2429 Nicollet Ave
Minneapolis, MN 55404
www.100percentmn.org

March 31, 2025

Co-Chair Acomb, Co-Chair Swedzinski, and Members of the Committee,

I am writing to express our strong support for House File 2928, Representative Acomb's bill on the siting of data centers.

The growth in both number and scale of data centers in Minnesota is an emerging and important subject for the legislature to address.

According to Datacentermap.com, Minnesota currently has at least sixty-one data centers. In addition to these, the Minnesota Star Tribune reported on January 10, 2025 that another ten data centers are in development.

A 2024 Lawrence Berkeley National Laboratory report sorts data center categories by square footage, finding data centers "can be considered as either small, with an average square footage less than 150 (Telco Edge, Commercial Edge, SMB, and Enterprise Branch), midsize, with an average square footage of 2700 (Internal) and 6900 (Comms SPs), or large-scale, with average square footages of 11,000 for the colocation space types and 30,000 for hyperscale facilities (average square footage per module, not per entire facility/campus)". **Per the Star Tribune article, Amazon, Microsoft, and Meta have large-scale (or hyperscale) facilities in development in Minnesota.**

With their increasing number and scale, the energy use of data centers is growing very rapidly. The same Lawrence Berkeley National Laboratory found that "the electricity consumption of U.S. data centers is currently growing at an accelerating rate." Their study showed "a compound annual growth rate of approximately 7% from 2014 to 2018, increasing to 18% between 2018 and 2023, and then ranging from 13% to 27% between 2023 and 2028." In other words, total U.S. data center energy demand more than doubled between 2017 and 2023 and could triple by as soon as 2028.

With these trends in mind, it is urgent for the Minnesota Legislature to comprehensively address the potential impacts of data centers. We are, of course, concerned about their projected energy use and if that energy will be carbon-free on the schedule enacted into law in 2023 in Minnesota Statue section 216B.1691, subdivision 1.

However, their impacts go well beyond electricity. **Their land and water use, need for energy system redundancies, emissions impacts, utility efficiency program requirements, and consequences for workers and communities are sizable, complex, and different from those of smaller, enterprise data centers.** This bill begins to address each of these topics admirably, giving legislators and the public the opportunity to have a transparent and informed discussion about how we ought to build data centers.

Minnesota ought to approach the siting of large data centers with care. This bill starts the process in a reasonable and responsible way.

Thank you for your time and consideration,

Aurora Vautrin
Legislative Director of 100%
2429 Nicollet Ave
Minneapolis, MN 55404
www.100percentmn.org

Dawn Plumer, MPH

Regarding bill HF2928

April 1. 2025

My name is Dawn Plumer. I hold a Master of Global Public Health and work as an Environmental Health Program Specialist in local Public Health. I am a mother of three and a resident of Apple Valley, MN.

I am writing my testimony in favor of bill HF2928. I believe that stronger environmental reviews for data centers are essential to keeping the residents in the area the centers are built.

My main concerns over the data center's projected peak water demand during hot summer months – a draw rate that could be as high as 1.5 Million Gallons per Day and limit the city's population growth by almost 5,000 people, according to the Alternative Urban Areawide Review 2024 Update.

In learning more about the data center being proposed just miles from my home, in Apple Valley. I have concerns regarding the limited environmental review process, specifically about the significant amounts of water and electricity that the data centers will consume during their operations. It is estimated the data center propped for Apple Valley is the size up 12 super targets.

It is my hope that a through increased over site of the data center proposal in our area will lead to collaboration of the different entities approving the project. Included a more comprehensive environmental impact report for those who live work and play near these sites. What is the cumulative impact to our drinking water supply if the numerous other data centers planned in Dakota County are built? What alternative cooling methods could data centers use that don't deplete our community's drinking water supply? What impact will the proposed data center have on water availability without requiring conservation measure for residents during periods of drought like we are experiencing in Minnesota? Will this increase in usage affect the Metropolitan Council's projection of a decline in groundwater availability by 2040? Knowing that Apple Valley's municipal water supply comes from aquifers although one of the larger wells is a deeper aquifer, Mt. Simon, will more usage affect our water supply?

I would like to extend my gratitude to Representatives Patty Acomb and Chris Swedzinski for allowing me the opportunity to submit my written testimony. Your consideration of these matters and solutions is very much appreciated.

Sincerely,

Dawn Plumer, MPH and Apple Valley resident

VOTE SOLAR

3/31/25

Chair Acomb, Chair Swedzinski, and Members of the House Energy Committee,

Vote Solar appreciates the opportunity to express our support of HF 2928 and thanks Representative Acomb for her leadership in addressing the impacts of large-scale data center development.

This bill provides much-needed guardrails to ensure that data centers, which significantly increase electricity demand and water consumption, are developed responsibly. Given that some of the world's wealthiest companies are behind these projects, it is essential that they do not shift the financial and environmental burden onto ratepayers or local communities.

