



TEXAS NATIONALIST MOVEMENT

Data Centers on Texas Terms

*Responsible deployment and the case for Texas
governing its own power*

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SUMMARY

Executive summary

The case for hosting this infrastructure is real, but it is strategic and statewide, not local. For the rural communities where the projects and the transmission that feeds them land, the bargain as it stands is often a poor one. Texas should welcome the projects that earn their place, the ones that bring their own power, pay their own way, respect the land and water, and win the consent of the people who host them, and it should clear them quickly. It should hold every other project to those same published terms. The state should not ask its communities to trade their land, their water, and a share of their power costs for an industry whose benefits, without conditions, mostly settle outside the county that hosts them.

Texas is becoming one of the principal locations on earth for artificial-intelligence and cloud infrastructure. At the level of the state, the case for hosting it is strong. The capacity is strategic, the capital is large, and Texas holds a real advantage in building it: an electric grid it governs largely on its own terms, generation it can expand faster than most, and the land and gas to power it. The Federal Reserve Bank of Dallas records \$10.7 billion in Texas data-center construction value in 2025, second only to Virginia in that measure. That advantage is a reason to host this industry rather than turn it away. ([Federal Reserve Bank of Dallas, February 20, 2026](#))

The pressure is real and growing. By August 3, 2026, ERCOT was reviewing more than 474 gigawatts of large-load interconnection requests, about ninety percent tied to data centers, and the Governor had ordered the Public Utility Commission and ERCOT to verify every project in that queue before it advances. The queue is commercial interest, not a forecast, and most of it will never be built. The concrete planning number is smaller. ERCOT's transmission plan uses a 2030 peak above 150 gigawatts, of which roughly 50 gigawatts is new large load, including about 24 gigawatts of Permian oil-and-gas electrification. Even the sober number forces hard decisions about power, water, and land. ([Office of the Governor, August 3, 2026, ERCOT planning comparison, January 2025](#))

The people most affected are already saying so. The strongest objections to this build-out are not coming from distant activists but from the rural Texans in the counties where the projects and the transmission lines that feed them are landing, and their objections are rational. They are the ones asked to absorb the noise, the water drawn from basins already short, the farmland taken out of production for good, and the high-voltage easements condemned across ground their families have worked for generations. The burden is local and permanent. Much of the benefit, and nearly all of the power to decide, is not.

The numbers behind that anger are real. The benefits a host community can actually keep are far smaller than the announcements suggest. Construction is built largely by traveling specialty crews, who strain local housing and roads while much of the payroll travels with them. A finished campus employs few people, and whether those jobs go to Texans depends on training and hiring them on purpose. The tax base, the one benefit a community can reliably capture, is held down by the state sales-tax exemption and the local property-tax abatements stacked on top of it. And for the counties a transmission line only crosses, even the power on the wires is bound for a load somewhere else.

That imbalance should change the question the state asks. The old question is how to permit these projects responsibly. The better question is whether a given project earns its place in the community that has to live with it. The strong statewide case has been used to carry weak local ones, and it should not be. A project that brings its own power, pays its taxes in full, takes its water without taking it from a farm, sites away from prime agricultural land, trains Texans for the work, and wins the consent of the community it enters is one Texas should welcome and clear quickly. A project that cannot should not advance on the strength of a headline investment figure, and the community that would carry its costs should have the authority to hold it to published standards and turn away one that fails them.

The risks are concrete, and they fall unevenly on rural Texas.

- Large loads can require new generation and transmission, narrow operating margins, and strand infrastructure if a project reserves capacity and leaves.
- New transmission shifts cost onto customers who did not cause it and takes permanent easements across private land, much of it working farm and ranch, by condemnation.
- Cooling and generation draw water in basins already planning for drought, in direct competition with the irrigation that is still the state's single largest water use.
- Campuses convert productive agricultural land permanently, in a state with more farmland at risk of development than any other.
- Continuous noise, light, traffic, and construction strain fall on communities with the least authority to answer them.
- The jobs and the tax base offered as local benefits are, without real conditions, imported by default or given away.
- Foreign ownership, cybersecurity, and supply-chain exposure create risks a serious framework cannot ignore.

Texas has begun to act. Senate Bill 6 set large-load interconnection standards and a transmission-cost review, ERCOT built its Batch Zero study process, and the August 3 audit puts the burden of verification on the projects. These are real steps in the right direction. They do not yet settle water, agricultural land, local authority, air quality, ownership, the tax bargain, or the protection of the landowners in the path of the lines. ([Senate Bill 6, enrolled text](#))

The recommendations in Part 10 are built on one principle: a project must earn its place. They are:

1. One verified project intake and public registry, so no applicant can show a different load, water demand, or identity to each agency. (10.1)
2. A power-readiness standard, so a project brings deliverable, fuel-secure capacity or does not advance. (10.2)
3. Emergency-curtailement capability as a condition of connection, and paid flexibility as a separate service. (10.3)
4. Cost allocation by causation, so the loads that drive the wires pay for them and the community does not. (10.4)
5. A consolidated review of the 765-kilovolt plan, and real protection for the landowners in its path. (10.5, 10.6)
6. A net-local-benefit test a project must pass to receive public support, measured rather than announced. (10.14)
7. A fiscal study of the data-center exemptions and abatements, ending them prospectively if they cannot show they change decisions, with existing certificates honored. (10.9)
8. Protection of agricultural land, through siting away from prime farmland, corridor preference that spares working ground, and compensation that accounts for a broken operation. (10.13)
9. Site-specific water budgets and a drought duty that protects irrigation and households first. (10.7)
10. Measurable community standards a good project clears, enforced by host counties with the authority to deny one that fails them. (10.8)
11. Workforce policy built on Texas training and honest measurement of who is actually hired, not a local-hire promise the law will not enforce. (10.10)
12. Ownership, cybersecurity, and supply-chain screening. (10.11)
13. Closure and financial assurance, so an abandoned site never becomes a public cleanup obligation. (10.12)

Some of this can begin under existing authority. Most requires the 90th Legislature. The implementation matrix in Part 10 marks which is which, and the parts that follow set out each solution in full.

OVERVIEW

Key findings

01

The strategic case is statewide. The local case is not. Hosting this infrastructure serves Texas and its strategic position. The county that hosts a given project keeps far less than the announcement implies, and often less than it gives up.

- 02 The queue is not a forecast, and the planning number is what should drive decisions.** Requests grew from about 438 gigawatts in June to more than 474 gigawatts by August. ERCOT's actual planning case is a 2030 peak above 150 gigawatts. Every queue figure needs a date and an evidence status. ([ERCOT Batch Zero, June 18, 2026](#), [Office of the Governor, August 3, 2026](#))
- 03 The jobs are not local by default.** Construction runs on traveling specialty crews, and permanent headcount is small. Some of it is hired locally and some is not, and today no one measures which. Absent Texas training and honest measurement, the community bears the housing and road strain of the build with no assurance of the payroll.
- 04 Agricultural land belongs in the ledger.** Texas has more farmland at risk of development than any other state. Data centers are a small share of that statewide loss, but a campus and its transmission can be locally decisive, taking working land out of production for good and fragmenting the tracts around it, while conversion triggers a rollback tax and cooling competes with irrigation. This governs what is done to the land, not a landowner's right to sell it.
- 05 The tax base is the one benefit a community can keep, and it is given away twice.** A state sales-tax exemption and local property-tax abatements each cut into the single reliable local return. Whether they buy anything Texas would not get anyway is what a fiscal study should settle before the next round of certifications.
- 06 The burden of proof belongs on the project.** A project that brings its own power, pays its way, respects the land and water, and wins consent should move quickly. A project that cannot should not advance on a headline investment figure, and the host community should be able to hold it to published standards and turn away one that fails them.
- 07 Cost causation is protection, not bookkeeping.** The loads that drive new transmission, data centers and Permian electrification alike, should carry its cost, so the ratepayer and the county the line only crosses do not.
- 08 The transmission fight is a property-rights fight.** The 765-kilovolt plan drew one of the largest landowner revolts a Texas routing case has seen, over notice that came too late and ground taken by condemnation. Real notice, whole-tract compensation, and corridor discipline are the answer.
- 09 Communities need real authority, bounded by property rights.** Counties bearing the impact should have enforceable power over the local commons, the roads, the noise, the setbacks, and a project's demonstrated call on local water, measured against published standards, without a veto over transmission routing, which the PUCT decides, or over what a landowner does with his own land.
- 10 Texas has the tools and the opening.** Senate Bill 6, the Batch Zero process, and the August 3 audit are real. The framework in Part 10 and the 2027 session complete them.

SECTION 1

The decision before Texas

Data centers are large industrial facilities. They convert electricity into computation and heat. Their physical footprint includes server halls, substations, cooling systems, backup or primary generation, batteries, fiber, water infrastructure, security systems, and service roads. Their effects depend on where they are built, how they are powered and cooled, how fast they ramp, and who pays for the infrastructure around them.

Texas should not treat every project alike. A 20-megawatt enterprise facility, a 100-megawatt colocation building, a gigawatt-scale artificial-intelligence campus, and a fully islanded facility create different risks. The framework therefore uses thresholds and performance tests instead of a single rule for every facility.

1.1 The projects are not interchangeable

An enterprise facility usually serves one company and can be designed around a known workload. A colocation operator leases capacity to many customers, so the operator may control the power plant and cooling system without controlling each customer's computing schedule. A hyperscale cloud campus serves a large platform across multiple buildings. An artificial-intelligence training campus can concentrate more power in fewer racks and may change its electrical behavior as chips and workloads change. A facility that supplies its own load behind the meter creates a different grid obligation from one that reserves the same capacity from the shared system.

Those differences affect the state's decision. Load size alone cannot answer whether a project is ready, whether it can curtail, or whether its onsite generation adds capacity for anyone else. Texas needs at least four classification fields: maximum grid import, maximum onsite demand, export capability, and the amount of firm demand the facility will accept during a scarcity event. Cooling architecture, water source, air emissions, ownership, construction schedule, and requested tax treatment belong in the same project record.

The relevant thresholds should trigger duties rather than labels. The Senate Bill 6 threshold identifies loads that warrant the large-load interconnection process. A higher hyperscale tier should trigger a detailed water budget, community-impact review, ownership screening, and closure security. A system-significant tier should apply whenever a project can change a local transmission plan or require a new bulk-system facility, even if its nameplate demand falls below a statewide number.

1.2 A decision sequence Texas can defend

The approval question should proceed in order. First, verify that the applicant controls the site, has financing, has ordered long-lead equipment, and can support its ramp schedule. Second, determine what power can be delivered at the location without relying on a speculative generator or a transmission project that has not been approved. Third, identify the water, air, traffic, fire, land, and emergency-service effects at the actual site. Fourth, disclose the public cost and the public return, including every incentive and every directly caused infrastructure obligation.

A project that fails the first step should not consume months of grid-study capacity. A project that passes the commercial test but lacks deliverable power should move into a later readiness tier, not into the planning forecast as though energization were certain. A project that can supply itself should receive credit only for capacity that is permitted, fuel-secure, weatherized, tested, and available under the operating conditions claimed. A project that requires public incentives should face a net-benefit test after infrastructure and service costs, not before them.

This sequence protects serious applicants from a queue crowded by options while giving communities the information they need before the outcome becomes difficult to change. It also creates one record for the PUCT, ERCOT, TCEQ, water agencies, taxing units, and local governments. The agencies may retain their separate legal duties. The applicant should not be allowed to present a different load, schedule, water demand, or project identity to each one.

