



**CRES Policy Position Statement on  
Hyperscale Data Centers (HDCs)  
Adopted January 28, 2026**

**CRES supports these Colorado Hyperscale Data Center (HDC) policy principles:**

- Colorado **must not provide millions of dollars each year for 20 or 30 years to HDCs** through rebates on state sales and use taxes as proposed by HB26-1030.
- Colorado should **repeal the 2018 law** that provides deeply discounted economic development rates as allowed in HB18-1271 and the follow-on law HB25-1177.
- Colorado should require power generated and delivered by electric utilities to HDCs to **comply with the greenhouse gas emission reduction standards** defined in HB19-1261 and SB19-236. Emission standards must also be applied to third-party power providers, and HDCs' on-site behind-the-meter inside-the-fence generators.
- Colorado should require HDCs to **pay upfront for their full impact** on the electric load, providing renewable energy and storage equal to, or in excess of, their use of energy and capacity.
- Colorado should require HDCs to place **financial security guarantees with the state** to ensure that taxpayers are held harmless if their enterprises fail.

**Q1. If HB26-1030 passes and is signed in to law, would Colorado's tax revenues be deprived of millions of dollars each year for decades while we face an \$840 million state budget shortfall?**

A. HDC backers proposed bills in 2023, 2024, and 2025 to attract data centers to Colorado with rebates on state sales and use taxes. The legislature wisely rejected those efforts. The same approach is now being suggested in HB26-1030. The incentive would lower state tax revenues for 20 or 30 years. This is indefensible when the state faces an \$840 million shortfall. A recent Denver Post columnist opined, "Corporate welfare doesn't come cheap. If HB-1030 is anything like **last year's version, it will deprive the general fund of \$38 million in revenue each year.** Given the current budget shortfall, the price tag for keeping data centers from spiking utility rates should be a nonstarter." **We need guardrails to protect our state's environment and ratepayers, not legislation that would give handouts to HDCs to attract them to the state.**

**Q2. Would new HDCs in Colorado cause major energy consequences?**

A. Artificial intelligence is rapidly moving into our everyday lives, with hidden, yet enormous costs in energy, air pollution, land use, and water use. A Denver Post columnist said: "Over the past decade, demand for electricity for data centers for AI, data storage, cloud computing, and cryptocurrency has tripled and is poised to double or triple again by 2028, according to the U.S. Department of Energy. In 2024, data centers in the U.S. alone consumed 183 terawatt-hours or about 4% of the nation's electricity use that year. For comparison, that's the

equivalent of Pakistan's electricity demand. The surge in demand requires new generating capacity and infrastructure, the cost of which is shouldered by all ratepayers. The increasing demand could raise costs for residential ratepayers by 8%, a 2025 study conducted by Carnegie Mellon University predicted."

**Although more HDCs will likely be constructed somewhere, that does not necessitate that they be built in Colorado.**

**Q3. Would new HDCs in Colorado consume such a high level of electric power that electricity could end up in short supply, slowing implementation of our state's beneficial electrification policies?**

A. HDCs require unprecedented amounts of electric power. HDCs are not legally defined, but typically fall within the range of a minimum of 25 to 50-megawatts of power consumption. HDCs place a burden on an electric grid that is already challenged. Expansion of grid capacity is needed to meet the needs of beneficial electrification in the transportation and building sectors. **Colorado's electric utilities are already limited in their ability to offer available capacity for HDCs as they seek to interconnect within their preferred timelines.**

**Q4. Would new HDCs in Colorado pose a risk of higher methane gas costs for small consumers?**

A. When HDCs encounter a lack of local utility capacity, they generally turn to powering their centers with on-site, behind-the-meter inside-the-fence polluting, and water-intensive, methane gas generation. Market dynamics may result in lower methane gas prices for large-load customers like HDCs, while higher prices would be paid by lower-volume residential and commercial customers.

