FAIR LABS FRONTIER SERIES

SPECIAL REPORT
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The Backlash Against Data Centers

Foreign influence, local grievances, and what the evidence actually shows

PREPARED FOR POLICYMAKERS & LEGISLATORS · LOCAL OFFICIALS & COUNTY BOARDS · JOURNALISTS

FAIR Labs
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FAIR LABS FRONTIER SERIES · SPECIAL REPORT

The Backlash Against Data Centers: Foreign influence, local grievances, and what the evidence actually shows

This Special Report of the Frontier Series audits the revolt against data center construction in the United States. It asks four questions the debate keeps answering by assertion: whether foreign money or messaging is behind the opposition; what the China angle actually threatens; whether the three claims most often made against data centers — that they are dumped on poor communities, that they drain the nation's water, and that they raise everyone's electricity bill — survive contact with the evidence; and what happens to communities, and to the country, when the answer to those claims is a moratorium rather than a rule. Its central finding: the grievances are mostly homegrown, the myths are mostly wrong, the genuine problems are mostly local and fixable by tariff and siting design, and the blunt instrument now spreading through statehouses would forfeit real fiscal dividends while relocating, not preventing, the facilities it targets.

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This Special Report is a rapid-response analysis of publicly reported events as of early September 2026. It presents analysis and frameworks developed by FAIR Labs. Quantitative exhibits marked as illustrative or as FAIR Labs assessments are analytical constructs intended to support reasoning, not measurements. All other figures and quotations are drawn from the numbered sources listed at the end of this report and were checked against those sources as of September 4, 2026. Quotations are reproduced verbatim; the report tests claims, not the motives of the people who make them. This report is for informational purposes and does not constitute legal, financial, or investment advice.

IN BRIEF · EXECUTIVE SUMMARY

The revolt is real, mostly homegrown, and mostly wrong about the facts — but right about who should pay.

Seventy percent of American voters now say they oppose a data center near them. More than five hundred organizations demand a national moratorium; a senator and a congresswoman have drafted one; a governor has signed the first statewide pause. The most convenient explanation — that Beijing is paying for it — has been examined by OpenAI, NPR, Clemson's media-forensics lab and a Utah federal court, and it does not hold. What holds instead is more useful: the three claims powering the revolt are, in order, false, misdirected, and half-true — and the half that is true is a market-design problem that a moratorium cannot fix and a tariff can.

01 **The X report says less than it is said to say.**

X found a 200,000-account bot farm and *200* accounts within it touching AI and energy policy — no payer named, no reach published, and ~90 posts from a single month with zero engagement when Clemson audited them. The operation was real. "Two hundred thousand paid accounts attacking data centers" is not what was reported.

02 **The revolt is a Bannon-to-Bernie coalition, and history says what that produces.**

A majority of MAGA Republicans and four-fifths of liberals oppose a local data center. Left–right convergences — NAFTA, the Fed audit, Amash–Conyers, the TPP — block well and build badly, because the wings share an enemy and not a remedy. Expect a patchwork of state rules, not a national moratorium.

03 **The real stake is adoption, not compute.**

America holds ~75 percent of global AI compute and is losing the layer that decides whose standards the world runs on: Chinese open models passed US models in downloads in August 2025 and now carry ~70 percent of derivative fine-tunes. The capability gap has narrowed to 2.7 points on twenty-three times the investment.

04 **The capacity sits in rich counties, and water is a siting problem in a national-crisis costume.**

Loudoun County — the richest county in America — holds more capacity than every secondary US market combined. And all US data centers evaporate about 17 billion gallons a year on site; American lawns take roughly 190 times that. Both grievances are local and fixable.

05 **Prices rose where market design let a forecast set the bill.**

PJM's capacity costs went from $2.2 billion to $16 billion in four auctions, and its own monitor attributes 46 percent to data centers. Texas, Georgia, Iowa and Arizona host comparable load with flat rates. Through 2024, load growth lowered average rates; the sign flipped only where tariffs let large loads pay less than their cost.

06 **Moratoria relocate; conditions regulate.**

Ireland froze Dublin's grid from 2021 to 2025 and got one project and a €100 charge per household anyway; Singapore's pause built Johor; Tucson's "no" left Project Blue on county land one jurisdiction over. Frankfurt's efficiency standards coincided with record capacity. The dividend forgone is not abstract: $795 million a year in Loudoun, and a $50,935 bonus for every veteran teacher in Richland Parish.

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01

The revolt, and the coalition behind it

Opposition to data centers is the fastest-growing land-use movement in the United States, and unlike most such movements it is bipartisan, national, and winning. Before asking who is behind it, the honest first step is to measure it — and to look squarely at the coalition doing it.

The best count comes from an industry-side tracker, which is worth remembering when reading it. Data Center Watch found **$64 billion** of projects blocked ($18 billion) or delayed ($46 billion) by local opposition between May 2024 and March 2025, across 28 states, with 142 activist groups in 24 of them.[1] Its next update reported that in the first quarter of 2026 alone, **75 projects worth roughly $130 billion** were blocked or delayed — about as much as in all of 2025 — that opposition groups had grown from 396 at the end of 2025 to **833 across 49 states** by March, and that more than 300 data center bills had been filed in statehouses in the first six weeks of the year.[2]

The public is not divided about it. A Fox News poll of registered voters in July 2026 found **70 percent opposed** to a data center in their area and 30 percent in favor; self-described MAGA Republicans favored one only 46 percent of the time, liberals opposed 80 to 20.[3] Among elected officials who opposed projects of 50 megawatts or more, Data Center Watch counted **55 percent Republicans and 45 percent Democrats** — the Republicans typically citing opposition to tax abatements, the Democrats environmental concerns, and grid strain drawing support across the political spectrum.[1]

70%
of registered voters oppose a data center in their area; 30% favor (Fox News poll, July 17–20, 2026)

$130B
of projects blocked or delayed by local opposition in the first quarter of 2026 alone (Data Center Watch)

55 / 45
Republican / Democratic split among elected officials opposing projects of 50 MW or more

833
opposition groups active across 49 states by March 2026, up from 396 three months earlier

The politics run in every direction at once. On the right, Senator Josh Hawley introduced the GRID Act in February 2026 on the premise that "American families should not have to shoulder the burden of the rising electricity costs produced by data centers in Missouri and across the country";[4] Senator Bernie Moreno, who proposed in September a federal tax equal to any state or local data center incentive, had earlier called one Ohio tax break "a sweetheart deal for Wall Street while everyday Ohioans are forced to foot the bill";[5] Marjorie Taylor Greene, out of Congress since January, wrote in May, "How dare the peasants complain about data centers stealing their water and driving the cost of electricity!!"[6] On the left, Senator Bernie Sanders and Representative Alexandria Ocasio-Cortez announced the *AI Data Center Moratorium Act* on March 25, 2026 — a federal halt on new AI data centers until Congress passes safeguards — with Sanders declaring, "We cannot sit back and allow a handful of billionaire Big Tech oligarchs to make

decisions that will reshape our economy, our democracy and the future of humanity."[7] By September he was writing that "AI data centers are raising electricity prices, straining water systems and harming the environment."[8] Governor Kathy Hochul signed the nation's first statewide moratorium by executive order on July 14, 2026, pausing state environmental permits for new hyperscale facilities for up to a year.[9] Good Jobs First counted moratorium bills in twelve states by March;[10] in June, more than 520 organizations in 48 states (the release's headline says 47) demanded "a full nationwide moratorium on the approval and construction of new hyperscale data centers."[11]

It is not unanimous. Senator John Fetterman endorsed Interior Secretary Doug Burgum's warning that a moratorium amounts to waving a "surrender flag" to China;[12] Governor Gretchen Whitmer's office answered the Michigan moratorium push with a sentence: "Any legislation that prevents us from growing the economy and creating jobs is an automatic non-starter and would be vetoed."[13] But the direction of travel is clear, and it is the reason this report exists.

1.2 The coalition: where left and right converge

What makes this movement unlike most land-use fights is that it has no partisan home. Gallup, polling in March 2026, found 70 percent opposed to an AI data center in their area — with 56 percent of Democrats, 48 percent of independents and 39 percent of Republicans *strongly* opposed.[14] Data for Progress found 63 percent supporting a pause of a year or more in June: Democrats 67, independents 66, Republicans 58.[15] Fox News found Republicans opposed 60 to 40 and self-described MAGA Republicans opposed 53 to 46.[3] In every survey Republicans are ten to twenty points less opposed than Democrats — and in every survey a majority of them still oppose.

The participants say so themselves. "It's a Bannon to Bernie coalition, which on the one hand is surprising," the writer Astra Taylor observed in August, "but there are other populist things that get this kind of support in polls."[16] Steve Bannon, in September: "I have not seen any issue in modern American life that, at the populist level, unites disparate elements of our country more than this."[17] Ben Shapiro, writing in April, named the shape directly — "a grievance-based economic Left that sees AI as a new tool of exploitation… but there is also a horseshoe-theory economic Right, increasingly animated by a kind of angry agrarianism, that resents AI infrastructure."[18] The pollster Chris Wilson put the Republican half in one sentence: "It's a collision between the Republicans' traditional pro-business identity and a new populist identity."[19] Organizers reject the frame entirely. "It's never been red versus blue," said Elena Schlossberg of Prince William County. "It's people who live here versus people who want to industrialize where we live."[20]

EXHIBIT S.1 · PAIRED POSITIONS

The same policy, argued from opposite ends of the spectrum

POLICY	FROM THE POPULIST RIGHT	FROM THE PROGRESSIVE LEFT

A moratorium or pause	"South Carolina is not Big Tech's personal power grid... When it is over, the rules are simple: data centers pay their own way or they do not come here." Rep. Nancy Mace (R-SC), May 18, 2026[21]	"We need a federal moratorium on AI data centers." Sen. Bernie Sanders (I-VT), Mar 25, 2026[7]
Ending tax incentives	"I don't want a single taxpayer dollar going to support these data centers"; the Ohio break is "a sweetheart deal for Wall Street while everyday Ohioans are forced to foot the bill." Sen. Bernie Moreno (R-OH), Sept 3, 2026[5]	It is "absurd to be subsidizing some of the wealthiest corporations in the country." Rep. Dylan Wegela (D-MI), a democratic socialist, Dec 16, 2025[22]
Paying their own power costs	"American families should not have to shoulder the burden of the rising electricity costs produced by data centers in Missouri and across the country." Sen. Josh Hawley (R-MO), Feb 11, 2026[4]	"Families should not be forced to bankroll Big Tech's electricity and infrastructure costs." Sen. Richard Blumenthal (D-CT), same bill, same day[23]
Billionaires against ordinary people	"You should not, as a hard-working Floridian, have to subsidize some of the wealthiest companies in the history of humanity." Gov. Ron DeSantis (R-FL), May 2026[24]	"A handful of billionaire Big Tech oligarchs [making] decisions that will reshape our economy, our democracy and the future of humanity." Sen. Bernie Sanders, Mar 25, 2026[7]

Quotations verbatim from the cited sources. FAIR Labs pairing; the juxtaposition is analytical and does not imply coordination between the speakers.

