Data Center Policy Framework

July 20, 2026

City of El Paso, Texas

1. Introduction

Across Texas and nationwide, local governments are actively regulating data centers, in particular hyperscale facilities. Cities and Counties are deploying a mix of policies and solutions, from zoning adjustments to temporary pauses and negotiated community agreements.

Smaller data centers have been operating in the region for some time, but they have largely existed without debate or public scrutiny because their size and impact were not as significant as those of hyperscale data centers. The growth of crypto mining, AI, and cloud computing has driven the demand for these larger and more resource-intensive facilities.

In coordination with concerns raised by constituents, on February 17, 2026, the City Council of the City of El Paso, TX, directed staff to develop a Data Center Policy Framework. The resolution emphasized the following considerations:

- Prioritize community engagement, utility providers, local, state, and regional governments.
- Evaluate long-term impacts on infrastructure and utilities.
- Conduct a legal analysis of 380 agreements with data centers to identify best practices, lessons learned, and opportunities to develop a new framework.

This direction demonstrates a shift from project-by-project decisions to a more structured regulatory framework. The framework aims to address a broader development pattern rather than individual projects, creating a predictable structure for decision-making.

This work is also part of the City's Climate Action Plan, which identifies the need to evaluate data center policy considering environmental, community, and economic development considerations.

The sections of this report are: Introduction; Executive Summary; Policy Recommendations; Community Engagement; and Research.

As data center technologies, best practices, and Federal, State, and Local regulations are continuously and rapidly evolving, this framework is a working document intended to be revised as needed.

For this report, the term "data center" refers to hyperscale data centers unless noted otherwise.

2. Executive Summary

The City of El Paso is establishing a proactive regulatory framework for hyperscale data centers to ensure that their development aligns with community priorities, environmental sustainability, and long-term fiscal stability. This shift from reactive project-by-project decision making to a structured policy approach addresses the infrastructure, environmental, and community impacts associated with these resource intensive facilities, particularly regarding energy, water, and community impacts.

Policy Recommendations

- Zoning & Land Use Oversight: Proposed modifications to the zoning code will reclassify hyperscale data centers from "by right" to requiring a Special Permit in Manufacturing (M-1, M-2, M-3) districts. These facilities will only be permitted in those three zones. This ensures public review, notice, and City Council consideration for applicable projects. Supplemental standards will be introduced to mandate, amongst other things, minimum distances from residential areas and sensitive ecological zones.
- Environmental Performance Standards: The framework proposes that developers submit comprehensive operations plans covering energy and water use, emissions, noise, wastewater and water treatment. It further advocates that data centers utilize the best available cooling technologies to minimize the impact on local aquifers.
- Economic Accountability: Based on community feedback, fiscal considerations, and the scale of potential infrastructure and utility impacts, the framework recommends not offering local economic incentives, including tax-related incentives, for hyperscale data centers. Instead, it prioritizes Community Benefit Agreements (CBAs)—legally binding commitments for direct financial contributions toward infrastructure, workforce development, and/or neighborhood programs.
- Advocacy & Transparency: The City will amend its state and federal legislative agendas to support policies that strengthen oversight and transparency regarding data center energy and water consumption. This advocacy aims to ensure that capital and operations and maintenance (O&M) reduce the risk that project-related capital and O&M costs are shifted to non-participating customers.

Community Engagement Findings

A six-part engagement series involving over 540 registered participants reflected substantial community concern regarding hyperscale data center development in El Paso.

- Key Concerns: Frequently identified concerns included potential utility rate impacts, water use, electricity demand, environmental effects, and noise.
- Frequently Identified Community Priorities: Participants frequently identified priorities such as avoiding tax incentives, encouraging local hiring, improving transparency regarding existing and future agreements, and considering enforceable community benefits.

Strategic Implementation

To improve enforceability, the framework recommends that future agreements seek parent-company commitments or guarantees where legally available. Furthermore, a recommended pause on public land sales for data center use is to remain in effect until the City Council formally adopts these policies.

3. Policy Recommendations

This section identifies policy options for City Council consideration regarding future hyperscale data center development within the City of El Paso.

These facilities are a form of technological infrastructure that may have significant implications on energy and water systems, air quality, land, infrastructure, economic impacts, and surrounding communities.

As a City, and ideally as a region, the following policy options are intended to support a balanced approach that considers natural resources, residents, workforce, and economic development implications. Based on the information outlined in this document, the recommended policies will act as the guiding and regulatory principles for the City of El Paso.

It is important to highlight that these recommendations will require additional development after approval and selection for implementation by the City Council. The governing body will determine what policies best address community priorities, needs, and concerns. All policies and future regulations must abide by Texas and Federal laws and regulations.

The primary purpose of this framework is to improve the City's process for evaluating potential impacts associated with hyperscale data centers, including impacts related to energy, water, land, heat, infrastructure, economic impact, and community well-being and health.

Furthermore, the shift in federal priorities and regulations make essential for El Paso to ensure that this local Policy Framework protects public health, infrastructure reliability,

fiscal responsibility, and community priorities. The framework is intended to help the City provide oversight of hyperscale data centers while remaining consistent with state and federal law.

3.1. Zoning and Land Use

The City of El Paso has the authority to modify the zoning regulations within the boundaries established by the State of Texas, the following are recommended modifications to the zoning code:

A. Zoning code modifications

- Modify the definition of a data processing center (hyperscale) to note a combination of size and peak electricity load. Create additional definition(s) for smaller facilities with lower potential resource, infrastructure, and land-use impacts.
    a. Classification by size and electrical load
        i. Type 1: Up to 50,000 sqf. and <=5 MW of peak electrical load: permitted by right in C-4, M-1, M-2, M-3.
        ii. Type 2: 50,001 to 250,000 sqf. and/or 5 MW to 20 MW of peak electrical load: Special Permit required in M-1, M-2, M-3; City Plan Commission and City Council Approval.
        iii. Type 3: >250,000 sqf. and/or > 20 MW of electrical load: Special Permit required in M-1, M-2, M-3; City Plan Commission and City Council Approval, and require supplemental use regulations.

    Definitions for these three types will be included in the code under Title 20.

- Modify the zoning code to remove the ability for the data processing center (hyperscale) from “by right” to a special permit in the M-1, M-2, and M-3 (Manufacturing) zoning districts. For zoning, if a land use is by right and it meets all other requirements, it can proceed directly to building permits. A special permit is an extra step that requires City Council approval and is not a guarantee. A special permit provides City Council and the public greater information as the specific use is publicly disclosed throughout the process. City Council will have the ability to decide the merits of any potential future data processing centers (hyperscale) within the City limits. As part of the public process, the public can provide comment to the City Plan Commission and City Council, and direct mailers would be sent to abutting property owners per State and Local notification requirements. The I-MU (Industrial Mixed Use) is recommended to remain the same as the zoning master plan already requires for the use to be approved by City Council. Data processing centers (hyperscale) would be prohibited in all other zoning districts.

- Modify the special permit notification requirements for the data processing centers (hyperscale) to increase to 500 feet (current requirement is 300 feet) for Tier 2 and 3.
- Include supplemental standards. As none are currently codified, it is recommended to include provisions in the supplemental standards for added requirements. Some of these recommendations include:
    a. Zoning
        i. Requiring a distance of 300 feet from residential uses or zoning districts, as well as 300 feet from parks, schools, daycares, hospitals, churches or dedicated open space areas (Tier 3)
        ii. Requiring a 100-foot setback of any building or equipment from any property line (Tier 3)
        iii. Requiring a 30-foot landscape buffer with a double row of trees at a spacing of 30 feet on center along all property lines for a noise and visual buffer (Tier 3)
        iv. Require equipment, including but not limited to generators and water treatment systems, to be enclosed or screened with a wall for noise buffer (Tier 3)
    b. Environment, energy, and water infrastructure: Require a comprehensive study, to be defined in Title 20, at the time of the special permit that addresses:
        i. Utility Impact Assessment. Require information on water consumption, energy consumption and electrical load, type of generation/energy sources planned (i.e. renewable energy, grid-provided electricity, natural gas needs) Require an analysis of proposed water usage, along with mitigation measures funded by the property owner or operator to maintain adequate levels of services as defined by the utility companies. Additionally, an analysis shall be provided to identify, address, and mitigate heat impact, wastewater (ex: constructing a private water recycling/pre-treatment station).
        ii. Noise and Light Assessment. Require a noise assessment that demonstrates compliance with post-development noise levels not exceeding adopted noise levels (El Paso City Code 9.40) measured at the property line. In addition, require a light assessment that demonstrates compliance with the Outdoor Lighting Code ordinance (El Paso City Code 18.18).
        iii. Site Assessment. Identify, mitigate, and protect any archeological finds, endangered flora or fauna, or other significant resources.