HF 2928 takes a proactive and balanced approach by requiring carbon-free energy use, contributions to low-income energy programs, and accountability for water and material usage. Additionally, prevailing wage requirements guarantee that the jobs created by these projects provide fair wages for Minnesota workers.

While this bill is a strong step forward, additional safeguards would further strengthen its impact. In particular, requiring data centers to provide proximate communities with distributed clean energy, requiring closed loop water systems, restricting groundwater withdrawals, and ensuring communities have early access to project information and the ability to reject proposals would provide additional important protections.

Vote Solar urges the committee to support this bill and consider additional measures to ensure data centers contribute positively to Minnesota's energy and water future.

Thank you for your time and consideration.

Sincerely,

Patty O'Keefe
Midwest Regional Director
Vote Solar

FRESHWATER

March 31, 2025

Chair Chris Swedzinski
Energy Finance and Policy Committee
2nd Floor Centennial Office Building
Saint Paul, MN 55155

Chair Patty Acomb
Energy Finance and Policy Committee
5th Floor Centennial Office Building
Saint Paul, MN 55155

Re: Support for improved oversight of large water appropriation projects in HF2928

Chair Swedzinski, Chair Acomb and committee members,

As a science-based organization with a focus on water sustainability, Freshwater urges you to support HF2928, which would provide necessary improvements to the evaluation and permitting of large water appropriation projects.

Projects such as hyperscale data centers can use millions of gallons of water each day for cooling, and they are being proposed and sited in Minnesota communities at an alarmingly fast rate. A large water user today may limit water supply for future residents or businesses, underscoring the need for careful consideration of long-term regional impacts.

We have met with multiple state agencies, cities and legislators to hear their concerns around data centers and other large industrial water users. This has brought to light a variety of issues with the way these projects often develop, including:

- Municipalities are asked to approve water-intensive projects within short timelines, limiting their ability to fully consider sustainable design alternatives and long-term project risks.
- Businesses seek to use municipal water supply sources in order to expedite permitting.
- Water managers may not receive adequate information to evaluate project requirements and impacts early in the planning process.

We believe the provisions described in HF2928 would provide a more formalized process to ensure large water appropriation projects are sited and designed responsibly. This would help to safeguard the future water supply for Minnesota communities.

Thank you for your consideration, and we appreciate your work for the State of Minnesota.

Michelle Stockness, PE

Executive Director, Freshwater

BUILDING DECARBONIZATION COALITION

April 1, 2025

Co-Chairs Patty Acomb and Chris Swedzinski
Energy Finance and Policy Committee

Dear Co-Chair Acomb, Co-Chair Swedzinski, and Committee Members,

The Building Decarbonization Coalition ("BDC") respectfully submits this letter of support for HF2928.

As we navigate a managed and equitable transition to clean energy in our built environment, data centers present both opportunities and challenges. Without essential safeguards, the costs to host communities may outweigh the benefits. Their high electricity needs present grid challenges as many other end uses across Minnesota begin to electrify in tandem. Thus, we must think strategically about how energy, both electricity and heat, is used, captured, and shared.

HF2928 includes provisions that we believe are crucial to keeping Minnesota on track to meet climate targets and protect and reinvest in Minnesotans.

- Carbon-free energy requirements ensure new data centers don't steer Minnesota off course.
- A peak electricity demand fee structure generates consistent funding for reinvestment in energy conservation, weatherization, and electrification for low-income Minnesotans.
- Prevailing wage requirements ensure jobs created are family-supporting.
- As utilities across the nation begin to share new data center grid infrastructure costs across everyday Americans, the clean energy tariff aims to protect ratepayers from bearing the burden of these investments.
- Reporting on efforts to reduce and repurpose thermal energy from data centers creates future opportunities to leverage this heat as a resource.

Beyond the current provisions, we encourage the Committee to consider a requirement for new data centers to be retrofit-ready for thermal energy networks. This would enable cost-effective participation in future heat marketplaces, reducing the expense of retrofitting after construction and providing an affordable heat source for surrounding communities.

Sincerely,

Noah Cordoba
Minnesota State Manager
noah@buildingdecarb.org

I'm writing to ask you to oppose efforts to extend tax breaks for hyper-scale data centers at the Legislature this session. Specifically, please vote no on HF 1277 (Davids) and SF 769 (Hauschild), which would extend existing tax credits and make it even easier to access sales tax exemptions for the largest data centers worth over $250 million.

The owners of these data centers are some of the wealthiest and most powerful corporations in the history of the planet. The state tax credit passed in 2011 was estimated to cost Minnesota taxpayers about $5 million, in 2025 it could be as much as $1 billion or more. Minnesota taxpayers should not be subsidizing already profitable corporations, especially when it threatens our clean energy goals and groundwater.

Huge data center proposals by Amazon, Meta (Facebook), and other tech giants are quickly moving forward. These are absolutely massive proposals. The Becker Amazon data center wants to build 250 diesel backup generators and would use 600 megawatts of electricity - roughly the same amount as the Monticello nuclear plant produces. The Farmington data center proposal would use 900 million gallons of water per year and as much electricity as the entire City of Minneapolis. There are at least 10 hyper-scale data centers proposed in Minnesota and if all of them are built, it could double the electricity consumption of the entire state of Minnesota.

