



State of West Virginia

DEPARTMENT OF COMMERCE

STATE OF WEST VIRGINIA

West Virginia Department of Commerce

West Virginia Responsible Data Center Development Plan

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Submitted by:

The West Virginia Department of Commerce

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Table of Contents

LETTER TO THE GOVERNOR	1-2
RESPONSIBLE DATA CENTER PRINCIPLES	3-7
DATA CENTERS PROVIDE VITAL SERVICES	8

LETTER TO THE GOVERNOR

Dear Governor Morrisey:

The West Virginia Department of Commerce is pleased to submit the *West Virginia Responsible Data Center Development Plan* for consideration by the Office of the Governor.

The success of our current and future economy will be substantially reliant upon data centers. While some states have experienced significant benefits and others have encountered notable challenges, West Virginia remains a clean slate. We have a historic opportunity to define our own vision for how and where these investments occur. By learning from and avoiding the mistakes made elsewhere, we can implement a comprehensive, 20-year plan to guide our state's digital and economic future.

The National & Global Context

A national debate exists regarding the data center industry, with valid questions concerning both the costs and benefits associated with these massive infrastructure projects. There is, however, no debate regarding society's deep dependence upon this technology. Data centers are critical infrastructure for the foreseeable future. Every aspect of modern life (including healthcare, banking, education, manufacturing, communications, national defense, and artificial intelligence) is increasingly dependent upon domestic computational capacity.

Furthermore, the United States is currently engaged in a fierce global competition for leadership in artificial intelligence, advanced computing, and digital infrastructure. Strategic adversaries, such as the People's Republic of China, have made massive state-level investments to attract and control data infrastructure.

As recognized by House Bill 2014, it is in the national security interests of both the United States and the State of West Virginia to:

- Maximize domestic computational power.
- Protect the secure flow of data.
- Support America's continued leadership in artificial intelligence and emerging technologies.

West Virginia is uniquely positioned to contribute to this national effort through our abundant energy resources, strategic geographic location, and highly skilled workforce.

Balancing Growth with Responsibility

With these opportunities in mind, the core challenge is whether data centers can be developed in a responsible manner. Any successful framework must address historical industry challenges, including:

- High water consumption.
- Surging electrical demand and ensuring the affordability of electricity for our citizens.
- The need for appropriate site setbacks near homes, businesses, churches, schools, and other community assets.

The parameters established through the passage of House Bill 2014 and its associated legislative rules provide the Department of Commerce with the exact framework needed to safeguard our

communities. We now have the tools to approve responsible, high-value projects while rejecting speculative or unsuitable developments.

Prior to House Bill 2014, more than 50 West Virginia counties had no mechanism to approve, deny, or regulate hyperscale data center projects. This legislation provides the state with the authority to safeguard communities from unchecked developments that might otherwise have proceeded without meaningful oversight.

Economic and Community Benefits

The Department has spent substantial time reviewing the mutual benefits that disciplined data center investment brings to our communities. Beyond the critical services detailed in this plan, the economic impacts are profound:

- **Fiscal Support:** Substantial tax revenues can contribute to major reductions in personal income taxes and provide meaningful funding for local schools and municipal governments. Through the revenue distribution included in HB 2014, every county across the State will enjoy significant financial benefits from each project.
- **Job Creation:** These projects generate thousands of high-paying construction jobs, followed by stable, long-term technical employment once the facilities become operational.
- **Technological Ecosystems:** In other regions, data centers have evolved from simple real estate developments into interconnected economic hubs. These ecosystems support local technology supply chains, modern energy infrastructure, hardware manufacturers, construction firms, and academic research institutions. Increasingly, they serve as foundational anchors for artificial intelligence development and advanced manufacturing initiatives.

Conclusion

West Virginia can successfully implement a world-class Responsible Data Center Development Plan. House Bill 2014 and its supporting legislative rules have provided us with the necessary toolkit to evaluate projects rigorously. We propose the formal adoption of the *Responsible Data Center Principles* outlined herein. We look forward to implementing this plan. This is a strategy that will positively impact some of the most economically distressed regions of our state, preserve our beautiful environment, and position West Virginia as a national leader in energy, AI, and digital infrastructure.

Sincerely,

Dr. Matthew Herridge
Cabinet Secretary, West Virginia Department of Commerce

RESPONSIBLE DATA CENTER PRINCIPLES

To effectively screen projects, ensure their long-term viability, and maximize local community benefits, the Department of Commerce recommends the adoption of the following core principles:

Principle I. West Virginia Should Operate under a Comprehensive Plan

West Virginia can develop a comprehensive plan to determine how the data center industry is developed here.

West Virginia is uniquely positioned to build a localized, 20-year comprehensive plan that attracts responsible hyperscale data centers. By leveraging the framework established by HB 2014 and the oversight of the Data Economy Office, the State can deliberately cultivate this emerging sector ensuring that we welcome beneficial projects in optimal locations and reject projects where the costs outweigh the benefits.

