DATA CENTERS IN CALIFORNIA: WHAT YOU NEED TO KNOW

TAXPAYERS PROTECTION ALLIANCE

Recently, data center operations and proposed projects have received a significant amount of attention from California policymakers, pundits, and economic analysts. As San Francisco Chronicle reporter Emma Stiefel notes, "California is currently home to 5% of the U.S.' total data center capacity, according to a Chronicle analysis of data from energy database company Cleanview. But if all data center plans announced during the current building boom pan out, California's share will shrink to 1%. Most experts agree that the biggest drag on data center development in California is energy costs and availability."

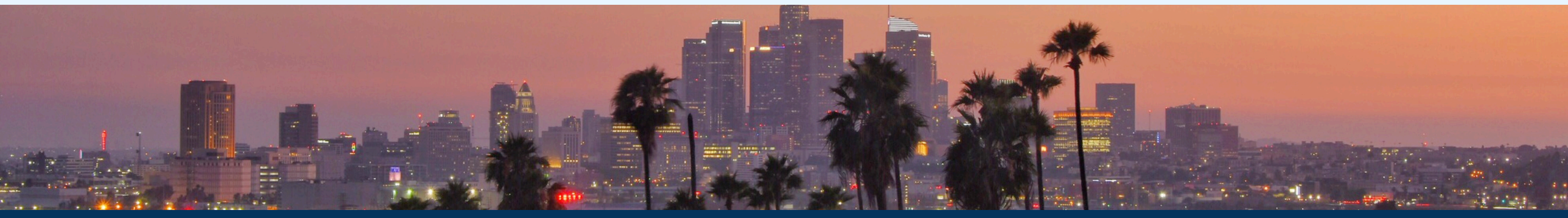
PROPOSED AND PASSED RESTRICTIONS ON DATA CENTERS

- The California State Senate recently passed Senate Bills 886 and 887, two measures authored by state Senator Steve Padilla (D-San Diego). SB 886 would mandate that the California Public Utilities Commission (CPUC) establish a special charge to "protect" ratepayers from the transmission costs that supply large data centers. SB 887 would mandate onerous environmental reviews for all data center projects, in addition to a land use review even if local zoning permits such use by right.

- Residents of Monterey Park, California overwhelmingly voted to permanently ban data centers. While many municipalities across the U.S. have imposed temporary prohibitions on data centers, this is the first permanent ban.

- In April, Oakley became the first Bay Area city to issue a temporary moratorium on new data centers. The City Council imposed a 45-day moratorium on data center projects, prohibiting the city from processing or accepting related land-use applications. State law allows the ban to be extended—in increments—for up to two years.

- California has mandated a transition to a 100 percent zero-carbon electricity supply by 2045, with increasingly aggressive interim targets. This has made it increasingly difficult to build new projects and attract investment. Power grids require extensive upgrades to manage peak demand and comply with regulations, resulting in some of the highest utility rates in the country.

