Testimony

Submitted on behalf of the
Pennsylvania Chamber of Business and Industry

Public Hearing on Data Centers

Before the:
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Good morning Chair Fiedler, Chair Causer, and members of the House Energy Committee.

Thank you for the opportunity to appear before you today. My name is Amy Brinton, Director of Government Affairs for the Pennsylvania Chamber of Business and Industry, the largest, broad-based business advocacy organization in the Commonwealth. Our nearly 10,000 members are of all sizes, of all commercial and industrial sectors, and include companies involved in all aspects of the technology and energy industries, and beyond.

I would also like to thank you for the opportunity to speak with you today about an emerging transformative opportunity: the expansion of artificial intelligence (AI) and data centers, and why Pennsylvania is poised to lead this effort nationally, and even globally.

AI is the fastest growing tech sector and is increasingly integrated into industries ranging from healthcare to manufacturing, driving an unprecedented demand for data processing, storage, and real-time computing.

This is not just a technological shift; it is a generational change and requires a level of infrastructure readiness that few regions can provide. Meeting this demand means building robust, scalable systems that can support the energy, water, land, and workforce needs of data centers. As companies search for ideal locations to power this technology revolution, Pennsylvania stands out as a prime location thanks to our unique combination of abundant natural resources, infrastructure, and workforce.

Pennsylvania's History of Energy and Innovation Leadership

Pennsylvania has consistently been a driving force in American industrial innovation. As the "Keystone" of the nation's energy, manufacturing, and technology landscape, the Commonwealth has played a pivotal role in powering economic growth

throughout history. Coal-fired generation once formed the foundation of our energy portfolio, delivering affordable, reliable electricity to homes, businesses, and industries, fueling economic expansion beyond the industrial revolution.

Over the past twenty years, Pennsylvania's energy landscape has undergone a historic transformation. A combination of market forces and a shifting regulatory environment has led to the retirement of many coal-fired power plants. At the same time, the rapid development of natural gas, particularly from the Marcellus Shale, has made natural gas the dominant source of energy in the Commonwealth. This shift has not only redefined our energy mix but reinforced our position as a global and national energy leader. Today, Pennsylvania is the number one exporter of electricity, second-largest natural gas producer, and third largest energy producer in the nation. [1]

From the coal and steel that powered the industrial revolution to the natural gas and advanced technologies that define our economy today, Pennsylvania has always been a leader in times of change. Now, as we enter this new era defined by digital infrastructure, where data is becoming as essential as electricity or water, Pennsylvania is once again poised to lead. The rise of data centers marks the next phase in our technological evolution, and with our abundant resources, we are uniquely positioned to become a national hub for this next generation of investment.

Pennsylvania's Competitive Advantages

Energy and Water

Pennsylvania's status as an energy powerhouse is more than a source of pride, it is a strategic advantage in attracting next-generation digital infrastructure. Our

[1] https://www.eia.gov/state/analysis.php?sid=PA

ability to produce, export, and deliver reliable, affordable energy makes us an ideal location for supporting the power-intensive needs of data centers.

In today's digital economy, where uptime and high-performance computing are essential, access to stable energy and sufficient water resources is critical, and Pennsylvania offers both. Our strong energy infrastructure ensures the reliability companies require, while abundant water supplies provide a strategic edge, especially as data centers face growing scrutiny over water use for cooling and thermal management. Communities with a legacy of industrial activity often have existing water infrastructure, making it easier and more cost-effective for data centers to operate without straining municipal systems. Pennsylvania's abundant water resources offer long-term security that few other states can match.

The data center industry is also investing in sustainability. In 2024, U.S. data centers accounted for half of all corporate clean energy procurement, and many are pioneering waterless cooling, recycled water use, and closed-loop systems. In Virginia, for example, 83% of data centers use no more water than a large office building, and many rely on recycled or non-potable water.

While Pennsylvania's water resources offer a strategic advantage, we must balance industry growth with environmental stewardship. Water utilities are already developing best practices to supply data centers responsibly while protecting infrastructure and ratepayers. This thoughtful approach underscores a broader truth: we do not have to choose between economic growth and sustainability, we can and must pursue both through smart planning.

To fully realize this opportunity, we must take proactive steps to ensure these critical assets can meet growing demand, not just from anticipated data center development, but also from broader system needs. PJM Interconnection, which manages the grid across Pennsylvania and much of the Mid-Atlantic, has warned of

potential generation shortfalls in the coming years, driven by accelerating demand and the retirement of dispatchable baseload generation.

This is not a distant concern, but a near-term reality requiring immediate attention. As AI, cloud computing, and other data-intensive technologies drive energy consumption, we must address the forecasted gap in generation capacity by adding more reliable baseload resources to the grid, including coal, natural gas, and nuclear energy.

