

Draft Recommendations for Data Center Workgroup's Consideration

1. Maintain the integrity of Washington's climate laws.

- Ensure Washington's Climate Commitment Act and Clean Energy Transformation Act operate as envisioned to cover any fossil or unspecified power sources used by large data centers.

2. Strengthen ratepayer protections.

- Require the UTC and consumer-owned utilities develop model tariffs or model contracts for a new rate class that: (1) identify a MW threshold for the tariff serving new large loads; (2) specify the characteristics of these new loads; (3) require new large loads pay for the direct interconnection costs caused by their interconnection; (4) require new large loads cover any costs of generation, transmission or distribution systems required to serve new large loads and avoid shifts of costs or risks to other customer classes, including potential stranded assets.

3. Incentivize load flexibility and best practices for energy efficiency.

- Direct agencies to identify, incentivize, and unlock the potential for load flexibility, particularly from large data centers. Incentives could include specific tax incentives or faster interconnections for large loads that are able to participate in demand response programs or those that help fund demand response and energy efficiency for low-income households and other customers.
- Require data centers to publish a sustainability report prior to construction that demonstrates how the data center balances energy, water, and computing performance. Require the report to be updated when replacing equipment.
- Fund the Energy Policy Office to conduct a study on the potential to meet data center loads with on-site energy generation or storage, demand response programs, or load management programs, and include recommendations on any program or policy changes that may be needed to achieve the potential.

4. Protect community, Tribal, and environmental resources.

- Direct and fund the Department of Ecology to conduct a study and develop best practices for siting and operating data centers with input from permitting agencies, industry, Tribes, interested parties, local government, and utilities. The study will address:
 - Water resources, including water availability, water quality impacts, direct and cumulative impacts on the local water system, and potential for discharges that

- cause a municipal water system to exceed its capacity resulting in untreated water entering streams or rivers;
 - Impacts to Tribal rights and resources; and
 - Air resources, including greenhouse gas emissions and direct and cumulative air emissions.
- Replace the data center sustainability provisions in existing law [such as RCW 82.08.986(4)] with a standard that more specifically encourages energy and water efficiency at newly constructed data centers.
- Require data centers to report water use annually to the state. The report should include daily quantities (total and peak uses) and any effluents that are discharged outside the data center.
- Encourage the Northwest Power and Conservation Council (NPCC) to incorporate the anadromous fish managers' recommendations on the spill and reservoir operations at the dams into the Columbia Basin Fish and Wildlife Program. The NPCC would then incorporate those operations into the development of the next Pacific Northwest Conservation and Electric Power Plan.

5. Provide for geographic equity and new clean energy requirements within the data center sales and use tax exemption.

- Modify the data center sales and use tax exemption to:
 - Expand eligibility to all counties and align the requirements for the rural and urban exemption into one statewide tax incentive. Currently, Thurston, Kitsap, Whatcom, Clark, Benton, and Spokane County cannot qualify.
 - Add a requirement to the tax incentive related to new clean energy capacity. There would be a variety of pathways for compliance with this requirement, such as data centers bringing a percentage of their own clean power generation, having a power purchase agreement (PPA) for new clean power capacity, or making contributions to grid capacity or transmission. The incentive could be tiered, offering a longer or more generous incentive for meeting higher clean energy requirements.

6. Improve resource forecasting.

- Direct the UTC and the Department of Commerce to create reporting standardization for new large loads across regulated and public utilities, which could include data quality, documentation, and information about associated transmission needs.
- Establish standardized commercial readiness criteria across utilities for large load additions to enter the interconnection queue.
- Require large load applicants to disclose duplicative interconnection requests across balancing authorities.

7. Enhance transmission capacity.

- Create a state entity to support the development of transmission projects, which could include permitting, land acquisition, finance and even construction.
- Direct agencies to prioritize upgrades to existing transmission lines with grid enhancing technologies.

8. Accelerate siting and permitting of transmission and clean energy generation.

- Direct agencies and local governments to accelerate processes for development of transmission and clean energy generation, in line with the recommendations of Washington's Interagency Clean Energy Siting Council and the work being undertaken via [Executive Order 25-03](#).
- Direct state and local agencies to engage early with potentially affected Tribes about impacts to Tribal rights and resources and potential for mitigation.

9. Accelerate the deployment of existing and emerging technologies, such as geothermal energy, green fuels, long-duration batteries, and nuclear energy to provide data centers with firm energy.

- Create a direct access program for new large loads in Washington to allow customers to source their own power.
- Design green tariffs for large data center companies to invest in innovative higher-cost clean energy resources, such as long-duration battery storage.