The convergence is legislative as well as rhetorical. Hawley and Blumenthal introduced the GRID Act together in February 2026.[4, 23] Warren and Hawley jointly forced the Energy Information Administration to run its first mandatory data center energy survey.[25] In Michigan, a repeal of the 2024 data center tax exemptions was introduced by a Democratic Socialist and a Freedom Caucus Republican together — Wegela's framing of it is the coalition's thesis statement: "It is clear that both parties have been corrupted by big tech, and it is up to working class people on both sides of the aisle to stop big AI."[22, 26] South Dakota's ratepayer-protection bill passed 34–0 in the Senate and 60–7 in the House.[27] Port Washington, Wisconsin passed the first citizen-initiated anti–data-center referendum in the country with about 66 percent of the vote.[28]

1.3 What the coalition is not

It is a coalition of grievance, not of remedy, and the distinction decides what it can accomplish. Not one Republican has co-sponsored the Sanders–Ocasio-Cortez moratorium.[7, 29] Georgia is the template for what happens instead: Republicans passed a clawback of data center tax breaks in March, and Democrats voted against it as too weak, with Senator Elena Parent complaining that "this body is still scared to tell Georgia Power, 'no.'"[30] The right's preferred answer is usually supply rather than restriction — Vice President JD Vance, acknowledging in September that residents fear "power bills are going to go up," argued the remedy is to "build more power plants" and that America cannot become "a country that says we're not going to build anything anymore."[31] President Trump has told communities that reject data centers they will end up "backwards and poor," while also releasing his own party from the line: "if a Republican's against the data center, that's OK with me."[32, 33]

The left has its own defectors, and they are not marginal. Senator John Fetterman: "There's nothing more damaging to a Democrat than agreeing with Trump AND data centers — but what's right is right."[34] Governor Janet Mills vetoed Maine's moratorium bill over a missing carve-out.[35] Governor Gretchen Whitmer chose a voluntary developer pledge over a pause.[36] Representative Hakeem Jeffries has declined to endorse a moratorium — "not a position that I've articulated at this moment."[29] And the building trades are firmly on the other side: "It means an absolute astounding number of jobs," said Jeremy Dunn of IBEW Local 7.[37]

1.4 The precedent: what happens when the wings meet

American politics produces these alliances periodically, and their record is instructive. They form when an issue is *distributive and concentrated* — when a visible, powerful beneficiary can be named and the costs land on people who did not choose them — rather than when it is ideological. And they are consistently better at blocking than at building, because the two wings agree on the enemy and disagree on the remedy.

EXHIBIT S.2 · HISTORICAL RECORD

Five earlier left–right convergences, and what each produced

EPISODE	THE COALITION	OUTCOME
America First Committee 1940–41	Anti-interventionist conservatives and business figures alongside pacifists and socialists; Socialist Party leader Norman Thomas spoke from AFC platforms without joining the committee.[38, 39]	Reached some 800,000 members, then dissolved four days after Pearl Harbor. Blocked nothing; the war came anyway.[38]
NAFTA 1993	Pat Buchanan and Ross Perot on the right; Ralph Nader and the AFL-CIO on the left.[40, 41]	Lost. H.R. 3450 passed the House 234–200 — a majority of *Democrats* voted no (102–156) and a majority of Republicans voted yes (132–43).[42]
Auditing the Federal Reserve 2009–10	Ron Paul's H.R. 1207 drew 320 House cosponsors; Sanders filed the Senate companion.[43]	Partial win. Sanders narrowed his amendment under administration pressure; it then passed 96–0. The wings won a one-time audit of crisis lending and split over its scope.[44, 45]

Amash–Conyers on NSA surveillance 2013	Justin Amash (R) and John Conyers (D), against the leadership of both parties. [46]	Failed by seven votes, 205–217, with both parties split down the middle: Republicans 94–134, Democrats 111–83. [46]
The Trans-Pacific Partnership 2016	Trump — "There is no way to 'fix' the TPP" — and Sanders, welcoming the Senate's refusal to vote on "the disastrous, job-killing Trans-Pacific Partnership." [47, 48]	Won. The agreement died without a vote — the clearest victory on the list, and a purely negative one. [48]
Big Tech antitrust 2021–22	Hawley co-sponsoring Klobuchar's American Innovation and Choice Online Act (S. 2992). [49]	Cleared the Judiciary Committee 16–6 and never got a floor vote. [49]

FAIR Labs compilation; votes and bill numbers from the Clerk of the House, Senate roll-call records and sponsors' own releases. "Horseshoe theory" as a general account of political behavior is disputed in political science — quantitative tests have repeatedly failed to find that the far left and far right resemble each other attitudinally [50] — so this report treats these episodes as issue-specific coalitions rather than as evidence of a structural convergence.

Read against that record, the data center coalition is at the Amash–Conyers stage: strong enough to hold a majority of the public and to pass state bills, not yet strong enough to enact a federal remedy, and internally divided over what the remedy should be. What the record predicts is not a national moratorium. It is a patchwork — dozens of state and county rules of wildly varying quality, written fast, in the states where one wing or the other has a legislative majority. That is an argument for getting the rules right now, while they are being written, rather than for arguing about whether they should exist.

1.5 What a ledger is for

This report keeps a ledger. On one side it enters the claims that power the revolt, quoted as their authors made them. On the other it enters what the best available evidence shows, with sources a reader can check. Where the claim survives, the report says so; where it does not, the report says that too; where the truth is narrower than the claim, the narrower version is written down, because the narrower version is usually the one that suggests a remedy.

> **WHY THIS REPORT TESTS CLAIMS, NOT PEOPLE**
>
> A claim can serve a foreign interest without anyone who repeats it intending that or being paid for it. That is a statement about effect, not motive, and it cannot be established by pointing at a coincidence of goals. Beijing would like the American buildout to slow; so would a Loudoun homeowner who dislikes the hum of chillers. Sharing an outcome proves nothing about either of them. The only question that can be answered with evidence is whether what is being said is true. If a critic's claim is true, the critic is right, whoever else is pleased to hear it. If the claim is false and its repetition happens to serve a foreign interest, that is a fact about the claim, not a verdict on the person. This report therefore applies the test where it belongs: to the claims. Section 02 asks whether foreign money or messaging is behind them; Sections 04 through 06 ask whether they are true.

02

The China question: documented, alleged, disproven

The allegation arrived in the spring of 2026 with letters from committee chairmen, a report from a crypto-industry policy shop, and a television investor's claim to have found "two cells inside of Utah." Five months later the record is clear enough to state.

2.1 What is documented

Three things are established. First, **PRC-linked operators did run influence activity aimed at the American data center debate.** On June 1, 2026, OpenAI reported disrupting a campaign it called "Data Center Bandwagon," which it judged "likely part of a social media operations team at a private Chinese technology company conducting work for Chinese provincial-level government clients." The operators prompted ChatGPT in Simplified Chinese, "posing as Americans from a variety of backgrounds" — "US-based Chinese immigrants, workers, students, mothers, clerks and investors" — and generated content "claiming that data centers and AI applications were increasing electricity demand and causing higher costs for ordinary Americans," under the hashtags #capacityauction, #datacentersuccess and #datacenters.[51] OpenAI's follow-up was equally specific about reach: "we found no evidence of meaningful breakout beyond its own activity."[52] Its investigator Ben Nimmo told NPR, "This was not a case of an influence operation creating a debate," and "We didn't see any signs that they succeeded."[53]

Second, **Chinese state media runs US-directed content on the theme.** China Daily's headline of March 12, 2026: "AI boom sends electricity bills in US skyrocketing."[54] A Global Times editorial of April 3 asked "Who is to blame for the repeated 'difficult birth' of US AI data centers?" — though its substance concerned component shortages and tariffs, not community opposition, a distinction the report that later cited it did not draw.[55, 56]

Third, **a takedown on X found little.** In late August 2026, X's Global Government Affairs team reported "a bot farm of approximately 200,000 accounts," within which "200 accounts" posted "in a manner that could manipulate a legitimate debate about American AI and energy policy."[57, 58] Clemson's Darren Linvill examined X's dataset: at least 59 accounts with zero engagement, about 90 posts in total, all from January, each account posting two or three times before suspension. His conclusion: "No real humans saw these posts about data centers" — "a non-story."[59] He had told NPR the same thing in June: "We haven't found much," and "the people talking about data centers are real people with real passions and real perspectives and real opinions."[53]

That claim deserves to be read closely, because it is the single most-cited piece of evidence in the whole debate and it is routinely repeated in a stronger form than X made it. X's Safety team said it had identified a bot farm of approximately 200,000 accounts, and that *within* that farm it found 200 accounts touching American AI and energy policy.[57, 60] It did not say the farm was built to attack data centers; the 200 are one one-thousandth of it, and X has not said what the other 199,800 were posting about.[61] It did not say anyone was paid: the accounts are described as "suspected Chinese inauthentic accounts," and Tom's Hardware noted it remains "unclear who sponsored or sanctioned" them.[57, 60] It named no Chinese government entity, no funder and no payer.[62] It published no reach, follower or impression figures, and declined to identify the accounts, which is what made independent verification hard.[61] What the 200 posted is not in dispute and is worth stating plainly: claims that AI data centers drive up household electricity bills and strain the grid, AI-generated cartoons of data center operators enriching themselves, and real news stories — a PJM price increase among them — recirculated with inflammatory captions such as "DATA CENTERS GET SUBSIDIZED WHILE WE FOOT THE BILL!"[60, 62]

EXHIBIT S.4 · CLAIM ANATOMY

The X bot-farm report: what was claimed, what was shown, what was added later

AS COMMONLY REPEATED	WHAT X ACTUALLY SAID	INDEPENDENT CHECK
"200,000 accounts attacking data centers"	A farm of ~200,000 accounts; **200** of them posted on American AI and energy policy. The other 199,800 are unexplained.[57, 61]	Clemson's Media Forensics Hub found ~90 posts in total across at least 59 of the accounts, all dated January, two or three posts each before suspension.[59]
"Paid" or "financed by China"	"Suspected Chinese inauthentic accounts." No funder, payer or state entity named; "unclear who sponsored or sanctioned" them.[57, 60]	No public evidence of payment has been produced by X, DOJ, FBI or any platform.
"Constantly attacking data centers"	X gave no timeframe, cadence or volume for the 200 accounts.[57]	All the posts Clemson recovered came from a single month.[59]
"Driving the backlash"	X made no claim about reach; it said the accounts posted "in a manner that *could* manipulate a legitimate debate."[57]	Zero engagement on the accounts examined. "No real humans saw these posts about data centers" — a "non-story."[59]

FAIR Labs analysis. The distinction matters in both directions: the operation was real, was correctly attributed to suspected Chinese operators, and X was right to remove it. What has not been shown is scale, payment, persistence or reach — and those four are what the popular version of the claim asserts.

Two things follow, and they point in opposite directions. The first is that the operation was real and X was right to remove it: a foreign actor did attempt to shape an American infrastructure debate, and the attempt should be documented and named, as OpenAI's disclosures also did. The second is that the version now circulating in political argument — two hundred thousand paid accounts relentlessly attacking American data centers — is not what the report said, and repeating it does the argument's own side no favors. When the strongest available evidence is overstated by three orders of magnitude, the correction, when it comes, discredits the underlying point along with the exaggeration.