3.2. Environmental

The community meetings the City of El Paso staff conducted showed that many community residents have concerns regarding the environmental impact of hyperscale data centers, particularly impacts on electrical and water infrastructure, wildlife, land, air, and water quality. The following recommendations are based on best practices and can help ensure that hyperscale data centers within city limits reduce potential environmental, infrastructure, and community impacts through enforceable standards.

A. Require that the City should be granted access to data regarding consumption, discharge, and emissions, in compliance with federal and state laws and regulations.
   Steps
   a. Identify the best enforcing mechanism for the adoption of the plans (supplemental standards, code, land sale contract, etc.)
   b. Develop specifications for all parameters/categories to be included in the plan
   c. Annual reporting

B. Require that the City should be granted access to data regarding energy, noise, energy back-up, and water, and all relevant environmental categories.
   Steps
   a. Identify the best enforcing mechanism for the adoption (code, land sale contract, utility data access waiver, etc.)
   b. Develop specifications for all parameters/categories to be included

C. Collaborate with El Paso Electric and EPWater to promote the adoption of the most energy and water-efficient solutions for the facilities, including renewable generation sources, and to prevent the shifting of project-related costs to other customers. Collaborate on state advocacy with El Paso Electric and EPWater (see section 5.4).
   Steps
   a. Create a working group with utilities and regional governments
   b. Regular meetings
   c. Annual reporting to governing bodies

3.3. Economic

On May 26th, 2026, the Council of the City of El Paso approved a policy direction to discontinue local economic incentives for hyperscale data centers, including tax

abatements, rebates, permit fee waivers, public financing assistance, economic development grants, or similar economic development tools.

A. Land sale hold. Pause on any public land sale with an expected use for hyperscale data centers until the policies identified in this Framework have been developed, approved, and adopted by the City Council. Any public land sale contract should include all commitments (environmental, economic) in writing by the parent company and be included as part of any tentative Community Benefits Agreement (See 3.4).
B. No economic incentives for hyperscale data centers (adopted by City Council as of May 26th, 2026)
C. Any transmission, distribution, substation, generation, or capacity infrastructure required to serve a hyperscale data center load shall be 100 percent paid by the developer, with no rate recovery from other EPE or EP Water customers, at any point. This requirement shall be incorporated into the special permit process.

3.4. Community Benefits Agreement

A Community Benefit Agreement (CBA) is a legally binding agreement negotiated between a hyperscale data center developer and local government with documented opportunities for resident and community organization input. The goal of CBAs is to ensure that any tentative development aligns with local priorities. The company commits to specific, measurable community benefits[1] CBAs can include direct financial contributions for infrastructure, costs of providing and maintaining City services, neighborhood programs, workforce development, or any other community priority.

The City of El Paso faces several limitations in its ability to enforce Community Benefits Agreements, including the fact that the electric utility is regulated separately and is investor-owned rather than municipally owned, and the City may have limited authority to require such agreements as a condition of zoning approval. The best options for enforcement for the City would be to incorporate the CBA into the land sale contract or, if entering into a local tax abatement or some other publicly funded improvement agreement that will benefit the project (these options would be opposed to the public sentiment gathered during the engagement process and the action taken by City Council on May 26, 2026).

A. Require CBAs for any hyperscale data center
   Steps
   a. Identify the best legal mechanism to enter into and enforce CBAs

[1] Data Center Planning Resources for EDDs & RDOs - NADO

b. Define a transparency mechanism for the involvement of the community
c. Coordinate with all other regional and local governments for alignment

B. Intergovernmental service agreement with Ft. Bliss and EP Water

3.5. Advocacy

Federal, state, and local policies shape data center impacts on water and energy, as well as the direct economic impacts on the community, including property and sales taxes and job creation. Advocacy is an important tool for turning local priorities into state and federal decisions, funding, laws, and protections. For El Paso, advocacy efforts related to transparency, utility cost protection, water planning, and regulatory clarity are important to address issues raised during the community engagement series. On April 28, 2026, City Council approved to amend the City of El Paso's 90th Session State Legislative Agenda, as well as the 119th Congress Federal Legislative Agenda, to include advocacy support for policy proposals related to data center incentives and regulatory frameworks[2].

Steps

a. Modify State and Federal Legislative agendas
b. Identify state and federal stakeholders
c. Advocate

State topics

A. Data access and transparency requirements

With increasing hyperscale data center presence and interest in the region, limited access to energy and water demand information creates challenges for local governments to make data-driven decisions and keep the public and elected officials informed.

B. Collaboration on state advocacy with EPWater

- Advocate for the inclusion of large water-demand uses in the state water planning process. In Texas, where, as of April 2025, over 80% of the state is experiencing drought and 17% is experiencing exceptional drought, this consumption makes an even more substantial difference for local communities with limited water supplies[3].

[2] https://elpasotexas.legistar.com/LegislationDetail.aspx?ID=7990306&GUID=A20FC9A1-F08E-4F8E-BDC0-86D9BF37ADF5

[3] "In Texas, where, as of April 2025, over 80% of the state is experiencing drought and 17% is experiencing exceptional drought, this consumption makes an even more substantial difference for local communities with limited water supplies" Thirsty Data and the Lone Star State: The Impact of Data Center Growth on Texas' Water Supply Margaret Cook, PhD, HARC January 2026

- Support requirements or incentives for water efficiency, reuse, conservation, best available cooling technology, non-potable water use, effluent pretreatment, and offsets.

C. Collaboration on state advocacy with El Paso Electric for legislation that addresses ratepayer protection and reduces the risk of project-related cost shifting.

Collaborate with El Paso Electric on state policy proposals that ensure large electric loads, including hyperscale data centers, are integrated into the regional electric system without shifting generation, transmission, distribution, or stranded asset costs onto residential and small business customers

- Support policies that improve access to aggregated, non-confidential information on projected large-load energy demand, interconnection timelines, generation needs, transmission constraints, and infrastructure impacts so local governments can make informed land use, economic development, water, and infrastructure decisions.
- Support policies requiring large-load customers to pay the full cost of service associated with their projects to avoid cost shifting in generation, transmission, and distribution costs associated with the development of data centers, during the life of such assets. This would, in effect, be an expansion of the recently passed Senate Bill 6 in the 89th Texas Legislature, to include non-ERCOT service areas.

D. Require Parent Company Agreements

Require that any contract or agreement related to data centers be signed with the parent company, not the subsidiary, and seek parent-level commitments, guarantees, or other enforceable assurances. This type of agreement ensures the parent company covers any obligations associated with energy facility investments, avoiding "stranded" assets.

3.6. Building site

As data center deployment accelerates across Texas, future growth must be guided by strategic siting frameworks that incorporate ecological screening and regional planning coordination. At the site level, adopting nature-positive design strategies, such as permeable pavement, green roofs, ecological buffer zones, and native landscaping, can reduce environmental disturbance and enhance climate resilience. But these solutions cannot stand alone. Land and water resource management must be coordinated across state, regional, and local agencies[4]. Although data centers themselves may have a lower direct emissions footprint compared to some industrial activities, their indirect ecological

[4] Dr. Ning Lin, Data Center Growth in Texas: Energy, Infrastructure, and Policy Pathways, 2025

impact through land transformation and infrastructure sprawl is increasingly recognized as an important component of their environmental footprint[5].

Building and building site design for buffers, landscaping, permeable surfaces, heat impact, dark-sky lighting, noise, wildlife movement, and others will be incorporated in the supplemental requirements as allowed by state and federal laws.

4. Community Engagement

4.1. Overview

The Climate, Sustainability & Energy Division of the Strategic & Legislative Affairs Department, in collaboration with City of El Paso's Planning and Inspections Department, conducted a six-part community engagement and feedback series to gather community input regarding the development of data centers in the City of El Paso.

