



FERNDON
CONSULTING

DATA CENTERS. REAL LOAD. REAL RISK.

Energy leaders must protect reliability,
affordability, and future capacity.

- ✓ More demand.
- ✓ More strain.
- ✓ More risk.
- ✓ Plan today.



WHY ENERGY LEADERS SHOULD PAY ATTENTION



SURGING DEMAND

Data centers are one of the fastest growing sources of new load.



DUAL RESOURCE INTENSITY

High electricity demand paired with significant water use for cooling.



GRID & INFRASTRUCTURE PRESSURE

Local grid limits, interconnection delays, and transmission constraints increase risk.



RISK TO RELIABILITY & AFFORDABILITY

Unmanaged growth can raise costs, create congestion, and threaten reliability.



LONG-TERM EXPOSURE

Concessions and commitments today can lock in risk for decades.

THE SCALE OF EXPOSURE



10+ STATES

lose more than **\$100 MILLION** annually in data center subsidies. (Tarczyńska, 2025)



OHIO: \$1 BILLION+

in 2025 lost tax revenue from data center exemptions. (Davis, 2026)



211 BILLION GALLONS

of water consumed by U.S. data centers in 2023 (cooling + power generation). (Smith et al., 2026)



4.4% TODAY → 6.7–12% BY 2028

Data centers' share of U.S. electricity consumption. (Shehabi et al., 2024)



~175–225 PERMANENT JOBS

Typical promise for a large data center—often used to justify long-term public concessions.

THE PREDATORY DEVELOPMENT LIFECYCLE

1



THE PROMISE

Big jobs. Big investment. Tax revenue. In exchange: abatements, zoning, water, power.

2



THE COMMITMENT

Ground is broken. Infrastructure is built. At this point, your leverage flips—walking away becomes costly.

3



THE RENEGOTIATION

Developers seek changes—often more water, more power, lower environmental standards. Can you still say no?

4



THE RESIDUAL RISK

If the project fails or investors exit, the community is left with stranded assets, lost revenue, and long-term obligations.



Once committed, communities carry the downside. Investors capture the upside.

ENERGY & GRID IMPACTS



ELECTRICITY DEMAND

- Rapid load growth strains generation, transmission, and distribution.
- Interconnection queues extend for years.
- Higher capacity costs for all customers.



WATER DEMAND

- Cooling requirements drive significant withdrawals.
- Competes with municipal, industrial, and agricultural use.
- Drought risk and regulatory limits increase.



RELIABILITY & COST

- Congestion and capacity shortfalls threaten reliability.
- Costs are socialized—while benefits are private.
- Rate impacts can persist long after projects leave.

A BETTER WAY: THE REGISTERED CAPITAL BOND (RCB)

If developers use projected benefits to get public concessions, they should financially back those promises up front.

RCB

=

PROMISED
PERMANENT FTEs

×

PROMISED
AVERAGE SALARY

×

STABILITY
PERIOD
(e.g., 10 years)

HOW IT WORKS

- ✓ Developer funds bond into a third-party escrow before concessions take effect.
- ✓ Bond is tied to jobs, taxes, water, power, and environmental commitments.
- ✓ Annual independent audits verify performance.
- ✓ If commitments are met, bond is fully returned at end of term.



The bond stays with the community—not a lawsuit. It turns promises into performance.

DEFAULT TRIGGERS (EXAMPLES)

- ✗ Project does not open or ceases operations.
- ✗ Employment falls below 80% of promised levels.
- ✗ Failure to meet tax obligations while receiving abatements.
- ✗ Environmental commitments or water-use limits are breached.

WHAT ENERGY LEADERS CAN DO



ENGAGE EARLY

Participate in local planning and resource discussions. Your input matters.



ASSESS EXPOSURE

Quantify impacts to capacity, fuel, transmission, water, and rates.



BUILD COALITIONS

Work with municipal leaders and stakeholders to advocate for balanced, transparent deals.



SUPPORT STRONG SAFEGUARDS

Back policies like the Registered Capital Bond to protect reliability and affordability.



PLAN FOR CONTINGENCIES

Include resource risk and infrastructure risk in long-term planning and IRP processes.



Scan to learn more
about protecting
community assets
and managing risk.

ferndon.com

**RISK TODAY.
RESILIENCE TOMORROW.**



FERNDON
CONSULTING

team@ferndon.com

SOURCES

Tarczyńska, 2025; Davis, 2026; Smith et al., 2026; Shehabi et al., 2024; Samadi, 2025; Oaktree Capital Management, 2025; Open Markets Institute, 2026; Sheehy et al., 1997; Wei & Pu, 2024; Kennedy & Pantelias, 2018; Jensen, 2017; Martinez, 2026; Mylton, 2021; Siddik, Shehabi, & Marston, 2021.