There are at least 10 proposals for new data centers to be built in Minnesota, including ones proposed for Farmington, Rosemount, Hampton, Becker, North Mankato, Faribault and elsewhere.

3. BIG TECH BRINGS BIG RISKS: The environmental impact of data centers like these on Minnesota's water and energy supply is potentially vast. Hyper-scale data centers also have serious implications for mining in our state.

- ENERGY HOGS: In terms of energy, if all 10 data centers currently proposed come online, they would consume as much energy as all of the homes in Minnesota. Since Minnesota has a law that requires utilities to serve customers that move

into their territory, our state could be left scrambling to meet the seismic jump in energy demand, which could lead to delays in scheduled coal plant retirements or the construction of new fossil fuel plants. Either development would gravely jeopardize Minnesota's ability to reach our urgent climate goals. Several utilities give substantial discounted rates to attract data centers (upwards of 50% what a residential customer pays), meaning that a greater share of grid enhancement costs – like new power plants and transmission – will be transferred to captive residential utility customers.

- DRAIN ON WATER RESOURCES: Hyper-scale data centers would also be major drains on our water resources because of the amount of water needed to cool the wall-to-wall computers operating around the clock inside data centers. For example, the massive data center proposed in Farmington is estimated to drain 900 million gallons of water from the community's aquifer, which would essentially double the water consumption of the entire city. In combination with other growing water users (residential and industrial), this poses a serious risk to drinking water, particularly where these proposals are concentrated (such as Dakota County.)

- MINING: The construction, non-stop operation and ongoing maintenance of massive data-centers that house wall-to-wall computers has the potential to lead to a surge in mining in Minnesota as the equipment is largely made of various precious metals. Construction of a data center is not just a one-time use of metals - on average data centers replace their computer equipment every four years or so. Sulfide-mining poses its own distinct and substantial threat to our natural resources and communities.
  5. REGULATORY GAPS LEAVE MINNESOTANS VULNERABLE: While the proposed data centers would need to secure various state permits to advance, there is currently no central decision-making body in the state that has authority to assess whether the totality of a data center's potential upsides outweigh the significant risks they pose to our natural resources, communities and climate goals. That's a major gap in our regulatory framework that MCEA and our allies are bringing to the attention of key decision-makers.

CONCLUSION: The issue of hyper-scale data centers in Minnesota is new for our state and emerged rapidly, leaving legislators, state agencies, local units of government, environmental watch-dogs and residents scrambling to understand a novel and complicated

industry in little time. While tech companies promise benefits to host communities like jobs and programs and tout interest in building “green data centers” powered by clean energy, none of that is guaranteed and all of it largely depends on corporate giants’ voluntary benevolence. On the other hand, there are demonstrated examples across the country of the environmental impacts hyper-scale data centers have on states’ energy infrastructure, water supplies and communities. MCEA is dedicating significant resources to this issue and is committed to continuing to push legislators and other decision makers to carefully scrutinize these proposals and fill the holes in our regulatory framework.

Large Energy Customers Must Demand Better

The rapid rise of energy-intensive AI-driven data centers and new high-tech manufacturing could

put critical climate goals at risk without a near-term course correction. It is crucial that we

ensure that large electricity users, utilities, regulators, and policymakers are aligned around the

best pathways for reducing emissions while meeting growing demand.

While more than half of the world's largest corporations have reportedly committed to net zero

emissions targets, utilities are increasingly turning to new gas, and even keeping old coal plants

online, to meet growing load from large new corporate customers. The discrepancy between the

pledges of large customers and the actions of their host utilities is sharp. Big customers often

assert that they're facilitating renewable energy growth, but many either just buy unbundled

renewable credits, or contract with inexpensive wind and solar in a different part of the country.

Increasingly, large customers site data centers and manufacturing facilities where they can find

interconnection without regard to their host utilities emissions, or intention to reduce emissions.

And so utilities with zombie coal plants and gas plants in the queue are getting new customers,

and our climate goals are in peril.

Large energy customers must step up to the plate, and Demand Better. Large energy buyers

must demand that their host utilities provide both clean energy and clean capacity, and reject

new gas plant or coal plant extensions. Large energy buyers should commit to local, additional,

around-the-clock clean energy, and regulators must be prepared to ensure that existing

residential customers do not bear new costs and risks to serve highly concentrated new loads.

We lay out three core recommendations to accomplish these goals:

1. Large energy customers should commit to procuring around-the-clock clean energy (also

called “24/7 carbon-free energy”), either through direct or sleeved power purchase

agreements, or by working with their utilities to build comprehensive green energy tariffs

that allow customers to meet their energy and capacity needs with zero emissions

resources;

2. Large energy customers should engage in utility regulatory proceedings to ensure that

their host utilities conduct good planning, procure clean energy, and are held

accountable for outcomes that serve the interests of both large and small customers;

3. Large customers should advocate for broad, binding clean energy standards that meet

rigorous emissions targets, align the interests of all electricity customers, and ensure

broad consumer protections.