Each meeting included participant sign-in, interactive welcome boards, an introduction about the open house purpose and structure, and three rounds of facilitated roundtable discussions. One of the interactive boards asked residents to note where they live using a voting sticker dot on a City of El Paso map and the surrounding region. A majority of attendees were found to be visiting from within the El Paso City limits (see appendices).

The overall goal of these engagements was to explore potential impacts and opportunities of data centers, understand community feedback to inform future planning and policy recommendations.

Public Meetings

- The first meeting was held on March 23, 2026, at the Don Haskins Recreation Center. A total of 121 community participants attended this event. (District 1)
- The second meeting was held on March 25, 2026, at Veterans Memorial Recreation Center. This event included 100 community participants. (District 4)
- The third meeting was held on March 26, 2026, at Pavo Real Recreation Center. This event included 54 community participants. (District 7)
- The fourth meeting was held on March 30, 2026, at The Beast Urban Recreation Center. This event included 81 community participants. (District 5)
- The fifth meeting was held on April 2, 2026, at the Chamizal Community Center. A total of 93 community participants attended this event. (District 8)

[5] MIT Climate & Sustainability Consortium. Investigating the Ecological Impacts of Data Centers. Mar. 2025. URL: https://impactclimate.mit.edu/2025/03/20/investiga ting-the-ecological-impacts-of-data-centers/.

- The sixth meeting was held on April 8, 2026, at the Wayne Thornton Community Center. The event included 93 community participants. (District 2)

The total number of registered attendees was 542.

4.2. Approach

Feedback Sessions

Participants joined breakout table feedback sessions that focused on three main themes: Community Benefits Framework, Community Concerns and Mitigation Strategies, and Site Considerations and Building Design.

Feedback Session Approach

A facilitator from the Climate, Sustainability & Energy Team or the City Planning Department led each table and focused on one of three themes. Meetings were structured so that attendees spent 20 minutes at each breakout table session, then rotated to the next table topic, so that all were able to contribute to all discussions. Table topics included:

- **Community Opportunities:** This table discussed the potential opportunities and community benefits through policy development.
- **Common Concerns and Mitigation Strategies**: Participants shared their concerns and questions about human and environmental impacts, noise, water and energy use, and potential ratepayer increases.
- **Site Considerations and Building Design**: Participants discussed and recorded elements that should inform site selection. This includes location, the architectural design, screenings, buffers, and strategies to minimize environmental impact potentially.

Meeting Approach Adjustment

The first two meetings were structured in this manner. Due to the large number of participants in the small quarters of the first two venues and space constraints made it difficult to hear the table facilitator's questions, and note takers could not hear community feedback well. At each 20-minute interval, many community members were unable to hear the prompt to move to the next topic, leading to participant confusion. Event organizers noted attendees were expecting a presentation or a question-and-answer type forum rather than feedback gathering forum.

The Community Opportunities discussion table was originally worded as “Community Benefits”. This was updated in the second session as “Community Opportunities”, to help identify potential community benefits through policy development.

Feedback from the community led staff to revisit the format; rather than table rotations, the following four meetings were restructured to include an opening announcement that shared the open house format, goals, expectations, and an explanation of each table's facilitation. A 1-pager information sheet was provided to all attendees, which restated the information announced at the start of the open house (see appendices). Attendees were informed they did not have to stay or interact with the table facilitators, and were welcome to leave their comments directly on the boards without sharing with facilitators. An additional adjustment moved public comment boards from tabletop to easels so that all visitors were able to see comments and improve the ease of leaving feedback.

This second format led to increased engagement as participants were now able to provide feedback freely and move about the room. This format change allowed for comments to be redirected to appropriate boards as facilitator questions were asked.

Data Collection

Participants were encouraged to write responses for each of the discussion topics on sticky notes. Facilitators assisted by capturing common themes heard during discussions by first confirming what was stated, then asking participants if the comment was correct, and adding the comment to the board.

The facilitation team photographed the boards at the end of the engagement to capture sticky notes as they were positioned on the boards. This was done before transport to preserve the input (see Appendices). Comment cards were available for anyone who wanted to provide additional notes. Those comments were integrated into the analysis.

Digitization and Analysis

Feedback was digitized and transcribed into an Excel spreadsheet. This included every Post-it note and comment card. This created an organized record for review and analysis. Comments were organized by subtopic, which helped the team to quantify areas of greatest community concern.

Online survey

Community members who were unable to attend any of the in-person open house events were invited to participate in an online survey. This survey was available on the City of El Paso’s Data Center informational web page: https://www.elpasotexas.gov/data-centers/.

The link was available from April 2nd, 2026, through April 17th, 2026. A total of 274 unique online survey responses were received. The raw data from the online survey were downloaded to incorporate community feedback.

Final input

The City's Draft Data Center Policy Framework was uploaded to the online platform Konveio, which allowed participants to read and leave their feedback on the document. Community members could access and leave feedback the draft on Konveio until June 16th. City staff reviewed each comment individually.

The Draft Data Center Policy Framework received a total of 162 comments from 43 individual commentators. Additionally, Konveio flagged a total of 550 total readers of the document. Comments have been integrated into the updated document to reflect community feedback and suggestions.

4.3. Key Community Feedback

Across the 6 meetings, participants consistently raised concerns over the following themes:

- **Water and Energy Use**: fear that El Paso's water scarcity and desert ecosystem make hyperscale data centers a risk to future supply and water availability. Additional questions were raised about water monitoring efforts by large users.
- **Transparency and Public Confidence**: reflected in comments related to how the negotiations with Meta were perceived to have been handled, as well as a concern that public engagement occurred after key project agreements had already been executed.
- **Economic Incentives**: there were questions about the necessity of providing tax incentives to hyperscale data centers at the expense of local infrastructure and taxpayers. The number of jobs attached to hyperscale data center projects are considered too low.
- **Utility rates impact**: fear that large load developments like data centers will lead to increased utility rates for both electricity and water.
- **Environmental Impacts**: air and water quality impacts, noise, wildlife, and health were of greatest concern.

<u>Meta specific takeaways</u>

Of the 1,694 comments, 86 explicitly named Meta (or Facebook). Feedback referencing Meta reflected greater concern than hyperscale data centers overall.:

Comments frequently referenced the 2023 land sale and tax incentive agreements under a subsidiary; residents questioned use of a subsidiary and whether there was adequate transparency.

There were repeated requests for the City Council to cancel the 80% tax abatement agreement. Also, residents expressed that the Meta agreement was an example of what the new Climate Action Plan should have prevented.

The members of the public that attended the meetings expressed skepticism regarding Meta's water neutrality claims and requested for Meta staff to directly engage with the community

4.4. Results

The six in-person sessions yielded 1,694 unique comments, including those from the focus discussions at the tables and the board comments. An additional 274 unique online surveys were received.

Comments were categorized by where on the boards they were placed, but not every comment reflects the category/section on the board where they were placed. For example, a comment expressing concern over water usage and air quality could have been placed within a section intending to collect feedback relating to a separate topic.

