Clean Economy Coalition of Wisconsin (CECW)
Data Center Accountability Framework

CECW seeks to advance policies that achieve Wisconsin's stated goal of achieving 100% clean energy electricity. These policies are designed to meet the urgency of addressing climate change and energy affordability, while supporting the state's economic development and job creation efforts.

Wisconsin finds itself at the center of a national debate surrounding data center development. Too often, this discussion suggests the state only has the ability to choose between prioritizing economic growth or meeting our state's clean energy and climate goals. In reality, Wisconsin must be a leader in pursuing both: advancing economic development while accelerating a just transition to affordable, reliable clean energy in a way that doesn't harm residents' health, economic viability, or the environment.

The scale of proposed development is unprecedented: just two of the announced data centers would require more energy than all current residential customers in Wisconsin combined. However, these large-scale projects should not compromise Wisconsin's climate goals by delaying the closure of coal plants, or justifying the build-out of new methane gas plants or additional fossil fuel infrastructure. Instead, these projects should prioritize renewable energy sources (namely, wind, solar, battery storage, and geothermal technologies).

A clear strategic framework is essential to make this possible. By placing Wisconsin's clean energy and climate commitments at the center of planning, Wisconsin's leaders can steer data center development in a way that prioritizes energy affordability, safeguards public health, and upholds our clean energy and climate commitments.

Without this framework, Wisconsin risks increasing costs from continued fossil fuel expansion, and the related climate and health impacts from keeping fossil fuel energy generation online past the state's and utility companies' stated retirement timelines. Left unchecked, rapid growth in this sector threatens to increase residents' energy burden, further strain affordability, and undermine progress toward an affordable, reliable, resilient clean energy future.

To manage this growth responsibly, CECW proposes that the state pause consideration of new data center proposals until a strategic framework is in place.

While we recognize the immediate and time-sensitive factors driving data center developments, we urge state leaders to take a holistic, forward-looking approach – one that balances speed-to-market timelines with long-term sustainability, affordability, and reliability practices.

To ensure this framework reflects a responsible path forward, CECW is advocating for the strategic, responsible integration of data centers into our state's health, environmental, and economic future – in a way that:

- Keeps Wisconsin on track to achieve zero carbon emissions in energy generation by 2050

- Safeguards customers from rising energy costs
- Protects vulnerable communities from unjust increases in direct and indirect air pollution and prioritizes Wisconsin's natural resources: water, land, and wildlife
- Ensures grid reliability
- Requires meaningful engagement with local communities throughout the planning process and operations
- Provides for ongoing reporting of energy, water use and other potential environmental and health impacts

We believe that a responsible strategy is one led by the Governor and state administration, in strong coordination with and among local communities, the Wisconsin Economic Development Corporation (WEDC), the Departments of Administration and Natural Resources, the Public Service Commission of Wisconsin, and legislative leaders from both parties. Only through deliberate and collaborative efforts can Wisconsin ensure economic growth, clean energy progress, environmental stewardship, affordability and public health go hand-in-hand.

CECW proposes the adoption of the following state-wide strategic framework to guide decision-making on new, large scale economic development - including data centers. This will ensure Wisconsin's economic growth aligns with our clean energy future, by outlining key principles around energy, water, and local community impact.

Prioritizing Affordable Clean Energy Solutions

1. **Ensuring Lower Costs for Ratepayers**

   Utilities must be required to provide estimates or actual costs of *all* distribution, transmission, pipeline and gas storage costs necessary to support data center load – not just energy generation alone – to the Public Service Commission of Wisconsin. This information should also be made available to the public. This transparency ensures that costs are properly allocated and that existing customers are not unfairly burdened by the infrastructure demands of large energy users.

   To protect Wisconsin ratepayers, utilities should also be required to file a qualified data center tariff with the PSCW for approval. This will ensure transparency and accountability for how costs associated with large data centers are recovered, and ensures new, large-load customers will be held to their public promises of paying their way for 100% of newly added and/or upgraded infrastructure, while protecting ratepayers from subsidizing any costs from these projects.

2. **Leading with 100% Clean Energy**

   Wisconsin's data centers should be powered by 100% Wisconsin-based clean energy. Renewable generation can be built faster than fossil fuel or nuclear resources and remains the lowest-cost option in today's energy marketplace. Prioritizing renewables ensures Wisconsin meets its clean energy commitments while capturing the economic benefits of in-state energy investments – and it must not slow utilities' ongoing transition

away from fossil fuels. For organizations using backup generators, this would also restrict the use of fossil fueled (e.g., diesel) generators.

To reinforce this commitment, data center developers should be required to supply at least 30% of their energy or capacity needs through their own Wisconsin-based renewable resources. This “Bring Your Own Energy” requirement ensures data centers contribute to – rather than hinder – Wisconsin’s clean energy progress and protects ratepayers from stranded asset risks and volatile fuel costs tied to new fossil fuel infrastructure. Developers could meet this requirement through power purchase agreements with Wisconsin-based clean energy providers.

