SB 250: Data Centers on Alaska's Terms

Why guardrails are necessary: A strong framework for development

SPONSOR: SENATOR LÖKI GALE TOBIN

Why This Bill Is Needed Now

U.S. electricity demand is surging — and the EIA identifies large computing facilities as the primary driver. Commercial computing electricity use is projected to **rise from 8% of commercial use in 2024 to 20% by 2050** — faster than any other commercial end use.

Data centers already consume an estimated **4% of all U.S. electricity** and could grow sharply by 2030.

The Policy Imperative

Alaska should establish rules **before** a major project locks in costs and risks — not after.

National Trend

Every region experiencing rapid data center growth has faced ratepayer and reliability consequences without early guardrails.

Alaska Has an Opportunity — and a Real Exposure

A right-sized data center could help offset Railbelt load decline and strengthen Alaska's infrastructure. That is the best-case scenario — and it is achievable.

But the risk is proportional to scale. The Railbelt's entire peak load is approximately **750 MW**. A single hyperscale facility can demand **100 MW minimum** — with newer projects requiring far more. In Alaska, one large project can materially affect system planning, grid reliability, and cost allocation for every other ratepayer.

The Biggest Risk: Cost Shifting onto onto Everyone Else

Wholesale Spikes

Other regions have seen power cost spikes and stranded overbuild when large new loads arrived without hard guardrails.

PJM Warning

PJM's 2025 long-term forecast projects massive load growth, forcing utilities nationwide to scramble on infrastructure planning.

Ohio's Answer

Ohio's data-center tariff uses special contracts, minimum charges, collateral, and exit fees to protect ordinary customers.

The Policy Lesson

Large-load customers require a fundamentally different regulatory framework than households and small businesses.

SB 250's Core Strength: The Data Center Pays Its Own Way

This is the heart of the bill — and the strongest answer to the ratepayer protection problem.

1

"But-For" Cost Rule

Costs that would not exist *but for* the data center cannot be rolled into general utility rates.

2

Commission-Reviewed Contract

A utility contract must be reviewed and approved by the Regulatory Commission before service is provided.

3

Direct Cost Assignment

Infrastructure costs and variable power and gas costs are directly assigned to the data center — not socialized.

4

Explicit Rate Firewall

Service to a data center is explicitly prohibited from increasing cost-of-power or gas-cost adjustments for other customers.

Alaska-Specific Fuel and Reliability Risks

Southcentral utilities are already navigating tighter Cook Inlet gas supply. ENSTAR's 2025 update confirms that new gas entering the system will cost **materially more** than past contracts — and data centers are 24/7 loads that intensify fuel competition if not tightly structured.

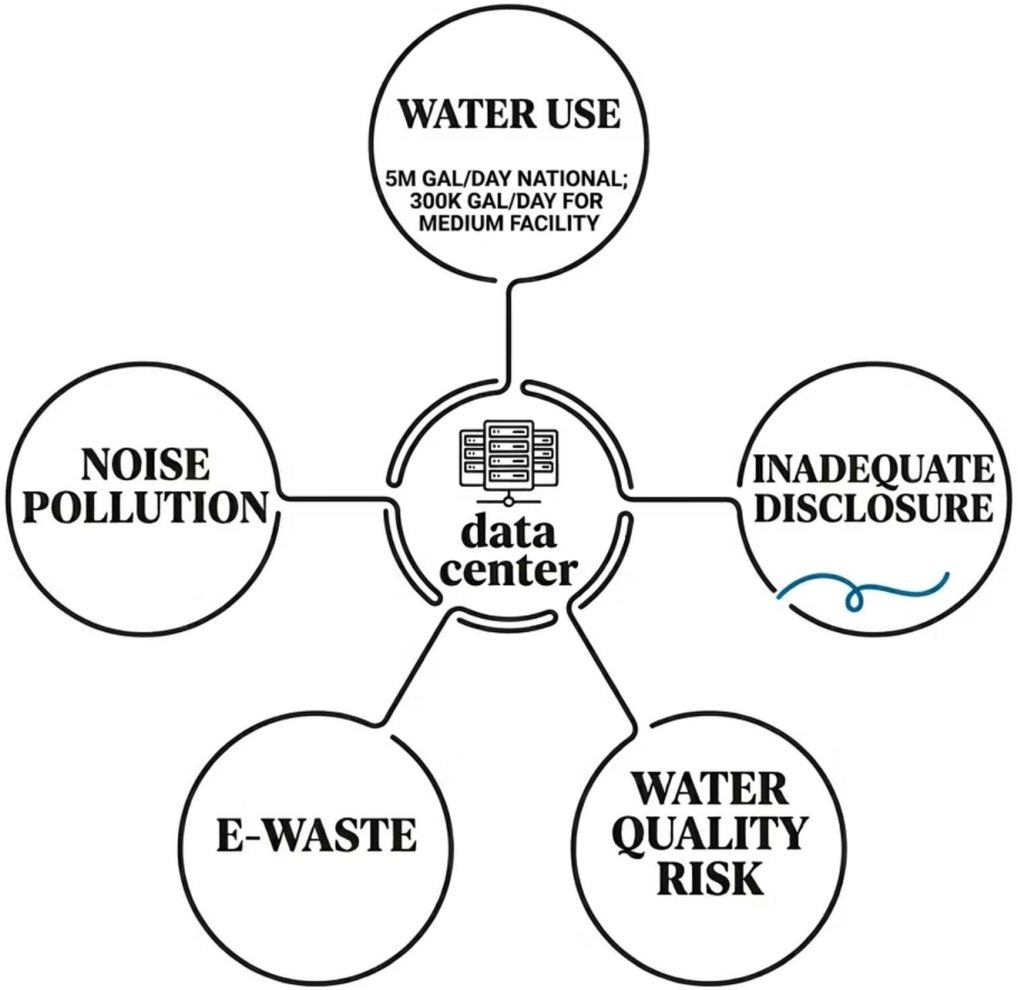
Fuel Risk Prohibition

SB 250 bars contracts that increase risk of inadequate fuel supply for any utility in the state.

