



Support the POWER Act: Protecting Our Water, Energy, and Ratepayers from Data Center Impacts

The influx of energy and water intensive data centers threatens consumers' utility bills, our climate goals, and communities' health. Illinois needs responsible protections and firm guardrails in place so we don't end up paying for Big Tech's power and water needs.

The Problem

1. **Data centers are increasing utility bills for all consumers.** In October of 2025, PJM's independent market monitor released a report finding that the skyrocketing capacity prices impacting consumers across the region were almost entirely driven by unprecedented projected peak demand from energy intensive data centers.¹ Research indicates that, by 2030, data center development could be largely responsible for quintupling the annual growth in electricity demand nationally² and could represent over 70% of load growth in Illinois.³
2. **Data centers are massive water users, with no transparency for communities depending on that water.** A typical hyperscale data center uses between 1 to 5 million gallons of water per day, enough to strain local supplies and undermine long-term water planning and management in our state. Remarkably, Illinois' water use policies are woefully out of date and lack any meaningful checks on overconsumption.
3. **Data centers exacerbate environmental injustice and threaten Illinois' landmark CEJA goals.** Data centers use dirty diesel generators to power their facilities in so-called "emergencies", are huge sources of soot and particulates, and are often located in communities that already bear the brunt of industrial pollution. Absent stronger policies, data centers will increase pollution from Illinois power plants and rapidly escalate the state's reliance on out-of-state electricity supply, threatening our clean energy goals.⁴

The Solution

States across the country are taking action via rate design, legislation, and regulation to address the challenges posed by data centers. Using lessons from those states and numerous expert analyses, the ICJC proposes commonsense guardrails to minimize data center impacts on our utility bills, air and climate, and water. Illinois must:

Establish policies that protect Illinois' CEJA goals and ensure data centers, not Illinois consumers, shoulder costs.

1. **New Interconnection Rules for Data Centers that prohibit shifting costs to consumers:** A new "Large Load Tariff" will require utilities to establish new interconnection standards for hyperscale data centers (>50MW). In order to protect consumers from shouldering data centers' energy and capacity costs, these tariffs will allow for firm, uninterruptible electric service proportional to the data center's maximum load demand that is supported by its "Bring Your Own New Clean Capacity and Energy" (BYONCCE) Supply Plan. The tariff protects consumers from subsidizing the costs needed to upgrade distribution and transmission infrastructure. Currently, Northern Illinois consumers' bills are \$100 million higher each year due to recent data center construction costs added to bills.
2. **"Bring Your Own New Clean Capacity and Energy" (BYONCCE) Supply Plans:** In order to receive firm, uninterruptible access to Illinois' power grid, data centers would be required to develop supply plans

¹ [Analysis of the 2026/2027 RPM BRA Part A](#), Monitoring Analytics (October 2025).

² [Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power](#), Harvard Law School Environmental & Energy Law Program (March 2025).

³ [Data Center Power Play in Illinois](#), Union of Concerned Scientists (January 2026).

⁴ *Id.*



for their energy and capacity needs with renewable energy and battery storage projects that are new, additive to the power grid, and locally deliverable within the RTO footprint. Demand response, load flexibility, and energy efficiency tools can also be qualifying elements of BYONCCE supply plans.

3. **Fast-Track Interconnection Opportunity:** Data centers that demonstrate responsible clean energy leadership will be offered an expedited speed-to-grid pathway in front of their competitors. For fast track interconnection, a data center must:
 - a. Secure at least 80% clean energy and capacity supply and at least 25% clean back-up resources by 2030;
 - b. Secure at least 90% clean energy and capacity supply and at least 35% clean back-up resources by 2035; and
 - c. Secure 100% clean energy and capacity supply and at least 45% clean back-up resources by 2045.
4. **Locally Driven Accountability within Municipal Utilities and Electric Cooperatives:** Prior to entering into any contractual agreement with a hyperscale data center, a municipal utility or electric cooperative must a) develop large load tariffs that ensure data center costs are not passed onto ratepayers, b) update its Integrated Resource Plan, and c) ensure new clean energy and capacity resources are built to meet new large load additions at the expense of the data center.

Establish critical protections for frontline and environmental justice communities to ensure communities are meaningfully protected, supported, and engaged.

1. **Close Data Centers' 24hr Free Pass for Back-up Generator Pollution:** Protect Illinois communities by ensuring data centers' back-up diesel generators are only allowed to run in emergency circumstances without any free passes to pollute.
2. **Cumulative Impacts Assessment for Environmental Justice Communities:** No data center may be located within three miles of an Environmental Justice or Equity Investment Eligible Community unless an IEPA cumulative impact assessment demonstrates that the project will not disproportionately increase health, welfare, or environmental risks to the community.
3. **Transparent Public Engagement and Community Benefits:** Data centers must be required to a) transparently engage local communities in binding Community Benefits Agreements, b) contribute to an intervenor compensation fund that allows impacted communities to protect themselves from harm, and c) be prohibited from using Non-Disclosure Agreements with local governments.
4. **Public Benefits and Affordability Fund:** Calibrated to their peak load size, all data centers must pay annually into a restricted fund administered by DCEO and IEPA to enhance:
 - a. **Energy Affordability:** To help address the ongoing energy affordability crisis, data center payments will be used to enhance DCEO utility bill assistance (LIHEAP), shutoff avoidance assistance (UDAP), and whole-home retrofit incentive (IHWAP) programs for income-qualified electric customers.
 - b. **Environmental Justice:** Payments will enhance IEPA grantmaking for projects such as air quality monitoring and water infrastructure improvements.

Establish sustainable water use, transparent reporting, and consumer protection requirements on data centers to ensure Illinois' water resources are responsibly utilized.

1. **Transparent Reporting:** As Illinois starts facing water supply challenges, data centers must transparently report their expected and actual water uses, including where they are getting their water, and how much they are taking, using, and discharging.
2. **Water Efficiency Requirements:** Cooling is the largest driver of water use at data centers. Illinois can ensure our water resources are used wisely by requiring a cooling water impact alternatives assessment and mandating cooling alternatives that are at least as efficient as closed-loop cooling.



3. **Protecting Consumers:** Just like the electric grid, when a data center connects to our water utilities, they need to pay their fair share. Data centers need to show they are doing so with a transparent cost-of-service model.
4. **Protecting Drinking Water Supply:** The Illinois State Water Survey (ISWS) will review a data center's water resources plan and report on its likely impacts to our precious water resources. The ISWS is well positioned to study and inform the public of possible adverse water resource impacts from a data center.

The bottom line: data centers should cover 100% of their costs, bring 100% of their power to the grid, and their power should be 100% clean. Illinois must act to protect our water, climate goals, consumers, and communities.