2.2 What is alleged

On June 4, 2026, Representatives Brett Guthrie, John Joyce and Bob Latta wrote to the co-chairs of the President's Council of Advisors on Science and Technology and to the FBI Director, citing "evidence that strongly suggests foreign influence campaigns targeting artificial intelligence (AI) development in the U.S." through three channels — "(1) foreign state media; (2) CCP-aligned Singham network; and (3) foreign-billionaire funding" — and noting that "Virginia alone has had approximately $45.8 billion in data center projects disrupted."[63, 64] The letter's evidentiary base was a May 18 report from the Bitcoin Policy Institute documenting that Neville Roy Singham routed "approximately $278 million into six US nonprofits between 2017 and 2023." The institute's own caveat is the important sentence: "Whether the streams formally coordinate is a question for FARA enforcement, the IRS, and the intelligence community."[56] E&E News, reviewing the letter and the reports behind it, wrote that "the reports do not establish direct coordination between foreign governments and specific U.S. anti–data-center campaigns."[64]

The longer-running thread concerns Energy Foundation China. In January 2024, three House committee chairs opened an investigation citing its grants of $195,000 to the Natural Resources Defense Council and $820,000 to the Rocky Mountain Institute in 2021;[65] in December 2025, twenty-six state attorneys general asked the Justice Department to investigate the foundation — which made "over $156 million in grants" in 2023 — for unregistered foreign-agent activity.[66] None of it concerns data centers. No Justice Department action, FARA registration or indictment has followed. NRDC's statement stands unrebutted: "We receive no funding from the governments of Russia or China."[67] Interior Secretary Doug Burgum nonetheless said in May, "It's not organic and local, some of this is foreign-sourced dark money."[53]

2.3 What was disproven

The most specific claim came from the investor Kevin O'Leary, who said of opposition to his Utah data center, "We found two cells inside of Utah," naming Alliance for a Better Utah and Elevate Strategies.[53] By late June he conceded he had "no evidence" of Chinese funding; a demand letter had preceded the correction.[68] On July 15, 2026, the groups and two of their principals sued O'Leary and Fox News for defamation in federal court in Utah.[69] NPR examined the Alliance's tax filings: roughly $200,000 in annual revenue, for a decade.[53] An April report by the American Energy Institute, cited by proponents of the foreign-funding thesis, found that twelve US organizations opposing data centers "had received more than $39 million from foreign donors" who were "wealthy people and foundations in Switzerland, the UK, and Denmark" — none, on the author's reading, with a meaningful connection to China — and that most of those donations were spread over a decade *preceding* the AI buildout.[70]

The people doing the opposing have answered in their own words. Governor Greg Abbott of Texas, who in August directed regulators to audit large-load projects and paused ERCOT's interconnection study — a queue holding more than 1,800 projects and over 474 gigawatts of requests, roughly nine-tenths of them data centers — said he "haven't done it because of anything said by China," but "by listening to and working with constituents."[71, 72, 73] Heather Madrid, who organized a petition in Laramie County, Wyoming, on the foreign-money claim: "I'm sure that probably exists. But that's not what's happening here. We're being treated like we're stupid."[74]

EXHIBIT S.3 · EVIDENCE MATRIX

The China claims, graded by what has actually been documented

CLAIM	BEST AVAILABLE EVIDENCE	DOCUMENTATION
PRC-linked actors ran influence operations on the US data center debate	OpenAI attribution to a contractor for provincial governments (June 2026); X takedown of a ~200,000-account farm, 200 of them on AI and energy policy (Aug 2026)	Strong
Those operations reached American audiences	OpenAI: "no evidence of meaningful breakout"; Clemson: zero-engagement accounts, ~90 posts	None found
Chinese state media targets US readers on AI electricity costs	China Daily, Global Times headlines, Mar–Apr 2026	Strong
Energy Foundation China funded US environmental NGOs	Documented 2021 grants ($195,000 NRDC; $820,000 RMI); $156M total grants in 2023	Strong
That funding was directed at data center opposition	No grant, filing or statement links it to data centers	None
The Singham network funds US left-wing media and activism	BPI report; prior press reporting; ~$278M, 2017–2023	Moderate–strong
Singham money was directed at data center campaigns	Not shown; BPI defers the question to FARA enforcement	Weak
Chinese state financing of US anti–data-center groups	Only specific claim (O'Leary) retracted and in litigation; no DOJ action	None
US opposition is mostly domestic and bipartisan	70/30 poll; 55/45 R/D officials; Abbott, Hochul, Hawley, Sanders on the same side	Strong

FAIR Labs assessment of publicly available evidence as of September 4, 2026. "Documentation" grades what has been shown, not what is plausible; a "none" grade means no public record was found, not that the claim has been ruled out. Sources for each row are cited in the accompanying text.

2.4 The bottom line — and the one place the concept bites

On the public record, the share of American data center opposition attributable to Chinese *financing* is zero, and the share attributable to Chinese *amplification* is small and, by the account of the firms that found it, did not break out of its own echo. The backlash is best explained by a 70-to-30 public, a bipartisan bench of elected officials, mainstream American reporting on water and electricity from mid-2025 onward, and ordinary land-use politics. The loudest advocates of the China thesis are interested parties — a data center investor, a crypto-industry policy institute, a fossil-fuel advocacy group — and the most rigorous checks each concluded the effect was negligible.

There is, however, one place where unwitting amplification can be shown, and it is narrower than the letters suggest. The claim Beijing's contractors chose to push — that data centers are raising ordinary Americans' bills — is the same claim that a United States senator overstated in June with a "267 percent"

figure that PolitiFact rated *Mostly False*, because it described wholesale nodal prices rather than bills.[75] The lesson is not that the senator serves Beijing. It is that a false number serves whoever benefits from it, and that the remedy is the true number. Section 06 supplies it.

THE PIVOT THIS REPORT ARGUES FOR

Stop litigating who funds the opposition and start auditing what it claims. A foreign-influence investigation that finds nothing discredits the investigators and vindicates the myths; a fact-check that finds the myths false discredits the myths regardless of who repeats them. The second is cheaper, faster, and — because the true numbers mostly favor the buildout — more effective.

03

The security ledger, and what losing would cost

The China angle that does not depend on anyone's motives is the one in the transformers, the inverters, and the interconnection queue — and the honest accounting of what a slower buildout would actually forfeit.

3.1 Hardware

In May 2025, Reuters reported that US officials had found undocumented communication devices in Chinese-made solar inverters and batteries: "Over the past nine months, undocumented communication devices, including cellular radios, have also been found in some batteries from multiple Chinese suppliers." One source described the discovery as "a built-in way to physically destroy the grid."[76] The dependency is structural. The International Energy Agency puts China at "80% or more" of world production of certain grid equipment.[77] On August 26, 2026, the President declared a national emergency and gave the Department of Energy 120 days to issue rules identifying the foreign-made bulk-power equipment — transformers, batteries, inverters and their software — that utilities would be barred from connecting.[77] Analysts immediately warned that the order could deepen the transformer shortage noting that Chinese manufacturers account for virtually all US bulk-power equipment imports since the start of 2025, a market worth more than $22 billion.[78] This is a genuine trade-off, and the report does not pretend otherwise: the grid the data centers need is built substantially from Chinese parts, and de-risking it slows the buildout in the near term.

3.2 Intrusion

At a House Energy and Commerce energy subcommittee hearing on December 2, 2025, the electricity sector's information-sharing center described Volt Typhoon as seeking "ongoing access to U.S. network systems for future potential disruptions," while noting that "no U.S. blackouts have been attributed to a cyberattack." Idaho National Laboratory's Zach Tudor summarized the Volt, Salt and Flax Typhoon campaigns in four words: "They're winning without fighting."[79] Physical proximity is policed too: in May 2024 a presidential order compelled MineOne, a Chinese-controlled cryptocurrency miner, to divest land about a mile from F.E. Warren Air Force Base, citing equipment "potentially capable of facilitating surveillance and espionage activities."[80]

3.3 The strategic prize

China's data center rack count tripled from 3.15 million in 2019 to nearly 11 million in 2025.[81] Under the "East Data, West Computing" program it had built, by 2024, 633 hyperscale or large facilities delivering 268 exaflops against a goal of more than 200 — but with western utilization "as low as 20 to 30 percent" against a 60 percent target, because, as ASPI puts it, "energy generation alone does not automatically translate into usable computing capacity."[82] Beijing has begun subsidizing power to "cut energy bills by up to half for some of the country's largest data centers," a response to domestic chips that draw more electricity per unit of work than Nvidia's.[83] Goldman Sachs expects China's leading internet firms to invest more than $70 billion in 2026 and to reach 30 gigawatts of data center capacity by the end of 2025 — and estimates this at only 15 to 20 percent of expected US hyperscaler spending.[84] Notably, Chinese industrial electricity prices are comparable to or higher than American ones, and lower than Europe's.[81] The race is not being lost on the price of power. It can be lost on permission.

That is where the domestic revolt and the foreign threat meet. RAND's June 2026 accounting of American bottlenecks by 2030 attributes 16 to 54 gigawatts of forgone capacity to permitting delays and 65 to 130 gigawatts to interconnection queues — 92 to 297 gigawatts in total if all the constraints were addressed together, with the warning that fixing one in isolation yields little.[85] Epoch AI finds the largest single-site AI capacity doubling every seven months since August 2024, and AI data center investment — buildings, hardware and networking together — at 1.4 percent of US GDP in the first quarter of 2026.[86] The July 2025 executive order on data center permitting treats the buildout as a matter of national competitiveness and accelerates federal approvals accordingly — without mentioning China or local opposition;[87] the AI Action Plan is blunter, saying current permitting makes it "almost impossible to build this infrastructure in the United States with the speed that is required."[88]

80%+
China's share of world production of certain grid equipment, per the IEA — the dependency behind the August 2026 emergency order

120 days
DOE's deadline to issue rules identifying the foreign-made bulk-power equipment covered by the emergency order of August 26, 2026

92–297 GW
US capacity RAND estimates could be unlocked by 2030 if permitting, interconnection and generation bottlenecks are addressed together

7 months
doubling time of the largest single-site AI compute capacity since August 2024 (Epoch AI)

3.4 What losing would actually cost

The buildout's defenders invoke the stakes constantly and quantify them rarely. It is worth doing the arithmetic, including the parts that do not flatter the argument.