Three quantities must remain separate:

EXHIBIT 1 THREE NUMBERS THAT ANSWER DIFFERENT QUESTIONS

QUANTITY	WHAT IT MEASURES	PROPER USE	EVIDENCE STATUS
Actual ERCOT peak	Power served during a specific interval	Operational comparison	Observed, subject to settlement revisions
Planning forecast	Load included in an ERCOT planning case	Generation and transmission studies	Official forecast with stated assumptions
Interconnection request queue	Capacity requested by applicants	Commercial interest and study workload	Applicant requests, including duplication and attrition

The latest official observations illustrate the difference. ERCOT's preliminary all-time peak was 91,089 megawatts on July 22, 2026. Its 2024 transmission plan modeled a 2030 summer peak above 150 gigawatts. The request queue exceeded 474 gigawatts on August 3. These numbers should never appear in the same table without their different meanings. ([ERCOT all-time peak records](#), [ERCOT planning comparison](#))

SECTION 2

Strategic and economic value

Artificial intelligence and cloud infrastructure are becoming strategic assets. Power availability, grid connection time, land, fiber, equipment supply, water, and skilled labor influence where those assets are built. Texas combines a large land base, an intrastate electric market, substantial natural-gas infrastructure, rapidly growing generation, established technology markets, and large construction capacity.

2.1 What Texas gains by hosting the infrastructure

Compute capacity now supports financial services, logistics, energy production, medical research, communications, manufacturing, public administration, and defense-related supply chains. A state that hosts a large share of that capacity gains construction investment and taxable property, but it also gains proximity to the firms, equipment, fiber routes, energy projects, and technical workers that gather around it. Those effects are not automatic. A campus can operate as an isolated load that buys power and sends its revenue elsewhere. Texas policy should distinguish an isolated facility from a project that develops Texas suppliers, research partnerships, training capacity, generation, and long-term service contracts.

The location of the infrastructure also affects resilience. Concentrating too much capacity in one electric pocket, water basin, fuel corridor, or telecommunications route creates a common failure point. Distributing projects across sites with real power and water headroom can reduce that exposure, but only if the registry gives planners a statewide view. A project-by-project process cannot see a cluster forming until the transmission, water, or emergency-service constraint has already appeared.

Texas possesses an unusual electric advantage inside ERCOT. It can make many market-design and transmission decisions free of the federal rate regulation imposed on interstate power markets. Washington still reaches into environmental permitting, bulk-system reliability, and the grids outside ERCOT, and Texas works around those where it must. The advantage inside ERCOT is real and usable: Texas can set clear terms for how large loads connect to its own grid, how they perform during scarcity, and how directly caused costs are assigned.

The strategic case therefore supports responsible deployment rather than unconditional approval. If Texas becomes the location where serious projects can receive a prompt decision under known standards, bring new supply, meet performance duties, and operate with community consent, it can compete on certainty instead of subsidy. The state should not compete by hiding infrastructure costs in residential bills or by allowing a project to consume water and land without a complete record.

One distinction outweighs the rest. Most of the value described above accrues to the state and to the strategic position of the United States and its allies. Far less of it reaches the county that hosts a given campus or the county a transmission line only crosses. The state can gain a supplier base, a strategic asset, and years of construction activity while a particular community gains a tax abatement, a traveling workforce that leaves when the build is done, and a permanent draw on its land and water. A framework that lets the strength of the statewide case decide the local one will approve projects that no honest local ledger would.

2.2 The economic ledger

Gross capital investment is the first entry, not the conclusion. Construction spending can support contractors, skilled trades, materials, lodging, transport, and utility work for several years. Much of that spending travels with the specialized crews who build these facilities, and how much of the payroll settles in the host county is rarely measured. Permanent operations then support a smaller workforce, recurring maintenance, security, equipment replacement, and local purchases. Taxable value can produce a large return for some local units. Public costs arrive through roads, fire protection, inspection, water infrastructure, generation, transmission, and the administrative work required to manage the project.

The timing matters. Construction activity rises before a campus reaches full taxable and operating status. Incentives may begin before performance is proved. Infrastructure can be built for a projected ramp that later slows. A fiscal agreement should therefore use milestones tied to actual investment, employment, energization, tax payment, and compliance. The public should be able to see the promised benefit, the benefit delivered, the incentive received, and any cost shifted to another customer class.

The economic evidence should be stated with precision. Google announced a \$40 billion Texas investment in November 2025 across three data-center campuses and associated energy and workforce programs. The Dallas Fed reports that Texas data-center construction contract values totaled \$10.7 billion in 2025. An industry-commissioned PwC study reports broader direct and multiplier effects, but those figures include construction and supply-chain activity and should not be presented as permanent campus employment. ([Office of the Governor and Google, November 14, 2025](#), [Dallas Fed](#), [Data Center Coalition/PwC impact study](#))

EXHIBIT 2 ECONOMIC MEASURES THAT SHOULD NOT BE COMBINED

MEASURE	UNIT	REPORTING RULE
Construction employment	Job-years and peak workers	Report project duration and residency of workers
Permanent operations	Full-time-equivalent jobs	Report after stabilization, not at announcement
Direct taxable value	Appraised value by taxing unit	Show abatements and exemptions separately

Public-service cost	Annual local expenditure	Include fire, roads, water, inspection, and emergency response
Indirect and induced activity	Model output	Disclose model, geography, funding source, and multiplier
Workforce displacement	Wage and schedule effects	Measure impacts on housing, utilities, and other construction

Texas should pursue investment that produces a positive public return after incentives, infrastructure, and service costs. That return should be shown project by project, and for the host community and not only the state, rather than assumed from a gross investment figure.

SECTION 3

Grid integration and reliability

Senate Bill 6 directs the PUCT to establish standards for new or expanded loads above a threshold of 75 megawatts unless the Commission determines that a lower threshold is necessary. The law requires duplicate-request disclosure, site control, study fees, financial commitment, information about qualifying onsite backup generation, and criteria for including forecast large loads in planning. It also establishes emergency-curtailment capability for applicable new transmission-voltage customers and directs a competitively procured demand-reduction service for large loads of at least 75 megawatts. ([Senate Bill 6](#))

3.1 The grid must plan for location, timing, and behavior

A megawatt is not interchangeable across the system. A load near available generation can still require a major network upgrade if the local substation, transmission path, or voltage support is inadequate. A project that reaches full demand in 2030 creates a different construction problem from one seeking the same demand in 2027. A load that can reduce on command creates a different reserve requirement from one that must run through every scarcity interval.

The planning record should therefore carry a locational ramp rather than one statewide total. Each step of the ramp should identify the supply and network facilities required before it can energize. If the applicant changes location, schedule, maximum import, generation design, or curtailment commitment, the relevant study should be updated. Material changes should not inherit the queue position of a smaller or materially different project.

Forecast discipline protects both sides. Underforecasting can leave customers exposed to emergency projects and high costs. Overforecasting can support transmission or generation built for demand that never arrives. Financial security, minimum-take obligations, withdrawal charges, and expiration dates make the applicant carry more of the risk created by its own forecast. They also give a serious project a cleaner path through the queue.

3.2 Self-supply has several meanings

"Bring your own power" can describe at least four arrangements. A facility may run as an electrical island. It may use onsite generation while retaining the grid as backup. It may contract with a newly built generator elsewhere on ERCOT. Or it may co-locate with an existing generator and reduce the amount that generator previously supplied to the grid. Those arrangements have different effects on resource adequacy and transmission.

An islanded facility does not impose the same energy obligation on ERCOT, but it still needs safe transfer equipment, black-start and restoration procedures, fuel, weatherization, air permits, maintenance plans, and a defined rule for any emergency grid connection. A facility that relies on the grid whenever its own plant trips can create a sudden import equal to the size of the outage. Its interconnection study must test that contingency.

A contract with new generation can support system supply if the generator is additional, deliverable to the load, commercially committed, and available when the load operates. A financial agreement without locational deliverability does not prove readiness. Co-location with an existing generator requires a separate test: Texas should count the generation only to the extent the arrangement does not withdraw capacity already relied upon by other customers.

Self-supply also moves impacts. Gas generation can reduce a grid-capacity problem while increasing local fuel, emissions, noise, and water obligations. Batteries can manage short interruptions and ramps but cannot replace a long-duration fuel plan. A credible standard gives credit for the capability actually demonstrated and sends the remaining effects to the correct air, water, fire, and community review.

3.3 Firm curtailment and paid flexibility

Emergency load shed is a condition of connection for applicable customers. Paid flexibility is a service. Texas should preserve that distinction. The customer should not receive payment for the minimum emergency capability required to protect the system. It may receive market compensation for faster, deeper, more frequent, or otherwise valuable performance beyond that floor.

The tariff must define notice time, event duration, annual hours, recovery, rebound, testing, telemetry, baseline calculation, and nonperformance. Rebound matters because a large computing load that returns all at once can replace one system problem with another. The operating plan should specify a staged return or permit ERCOT to control the restoration rate.

Different workloads have different limits. Some inference, batch processing, and nonurgent computing can move in time. Training work may checkpoint and pause, but the cost and technical risk vary. Colocation operators may not control every tenant workload. The rule should set the performance requirement and let the operator choose the combination of workload management, storage, onsite generation, and contracted reduction used to meet it.

That structure resolves two recurring errors.

First, emergency-curtailed capability is not the same as registration as an ERCOT Controllable Load Resource. A Controllable Load Resource must satisfy registration, telemetry, dispatch, testing, and performance requirements. A customer capable of firm load shed may not meet those market qualifications. ([ERCOT load-resource requirements](#))

Second, onsite backup generation is not automatically grid supply. Senate Bill 6 defines covered backup generation as generation that cannot export to the ERCOT grid and can serve at least half of onsite demand. Its reliability value may come from reducing the facility's grid draw, not feeding electricity back to other customers.

Flexible load can create real value. Research led by Duke University's Nicholas Institute models additional load that could be served if new customers accept limited curtailment. The result is a modeled scenario, not a guarantee. Its value depends on location, duration, notice, rebound behavior, transmission constraints, and performance. ([Duke Nicholas Institute, Rethinking Load Growth](#))

EXHIBIT 3 GRID-READINESS EVIDENCE REQUIRED BEFORE ENERGIZATION

REQUIREMENT	EVIDENCE	VERIFICATION
Site control	Deed, lease, or legally sufficient interest	Utility and PUCT
Realistic ramp	Contracted equipment, construction milestones, financing	Independent engineer
Power supply	Deliverable capacity, interconnection status, contract term	ERCOT and utility
Fuel security	Firm transport, storage, weatherization, outage plan	PUCT, ERCOT, Railroad Commission, TCEQ as applicable
Curtailed	Telemetry, control equipment, test results, recall protocol	ERCOT and utility
Exit protection	Security, minimum-take obligation, milestone and withdrawal terms	PUCT-approved tariff or agreement
Cyber and physical security	Risk assessment and incident plan	Texas Cyber Command and designated agencies

SECTION 4

The 765-kilovolt transmission decision

ERCOT's Texas 765-kilovolt Strategic Transmission Expansion Plan is a statewide reliability proposal, not a data-center extension cord. ERCOT identifies large-load growth, Permian Basin electrification, existing congestion, resource geography, and broader system needs as drivers.