We ask that new large load customers, especially those with climate goals, show leadership to

support the system services that integrate and balance renewable energy, like energy storage,

transmission upgrades, and demand-management.

In addition to efficiency improvements and creative energy and water use, better regional power modeling will help data centers to more sustainably use utilities (EPRI, 2024). As the construction of data centers continues to grow, designers and operators can prioritize these improvements to reduce their impact on people who live near data centers, as well as society as a whole.

Written Testimony on Data Centers

There are at least 10 proposals for new data centers to be built in Minnesota and the legislature should guide the process of approval with laws that ensure Minnesota will meet its 100% Clean Energy by 2040 mandate. Start by guiding communities and utilities to require that clean renewable energy is used to operate the data centers. The backup energy should be by batteries rather than fossil fuel generators. Then a rigorous EIS should be required to address the massive amount of water usage by permitting only newer water cooling technology that avoids single pass water to cool the data center computers. Data centers should only be located at industrial areas that are located a safe distance from residential areas to avoid the harmful impacts of noise and light pollution. There are a few outstate communities that are addressing responsibly the permitting of data centers and the Minnesota Legislature should guide our communities in this process.

Mike Menzel, MD

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Edina, MN 55410

612-860-8290

GOVERNMENT & POLITICS HEALTH & ENVIRONMENT

Ratepayer advocates hail 'landmark' settlement with data centers, utility company

The nondiscriminatory agreement would apply to all "large load" customers once regulators approve.

BY: **LESLIE BONILLA MUÑIZ** - NOVEMBER 26, 2024 7:00 AM

Gov. Eric Holcomb delivers remarks during an announcement and groundbreaking ceremony for Google's new data center in Fort Wayne, on April 26, 2024. (From Holcomb's official Flickr)

Ratepayer advocates are celebrating a Friday settlement with three of the state's largest incoming data centers and Indiana Michigan Power (I&M) – touting new protections for Hoosier bills and the state's electricity supply.

Amazon Web Services plans to spend $11 billion on a data center near New Carlisle, while Google is working on a $2 billion data center in Fort Wayne – and both need plenty of power from I&M.

Also included in the settlement was Microsoft, which has announced a $1 billion data center project in La Porte. That's in Northern Indiana Public Service Company (NIPSCO) territory.

The three data center signatories agreed to each provide $500,000 annually for five years to the Indiana Community Action Association. The money will support low-income Hoosier customers, like weatherization efforts.

"I&M looks forward to working with some of the leading technology companies in the world that have chosen to locate in northeast Indiana. It is an exciting time for our region and I&M is committed to doing our part to support these customers as they bring investments and jobs to Indiana," President and CEO Stever Baker said in a news release. "I&M has the responsibility to serve the new customers, while also protecting existing customers, including residential, small business and those within other industries, from impacts related to necessary infrastructure improvements required to serve these customers."

The agreement sets out new contract, payment and other requirements. But its terms don't stop there.

If state regulators approve the nondiscriminatory settlement, it'll also apply to new industrial customers with large electric loads.

Indiana Utility Consumer Counselor Bill Fine – whose agency advocates for all utility customers – said data centers will have a "critical role" in Indiana's future economic development, but require "substantial increases" in power generation and transmission infrastructure.

"The terms in this agreement will ensure a balanced approach as those investments are made," he said in a news release. "(They'll) protec(t) residential, commercial, and industrial customers from bearing the costs of new infrastructure necessary to serve new, large-volume customers."

Kerwin Olson, leader of utility watchdog Citizens Action Coalition (CAC), highlighted the agreement's "significant protections" and transparency provisions. Program Director Ben Inskeep, meanwhile, lauded the "landmark" arrangement on X.

An industry membership organization, the Data Center Coalition, was another party to the accord.

Timelines, minimums and collateral

The terms applies to industrial customers that need a lot of electricity from I&M to power their efforts: contract capacity of at least 70 megawatts at an individual plant or 150 megawatts in aggregate. They're dubbed "large load customers."

The settlement starts by stretching out contract timelines. The minimum for a large load customer on I&M's Tariff Industrial Power would be 12 years. They could choose to add an additional "load ramp period" of up to five years.

That's much longer than the current minimum of two years, according to Inskeep. He wrote that the change provides greater certainty that big users will stay longer and pay for costs.

The companies also agreed to several payment-related changes.

Monthly billing demands are taken monthly, as the energy consumed during the single-highest 15-minute peak demand period. But monthly billing demand can't go under 80% of the large load customer's contract capacity or 80% of the company's highest monthly billing demand from the last 11 months. That's up from the current 60%, Inskeep said.

Big users also face higher minimum charges monthly.

Inskeep said that a “very large” data center demanding 1,000 megawatts would expect to pay $492 million for power annually. Under the settlement’s formula, he estimated that they’d pay a minimum of $332 million, regardless of electricity usage – versus the current minimum of $173 million.

