities to build community trust or, worse, erode public confidence by endorsing projects that communities view as harmful. This may worsen community outcomes, exacerbate public opposition and drastically increase review timelines for other data center projects. Greater transparency in the permitting process paired with early, proactive cooperation across the affected agencies can help overcome these structural challenges. Transparency and coordination will not happen without clear leadership. That leadership may come from the governor, economic development or another state agency and tribal and local decision-makers interested in facilitating development. But data center developers also have a clear responsibility: They must prove to regulators and policymakers that their projects will promote the public interest. To do so, developers should demonstrate they will be good neighbors, engage with honesty and transparency and provide a holistic strategy for fully coordinating environmental reviews and other necessary permits to ensure communities are adequately protected.

Decision-makers have a range of options for improving coordination, and this section identifies some core principles that they should incorporate when establishing cooperative and transparent regulatory models.

Develop and Communicate a Clear, Statewide Approach to Data Centers

Governors, economic development agencies or other policymakers should establish a comprehensive framework that sets baseline expectations and requires agencies and developers to implement best practices for data center development. At a minimum, states should develop a central repository, such as a government-hosted data center hub, to help interested community members access verified information about proposed projects, understand the role of each state agency, identify upcoming public comment opportunities and clearly

delineate what topics will be addressed.¹⁵ States can also host public events that bring together affected agencies to share their approach and illustrate statewide coordination efforts.¹⁶

While it will require ongoing coordination, developing and maintaining this type of centralized hub will provide several benefits.

1. Providing accurate up-to-date information on an easily accessible, trustworthy platform will promote transparency and combat misinformation.
2. While agency staff and industry insiders understand what an agency can and cannot do, the general public likely does not. Asking communities to show up to multiple comment periods or submit multiple written comments to the correct agency is hard for the public to understand and difficult for busy, working people to do. Identifying upcoming comment periods, by project and type of impact, allows community members to prioritize participating in the appropriate venues for their most pressing concerns. A central place for the public to submit comments would go even further to support public engagement.
3. Establishing and communicating a comprehensive framework that lays out roles, responsibilities and expectations can also ensure agencies conduct a more complete review of data center impacts and implement baseline best practices consistently across projects. Massachusetts has developed the most comprehensive set of best practices to date.¹⁷

Involve All Affected Agencies Early in the Process

Jurisdictions should involve all agencies with a role in overseeing data center developments through a proactive and comprehensive process early in project development. Coordination among agencies can provide at least two discrete benefits.

First, coordination enables all agencies to gather more comprehensive and accurate information about a data center's potential impact, which will enable them to combat misinformation and engage more deeply with affected communities. Early involvement of the environmental agency is particularly important. Environmental agencies, for example, may be able to obtain more information directly from a data center developer than the public utility commission (PUC).¹⁸ The resulting record and public comments should lead to more constructive input from the public and provide decision-makers with greater insight into how to respond to community concerns. They could also ensure that PUCs and utilities understand how air quality permit conditions will affect

¹⁵ For example, the Wisconsin Public Service Commission has published a website that explores its role in addressing data center issues and identifies other relevant state agencies. Public Service Commission of Wisconsin. (n.d.). *The Public Service Commission and data centers*. <https://psc.wi.gov/Pages/AboutPSC/The-Public-Service-Commission-and-Data-Centers-.aspx>

¹⁶ Greg, E. (2026, May 18). *Missouri governor to host artificial intelligence and data center forum at Missouri S&T*. Missouri S&T. <https://news.mst.edu/events/missouri-governor-to-host-artificial-intelligence-and-data-center-forum-at-missouri-st/>

¹⁷ Massachusetts Government, 2026.

¹⁸ The PUC's authority is generally limited to overseeing investor-owned utilities, and the PUC therefore may be unable to directly require a prospective data center customer or public power entity to provide information about potential impacts. An environmental permitting agency, on the other hand, can request specific information about air, noise or water quality impacts from a data center or public power applicant.

a data center's energy supply options. For example, if an air permit limits diesel backup generators to emergency use only, those engines are not allowed to participate in demand response programs; yet, utilities may nevertheless list those generators as demand response resources. In contrast, solar plus battery or other nonemitting energy sources could participate in demand response in addition to providing backup supply. Better communication could thus help ensure utilities only rely on resources that can participate in their programs.

