

119TH CONGRESS
2D SESSION

S. _____

To impose certain requirements on data centers to ensure the prioritization
of residential ratepayers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. HAWLEY (for himself and Mr. BLUMENTHAL) introduced the following
bill; which was read twice and referred to the Committee on

A BILL

To impose certain requirements on data centers to ensure
the prioritization of residential ratepayers, and for other
purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Guaranteeing Rate In-
5 sulation from Data Centers Act” or the “GRID Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that the construction and operation
8 of data centers and the power sources used to supply data
9 centers with energy—

- 1 (1) are matters concerning interstate commerce,
2 including the channels of interstate commerce, the
3 instrumentalities of interstate commerce, and per-
4 sons and things in interstate commerce; and
5 (2) constitute economic activities that have a
6 substantial effect on interstate commerce.

7 **SEC. 3. DEFINITIONS.**

8 In this Act:

9 (1) COVERED ENTITY.—The term “covered en-
10 tity” means a private company, or other private en-
11 tity, that—

12 (A) owns, operates, or maintains a data
13 center; or

14 (B) has plans to own, operate, or maintain
15 a data center within the next 5 years.

16 (2) DATA CENTER.—The term “data center”
17 means a data center (as defined in section 453(a) of
18 the Energy Independence and Security Act of 2007
19 (42 U.S.C. 17112(a))) with a power demand of 20
20 megawatts or more that is not owned, operated, or
21 maintained—

22 (A) by a covered agency (as defined in sec-
23 tion 834(a) of the Carl Levin and Howard P.
24 “Buck” McKeon National Defense Authoriza-

1 tion Act for Fiscal Year 2015 (Public Law
2 113–291; 44 U.S.C. 3601 note)); or

3 (B) by a contractor on behalf of a covered
4 agency (as so defined).

5 (3) ELECTRIC UTILITY.—The term “electric
6 utility” has the meaning given the term in section
7 3 of the Public Utility Regulatory Policies Act of
8 1978 (16 U.S.C. 2602)).

9 (4) EXISTING DATA CENTER.—The term “exist-
10 ing data center” means a data center that has al-
11 ready begun operations.

12 (5) NEW DATA CENTER.—The term “new data
13 center” means a data center or planned data center
14 that is not yet operational.

15 (6) RATE EFFECT CREDIT.—The term “Rate
16 Effect Credit” means a credit paid by a covered en-
17 tity to an appropriate party, as determined by the
18 Secretary, that offsets the effect that a data center
19 would otherwise have on the electrical rates paid by
20 ratepayers.

21 (7) SECRETARY.—The term “Secretary” means
22 the Secretary of Energy.

23 (8) UTILITY.—The term “utility” includes, as
24 the Secretary determines to be appropriate—

25 (A) an electric utility;

1 (B) a gas utility (as defined in section 302
2 of the Public Utility Regulatory Policies Act of
3 1978 (15 U.S.C. 3202));

4 (C) a public water system (as defined in
5 section 1401 of the Safe Drinking Water Act
6 (42 U.S.C. 300f));

7 (D) a treatment works (as defined in sec-
8 tion 212 of the Federal Water Pollution Control
9 Act (33 U.S.C. 1292)); and

10 (E) any other regulated utility that pro-
11 vides water, energy, or other essential services
12 to a data center.

13 (9) ZERO RATE EFFECT CERTIFICATE.—The
14 term “Zero Rate Effect Certificate” means a certifi-
15 cate issued by the Secretary under section 4(b).

16 **SEC. 4. DATA CENTER REQUIREMENT FOR OFF-GRID**
17 **POWER SUPPLY.**

18 (a) PROHIBITION.—

19 (1) IN GENERAL.—Subject to paragraph (2),
20 beginning on the date that is 180 days after the
21 date of enactment of this Act, a covered entity may
22 not build, own, operate, or maintain a data center
23 unless the data center derives all of its energy, in-
24 cluding back-up energy, from a captive power plant,
25 on-site power generation, or some other source or

1 combination of sources separate from, and not deriv-
2 ing power from, the electric grid.

