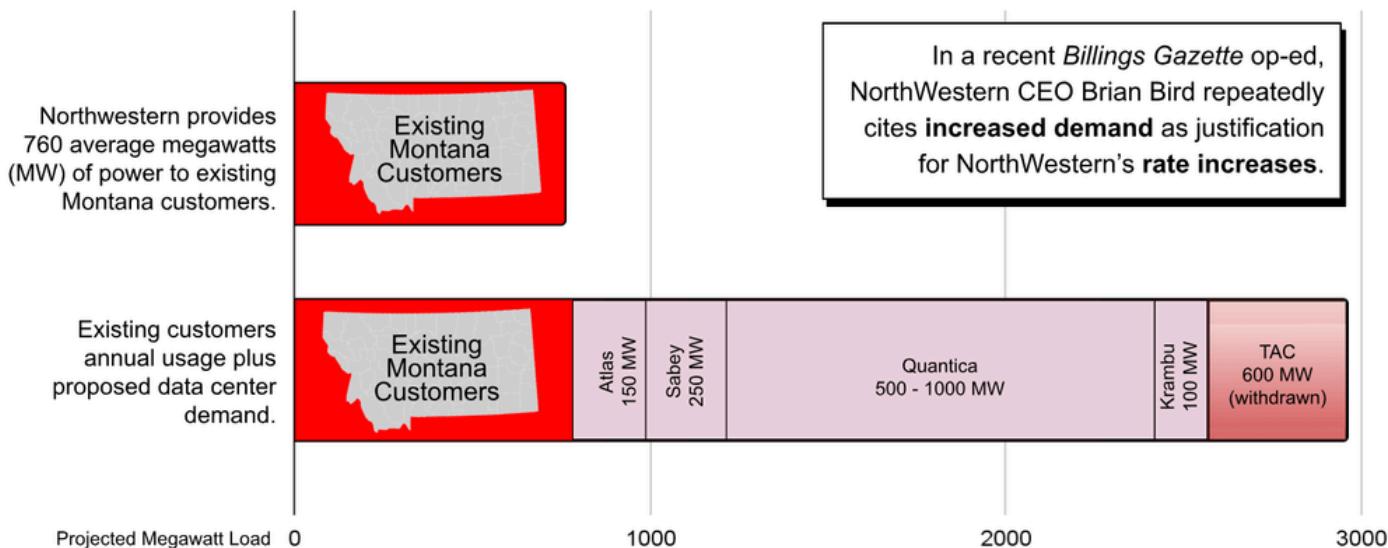February 2026

Data Centers

In the first half of 2025, developers rattled off plans for massive **new data centers across Montana**. If NorthWestern Energy is allowed to power the new data centers proposed in Montana, adding those facilities **could more than triple the utility's current average electricity demand in the state.**

Summary of Rising Demand

New Data Centers Would Explode NorthWestern Energy's Demand

Northwestern provides 760 average megawatts (MW) of power to existing Montana customers.

Existing Montana Customers

In a recent *Billings Gazette* op-ed, NorthWestern CEO Brian Bird repeatedly cites **increased demand** as justification for NorthWestern's **rate increases**.

Existing customers annual usage plus proposed data center demand.

Existing Montana Customers | Atlas 150 MW | Sabey 250 MW | Quantica 500 - 1000 MW | Krambu 100 MW | TAC 600 MW (withdrawn)

Projected Megawatt Load 0   1000   2000   3000

What will energy bills look like when NorthWestern welcomes data center demand onto the grid?

Several more large-scale energy projects are proposed in Montana, though it's unclear where they intend to get their electricity. Upper Badlands Energy Project in Lindsay, MT and HFI Green Energy Park in Whitehall, MT are both advertising that they want to attract hyperscale data centers.

Montana is not the first state to see rapid change from data centers. **There are lessons to be learned from states that went first.** Virginia, Texas, Idaho, Utah, Georgia, and many others have implemented **large load tariffs*** or **legislation** or both to ensure existing customers are not subsidizing data centers and that they bring public benefit rather than harm.

The Montana Public Service Commission should follow suit and protect residential and small business utility customers by regulating data centers through a **unique rate class**** and the use of **large load tariffs**.

*A **large load tariff** creates a separate electricity charge for massive power users like data centers to cover the huge costs of the necessary new and improved infrastructure. It should include minimum contract lengths.*

A **unique rate class protects residential customers from cost-shifts for infrastructure by requiring data centers to pay for grid upgrades, and pay a higher, specialized, cost-based electricity rate.*

How Do Data Centers Impact Communities?

Energy Demands → Data centers are stressing energy grids and threatening lives.