4.4.1. Community Opportunities

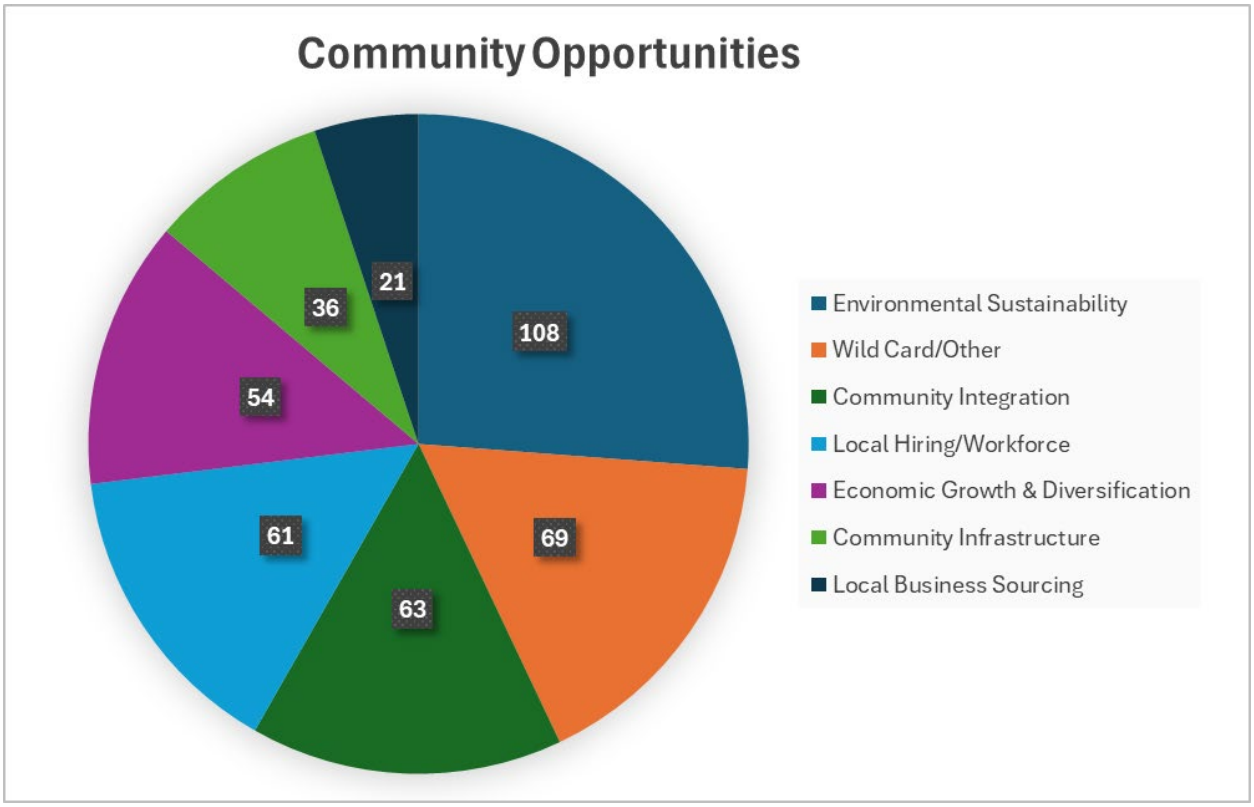

Fig 1, Community Opportunities. Comments from meetings 1-6 categorized by subtheme.

Figure 1 shows the number of comments per sub-category related to the Community Opportunities table. With a total of 412 comments and 108, 69, and 63 comments, respectively, for Environmental Sustainability, Wild Card/Other, and Community Integration were the top categories for the community. The above results can be summarized as follows:

- Mandatory Renewables: Demand for data centers to generate 100% of their own solar energy rather than pulling from the grid.
- Education Investment: Pushes for "benefit" funds to go directly to EPISD/YISD for STEM training, beyond broad corporate outreach and branding efforts.
- Direct Economic Return: Requests for data centers to pay for local road repairs and park developments as a "baseline" requirement.
- Water Offsets: Demands that companies pay for desalination plant expansions or purple water infrastructure for the city.

Environmental Sustainability

Community participants expressed concerns about how the benefits of any environmental sustainability projects implemented in the community would be offset by data center operations such as fossil fuel emissions from energy generation plants.

Feedback left by participants suggested having any future developments pay for large-scale technologies that can help improve air quality in the local airshed, as well as the installation of solar panels and wind turbines to generate clean energy. Participants suggested planting native trees as a way to both provide shade/alleviate the effects of extreme heat and combat CO2 emissions from a data center. Participants suggested requiring significant investment from data centers in city programs that help residents address environmental health hazards, and donations for purchasing of air filters, fans, insulation, water purification devices to offset potential environmental impacts that data centers could bring.

Community participants also suggested that data centers should issue money towards the weatherization of homes in El Paso.

Wild Card/Other

Community participants emphasized little to no benefits to bringing data centers to El Paso. Participants also expressed disapproval of any 380 agreement for data centers, insisting that hyperscale data centers wanting to locate in El Paso should pay their fair share of taxes.

Community Integration

Community participants suggested that data center companies should invest in El Paso's local education systems (K-12 and higher education). Suggestions for school system investment included supplying equipment for extracurricular programs, scholarships, internships, and technology donations. Community members also suggested data centers fund grants that provide improved broadband service to the community.

Local Hiring/Workforce

Community participants left comments asking that data centers hire more full-time workers. Participants expressed concerns about the low number of full-time jobs that data centers provide compared to such a large-scale facility. Participants emphasized hiring local.

Others left concerns that data center tax breaks will affect tax income and hurt small businesses.

Economic Growth & Diversification

Many community participants left comments expressing that they did not feel that hyperscale data centers could bring economic growth and diversification to El Paso. Other comments suggested that hyperscale data centers should be required to pay for/invest in public/utility improvements to roads, water, electricity and other essential infrastructure in El Paso.

Community Infrastructure

Community members suggested that data centers should invest in or fund school repairs and infrastructure upgrades, as well as fund scholarships and programs in schools.

Local Business Sourcing

Community participants expressed that if a data center were to be built in El Paso, there should be a requirement for the preference of hiring local businesses and contractors.

4.4.2. Concerns and mitigation strategies

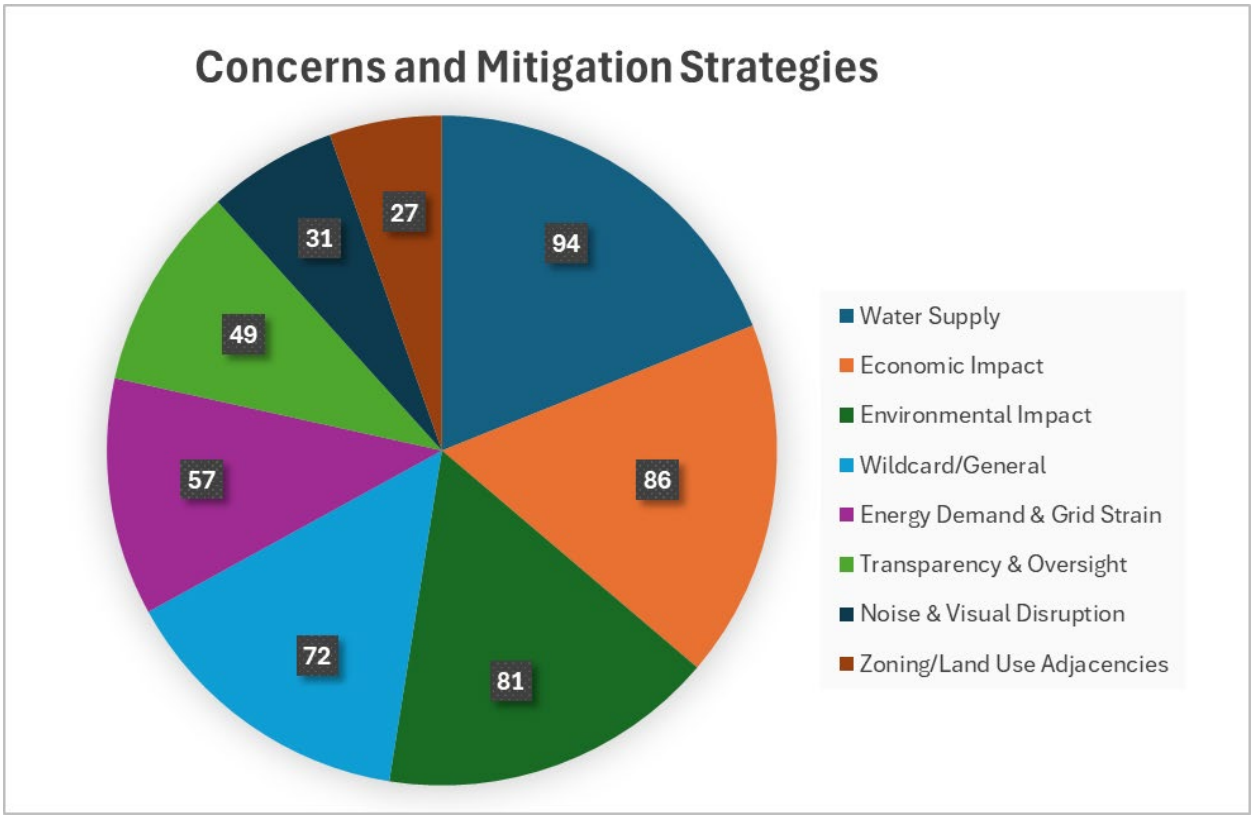

Fig 2, Concerns and Mitigation Strategies. Comments from meetings 1-6 categorized by subtheme.