Second, early and proactive coordination can ensure that community concerns are directed to an agency that can meaningfully respond, making the permitting process more efficient for everyone. This also enables experts to weigh in early enough to influence project design and thereby improve community outcomes across a range of impact areas. As noted above, for example, the air regulator could work with the energy office and other state agencies to evaluate alternative facility designs that minimize air quality impacts, such as replacing fossil-fuel backup with battery storage and solar. If that alternative design is feasible, the agencies could determine which agency is best positioned to require the developer to consider it. Early coordination can also help ensure that project developers have done their homework before submitting any permit applications, reducing the need for significant revisions that require the agencies to repeatedly restart permit reviews.

Ensure Agencies Have Authority and Resources Necessary to Effectuate Policy Goals

Coordination efforts will be limited if the relevant agencies have limited authority or lack the resources to address community concerns. State policymakers should collaborate with regulatory agencies to ensure they have the authority, staffing and resources necessary to address the range of impacts from data centers.

For example, rather than leaving oversight over noise with under-resourced local entities, states could consider giving primary authority to the state environmental or public health agency that may be better positioned to develop and enforce noise restrictions needed to protect public health and welfare. Alternatively, a state agency could establish standards that local authorities could adopt.

States with climate policies should ensure that energy regulators have the authority to enforce compliance with those policies. For example, Oregon's 2025 POWER Act addressed a potential gap in state authority by requiring the state's PUC to consider whether electricity used to serve data centers would comply with the state's clean energy targets.¹⁹ The Oregon PUC recently relied on that authority to approve Portland General Electric's proposed load interconnection

¹⁹ Oregon State Legislature, HB 3546 Enrolled, § 2(3)(c), 2025 Reg. Sess. <https://olis.oregonlegislature.gov/liz/2025R1/Measures/Overview/HB3546>

queue under which new data centers must comply with state climate targets before they can connect to the electric grid.²⁰

Empowering all relevant agencies can also strengthen opportunities for cross-agency collaboration and reiterate the state's policy priorities, even while primary authority remains with a lead agency. For example, Vermont's PUC must ensure new energy facilities comply with environmental requirements set by the state's environmental agency.²¹ In Minnesota, authority over state air permits remains with the environmental agency, but the state PUC reviews whether diesel generators are necessary in the first place.²²

Establish Clear and Consistent Transparency Requirements

Transparency about potential data center impacts will provide visibility and facilitate informed decision-making,²³ but many large customers are concerned that providing this information could endanger a competitive advantage and deter innovation.²⁴ Nondisclosure agreements have become commonplace between high-impact load customers or developers and utilities, curtailing the amount of information available. RAP's *Building Resilient Foundations for Large Loads* report provides greater discussion of the landscape of transparency issues related to data centers (see pages 17-21), including recommendations on tools and tactics regulators and policymakers can utilize to enhance transparency.

Regardless of what tools they utilize, states should establish clear and consistent requirements and formats for the information a data center must make publicly accessible. Doing so will enable all involved agencies and the public to act on the same information. In deciding what information to include, states should consult with all involved agencies, including local authorities, about their data needs for informed decision-making and the current gaps in gathering the requisite data.