**Q5. Would new HDCs in Colorado aggravate our air pollution problems?**

A. HDCs electing to power their centers with on-site behind-the-meter inside-the-fence methane gas generation and/or diesel backup generators, **worsen our ongoing failure to address the severe Front Range ozone non-attainment problem.** We also anticipate that more energy-hungry HDCs interconnecting to our capacity-constrained grid will risk delaying the implementation of the state's plan to close our remaining polluting coal plants by the end of 2030. Lawmakers must work closely with the Public Utilities Commission and the Department of Public Health and Environment to **craft enforceable policy frameworks that protect taxpayers, ratepayers, and residents' right to breathe clean air.** Incentivizing the growth of HDCs in Colorado would move the state in the opposite direction of the need to make rapid progress to reduce greenhouse gas emissions that are heating Earth to dangerous levels.

**Q6. Would new HDCs in Colorado risk burdening captive ratepayers with new costs?**

A. Unregulated HDCs would drive up the electric load on the grid, increasing the risk that utilities will continue building polluting methane gas power plants, **causing upward rate pressure on captive customers.** In a positive direction, the Colorado Sun reports that "the PUC has outlined negotiating principles for electric utilities in talks with data center companies. These include up-front fees, 15-year contracts, security deposits, and early-exit fees of 75% of all the

electricity that would have been used.” We support these initiatives. In contrast, HB26-1030 merely, vaguely, and unenforceably states that data centers “will not cause unreasonable cost impacts to other utility ratepayers.”

**Q7. Would new HDCs in Colorado place new stress on our water resources?**

A. If incentives result in HDCs locating in Colorado, they would place stress on our limited water resources. We are concerned that **HDCs may choose, for financial reasons, to use vast amounts of water for cooling directly on site to save on their biggest cost item—electric bills.** HDCs also cause an indirect increase in total water consumption when they purchase utility power from a utility’s energy mix that includes water-intensive fossil generation, or when they self-generate with water-intensive methane gas power plants. A Denver Post opinion columnist recently noted that “data center consumption of water is also a concern, particularly given Colorado’s drought conditions. Not all data centers are water-cooled, but those that are can consume as much as 5 million gallons a day, the same as a town with a population of 25,000 people.” The state faces serious water supply problems, including rapid depletion of aquifers, and a looming crisis on the Colorado River, which provides approximately 60% of Denver’s water supply. The agricultural industry is the state’s largest water user, with 90% used to irrigate farms and ranches, much of it used to grow grass pasture, the state’s predominant crop. A representative from Western Resource Advocates recently commented that “Agriculture is the piece that will ultimately suffer the most from additional use in other sectors.” Public policy should ensure that HDCs don’t contribute to the buying and drying of farm land.

**Q8. Should the legislature repeal the 2018 and 2025 laws that permits sweetheart economic development electric rates?**

A. Colorado law encourages HDCs to be built in the state, due to the unfortunate bill passed HB18-1271 and the follow-on law HB25-1177. These laws mandate that the PUC give a confidential sweetheart economic development rate if a utility sponsors the HDC’s application at the PUC. The PUC followed the 2018 law in 2024 when it approved a below-market confidential rate for the QTS-Aurora HDC that may have resulted in ratepayer subsidization of that facility. **The legislature needs to repeal these laws before the economic development rate is used again.**

**Q9. What are the specifics of the QTS-Aurora HDC, and an HDC in North Denver?**

- A. The Blackstone-owned \$1 billion 177-megawatt QTS HDC is located a few miles south of DIA. 177 megawatts may not be QTS’ ultimate draw on the grid. QTS paid Xcel-Colorado \$28.1 million for a 1.5-mile-long double-circuit 230 kV line that connects their center to an Xcel-Colorado substation, capable of supporting almost 1,000 megawatts of transfer capacity. By comparison, Xcel-Colorado (which serves 65% of Colorado electric customers) has a peak summer load demand of approximately 7,200 megawatts. **This single HDC has invested in transmission to their facility, giving them potential power consumption equal to over 10% of Xcel-Colorado’s peak load.** Both the QTS center, and an active plan for a three-building 200-megawatt

CORE HDC campus in Denver's Globeville-Elyria-Swansea neighborhood will be **the largest single electric loads on Xcel's Colorado system**, aside from DIA's approximate 500-megawatt load. By comparison, Boulder's electric load is approximately 200 megawatts during peak demand periods. **Encouraging HDCs to come to Colorado is the opposite of demand-side management**, a key energy-conservation policy rightfully pursued by state leaders for years.