Figure 2 shows the number of comments per sub-category related to the Concerns and Mitigation Strategies table. With a total of 520 comments and 94, 86, and 81 comments, respectively, Water Supply, Economic Impact, and Environmental Impact were the top categories for the community. The above results can be summarized as follows:

- Water and electricity usage: Residents want to know why renewable energy systems are not going to be used to power the Meta center. Deep concern about water impact (volume and quality).
- Incentive cancellation: ask to rescind economic incentives.
- Noise pollution: High concern regarding the "constant hum" of cooling fans and its impact on nearby residential property values.
- Utility rate concerns: deep concern and skepticism that data center energy infrastructure costs will not be passed on to residents.
- Transparency: concerns that a policy framework was not developed before earlier project agreements were considered. “Why did the City not do this back in 2023?”

Environmental impact

Community participants consistently expressed concerns about air pollution and quality, groundwater depletion, high emissions, and the disruption of natural ecosystems. Many asked about environmental permits and regulations, and demanded renewable energy sources as generation systems for data centers. Impact on health, wildlife, and land were also concerns for the attendees.

Noise & Visual Disruption

Residents living near proposed sites expressed worry over the potential health impacts from the "constant hum" of industrial cooling fans and the impact of light pollution on their quality of life. Suggestions focused on strict noise ordinances, the use of "dark skies" compliant lighting, and significant setbacks to prevent industrial operations from encroaching on residential areas.

Water Supply & Quality

This topic saw some significant volume of feedback, with residents emphasizing that El Paso position as a desert region with constrained water resources. The consensus was a demand for "zero potable water" usage, with participants calling for closed-loop air cooling or the exclusive use of reclaimed (purple) water. Concerns also included wastewater impact and the potential for long-term depletion of local aquifers and other water sources.

Energy Demand & Grid Strain

Participants described the data center load as "too big for the grid," fearing that massive energy consumption would lead to utility rate increases. Many proposed that data centers be required to generate electricity using their own renewable energy, such as through large-scale solar installations, rather than drawing from the existing grid or using fossil fuel generation.

Transparency & Oversight

A significant portion of the feedback focused on the lack of transparency surrounding past agreements (Meta). Residents demanded an end to Non-Disclosure Agreements (NDAs) and called for proactive public notification before contracts/agreements are signed.

Economic Impact (Jobs, Taxes, & Infrastructure)

Community feedback indicates significant skepticism regarding the long-term economic benefits of data center development compared to the potential fiscal burdens on residents. Participants frequently voiced opposition to tax abatements and incentives, arguing that large-scale tech entities must pay their "fair share" to support municipal

infrastructure rather than receiving subsidies. Participants expressed concern for the potential for utility rate increases, specifically that high energy and water demands of these facilities will shift the cost of grid and system upgrades onto local taxpayers. Some participants acknowledged the potential for temporary construction roles, but participants also expressed a demand for local hiring mandates and doubt regarding the quantity and quality of permanent, high-paying jobs created. Residents expressed anxiety over declining property values in neighborhoods adjacent to proposed sites, viewing the industry as a potential threat to local community wealth.

4.4.3. Site Considerations and Building Design

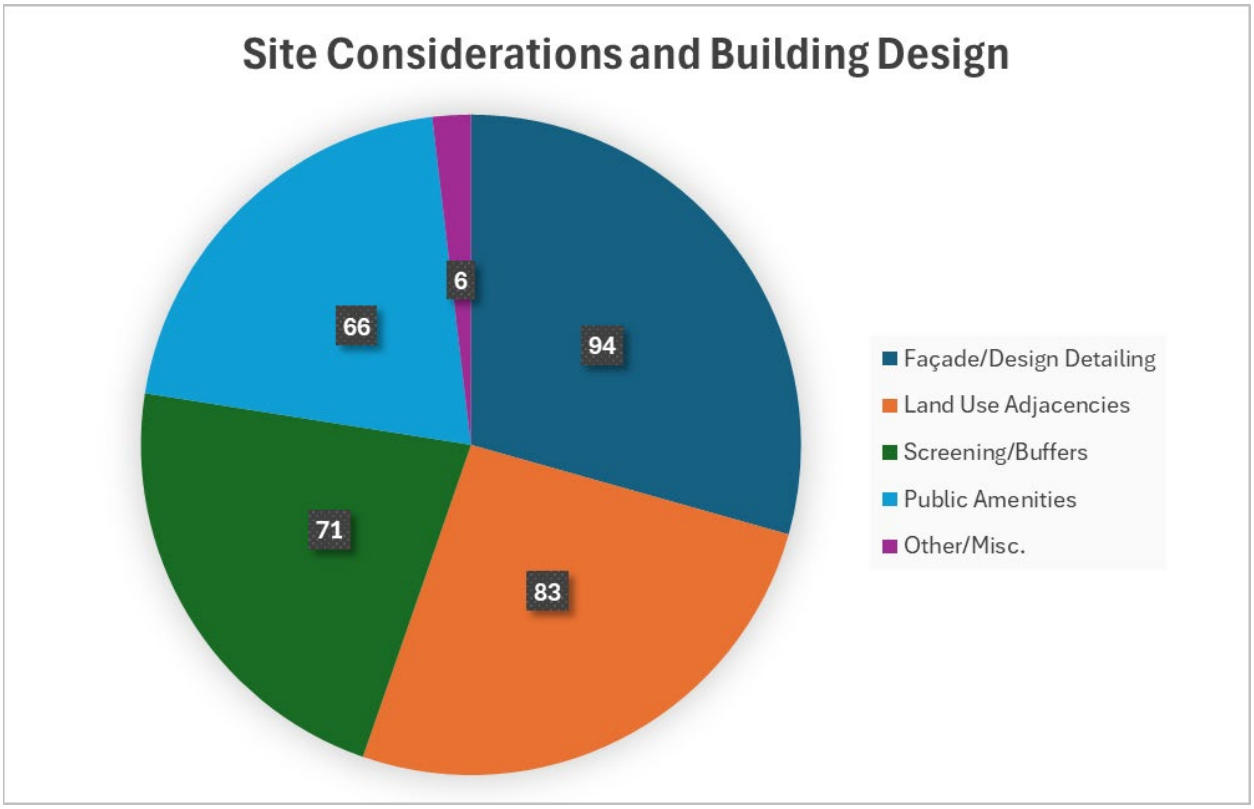

Fig 3, Site Considerations and Building Design. Comments from meetings 1-6 categorized by subtheme.

Figure 3 shows the number of comments per sub-category related to Site Considerations and Building Design. A total of 320 comments were received, with 94 related to Façade/Design Detailing, containing the greatest number of comments. The above results can be summarized as follows:

- Aesthetic Integration**:** Rejection of concrete "windowless gray boxes"; residents expressed, “If Data Centers are forced upon us,” the architecture should reflect El

Paso's desert aesthetic, murals, and use of building materials that minimize heat absorption, adding to the urban heat island effect. Residents expressed that data center builds should have a small footprint, rejecting hyperscale builds, and new potential sites should be built underground.

- Visual & Noise Screening**:** Requirement for natural berms and desert-appropriate landscaping to hide industrial equipment from public view and to attenuate or absorb sound.
- Lighting Control**:** Strict "Dark Skies" compliance to prevent light pollution in quiet neighborhoods.
- Buffer Zones**:** Demand for at least 1,000-foot buffers between data centers and any schools, parks, residential areas, while leaving room for local wildlife to move freely.

Façade/Design Detailing

Residents expressed the prevention of "Industrial Blight" through the adoption of site perimeters at the cost of the data center. Many requested that site construction and blight prevention tactics be locally sourced, including building materials and labor.

Adaptive Reuse - At every meeting, this subtopic received comments expressing that new builds should be required to be designed for adaptive reuse to reduce the size of a build as technology advances.

Land Use Adjacencies

A great majority of participants expressed that new data centers should not be built within the El Paso City limits. These include extended residential areas, businesses, schools, or locations where people congregate.

Screening/Buffers

Community feedback indicates anxiety over noise and light pollution, and suggests that regulations on both be strict and enforced for data centers. Participants asked that the City fully understand the impacts on residents created by data center noise.

Public Amenities

The majority of residents expressed that they did not see any potential for public amenities and felt more harm would come from future data center builds, thus having an overall greater negative impact than any potential public amenity required or requested.