3. **Maximizing Distributed Energy Resources to Meet Wisconsin’s Energy Needs**

Wisconsin is entering a new era in energy where we can meet rising energy demand without relying exclusively on building new fossil fuel generation. To ensure data center growth is sustainable and cost-effective, the state must prioritize maximizing all energy resources at its disposal from distributed energy resources (DERs), such as demand response, battery storage, virtual power plants (VPPs), waste heat recovery, geothermal, and energy efficiency programs

Maximizing distributed energy resources allows Wisconsin to manage its energy system efficiently, avoid unnecessary fossil generation, reduce energy waste, and support both residents and businesses in meeting their energy needs cost-effectively.

- **Demand Response Commitment:** Data center developers should commit at least 30% of their peak load to utility demand response programs. These programs allow facilities to temporarily reduce energy use during periods of high demand, easing stress on the grid, lowering costs, and reducing the need for new generation.

- **Enhancing Grid Flexibility:** Wisconsin’s utilities should significantly expand adoption of grid-enhancing technologies (GETs), VPPs, and other DERs. Encouraging residential, commercial, and industrial customers to participate in these solutions lowers overall energy and infrastructure demand, while creating economic value for communities and businesses.

- **Expand Residential Energy Efficiency Investments:** Programs like Focus on Energy must be immediately expanded to capture additional savings for customers and reduce pressure on the grid. Expanding energy efficiency helps meet data center energy needs while minimizing costs for all Wisconsin residents. In addition, the state should require large-load customers to participate in this program and not opt-out as many are able to currently.

- **Community and Economic Benefits:** Leveraging waste heat-adoption, and other new technologies, including geothermal energy, provides tangible benefits

for nearby communities and businesses, ensuring data center growth supports broader local economic and environmental goals.

4. **Establishing Responsible, Forward-Looking Integrated Energy Planning**

   Wisconsin must pair economic development with comprehensive energy planning that clearly demonstrates how anticipated load growth can be met through the clean energy solutions outlined above. Rather than assuming the grid can absorb unlimited new demand, the state should use an integrated, long-term planning approach to ensure that growth is supported in a way that maintains reliability, manages long-term costs for customers, and avoids unnecessary overbuilding or stranded assets. This approach enables economic development to move forward confidently, backed by a clear understanding of how to meet rising energy needs affordably and sustainably.

Maximizing State and Local Economic Development Commitments

5. **Ensuring Prevailing Wage, Local Hiring and Skilled Labor Standards**

   Construction and refurbishment of large-scale data centers should rely on a high-quality, local workforce. Laborers and mechanics must be paid at least the prevailing wage rate, or, if covered by a collective bargaining agreement, the higher of the prevailing wage or the negotiated rate. To maximize economic benefits for Wisconsin communities, projects should prioritize hiring local workers to the fullest extent possible and meet strong registered apprenticeship utilization standards on-site. These requirements ensure safe, skilled, and fairly compensated labor while supporting long-term workforce development across the state.

6. **Creating Community Benefit Agreements**

   To ensure talent is cultivated within our local and regional workforce, each data center project should require legally binding Community Benefit Agreements, negotiated between tech and construction companies, local government leaders (e.g., the local municipality, county or a combination of regional municipal entities) and neighborhood-based community organizations. These agreements, which would be transparent and available to the public, would mandate that impacted communities be engaged during the planning, development and operations processes to ensure local input that prioritizes concerns specific to their communities. These concerns may include, but are not limited to:

   - First-source hiring
   - Support for community-based organizations addressing environmental and quality-of-life impacts in the community, housing and workforce development
   - Funding for community-owned energy assets (including microgrids and solar), particularly for public / nonprofit entities that provide a public good - such as hospitals, libraries and schools.

- Governance roles for area residents in the project's long-term environmental monitoring and energy programs
- Environmental remediation funds to support local communities as they respond to damages to their land, water and air
- Resources for other environmental priorities, as determined by the community

7. Engaging Local Communities Early to Maximize Benefits

Data center developers should be required to meet with local community groups, economic development and business leaders early in the planning process – not just local elected officials. Requiring developers to provide technical assistance with community engagement to local governments as part of a collaborative approach will ensure communities can fully understand, plan for and capture the potential benefits of these facilities. Rather than allowing decisions to be shrouded in secrecy or constrained by NDAs, tech companies and developers should be required to involve the local community from the start, ensuring that economic, environmental, and social benefits are shared broadly with the community – not just corporations.

8. Protecting Taxpayers Through Responsible Use of Public Incentives

When evaluating tax incentives for companies and projects, the state should evaluate the full lifetime cost and value of tax credits and incentives for data centers developers and their associated infrastructure – including the potential risks of stranded assets. To ensure public dollars are protected, any incentives tied to projects that present elevated risk or fail to meet agreed-upon performance standards should include clear, enforceable clawback provisions.

<u>Preserving Wisconsin's Natural Resources</u>

9. Minimizing Water Use and Protecting Local Water Resources

Data center developers should demonstrate that proposed water demands can be responsibly supported and will not adversely affect local communities prior to siting and construction. Data centers should operate in a manner that sustainably and safely uses water resources throughout — at withdrawal, consumption, and discharge stages. Indirect water use, such as water required for power generation, should be given the same level of consideration. Data center managers should regularly track and report water usage to the appropriate government institutions to facilitate sound economic and environmental decision-making.

10. Creating Consistent Reporting Requirements

To ensure safety and compliance with state plans and goals, data centers should be required to publicly report direct and indirect energy, water use, air emissions, and other potential health and environmental impacts on at least an annual basis to Wisconsin state agencies.