The comparison presented to stakeholders estimated about 2,468 new 765-kilovolt route-miles for the plan, part of a larger program that adds roughly 3,400 new right-of-way miles across all voltages and rebuilds thousands more. ERCOT put the plan's total initial construction cost at \$32.99 billion, against \$30.75 billion for the 345-kilovolt alternative. ERCOT also identified differences in outage costs, timing, right-of-way, losses, transfer capability, and projected production-cost savings. A responsible review must present those claimed benefits alongside the cost and land impacts. ([ERCOT 345-kV and 765-kV comparison](#), [ERCOT Eastern Backbone review](#))

The large-load request queue reported through late 2025 and 2026 is context for the pressure on ERCOT. It was not the planning input that created every mile of the STEP. The appropriate planning question is whether the selected projects remain necessary under verified load, updated generation, location-specific deliverability, alternative voltage plans, storage, demand flexibility, and phased construction.

The July 29 Senate Business and Commerce hearing placed property rights and system need directly before lawmakers. The committee's charge asks whether current routing timelines protect landowners and whether the effect on homes, businesses, property values, land use, and environmental conditions receives sufficient consideration. ([Official July 29 hearing notice](#))

That scrutiny has a specific basis. On several of the lines, the utilities added hundreds of miles of new route after the public meetings had closed, and many owners in the newly affected path say the first notice they received arrived after the deadline to intervene. Landowners report that a request for additional time was denied under the compressed certificate schedule, which Senate Bill 1076 shortened in 2023 to a 180-day decision deadline. The notice reforms in Section 4.3 are the answer to that failure, not a hypothetical. ([Senate Bill 1076, 88th Legislature](#))

Published valuation research does not support one universal percentage for transmission-related loss. A large Salt Lake County study covering roughly 125,000 transactions found effects that varied by infrastructure type and proximity, and the authors describe the broader literature as ranging from no measurable effect to reductions generally below 10 percent that diminish with distance, a statewide average that tells a particular owner under a particular line very little. That is why Texas should

require route-specific appraisal evidence and whole-tract analysis instead of presuming either zero loss or a fixed statewide loss. ([Property Value Impacts from Transmission Lines, Subtransmission Lines, and Substations](#))

4.1 Decide the program before condemning the route

A certificate case normally asks whether one utility project is necessary and which route best meets the statutory criteria. The STEP is larger than any one docket. Its lines interact, its benefits are modeled as a network, and its cost depends on the voltage and sequence selected across the program. Reviewing each line in isolation can leave the Commission with no proceeding in which the statewide premise, common alternatives, cumulative land burden, or total customer incidence is tested as one record.

Texas should establish a consolidated program review before the separate route cases become irreversible. That review should use verified load rather than the request queue, update generation additions and retirements, test the 345-kilovolt alternative on the same assumptions, and identify which facilities remain necessary under phased construction. It should show what reliability problem appears, when it appears, where it appears, and which project resolves it.

The review should also distinguish committed work from avoidable work. Equipment already ordered, property already acquired, and construction already underway create different transition questions from a conceptual later phase. A transparent record can protect prudent work while pausing facilities whose need depends on load that has not passed the verification process.

4.2 Benefits do not erase cost causation

Transmission often produces benefits beyond the customer that first caused the need. A new line can reduce congestion, improve transfer capability, lower losses, support generation development, and provide resilience. Those benefits justify sharing part of a project's cost when they are demonstrated. They do not justify assigning every dollar to customers who played no material role in creating the need.

The allocation should separate three buckets. Direct interconnection facilities belong to the requesting customer. Network work required mainly by a defined group of new loads should be assigned substantially to that group, subject to quantified benefits for others. Broad reliability facilities with benefits that remain under multiple load scenarios may warrant wider recovery. The PUCT's Project 58484 should publish the customer-class effect of each method, including the risk that a flexible customer can reduce its measured contribution while still relying on the network throughout the year.

Long asset lives raise the stranded-cost risk. A transmission facility may be recovered for decades, while a technology cycle or corporate plan can change much faster. Security, minimum billing, staged capacity rights, transfer rules, and exit charges should run long enough to cover the infrastructure obligation created by the reservation. If a replacement customer takes the capacity, the tariff can credit the original customer and prevent double recovery.

4.3 Notice must follow the route

Property rights are not protected by a notice mailed for a route that later changes materially. When a utility adds a new alternative, expands the study area, changes a segment, or identifies a newly affected tract, the affected owner should receive fresh notice and a meaningful period to intervene. The route-change log should be public and map each change to the notice issued for it.

Landowners need enough time to obtain counsel, commission an appraisal, retain routing or environmental expertise, and develop an alternative. A deadline designed for a simple line may not be adequate for an extra-high-voltage program affecting many counties. The Commission should have express authority to extend the schedule when a material route change would otherwise leave a newly affected owner outside the process.

Compensation should address more than acreage inside the easement. A line can divide a tract, restrict improvements, change access, affect irrigation or drainage, interfere with aviation or ranch operations, create construction damage, and alter market perception. Some alleged effects will not be supported by evidence. The owner should still be allowed to present a qualified whole-tract appraisal, and the condemning entity should disclose the assumptions used in its offer.

Corridor preference must remain rebuttable. Following an existing highway, pipeline, or utility route may reduce fragmentation and new access roads. It can also concentrate burdens, conflict with safety clearances, or place another line beside a home already affected by infrastructure. The decision should state why an existing corridor was used or rejected, and why the selected route minimizes the combined public and private cost.

EXHIBIT 4 REQUIRED CONSOLIDATED STEP REVIEW

QUESTION	REQUIRED RECORD
Need	Updated verified load, committed generation, reliability violations, and timing
Alternatives	345-kV, 765-kV, phased, storage, demand flexibility, local generation, and no-action cases
Benefits	Reliability, congestion, losses, production cost, resilience, and future optionality
Costs	Initial construction, financing, operations, outage, retirement, and customer-class incidence
Land	Route miles, tract count, prime farmland and divided agricultural operations, severance, habitat, cultural resources, and cumulative corridor burden
Allocation	Directly attributable facilities and quantified regional benefits

Texas should make corridor use a rebuttable preference, not an absolute rule. Existing highways, pipelines, and utility easements may reduce new fragmentation, but safety, reliability, environmental conditions, and cumulative burdens can make a new corridor preferable. When new property is taken,

compensation should address the whole-tract effect, access, construction damage, restoration, and proven diminution in value.

SECTION 5

Water and cooling

Water use varies too widely for one generic daily estimate. The principal variables are cooling architecture, climate, workload density, facility utilization, water source, cycles of concentration, power source, and whether the calculation includes indirect water consumed in electricity generation.

Texas-specific research from the Bureau of Economic Geology estimates that data centers currently account for less than one percent of statewide water use, rising to roughly three to nine percent by 2040 under different scenarios, statewide figures that can still hide a single project drawing heavily on one rural basin already planning for drought. The statewide share is small. The local draw need not be. ([UT Austin Bureau of Economic Geology COMPASS study](#))

The 2027 State Water Plan, adopted July 23, 2026, identifies approximately \$174 billion in recommended water projects through 2080 and substantial unmet need during a drought of record. An amendment is anticipated before the January 2027 statutory deadline. ([Texas Water Development Board, 2027 State Water Plan](#))

Cooling terminology must remain precise. Closed-loop systems recirculate fluid but may still reject heat through an evaporative cooling tower. Direct-to-chip and immersion systems change how heat leaves the server but do not by themselves determine whether the facility ultimately uses wet or dry heat rejection. EESI reports that some closed-loop systems can reduce freshwater use by up to 70 percent. Zero onsite evaporative consumption applies only to specific dry or refrigerant-based designs and can increase electricity demand. ([EESI, June 25, 2025](#))

5.1 Account for withdrawal, consumption, and timing

Water withdrawal is the amount taken from a source. Consumption is the portion not returned for near-term use in the same basin or system. A project can withdraw a large volume and return much of it, or withdraw less and consume most of it through evaporation. Both figures matter. The provider must also know the peak-day requirement, because a system designed around annual average demand can fail during a hot and dry week.

The project record should separate potable water, reclaimed wastewater, brackish groundwater, fresh groundwater, surface water, and produced water. Mixing those sources into one total hides the burden on the supply most valuable to homes, farms, and existing industry. The record should also identify treatment losses, blowdown, discharge, residuals, and the energy required to move and treat an alternate source.

Indirect water belongs in a separate ledger. Electricity produced by different technologies has different water effects, and a contractual supply may not match the generation operating at the hour the data center consumes power. Reporting indirect use as though it were the facility's own withdrawal confuses the local permitting question. Ignoring it understates the broader water-energy tradeoff. Texas should publish both without adding them into a false site total.

5.2 Cooling is a system choice

The cooling chain has at least two stages: heat moves from the chip to a fluid or air stream, then the facility rejects that heat to the environment. Direct-to-chip liquid cooling may improve heat capture at the rack while the final system still uses an evaporative tower. Immersion can do the same. A dry cooler can avoid onsite evaporation but use more electricity during hot conditions. Hybrid systems can switch between wet and dry operation depending on weather and drought stage.

The application should identify both stages and report performance at summer design conditions, not only an annual average. It should state the expected water usage effectiveness, power usage effectiveness, design temperature, cycles of concentration, and percentage of hours in each operating mode. Claims such as "closed loop," "water positive," or "net zero water" should not substitute for the physical budget.

Water and power decisions must be reviewed together. A rule that forces dry cooling at every site may increase peak electric demand when ERCOT is most constrained. A rule that assumes evaporative cooling everywhere may place the cheapest electric design in the basin least able to support it. The proper standard is a site-specific comparison with a firm potable-water ceiling and a drought response.

5.3 Source hierarchy and drought duty

The first question is whether the project can avoid potable supply through siting or design. The second is whether reclaimed water is available at a quality, quantity, distance, and contract term that supports the facility. Brackish and produced water require treatment and disposal plans that can carry their own energy, chemical, permitting, and environmental costs. A source should not receive preference merely because it is labeled nonpotable.

The water provider and relevant groundwater district should certify the local capacity finding. It should account for existing commitments, planned growth, drought-of-record availability, conveyance, treatment, storage, and emergency supply. A promise to fund a future project is not present capacity. If the data center depends on the future project, its ramp should follow the water project's demonstrated milestones.

Drought rules should be written before operation. The plan should identify mandatory reductions for each local stage, the cooling mode or alternate source used to meet them, the maximum time required to respond, and the point at which computing load must be reduced. The duty should be enforceable

through the water contract, project approval, and an operating report available to the public in aggregated form.

EXHIBIT 5 WATER BUDGET REQUIRED FOR PROJECT APPROVAL

FIELD	REPORTING UNIT
Direct withdrawal and consumption	Annual and peak-day gallons, by source
Water usage effectiveness	Liters per kilowatt-hour, annual and summer design
Indirect power-sector water	Reported separately using the contracted or local generation mix
Cooling system	Server cooling and final heat-rejection architecture
Drought response	Stage-based reduction, alternate source, and shutdown plan
Source quality	Potable, reclaimed, brackish, produced, or other
Treatment and residuals	Energy, chemicals, waste stream, and disposal route
Local capacity	Provider supply, treatment, storage, conveyance, and competing demand

Reclaimed, brackish, and produced water can reduce pressure on potable supplies where treatment, distance, chemistry, residual disposal, permitting, and cost make them feasible. They should be evaluated through a source hierarchy, not imposed as a universal default.

