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HOUSE JOINT RESOLUTION NO. 522

Offered January 11, 2023

Prefiled January 10, 2023

Requesting the Department of Energy to study impacts of data center development on Virginia's environment, economy, energy resources, and ability to meet carbon-reduction goals. Report.

Patron—Roem

Committee Referral Pending

WHEREAS, the data center industry provides essential services for information technology worldwide, with growth projected to accelerate globally at a rate of over 20 percent, and with 35 percent of growth coming from North America; and

WHEREAS, Northern Virginia has the largest concentration of data centers in the world and the market for data centers continues to grow at an accelerated rate, with an estimated total of 1,686 megawatts in 2021 and 200 megawatts more in development; and

WHEREAS, data centers are Virginia's largest category of commercial energy users, representing 12 percent of Dominion Energy Virginia's load in 2019 as well as a significant portion of Northern Virginia Electric Cooperative's total load, such that Virginia's overall load growth continues to increase even as energy efficiency has reduced demand from other sectors, requiring new electricity generation and transmission lines paid for by Virginia ratepayers and impacting Virginia's ability to reduce its overall CO2 emissions; and

WHEREAS, many data center operators have established sustainability goals including the use of renewable energy, which if realized would require far more renewable energy than is currently planned for development in Virginia; and

WHEREAS, Virginia's data center sales and use tax exemption is by far the Commonwealth's largest economic development incentive, costing Virginia \$138 million in 2020 and with a cumulative total estimated at over \$830 million from 2010 to 2020, while a 2019 report of the Joint Legislative Audit and Review Commission found that Virginia received back only 72 cents for every dollar of tax incentive, while data centers create few jobs and provide economic benefits primarily to the local governments where they are sited; and

WHEREAS, Northern Virginia localities have seen an increase in conflicts over the siting of new data centers and associated transmission lines, including concerns about impacts to air and water quality, wildlife, noise, loss of farmland, and negative impacts on parks and Civil War battlefields; and

WHEREAS, localities elsewhere in Virginia are actively seeking to host data centers, but some have been unable to attract them; and

WHEREAS, the concentrated siting of data centers in proximity to drinking water resources and drainage areas and near large population centers impacts water availability, quality, and costs; and

WHEREAS, total long-term costs to Virginia ratepayers and taxpayers are not fully known, including costs of transmission lines, water and sewer expansion and hookups, road construction, increases in carbon emissions, and long-term rate and tax burdens that might include higher utility bills and state taxes required to fund climate mitigation; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Energy be requested to study the impacts of data center development on Virginia's environment, economy, energy resources, and ability to meet carbon-reduction goals.

In conducting its study, the Department of Energy shall evaluate (i) the impacts of data center development in Virginia, including impacts on electricity supply and demand, ratepayer impacts, and Virginia's ability to meet its climate goals; (ii) the progress that data centers have made in sourcing their energy needs from renewable energy sources; (iii) the impacts of concentrated data center development on air quality, wildlife, and water resources; and (iv) the role of Virginia's tax incentives in producing benefits for certain localities at the expense of other taxpayers and impacted residents. The executive summary and report of findings shall include recommendations on whether Virginia should continue to provide incentives for data centers, and if so, whether such incentives should be conditioned on meeting requirements such as the use of renewable energy or locating in areas in need of economic development, as well as any other recommendations the Department of Energy considers necessary for the public good.

Technical assistance shall be provided to the Department of Energy by the Department of Environmental Quality. All agencies of the Commonwealth shall provide assistance to the Department of Energy for this study, upon request.

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59 The Department of Energy shall complete its meetings by November 30, 2023, and shall submit to
60 the Governor and the General Assembly an executive summary and a report of its findings and
61 recommendations for publication as a House or Senate document. The executive summary and report
62 shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for
63 the processing of legislative documents and reports no later than December 31, 2023, and shall be
64 posted on the General Assembly's website.