



Is AI Coming to Town?

10 Steps to Ensure an AI Data Center Benefits Your Community

With AI Data Centers cropping up nationwide, communities are being hit with higher energy bills, water demands, and pollution. Even if your community isn't currently facing a proposed data center, there is a good chance one could be coming to your community.

Local and state governments, facing cash crunches, are tempted to greenlight and fast-track data centers based on big tech's promise of new jobs and revenues, but this development comes at a high cost to communities – many of which are already struggling with industrial pollution and resource scarcity – and the environment. With many communities offering extensive tax incentives to data center developers, the supposed economic benefits may be very low in practice.

Recently, many communities mobilized nationwide to demand that data centers either provide communities with net benefits or be rejected. Other communities have won concessions from data center developers.

Once a data center is proposed, it is an all-out effort to get local officials to do the right thing and make sure it is built responsibly or not built at all.

That's why Green America encourages residents to engage with local or state officials *before* a data center is proposed.

There are several key requirements communities should insist local officials put in place to protect and benefit communities. You may not be able to secure all of them but try to secure the ones that matter most to your community. The list below may evolve as the world of data centers and artificial intelligence are moving fast.

In many cases, your local or state government may have already weakened zoning laws or agreed to provide tax or other benefits to developers to induce them to build data centers. If that's the case, the first step is to work with sympathetic elected officials to undo prior legislation and strengthen the requirements placed on developers.

If a data center is already proposed for your community, the steps below are also useful, but **you will need to act fast to ensure that proper disclosure, zoning, water and energy usage, and community benefits are built into any agreement – or mobilize to prevent the data center from being built if they are not.**



NOTE: Various states and municipalities have different regulatory and legislative practices. The Ten Steps below are guidelines that are true for many communities nationwide but may need to be adapted to your community or state.

THE 10 STEPS

Ban Non-Disclosure Agreements (NDAs)

1

Secrecy protects data center developers and harms communities. Push for local ordinances that prevent your officials from entering into confidentiality agreements with developers. AI developers are counting on a lack of transparency so they are not held accountable for resource use and can build quickly with little oversight. When governments negotiate behind closed doors, residents can't see what's being promised to developers and what their community is giving up in return.

An important part of this transparency is knowing who the actual developer is and which tech company(ies) will utilize the data centers, so that these actors can be held accountable.

Non-Disclosure Agreement

This Agreement, dated January 01, 2014, is made effective by an between Alpha Technology Corporation ("Alpha"), with an address at 1234 Green Street, Green Hill, California 45678, and Beta Network Company Limited ("Beta"), with an address at 4321 Orange Avenue, Orange Valley, New York 14321 each a "Party" and collectively the "Parties".

1. **Definition.** This Agreement shall apply to all Confidential Information disclosed by Company to Contractor. "Confidential Information" means any information or data, including but not limited to, trade secrets, know-how, technical information, software, source code, algorithms, data, strategies, reports, and all other documents, materials, and information, tangible or intangible, that is owned by, developed by, or for the use of the Company, and which is not generally known or ascertainable through reverse engineering, independent development, or other means. Confidential Information shall include but not be limited to: business plans, financial statements, marketing, sales, and customer information, and all other information, documents, and materials, whether in written or electronic form, that are not generally known or ascertainable through reverse engineering, independent development, or other means.



2

Establish Mandatory 24/7 Renewable Energy Requirements

Many AI data centers are unfortunately choosing natural gas, coal, and nuclear power. Instead advocate that data centers must be required to **add** new clean energy to the local grid—not just buy credits or claim they’re “matching” consumption elsewhere. The facility should run on **100% on renewables** and battery storage around the clock, and this renewable energy must add new capacity to the grid [e.g. no **unbundled renewable energy credits** (RECs)]. Running on renewables includes data centers incorporating flexibility into when they reach peak demands.

For peak demand, when data centers temporarily use maximum power, AI data centers should tap into battery storage, ideally through Virtual Power Purchasing (VPP) agreements (see #3 below)

For hyperscale data centers using hundreds of megawatts of power, it may be necessary to bring the facility online in stages to meet demand with 100% renewable energy.

Staged development of a data center with renewables is actually faster than building a data center that relies on new fossil fuels or nuclear power. Renewable energy can be deployed quickly, whereas new natural gas plants or nuclear plants would take five to ten years to bring online. Renewable energy is also the cheapest source of power in the U.S. and will save corporations money.