To position Pennsylvania for long-term economic growth, we must leverage our energy assets strategically. While the PA Chamber supports an "All of the Above" energy approach, our vast natural gas supply, strong pipeline network, and existing generation capacity form a foundation few states can rival. We must ensure policies also support investment in reliable, dispatchable generation and a resilient electric grid. This includes streamlining permitting processes, investing in transmission infrastructure, and supporting the development of both traditional and emerging energy technologies.

With thoughtful planning and forward-looking policy, Pennsylvania can turn a looming energy challenge into a long-term competitive advantage.

Location

In today's digital economy, where speed and resiliency are paramount, Pennsylvania stands out as an ideal hub for next-generation technology deployment. Our combination of physical and digital infrastructure, paired with a strategic location in the Northeast, gives us a distinct competitive edge, offering high-speed, low-latency connectivity essential for cloud computing, financial services, and AI applications that rely on real-time data transfer.

Beyond connectivity, Pennsylvania offers a diverse range of siting opportunities, including brownfield locations already situated near key infrastructure such as substations, transmission lines, highways, and fiber-optic networks. Many of these sites have been off the tax rolls for years, and data center development presents a unique opportunity to bring them back into productive use, generating a reliable source of local tax revenue that can be used to support local communities with funding for schools, libraries and infrastructure.

Workforce

Workforce development must remain a top priority, as it is a foundational opportunity for data center growth. No matter how much is invested in the development of data centers, success depends on building a robust pipeline of qualified workers. From HVAC technicians to engineers, every aspect of data center construction and operation relies on a diverse range of professionals, spanning skilled trades to advanced STEM degrees.

Employers are already signaling that talent is a limiting factor. Companies want to expand in Pennsylvania, but they need confidence that the workforce will be available. That is why proactive collaboration between industry, educators, and policymakers is essential; to scale training programs, modernize curricula, and build the workforce of the future.

Fortunately, Pennsylvania is well equipped with a strong foundation of world-class educational institutions and workforce training programs. From globally recognized leaders in AI and computer science like Carnegie Mellon University to hands-on, career-ready technical schools like Penn College of Technology, we offer a full spectrum of talent development. This diverse ecosystem positions us to lead in building, maintaining, and innovating the infrastructure behind AI and data centers.

Continued investment in training and certification programs, especially through community colleges and apprenticeship partnerships, will ensure Pennsylvanians are equipped to fill the jobs these new facilities will create. Whether it is electrical work, control systems, cybersecurity, or systems engineering, the demand for skilled talent is growing, and Pennsylvania must be ready to meet it with a qualified and diverse workforce.

Enabling Economic Opportunity

From a fiscal perspective, data centers are powerful economic engines, generating significant revenue with minimal strain on infrastructure or services. In 2023, the U.S. data center industry supported 4.7 million jobs and contributed $162.7 billion in taxes to local, state, and federal governments, funding essential services like schools, roads, public safety, and health care. These revenues are long-term investments that continue to drive growth year after year.

An example of this is Loudoun County, Virginia, where tax contributions from data centers totaled $875 million in 2024, accounting for 38% of the county's overall tax revenues, while only comprising 3% of the land in Loudoun County[2]. Prince William County, Virginia, generated $166 million in tax revenue in 2024, with over half supporting local schools. This can be replicated across the Commonwealth, creating new funding streams for schools and other vital infrastructure.

Data centers contribute through multiple channels, including real estate and property taxes, payroll and income taxes, and indirect local spending that supports small businesses, service providers, and construction trades. These facilities are typically long-term, capital-intensive investments that generate sustained tax revenues for decades beyond the initial construction phase.

[2] Data Center Coalition- https://www.datacentercoalition.org/cpages/faq

As previously noted, many of these projects are well-suited for the redevelopment of former industrial or underutilized brownfield sites that often sit vacant and have not been on the tax rolls for years. Repurposing these sites for modern infrastructure, not only revitalizes communities and improves land use, but also restores a critical revenue stream for local governments and communities.

At a time when municipalities are seeking stable funding sources for schools, emergency services, and infrastructure upgrades, data centers offer a compelling solution. Beyond direct fiscal benefits, they serve as catalysts for broader economic growth, driving demand across sectors where Pennsylvania has long-standing strengths. Data center projects boost demand for steel, HVAC systems, electrical equipment, and construction services, creating immediate opportunities for manufacturers, contractors, and skilled trades across the Commonwealth.

In addition to fiscal contributions, data centers generate ripple effects across Pennsylvania's broader economy and can be anchor institutions within regional tech ecosystems. Their presence attracts startups, R&D initiatives, and innovation hubs that thrive on proximity to high-performance computing infrastructure. This accelerates growth in sectors like cybersecurity, fintech, biotech, and advanced manufacturing, those industries increasingly reliant on real-time data processing and AI capabilities.

Supporting data center growth positions Pennsylvania to build a more dynamic and diversified economy, one that creates family-sustaining jobs, strengthens supply chains, and enhances the Commonwealth's leadership in both traditional and emerging industries.