3 (2) EXISTING DATA CENTERS.—Until the date
4 that is 10 years after the date of enactment of this
5 Act, a covered entity that owns, operates, or main-
6 tains an existing data center that derives any of its
7 energy from the electric grid as of the date described
8 in paragraph (1) may comply with the prohibition
9 under that paragraph by obtaining and maintaining
10 an unexpired Zero Rate Effect Certificate.

11 (b) ZERO RATE EFFECT CERTIFICATE.—

12 (1) IN GENERAL.—For the 10-year period be-
13 ginning on the date of enactment of this Act, a cov-
14 ered entity that owns, operates, or maintains an ex-
15 isting data center that derives any of its energy from
16 the electric grid shall submit to the Secretary a re-
17 quest for the issuance of a Zero Rate Effect Certifi-
18 cate for that data center.

19 (2) STUDY REQUIRED.—On receipt of a request
20 for a Zero Rate Effect Certificate, the Secretary
21 shall study and determine—

22 (A) how interconnection costs and other in-
23 frastructure costs needed to supply the data
24 center with power from the electric grid are al-
25 located;

1 (B) the contribution of the data center to
2 coincident peak, including load factors, and any
3 effects on capacity charges;

4 (C) the effects on the locational marginal
5 price for—

6 (i) the local electric grid; and

7 (ii) the relevant region;

8 (D) any changes in value-cost ratios;

9 (E) any effects on the marginal cost of
10 generation;

11 (F) any changes in line loss percentages
12 caused by heavier loads on local distribution
13 lines;

14 (G) any offsets in data center power infra-
15 structure cost-sharing by ratepayers through
16 Rate Effect Credits or other financial arrange-
17 ments described in subsection (c); and

18 (H) any other metrics or information the
19 Secretary determines relevant.

20 (3) ISSUANCE OF CERTIFICATE.—

21 (A) IN GENERAL.—If the Secretary deter-
22 mines, based on the study conducted under
23 paragraph (2), that the relevant data center will
24 not increase the electrical rates paid by rate-

1 payers, the Secretary shall issue a Zero Rate
2 Effect Certificate for the data center.

3 (B) RESIDENTIAL RATEPAYER
4 PRIORITIZATION.—In making a determination
5 under subparagraph (A), the Secretary shall
6 prioritize the electrical rates paid by residential
7 ratepayers over all other ratepayer classes.

8 (4) DURATION OF CERTIFICATE.—A Zero Rate
9 Effect Certificate issued under paragraph (3) shall
10 expire 1 year after the date of issuance.

11 (5) REISSUANCE.—A covered entity may apply
12 for the reissuance of a Zero Rate Effect Certificate
13 as necessary.

14 (c) RATE EFFECT CREDITS.—

15 (1) IN GENERAL.—A covered entity may meet
16 the requirements for the issuance of a Zero Rate Ef-
17 fect Certificate by paying Rate Effect Credits or
18 through some other financial arrangement that, in
19 the determination of the Secretary, would offset the
20 effect on the electrical rates paid by ratepayers.

21 (2) RESIDENTIAL RATEPAYER
22 PRIORITIZATION.—In making a determination under
23 paragraph (1), the Secretary shall prioritize the elec-
24 trical rates paid by residential ratepayers over all
25 other ratepayer classes.

1 (d) LEGAL REQUIREMENT.—Any power source, in-
2 cluding a captive power plant, on-site generation, or other
3 source described in subsection (a)(1), that is used to gen-
4 erate electricity for a data center shall comply with all ap-
5 plicable local, State, and Federal laws (including regula-
6 tions) based on the actual use and emissions of the power
7 source.