The compute lead is real and large. Epoch AI's census of AI supercomputers put the United States at about 75 percent of global computing power against China's 15 percent;[89] a mid-2026 tracker estimate puts China nearer 12 percent, flagged at only 55 percent confidence.[90] On the flow rather than the stock, SemiAnalysis estimates roughly 70 percent of newly deployed AI data center watts are going to the United States and under 10 percent to China.[90, 91] China's constraint is not electricity — it generates more than twice America's and added over 430 gigawatts of wind and solar in a single year — but chips and utilization. Under the "Eastern Data, Western Computing" program, ASPI reports western Chinese facilities

running "as low as 20 to 30 percent" against a 60 percent target, warning that many "are at risk of becoming stranded assets that are impressive on paper but devoid of actual productive force."[82] Huawei's Ascend 910C reaches roughly 60 percent of an H100's performance, and its rack-scale system draws nearly four times the power of Nvidia's for 1.7 times the raw throughput.[92] Epoch estimates 290,000 to 1.6 million H100-equivalents were smuggled into China through 2025 — a median of 660,000, about a third of its total compute.[93]

And the lead has not bought what it was supposed to buy. Stanford's 2026 AI Index found the top-model capability gap between American and Chinese systems collapsed to 2.7 percent, from seventeen to thirty-two points in 2023 — while American private AI investment ran roughly twenty-three times China's.[94, 95] Anthropic maintains US frontier systems remain "at least several months ahead";[96] David Sacks, then the White House AI adviser, put it at "six to nine months... so really, every month counts."[97] A twenty-three-to-one investment ratio and a five-to-one compute ratio producing a 2.7-point capability gap is a fact that embarrasses both camps, and the most credible explanation is unwelcome to the compute thesis: capability leaks through model outputs. As one Pentagon-focused analysis puts it, "even the most draconian hardware export controls cannot restrict the flow of frontier model outputs that are used for distillation."[98]

Where America is measurably losing is adoption. Chinese open-weight models overtook American ones in downloads in August 2025; by March 2026 they had 1.15 billion cumulative downloads against 723 million, growing nearly twelve-fold year over year against four-fold.[99] China's share of fine-tuned derivative models rose from 10 percent in late 2023 to about 70 percent by early 2026; Hugging Face counts 151,448 Qwen-derived repositories against 82,506 for Google's models and some 58,000 for Meta's.[99, 100] Chinese models handled 29 percent of tokens through one major enterprise AI gateway in June 2026, at roughly a tenth of the cost.[101] Malaysia's government has announced adoption of Huawei chips and DeepSeek as a sovereign model.[102] This is the diffusion argument Jensen Huang has pressed on Washington — "after that, we should proliferate American technology standards," he told CSIS, warning "we've conceded, essentially, the second-largest AI market"[103] — and on the evidence, it is the layer America is losing, notwithstanding its compute lead. One caution on a statistic that circulates in this debate: the widely quoted claim that Chinese models command "over 70 percent" of inference traffic refers to open-weight models only, and only the top ten reported each month.[99]

EXHIBIT S.5 · THE LEDGER OF STAKES

What compute leadership has and has not delivered

DIMENSION	WHERE THE UNITED STATES STANDS	DIRECTION
Installed AI compute	~75% of global capacity vs China's 12–15%; ~70% of newly energized watts[89, 90, 91]	Leading
Accelerator hardware	Huawei at ~60% of H100 performance and ~2.3× worse performance per watt; CUDA ecosystem dominant[92]	Leading

Electricity and grid	China generates more than twice as much power and adds capacity several times faster; US interconnection queues run 4–7 years in top markets [104, 105]	Behind
Frontier model capability	Gap narrowed to 2.7 points, from 17.5–31.6 in 2023, despite ~23× the private investment [94, 95]	Narrowing fast
Open-weight ecosystem	Chinese models passed US models in downloads in Aug 2025; ~70% of derivative fine-tunes; 151,448 Qwen-derived repos [99, 100]	Lost
Cost-sensitive enterprise inference	Chinese models at 29% of tokens on one major gateway, ~10% of the cost [101]	Eroding
Deliverable domestic power for AI by 2030	RAND: ~82 GW net available, from a 1,086 GW planned pipeline; PJM, MISO and CAISO show negative net front-of-meter capacity [105]	The binding constraint

FAIR Labs compilation from the cited sources. Compute-share figures are estimates with wide and partly undisclosed uncertainty; the AI 2027 tracker rates its own China figure at 55% confidence, and Chinese fleet-utilization assumptions move every such estimate substantially.

How much of this depends on building at home? Less than the rhetoric implies, and more than the skeptics allow. American firms are already building abroad — Stargate UAE is five gigawatts with $30 billion committed, and in July 2026 Commerce moved the UAE to a licence-free tier — and one influential argument holds that frontier compute should stay domestic while subfrontier capacity goes overseas.[106] The rebuttal is specific: a Brookings team argues that overseas frontier facilities risk "theft of intellectual property or model weights" that could "accelerate rivals' capabilities — especially China," that host states "may acquire structural leverage over U.S. technological and economic decisions" that is "difficult to unwind given the costs of relocation," and it cites the March 2026 Iranian drone strikes on AWS facilities in the Middle East as materialized physical risk.[107] What nobody has produced — and this report will not invent — is a credible estimate of what a national moratorium would cost in gigawatts or in months of delay. The measurable quantity is narrower: RAND finds only about 82 gigawatts of net capacity actually available for AI by 2030 out of a 1,086-gigawatt planned pipeline, with negative net front-of-meter capacity in PJM, MISO and CAISO;[105] McKinsey counts four gigawatts delayed by community opposition in the first quarter of 2026 alone.[108]

The case against taking any of this at face value deserves its own paragraph, because it is strong. The China framing is also a lobbying instrument: OpenAI's comments on the AI Action Plan invoked beating China more than thirty times, and the campaign against California's safety bill warned it would "let China take the lead."[109] The AI Now Institute argues the "purported AI arms race with China is being leveraged to convince governments that domestic infrastructure is an imperative… encouraging public agencies to throw generous tax exemptions at private companies."[110] On Brookings' own podcast, Kyle Chan objected that "the idea of an AI race flattens everything and oversimplifies the dynamic," and R. David Edelman called it "a quick quip to try to essentialize things."[111] Michael Burry's charge that "the money is circling,

not multiplying" — and the Bank for International Settlements estimate of some $1.65 trillion in hyperscaler debt against $1.35 trillion reported — is unresolved.[112] And the jobs argument is weaker than its promoters claim: Brookings finds a first large data center raises local data-processing employment 56 percent over a decade, which in a typical county means 100 to 200 jobs, with wages unchanged.[113]

Where the skeptics are weakest is the specific claim of physical overbuild. Vacancy across North American data centers stood at a record-low 1.4 percent in mid-2026, preleasing at 80.4 percent, with under six months of available capacity in the primary markets;[114] SemiAnalysis traced the widely repeated "half of 2026 capacity is cancelled" claim to a single article and found its own forecast had moved about one percent.[115] McKinsey's conclusion is the sharpest: "For power sector players, the greater near-term risk might be underbuilding rather than overbuilding."[108]

> **WHAT THE STAKES ACTUALLY ARE**
>
> Not a movie-plot defeat. The honest statement is narrower and harder to dismiss: America's compute lead is large but is **not converting into adoption**, and the layer it is losing — open models, cheap inference, sovereign deployments in third countries — is the layer that decides whose standards the rest of the world runs on. Domestic buildout is neither the whole answer nor irrelevant: it is where frontier training runs stay under American jurisdiction and export-control integrity holds. A moratorium would not hand the frontier to Beijing next year. It would push capacity toward jurisdictions with weaker controls, forfeit the tax base, and — on the evidence of Section 08 — relocate the facilities rather than prevent them. That is a real cost, and it is a smaller and more specific claim than the one usually made.

Here the ledger turns on itself. The strongest security argument for the buildout — that compute is the contested resource of the decade — is also the strongest argument for taking the local grievances seriously, because a movement that carries 70 percent of voters cannot be out-lobbied or out-investigated. It can only be out-argued, and only with numbers that are true. The next three sections supply them.

04

Claim one: "They put data centers in poor neighborhoods"

The claim is usually made about race and income together, as if the two findings were one. The evidence keeps them apart — and the largest concentration of capacity on earth sits in the richest county in America.

THE CLAIM, AS MADE

"Low-income communities, communities of color, and rural communities are disproportionately targeted for large-scale projects that strain local water supplies..."

Myaisha Hayes, MediaJustice, June 11, 2026[11]

"The data center is located in a historically Black community that already has extremely high rates of childhood asthma."

Kate Crawford, on xAI's Memphis site, May 20, 2026[116]

WHAT THE EVIDENCE SHOWS

Weighted by megawatts, US data center capacity sits in counties richer than the national median, anchored by the No. 1 income county in the country. The one robust national finding on exposure concerns race, not income, and covers only the ~10% of facilities with EPA permits. The Memphis case is real — and it is about a new gas-fired build, not the installed base.

4.1 Where the megawatts are

CBRE's mid-2026 census of the eight primary US markets puts Northern Virginia at **4,496.5 megawatts** of inventory with a further 2,420 megawatts under construction and a vacancy rate of 0.2 percent — about 41 percent of the national primary-market total — against a total of 10,903 megawatts across all eight.[114] CBRE's earlier release puts the gap plainly: "The region now has nearly three and a half times more data center capacity than all secondary US data center markets combined."[117] The heart of that market is Loudoun County, with 53.3 million square feet in operation or development by the county's own count.[118] Loudoun's median household income is **$181,765** — the highest of any county in the United States, against a national median of $80,734.[119, 120] Its neighbors are not far behind: Fairfax County at $153,637 (fourth nationally), Prince William at $131,402, Fauquier at $130,189.[119] The second-richest county in Exhibit S.6, Santa Clara at $164,281, is Silicon Valley.

One myth on the industry's side deserves the same treatment. Loudoun's economic development office long repeated that "70 percent of the world's internet traffic" passes through the county. TeleGeography's analysts note that only about 23 percent of international internet capacity connects to the United States at all, making the figure arithmetically impossible; Virginia holds roughly 13 percent of global data center capacity — a great deal, and not 70 percent of anything.[121]

EXHIBIT S.6 · REFERENCE TABLE

Where the capacity is, and how rich the host county is

MARKET	INVENTORY (MW)	PRINCIPAL COUNTY	MEDIAN HOUSEHOLD INCOME	VS. US MEDIAN
Northern Virginia	4,496.5	Loudoun, VA	$181,765	+125%
Atlanta	1,459.2	Fulton, GA	$95,292	+18%
Dallas–Fort Worth	1,067.3	Dallas, TX	$76,547	−5%
Chicago	904.6	Cook, IL	$83,498	+3%
Phoenix	807.3	Maricopa, AZ	$89,300	+11%
Silicon Valley	489.2	Santa Clara, CA	$164,281	+103%
Hillsboro (Portland)	primary market	Washington, OR	$107,772	+34%
Columbus / New Albany	—	Licking, OH	$84,426	+5%
Kansas City	tertiary	Wyandotte, KS	$63,631	−21%
Council Bluffs	tertiary	Pottawattamie, IA	$73,602	−9%
Central Washington (Quincy)	secondary	Grant, WA	$73,267	−9%

Inventory: CBRE North America Data Center Trends, H1 2026 (Northern Virginia) and year-end 2025 (other primary markets); CBRE tracks colocation-weighted inventory, so hyperscale self-builds are under-counted everywhere. Income: US Census Bureau QuickFacts, ACS 2020–2024 five-year estimates in 2024 dollars; US median $80,734. Below-median hosts are within 5–21 percent of the median; none is a deep-poverty county.