4.4.4. Online Community Survey

A secondary method to provide community feedback was offered through a community-wide survey for residents who were not able to attend any of the open house events. A

news release with a survey link was issued on April 2nd and closed on April 17th. In total, 274 unique online survey responses were received. This online survey asked the same questions as those provided on feedback boards to residents during the Open House live engagement sessions.

Data Centers in Our Community

Results of the online survey correlate with what was heard during the live community feedback sessions of general opposition to the construction of data centers in the City of El Paso and the region.

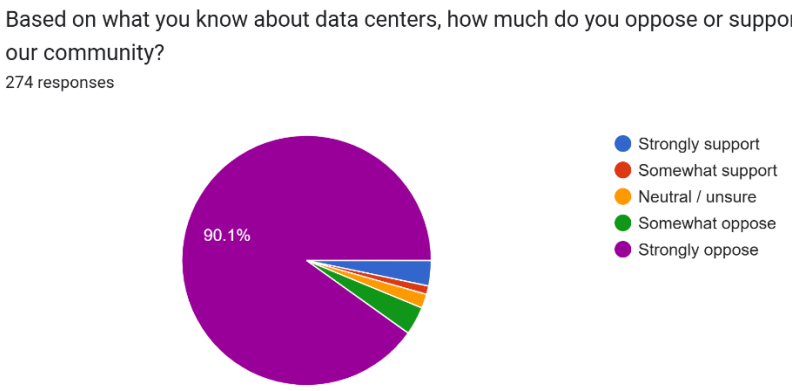

Figure X. Support/Oppose Data Centers. Feedback from online survey

Community residents overwhelmingly responded with, *Strongly Oppose (247)*, when asked how much they opposed or supported data centers in the community. This response reflected over 90% of the total responses collected. *Somewhat Oppose (10), Somewhat Support (3), Neutral/Unsure (5), and Strongly Support (9)* were the remaining responses.

For the following sections, please refer to the appendices for the accompanying Figures and raw data.

Opportunities from Data Centers

The survey feedback revealed Environmental Sustainability to be of the greatest importance among potential opportunities that data centers may bring to our community. Over 200 responses listed Environmental Sustainability as the number one priority. Categories that followed included: *Community Infrastructure, Community Integration, Local Hiring & Workforce Development*.

Concerns Related to Data Centers

When asked what concerned residents the most about data center development, over 250 respondents listed Extreme Concern regarding the following: *Water Consumption* (258), *High Energy Use* (254), *Environmental Effects* (255), and *Transparency* (253). *Public Cost* (245) followed closely in the responses.

Location of Data Centers

When asked where data centers should be located, *Outside the City Limits* (149) received the greatest response. A related question asked survey respondents to select the top 3 most important considerations when choosing a data center location. Responses received listed Impact on *the Environment (206), Distance from Homes (153),* and *Access to Power & Water (108)*.

All responses were consistent with public feedback gathered during in-person engagements.

5. Research

To understand the context of this section and why the Framework is necessary, it is useful to examine current and anticipated hyperscale data center development in the region. El Paso has not historically been a primary market for large-scale private investment such as hyperscale data centers.

The City of El Paso and the surrounding region are currently experiencing the development of two hyperscale data center developments. The first is the Meta hyperscale data center in Northeast El Paso, which represents an investment valued at approximately $10 billion. The second is Project Jupiter, a multi-billion-dollar, campus-scale development just outside city limits in Dona Ana County, NM. That proximity matters because while Project Jupiter sits outside of the jurisdiction of the City of El Paso, it operates within the regional system—utilizing the same power grid, water supply, workforce, and infrastructure.

The region is also expecting a new commercial hyperscale data center on Fort Bliss land, adding a federal dimension to this development. This facility is anticipated to utilize more than 1GW of energy, and will be located near the eastern portion of the City of El Paso.

Access to a reliable grid, low energy and water costs, and land availability are key considerations when private companies choose locations to develop hyperscale data centers. These key considerations for the development of hyperscale data centers apply to El Paso:

- Power: hyperscale data centers require large amounts of electricity on a 24/7 basis, often pushing grid capacity to its limits and driving co-located generation.

- Water: direct water consumption at the facility for cooling purposes and indirect water use for generation result in significant daily usage of water.
- Land, infrastructure, and policies: regions with reliable grids, available land, and non-restrictive policies are attractive to a sector whose current most critical incentive is ease and speed of deployment.

5.1. Current local regulations

The State of Texas provides home-rule municipalities, such as El Paso, the authority to regulate zoning. Zoning authority is one of the greatest policy levers that a municipality has. Found in Texas Local Government Code Chapter 211, the zoning framework provides the boundaries for the municipalities to work within. Land outside of a city and located solely within a county is not subject to zoning regulations, and a city has no purview to influence the land use outside of its jurisdiction.

The City of El Paso currently has a zoning definition for data centers as found in El Paso City Code 20.02.288.1 and is as follows:

20.02.288.1 - Data processing center (hyperscale).

"Data processing center (hyperscale)" or "data center (hyperscale)" means one or more data centers and/or other facilities used to house, and in which are operated, maintained and replaced from time to time, computer systems and associated components, such as telecommunications and storage systems, cooling systems, power supplies and systems for managing property performance (including generators and mechanical and electrical yards), and equipment used for the transformation, transmission, distribution and management of electricity (including private substations), internet-related equipment, data communications connections, private communication towers, environmental controls and security devices, structures and site features, as well as certain accessory uses or buildings located on the land and other related or associated uses, buildings or structures such as utility buildings; private utility facilities; office; buildings for support staff; warehousing for logistics, storage and/or other similar uses; cafeteria; guardhouse; diesel storage tanks; fuel storage for emergency generators; water storage tanks; security fencing; and other structures, improvements and appurtenants.

Currently, these uses are allowed by right in the C-4 (Commercial), M-1 (Manufacturing), and M-2 (Manufacturing) zoning districts. “By right” means that a given use is permitted in that zoning district and simply needs to comply with the municipal regulations for development. The data processing center (hyperscale) is also allowed in the I-MU

(Industrial Mixed Use) zoning district as part of a master zoning plan. This use is prohibited in all other zoning districts.

Typical with other uses in the aforementioned zoning districts, a data processing center (hyperscale) is subject to dimensional requirements, including general setbacks and height requirements as follows, as per the El Paso City Code:

C-4 (Commercial)

- Front Setback – 0 feet
- Rear Setback – 10 feet
- Side Setback – 10 feet when abutting a residential or apartment district
- Max Height – 60 feet; may exceed 60' when an additional setback of one foot is provided from all adjacent yardlines for each foot of height in excess of 60.

M-1/M-2 (Manufacturing)

- Front Setback – 15 feet
- Rear setback – 10 feet
- Side Setback – 10 feet when abutting a residential or apartment district
- Maximum Height – 60 feet; may exceed 60' when an additional setback of one foot is provided

Per the El Paso City Code, parking is required for these types of facilities as follows:

- Minimum: 1/150,000 sf GFA[6] Warehouse, plus 1/1,000 sf GFA Office*
- Maximum: 1/75,000 sf GFA Warehouse, plus 1/500 sf GFA Office*

  * = For accessory buildings, the minimum required spaces for warehouse use shall be 1/7,200 sf GFA and the maximum shall be 1/5,000 sf GFA; the minimum required spaces for office use shall be 1/250 sf GFA and the maximum shall be 1/125 sf GFA

Please note that there are no other supplemental requirements for the data processing center (hyperscale) found in the current zoning regulations for El Paso.

5.2. Federal and State regulations

Federal – Federal policy related to AI infrastructure and data centers is shifting toward faster deployment, streamlined permitting, and increased reliance on state and local implementation tools. In March 2026, the National Policy Framework for Artificial

[6] Gross Floor Area

Intelligence was released[7]. Although not focused on data centers, this framework calls for the following:

- "…streamline federal permitting for AI infrastructure construction and operation so AI developers can develop or procure on-site and behind-the-meter power generation to accelerate AI infrastructure buildout and enhance grid reliability."
- "Congress should not create any new federal rulemaking body to regulate AI shifting…" and should instead rely on existing sector-specific regulators and industry-led standards.
- " This national standard should respect key principles of federalism and not preempt: … State zoning laws, including state authorities, to determine the placement of AI infrastructure."