SECTION 6

Communities, health, and local authority

The strongest objections to the data-center build-out are not coming from distant activists. They are coming from the rural counties where the projects and the transmission lines that feed them are landing, and the objections are rational.

The pattern is visible across the state. In Hood County, near Granbury, residents beside a large computing site measured continuous noise well above the level Texas law treats as unreasonable, drew repeated noise complaints and citations against the operator, sued in federal court, and, finding that the county had no authority to compel relief, moved to incorporate a town of their own to obtain it. Hood County faces several such projects across thousands of acres with no general power to shape them. When Hill County adopted the first county data-center moratorium in the state, a developer

sued for a hundred million dollars and the county rescinded it within weeks. Other counties have passed resolutions asking the Legislature to act, and by the summer of 2026 local officials were calling for a special session.

The transmission plan produced the same revolt on a larger scale. The 765-kilovolt lines drew one of the largest bodies of opposition a Texas routing case has seen. Landowners intervened by the hundreds, more than six hundred in a single routing docket, and county governments joined as formal parties. (Public Utility Commission Docket 59336) By late July 2026, after a Senate hearing that ran more than fifteen hours, the Lieutenant Governor and the chairman of the committee that oversees the grid had asked the Commission to deny the pending applications, and dozens of legislators had asked it to slow down. ([Senate Business and Commerce hearing, July 29, 2026](#))

The anger has one root, and it is not unreasonable. The communities asked to absorb the noise, the water draw, the land conversion, and the transmission easements are, in Texas, disproportionately rural, and they hold the least legal power to govern what is done to them. The burden is local. Much of the benefit, and often the power itself, is not. A framework that treats that objection as an obstacle to be managed will fail, and it deserves to. This part and the recommendations that follow are built to answer it: to give the counties bearing the impact real and enforceable authority, to make the loads that cause a cost carry it, to give landowners genuine notice and whole-tract compensation, and to require that these decisions be made in the open before they harden into commitments no community can undo.

Continuous industrial noise differs from intermittent construction or traffic noise. Tonality, low-frequency content, time of day, duration, and indoor transmission all influence community response. A bare A-weighted limit can miss relevant characteristics. C-weighting alone is also insufficient.

The World Health Organization's community-noise guidance discusses sleep disturbance, annoyance, and the special characteristics of low-frequency noise. ISO 1996-1 provides assessment concepts for tonality, impulsiveness, and low-frequency content but does not set a universal community limit. Texas should use qualified acoustical experts to translate those principles into enforceable measurements. ([WHO, Guidelines for Community Noise, 1999](#), [ISO 1996-1:2016](#))

Texas counties exercise only the land-use powers granted by statute. Local Government Code Chapter 211 gives municipalities general zoning authority, while Chapters 232 and 233 give counties narrower subdivision, building, and fire-code powers. Texas law does not give counties a parallel general zoning power or municipal-style development-moratorium authority. That mismatch matters because many large projects seek unincorporated land. ([Chapter 211](#), [Chapter 232](#), [Chapter 233](#))

6.1 Measure the sound people receive

A useful noise rule begins with receptors rather than equipment. The application should identify homes, schools, hospitals, places of worship, parks, and other sensitive uses around the site. The model should include all operating phases, cooling equipment, transformers, generators, battery systems, and reasonably foreseeable expansions. It should report octave or one-third-octave bands and identify tonal or impulsive components.

The limit should distinguish daytime and nighttime conditions and specify the measurement location, weather window, instrument class, duration, ambient correction, and treatment of unrelated sound. A single reading at the property line cannot answer every complaint. Commissioning tests should occur at representative load and cooling conditions, with a second test during the first hot-weather operating period.

Complaint procedures matter as much as the number. Residents need one contact, a response deadline, access to the test result, and a path to an independent measurement when the operator and complainant disagree. The rule should authorize temporary controls and a correction order when a verified exceedance persists. It should also protect the operator from enforcement based on unrelated traffic, aircraft, weather, or another industrial source.

6.2 Air, fire, and emergency capacity

Onsite generation must be reviewed as a fleet. Permitting one engine at a time can miss the combined emissions and runtime of primary generation, backup generation, testing, maintenance, and emergency operation. The application should list every unit, fuel, rating, expected annual hours, operating purpose, permit path, and emissions profile. Expansion should trigger an updated site total.

Fire review should cover lithium-ion batteries, fuel storage, transformers, coolants, fire-water demand, access, ventilation, detection, suppression, isolation, and post-incident runoff. The local department should receive the facility layout and hazardous-material inventory in a protected format. The operator should fund equipment or training required specifically by the project when existing capacity is inadequate.

Emergency plans should address a prolonged grid outage, fuel interruption, cooling failure, cyber incident, fire, chemical release, extreme heat, drought restriction, and severe weather. The plan should identify who has command, how the facility communicates with local officials, when load is reduced, and how an incident affecting grid-facing control equipment is reported.

6.3 Roads, land use, and the construction period

The most visible local effects often occur before operation. Heavy deliveries, earthwork, worker traffic, temporary housing demand, dust, lighting, and road damage can arrive within a short construction window. A road-use agreement should identify routes, axle loads, bridge limits, school conflicts, repair standards, inspection, financial security, and the party responsible for emergency work.

Setbacks should respond to the receptor and the modeled effect. A statewide minimum can prevent the closest conflicts, but it cannot replace the acoustical, fire, air, security, and visual analysis of a particular site. Expansion areas should be included when the project seeks approval for a campus plan. Approving one building beside a boundary and treating later buildings as separate decisions defeats the purpose of the standard.

6.4 Consent requires authority and a complete record

Public participation does not mean that every objection controls the outcome. It means affected people receive timely notice, usable information, a hearing before the material approvals are settled, a response to their evidence, and an appeal route. Trade secrets and security details can remain protected while the project publishes its location, maximum load, water budget, ownership category, incentive package, modeled community effects, and compliance status.

Counties need authority to administer the state floor in unincorporated areas. That authority should be defined, funded through reasonable fees, and paired with technical rules so a small county is not required to invent an acoustics code or battery standard from scratch. Municipalities should retain stricter lawful standards. A state floor that preempts stronger local protection would deepen the authority mismatch rather than correct it.

Closure belongs in the opening agreement. The operator should identify how equipment, batteries, fuel, coolants, hazardous materials, foundations, utilities, and e-waste will be handled. Financial assurance should reflect the portion of the cost not covered by salvage value and should be updated as the facility changes. A site that remains in productive use may need only partial restoration. An abandoned site should not become a public cleanup obligation.

A statewide standard should therefore establish a minimum floor and grant counties authority to enforce it. It should expressly preserve stricter municipal rules. It should also define which decisions remain local, which are statewide, and how conflicts are appealed.

EXHIBIT 6 COMMUNITY-PERFORMANCE STANDARD

TOPIC	MINIMUM REQUIREMENT
Noise	Preconstruction receptor model, octave or one-third-octave analysis, tonal and impulsive penalties, day/night limits, commissioning test, complaint-triggered test, correction deadline
Light	Full cutoff, shielding, color temperature, curfew where operationally feasible, and property-line verification
Air	Aggregated onsite-generation inventory, permit status, NOx/CO/PM and greenhouse-gas reporting, runtime, monitoring, and nonattainment analysis
Fire and hazardous materials	Fire-code review, battery thermal-runaway plan, coolant and fuel inventory, responder access, drills, and service-capacity agreement
Traffic	Construction routing, road-impact agreement, school and emergency access protection
Setbacks	Receptor-based model with minimum distances and project-specific expansion where needed

financial assurance

Public participation

Plain-language notice, accessible project file, hearing, response to comments, and appeal

Local-benefit commitments should emphasize training seats, apprenticeships, local recruitment, road and emergency-service agreements, and verified tax payments. Requirements must be reviewed for legal soundness. Geographic hiring preferences should be used only where legally permissible.

6.5 Working land is not vacant land

The land these projects take is not empty. By the American Farmland Trust's measure, Texas has more farmland at risk of development than any other state, and its working lands are going fast. In the twenty-five years through 2022 the state converted nearly 3.7 million acres of working land, farm, ranch, and forest, and more than 1.8 million of those acres went in the last five years alone. Most of that loss is driven by roads and subdivisions, not data centers. But a gigawatt-scale campus and the transmission that feeds it can be locally decisive, taking thousands of acres out of production for good and severing the tracts around them. The 765-kilovolt program alone adds a right of way as much as 200 feet wide across roughly 2,468 miles of mostly rural ground, cutting off irrigation and grazing and obstructing the movement of equipment across a field for as long as the line stands. Once working land is converted, it does not come back. ([American Farmland Trust, Farms Under Threat, Texas Land Trends, Texas A&M Natural Resources Institute, 2025](#))

The distinction between a willing sale and a taking should govern the response. A landowner who chooses to lease or sell to a data center is exercising a property right, and the state should not stand between him and that choice. What the state can address is the effect on everyone else, the water the project draws away from irrigation, the pressure it puts on a neighbor's operation, and the change it forces on a rural economy a single county cannot absorb. On the involuntary side, a transmission line condemned across a working ranch, the landowner made no such choice, and the protections in Part 4 apply with full force.

Two Texas mechanisms belong in any project record. Land in agricultural use is appraised at its productivity value, far below market, and a change to non-agricultural use triggers a rollback tax that recaptures three years of the deferred amount with interest under the 2019 reform. That is a real cost of conversion, and it belongs in the fiscal picture rather than surfacing at closing. And agriculture remains the state's single largest water user, roughly half of all use, so a data center's cooling demand is not drawn from an abstract pool. It competes with the irrigation that feeds Texas farms. A project record that reports a water source and an acreage without naming the farmland it displaces or the irrigation it competes with is incomplete. ([Tax Code Section 23.55, amended by HB 1743, 2019, Texas Water Development Board water-use estimates](#))

SECTION 7

Taxes and public return

Texas and Virginia use different tax systems. Loudoun County levies a recurring local business-personal-property tax on data-center computer equipment. Texas offers temporary sales-and-use-tax exemptions under Tax Code Sections 151.359 and 151.3595, and local governments may separately grant property-tax abatements. These mechanisms cannot be treated as opposites in one sentence.

The official Senate Finance interim charge reports that the state cost of the Texas data-center sales-tax exemption grew from an estimated \$14.6 million in the 2014-15 biennium to a projected \$3.3 billion in the 2028-29 biennium. That cost warrants review. It does not by itself prove how many projects would proceed without the exemption. ([Official Senate Finance hearing notice, July 27, 2026](#), [Texas Comptroller program description](#))

Loudoun demonstrates that recurring equipment taxes can support a substantial local revenue base under Virginia law. It does not establish the household effect Texas would experience. Texas has no state property tax, and school-finance formulas can offset part of a district's property-value gain through reduced state aid or recapture. Benefits may flow differently to cities, counties, hospital districts, community colleges, and schools. ([Texas Comptroller property-tax overview](#), [Texas Education Agency state-funding overview](#))

This is where the local ledger matters most. If the jobs are not local by default and the strategic value accrues to the state, the tax base is the one benefit a host community can actually keep. Every exemption and abatement that reduces it reduces the single reliable local return. That reduction is a real cost, and it should be weighed against what the exemption actually buys, not waived on the assumption that the investment would not come without it.