- In 2025, energy grids around the US [blew past annual peak output projections](#) months before the hottest days even arrived, and **home air conditioners were competing with data centers** for that power.[1] Policy makers need to consider how Artificial Intelligence (AI) will continue to compete with homes for critical energy during prolonged heatwaves and cold snaps.
- In early 2025, a fluke caused 1,500 MW of data center demand to switch to onsite generation and vanish from the east coast grid, causing a [huge surge in excess electricity.](#)[2] Massive changes in demand can cause blackouts. "What it tells us is that **the behavior of data centers has the potential to cause cascading power outages for an entire region**," said Alison Silverstein, a former senior adviser to the chairman of the U.S. Federal Energy Regulatory Commission.[3]
- In February 2021, Texas was hit by Winter Storm Uri. It brought several days of freezing temperatures that broke Texas' energy grid. **Millions of residential customers lost power while industrial loads, like data centers, chugged along**. Some states are realizing they [need to create protections](#) to avoid a future scenario like Winter Storm Uri.[4]
- In early 2026, Amazon, [a data center developer, outbid](#) Puget Sound Energy, a public utility, on a massive solar farm project, **signaling concerning competition for needed power resources**.[5] The affordable solar generation that would have been used by the utility will instead go solely to data center power use.

Communities → Data centers strain water supplies and bring air, noise, light and water pollution.

- Data centers use significant amounts of water for cooling, **often millions of gallons daily**. Just one data center can consume as much as five million gallons of water in a day between on-site use for cooling and off-site use for energy generation.[6] That's the equivalent of **seven olympic swimming pools each day**. Even facilities in [cooler climates are](#) **stressing local aquifers**.[7]
- The majority of water consumed onsite at data centers is **drinking water grade** — and one big tech company's **scope-1 water consumption in 2023 was roughly [equivalent to](#) a major beverage company**.[8]
- Data centers create [enormous volumes of e-waste](#) as computer servers are replaced every few years or faster if they are deemed obsolete. According to the [Montana Department of Environmental Quality,](#) "**Cadmium, hexavalent chromium, mercury, chromium, barium, beryllium and brominated flame-retardant** materials are components [of e-waste] that can pollute water and air resources without proper disposal or recycling... **Montana does not have legislation requiring electronic equipment be recycled or banning electronics from landfills.**"[9]
- The Great Oak subdivision lies approximately **600 feet** from an AWS data center cluster in western Prince William County. [Since 2022](#), residents have **complained of constant, low-frequency industrial noise disrupting their sleep and shaking their homes**.[10]

Jobs → Data center developers make optimistic predictions about job creation, but the reality is disappointing.

- Data centers often underdeliver and **create substantially fewer jobs than promised.** Michigan Live reported that The Switch Inc. data center near Grand Rapids [received tax breaks in 2015](#) after promising to create 1,000 jobs in 10 years.[11] But according to BridgeMichigan, **by 2022 the company had [only hired 26](#)**, and those 26 jobs average wage was below $38,000 per year.[12]
- In a [Wall Street Journal article](#) titled "The AI Data-Center Boom Is a Job-Creation Bust," the chief executive of data-center operator Patmos Hosting shares that, "Data centers have rightly earned a dismal reputation of **creating the lowest number of jobs per square foot** in their facilities."[13]
- According to [Food and Water Watch's (FWW) analysis](#) of Virginia Economic Development Partnership and Bureau of Labor Statistics data, "**newly built data centers are employing even fewer people per invested dollar**. From 2020 through late 2025, Virginia's data centers have only created 1 direct, permanent job for every $54 million invested — 168 times more than what it cost to create 1 permanent non-data center job ($322,000),"[14] And FWW "estimates that **as few as 23,000 people nationwide held a permanent data center job in 2024.**"[15]

Boom and Bust → There is a real threat of boom-and-bust in Artificial Intelligence and Cryptocurrency ventures.

- In China, data center developers overbuilt, "jumping on the hype train, building facilities that aren't optimal for today's needs" and now **facilities are sitting unused**, especially in rural areas as author [Skye Jacobs writing for TechSpot](#) explains.[16] In China, "initial fervor has given way to a **sobering reality as the country grapples with an oversupply of underutilized data centers** and shifting market dynamics."[17] Is the US about to do the same? Regulators need to protect consumers against being left to pay the bills for **stranded assets** from abandoned projects.
- "Eric Gimon, a senior fellow at the think tank Energy Innovation, said **the hype surrounding AI (has) many of the signs of an investment bubble**, and the arrival of (Chinese AI company) DeepSeek shows that U.S. dominance on this front (is) threatened. … [He compared the situation to the dot com bubble](#) that expanded in the late 1990s and burst in 2000. … The big change is that the **growth is likely to be more erratic—some projects won't get completed and some companies might fail**."[18]
- **Cryptocurrencies and crypto exchanges**, like [FTX or Celsius](#), have proven to be **Ponzi schemes** that eventually collapse,[19] and the regulatory policies around cryptocurrency are [unstable](#)....[20]
- Many formally announced data center projects never get built. As [Brian Martucci reports for Utility Dive](#), "**80% to 90% of proposed data centers in the U.S. interconnection queue will never get built**, in part because they duplicate requests made in other utility territories."[21] Many interconnection queue requests are empty promises fishing for the cheapest power.[22]

Cost Shifting → How the public foots the bill for data center energy and infrastructure.