Similarly, on March 4th, 2026 the Ratepayer Protection Pledge Proclamation[8] was signed by the President of the USA and seven AI companies[9], committing to "leading United States hyperscalers and AI companies guarantee that data centers' energy needs will not increase household electricity costs for American citizens. Instead, these companies will build, bring, or buy the new generation resources and electricity needed to satisfy their energy demands, and pay for all new power delivery infrastructure upgrades to service their data centers".

These two recent examples show the current federal priority for the rapid adoption of AI technology. Recent policy shifts have deprioritized mandatory environmental reporting in favor of streamlining the permitting process and reducing regulatory hurdles[10]. The National Environmental Protection Act (NEPA) and the Clean Air Act are under scrutiny, and some of their provisions are changing[11]. Furthermore, the previously cited examples do not outline a timeline or specific agencies in charge of implementation or compliance. In the case of the pledge, that is a non-binding document that raises questions about applicability due to state regulations related to electricity generation.

Ultimately, the shift from a focus on climate and sustainability to the current shift in federal policy toward streamlining and deregulation increases the importance of local and state policy tools. This highlights the importance of municipal leaders codifying policies and

[7] White House National Policy Framework for AI - Legislative Recommendations
[8] Ratepayer Protection Pledge Proclamation – The White House
[9] Amazon, Google, Meta, Microsoft, Oracle, OpenAI, and xAI
[10] Previous directives, such as Executive Orders 14110 and 14057, federal policy emphasized rigorous reporting on energy and water consumption, particularly for facilities supporting AI
[11] Trump Administration Delivers Historic NEPA Reform, Unleashing Resources on America's Public Lands | U.S. Department of the Interior ; President Trump and Administrator Zeldin Deliver Single Largest Deregulatory Action in U.S. History | US EPA

protections at the local level to proactively ensure the well-being of their communities by developing protections within local ordinances.

State – Texas ranks second in the nation for data-center installations, largely owing to political support, its efficient permitting processes, and strategic proximity to demand, which have been pivotal in driving this expansion[12]. Availability of land is another major consideration.

Below, the different types of regulations that apply to data centers in Texas are summarized.

Tax incentives: Texas has established state tax incentives to attract data centers. primarily governed by the Texas Tax Code. Section 151.359 from the Texas Tax Code provides the eligibility parameters to qualify for a 100% exemption on state sales and use tax for 10 to 15 years[13]. Qualifying data centers are exempted from paying the state's 6.25% sales tax on purchases related to building and maintaining the facility — including servers and other data storage hardware, software, office equipment, the cooling system, emergency generators and plumbing[14].

Local jurisdictions can also offer tax abatements via Chapter 312 and 380 agreements.

Texas Local Government Code Chapter 380 allows for the City to offer economic incentives to companies. It is an economic development tool at the disposal of a municipality. A Chapter 380 Agreement provides broad authority to a Texas municipality to establish a program promoting state or local economic development and to stimulate business and commercial activity in the municipality

CBA: In Texas, there are no statutory requirements for Community Benefit Agreements (CBA) or specialized environmental mandates specifically for data centers. Local governments can explore/mandate CBAs for local tax breaks or land sale contracts.

Permitting: The permitting process provides safeguards. Land-use regulations often can restrict development near environmentally sensitive areas, including habitats of endangered species and protected lands. Air and water permits impose limits on emissions and regulate water withdrawal and discharge. Ideally, these permitting processes include opportunities for public comment, enabling communities to express

[12] Yashvi, Shipra et al.Permitting procedures for setting up data centers in Texas, COMPASS Research Consortium, 2026
[13] https://statutes.capitol.texas.gov/?tab=1&code=TX&chapter=TX.151&artSec=
[14] The Texas Tribune, Cobler, Paul, https://www.texastribune.org/2026/04/08/texas-data-centers-sales-tax-break-billion-dollars/ April 8, 2025

their views and influence project conditions formally[15]. There are four types of permits that data centers need to obtain to operate. Those include:

- Zoning and Land Use and Site Development (City Planning and Inspections Department)
- Interconnection (EPE/PUC)
- Environmental permits – air and water- (Texas Commission on Environmental Quality)
- Building Permits, Certificate of occupancy, Fire and Safety Inspections (City Planning and Inspections Department)

In 2025, Texas adopted SB6 at the 89th Legislature. This bill adds new regulations for loads exceeding 75 MW that require projects to demonstrate financial security and, in some cases, provide on-site generation or demand response capabilities to prevent grid strain during peak periods. SB6 only applies to the Electric Reliability Council of Texas (ERCOT) territory, and therefore, the El Paso region is excluded. Advocating for similar regulations for our vertically integrated market should be a priority.

On June 10, 2026, the Texas Governor directed the Public Utility Commission of Texas (PUC) and ERCOT to:

- The PUC to take action to ensure that data centers' interconnections will result in reduced residential electrical bills; and
- The PUC to take action to require data centers to pay for all of their electric infrastructure costs to ensure that no residential ratepayer is burdened by those costs; and
- The PUC and ERCOT to review their existing authorities and to identify necessary actions that can be taken under those authorities to safeguard Texans, their property, and resources[16].

There is uncertainty if the request applies only to ERCOT (as SB6 does) or to all Texas markets. Furthermore, the letter from the Governor pledges to address the following topics at the next legislative session:

- Codify the PUC's actions to require data centers to pay for their own electric infrastructure costs, resulting in lower residential ratepayer costs; and
- Ensure data centers add to Texas' electric capacity, not just its electric demand; and
- Require that all new data centers be built with water-efficient technologies such as closed-loop cooling systems; and –

[15] See 12

[16] Thomas_Gleeson_Pablo_Vegas_Data_Centers_Directive_Letter_to_PUC_ERCOT_FINAL.pdf

- Require large data centers to annually report electricity and water usage data to the PUC; and
- Repeal sales tax exemptions and other outdated or unnecessary incentives for data centers; and
- Require data centers to reduce impacts on local communities by implementing best practices such as setbacks, noise-reduction technology, and other measures that take into account the concerns of neighbors.

5.3. Data centers and the Climate Action Plan

The Climate Action Plan (CAP) identifies the need to develop a data center policy (Action 6 under Measure 1: Enhance or create a community-wide building energy efficiency and electrification rebate program). The CAP calls for a policy that incorporates environmental (e.g., energy and water usage), community, and economic development considerations.

The CAP region-wide GHG inventory includes major emissions sources within El Paso and Hudspeth Counties for the calendar year 2019. In calendar year 2019, the El Paso region's gross emissions were 7,572,602 $MTCO_2e$. Emissions from hyperscale data centers will be included under the Commercial Energy category that currently represents 21% of the total (1,595,866 $MTCO_2e$).

Hyperscale data centers like the one Meta is constructing in the Northeast, Project Jupiter in Dona Ana County, and the recently announced project at Ft. Bliss, are projected to materially increase GHG emissions, co-pollutants, and impact overall air quality.

The Meta site, as communicated by the company and El Paso Electric (EPE), is expected to need 1 GW of capacity[17], with 475 MW required for the first phase of operations by 2027; 250 MW will be served by current EPE resources, and 225 MW will be provided by the McCloud natural gas facility[18].

The current EPE's owned generation capacity is 2,95 GW and its associated emissions 3,091,383 $MTCO_2e$[19]. Adding 366 MW of natural gas generation capacity (of which 225 MW will run 24/7 to serve the facility) represents 12.4% and 17% increases in the total EPE's generation and EPE's natural gas generation capacity[20], respectively.

[17] Ft. Bliss, while still unclear at this time, is expected to need a larger capacity from unknown generation sources.

[18] 26-0405 - CC 33 - Enchanted Rock CCN (EP City Council)
[19] 2025 Corporate Sustainability Report
[20] See 19. 2,118 MW of natural gas generation capacity in 2025

The correlation between health outcomes and air quality has been long established, with pollutants such as particulate matter (PM), carbon monoxide (CO), ozone (03), nitrogen dioxide (NO2), and sulphur dioxide (SO2) having adverse impacts on health[21].