²⁰ Public Utility Commission of Oregon, UM2377, Order 26-154, May 7, 2026. <https://apps.puc.state.or.us/orders/2026ords/26-154.pdf>

²¹ Specifically, investments in an electric generation, energy storage, or transmission facility requires a "certificate of public good" from the commission. Among other things, in issuing a certificate, the commission to ensure the facility "will not have an undue adverse effect on aesthetics, historic sites, air and water purity, the natural environment, the use of natural resources, and the public health and safety . . . , impacts to primary agricultural soils . . . , and greenhouse gas impacts." Vermont General Assembly, Title 30: Public Service, VSA Section 248(b)(5), 2025 Reg. Sess. <https://legislature.vermont.gov/statutes/section/30/005/00248>

²² Minnesota Public Utilities Commission, Docket No. PT-7151/CN-24-435, Order requiring certificate of need and granting exemption from certain application data requirements, April 1, 2025. <https://efiling.web.commerce.state.mn.us/documents/%7B6062F295-0000-CF1C-96AE-61D59FA827E4%7D/download?contentSequence=0&rowIndex=4>

²³ Tate, B. (2026, July 29). Entergy gets earful about rate increase and secret dealings with Google data center. *Arkansas Times*. <https://arktimes.com/arkansas-blog/2026/07/29/entergy-gets-earful-about-rate-increase-and-secret-dealings-with-google-data-center>

²⁴ Public Service Commission of the State of Missouri, File No. EO-2025-0154, Motion for protective order, June 3, 2025. <https://efis.psc.mo.gov/Document/Display/834612>

Case Studies

We recognize that the policy context and regulatory landscape will change how cross-agency collaboration could be implemented in each state. The following case studies highlight several different approaches that we hope will inform more collaborative processes. Additional examples, and further discussion about cross-agency collaboration and transparency, are available in [*Building Resilient Foundations for Large Loads*](#).²⁵

Bringing Agencies Together: Oregon's Data Center Advisory Committee

In 2025, Oregon enacted the POWER Act, which focuses primarily on energy affordability and ensuring that data centers pay for the costs they bring to the electric system.²⁶ The act also requires the Oregon Public Utilities Commission (PUC) to consider whether electricity used to serve data centers will comply with the state's clean energy targets. The PUC recently relied on that authority to approve Portland General Electric's proposed load interconnection queue under which new data centers must comply with state climate targets before they can connect to the electric grid.²⁷

Recognizing that the POWER Act addressed only one aspect — energy use — the governor subsequently convened an advisory committee “to develop recommendations for a comprehensive regulatory framework” that promotes economic development alongside sustainability and equity goals.²⁸ The committee has hosted meetings on topics ranging from economic development potential to water and energy impacts, and the state's Department of Environmental Quality and PUC have participated along with numerous other stakeholders and experts.

Meanwhile, in 2026, the state legislature created a Joint Permitting Council charged with developing a plan to coordinate and expedite permitting requirements for projects that meet specified economic development criteria. The council consists of 11 state agencies and two economic development experts.²⁹ The council is not data-center specific and includes only

²⁵ Eberle, L., & Kadoch, C. (2026, February). *Building resilient foundations for large loads*. Regulatory Assistance Project. www.raonline.org/wp-content/uploads/2026/02/rap-eberle-kadoch-building-resilient-foundations-large-loads.pdf. Specifically, see the “Get Collaborative” and “Gather Information About What Is Coming” sections.

²⁶ Oregon State Legislature, HB 3546 Enrolled.

²⁷ Public Utility Commission of Oregon, UM2377.

²⁸ Oregon Department of Energy. (2026). *Oregon Data Center Advisory Committee*. <https://web.govpress.oregon.gov/mail/util.cfm?qpiv=2100169217.3759.507&qen=1>

²⁹ Oregon State Legislature, HB 4804 Enrolled, 2026 Reg. Sess. <https://olis.oregonlegislature.gov/liz/2026R1/Downloads/MeasureDocument/HB4084/Enrolled>

economic-focused eligibility criteria. This is a good example of agency permitting coordination, but gaps remain. For example, the law does not specify expectations for community outcomes or otherwise establish best practices or standards for data center development. The joint council also does not include the PUC or otherwise account for potential impacts to electric rates from large projects.

Developing Statewide Frameworks: New York's and Pennsylvania's Executive Orders

New York

On July 14, 2026, New York's governor ordered three state agencies to study impacts and develop a statewide framework to address key public concerns about data centers and other large facilities.³⁰ To allow time for agencies to implement these orders, the governor paused all data center applications for 12 months.