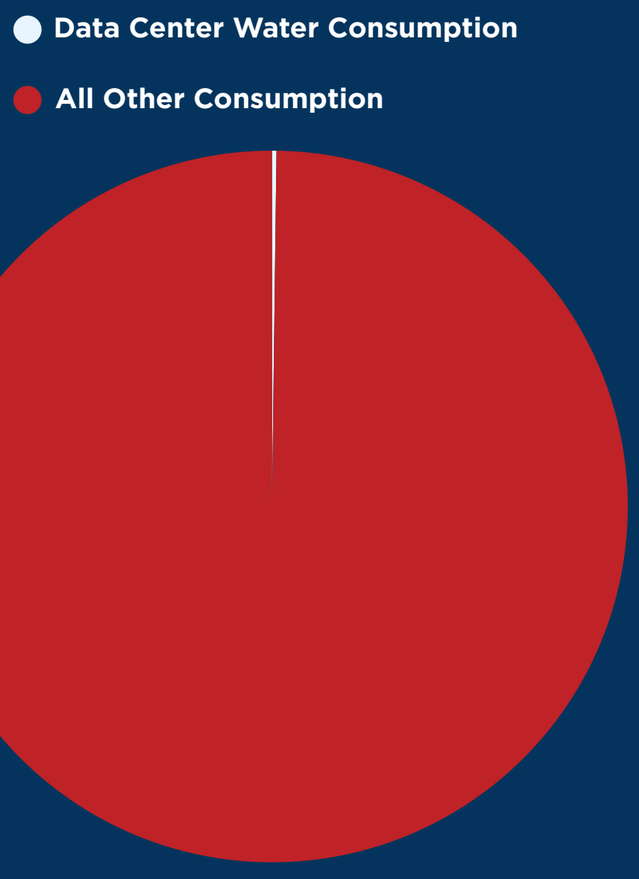


DATA CENTER DANGERS SIGNIFICANTLY OVERSTATED

Advocates of bans or restrictions often cite supposedly excessive water or electricity consumption by new data center operations. For example, in justifying his legislative proposals to restrict data centers, Sen. Padilla has cited, "significant community concern about the potential impacts that the data center could pose on public health, energy costs, and water use." This has allegedly included increased strain on potable water supply and the electrical grid.

DATA CENTER
MYTH V. REALITY

CALIFORNIA WATER USAGE, 2025



MYTH:

Data centers are using up a significant percentage of water.

REALITY:

In California, data centers accounted for **0.2 percent** of all water consumption in 2025.

Brookings Institution data center water use estimates; Baxtel data center count; U.S. Geological Survey state-level aggregate water consumption figures.

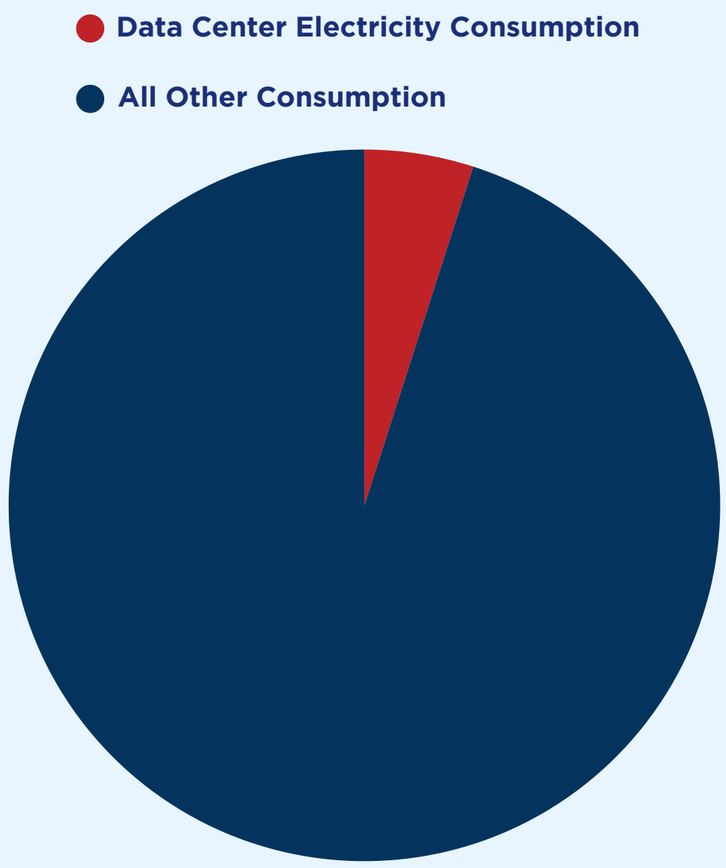
CALIFORNIA ELECTRICITY USAGE, 2025

MYTH:

Data centers are using up a significant percentage of electricity.

REALITY:

In California, data centers accounted for **5.1 percent** of all electricity consumption in 2025.



Electric Choice data center power consumption figures; U.S. Energy Information Administration state-level net generation figures.

Instead of restricting data centers, lawmakers should remove barriers to growth and innovation.

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