7.1 Identify the tax and the taxing unit

The state sales-and-use-tax exemption affects state revenue and, where applicable, the local sales taxes covered by the statute. A property-tax abatement affects the participating local taxing unit under the agreement. A Chapter 381 or municipal economic-development agreement may return revenue or fund infrastructure under different authority. School finance can change the amount of state aid or excess local revenue associated with a rise in taxable value. Where a project converts land out of agricultural use, the rollback tax recaptures the deferred appraisal and belongs in the same record. These effects should be reported separately.

The public record for a project should identify the legal instrument, term, eligible property, estimated value, tax rate, gross tax before relief, tax paid after relief, performance conditions, and the taxing unit bearing the cost. A single figure labeled "incentives" cannot show whether the state, a city, a county, or

another entity is giving up revenue.

Equipment turnover matters. Servers and related equipment may be replaced on a different cycle from buildings and land. Texas should model the tax treatment of replacement equipment rather than assume the original investment remains on the rolls unchanged. The analysis should state depreciation schedules and the period in which the facility reaches stabilized taxable value.

7.2 Test additionality instead of counting announcements

An incentive produces an economic return only to the extent it changes a decision in a way valuable to Texas. A project that would build at the same site, scale, and time without the subsidy does not become an incentive success merely because its investment is large. A project that changes location, accelerates, expands, adds Texas supply-chain activity, or funds infrastructure because of the agreement presents a stronger case.

Additionality is difficult to observe, which is why the state needs scenarios. The fiscal model should estimate the number and scale of projects under current law, a prospective closure, a performance-based program, and no incentive. It should test sensitivity to power price, interconnection time, land, fiber, water, and competing-state policy. Industry claims and advocacy claims should be inputs to test, not the answer selected in advance.

The model should also recognize congestion in public resources. At a certain pace, another subsidized project can raise the cost of transmission, water, housing, or skilled labor for existing Texans. Gross investment may rise while the marginal public return falls. The net-benefit test should include that incidence.

7.3 Standard terms for any future agreement

If Texas retains an incentive for new certifications, the award should follow a published scoring method and a standard agreement. The project should disclose the benefit received, the performance promised, the baseline used to calculate additionality, and the schedule for verification. Benefits should vest in steps after actual investment, employment, training, energization, tax payment, and compliance.

Clawbacks should address failure to build, a reduced project, missed employment or wage commitments, early closure, prohibited ownership, material noncompliance, and a transfer of control that defeats the approved terms. The agreement should specify cure periods and proportionate recovery rather than leave both sides to litigate an undefined promise.

Grandfathering protects lawful reliance interests and reduces litigation risk. It should not allow an existing certificate to cover an unrelated expansion, a new owner that fails screening, or property outside the approved project. The cutoff date, treatment of pending applications, expansion rule, and transfer rule should be stated in the legislation.

7.4 What can be said about household relief

A fully taxed facility can broaden a city's or county's base. Whether a household pays less depends on the governing body's budget, tax rate, debt, service costs, appraisal growth, and other revenue. The effect differs across taxing units and may not appear as a check or a statewide rate reduction. Texas should not publish a per-household promise derived from Virginia's tax structure.

The defensible commitment is procedural. Show the net revenue by taxing unit. Show the project-related public cost. Publish the rate and budget decision that follows. If a local government uses the new base to reduce a rate, avoid a planned increase, retire debt, or fund a needed service without another levy, the public can see the result. If it spends the revenue elsewhere, the paper should not call that household tax relief.

Before changing the incentive, the Comptroller and Legislative Budget Board should publish a dynamic analysis covering:

- projects that would proceed, relocate, resize, or delay under each option
- state and local revenue by taxing unit
- construction and permanent employment
- infrastructure and public-service costs
- school-finance effects
- distributional effects by household income and region
- treatment of existing certificates and reliance interests

The recommended policy is prospective. Close new certifications after a stated date unless a project passes a public net-benefit test. Honor existing lawful certificates unless the holder violates their terms. Require standardized disclosure, performance milestones, and clawbacks for new local agreements.

The defensible conclusion is limited: fully taxed projects can broaden some host-community tax bases and may reduce pressure on some local rates. The amount must be demonstrated rather than promised.

SECTION 8

Workforce and economic diversification

Data-center construction competes for electricians, lineworkers, mechanical trades, engineers, and project managers already needed for housing, utilities, manufacturing, and public infrastructure. Wage increases benefit workers but can delay other projects. A workforce policy should expand supply rather than merely redirect it.

The honest starting point is that these jobs are not local by default. A data-center build runs on specialized crews that travel from project to project, and a finished campus employs few people, some of whom the operator brings with it. Texas cannot broadly compel a private contractor to hire by residency, and geographic hiring mandates run into constitutional limits. Where it puts up public money it has more room, though a residency preference still has to clear a high bar, so the durable levers are training Texans for the work, first-source interviewing that puts local graduates in front of the hiring manager, and measuring who is actually hired. Training is the surest of these, because it builds the local workforce without a residency test at all. A policy that promises local jobs without those levers promises what it cannot deliver, and it leaves the host community with the housing, road, and wage strain of the build and little of its payroll.

Texas State Technical College, community colleges, registered apprenticeships, utilities, and employer academies already provide relevant pathways. State support should be tied to verified demand, completion, placement, wages, and retention. ([TSTC data-center training](#), [Texas Workforce Commission JET program](#), [Bureau of Labor Statistics occupational data](#))

8.1 Construction demand is a portfolio, not one occupation

A large campus requires electricians, lineworkers, substation technicians, mechanical and controls trades, welders, equipment operators, engineers, safety personnel, commissioning specialists, and project managers. The associated generation, transmission, water, road, and telecommunications work expands the portfolio. Operations then shift toward electrical and mechanical maintenance, controls, network systems, security, facilities management, and vendor support.

Training policy should begin with the construction schedule and occupation-level demand. The applicant should report peak workers, job-years, credentials, start dates, duration, wage bands, and the share expected to remain after commissioning. State agencies can combine those reports across projects to see whether several campuses are drawing on the same regional workforce at the same time.

Permanent headcount should be reported after stabilization. Announcement figures often mix employees, contractors, construction workers, and indirect jobs. Those categories are economically relevant, but they answer different questions. A host county planning housing or emergency services needs the construction peak. A college deciding whether to add a permanent program needs the recurring demand.

8.2 Expand supply where the work lands

Texas already funds equipment grants, customized training, apprenticeship support, dual credit, and technical-college capacity. The missing step is geographic coordination. A statewide award that produces graduates far from the construction cluster may have little effect on the constraint facing the host counties.

Regional workforce plans should pair the project schedule with nearby high schools, community colleges, TSTC campuses, registered apprenticeship programs, utilities, contractors, and workforce boards. Employers should contribute equipment, instructors, paid work experience, interviews, scholarships, or a defined hiring commitment. Public funds should buy durable training capacity that remains useful after one construction cycle.

Fast programs need an advancement path. A short certificate may qualify a Texan for entry work, but the plan should show how that worker reaches journey-level, supervisory, engineering, or facilities roles. Completion without placement is not success. Placement without wage and retention data does not show whether the program created a durable career.

8.3 Protect other Texas priorities from displacement

Competition for skilled workers can raise wages and attract people into the trades. It can also delay homes, grid maintenance, water projects, factories, schools, and public construction. The state should monitor both effects. A project-specific workforce plan should identify the occupations already in shortage and the time required to add instructors, lab space, apprenticeship supervision, and qualified workers.

Housing belongs in the analysis. A temporary construction surge can strain rentals, roads, health care, and local services before the tax base matures. The developer and host government should estimate the peak nonlocal workforce and plan temporary housing, transport, and service capacity without displacing residents.

Local recruitment commitments must comply with law and should not become an unverifiable percentage placed in a press release. Useful commitments fund training seats, advertise locally, interview qualified graduates, report residency and placement, and remove barriers to participation. The public should see the result by occupation and wage without receiving personal information.

EXHIBIT 7 WORKFORCE MEASURES

MEASURE	REQUIREMENT
Construction demand	Trade, credential, start date, duration, and peak workers
Permanent employment	Stabilized FTEs, occupation, wage, and benefits
Training commitment	Funded seats, equipment, instructors, and completion target
Placement	Texas placement rate within 6 and 12 months
Apprenticeship	Registered slots and journey-level completions
Local recruitment	Outreach and interview commitments where legally permissible
Displacement	Housing, utility, and public-project schedule effects

Economic diversification should also measure Texas suppliers, maintenance contracts, equipment manufacturing, research partnerships, and local procurement. Gross capital spending is not enough.

SECTION 9

Ownership, security, and operational resilience

Data centers form part of the physical infrastructure supporting commerce, communications, public services, and artificial intelligence. A responsible framework must identify who owns and controls each project and how the facility protects systems and communities.

The August 3 verification audit requests ownership information. Texas should make that requirement durable and pair it with cybersecurity and physical-security review.

9.1 Know who controls the project

The applicant named in a utility request may be a special-purpose entity rather than the company supplying capital, controlling operations, leasing the capacity, or receiving the ultimate benefit. Texas should collect the ownership chain through natural persons and identify contractual control that functions like ownership. The protected record should distinguish the landowner, facility owner, generation owner, operator, principal tenants, financing parties with control rights, and parent company.

Screening should occur before the project receives a final approval or public benefit and again when control changes. A passive lender should not be treated like an operator merely because it holds ordinary remedies. A transaction that transfers decision rights, grid-facing control, sensitive access, or a controlling economic interest should trigger renewed review.

The public record does not need names or percentages that create a security or privacy risk. It should state whether the project passed the required review, the general ownership category, the responsible operating entity, and whether a material change is pending. A denied or conditioned project should receive a defined administrative and judicial appeal.

9.2 Protect the systems that touch the grid

Telemetry, relays, transfer switches, curtailment controls, onsite generation, batteries, and building-management systems can affect electric operations. The security plan should identify trust boundaries, remote access, vendor access, authentication, logging, patching, configuration control, backup, incident response, and recovery. Grid-facing systems should be separated from tenant computing and ordinary business networks.

The state should set the required outcome and reporting duty without publishing a blueprint useful to an attacker. Detailed architecture, vulnerabilities, credentials, customer data, and facility security plans belong in a protected system with role-based access and an audit trail. Public disclosure should focus on compliance status, reportable incidents in aggregated form, and correction of material findings.

Supply-chain review should cover critical control hardware, firmware, software, communications equipment, transformers, batteries, and other components through which a prohibited or compromised vendor could affect operation. Country of origin alone does not measure every risk. Ownership, development control, update path, remote access, known vulnerabilities, replacement time, and available alternatives matter.

9.3 Physical security and continuity

The physical plan should cover perimeter, vehicle control, deliveries, visitors, internal zones, surveillance, critical spares, fuel, water, fiber routes, and coordination with law enforcement and emergency responders. Security setbacks and lighting must be reconciled with neighboring property, dark-sky goals, access roads, and fire response.

Continuity planning should define the facility's behavior during loss of grid supply, loss of onsite generation, fuel interruption, water restriction, fiber outage, cyber compromise, severe weather, and evacuation. The operator should test restoration from an islanded or curtailed state and coordinate the return of a large load so the grid does not receive an uncontrolled step.

Criticality varies by workload. A facility supporting emergency communications or essential public services may need a different continuity duty from a speculative computing campus. The framework should classify the function without granting a broad exemption from water, air, tax, ownership, or

community standards.