The order directs the Department of Public Service to:

- Conduct a public process to examine impacts from data centers on the state's electric grid and to comprehensively review environmental impacts through a "generic environmental impact statement" under the State Environmental Quality Review Act. This analysis must consider impacts from energy demand, water use and quality, air and noise pollution and disproportionate impacts on disadvantaged communities.
- Create a Grid Acceleration Fund intended to protect households and small businesses from paying for data center costs. While the contribution levels for data centers are not yet set, the fund could require developers to contribute upfront capital for grid improvements, participate in demand response programs, support clean energy procurements and pay into an insurance pool.
- Form a working group to identify and solve issues related to data center and large load interconnection, including how to protect system reliability and ensure users that benefits from system upgrades pay for the cost of those upgrades.

New York's economic development agency, Empire State Development, will also create a Community Investment Framework with guidance for local communities negotiating with data center developers. The [preliminary guidance](#) recommends that communities start by negotiating for \$1 million per 1 megawatt into a community investment fund.³¹ The full framework will be completed by mid-September.

Finally, New York's environmental agency, the Department of Environmental Conservation, must review state processes for reviewing water withdrawal requests from data centers and other

³⁰ State of New York Executive Chamber, 2026.

³¹ New York State. (n.d.). *Policy outline for the New York State Data Center Community Investment Framework*. <https://esd.ny.gov/sites/default/files/media/document/CIF-Policy-Outline-071426.pdf>

large users. The agency is not required to review air or noise permitting processes or take specific action to mitigate those impacts beyond current legal requirements.

Pennsylvania

Pennsylvania adopted a similar framework. In February 2026, the governor of Pennsylvania announced a set of best practices (called the Governor's Responsible Infrastructure Development or GRID Standards) that data centers must comply with to qualify for state tax incentives or expedited permit review.³² The GRID Standards are divided into four categories:

1. **Energy affordability** requires developers to demonstrate the project will build, bring or buy — and fully pay for — incremental capacity to meet the facility's electricity needs, including increasing percentages from clean, firm resources, ensure the facility pays all costs caused by the project and include "solar ready" facility designs. Applicants must submit filings to demonstrate compliance to the public utility commission.
2. **Transparency and community engagement** establishes minimum public engagement and transparency steps, including commitments to hold public meetings, share a detailed development timeline and provide baseline information about facility design.
3. **Workforce and economic development** mandates a community benefit plan that details anticipated contributions to the local economy and workforce, including investment commitments, a plan for hiring and training local workers and a commitment to engage in good faith discussions with the local jurisdiction.
4. **Environmental protection** requires developers to detail energy and water conservation efforts, commit to minimize local air pollution by utilizing zero-emission energy storage or backup fossil-fuel-burning generators with designated pollution controls and take specific actions to protect priority watershed or climate change connectivity areas (migration corridors that enable species to shift their ranges).

In August 2026, the governor issued an Executive Order that implements the GRID Standards, centers local decision-making in state permitting reviews, broadens state agency analyses and empowers the public with more information.³³ Among other things, the order requires:

- For data centers over 25 MW, the Department of Revenue must ensure only applicants that make a legally binding commitment to comply with the GRID Standards will be eligible for tax incentives. Facilities that do not commit to the GRID Standards will not be eligible.
- The Department of Environmental Protection (DEP) must create two tracks for permit review. First, for >25 MW data center projects that commit to the GRID standards, DEP must review permit applications on a rolling basis and incorporate GRID Standards into applicable permit conditions. Second, for facilities that do not commit to the GRID Standards, DEP will not

³² Pennsylvania Department of Community & Economic Development. (2026, February 3). *The Governor's Responsible Infrastructure Development (GRID) Standards*. <https://dced.pa.gov/business-assistance/data-center-resources/grid-standards/>.

³³ Commonwealth of Pennsylvania Governor's Office, 2026.

review applications until the project receives any required water withdrawal and water discharge permits.