Reliability-First Backup

Backup power plans must prioritize renewables, storage, and demand response — fossil backup limited to emergencies and testing.

Data Centers Create Real Community Impacts



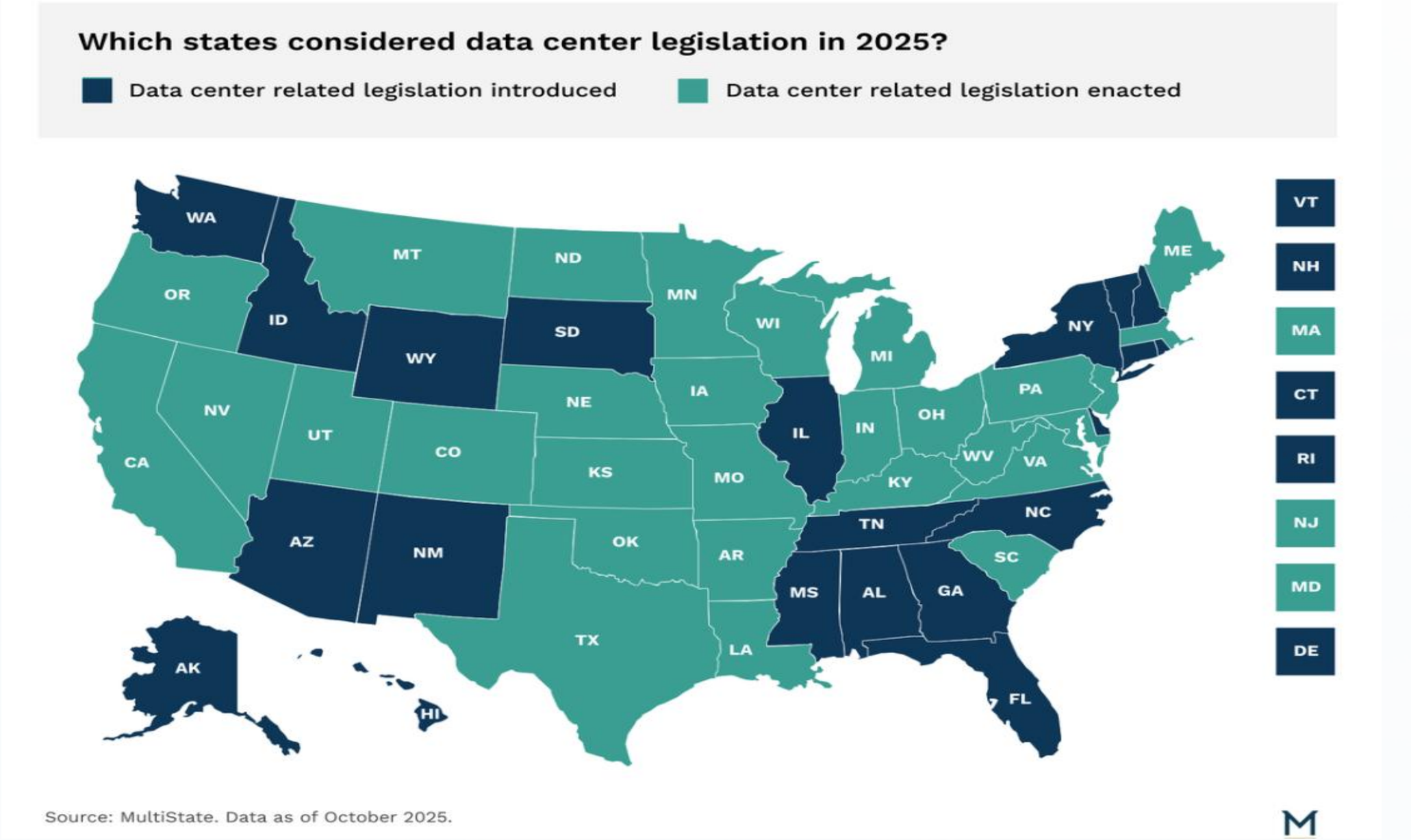
Beyond the Utility Bill

One data center can consume up to **5 million gallons of water per day** nationally; even a medium facility in Alaska can use **300,000 gallons per day**. Noise, e-waste, and water-quality risks compound local impacts.

SB 250 requires a **municipal community benefit agreement (CBA)** before approval and before construction. That CBA can address:

- Emergency response coordination
- Local hire commitments
- Waste heat recovery
- Broadband interconnection and digital equity investments

SB 250 Is Aligned With Where Policy Is Already Heading



This Is Pro-Development, Not Anti-Development

SB 250 does **not** ban data centers. It creates a clear path for projects that are serious, financeable, and fair.

Smaller Facilities Are Exempt

Facilities below the bill's threshold are not subject to its requirements — the focus is on projects large enough to materially affect the grid.

A Clear Approval Pathway Pathway

Larger projects get a defined, transparent route to approval — if they can meet the contractual, cost-assignment, and community terms.

The Message to Industry

Alaska welcomes projects that are **contractually structured, locally accountable, and not subsidized by everyone else.**

Development Can Happen — On Alaska's Terms

> SB 250 does not say no to data centers. It says no to hidden subsidies, fuel risk, and community externalities being dumped on Alaskans.

Contract First

Cost Assignment First

Local Benefits First

Lifecycle Responsibility First