**Q10. Once constructed, how many people will an HDC employ?**

A. The QTS-Aurora data center will employ approximately **eighty** permanent workers, with many of them working as security guards. Eighty employees are roughly equivalent to the workforce of **four Starbucks stores**.

**Q11. Would more HDCs result in financial winners and losers?**

A. HDC developers, some utilities, some gas suppliers, and some power generation developers are lobbying the legislature to vote for HB26-1030. If the bill passes and is signed in to law, utility customers will be at risk for higher utility bills. Although the arrival of HDCs seeking interconnection agreements poses timing, rate shock, and operational challenges to **investor-owned electric utilities, they have an economic incentive to favor adding large loads to their system**. That is because serving new large loads requires new investments in infrastructure, which receive a near-guaranteed annual rate of return. For example, Xcel-Colorado receives a near-guaranteed 9.3% rate of return on equity on new infrastructure investments. HDCs seeking to locate in Colorado should be regulated from the beginning with **strong, enforceable guardrails that protect captive electric customers**.

**Summary**

CRES urges state decision-makers to be fully informed about the threats that HDCs pose to our state. We need fiscal responsibility, stabilized electric rates, reduced greenhouse gas emissions, reduced air pollution, and conservation of our stressed water resources. **We recommend the following policy actions:**

- Oppose the tax subsidy incentive provisions in HB26-1030.
- Require that all electric power supplied to new HDCs comply with the greenhouse gas emission reduction standards defined in HB19-1261 and SB19-236. Similar requirements should be placed on any third-party power providers and on-site behind-the-meter power generators.
- Support requirements that if HDCs seek to build in Colorado, they must secure renewable energy sources and storage to match or exceed their energy use and load profile.
- Protect electric ratepayers from having costs shifted to them, by requiring HDCs pay the full cost of their energy and transmission services.
- Limit water consumption by HDCs. Prohibit the use of evaporative cooling technology in HDCs, and instead press for the use of technologies that minimize water consumption. Water consumption can be minimized when utilities offer power generated by a low concentration of water-thirsty fossil fuel plants in their mix.
- Protect local air quality by prohibiting or limiting the use of polluting diesel backup generators. This is especially relevant to disproportionately impacted

communities, such as Denver's Globeville-Elyria-Swansea neighborhood, where a 60-megawatt center is under construction that includes fourteen 5,000-horsepower polluting diesel back-up generators. Two additional 70-megawatt data centers are contemplated for the same land, along with their associated large banks of diesel generators.

- Oppose the use of taxpayer or ratepayer funds to support new nuclear power plants in Colorado, because they are highly unlikely to provide timely, affordable, safe and reliable power. Although they don't emit carbon dioxide, they produce hazardous waste at every stage of production, and therefore are not clean.
- Set strict limits for noise and light pollution exposure to protect impacted residents who live in proximity to HDCs.
- Require HDCs to pay up front for any additional renewable energy generation and related transmission on the power system caused by their energy use.
- Ensure that Colorado ratepayers are protected by requiring HDCs to make an up-front termination liability payment, and a decommissioning bond to protect citizens from financial exposure should HDCs become stranded investments, or may experience a dot-com type or AI economic bubble downturn.

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The Colorado Renewable Energy Society drives environmental, social, and economic benefits for Colorado by promoting renewable energy and energy efficiency. CRES and its local chapters provide education, policy advocacy, and community engagement that accelerate the adoption of all forms of renewable energy, energy efficiency, high-performance building, energy storage, and emerging technologies that will help Colorado achieve 100% renewable energy. CRES is a statewide, non-partisan, non-profit, 501(c)3 membership organization.