EXHIBIT 8 SECURITY AND OWNERSHIP DISCLOSURE

FIELD	TREATMENT
Beneficial ownership and control	Disclose to designated state authority, publish non-sensitive summary
Foreign ownership or influence	Screen for prohibited control under Texas rules, using federal prohibited-entity lists where they help, on control and conduct rather than nationality alone
Ownership changes	Prior notice and renewed screening above a control threshold
Critical technology supply chain	Vendor and country-of-origin risk process
Cybersecurity	Risk assessment, segmentation, incident response, reporting, and exercises
Physical security	Perimeter, access, surveillance, emergency coordination, and continuity
Grid-facing systems	Secure telemetry, control, backup, and restoration procedures
Confidential information	Statutory protection, access controls, retention, and audit trail

Public disclosure should not reveal network architecture, customer information, trade secrets, or security-sensitive details. The public should still receive the project's ownership category, location, requested load, water budget, incentive package, milestone status, and compliance record.

SECTION 10

Recommendations and implementation

Every recommendation below serves one test. A project earns its place when its benefit to the community that hosts it exceeds the burdens it imposes, shown in a public record rather than a press release. The registry supplies the facts. The power, cost, tax, water, land, and workforce measures determine what the community keeps and what it gives up. The net-local-benefit test in 10.14 weighs them for the decisions that turn on public money. A project that meets the published standards and

pays its way should receive a prompt decision and the state's welcome. A project that seeks public support should have to show it earns it, and a project that fails the standards is one the host county can hold or deny on the record, not on the strength of a statewide investment figure.

The measures divide into those that can begin under existing authority and those that require the 90th Legislature. "Existing authority" means an agency can start within its present jurisdiction. It does not mean every final requirement can be imposed without rulemaking, appropriations, or legal review.

EXHIBIT 9 IMPLEMENTATION MATRIX

ACTION	LEAD	VEHICLE	AUTHORITY STATUS	DEADLINE AND TEST
10.1 Complete the verification audit and create a common intake	PUCT and ERCOT	Governor's August 3 directive, PUCT project	Existing administrative start, legislation for durable multi-agency registry	Audit before advancement, publish aggregate results and project status
10.2 Adopt power-readiness tiers	PUCT and ERCOT	SB 6 rule and ERCOT guides	Existing authority for interconnection, legislation for broader self-supply mandate	Tier by MW and grid impact, verify deliverability, fuel, ramp, and security
10.3 Require emergency-curtailed capability and procure optional flexibility	PUCT and ERCOT	Utilities Code Section 39.170 and ERCOT protocols	Existing authority	Test before energization, annual test, performance penalties and payment rules
10.4 Finish cost-causation reform	PUCT	SB 6 Section 6 and Project 58484	Existing study and rule authority, legislation if needed for allocation design	Final methodology supported by customer-class and beneficiary analysis
10.5 Reopen the STEP record on a consolidated basis	PUCT and ERCOT	Consolidated proceeding or legislative direction	PUCT procedural authority uncertain, legislation preferred	Updated need, alternatives, benefits, costs, and land analysis before irreversible commitments
10.6 Strengthen landowner protection	Legislature and PUCT	PURA amendments and CCN rules	Notice and timing changes need legislation, whole-tract damages already exist under Property Code 21.042	Fresh notice after material route changes, adequate time to intervene, offers that reflect the remainder
10.7 Establish water budgets and drought rules	Legislature, TWDB, TCEQ, PUCT, groundwater districts	New data-center water chapter and coordinated rules	New legislation required for statewide duty	Annual and peak disclosure, WUE, local capacity finding, stage-based drought response

IMPLEMENTATION MATRIX, CONTINUED

ACTION	LEAD	VEHICLE	AUTHORITY STATUS	DEADLINE AND TEST
10.8 Establish a community floor and standards-based approval	Legislature with local enforcement	Statute and model technical rules	New legislation required	Preserve stricter municipal rules, grant counties enforcement, appeal, and authority to deny a project that fails published standards
10.9 Test the exemptions against a fiscal study, full taxation if they cannot show they change decisions	Legislature, Comptroller, LBB, local governments	Tax Code amendments and standardized agreements	New legislation required for state program, local action for future abatements	Dynamic fiscal study, prospective sunset if ineffective, disclosure, clawbacks, existing certificates honored
10.10 Expand workforce supply	TWC, THECB, TEA, TSTC, colleges, employers	Existing grants plus appropriations	Existing programs, appropriations may be required	Completion, placement, wage, and retention metrics
10.11 Create ownership and security screening	Legislature, Texas Cyber Command, PUCT, DPS, DIR	Statute and protected information system	New legislation required for durable cross-sector regime	Screen before approval and upon control changes, annual compliance certification
10.12 Require closure and financial assurance	Legislature, TCEQ, local governments	Statute, permit conditions, and local agreements	New legislation likely required	Funded closure plan before operation, update every five years
10.13 Protect agricultural land	Legislature, appraisal districts, PUCT, TCEQ	Siting rules, CCN routing, Tax Code	New legislation for siting and corridor duties	Prime-farmland review, corridor preference, whole-tract and operation compensation
10.14 Require a net-local-benefit test	Legislature, Comptroller, LBB, local governments	Statute and standardized agreements	New legislation required	Measured net benefit before public support, impact-neutral standards before a project clears to operate

10.1 Project intake and registry

Use the August 3 audit as the starting dataset. The intake should assign one project identifier across ERCOT, PUCT, TCEQ, TWDB, economic-development agreements, and local review. Public fields should include location, requested load, verified ramp, water source and budget, incentive package, ownership category, stage, and compliance status. Customer-specific and competitively sensitive information protected by Senate Bill 6 should remain confidential.

The identifier should attach before a project enters a batch or receives an incentive application. Duplicate locations and affiliated applicants should be linked without treating legitimate alternatives as fraud. The public stage should use controlled terms such as submitted, deficient, verified, under study, approved, construction, energized, suspended, withdrawn, or closed.

Each agency should update only the fields it owns. The common record should display the date, source, and status of every field so a planning forecast cannot be mistaken for an applicant claim. Material inconsistencies should pause advancement until the applicant reconciles them. The registry should publish aggregate queue attrition, time in each stage, and reasons for withdrawal without exposing protected commercial information.

10.2 Power-readiness tiers

Use at least three tiers: the SB 6 threshold, a higher hyperscale threshold, and a system-significant threshold determined by local transmission impact. Qualifying supply may include behind-the-meter generation, storage, contracted new generation, or a portfolio. It must be deliverable, fuel-secure, weatherized, tested, and legally permitted. A grid-connected generator is not equivalent to an islanded resource and should receive credit only for verified incremental system value.

The applicant should earn capacity in stages. An early commercial showing may reserve study attention but should not guarantee full energization. Later capacity rights should follow financing, equipment, generation, transmission, water, air, and construction milestones. Failure to meet a milestone should reduce or release the reserved capacity after notice and a cure period.

The hyperscale duty should reflect system effect rather than a political label. The PUCT should open a record on threshold design, publish the load and cost distribution under candidate thresholds, and retain authority to apply the system-significant tier below the numeric threshold when a project triggers a bulk-system facility. Credit for storage should reflect duration and recharge. Credit for contracted generation should reflect deliverability and the capacity already serving other customers.

10.3 Flexibility

Every applicable new transmission-voltage load should have tested firm-load-shed capability. Participation in paid ERCOT services should remain optional and performance-based. Tariffs should coordinate notice, maximum event duration, annual hours, recall, rebound, telemetry, nonperformance penalties, and prohibition on double payment for the same capability.

ERCOT should approve a commissioning protocol and repeat it at least annually. A paper commitment should not count as capacity. The test should demonstrate the control path, actual reduction, measurement, communication, sustained performance, and staged return. A failed test should produce a correction deadline and a restriction on further ramp until the capability is restored.

The paid product should value location and response quality. A fast reduction behind a constrained interface may be worth more than the same reduction elsewhere. Longer duration, shorter notice, higher availability, and verified restoration control can support different prices. Baselines should be resistant to inflation, and the customer should not receive emergency-service payment for capability already required by its tariff.

10.4 Cost allocation

Assign directly attributable interconnection facilities to the requesting load. Allocate broader network upgrades according to independently demonstrated drivers and benefits. Preserve incentives for peak reduction while preventing the largest loads from avoiding a reasonable, nonbypassable share of access costs. Require minimum-take, milestone, security, and exit terms to protect customers from stranded investment.

Project 58484 should publish at least the current method, a twelve-month or expanded-coincident-peak method, a contract-demand method, and a hybrid with directly assigned upgrade costs. Each case should show residential, commercial, industrial, and large-load incidence under several verified load scenarios. The Commission should state which costs pay for access, which respond to measured usage, and which follow a specific project.

The nonbypassable component should not punish useful curtailment. A large customer should still save money when it reduces demand at a stressed hour. It should not reduce its annual contribution to near zero while retaining a large network reservation every other hour. Minimum billing, contract demand, and direct upgrade assignment can protect both principles.

10.5 STEP program review

Evaluate the STEP as a connected program before treating each route as an isolated fact. Publish the verified-load assumptions, common alternatives, total cost, customer incidence, cumulative land effect, phase sequence, and conditions that would require re-evaluation.

The consolidated proceeding should end with a program order identifying the facilities approved for continued development, the assumptions supporting each phase, the triggers for re-evaluation, and the issues reserved for individual certificate cases. Individual routing dockets should retain authority to reject, resize, or reroute a line when the local record warrants it.

10.6 Landowner protections

Make existing corridors a rebuttable preference. Provide new notice after material route additions. Give landowners enough time to obtain counsel and experts. The initial offer and the record should reflect the whole-tract damages Texas condemnation law already allows. Publish a route-change log, tract-notice record, and response to alternatives.

Notice reform should define a material change and reset the participation clock for newly affected tracts. The Commission should publish model notices in plain language and a geographic file that landowners can use without specialized software. The genuine gap is not the measure of damages, Texas condemnation law already directs the special commissioners to weigh the effect on the remaining property under Property Code Section 21.042, but the routing-stage notice that reaches an owner too late and the initial easement offer that undercounts that remainder. The offer should reflect access, severance, operations, construction damage, restoration, and the market effect on the remainder, with fees or cost recovery for qualifying owners where legislation permits. ([Texas Property Code Section 21.042](#))

10.7 Water

Require a certified water budget before final approval, annual reporting after operation, and a drought-stage plan enforceable by the water provider and relevant district. Separate direct and indirect water. Evaluate potable, reclaimed, brackish, produced, and dry-cooling options through a site-specific hierarchy. Do not promise a zero-water design unless final heat rejection actually eliminates onsite evaporative consumption.

The certified budget should bind the approved maximum and identify the assumptions behind it. A change in cooling system, workload density, source, peak demand, or campus size should trigger an amendment. Public reporting can use annual and peak aggregates while protected filings retain commercially sensitive operating detail.

The local capacity finding should precede a final incentive or energization commitment. If a new pipeline, treatment plant, reuse system, or well field is required, the applicant should fund the directly caused work and ramp only as capacity becomes available. Drought nonperformance should carry escalating correction orders, monetary penalties, and load reduction where the approved plan requires it.

10.8 Community standards and local authority

Direct a technical panel to draft model noise, air, light, fire, traffic, setback, and decommissioning rules. The noise rule should use octave-band analysis, tonal penalties, nighttime protection, calibrated measurements, ambient correction, and enforcement. The air rule should aggregate primary and backup generation at the site. Fire rules should cover batteries, fuel, coolant, access, and responder capacity.