Matching data centers to renewable energy is not new. Amazon, Meta, Google, and Microsoft have created some of the largest renewable energy purchases in

history – [with 50 GW of new wind and solar](#) added to the grid through 2022 (the equivalent of powering Sweden). Powering data centers with renewables is doable.

Renewable energy added to the grid should also [advance energy justice](#) in the form of payment of living wages and strong workplace benefits, community consultation in siting, and community benefits from the renewable energy projects. Renewable energy that is constructed in agricultural zones to power data centers should follow agroecology principles – integrating solar panels into farming that benefits farmers and the environment (agrivoltaics), rather than replacing farms.



Resource: Green America developed a Community Partnership Model for Data Center Development [Green America - AI Data Center-Community Partnership Model Policy Brief for Maryland](#) that maps out the benefits to 100% renewable energy for data centers with VPPs.

3

Implement Strong Ratepayer Protections and Even Benefits

Across the country, consumers are seeing increased electric bills from data centers. To ensure that data centers cover the cost of their energy, and don't pass the costs onto consumers, make sure data centers disclose their load requirement (the energy needed to operate), including peak load (extra power temporarily needed for increased activity), and commit contractually to cover infrastructure expenses tied to the center rather than having these costs spread across all utility customers.

This means the developers should pay directly for new transmission lines, power generation capacity, and grid upgrades (including substations) that power their facilities. And, data centers should be treated as "very large customers" in setting their ongoing electricity rates, resulting in higher rates for them than other payers.

In addition to data center developers, utilities must also be prohibited from passing data center costs onto residential and small business customers.

Data center providers and utilities should be encouraged to utilize [Virtual Power Plants](#) (where permitted) with resident homes receiving free backup batteries that can provide energy to the grid as needed and compensation for providing energy during peak data center usage. Residents will be paid for the energy they provide to data centers, creating an income stream for participating residents. In rural areas, this includes the free installation of renewable energy and batteries, along with payments for that energy.

Set Strict Noise Limits and Ensure Resident Health & Safety

Data centers across the country are being built within a [few hundred feet of homes](#) – blanketing neighborhood with noise and other pollution.

Proper placement of data centers is important. Establish a minimum buffer between data centers and residential housing, schools, hospitals, transit hubs, and other important public services of half a mile.

Set clear limits on acceptable noise levels and require developers to conduct thorough studies before approval. Communities are starting to set [limits between 45-55 dBA](#) (decibels weighted for human hearing). These studies should measure all sources of sound during actual operating conditions, not just theoretical projections.

4



5

Require Conditional Use Permits with Binding Community Benefits

Data centers nationwide are being built with few restrictions and are evading standard zoning requirements. Rather than allowing data centers to build automatically (**by-right zoning**) if they meet basic zoning requirements, create a special permitting system where approval depends on meeting specific community standards. Data center developers should be held to equal or higher standards applied to other developers, not lower standards.

If your community has passed “by-right” zoning for data centers, work to get that revoked. Instead, require special permits with **legally binding conditions** regarding water usage, renewable energy usage, ratepayer protections, environmental justice impacts, and the ability to revoke the permit if conditions are not met.



Eliminate Tax Incentives and Require Substantial Tax Revenues

Data centers receive billions in tax breaks while creating few permanent jobs. Three dozen states offer tax incentives for data centers, in some cases providing over \$1 billion in benefits per year per state to large corporations to the detriment of local school districts and community services. To protect your community demand:

- No sales/use tax exemptions and no school or property tax abatements for data centers
- Ensure the data center provides substantial tax revenues for 20 years
- Provide an Independent cost-benefit analysis available to the public 90+ days before approval of any data center and allow for public comment



Protect Water Resources

Data centers can use massive amounts of water for cooling, which can put a strain on water available for residents and agriculture. Establish clear thresholds for what constitutes excessive water use and require detailed accounting of all consumption and any potential pollution by an independent assessor—including for cooling systems and construction phases that developers often omit from projections. Data centers should be required to:

- provide a plan to reduce their overall water use (not just water-use intensity which would allow for a growth in overall water usage)
- utilize “closed-loop systems” that use recycled or reclaimed water to lower impacts to potable water
- be prohibited from using water from groundwater aquifers
- pay for water and sewer upgrades that are needed to support the data center
- make water use and impact data accessible to the public on an ongoing basis
- pay farmers long-term (for the life of the data center) per acre for regenerative conservation practices that benefit regional water management, biodiversity, climate and on-farm economics.