8 (e) LABOR REQUIREMENT.—A covered entity seeking
9 to construct any power source described in subsection
10 (a)(1) shall enter into a project labor agreement (as de-
11 fined in section 52.222–34(a) of title 48, Code of Federal
12 Regulations (or a successor regulation)) for the construc-
13 tion of the power source.

14 (f) ENFORCEMENT.—Any person who violates sub-
15 section (a) shall be subject to a civil penalty of not less
16 than \$1,000,000 per day of the violation.

17 (g) REGULATIONS.—

18 (1) IN GENERAL.—The Secretary may promul-
19 gate such regulations as the Secretary determines to
20 be necessary to implement this section.

21 (2) RESIDENTIAL RATEPAYER
22 PRIORITIZATION.—In promulgating regulations
23 under paragraph (1), the Secretary shall prioritize
24 the electrical rates paid by residential ratepayers
25 over all other ratepayer classes.

1 **SEC. 5. DATA CENTER REPORTING REQUIREMENTS.**

2 (a) UTILITY USAGE.—Not later than 90 days after
3 the date of enactment of this Act, the Secretary shall es-
4 tablish a national requirement for covered entities to pro-
5 vide to the public—

6 (1) for each new data center that is, or is
7 planned to be, owned, operated, or maintained by
8 the covered entity, estimates of the utility usage by
9 the new data center for—

10 (A) the first year of planned operation of
11 the new data center; and

12 (B) each of the next 5 years following that
13 first year of planned operation; and

14 (2) for each existing data center that is, or is
15 planned to be, owned, operated, or maintained by
16 the covered entity—

17 (A) estimates of the utility usage by the
18 existing data center for—

19 (i) the current year; and

20 (ii) each of the next 5 years; and

21 (B) information on the actual utility usage
22 during each of the 5 most recent previous years
23 during which the existing data center was oper-
24 ational.

25 (b) REAL PROPERTY OR POSSESSORY INTERESTS.—

1 (1) IN GENERAL.—Not later than 90 days after
2 the date of enactment of this Act, the Secretary
3 shall establish a national requirement for covered en-
4 tities to publicly disclose any acquisition of real
5 property or a possessory interest in real property
6 (including a lease) with the intent to build or expand
7 a data center.

8 (2) REQUIREMENT.—The disclosure under
9 paragraph (1) shall include—

10 (A) any transaction or agreement relating
11 to the acquisition described in that paragraph
12 between—

13 (i) the covered entity; and

14 (ii) any party from which the real
15 property or possessory interest is acquired;

16 (B) any related transaction or agreement
17 between the covered entity and any government
18 entity; and

19 (C) any related transaction or agreement
20 between a party described in subparagraph
21 (A)(ii) and any government entity.

22 (c) AGREEMENTS.—

23 (1) IN GENERAL.—Not later than 90 days after
24 the date of enactment of this Act, the Secretary
25 shall establish a national requirement for—

1 (A) covered entities to publicly disclose any
2 transaction or agreement with a utility regard-
3 ing utility service for a data center, including
4 any financial arrangement for a Rate Effect
5 Credit; and

6 (B) utilities to publicly disclose any trans-
7 action or agreement with a covered entity or a
8 data center regarding utility service for a data
9 center, including any financial arrangement for
10 a Rate Effect Credit.

11 (2) REQUIREMENT.—The disclosure under
12 paragraph (1) shall include—

13 (A) a description of any subsidy, credit,
14 discount, cost-sharing arrangement, tax benefit,
15 or other incentive, financial or otherwise, that
16 the utility, local government or municipality, or
17 State government provides, or has agreed to
18 provide, to the covered entity regarding utility
19 service; and

20 (B) with respect to each subsidy, credit,
21 discount, cost-sharing arrangement, tax benefit,
22 or other incentive described in subparagraph
23 (A)—

24 (i) an estimate of total savings for the
25 covered entity; and

- 1 (ii) a statement of whether the cov-
- 2 ered entity is financially affiliated with the
- 3 applicable utility.