The boosted minimum ensures that data centers and other big users “will be paying back the costs of the very large investments I&M is making to serve them, even if (they) use much less power than originally planned,” Inskeep wrote.

The settlement goes on to establish collateral requirements.

The money is proof that big customers can pay their bills, and acts like insurance for I&M in case one can’t.

During a contract’s first year, large load customers would have to hand over 24 times their maximum expected monthly non-fuel bill. After year one, it would be 24 times the previous maximum.

Collateral would get recalculated annually, and customers would have to supply the updated amount if it’s 10% – or more – higher than the current amount held by I&M.

They’d have three ways to provide collateral:

1. A guarantee from the customer’s parent company or corporate affiliate for the full amount, as long as the entity has high credit ratings and lots of money – at least 10 times the collateral requirement.
2. A standby irrevocable letter of credit for the full amount, issued for at least a year by a bank with high credit writings. The customer would need to renew it at least 30 days before expiration.
3. The full amount, in cash.

Large load customers with high credit ratings and lots of money are exempt. Those without the credit ratings but enough liquidity are half-exempt – up to $250 million off the requirement.

Downsizing, exit fees and more

The settlement does let big users reduce their contract capacity after five years – without facing penalties.

Large load customers would have to give I&M at least 41 months written notice prior to the delivery year in which the reduction would occur. They'd be capped at a 20% reduction unless they and I&M agree on something higher.

There's room for more extreme actions, but at a cost.

A large load customer could end its contract after five years, or reduce its contract capacity by more than 20% as long as it gives 42 months written notice and pays potentially hefty exit fees.

The settlement also includes smaller provisions:

- A prospective big user would cover the costs of a full planning study necessitated by its addition to the grid.
- Collaboration on a potential "clean transition" tariff letting participants support investment in carbon-free electricity resources. It would be covered by participants themselves.
- At least one meeting on I&M's emergency response procedures — like last-resort power cuts — and if the utility needs to make changes to its procedures because of big users.
- Semi-annual reports from I&M to state regulators with information on how much the utility has spent to serve big users, contract termination fees, notices of reduction to contract capacity, and so on. Some data would be confidential, but the settlement parties agreed to collaborate on public versions of the reports.
- I&M is set to conduct a study evaluating the potential of technologies that maximize electricity transmission.
- I&M will meet with stakeholders to talk about interconnecting its large load customers.

Olson, of CAC, highlighted the settlement's "unanimous" nature.

"We know legislation regarding data centers and large load customers will be discussed during the upcoming legislative session, especially in the context of ensuring they pay their 'fair share' and other ratepayers are protected," he wrote via email. "Considering this is a unanimous settlement between the utility, large load customers, and consumer advocates, we would hope that the legislature would use the terms in this settlement as a template to inform that policy discussion."

SUPPORT

REPUBLISH

LESLIE BONILLA MUÑIZ

Leslie covers state government for the Indiana Capital Chronicle with emphases on infrastructure, transportation and elections. She previously covered city-county government for the Indianapolis Business Journal. She has also reported on local, national and international news for the Chicago Tribune, Voice of America and more. She majored in journalism and political science at Northwestern University.

Indiana Capital Chronicle is part of States Newsroom, the nation's largest state-focused nonprofit news organization.

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Utility customer advocates say protections inadequate in large-load users, nuclear development bill

BY **LESLIE BONILLA MUÑIZ**

March 28, 2025

GOP lawmakers eye small nuclear in Indiana, despite advocate concerns

BY **CASEY SMITH**

January 22, 2025

DEMOCRACY TOOLKIT

The Indiana Capital Chronicle is an independent, nonprofit news organization dedicated to giving Hoosiers a comprehensive look inside state government, policy and elections. The site combines daily coverage with in-depth scrutiny, political awareness and insightful commentary.

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STATES NEWSROOM

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MINNESOTA CHAMBER FOUNDATION
POWERING PROSPERITY

Streamlining Minnesota's environmental permitting

Tracking progress on efforts to reduce timelines, address backlogs and improve transparency in Minnesota's environmental permitting and review programs.

The Minnesota Chamber Foundation's 2024 report, *Streamlining Minnesota's environmental permitting process: Essential for economic growth*, examined the efficiency and transparency of Minnesota's environmental permitting system by outlining and then comparing timelines and processes to other states, and providing recommendations for streamlining and improvements.

In the year since that report's release, permitting activity has experienced partial improvement, but continues to experience significant challenges.

Improvements ⇧

- While only one priority Tier 2 air permit was issued within the agency's 150-day goal, a plurality (17 of 35) of them were issued between 150 and 365 days of the initial application, meaning that the typical priority permit took more than 150 days but less than a year to issue.
- Federal individual air permits were issued in an average of 266 days in 2024. While this only reflects a small sample size (three permits), it signals progress in getting closer to the agency's 150-day goal. This matters because federal individual air permits often relate to larger economic development projects.
- Backlogs of non-priority air and water permits saw modest improvements in 2024.
- Several steps were taken to improve transparency and certainty for applicants, including enhancements to Minnesota's Business First Stop program, legislation passed to provide coordinated schedules to project proposers, new permitting dashboards from the MPCA, and proposed funds for a permitting ombudsman in the governor's budget proposal.