- DEP cannot consider or issue permits for any new data center proposals (whether the applicant commits to the GRID Standards or not) until a project demonstrates it is consistent with the local comprehensive plan and receives requisite local approvals, like siting approval or necessary zoning changes.
- Beyond voluntary compliance with the air quality protections in the GRID standards, DEP must review whether to update air quality regulations to mandate certain pollution controls on diesel backup generators, comprehensively assess cumulative impacts from those generators' emissions and mitigate air pollution when the generators run to serve the broader electric grid.
- The governor's "special counsel for energy affordability" must advocate for the PUC to adopt rules that appropriately allocate costs to data centers and curtail data centers that do not bring sufficient new electric capacity first before other customers in pre-emergency grid stress and emergency scenarios.
- The Department of Community and Economic Development must "prepare best practices on zoning standards and community benefit agreements that municipalities and other local governments could use in their engagement with data centers."
- To promote greater transparency and coordination, state agencies may not enter non-disclosure agreements regarding data center projects, and the DEP must develop a "publicly accessible map with current permitting information about all proposed data center projects known to DEP" or the Department of Revenue.
- All state agencies must collaborate with the environmental, revenue and economic development agencies.

Overall, through clear executive leadership, New York and Pennsylvania have adopted two of the most comprehensive frameworks nationally. These frameworks will promote transparency and stakeholder engagement while mitigating multiple types of impacts. States and tribes can build upon these robust models as they pursue improved frameworks.

Establishing Multifaceted Expectations: Massachusetts' Framework

In June 2026, Massachusetts' governor released a detailed framework establishing guidance for “responsible data center development and operations.”³⁴ This framework is designed to set expectations for data center developers who are seeking sales and use tax exemptions that are available in Massachusetts. The goal of the framework is to balance “economic growth and innovation with protections for residents, businesses, and communities.”

The framework lays out expectations across eight categories:

1. Energy supply (“bring your own clean energy”)
2. Energy efficiency, flexibility and system optimization
3. Local air quality and public health
4. Water use and infrastructure protection
5. Responsible labor practices and job creation
6. Community benefit and engagement
7. Local economic development and innovation leadership
8. Project transparency

In each category, the framework lays out examples of how a data center could ensure community benefits. For example, on energy supply the governor expects that a data center will buy or fund enough clean energy to supply 100% of its expected demand. On community benefits, a community benefit plan should be developed in coordination with local stakeholders and deliver “tangible benefits.”

While this framework is the most comprehensive in terms of the range of impacts it addresses, its guidance is nonbinding on state agencies considering various data center permits or incentives. As a result, it is unclear exactly what developers must do to qualify for tax incentives or how the state will enforce the framework's provisions. The governor also intends for the framework to guide agencies in evaluating potential updates to rules or regulations — which could advance agency coordination and promote improved outcomes — and recognizes that additional legislative authority may be required, but the framework does not establish any timelines for or establish oversight of that review.

³⁴ Massachusetts Government, 2026.

Massachusetts' framework demonstrates executive leadership and establishes voluntary incentives for data centers to comply with best practices. Subsequent iterations of similar frameworks could include mandatory requirements, not just incentives.

Convening Agency Discussions: Missouri's and Minnesota's Public Forums

Two states, Missouri and Minnesota, have conducted public forums bringing together multiple state agencies to discuss their role in data center oversight and illustrate the states' overarching approach to data center challenges.

On June 18, 2026, the governor of Missouri convened a forum on data centers and AI hosted by Missouri University of Science and Technology (S&T). The forum was designed to counter misinformation in Missouri about the impacts of AI and data centers. The range of Missouri state agencies involved in large load developments were featured throughout the day's agenda.

As an example of the forum's expansive scope, the governor tasked the university and relevant agencies to convene panels and give presentations on a variety of key issues including:

- **Energy demand:** meeting the power requirements of next-generation data centers
- **Workforce development:** building the talent pipeline Missouri needs to compete
- **Environmental considerations:** pursuing growth that is responsible and sustainable
- **Community impact:** ensuring technological expansion benefits all Missourians³⁵

Missouri's example shows the power of cross-agency coordination to address a full range of relevant issues. Having all the relevant agencies in one place for a public, daylong forum signaled that they intended to address concerns in a proactive manner.

