
Texas lawmakers to study data center development amid water, electricity concerns

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Texas lawmakers to study data center development amid water, electricity concerns

BigCountryHomepage.com

by: [Dylan McKim](#)

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AUSTIN (Nexstar) — State legislative leaders released their interim charges last week, a list of topics they want lawmakers to investigate over the next year in the lead up to the next legislative session in 2027. A major theme sprinkled throughout the charges is the impact of data centers.

Texans around the state are speaking out about their concerns with data centers as many companies eye the Lone Star State as the landing spot for these types of facilities. But Texans are not alone in their concerns.

[A Quinnipiac University poll](#) released Monday found 65% of Americans opposed a data center being built in their community, while 24% supported the idea. Those who opposed data centers near their home said they were concerned about electricity costs, water usage, and noise, while those who supported data centers believed it would increase tax revenue and create more jobs.

Both Lt. Gov. Dan Patrick and Speaker Dustin Burrows directed lawmakers in five different committees to study the impacts and benefits of data centers and other facilities that pull large amounts of power.

For example, Patrick directed members of the Senate Business and Commerce Committee to, “study the adequacy of current statutory, regulatory, and infrastructure frameworks to meet the rapidly increasing demand from large electric loads, such as data centers.”

Other charges look at how much water is used at data centers and whether or not the state should rethink its sales tax exemptions for the facilities. It appears there is a bipartisan push to make sure Texas is able to develop data centers across the state while making sure not to jeopardize valuable resources, especially in water-stricken areas.

“Can we make sure we build them in smart ways that make the best use of our electric and water resources,” State Rep. Erin Zwiener, D-Driftwood, said.

During the 89th legislative session lawmakers passed [Senate Bill 6](#), which worked to accomplish four goals:

- Ensure large energy consumers are paying their fair share for transmission costs
- Establish grid reliability protection measures
- Transparency on load forecasting
- Requiring large consumers to shed power usage during peak demand periods

The Public Utilities Commission of Texas (PUCT) has proposed a set of rules to comply with SB 6 that would create a framework with how large load consumers can interconnect to the state’s electric grid.

[Those rules were posted](#) in March. The proposed rules would apply to any project seeking 75 megawatts or more. The proposed rules would require data centers to disclose site-related studies and post millions of dollars for financial security before an interconnection study is even started. The data center would have to pay a non-refundable interconnection fee and pay 100% of all direct interconnection costs. If a company decides to withdraw its request or fails to meet milestones it will lose 80% of its posted financial security. The company can get 20% of its posted security back if it sustains operations for five years.

The rules are not finalized and are in the midst of a public comment period that ends on April 17.

“There absolutely is a lot on the line for companies who want to do this right,” James Dickey said. Dickey runs a government affairs firm that helps data centers meet regulatory compliance as they try to set up shop in Texas.

He said the proposed rules from the PUCT would be, if finalized, the toughest interconnection framework in the country, and he hopes the state is able to balance the need to go slow to make sure there is no damage to the state, but not too slow that companies are forced to build their own energy generation separate from the grid.

“We’re better off having large loads interconnect to the grid, assuming they’ve done the study properly and they’ve covered the cost of their impact on the grid,” Dickey explained

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