Ensuring Pennsylvania is Ready for Data Center Growth

While Pennsylvania's foundational assets are strong, realizing their full potential requires proactive leadership and a clear strategy. Efficient, coordinated, and

predictable permitting processes are essential. Investors and developers frequently cite permitting uncertainty as a major barrier to site selection. By streamlining approvals and offering a clear path for energy-intensive infrastructure projects, Pennsylvania can position itself as a top-tier destination for investment.

Continued investment in modernizing essential infrastructure is also critical. This includes upgrading transmission and distribution systems to accommodate new industrial loads, improving local water systems where needed, and expanding infrastructure access to development-ready sites. Coordination among utilities, municipalities, and private developers is key to reducing delays and aligning resources effectively.

Concerns about grid strain are understandable, but data centers are not passive consumers, they are active contributors to grid infrastructure. Many facilities co-locate near power plants and help to fund substations, transformers, and system upgrades. Regulators in states like Virginia and Arizona have confirmed that data centers pay their fair share of grid costs, and their investments often enhance reliability for all customers.

In Pennsylvania, this principle is upheld through well-established cost allocation practices that ensure fairness across all ratepayers. Direct costs, such as dedicated substations or feeder lines, are assigned solely to the data center, while shared system upgrades that benefit the broader grid are distributed proportionally across all customer classes. These practices, grounded in traditional ratemaking principles and approved by the Pennsylvania Public Utility Commission (PUC), are applied consistently across sectors, whether the new customer is a household, hospital, manufacturer, or data center. This framework ensures that infrastructure investments are made responsibly, transparently, and in a way that supports both economic growth and grid resilience.

As we build for the future, Pennsylvania's growth must be both innovative and sustainable. This requires thoughtful infrastructure and land use planning, paired with policies that protect communities while enabling investment. As the legislature considers proposals like House Bill 1834, it is essential that any regulatory framework not only safeguard ratepayers but also supports the Commonwealth's ability to attract and retain transformative industries.

The PA Chamber supports the underlying goals behind House Bill 1834 and recognizes its inclusion of key principles, such as financial safeguards, load ramping schedules, ratepayer protections, and curtailment measures. However, as currently drafted, the bill raises a few concerns.

Certain provisions may unintentionally discourage investment, complicate utility operations, and weaken Pennsylvania's competitive position in the fast-growing data center sector. However, with thoughtful revisions, House Bill 1834 has the potential to strike the right balance of promoting responsible growth while maintaining system reliability and affordability.

Cost Recovery Prohibition (Section 4)

While we strongly support the principle that existing ratepayers should not subsidize new, large-load customers, Section 4's blanket prohibition on cost recovery raises operational concerns. Utility cost allocation is complex, and many infrastructure upgrades serve multiple customers and purposes. Strictly separating all costs "that would not have been incurred but for" a data center's demand is impractical and could expose electric distribution companies (EDCs) to unrecoverable financial risk. This creates risks for EDCs and could ultimately shift this risk to other ratepayers.

Renewable Energy Mandate (Section 6)

While the PA Chamber supports efforts to diversify Pennsylvania's energy mix, we are concerned that the mandates in this section could create challenges to energy affordability and reliability, both of which are critical to our economic competitiveness. Mandates to increase renewable energy targets could inadvertently distort the energy market by favoring certain technologies over others, rather than allowing market forces to determine the most efficient and reliable energy solutions.

Contract Review (Section 7)

We certainly realize that regulatory oversight is important, however, the current language requiring PUC review of data center contracts raises concerns about feasibility, confidentiality, and timing. The PUC may lack the technical capacity to assess regional transmission impacts without PJM's involvement, and the bill does not clearly define the scope or consequences of the review process. Therefore, we recommend clarifying the PUC's authority and incorporating PJM's expertise to ensure timely and informed evaluations.

Conclusion

Pennsylvania has always been a leader in industrial innovation and data centers are the next chapter in this legacy. With unmatched energy resources, a reliable water supply, robust industrial and digital infrastructure, a skilled workforce, and a strategic geographic location, the Commonwealth has all the ingredients to become a national, and even global, leader in data center investment and AI-driven innovation.

This opportunity goes beyond data centers; we are positioning Pennsylvania at the forefront of the next major economic transformation. Achieving that vision demands a clear and deliberate strategy: modernizing energy and water infrastructure, streamlining permitting to reduce delays, investing in transmission and reliable

baseload generation, and preparing our workforce for the demands of a rapidly evolving technological landscape.

Just as Pennsylvania led previous industrial and energy revolutions, we can lead again, this time in the era of AI and digital infrastructure. However, doing so requires bold policy decisions, strong public-private partnerships, and a shared commitment to sustainable, forward-looking economic growth.

On behalf of the Pennsylvania Chamber of Business and Industry, I thank you for your time and leadership on this important issue. We look forward to working together to ensure Pennsylvania remains a place where innovation thrives, businesses grow, and communities prosper.

Again, thank you for the opportunity to join you here today. I am happy to take any questions at this time.