Continued challenges ⇩

- The median timeline to issue priority Tier 2 air permits remained nearly unchanged at 348 days in 2024. Only one of 35 priority Tier 2 air permits were issued within 150 days.
- Only two priority individual industrial NPDES water permit applications were received in fiscal year 2024. These two, along with two others received in previous years, have yet to be issued and have been pending for an average of 829 days.
- Despite modest improvements, non-priority Tier 2 air and water permits continue to face substantial backlogs. For example, there are 441 air permits currently in process or awaiting assignment to agency staff (as of February 2025). These permits have been in the queue for a median of 1,270 days. Among these 441 permits, 326 (74%) remain unassigned, with over half (54%) having been awaiting assignment for over three years.
- There continues to be a lack of accessible data on environmental review projects, limiting the ability for stakeholders to monitor efficiency and identify opportunities in the process for improvement.
- New initiatives imposed last year, such as mandatory use of standardized emissions spreadsheets and air modeling requirements, add complexity and uncertainty to Minnesota's already-robust permitting requirements.

348 median number of days to issue priority Tier 2 air permits

1 of 35 priority Tier 2 air permits issued within 150-day goal

18 of 35 priority Tier 2 air permits issued within 1 year

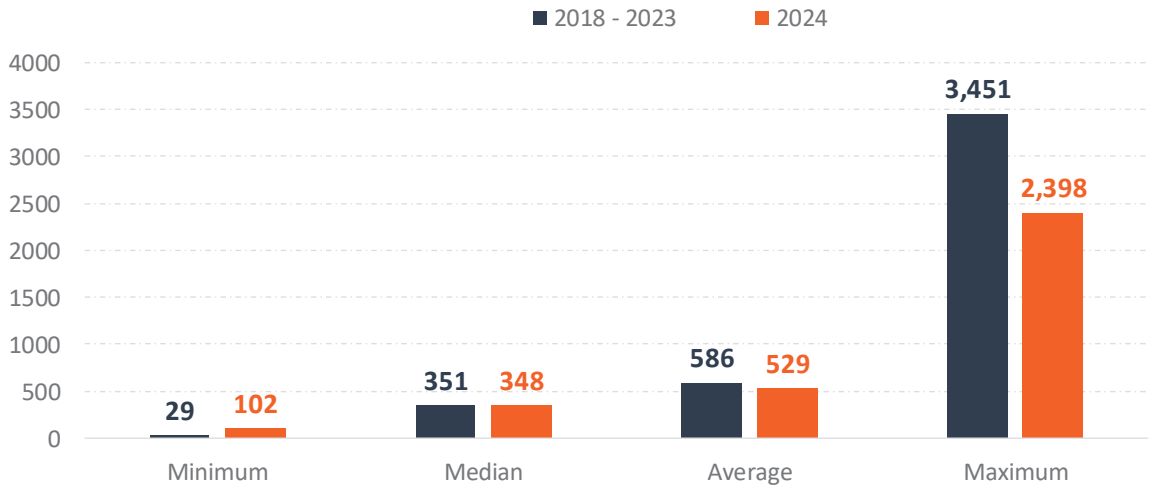
2 new priority individual industrial NPDES water permits received; both remain pending

63% of individual industrial NPDES water permits are administratively continued

441 air permits awaiting assignment or in process, with a median of 1,270 days since applications were received by the MPCA

Median timeline to issue priority Tier 2 air permits in 2024 nearly matched the median from the previous 5-year period

Number of days to issue priority Tier 2 air permits



Air permit status: permit applications that have been received but not yet issued

(as of February 2025)

441 total air permit applications in process or awaiting assignment

- **326** applications still awaiting assignment
- **115** applications in process

1,270 median number of days since applications were received by the MPCA

MINNESOTA CHAMBER FOUNDATION
POWERING PROSPERITY

380 St. Peter St., Suite 1050, St. Paul, MN 55102

DATA CENTER TESTIMONY H.F. 2928

March 31, 2025

Dear Members of the House Energy Policy and Finance Committee,

Huge data center proposals by Amazon, Meta (Facebook), and other tech giants are quickly moving forward. These are absolutely massive proposals. The Becker Amazon data center wants to build 250 diesel backup generators and would use 600 megawatts of electricity - roughly the same amount as the Monticello nuclear plant produces. The Farmington data center proposal would use 900 million gallons of water per year and as much electricity as the entire City of Minneapolis. There are at least 10 hyper-scale data centers proposed in Minnesota and if all of them are built, it could double the electricity consumption of the entire state of Minnesota.

The owners of these data centers are some of the wealthiest and most powerful corporations in the history of the planet. The state tax credit passed in 2011 was estimated to cost Minnesota taxpayers about $5 million, in 2025 it could be as much as $1 billion or more. Minnesota taxpayers should not be subsidizing already profitable corporations, especially when it threatens our clean energy goals and groundwater.