4.2 What the siting studies actually measure

The studies cited for disproportionate siting measure facility counts or proximity; none weights by capacity, and none controls for land price or pre-existing industrial zoning. The most careful of them is explicit about what it found. The Environmental Data & Governance Initiative examined the 550 EPA-regulated data centers — roughly a tenth of the US total, those with permitted backup generators — and found a statistically significant association between the share of people of color living within a mile and levels of fine particulates and nitrogen dioxide; it also reported that "low-income communities within one mile of EPA-regulated data centers do not have a statistically significant association with air pollution at the national level."[122] That is a race finding, not an income finding, and it concerns ambient pollution near some facilities, not where facilities are placed. The World Resources Institute's review of some 700 data centers found "nearly half are in census tracts with above-median environmental burdens" — which is what half of anything looks like against a median — and concluded that "more research is needed."[123] The Kapor Foundation's widely quoted percentages are California figures.[124] The most rigorous siting analysis published to date, in *Nature Cities*, finds 97.5 percent of facilities in metropolitan or micropolitan

areas, driven by local power-plant capacity, broadband, retired coal plants and IT employment, and concludes that "the digital transition will reinforce existing urban hierarchies rather than catalyze decentralization."[125]

4.3 The honest counterexamples

The claim has real force about the newest generation of gas-fired AI campuses. xAI's Colossus sits in Boxtown, South Memphis, a predominantly Black neighborhood with a median income near $37,000; the company ran 35 gas turbines at its first site before the county approved 15 permanent ones, against stated benefits of $25 million or more a year in property tax and an $80 million wastewater plant.[126] The NAACP's Derrick Johnson: "We cannot afford to normalize this kind of environmental injustice — where billion-dollar companies set up polluting operations in Black neighborhoods without any permits."[127] Meta's $50 billion, five-gigawatt Hyperion campus is in Richland Parish, Louisiana — median income $53,544, poverty rate 26.4 percent.[119, 128] The mechanism is not conspiracy but physics and price: new gigawatt-scale campuses chase stranded generation, retired fossil plants and existing transmission, which in the United States sit disproportionately near poor communities. That is the strongest version of the claim, and it is about the marginal build, not the installed base. A Georgia Tech study of county outcomes adds the sharper equity point: metropolitan host counties gained about 3.5 percent in employment and 5 percent in wages, while non-metropolitan hosts saw no measurable gains — and electricity prices rise about 5 percent after a data center enters.[129] The poorest hosts, in other words, capture the least — an argument for better deals, not fewer of them.

> **VERDICT**
>
> As a claim about where America's data center capacity sits: **false** — the capacity-weighted center of gravity is the richest county in the country. As a claim about pollution exposure near some facilities: **supported on race, not income**, for the tenth of facilities with EPA permits. As a warning about the next generation of gas-fired AI campuses: **legitimate** — and best answered by air permits and turbine rules, not by pretending Loudoun is Boxtown.

05

Claim two: "Data centers are draining our water"

Two true things are routinely fused into one false one: that a single facility can dominate a small town's water system, and that the nation's data centers use a rounding error of the nation's water.

THE CLAIM, AS MADE

Data centers "are like black holes when it comes to water requirements. They consume massive amounts of water for cooling, literally millions."

Rep. Marjorie Taylor Greene, July 2025[130]

"The water use of data centers is immense and unsustainable."

Friends of the Earth, campaign page, 2026[131]

"AI data centers are ... straining water systems."

Sen. Bernie Sanders, Sept 1, 2026[8]

WHAT THE EVIDENCE SHOWS

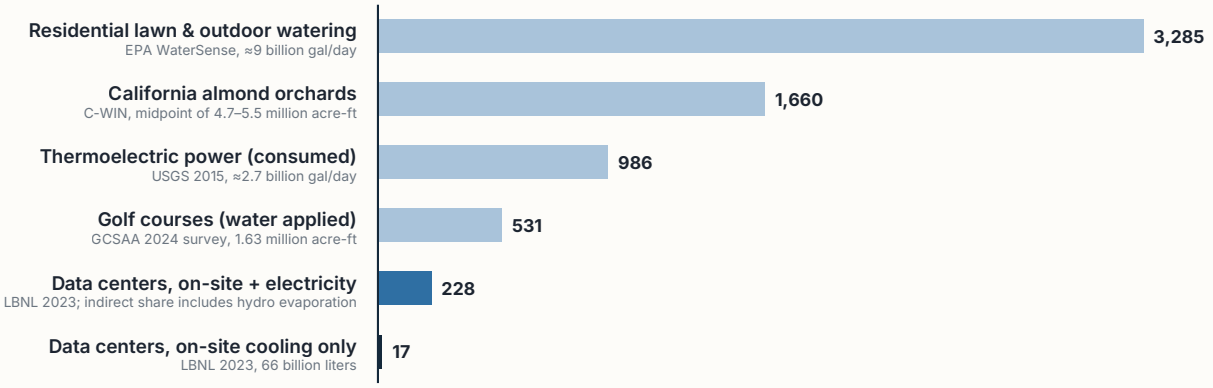
All US data centers evaporated about 17 billion gallons on site in 2023 — 0.015% of national withdrawals, one-thirtieth of what golf courses apply and one-190th of what lawns take. The real problem is local: a Google campus drawing a third of The Dalles' supply, xAI pumping 812,500 gallons a day from Memphis's drinking aquifer at a discount. Both are siting conditions, not national emergencies — and closed-loop cooling already makes new campuses near-zero-water.

5.1 The national number

The authoritative figure is Lawrence Berkeley National Laboratory's report to Congress. In 2023, US data centers consumed about 66 billion liters — roughly **17 billion gallons** — of water directly for cooling, and a further 800 billion liters, about 211 billion gallons, indirectly through the water used to generate their electricity; the direct figure had tripled since 2014 and is projected to double or even quadruple by 2028.[132, 133] Against that: the United States withdraws about 322 billion gallons of water *per day*, roughly 117,500 billion gallons a year;[134] residential outdoor watering alone runs about 9 billion gallons a day, or 3,285 billion a year;[135] California's almond orchards use 4.7 to 5.5 million acre-feet — 1,530 to 1,790 billion gallons — a year;[136] thermoelectric power plants consume — evaporate, not merely withdraw — about 2.7 billion gallons a day, 986 billion a year;[137] and the country's golf courses applied 1.63 million acre-feet, about 531 billion gallons, in 2024.[138] Direct data center water is 0.015 percent of national withdrawals. Even the generous direct-plus-indirect figure is 0.19 percent — and much of the indirect number is reservoir evaporation at hydroelectric dams that occurs whether or not a data center exists, because the grid-average intensity behind it — about 4.35 liters per kilowatt-hour — blends hydroelectric reservoir evaporation, which one analyst puts at some 18.27 gallons per kilowatt-hour, with thermoelectric generation's roughly 0.47.[139]

EXHIBIT S.7 · COMPARISON

Annual US water use, billion gallons: data centers against everyday baselines



Sources: LBNL 2024 report to Congress (data centers, 2023; indirect figure uses a grid-average water intensity that includes hydropower reservoir evaporation); EPA WaterSense (outdoor residential use ≈ 9 billion gal/day); California Water Impact Network (almonds, midpoint of 1,530–1,790); USGS SIR 2019-5103 (thermoelectric consumption, 2015); GCSAA 2024 survey (golf, water applied). Withdrawals and consumption differ; the golf and thermoelectric figures are the closest like-for-like comparators for evaporative cooling.

5.2 The bottle that was never per query

The most-repeated water statistic in the debate is a misreading. The 2023 paper by Shaolei Ren's group at UC Riverside stated that "GPT-3 needs to 'drink' (i.e., consume) a 500ml bottle of water for roughly 10–50 medium-length responses, depending on when and where it is deployed," a figure that includes the water used to generate the electricity as well as on-site cooling.[140] In transmission, "10 to 50 responses" became "one query." In August 2025 Google published measured figures for a median Gemini text prompt: **0.26 milliliters** of water and 0.24 watt-hours of electricity — on-site cooling only, a median rather than a mean, and not independently audited.[141, 142] Sam Altman's estimate for an average ChatGPT query, 0.000085 gallons or about 0.32 milliliters, is of the same order.[143] Ren's objection to Google's number is fair — excluding off-site water, he said, means "They're just hiding the critical information"[142] — but including it raises the figure several-fold, not the two-thousand-fold needed to reach a bottle. The honest reading: a prompt's on-site water is a fraction of a milliliter; with grid water it is a few milliliters; a bottle it is not.

5.3 Where the concern is legitimate

The local record is different, and the report enters it in full. In The Dalles, Oregon, Google's water use rose from 104 million gallons in 2012 to 355 million in 2021 — 29 percent of the city's supply — and by 2024 to roughly a third, about a million gallons a day; the city is pursuing a $70 million reservoir expansion.[144, 145] In Memphis, xAI draws about 812,500 gallons a day from the Memphis Sand Aquifer, the city's drinking-water source; the greywater plant it promised has slipped in cost from $80 million to about $200 million; and the company pays $0.19 per hundred gallons against $0.32 for ordinary customers.[146] Two-thirds of data centers built since 2022 are in areas of high water stress.[133] Texas offers the most alarming credible projection — about 46 billion gallons in 2025 rising to 399 billion by 2030, roughly 7 percent of state use.[147]

Yet even the stressed states supply their own proportion. Virginia's data centers used 2.1 billion gallons in 2023, up 86 percent since 2019 — and 0.5 percent of state water use, in a state whose total use fell 5 percent over 2019–2024 as coal plants retired.[148] In Arizona, where agriculture takes more than 70 percent of the water, ASU's Sarah Porter told Grist, "There's not a hair-on-fire context right now."[149] golf courses in Maricopa County alone use roughly thirty times the water of all of Arizona's data centers; in The Dalles, Google's tax revenue held the cost of a water-system upgrade to a 7.3 percent bill increase for households instead of the 23 percent it would otherwise have required.[150] When Tucson's council weighed Project Blue, the city's own briefing put its 870 acre-feet a year at "about what two golf courses would use."[151]

5.4 The fix already exists

Microsoft's fleet water-use effectiveness fell to 0.30 liters per kilowatt-hour in fiscal 2024, down 39 percent from 2021, and its closed-loop design announced in December 2024 eliminates more than 125 million liters a year per data center.[152] Amazon's first global disclosure reported 2.5 billion gallons in 2025 at 0.12 liters per kilowatt-hour.[153] Oracle describes its closed-loop AI campuses as having "effectively zero" ongoing community water use.[154] Google's air-cooled site in Pflugerville, Texas used 10,000 gallons in a year; its evaporatively cooled site in Council Bluffs, Iowa used 1.3 billion.[155] The difference is a design choice, and states have begun to legislate it: Minnesota now requires water-appropriation permits for facilities expected to use more than 100 million gallons a year, and Kansas and South Carolina bills would mandate closed-loop cooling outright.[156, 157]

> **VERDICT**
>
> As a national-resource claim: **false by two orders of magnitude**. As a local claim in arid basins and small municipalities: **true, and getting truer** as campuses cluster where power is cheap and water is scarce. The right instrument is a siting condition — disclose, close the loop, pay the same rate as everyone else — not a national alarm about a volume smaller than the bottled water Americans drink.

06

Claim three: "Data centers raise everyone's electricity bill"

This is the claim with the most truth in it, the most overstatement around it, and the clearest remedy. It is true in one grid region for one reason, and the reason is not the data center.

THE CLAIM, AS MADE

"If you live near one of these large data centers, your electricity bills over the last five years have gone up by as much as 267%."

Sen. Elizabeth Warren, June 5, 2026 — rated Mostly False by PolitiFact[75]

"Through these utility price increases, American families bankroll the electricity costs of trillion-dollar tech companies."

Sens. Warren, Van Hollen & Blumenthal, Dec 16, 2025[158]

Rates "will spike by as much as 70%."