The panel should include agency staff, county and municipal officials, fire and emergency personnel, acoustical and air experts, utilities, water providers, landowners, residents, and operators. It should publish technical drafts and response-to-comment documents rather than negotiate an unpublished compromise. The Legislature should decide the policy floor and delegation. The panel should translate it into measurable rules.

County administration requires funding and expertise. Reasonable application and inspection fees should support trained reviewers, shared regional experts, and independent testing. The law should authorize interlocal administration so several counties can use one technical team. Enforcement records should be public, while security plans and protected business information remain confidential.

This authority is the power to enforce published standards, not open discretion. A county should be able to approve a project that meets the enumerated terms, noise, roads, setbacks, and closure, and to deny or hold one that fails them, on the same public record everyone else can see, with a defined cure period and a prompt appeal. On water, the county enforces the local-capacity finding from 10.7 rather than granting or denying a withdrawal right, which belongs to the groundwater district or the state. That authority runs to the local commons and the involuntary, the roads a project burdens, the noise it makes, its effect on neighbors, and its demonstrated call on local water supply. It does not reach the routing of a transmission line, which the PUCT decides under its certificate authority, and it does not reach a private sale a landowner freely makes of his own ground. A project that meets the standards clears. The aim is not to hand a county a veto but to keep it from being forced to host a project that fails terms set in the open and applied to everyone.

10.9 Full taxation, tested against what the exemptions buy

Full taxation is the one benefit a community can reliably keep, and the exemptions and abatements that waive it should have to prove they buy something Texas would not get anyway. Complete the dynamic fiscal study before closing new certifications. If the study confirms weak additionality, end eligibility prospectively on a defined date, and honor existing certificates. Publish every new incentive agreement, expected public cost, performance obligation, annual compliance result, and clawback. Do not claim a statewide household tax reduction without an incidence model.

The study should be completed in time for the 90th Legislature to choose among a full prospective closure, a narrower performance-based program, or continuation with new safeguards. Delay should not become an automatic extension. The Legislature can set a temporary application rule and a final decision date while protecting already issued certificates.

Local governments should use a standard disclosure even if state law continues to permit separate negotiations. The disclosure should show gross taxes, relief by year, infrastructure contributions, service costs, milestones, transfers, amendments, and compliance. A public hearing should occur before approval, not after the agreement is signed.

10.10 Workforce

Fund capacity where employers document demand and contribute equipment, instructors, paid work experience, or scholarships. Track job-years separately from permanent jobs. Publish completion, placement, wage, and retention results. Monitor whether data-center construction delays housing, utilities, or public infrastructure.

TWC and the higher-education agencies should publish a regional demand map based on verified projects rather than announcements. Awards should follow the construction and operations calendar, identify the occupations served, and state how the added instructors and equipment will remain useful after the initial build. Employer contributions should rise with project scale and public incentive value.

The annual report should compare promised and actual trainees, completions, placements, wages, residency, and retention. It should also identify vacancies in housing, utility, and public projects attributable to the same labor pool. The purpose is to expand Texas capacity, not to move a fixed group of workers from one essential project to another.

10.11 Security and ownership

Require beneficial-ownership disclosure to a protected state system, screening for prohibited foreign interests, notice of control changes, cybersecurity plans, physical-security coordination, and incident reporting. Publish only non-sensitive project and compliance information.

The Legislature should name the lead agency, define control and material change, protect submitted information, authorize interagency access, and establish the appeal process. Screening should occur before final approval, before transfer of control, and on a risk-based schedule after operation. A certification should state whether ownership, supply-chain, cyber, and physical-security duties remain satisfied.

Incident rules should use severity thresholds. A minor business-system event should not trigger the same response as compromise of grid-facing controls, protected data, physical access, or essential service. The operator should report promptly to the designated state authority and affected grid or emergency entities, preserve evidence, correct the condition, and provide an after-action report protected to the extent required for security.

10.12 Closure and financial assurance

Require a closure plan before operation and update it after material expansion or at least every five years. The plan should inventory batteries, electronics, fuels, coolants, fire suppressants, hazardous materials, structures, foundations, utility facilities, and contaminated media. It should state which assets remain, which are removed, how waste is managed, and what restoration standard applies to the approved future use.

Financial assurance may use a bond, letter of credit, trust, insurance product, parent guarantee meeting a credit test, or another instrument approved by rule. The amount should reflect an independent cost estimate, expected salvage value using a conservative credit, inflation, and the risk that the responsible entity no longer exists. Local governments and TCEQ should have clear authority to draw on the instrument after notice, default, and any required appeal.

10.13 Agricultural land

Working farm and ranch land should be treated as a resource the state can lose, because it is losing it faster than any other. The project record should identify prime and unique farmland on and around the site, the acreage taken out of production, and the effect on any operation the site or a transmission route divides. Siting review should weigh that loss and prefer already-disturbed, marginal, or industrial land where a site can serve the same purpose. For transmission, corridor preference should be tied explicitly to sparing intact farm and ranch operations, and where a line must cross working ground, compensation should account for the whole tract, the broken operation, and the interference with irrigation, grazing, and equipment, not only the strip beneath the wire. The rollback tax triggered by a conversion belongs in the fiscal disclosure. None of this restricts a landowner's right to sell. It governs what the state and the utilities do to the land around him.

10.14 The net-local-benefit test

The measures above produce the facts a community needs. This one puts them to a decision. The test applies with its full weight to public support. Before a project receives an incentive, an abatement, or an exemption, it should have to show, on the public record, that what it returns to the host community exceeds what that community gives up. On the benefit side the state may count taxable value actually paid, jobs actually filled by residents, infrastructure actually funded, and Texas suppliers actually developed, because a government may choose what it pays to subsidize. On the cost side it counts the abatements and exemptions granted, the public services required, the water and land taken, the transmission socialized onto other ratepayers, and the construction-period strain. Announcements and statewide multipliers are not benefits.

The right to operate is a different question. It should turn on impact-neutral terms alone, the full taxes paid, the published standards met, and the water and land taken, not on where a private employer hires or buys. A project that meets the standards and pays its way clears. A project that seeks public money should have to prove it earns it, and the burden of showing that belongs on the applicant, not on the county. This is the test the strategic case cannot stand in for, because the strategic case is a statewide argument and this is a local ledger.

SECTION 11

Scope, enforcement, and transition

11.1 Statewide coverage

The framework should apply statewide, but implementation must account for different electric regions. ERCOT-specific interconnection and market rules do not reach the portions of Texas served outside ERCOT, the Southwest Power Pool and Midcontinent Independent System Operator footprints and the Western Electricity Coordinating Council region in far West Texas, where Washington interposes a federal interconnection process rather than ERCOT. That limitation on the electric study does not narrow Texas's authority over the land, water, and communities those projects affect. Legislation should apply the same state siting, water, tax, ownership, and community standards statewide, to a project outside ERCOT as much as any other.

The common project registry should cover the entire state and identify the applicable grid region, utility, and interconnection authority. A project outside ERCOT should not be exempt from water budgets, community standards, ownership screening, incentive disclosure, closure security, or state reporting merely because its electric study follows a different process.

For the electric interconnection those regions already run, state agencies should coordinate with the relevant utility and regional transmission organization and layer Texas's standards on top. The final legislation should contain a severability rule so an electric-market provision found inapplicable outside ERCOT does not disturb the remaining state standards.

11.2 Existing facilities and expansions

Existing facilities should receive a transition period for reporting, monitoring, emergency planning, and community compliance. Expansions above the applicable threshold should trigger current standards. Existing tax certificates and executed agreements should be governed by their lawful terms unless amended or violated.

Transition rules should separate physical retrofit duties from reporting and operating duties. Ownership disclosure, emergency contacts, incident reporting, water reporting, generator inventory, fire planning, and complaint procedures can begin sooner. Major acoustical reconstruction, cooling conversion, setbacks, or financial assurance may require a longer schedule based on feasibility and remaining facility life.

An expansion should include new buildings, added grid import, added generation, added cooling, a material change in water source, or another change that increases an impact governed by the statute. A series of smaller increments should be aggregated over a stated period so a project cannot avoid the current standard by dividing one expansion into several filings.

11.3 Enforcement ladder

Enforcement should include:

- administrative penalties proportionate to project scale
- suspension of advancement or energization for material pre-operation violations
- corrective-action orders and deadlines
- public compliance status
- incentive clawbacks
- independent audits
- a defined appeal process
- emergency authority that does not require violation of environmental law

The lead agency should issue a notice of violation that states the evidence, required correction, deadline, and consequence. Immediate suspension should be reserved for a material pre-operation defect, an imminent threat, prohibited ownership or control, falsified information, or another violation for which continued advancement would defeat the law. Operating violations should normally receive a correction order unless emergency action is required.

Penalties should scale with project size, duration, economic benefit, culpability, cooperation, and prior history. A flat amount that is significant to a small facility may be immaterial to a gigawatt campus. Continuing violations should accrue daily. Incentive recovery, capacity restriction, and closure security may provide stronger remedies than a civil penalty alone.

Independent audits should use a risk-based schedule and allow the state to inspect records supporting load, water, emissions, curtailment, ownership, incentive, and closure claims. Audit results should identify findings and correction status without publishing protected information. The operator should retain relevant records for a defined period.

11.4 Limited exemptions

Hospitals, water systems, military facilities, and other critical loads may require tailored treatment. Exemptions should be narrow, published, and based on function rather than ownership.

An exemption should identify the duty modified, the reason, the term, compensating controls, and the authority that approved it. Critical function may justify different curtailment or public-disclosure rules. It should not excuse payment of directly caused infrastructure, basic water and air compliance, incident reporting, or closure responsibility. Commercial capacity sharing a site with an exempt function should remain subject to the ordinary standard.

SECTION 12

Conclusion: on Texas's terms

The data-center build asks Texas to make decisions about power, land, water, taxation, security, and consent. Those decisions belong in a public framework that distinguishes what is known from what is projected and what can be done today from what requires legislation.

Texas is a state in the full constitutional sense. Its Bill of Rights begins: "Texas is a free and independent State, subject only to the Constitution of the United States." ERCOT gives Texas unusual authority over its own electric-market design and transmission, more than any state on the connected mainland grid holds over its own, and Texas should use it to set the terms itself rather than inherit terms set by the projects.

Texas is a nation, a people entitled to a real say in the permanent burdens placed on their communities and their land. The rural Texans now fighting these projects and these lines are not obstacles to a decision. They are the people the standards are built to protect, and their say is exercised through terms set in the open and enforced on the record.

Texas is a country, the ground, water, air, towns, and farms the industry depends on. Development is responsible only when those assets remain secure and productive after the construction crews leave.

So Texas should welcome the projects that meet clear terms and set those terms before private commitments make them hard to enforce. Verify the load. Prove the power. Assign the costs fairly. Protect the water and the land. Measure the public return. Secure the infrastructure. Give communities enforceable standards. The strategic case for this infrastructure is real, but it is statewide, and it does not by itself earn a project its place in any one county. Each project earns that locally, by meeting the terms its neighbors can see and paying its own way rather than living on an exemption. That is how Texas keeps the opportunity and governs the consequences, rewarding the projects that arrive with credible power, water, workforce, and closure plans, and giving the weak or speculative ones a reason to improve, relocate, or withdraw before Texans absorb their costs. The rules are visible, the burdens are assigned before disputes harden, and the same facts reach everyone at the same time.