I'm writing to ask you to oppose efforts to extend tax breaks for hyper-scale data centers at the Legislature this session. Extending the existing tax credits and make it even easier to access sales tax exemptions for the largest data centers worth over $250 million.

There are at least 10 proposals for new data centers to be built in Minnesota, including ones proposed for Farmington, Rosemount, Hampton, Becker, North Mankato, Faribault and elsewhere.

The environmental impact of data centers like these on Minnesota's water and energy supply is potentially vast. Hyper-scale data centers also have serious implications for mining in our state.

In terms of energy, if all 10 data centers currently proposed come online, they would consume as much energy as all of the homes in Minnesota. Since Minnesota has a law that requires utilities to serve customers that move into their territory, our state could be left scrambling to meet the seismic jump in energy demand, which could lead to delays in scheduled coal plant retirements or the construction of new fossil fuel plants. Either development would gravely jeopardize Minnesota's ability to reach our urgent climate goals. Several utilities

give substantial discounted rates to attract data centers (upwards of 50% what a residential customer pays), meaning that a greater share of grid enhancement costs – like new power plants and transmission – will be transferred to captive residential utility customers.

Hyper-scale data centers would also be major drains on our water resources because of the amount of water needed to cool the wall-to-wall computers operating around the clock inside data centers. For example, the massive data center proposed in Farmington is estimated to drain 900 million gallons of water from the community's aquifer, which would essentially double the water consumption of the entire city. In combination with other growing water users (residential and industrial), this poses a serious risk to drinking water, particularly where these proposals are concentrated (such as Dakota County.)

The construction, non-stop operation and ongoing maintenance of massive data-centers that house wall-to-wall computers has the potential to lead to a surge in mining in Minnesota as the equipment is largely made of various precious metals. Construction of a data center is not just a one-time use of metals - on average data centers replace their computer equipment every four years or so. Sulfide-mining poses its own distinct and substantial threat to our natural resources and communities.

While the proposed data centers would need to secure various state permits to advance, there is currently no central decision-making body in the state that has authority to assess whether the totality of a data center's potential upsides outweigh the significant risks they pose to our natural resources, communities and climate goals.

The rapid rise of energy-intensive AI-driven data centers and new high-tech manufacturing could put critical climate goals at risk without a near-term course correction. It is crucial that we ensure that large electricity users, utilities, regulators, and policymakers are aligned around the best pathways for reducing emissions while meeting growing demand.

While more than half of the world's largest corporations have reportedly committed to net zero emissions targets, utilities are increasingly turning to new gas, and even keeping old coal plants online, to meet growing load from large new corporate customers. The discrepancy between the pledges of large customers and the actions of their host utilities is sharp. Big customers often assert that they're facilitating renewable energy growth, but many either just buy

unbundled renewable credits, or contract with inexpensive wind and solar in a different part of the country.

Increasingly, large customers site data centers and manufacturing facilities where they can find interconnection without regard to their host utilities emissions, or intention to reduce emissions. And so utilities with zombie coal plants and gas plants in the queue are getting new customers, and our climate goals are in peril. regulators must be prepared to ensure that existing residential customers do not bear new costs and risks to serve highly concentrated new loads.

While tech companies promise benefits to host communities like jobs and programs and tout interest in building “green data centers” powered by clean energy, none of that is guaranteed and all of it largely depends on corporate giants’ voluntary benevolence. On the other hand, there are demonstrated examples across the country of the environmental impacts hyper-scale data centers have on states’ energy infrastructure, water supplies and communities.

Thank You for your attention to this testimony,

Kathryn J. Iverson

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April 1, 2025

The Honorable Patty Acomb
Co-Chair, Energy Finance and Policy Committee
Minnesota House of Representatives
658 Cedar Street, 5th Floor
Saint Paul, MN 55155

The Honorable Chris Swedzinski
Co-Chair, Energy Finance and Policy Committee
Minnesota House of Representatives
658 Cedar Street, 2nd Floor
Saint Paul, MN 55155

Co-Chair Acomb, Co-Chair Swedzinski and Committee Members,

Fresh Energy is a 30-year-old, Minnesota-based nonpartisan, not-for-profit organization. We work to shape and drive bold policy solutions to achieve equitable carbon-neutral economies. We appreciate the opportunity to share our thoughts regarding House File 2928.

Fresh Energy supports House File 2928 as a starting point to develop a comprehensive policy framework for large-load data centers. Data centers inherently present a range of policy challenges; we encourage policymakers to think holistically about both minimizing harms and costs to the broader public, as well as specifically maximizing benefits for both host communities and all Minnesotans. Other states around the country have been experiencing data center investments as well; many of the policy questions that House File 2928 seeks to address come directly from learned experience in states like Virginia that have witnessed rapid data center investment – we encourage state leaders to take these lessons seriously and take advantage of the opportunity to develop appropriate policy frameworks for Minnesota before, rather than after, they become established at scale in our state.