More Perfect Union, Sept 4, 2025 (a 15-year projection)[159]

WHAT THE EVIDENCE SHOWS

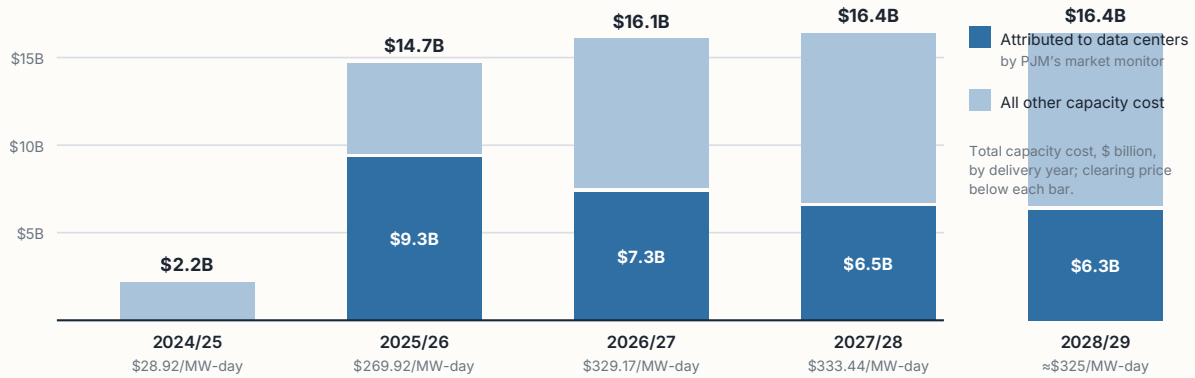
PJM's capacity costs rose from $2.2 billion to $16 billion in four auctions, and its market monitor attributes 46% of the increase to data centers — about $25–30 a month for a PJM household. Outside PJM, states with as much data center load saw flat or falling rates. Through 2024, the best econometric work finds load growth *lowered* average rates. The sign is set by tariff design, not by the data center.

6.1 What is real: PJM

PJM, the grid operator for thirteen states and the District of Columbia, buys future capacity in an annual auction. For the 2024/25 delivery year the clearing price was $28.92 per megawatt-day and the total bill $2.2 billion. For 2025/26 the price was $269.92 and the bill $14.7 billion; for 2026/27, $329.17 — the cap — and $16.1 billion; for 2027/28, $333.44 and $16.4 billion; for 2028/29, about $325 and $16.4 billion.[160, 161, 162, 163] PJM's independent market monitor attributes the increases substantially to data center load: 63 percent of the first price increase, some $9.3 billion in costs recovered from customers across PJM; $7.3 billion in the next auction, where revenue ran 82 percent above what the monitor estimates it would have been without data center load; $6.5 billion, or 40 percent, of 2027/28 — of which about $6.2 billion relates to data centers *not yet built*; and $6.3 billion, 38 percent, of 2028/29. Across the four auctions, **$29.4 billion of $63.6 billion**, or 46 percent.[164, 165, 166, 167]

EXHIBIT S.8 · MEASURED

PJM capacity auction cost by delivery year, and the share the market monitor attributes to data centers



Sources: PJM Base Residual Auction reports (2025/26, 2026/27, 2027/28) and PJM Inside Lines (2028/29); data center attribution per Monitoring Analytics as reported by IEEFA (2025/26) and Utility Dive (2026/27, 2027/28, 2028/29). The 2025/26 attribution ($9.3B, 63%) is reported second-hand without published methodology. Synapse Energy Economics attributes roughly $8.7 billion of the $12.5 billion first-year jump — about 70 percent — to accreditation changes and plant retirements rather than load; the honest range for the data center share of the total increase is 40–65 percent.

Not everyone accepts the monitor's arithmetic. Synapse Energy Economics, for the District of Columbia's consumer advocate, attributed the first spike mainly to two non-demand causes — a change in how PJM accredits capacity, which it estimates raised auction revenues by $4.4 billion, or 49 percent against a counterfactual, and the removal of the Brandon Shores and H.A. Wagner plants from the supply stack, a further $4.3 billion or 41 percent — noting that load across the PJM footprint rose only 3,243 megawatts, 2 percent, between the two delivery years.[168] An analysis published by Ascend Analytics argues that "the data center boom didn't break the capacity market construct; it simply sped up the timeline of those concerns."[169] The defensible statement is that data centers account for somewhere between 40 and 65 percent of the PJM capacity-cost increase, that a substantial slice of the current charge is for facilities that do not yet exist, and that a household in PJM is paying roughly $25 to $30 a month more in capacity charges than it did two years ago.[170]

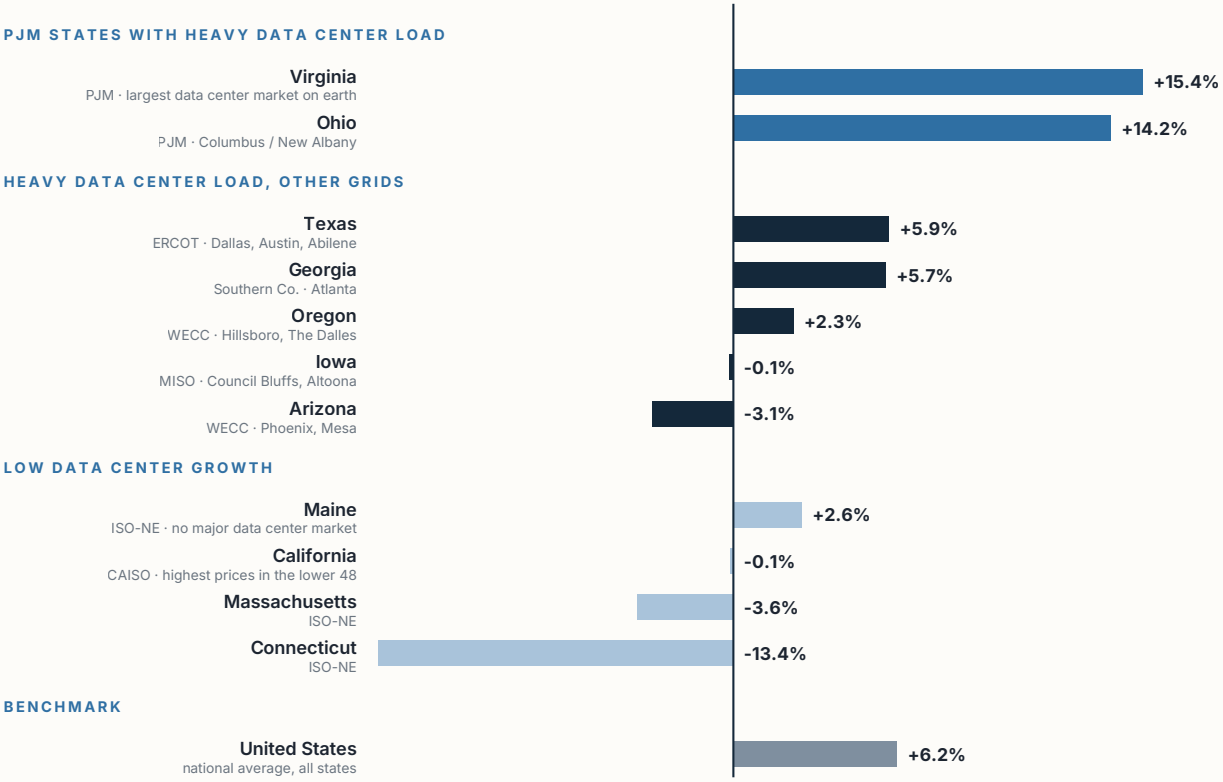
6.2 What is mixed: retail rates

The senator's "267 percent" was a wholesale nodal price, not a bill; wholesale energy is 30 to 50 percent of a residential bill; and the actual five-year residential increases were 42 percent nationally — 94 percent in the District of Columbia, 74 percent in Maryland, 58 percent in New York, and **73 percent in Maine**, a state with negligible data center load and the single clearest confounder in the dataset.[75] The pattern is sharper in the year to May 2026. Virginia's residential price rose 15.4 percent and Ohio's 14.2 percent against a national 6.2 percent; but Texas rose 5.9 percent, Georgia 5.7 percent, Oregon 2.3 percent, Iowa fell 0.1 percent and Arizona fell 3.1 percent — all heavy data center states — while California, with the highest prices in the country and almost no data center growth, was flat.[171] A year earlier Virginia had risen about 3 percent against a national 6.5 percent, among the smallest increases in the country.[172] What dis-

tinguishes the states with sharp rises is not data centers. It is PJM, whose capacity-market design converts a forecast of load into an immediate, region-wide price. SemiAnalysis, comparing PJM with Texas, where power prices were "roughly stable for the last three years" through a comparable buildout, concluded that "poor market design is the main culprit."[170]

EXHIBIT S.9 · MEASURED

Residential electricity price change, May 2025 to May 2026, by state and grid



Source: US Energy Information Administration monthly residential prices through May 2026, as compiled in Choose Energy's Aug 13, 2026 report; that page has since rolled over to June data, so the figures here are as published on that date. Grouping by FAIR Labs: "PJM" states in the PJM Interconnection; "heavy data center, other grids" states with major data center markets outside PJM; "low data center growth" states with negligible new load. The heavy-load states outside PJM cluster at or below the national average.

6.3 What the econometrics say

The best causal work points the other way from the claim — for the period before PJM's shock. Berkeley Lab and the Brattle Group, regressing state-level data for 2019–2024, found that a 10 percent increase in statewide load *reduced* average prices by about 0.6 cents per kilowatt-hour; real prices were flat over the period, and "far more states experienced price decreases than increases"; the dominant drivers of increases were natural gas, distribution spending, wildfire costs (17 percent of California utilities' revenue requirement) and net metering. The authors add the caveat that matters here: "a higher growth future can increase retail prices if new supply and delivery infrastructure is constrained and costly."[173] An EPRI study using an instrumental-variables design found that a doubling of data center capacity lowered residential rates about 3.5 percent over 2015–2024 — a result to hold loosely, since the instrument is weak and

the institute is utility-funded, but consistent with the Berkeley finding.[174] The consultant study published with Virginia's December 2024 legislative review found that "current rates appropriately apportion costs to classes and customers responsible for incurring them including large loads like data centers" — no historic cost shift — while warning that "without frequent and precise adjustments and/or significant rate reform, the cumulative impact of data center load growth is projected to cause cost shifts between ratepayers that may be inequitable."[175]

The other side of the ledger is real too. Harvard's Electricity Law Initiative, reviewing some fifty regulatory proceedings, surfaced internal Duke Energy documents describing a plan to "shift the cost of the discount" on a large customer's contract to other ratepayers, and a $5 billion PJM transmission expansion driven partly by Virginia data centers, of which about 10 percent was allocated to Maryland utilities — a state where an average of 66 percent of transmission costs falls on residential ratepayers.[176] A peer-reviewed model from researchers at NC State, Carnegie Mellon and Pittsburgh projects national average increases of 6 to 29 percent by 2030, up to 57 percent in some regions, with outcomes "highly sensitive to natural gas prices."[177] The Dallas Fed puts the effect on consumer inflation at 0.04 to 0.13 percentage points by 2030.[178] The principle that reconciles both sides is stated by ESIG and Brattle: "if the incremental revenue collected from a new large customer exceeds the incremental cost to serve that customer, rates for existing customers tend to decrease, and vice versa."[179] The variable is the tariff.