REFERENCE

Glossary

Batch study: A group review of multiple large-load interconnection requests that tests their combined effect under a shared set of assumptions. Grouping requests can reveal conflicts that a project-by-project sequence misses.

Batch Zero: The initial ERCOT large-load batch process approved by the PUCT in 2026. It is a current administrative process, not a substitute for permanent statutory standards.

Behind-the-meter generation: Generation connected on the customer side of the retail meter. Its location alone does not prove that a facility can operate independently of the grid or that the grid bears no cost.

Certificate of Convenience and Necessity (CCN): The PUCT authorization generally required for specified transmission construction. A CCN case decides need, route, and other statutory issues on the record before it.

Controllable Load Resource: A load qualified under ERCOT rules to respond to dispatch instructions or participate in designated market and reliability services. A promise to be flexible is not the same as qualification and tested performance.

Cost causation: The principle that costs should be assigned to the parties or uses that cause them, subject to law and the measurable system benefits a project supplies.

Curtailment: A reduction in electric demand required or requested under an agreed rule, contract, tariff, or emergency procedure. A credible curtailment obligation states the trigger, amount, duration, notice, verification method, and consequence for nonperformance.

Direct water use: Water withdrawn or consumed at the data-center site, chiefly for cooling, humidification, and building services.

Firm load-shed obligation: A binding duty to reduce a stated amount of demand under defined system conditions. Firm treatment requires telemetry, testing, settlement, and enforcement.

Interconnection queue: The list or process through which proposed generation or load projects seek studies and connection rights. Queue totals are requests, not a forecast of projects that will all be built.

Large load: A customer demand large enough to trigger specialized utility, ERCOT, or statutory review. The applicable threshold depends on the controlling rule and should be stated whenever the term is used.

Minimum-take obligation: A contract term requiring a customer to pay for a minimum quantity or level of service even if actual use falls below it. Properly designed, it can reduce stranded-infrastructure risk.

Nonbypassable charge: A charge that an eligible customer cannot avoid by changing retail provider or altering a contractual arrangement specified by law or tariff.

Power Usage Effectiveness (PUE): Total facility energy divided by information-technology equipment energy. A lower value usually indicates less facility overhead, but the metric does not show the source, timing, or grid effect of the electricity.

Strategic Transmission Expansion Plan (STEP): ERCOT's planning framework for the proposed 765-kV expansion. Program approval and route-level CCN decisions are related but distinct actions.

Water Usage Effectiveness (WUE): Site water use associated with data-center operations divided by information-technology energy, normally reported in liters per kilowatt-hour. Boundary, climate, operating mode, and water source must accompany the number.

Whole-tract analysis: Review of how a transmission route affects the entire property, including access, irrigation, drainage, operations, improvements, severance, and future use, rather than only the strip occupied by an easement.

REFERENCE

Methodology and limitations

The House State Affairs data-center interim charge and the Senate Business and Commerce charge concerning 765-kilovolt transmission set the scope. The official House record confirms an April 9, 2026 hearing. No later House hearing date is stated without a posted official notice. ([House State Affairs notice](#))

Research followed an evidence hierarchy. Texas statutes, enrolled bills, agency orders, committee notices, utility filings, ERCOT materials, and other official records received first priority. Federal agency publications, peer-reviewed studies, recognized standards, and official program data supplied

technical or comparative context. Credible secondary reporting was used to locate issues or corroborate timing, not to override a primary record. Industry and advocacy estimates appear only when their sponsorship and limits are material to interpretation.

Dates and categories control the quantitative treatment. A queue request is not counted as a completed project. A planning forecast is not treated as a commitment. A capital announcement is not treated as money already spent. Construction employment, permanent direct employment, indirect activity, tax base, incentive cost, and avoided system cost remain separate categories. Each major number is tied to a date and a named source because queue positions, forecasts, costs, and project schedules change.

Legal analysis distinguishes current authority from proposed authority. Statutory text, PUCT and ERCOT materials, and official committee records support descriptions of existing Texas practice. Policy recommendations identify duties that may require legislation, rulemaking, tariff revision, local action, or contractual implementation. Nothing here substitutes for bill drafting by legislative counsel, an agency's adjudication, a route-specific CCN record, or legal advice concerning a particular project.

No original field survey, acoustic study, water-balance test, transmission power-flow model, property appraisal, tax-incidence model, or cybersecurity assessment was performed. The analysis tests the completeness of public decision rules. It does not certify the engineering, economics, ownership, or legal compliance of any individual facility.

EXHIBIT 10 EVIDENCE AND LIMITATIONS

ISSUE	TREATMENT	REMAINING LIMITATION
Queue	Dated official observations	Requests remain duplicated and change rapidly
Forecast	Exact ERCOT planning case identified	Forecasts depend on readiness and economic assumptions
Batch Zero	Official process described	Project-level results remain subject to verification
Transmission	ERCOT costs and claimed benefits included	Route and final cost remain unsettled
Residential bills	Mechanism and scenarios discussed	No claim of an observed statewide data-center bill spike
Water	Direct and indirect use separated	Project data remain incomplete and system-specific
Noise	WHO and ISO concepts used	Texas-specific limits require technical rulemaking
Economics	Construction, permanent jobs, taxes, and multipliers separated	Independent Texas project-level incidence model is still needed

Taxes	Texas and Virginia tax instruments separated	Relocation and additionality effects are not yet modeled
Property values	Required review identified	Current Texas route-specific empirical evidence is incomplete
Law	Existing and new authority separated	Recommendations require final legislative-counsel review

Economic and fiscal conclusions are therefore conditional. Public announcements can describe planned investment but do not prove final construction, taxable value, incentive additionality, supplier capture, wage distribution, or household bill effects. A project-level public-benefit test should use executed agreements, actual payroll and purchasing records, appraisal data, utility cost studies, and counterfactual analysis. Statewide multiplier claims should not be used as a substitute.

Water, noise, land, and community effects are also site-specific. WUE can compare operations only when its boundary and operating conditions are stated. Sound limits require baseline measurements and receptor-specific modeling. Transmission-property effects depend on route, parcel use, easement design, improvements, and the local market. The absence of a statewide estimate does not establish the absence of an effect. It identifies the evidence that a project record must supply.

Figures are current through August 18, 2026, and should be verified against source updates before they are relied on. Official sources control over secondary reporting. Advocacy and industry-sponsored estimates are identified and should not replace agency records. Version control should preserve the source date, retrieval date, and calculation behind every revised number so later editions can explain a change instead of silently replacing it.

SECTION 15

Selected sources

CURRENT TEXAS ACTIONS

- Office of the Governor. "Governor Abbott Directs Comprehensive Data Center Audit." August 3, 2026. [Official release](#).
- ERCOT. "PUCT Approves ERCOT's Batch Zero Process for Connecting Large Electricity Users While Protecting System Reliability for Texans." June 18, 2026. [Official release](#).
- Texas Legislature. Senate Bill 6, 89th Regular Session, enrolled text. [Bill text](#).
- Texas Senate Business and Commerce Committee. July 29, 2026 public-hearing notice. [Official notice](#).
- Texas Senate Finance Committee. July 27, 2026 public-hearing notice, Data Center Investment and State Fiscal Effects. [Official notice](#).
- Texas House State Affairs Committee. April 9, 2026 public-hearing notice and interim charge. [Official notice](#).

GRID AND TRANSMISSION

- ERCOT. "2024 Regional Transmission Plan 345-kV Plan and Texas 765-kV Strategic Transmission Expansion Plan Comparison." January 27, 2025. [Presentation](#).
- ERCOT. "Independent Review of the Texas 765-kV STEP Eastern Backbone Project." December 2025. [Board material](#).
- ERCOT. Load Resource Participation in the ERCOT Markets. Updated 2026. [Program page](#).
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- Duke University Nicholas Institute. Rethinking Load Growth. 2025. [Report](#).
- Texas Senate Bill 1076, 88th Legislature (2023), 180-day deadline for certain transmission certificates, Utilities Code Section 37.057. [Bill text](#).
- Texas Property Code Chapter 21, Section 21.042, assessment of damages including the effect on the remaining property. [Statute text](#).

WATER, ENVIRONMENT, AND COMMUNITY

- Bureau of Economic Geology (COMPASS consortium), University of Texas at Austin. Data-center water-use estimate, in "Data Centers Are Growing in Texas, But Big Questions Remain About Water Use." May 6, 2026. [Release](#).
- Texas Water Development Board. 2027 State Water Plan, adopted July 23, 2026, approximately \$174 billion in recommended projects. [Adoption release](#).
- Environmental and Energy Study Institute. "Data Centers and Water Consumption." June 25, 2025. [Review](#).
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- Texas A&M Natural Resources Institute. "Texas Land Trends, Status Update and Trends of Texas Working Lands 1997-2022." January 2025. [Report](#).
- Texas Tax Code Section 23.55, additional tax on change of use, as amended by House Bill 1743, 86th Legislature (2019). [Statute text](#).
- Texas Water Development Board. Historical and projected water use estimates. [Water-use data](#).

ECONOMICS, TAXES, AND WORKFORCE

- Federal Reserve Bank of Dallas. "Texas job growth expected to pick up following flat 2025." February 20, 2026. [Analysis](#).
- PwC, for the Data Center Coalition. "Economic Contributions of U.S. Data Centers, 2023-2024." 2026. Industry-commissioned. [Study](#).
- Office of the Governor and Google. "Governor Abbott, Google Announce \$40 Billion Investment in Texas." November 14, 2025. [Official release](#).
- Texas Comptroller of Public Accounts. State Sales Tax Exemption for Qualified Data Centers. [Program page](#).
- Loudoun County, Virginia. Data-center revenue and business-personal-property-tax materials. [County FAQ](#).
- Texas State Technical College. Data Center and Critical Infrastructure Training. [Program page](#).
- Texas Workforce Commission. Jobs and Education for Texans Grant Program. [Program page](#).
- United States Bureau of Labor Statistics. Occupational Outlook Handbook. [Occupational data](#).

APPENDIX

Answering the interim charges

EXHIBIT 11 CHARGE CROSSWALK

CHARGE ELEMENT	RESPONSE
Strategic importance	Parts 2 and 9
Direct and indirect economic growth	Parts 2, 7, and 8
Economic diversification	Parts 2 and 8
Education and training	Part 8 and Recommendation 10.10
Regulatory framework and streamlining	Parts 3, 5, 6, 9, and 10
Community planning	Part 6 and Recommendation 10.8
SB 6 implementation	Part 3 and Recommendations 10.2 through 10.4
Batch study process	Executive summary, Part 1, and Recommendation 10.1
Grid-connected and co-located resources	Parts 3 and 11
765-kV planning and routes	Part 4 and Recommendations 10.5 and 10.6
Landowners, property values, and local communities	Parts 4 and 6, and a Methodology limitation on remaining property-value evidence
Water use and conservation	Part 5 and Recommendation 10.7
Tax-exemption costs and safeguards	Part 7 and Recommendation 10.9
Grid and infrastructure security	Part 9 and Recommendation 10.11
Agricultural land and working operations	Parts 4 and 6, and Recommendation 10.13
Net local benefit and public return	Parts 2, 7, and 8, and Recommendation 10.14