Shortly after Missouri's forum, on June 30, 2026, Minnesota hosted a public webinar on data center coordination.³⁶ The webinar was hosted by Minnesota Business First Stop, a multiagency collaboration, created by statute in 2012 and facilitated by the Department of Employment and Economic Development, to "ensure the coordination, development, implementation, and administration of state permits." Nine state agencies participated in the collaboration, including the Department of Commerce's Division of Energy Resources, the Department of Natural Resources, the Department of Revenue and the Minnesota Pollution Control Agency.

³⁵ Greg, 2026.

³⁶ MN DEED. (2026, June 30). *Minnesota data center regulatory coordination webinar* [Video]. YouTube. <https://www.youtube.com/watch?v=eJKdVvN0rO4>

While the Minnesota PUC is not formally represented in the Minnesota Business First Stop collaboration, the data center webinar kicked off with a presentation by the PUC about its role in data center review. Unlike many other states, Minnesota law gives the PUC oversight over certain electric generation facilities greater than 50 MW, including backup diesel generators at a data center. The PUC can only issue a certificate of need for nonrenewable generation if the applicant demonstrates it thoroughly explored using renewable resources. Last year, the PUC denied a request by Amazon for an exemption from this certificate requirement.³⁷

In addition to the PUC, the Minnesota Environmental Quality Board, Department of Transportation, Department of Natural Resources, Pollution Control Agency and Department of Labor and Industry presented on their role in data center permitting and oversight. Overall, the webinar addressed concerns about water use, transportation corridor impacts, air pollution, labor requirements and tax exemptions applicable to data centers. While the primary audience of the webinar was project developers rather than communities or the public, it illustrated the value of the state's permitting coordination strategy. Future efforts could expand on this effort to address communities and the public.

Conclusion

Widespread public opposition and concerns about data center impacts are raising the pressure and attention on state, tribal and local governments. This paper has examined the value of improved cross-agency collaboration and transparency in addressing community concerns. A common thread through the positive examples cited is the importance of strong leadership. The type of coordination needed in the current era of data centers will not happen without a clear "coordination champion," whether it is the governor, an economic development agency or some other policymaker. Leadership from policymakers does not diminish a developer's responsibility to be forthcoming and transparent about its project and the project's impacts and to proactively provide strategies for agency collaboration.

Ultimately, the level of public pressure and scrutiny highlights the importance of agencies, developers and communities working together to ensure community concerns are heard and addressed. All states should ensure regulators have the resources, authority and frameworks to engage meaningfully in data center oversight. While each state has different policy priorities, enhanced cross-agency collaboration and transparency help all agencies build public trust, improve community outcomes and promote the public interest.

³⁷ Minnesota Public Utilities Commission, Docket No. PT-7151/CN-24-435.

Appendix: Summary of Regulatory Challenges by Impact

Impact / Issue	Lead Agency	Regulatory Challenge(s)
Air pollution	Environmental agency	Agency is brought in too late to meaningfully influence project design and consideration of non-fossil-fuel alternatives
Noise pollution	State environmental or public health agency or local authority	- Lack of clarity on agency with oversight - Traditional measures may fail to account for full impacts of noise frequencies from data centers
Water supply	Environmental agency or water supply agency or authority	- Trade-offs between water usage and energy efficiency may require judgment on policy priorities - Lack of clarity about potential technologies clouds understandings about resulting impacts
Electricity rates	Public utilities commission	- Lack of direct authority over data center customers (rather, indirect oversight via regulated electric utility) - Limited authority to address or consider environmental impacts - Typically limited or no oversight of electric cooperatives, public utility districts or other public power entities
Land use	Local zoning authority	- Lack of direct engagement for projects sited within areas that allow data center development (e.g., industrial use) without additional review - Lack of clarity about what zoning category data centers belong in - Lack of oversight or direct control over things like electric utility bill impacts, air pollution control mandates - Lack of enforceability of community benefits agreements



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