6.4 The fixes already moving

That is why the meaningful policy action of 2025–26 has been in rate cases, not moratoria. AEP Ohio's tariff, approved in July 2025, bills customers above 25 megawatts for at least 85 percent of contracted capacity with exit fees and collateral.[180] Virginia's regulators approved a new rate class for Dominion's large energy users in November 2025, with what the Southern Environmental Law Center called "significantly improved customer protections as compared to the status quo," after the commission found that "large load customers contribute less towards transmission costs than other customer classes."[181] Texas Senate Bill 6 requires large loads of 75 megawatts and up interconnecting after 2025 to install equipment letting ERCOT curtail them during emergencies, and lets the Public Utility Commission attach conditions to co-located generation arrangements so that other customers are held harmless for stranded transmission.[182] Georgia's commission requires that data center revenue "reduce, not increase, residential bills."[183] Pennsylvania adopted a large-load framework in April 2026;[184] FERC ordered all six regional grid operators in June to show cause on "preventing cost shifting."[185] The White House's Ratepayer Protection Pledge commits seven hyperscalers, some 55 investor-owned utilities and more than 100 cooperatives and public-power utilities, 28 developers and 23 governors to full-cost, take-or-pay terms[186] — though, as Brookings notes, "only elements … have been enacted into state law or regulation and only in select states."[187] One bipartisan demand the evidence fully supports is Warren and Hawley's push for mandatory facility-level energy reporting: "Without this data, policymakers, utility companies, and local communities are operating in the dark."[25]

VERDICT

As a general claim: **unsupported** — it fails the Texas, Georgia, Iowa and Arizona tests and the pre-2025 record, in which load growth lowered rates. As a claim about PJM in 2025–26: **true** — capacity costs rose sevenfold, data centers are 40 to 65 percent of the reason, and a PJM household's capacity charge is roughly $25 to $30 a month higher than two years ago. The variable that sets the sign is not the data center but whether the tariff makes it pay its incremental cost. A moratorium does not change the tariff — and it cannot recover the roughly $6.2 billion already charged for data centers that do not yet exist.

07

The dividend: what host communities actually collected

What a host community collects is not a projection. In the places that said yes a decade ago, it is a line in the audited budget.

7.1 Loudoun County

EXHIBIT S.10 · AUDITED

Loudoun County: data center computer-equipment tax against General Fund revenue, FY2023–FY2026

FISCAL YEAR	DATA CENTER COMPUTER-EQUIPMENT TAX	TOTAL GENERAL FUND REVENUE	SHARE OF GENERAL FUND
FY2023 (actual)	$581,550,433	$2,359,375,744	24.6%
FY2024 (actual)	$684,787,341	$2,662,753,728	25.7%
FY2025 (adopted)	$670,259,142	$2,705,309,133	24.8%
FY2026 (adopted)	$794,780,452	$2,994,027,999	26.5%

Source: Loudoun County FY2026 Adopted Budget, General Fund Revenue schedule. Computer-equipment tax only; data center real property tax is additional, which is why the county administrator's all-in figure (38 percent of the General Fund) is higher. Over the same decade the county generally lowered its real property tax rate every year, from $1.145 per $100 in tax year 2016 to $0.805 in 2025, held there for 2026.

Loudoun's adopted budgets give an exact series for one tax alone — the personal property tax on data center computer equipment: **$581.6 million** in fiscal 2023, $684.8 million in 2024, $670.3 million in 2025 and **$794.8 million** in the 2026 budget, a quarter of General Fund revenue each year.[188] Adding data center real property, the county administrator's 2026 budget message put data centers at 38 percent of General Fund revenue and nearly half of all property tax revenue, with the equipment tax alone at 35 percent of the General Fund, up from 17 percent a decade earlier.[189] The county has generally lowered its real property tax rate every year, from $1.145 per $100 in tax year 2016 to **$0.805** in 2025, held there for 2026;[190] the 2026 budget's six-cent cut lowered the average homeowner's bill from $6,337 to $6,280 while eliminating the $25 vehicle fee and fully funding the School Board's $1.96 billion request, a $123.4 million increase.[189] The 2027 budget funded a $2.1 billion school operating budget on an unchanged rate.[191] Virginia's auditors put Loudoun's total data center revenue in their study year at $733 million, 31 percent of

everything the county collects.[192] An industry-aligned analysis estimates that without data centers the rate would have to be $1.537 — about $5,800 a year more on a median home; the direction is not in dispute, the magnitude is an advocacy estimate.[193]

7.2 Beyond Loudoun

Prince William County's data center revenue rose from $6.5 million in 2012 to $166.4 million in tax year 2023, an increase of 2,475 percent — 42 percent of its commercial assessments — and to $280.2 million in 2024, helped by raising the computer-and-peripherals rate from $2.15 to $3.70 per $100.[194, 195] The town of Culpeper wrote the design lesson into contract: minimum-revenue agreements guaranteeing $1.5 million per building per year for fifteen years across thirteen planned buildings, $19.5 million a year at full build, after a neighboring city lost expected revenue to a tax-exempt tenant.[196] In Wasco County, Oregon, Google paid $17.12 million in taxes and fees in 2025 across five facilities, divided among eleven local bodies, including a $2.5 million community-service fee shared by the school district, the county, the city and the fire district; commissioners are weighing a $15 million endowment.[197] In Richland Parish, Louisiana, the school board collected more than $36.5 million in fiscal 2026 — swelled by its roughly half share of a one-time $22.4 million sales-tax payment on the Meta site — and in June paid bonuses to 324 employees: **$50,935** for certified teachers with four or more years of service, $17,472 for classified staff.[198] The state's terms are on record: a thirty-year payment in lieu of taxes under which Meta pays 20 to 40 percent of the ad valorem tax, against milestones of $5 billion of investment and at least 100 full-time employees by the end of 2028, rising to $9.5 billion and 475 by 2030.[199] In Ellendale, North Dakota, a town of 1,100, annexing a campus nearly doubled the tax base — and doubled one-bedroom rents.[200] These are not projections; they are receipts.

$795M

Loudoun County's FY2026 budget line for data center computer-equipment tax alone

$1.145 → $0.805

Loudoun's real property tax rate per $100, lowered from tax year 2016 to 2025 and held for 2026

$50,935

bonus paid to each certified teacher with four-plus years of service in Richland Parish, Louisiana, June 2026, from data center sales tax

9¢

state tax returned per dollar of Georgia's data center sales-tax exemption in FY2025: $41.5M generated against $474.2M forgone

7.3 The caveats, in full

The local dividend is real; the state ledger is often negative, and the report says so. Georgia's auditors found its sales-and-use tax exemption cost $474.2 million in fiscal 2025 and generated $41.5 million in state tax — under nine cents on the dollar, and a "fiscal ROI" the audit's own summary table puts at 4 percent.[201] Virginia's exemption forwent about $928.6 million in fiscal 2023, "by far Virginia's largest economic development incentive"; the auditors warned that most benefits "derive from the construction phase rather than data centers' ongoing operations" and that meeting data center demand could require $10 to $18 billion of additional generation and transmission spending by 2040, a portion of which would fall on other customers without rate reform.[192] Virginia's 2026 answer was not a ban but a bill: the exemption stays through 2035, paired with a new electricity-consumption tax of 1.1 cents per kilowatt-hour on data centers, capped at $600 million a year.[202] Abilene granted Stargate an 85 percent abatement and

watched average rents rise about 50 percent in a year to $2,600.[203] Permanent jobs are few — "You don't need that many people actually to run a thousand or a few thousands of computers," as the University of Chicago's Andrew Chien puts it[204] — and the industry's own $162.7 billion tax-contribution figure for 2023 — up from $66.2 billion in 2017 — is gross, not net.[205] Senator Moreno's complaint about tax breaks is the criticism the evidence most supports. It is an argument for redesigning incentives, and for Culpeper-style floors. It is not an argument against the plant.

The design lesson the fiscal record teaches is narrower than either side's rhetoric. A host community's return is not set by whether a data center arrives but by what it agrees to before one does: whether the incentive is a blanket exemption or a payment tied to capital and jobs; whether there is a revenue floor that survives a tax-exempt tenant; whether the county has priced the housing pressure that arrives with two thousand construction workers, and the school capacity, and the road. Loudoun negotiated none of that in 2008 and did well anyway, because it was already an affluent county with fiber in the ground and it got the industry's first wave. A rural parish signing in 2026 has less leverage over price and more over terms, and the terms are where the money is. That is the case for slowing down to negotiate. It is not the case for refusing to negotiate at all.

08

What early regulation does: the record and the forecast

The moratorium is the most popular policy in the debate and the least examined. Four jurisdictions abroad and two at home have run the experiment long enough to read the results.

A moratorium is an appealing instrument because it appears to cost nothing. It commits a jurisdiction to no particular standard, requires no rate case, survives contact with any objection because it is temporary by construction, and can be adopted by a council in an evening. Its costs are simply deferred and displaced — to the interconnection queue, to the neighboring county, to the ratepayers who keep paying for capacity already procured, and to whatever the pause is supposed to buy time to design. Those costs are not hypothetical, because six jurisdictions have already paid them. Four are abroad, where connection moratoria have run long enough to produce a full cycle: a freeze, an investment reallocation, and a reopening on stricter terms than the regime the freeze replaced. Two are American, and recent enough that the projects they were meant to stop can still be located on a map.

The record below is assembled from the reporting cited in each row. It is not a survey — no such survey exists — and the American cases are too new to generalize from. But the pattern across the six is consistent enough to state, and consistent in a direction that neither side of the American debate finds comfortable.

EXHIBIT S.11 · CASE RECORD

Moratoria and restrictions, and what happened next

JURISDICTION	MEASURE	OUTCOME
Dublin, Ireland	De facto moratorium on new grid connections, 2021–2025	Only one post-moratorium project — EdgeConneX DUB04/DUB05 — has come online. Data centers still reached ~22% of national electricity in 2024. Ireland commissioned ~€1 billion of emergency gas generation and passed grid costs to households at roughly €100 each. The December 2025 reopening requires behind-the-meter generation sized to 100% of the connection and 80% renewables matching; new allocations unlikely before 2027. [206, 207]
Singapore	Moratorium ~2019 to January 2022	Reopening pilot allocated ~60 MW in total; Meta's 150 MW facility took four years from announcement to first-phase operation; Bridge Data Centres redirected to Johor, Malaysia, with a 100 MW campus — nearly double the entire pilot. [208]

JURISDICTION	MEASURE	OUTCOME
Netherlands / Amsterdam	National ban on hyperscale facilities over 70 MW outside designated zones; Amsterdam connections capped at 350 MVA to 2030	Zero new capacity online in the past year; Meta's Zeewolde project cancelled. European investment rose from $23 billion (2023) to $69 billion (2024) and flowed to the Nordics, Portugal, Spain and Italy; Nordic markets took 57% of European AI colocation signings. [209]
Frankfurt, Germany	Efficiency mandates (PUE, waste-heat recovery) under the Energy Efficiency Act, Nov 2023	Record capacity added; expansion spilled to surrounding municipalities. Standards displaced far less investment than connection bans. [209]
Tucson, Arizona	City council rejected Project Blue, Aug 6, 2025	The site was unincorporated Pima County land all along; annexation into the city failed, the county approved the project without knowing the end user, and it is breaking ground. The county then considered its own 120-day moratorium. The city forfeited the revenue and kept the neighbor. [210, 211]
St. Charles, Missouri	One-year pause (autumn 2025), full ban (May 20, 2026)	CRG Cumulus withdrew its permit application after public pushback; the project is reported dead. [212]

FAIR Labs compilation from the cited sources; outcomes as reported. The Irish and Dutch cases concern grid-connection restrictions rather than statutory bans, which is precisely why they are the closest analogues to the "pause until the grid is ready" arguments now made in US statehouses.