5.4. Impact on utilities

Two key metrics are used when describing the resource intensity of data center facility infrastructure. Power Usage Effectiveness (PUE) is defined as the total electricity demand of the data center divided by the electricity demand of the IT equipment. Water Usage Effectiveness is defined as the total water consumption of the data center divided by the IT equipment's electricity demand. PUE is technically dimensionless (kWh/kWh), while WUE is reported in terms of liters per kWh. Various factors, including cooling systems, operational practices, and climatic conditions, influence the PUE and WUE metrics of data centers[22]. Lower PUE and WUE values indicate higher energy and water efficiency.

From 2014 to 2023, the annual average across U.S. data centers for PUE and WUE has decreased and increased, respectively[23]. PUE and WUE values vary depending on individual choices for cooling and electricity generation specific to each data center; this framework looks into promoting lower PUE and WUE for data centers looking to establish themselves within City limits.

Both energy (electricity) and water are inextricably linked in all systems, but particularly when discussing large-scale data centers. There is a tradeoff between water and electricity intensity, with, for example, air-cooled facilities requiring significantly less water while increasing electric usage.

Energy –

The construction and deployment of hyperscale data centers require significant power infrastructure. The extent to which that infrastructure is behind-the-meter vs. grid-tied is a matter of negotiations between developers and utilities, and is often not public until filings occur at the state level.

Behind-the-meter systems can protect the rest of the ratepayers from rate increases. In hybrid or fully grid-dependent facilities, if investments are made in the grid (generation,

[21] https://www.who.int/teams/environment-climate-change-and-health/air-quality-energy-and-health/health-impacts#:~:text=What%20is%20air%20pollution%20and,(household%20air%20pollution%20only).
[22] Shehabi et al. 2024. United States Data Center Energy Usage Report. Lawrence Berkeley National Laboratory, Berkeley, California. LBNL-2001637
[23] Shehabi et al. 2024. United States Data Center Energy Usage Report. Lawrence Berkeley National Laboratory, Berkeley, California. LBNL-2001637. Page 48.

transmission, distribution) and the load (data center, in this case) fails to materialize, unrecovered costs may be subject to future cost-recovery proceedings that could affect other customers. Increasingly, data centers are seeking approval for behind-the-meter generation systems to overcome regulatory delays and to speed up deployment.

Research from energy economists, data center modelers, grid modelers, as well as others, is needed to identify key risks for existing customers, data centers, and utilities, explore existing contractual arrangements, and propose novel methods for risk-sharing and cost recovery[24]. Two of the main risks from the developers' perspective are grid reliability and speed of deployment. From the community's side, environmental risks and increased utility costs are at the top of the list.

Roughly one-half or greater of the electric power demand of data centers stems directly from the operation of electronic IT equipment[25]. Computation generates large amounts of heat, with the cooling needed as a result amounting to much of the rest of the electric demand.

As of September 2025, data centers require 9,567 MW of power capacity, with Transmission System Providers in ERCOT estimating an almost tenfold increase by 2030 for a total of 77,965 MW[26].

There are multiple ways of powering data centers with electricity (or a combination of them): i) Use current grid power; ii) Updated grid power; iii) Onsite gas generation; and iv) Onsite renewable generation. While the power needs don't vary for any of those four options, water consumption, emissions (and therefore air quality and health outcomes), and noise levels are very different based on how the electricity generation needs are met. Costs associated with different options vary as well.

As described previously, according to information communicated by Meta and EPE, the facility is expected to require up to 1 GW of generation capacity, with 250 MW provided by the current grid and 225 MW by the McCloud Natural Gas plant. The full installed capacity of the McCloud facility is 366 MW, and costs will initially be borne by Meta during a bridge period of 5 years[27] . After the bridge period, EPE may request the interconnection of such

[24] Shehabi et al. 2024. United States Data Center Energy Usage Report. Lawrence Berkeley National Laboratory, Berkeley, California. LBNL-2001637.
[25] Shehabi et al. 2024. United States Data Center Energy Usage Report. Lawrence Berkeley National Laboratory, Berkeley, California. LBNL-2001637.
[26] Thirsty Data and the Lone Star State: The Impact of Data Center Growth on Texas' Water Supply Margaret Cook, PhD, HARC January 2026
[27] 26-0405 - CC 33 - Enchanted Rock CCN (EP City Council)

a system, with unpaid costs, at that point, shared by all EPE customers. This action would require Public Utility Commission of Texas (PUCT) approval.

Water – Water use in data centers results from both direct and indirect consumption. Direct water use refers to the on-site need for operations, specifically for the cooling of servers. Indirect consumption is associated with the water demand for electricity generation to power the data center.

The total expected water demand varies based on the type and size of the data center, the cooling technology at the data center, and the power supply and its cooling needs[28].

Nationally, water use for cooling is expected to increase by 2-3x by 2028. If data growth projections hold, this demand could increase to 29-161 Bgal by 2030, or 0.5-2.7% of total annual water use in Texas[29].

A statewide concern is that Texas' State Water Plan does not include projected demand growth for data centers. Because there are already unmet needs, including the current 4.8-million-acre-foot shortage as determined by the Texas Water Development Board, data centers' unknown unmet needs are poised to place unprecedented stress on local water supplies across the state. Water stress in particular parts of the state will impact communities and other industries, including agriculture, differently[30].

Options to reduce water consumption by hyperscale data centers include:

i) Use of air-cooled systems: Air-cooled systems decrease direct water use at data center facilities; there is a direct trade-off in the increase of electricity used by the facility.
ii) Promote non-water-intensive electric generation plants (i.e. solar PV, solar+storage, and wind): this option substantially reduces data centers' indirect water demand, depending on the whole generation portfolio for the facility.
iii) Use of closed-loop systems[31].

For the city of El Paso, and the larger region, the construction of hyperscale data centers presents two main challenges (which were raised by the community during the engagement series):

[28] See 26
[29] See 26
[30] See 26
[31] Closed-loop systems could lead to stronger, industrial-strength wastewater effluent.

1. Potable water availability and aquifer impact: hyperscale data centers consume millions of gallons of water per day[32]. For the El Paso region, the impact of three very large facilities like Jupiter, Meta, and the one at Ft. Bliss, could be significant, in particular for the Hueco and Mesilla bolsons.
2. Wastewater and impact on infrastructure costs and utility rate upgrades: the discharge from data centers often has a higher concentration of solids. EPWater has the mandate to monitor that the discharge meets State limits and regulations. EPWater does evaluate the need for infrastructure upgrades. Resident feedback specifically cited concerns regarding "utility rate increases" and "impact on the quality of the discharged water".

The recent rate increases for water service have been driven by EPWater's Capital Improvement Plan (and in particular, the upgrades to the wastewater treatment system), and supplying water to Meta would not result in rate increases.

After review of the 2026 Far West Texas Regional Water Plan[33], El Paso Water's 2024 Water Conservation Plan[34], and water supply and demand projections[35] published by the Texas Water Development Board (TWDB) and with an estimated peak water flow rate used by the Meta hyperscale data center of 2.5 million gallons per day (2,800 acre-feet per year if sustained year-round). The average water usage of 1.5 million gallons per day (1,680 acre-feet per year). This level of water use is equivalent to approximately:

- 6,000 households in El Paso (daily average)
- 10,000 households in El Paso[36] (peak flow rate)
- 600 irrigated acres of EPCWCID1 water-rights farmland (daily average)
- 1,000 irrigated acres of EPCWCID1 water-rights farmland[37] (peak flow rate)

[32] For Meta, the total maximum allocation for Tier III, or full implementation phase, is 2.5 million gallons per day (GPD), with an average estimation in the contract of 1.5 million GPD. According to EPWater, 400,00GPD is the real projected average consumption.
[33] 2026 Far West Texas (Region E) Water Plan
[34] El Paso Water | Water Conservation Plan
[35] Historical Water Use Survey Data | Texas Water Development Board
[36] Household water use is based on the El Paso Water's 2024 Water Conservation Plan rate of 69 gallons per capita per day for 2023 residential use and 3.61 persons per connection for El Paso Water's system
[37] Agricultural acreage estimates are based on the 2026 Far West Texas Regional Water Plan, including 193,990 acre-feet per year of projected irrigation demand for El Paso County, divided by El Paso County Water Improvement District No. 1's 69,010 acres of water-rights landed, which produces a local planning average irrigation factor of 2.81 acre-feet per year

6. Appendices

Appendix A. Community Meeting Materials

Appendix B. Community Meeting Documentation

Appendix C. Digitized Community Input

Appendix D. Online Community Engagement