Prohibit Backup Diesel Generators and Onsite Natural Gas Turbines

Elon Musk's xAI data center in Memphis is **notorious** for using up to 35 highly polluting natural gas turbines onsite. Other data centers use highly polluting backup diesel generators to meet peak demand.

To pre-empt this pollution, ban on-site diesel and natural gas generators that release pollutants causing asthma, cancer, and heart disease. For backup power to meet peak load demands, require the use of battery storage, including VPPs that can benefit residents.

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Transparency and Community Oversight

Communities deserve meaningful opportunities to weigh in on potential data centers and have their voices heard. Require the following when any data center is proposed:

- Public hearings (in-person and online) with **90+ days notice, options for online comments**, and all documents available online for review. Promote hearings and comment periods extensively to the public
- Educational materials from independent sources – not materials created by developers
- No project approval without demonstrated compliance with local zoning, water, energy, energy justice, and environmental goals
- For any data center that is approved, require regular (e.g. quarterly) public reporting on water, electricity, jobs created (and the wages and benefits of those jobs), and community investment and economic impacts





Establish Standards for Jobs

Since data centers create a larger number of temporary construction jobs and then fewer permanent jobs (generally less than 100), require:

- Local, targeted hiring and apprenticeships with **living wages** (not just state minimum) and unionized jobs
- Direct employment (not subcontractors) with health benefits, vacation, and sick leave for all employees
- Project labor agreements for construction
- Annual demographic reporting on employment



Steps for meeting with your elected local or state representatives

- Local and state elected officials are surprisingly approachable. They are often open to talking with residents about important issues.
- Before reaching out, make sure to create a clear outline of what you are asking for, using our guide above and other resources.
- If you can find other residents who agree with your concerns, it is helpful to meet as a group with legislators. Hearing from multiple residents demonstrates broader support for an issue. Before the meeting, create an agenda with the issues you want to cover and identify who will lead on each topic.

Once you are ready to reach out, you can try the following:

1. Reach out via email and ask to set up a phone call. Most legislators will speak with residents for 15-20 minutes. Send an outline of what you would like to discuss in advance to make the call more productive. And follow up again by email after the call.
2. Attend legislative meetings that are open to the public when data centers are being discussed. Come with prepared remarks and deliver them.
3. Attend open houses or other events where your legislator will be present and try to speak with them briefly (and provide them with a 2-page handout) and then set up an appointment to speak further.

Remember, always engage respectfully with elected officials. It is not helpful to accuse them of being the pocket of developers, even if you think that's the case. If one legislator appears to be adamantly opposed to your position, reach out to others that represent you. You can also work with residents in other jurisdictions and reach out together to their elected representatives if they are more receptive.

If you and other concerned residents are not making progress, consider starting an online petition and promoting it through social media, list serves, and word of mouth. A petition to a local official with 500 signatures can open the door to persuade them to change their position. You can also reach out to local media or post your concerns on social media to build awareness and a community of concern.

Notes on the research and additional resources

These recommendations are informed by the many communities nationwide that are fighting for responsible data centers or have rejected irresponsible development. We will update this resource as new information becomes available.

For more information regarding conditions to place on data centers, download the [North Star Data Center Policy Toolkit](#) from AI Now. This comprehensive resource goes into detail on policy recommendations and examples of municipalities with strong enforcement practices.

If you are fighting a data center that is proposed, in addition to the North Start Toolkit, guides from [Kairos Center](#) and [Media Justice](#) are very helpful.

For more information about how data centers can be run on renewable energy and create benefits for local homeowners, please look to these resources:

Green America: [Green America - AI Data Center-Community Partnership Model Policy Brief for Maryland](#)

Union of Concerned Scientists: <https://blog.ucs.org/steve-clemmer/powering-data-centers-with-clean-energy-could-avoid-trillions-in-climate-and-health-costs/>

Rewiring America: [New report: Household upgrades could offset all new projected data center energy demand | Rewiring America](#)