The pattern is consistent enough to state as a rule. **Bans relocate; standards regulate.** Frankfurt's efficiency mandates coincided with record capacity; Amsterdam's connection cap produced none, and the money went north and south. Ireland's freeze from 2021 to 2025 did not reduce the underlying grid problem — data centers still consumed a fifth of the country's electricity, and households paid for the emergency generation anyway — and ended in a stricter regime than the one it replaced. Tucson's refusal did not stop Project Blue; the project stayed on county land beyond the city's reach, and the tax base stayed with it.

8.1 The forecast: what a moratorium wave would do in the United States

The following is a FAIR Labs assessment, built from the mechanisms documented in Sections 04 through 07 rather than from a model. It concerns the twelve states with moratorium bills, the localities that have already enacted pauses, and the federal proposal.

Relocation, not prevention. Capital in the current cycle is not scarce; sites with power are. Projects blocked in moratorium states will go to states with clear large-load tariffs — Texas under SB 6, Georgia under its commission's rules, Virginia under GS-5 — or abroad. The blocked jurisdiction keeps its share of regional grid costs (a PJM capacity charge is paid across the region regardless of which state the load lands in) and forfeits the local revenue.

Stranded-cost reversal. Load growth lowers average rates when the new customer's revenue exceeds its incremental cost — the effect Berkeley Lab measured through 2024, a period in which real prices fell in 31 states.[173] Where capacity has been procured for forecast load — the roughly $6.2 billion PJM has already charged for data centers not yet built[166] — a moratorium converts a cost that new customers would have

carried into a cost existing customers carry alone. Brookings, citing Sightline Climate, notes that as much as half of the announced 2026 pipeline may not materialize;[187] a moratorium makes that certain rather than possible.

Fiscal loss where the need is greatest. Rural hosts already capture the least from the buildout.[129] But a well-structured deal is what turns a poor parish's tax base into $50,935 teacher bonuses;[198] a moratorium removes the deal, not the disparity.

Security. RAND's 16 to 54 gigawatts of permitting-delayed capacity by 2030[85] is a floor, not a ceiling, in a moratorium scenario. The compute not built in Indiana or Virginia is built in Abu Dhabi, Johor, or Inner Mongolia. Senator Fetterman's "surrender flag" is a partisan phrase for a non-partisan arithmetic.

Political backfire. The "China did it" narrative, pursued without evidence, has so far produced one retraction, one defamation suit, and a Wyoming petitioner's verdict that her neighbors were "being treated like we're stupid."[69, 74] Every such episode hardens a 70-percent public.

> *Bans relocate. Standards regulate. Ireland charged households €100 each to learn the difference.*
>
> CHAPTER 8, ON THE CASE RECORD

EXHIBIT S.12 · SCENARIO CONSTRUCT

Three regulatory regimes for 2026–2030, and where each leads

REGIME	CAPACITY	RATEPAYERS	HOST REVENUE	NEAREST PRECEDENT
Moratorium	Relocates to tariff-clear states and abroad; regional grid costs persist	Lose the cost-spreading benefit; keep capacity charges already procured	Forgone; abatements moot	Dublin 2021–25; Amsterdam; Tucson→Pima
Conditions	Continues where conditions can be met; shifts toward closed-loop, behind-the-meter, permitted generation	Protected by minimum-demand, take-or-pay and collateral terms; disclosure enables enforcement	Secured by minimum-revenue floors and PILOT terms with capex and jobs minimums	Frankfurt; Culpeper; Virginia GS-5; Texas SB 6
Laissez-faire	Fastest near-term buildout; concentrated in stranded-power sites	Exposed to cost shifts where tariffs lag; PJM 2025–26 is the demonstration	Volatile; dependent on developer goodwill	PJM 2024–25; Boxtown turbines

FAIR Labs assessment — a qualitative construct for orientation, not a forecast. Each cell summarizes a mechanism documented in Sections 04–07; the precedents are described in Exhibit S.11 and the cited sources.

09

The FAIR agenda for the buildout: eight moves

Eight recommendations, each with a named owner. Every one addresses a grievance the evidence found legitimate; none requires a moratorium; together they leave the myths nothing to stand on.

BL-01

Make the large load pay its incremental cost — everywhere

Minimum-demand billing, long contracts, collateral and take-or-pay terms as the national baseline for loads above 25 MW, on the template of AEP Ohio, Dominion GS-5 and Texas SB 6; FERC's June 2026 show-cause orders are the vehicle for the regional markets.

OWNERS: **STATE PUCS** · **FERC** · **RTOS** · DEEP DIVE: §6

BL-02

Fix the market that turns forecasts into bills

Reform PJM's accreditation and load-forecast process so that speculative load pays for the capacity it reserves and existing customers stop pre-paying for data centers that do not yet exist.

OWNERS: **PJM** · **FERC** · **STATE CONSUMER ADVOCATES** · DEEP DIVE: §6.1

BL-03

Mandate facility-level disclosure of energy and water

Annual, public, facility-level reporting to the Energy Information Administration, as Warren and Hawley have proposed; non-disclosure agreements covering municipal water data void. Every myth in this report grew in the dark.

OWNERS: **CONGRESS** · **EIA** · **STATE LEGISLATURES** · DEEP DIVE: §5, §6

BL-04

Close the loop in stressed basins

Closed-loop or dry cooling as a permit condition in high-water-stress areas and small municipal systems; no preferential water rates; the Memphis and Dalles tests applied at approval, not after.

OWNERS: **COUNTY BOARDS** · **STATE WATER AGENCIES** · **OPERATORS** · DEEP DIVE: §5

BL-05

Permit the turbines; do not wave them through

Clean Air Act permits before operation for any on-site gas generation near residential areas, with emissions limits and monitoring — the Boxtown lesson, and the only version of the siting-equity claim the evidence supports.

OWNERS: **EPA** · **STATE AIR BOARDS** · **OPERATORS** · DEEP DIVE: §4.3

BL-06

Guarantee the floor and share the dividend

Minimum-revenue agreements on the Culpeper model; PILOT terms with capital and jobs minimums on the Richland Parish model; state exemptions that run net-negative, as Georgia's does, redesigned or paired with consumption levies as Virginia's now is.

OWNERS: **COUNTY BOARDS** · **STATE LEGISLATURES** · **DEVELOPERS** · DEEP DIVE: §7

BL-07

Harden the supply chain without freezing the grid

Phase the August 2026 bulk-power order against domestic transformer capacity; audit inverter and battery firmware; fund the manufacturing that makes the ban survivable. The security threat is real; so is the transformer shortage.

OWNERS: **DOE** · **MANUFACTURERS** · **UTILITIES** · DEEP DIVE: §3

BL-08

Investigate foreign influence with evidence — and retract without it

FARA enforcement where the record supports it; public attribution of influence operations as OpenAI practiced it; and a norm that public figures who allege foreign funding without evidence correct the record as promptly as they made the charge.

OWNERS: **DOJ** · **PLATFORMS** · **CONGRESS** · **JOURNALISTS** · DEEP DIVE: §2

A closing note on proportion. Nothing on this list is novel; most of it is already law somewhere in the country. What the list does is separate the two things the revolt has fused — the grievance and the myth — and give the grievance a remedy that does not require believing the myth. A community that wins BL-01 through BL-06 has won everything a moratorium promises and kept the tax base. A country that wins BL-07 and BL-08 has addressed the China question in the two places where it is real and stopped asking it in the place where it is not.

There is a reason to think this list is the achievable one. The coalition described in Chapter 1 is real, it is large, and on the historical record it is far better at stopping things than at designing them — its wings agree on the grievance and split on the remedy the moment a bill is drafted. A national moratorium is the one outcome that requires them to agree on a remedy. Ratepayer tariffs, disclosure mandates, water conditions, turbine permits and revenue floors do not: each can pass in a red state or a blue one for entirely different stated reasons, and several already have. That is not a second-best outcome. It is the outcome that fixes what is actually broken.

10

Reader's toolkit: the vocabulary of the data center debate

Fourteen terms, defined the way this report uses them. Most of the confusion in this field is vocabulary confusion; this page is the antidote.

Capacity auction

The annual PJM procurement (the Base Residual Auction) of generating capacity for a delivery year three years ahead. Its clearing price is applied to every load in the region, which is how a forecast becomes a bill.

Accreditation (ELCC)

The method by which a grid operator credits each resource's contribution to reliability. PJM's 2024 change reduced accredited supply and, by Synapse's estimate, explained about half of the first capacity-price jump.

Large-load tariff

A rate class for customers above a threshold (typically 25–75 MW) with minimum-demand charges, long terms, collateral and exit fees, designed so the customer's revenue covers its incremental cost.

Take-or-pay

A contract term under which the customer pays for contracted capacity whether or not it uses it — the core of the Ratepayer Protection Pledge and of the GS-5 and AEP Ohio tariffs.

Stranded cost

Infrastructure built for load that never arrives, paid for by the customers who remain. The risk a moratorium creates in a region that has already procured capacity.

Incremental vs. embedded cost

What it costs to serve one more customer versus the average cost of the existing system. Rates fall for others when a new customer pays more than its incremental cost; they rise when it pays less.

Withdrawal vs. consumption

Water taken from a source versus water not returned to it. Power plants withdraw far more than they consume; evaporative data center cooling consumes most of what it withdraws.

WUE

Water usage effectiveness: liters of water consumed per kilowatt-hour of IT energy. Microsoft reports 0.30; Amazon 0.12; closed-loop designs approach zero.

Closed-loop cooling

Liquid cooling that recirculates a fixed charge of water through chips and dry coolers rather than evaporating fresh water. Trades water for electricity; filled once at construction.

PILOT

Payment in lieu of taxes: a negotiated annual payment replacing some or all property tax, usually with capital and jobs minimums. Richland Parish's abates 20–40 percent for thirty years.

Minimum-revenue agreement

A contract guaranteeing a host jurisdiction a floor payment per facility regardless of assessed value or tenant tax status — Culpeper's answer to a neighbor's tax-exempt tenant.

Sales-and-use tax exemption

The state incentive that waives sales tax on data center equipment; Virginia's is its largest economic development incentive, Georgia's returned under nine cents of state tax per dollar forgone in FY2025.

Influence operation vs. reach

An inauthentic campaign's existence is one question; whether real people saw it is another. OpenAI and Clemson answered the first "yes" and the second "no" for the 2026 data center campaigns.

Populist convergence

An issue-specific alliance of the populist right and the progressive left, formed where costs are concentrated and a powerful beneficiary can be named. Distinct from "horseshoe theory," which quantitative political science has repeatedly failed to support.

Open-weight model

A model whose parameters are published for anyone to download, run and fine-tune. The layer of the AI market where Chinese models overtook American ones in August 2025.

Distillation

Training a smaller model on a larger one's outputs. The mechanism by which capability can cross borders that hardware export controls cannot close.

Unwitting amplification

The repetition of a claim that serves a foreign interest by people who neither intend that nor are paid for it. A statement about effect, not motive — establishable only by testing whether the claim is false and whether its spread serves that interest.

WHERE TO GO NEXT IN THE SERIES

The compute buildout is one system among several this series treats as critical infrastructure. Volume 07, *The Compute Compact*, sets out the governance of compute as a strategic resource; Volume 02, *The Abundance Dividend*, traces the economics that the fiscal cases in Chapter 7 exemplify; Volume 09, *The Trust Infrastructure*, treats influence operations and the liar's dividend that the China allegations in Chapter 2 illustrate. Readers weighing a moratorium should read Chapter 8 alongside Volume 04, *Governing the Frontier*. One shared evidence base, many vantage points.

SOURCES

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