- Some data centers are **scoring below-market electricity rates** with public utilities through [special contracts and terms that are not publicly available](#), **severely disadvantaging existing ratepayers**.[23] Data center **developers are shopping for the cheapest power**, pitting utility companies against one another in bidding wars. If your utility "scores" a data center deal, it could be because **you'll be subsidizing their investment with your energy bill**.[24]
- Regulators have **exposed utilities for filing false or misleading information in regulated proceedings**.[25] For example, data centers and special contract power plants (often owned by the

monopoly utilities) are making bids for colocation deals that would place them behind the grid interconnection and then **arguing that they shouldn't bear any costs of transmission,** even though their use impacts transmission and **will result in higher bills for existing customers.**[26]

- Idaho State legislators introduced a bill in 2025 to protect utility customers from cost-shifting, "How are you going to **tell Grandma** it's OK for her — on a fixed, limited income — that **she's going to subsidize the next major AI plant** somewhere?" asked Rep. Stephanie Mickelsen, R-Idaho Falls.[27] The bill did not pass. Meta plans to build an $800 million data center in Idaho, but forecasts it will only employ about 100 workers.

Public Budgets → Tax breaks and infrastructure burdens damage public budgets.

- "At least 10 states already **lose more than $100 million per year in tax revenue** to data centers" according to a study by policy think tank Good Jobs First.[28]
- "Frustration with data centers' preferential energy rates, climate impacts and poor return on investment has **led lawmakers in South Carolina, Georgia and Connecticut to rethink their tax breaks.**"[29] The Georgia legislature passed a two-year pause on tax breaks to new data centers.[30]
- States, including Montana, are crafting policy to attract data centers, including slashing their tax rates. "But some economists and policy experts have started to question this logic. …(they) find that **data center tax breaks have swelled to billions of dollars in lost revenue** for states a year — and that those losses … **actually outweigh the tax revenue that the data centers bring in.**"[31]
- State legislators around the nation are having second thoughts about incentives for data centers. Georgia Republican state Sen. John Albers explained that when factoring in water and electric use the return on the state's investment 'is not there' and that 'initial findings **do not support credits from the state level.**'"[32]
- As warehouses of electronics running at high temperatures, **data centers are prone to fires**. Joe Wilkins article, *First Responders Are Being Overwhelmed By Data Center Fires,* explains how in Ohio, two Amazon data centers **called out the fire department 84 times** in one year (2021) and those two data centers **pay zero in property taxes.**[33]

Next Steps - What Can We Do?

REGULATING: The Montana Public Service Commission should develop a **unique rate category** for data centers and impose **large load tariffs** to ensure that existing customers are not subsidizing data centers and that these data centers provide public benefits rather than harm. They need to:

- **Use long-term contracts:** should include extended notice periods, exit fees, credit/collateral requirements, and provisions for adjusting load growth through new contracts or mutual agreements.
- **Prevent tariff evasion:** define projects by both the total power they use each month and their specific physical location.
- **Ensure cost responsibility transparency:** projects should pay their own way for new generation and transmission needs.
- **Require demand response:** tariffs should establish minimum billing demand based on peak usage and demand response provisions prioritizing residential customers.
- **Provide public benefit:** projects requiring new generation should be required to procure clean, renewable energy and storage.

MEIC is pushing for transparency and smart regulation. **We need answers. We need solutions.** Here are two living documents that track some of the **big questions that need answers** and that propose some of what we see as **basic regulatory needs**.

- ***Data Center Questions Needing Answers***
  https://meic.org/wp-content/uploads/2026/01/2026.01.27-Data-Center-Questions-Needing-Answers.pdf
- ***Regulatory Solutions for Data Centers in MT***
  https://meic.org/wp-content/uploads/2026/01/2026.01.26-Regulations-for-data-centers-list-2.pdf

RESISTING: Communities should have a say in whether they want a data center for a neighbor. Communities have demonstrated that data centers can be resisted through sustained engagement in local government processes. Below are **further resources for communities and community leaders.**

- Virginia Data Center Reform Coalition / Piedmont Environmental Council: *List of Resources for Communities, Community Leaders & Elected Officials* https://www.pecva.org/work/energy-work/data-center-resources-for-communities-community-leaders-elected-officials/
- New Kairos and Media Justice: *The Costs of Data Centers to Our Communities — and How to Fight Back* https://www.kairosfellows.org/fightdatacenters

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