

Austin American-Statesman

Data centers strengthen Texas' grid, economy and global edge

Josh Levi and Walt Baum

Austin American-Statesman

January 22, 2026

<https://www.statesman.com/opinion/columns/your-voice/article/texas-data-centers-pros-cons-21306656.php>

In the 21st-century economy, data centers are critical to providing the digital infrastructure that supports every industry — from healthcare to banking, energy to agriculture, advanced manufacturing and beyond. With Texas's low-tax, pro-business climate, it's no surprise that the state now hosts the [second-largest data center market in the United States](#), helping businesses grow while enabling startups to scale quickly, strengthening the [eighth-largest economy in the world](#).

Amid this exciting growth, misconceptions have arisen about how data centers affect energy and natural resources, as well as their impact on power affordability for homeowners and small businesses. This confusion risks obscuring data centers' undeniable benefits to the state's economy. In addition to providing billions of dollars in permanent, steel-in-the-ground capital investments, the power demand from data centers helps build predictability and reliability into the state's grid, while creating thousands of jobs and supporting essential local government services across the state.

Residents and other electricity users rightfully pay close attention to the cost of power, and data centers are no different. Data centers are committed to paying the full cost of service for the energy they use. [A recent study](#) published by the Lawrence Berkeley National Laboratory found that rapid load growth contributed to states like Texas [seeing lower wholesale electricity prices overall last year](#) compared to 2019. In fact, the study highlighted that adding data centers to the grid can actually help bring down costs for residents and other customers.

Data centers and electricity load growth from other industries offer a generational opportunity to bolster grid reliability and resilience. It's worth recognizing that, despite several years of significant data center growth in Texas, the state's grid [comfortably met peak demand this past summer](#).

To further strengthen the state's grid, power-generating companies in Texas are entering into long-term agreements with data centers, which help finance and support new energy projects to the benefit of all Texans. These innovative partnerships also enhance the overall reliability of the Electric Reliability Council of Texas' grid.

Data centers also support thousands of good-paying jobs — more than 363,000 statewide, [according to a PwC report](#) — and enable essential public services through the tax revenue the industry generates. [A Mangum Economics report](#) released in 2024 showed that data centers contributed \$3.2 billion in state and local tax revenues last year — enough to fund the [Texas Department of Public Safety's budget](#) over two years.

Recognizing the need to be responsible and efficient stewards of Texas' water resources, many data center companies have implemented technological solutions to reduce the need for water in cooling servers inside data centers, including through closed-loop and immersion cooling methods. Thanks to these innovations and other measures, data centers in Texas are expected to account for less than 0.5% of the state's water use this year, [according to the Houston Advanced Research Center](#).

Besides supporting the Trump Administration's [goal to quickly develop more data centers](#) and energy capacity so America can win the global AI race, the ongoing expansion of data centers in Texas helps improve long-term grid planning, provides stability in the ERCOT market, encourages more investments in power generation, and increases demand for Texas energy production.

Given what's at stake, Texas leaders must preserve the state's business-friendly reputation and should be cautious about adopting regulatory approaches that could discourage new data centers. Policymakers must continue to signal that Texas remains a stable and affordable environment for investment from both data centers and the power producers that support their essential operations.

Josh Levi is the president of the Data Center Coalition, the national trade association for the data center industry. Walt Baum is the CEO of Powering Texans, an organization that represents Texas' leading power generators.

###