Data centers are very large users of energy – large enough that, especially as they proliferate throughout our state and region, they present a unique set of challenges for the overall system from the perspective of consumers, utilities, and communities. However, with the right policy and regulatory frameworks in place, data centers can also bring significant benefits to other customers by pushing down cost and helping with affordability. Data centers could also provide needed extra investment in the grid, clean energy technology, and energy efficiency for other customers. We appreciate that this bill seeks to enable those benefits through a focus on customer protections, and a framework for data center clean energy investment, among other things.

Fresh Energy particularly appreciates the inclusion of a dedicated fee on data centers to support weatherization and associated activities. Weatherization is a critical strategy for supporting Minnesota families with significant energy burden, and making investments at a scale more in line with the actual identified need for weatherization would be a significant statewide benefit – an important component especially if the Legislature chooses to entertain proposals for tax incentives that would effectively be supported by taxpayers statewide.

Of course, our energy system is only one area in which data centers are having an impact. House File 2928 includes additional provisions relating to water consumption, environmental review and more. While these topics fall generally beyond our organization's primary areas of expertise, we believe they are important public policy matters and we encourage members to consider them carefully as part of any final package of policies relating to data centers in Minnesota. We also recommend that either as part of this legislation or as a condition for any separate legislation that authorizes tax or other financial incentives, that data center operators be required or at least incentivized to commit to community benefit agreements with their host communities.

Finally, we would be remiss not to note that Minnesota's clean energy policy landscape, highlighted by the 100 percent by2040 carbon-free standard, has become a clear and specific driver of demand for new economic investment including but not limited to data centers; we recommend that legislators interested in reaping the benefits of these investments work diligently to oppose rollbacks of policies that are helping to drive demand for outside investment in Minnesota.

The growth and proliferation of large-scale data centers present a range of both opportunities and challenges for Minnesota policymakers to carefully consider. House File 2928 offers a framework that focuses on both harm prevention/mitigation as well as maximizing public benefits, and we encourage members to support moving this important legislation forward in 2025.

Sincerely,

Allen Gleckner
Chief Policy Officer
gleckner@fresh-energy.org

Chair Acomb, Chair Swedzinski, and Members of the House Energy Committee:

We, the undersigned groups, are writing in support of H.F. 2928. Large technology companies have proposed at least a dozen large data centers for our state. We are concerned about the lack of available information and process around these proposals. Data centers will require significant resources from our state, the cost of which will likely fall on regular Minnesotans, while the benefits remain unclear.

Right now, only a few state or local entities have any regulatory authority over any given data center proposal. No single entity has the authority to look at the full range of potential impacts, costs, and benefits of a data center. Even more concerning, it is difficult for Minnesotans to learn about a data center slated for their community, what the impacts might be, and in some cases, even what company is proposing to build these data centers until the project is too far along for them to have a say. The provision of the bill that requires an EIS for data centers will help address this problem.

Additionally, large data centers require hundreds of megawatts of energy. The Star Tribune recently reported that if all the data centers slated for Minnesota were built, the energy demand would be equivalent to all households in the entire state. At a time when utilities are figuring out how they will meet our goal of 100% clean energy by 2040, and many businesses and residents are making choices to help us meet that goal, data centers could take us backward or even derail clean energy progress altogether. H.F. 2928 requires data centers to be accountable for their energy usage and invites them to be part of the solution to our clean energy goals. We support the provisions of the bill that require the generation or procurement of renewable energy equal to the energy consumption of the facility, and the clean energy tariff provisions designed to shield other energy customers from increased electric bills.

Data centers also use many millions of gallons of water. For example, a proposal in Farmington would double the water use of the city. Currently, data centers are asking municipalities to increase the allowed water withdrawals under municipal permits, making it difficult to assess water usage and complicating environmental review. The result is a lack of public understanding about who is using the water, how it's being used, and whether the local water source can truly support the proposed withdrawal. We support the provisions of this bill that set additional requirements for water withdrawals, including preapplication evaluation of large water appropriation projects, prioritizing water reuse and efficiency measures, and closing loopholes around environmental review.

Data centers also use tremendous amounts of metals. Currently, we don't know where those metals come from, if the companies are prioritizing recycling, or what happens to this electronic waste at the end of its life. We support the provisions of the bill that require an accounting of the metal use.

At this moment, we ask our legislators, who gets to decide? Will Minnesotans get to weigh the costs and benefits of these proposals, and make our own decisions about how we use our natural resources? Or will Big Tech get to decide without the input of Minnesotans? H.F. 2928 moves us in the right direction to empower Minnesotans to decide.

Respectfully submitted,

Alliance for Sustainability
Clean Water Action Minnesota
Climate Generation
CURE
Duluth for Clean Water
Friends of the Mississippi River
League of Women Voters Duluth
League of Women Voters Minnesota
Minnesota Trout Unlimited
Minnesota Center for Environmental Advocacy
The Nature Conservancy
Third Act Minnesota
Vote Climate
Vote Solar
WaterLegacy