Our Strategic Blueprint

- A Clean Slate for Smart Growth: West Virginia currently operates with zero active hyperscale facilities. This provides a blank canvas to thoughtfully guide the long-term trajectory of the industry rather than reacting to unmanaged urban sprawl.
- Leveraging the Power of HB 2014: The passage of HB 2014, the Power Generation and Consumption Act, establishes the necessary state-level criteria and permitting processes to regulate large technological infrastructure projects. Prior to this legislation, there were no cohesive mechanisms for state or local governments to approve or deny large data center projects.
- Protecting Public Interest: The regulatory parameters laid out in HB 2014 and managed by the West Virginia Department of Commerce grant the state the authority to carefully evaluate project developers and detailed project plans. This guarantees accountability, protects local grid stability, and ensures that development is strictly permitted in locations that make economic and environmental sense. House Bill 2014 and the associated legislative rules require that a petitioner must submit evidence of the financial capacity to complete the project alongside estimated power loads, and capital investment commitments. Furthermore, to qualify for state certification, a project must demonstrate significant baseline criteria, such as capital investment and critical IT load thresholds.
- Caring for our Environment: We do not have to choose between a thriving economy and our natural beauty; careful planning lets us achieve both.

Principle II. All West Virginians will benefit from Data Center Revenue

Projects approved through the High Impact Data Center (HIDC) Designation process will benefit West Virginians.

Program rules and processes have been designed by the Data Economy Office (DEO) based on the policies included in HB 2014 and the associated legislative rules. The guidance provided to the DEO

ensures that the people and communities of West Virginia will benefit from these projects in the following ways:

- All revenue generated from these projects flow back to the people of the State. None of the revenue associated with this program goes to the general revenue fund. By law, county budgets cannot be negatively impacted by a data center project. The associated revenue is used for the following purposes:
 - Reduction/Elimination of the State Income Tax. By law, fifty percent of data center project revenue is used for this purpose.
 - Local communities receive revenues for their communities and schools. 30 percent of the revenue associated with these projects goes to the county where the project is located. An additional ten percent of the revenue associated with these projects goes to all counties across the State.
 - The remaining ten percent will be used for improved electrical, water, and wastewater projects for the citizens and communities of our State.

Principle III. Ratepayers must be protected from high electricity prices

Data Center growth must never compromise public access to affordable energy.

Protecting ratepayers from escalating utility rates driven by data center electrical demand is a non-negotiable priority of this state. House Bill 2014 shields electric ratepayers from costs associated with certified microgrids, prohibiting utility customers from bearing construction, operational, or grid-related expenses. Instead, these costs must be covered by the generator or consumers within the microgrid district.

- **Self-Funding Infrastructure:** Data centers will be required to fully fund their own electrical infrastructure upgrades and energy capacity needs. These capital expenditures will not be passed on to West Virginia families or businesses.
- **Grid Modernization:** Because affordable and reliable electricity is essential to the economic security of West Virginians (particularly low-income households) the State will pursue a coordinated strategy. We will leverage responsible data center development, strategic high-voltage infrastructure investments, and target utility initiatives to modernize the grid, improve overall reliability, and drive down residential electricity costs over time.
- **Ratepayer Protection Pledge:** West Virginia supports the principle that data center growth must not come at the expense of residential or commercial utility customers. Consistent with the national Ratepayer Protection Pledge, developers will build, bring, or procure sufficient power resources and assume responsibility for infrastructure investments necessary to serve their projects. This approach reinforces the State's commitment to ensuring that utility costs associated with large-scale data center development are not shifted to West Virginia ratepayers while promoting a stronger, more resilient electric grid.

Principle IV. Our Water must be Protected

Clean water is one of West Virginia's most valuable natural assets, and safeguarding it requires a fundamental evolution in data center design.

The State of West Virginia has long made the protection of water resources a priority. The Water Resources Protection and Management Act mandates that large quantity water users report withdrawals to the West Virginia Department of Environmental Protection (WVDEP). WVDEP also regulates wastewater discharges, which can be required to meet, among other requirements, technology based or water quality-based effluent limits. All these environmental protections apply to data center developments choosing to locate in West Virginia.

Even with these protections in place, the Department of Commerce is pioneering a shift to:

- **Next-Gen Cooling Technologies:** West Virginia will actively recruit projects committed to water-efficient designs, including closed-loop systems, liquid immersion cooling, and reclaimed water integration.
- **National Leadership:** By prioritizing these technologies, West Virginia will establish a national blueprint, positioning our state as the absolute leader in setting up and achieving ambitious Water Usage Effectiveness (WUE) goals.

Principle V. West Virginia must Protect and Grow Our Communities

Local Communities must have a voice and share in the prosperity of digital infrastructure and the economic activity that is located in proximity to data center development.

To ensure harmonious development, the state will establish a structured, collaborative relationship between citizens, local governments, state and federal regulatory agencies, and operators.

- **The Data Center Advisory Council:** This council will be composed of diverse experts from academia, local government, conservation groups, industry, and utility providers. The Council will hold meetings to develop statewide standards for property setbacks, noise mitigation, aesthetic integration, site security, and proximity to sensitive locations like residential neighborhoods, schools, and houses of worship. Recommendations made by the Council can then be presented to the Department of Commerce for consideration and implementation and will be used in the development of a 20-Year Comprehensive Data Center Development Plan.
- **Private Property Rights:** Project sites are acquired through voluntary market transactions between willing buyers and sellers.
- **Commerce will consider site location and its impact:** As mandated by legislative rule, certified applicants must disclose potential unreasonable burdens on nearby properties—including schools, residences, and historic sites—and submit explicit mitigation strategies for any proximate impacts.
- **Strategic Site Matching:** The Advisory Council will recommend a voluntary evaluation process to match incoming data center projects with communities that already possess the requisite resource capacity and grid infrastructure. This initiative will target counties and municipalities actively seeking economic revitalization.

- **Local Collaboration Framework:** Upon identifying a potential project, the Department of Commerce will engage directly with local leadership to align private sector investments with municipal needs.
- **Regulatory Requirements:** Certification by the State does not exempt a project from complying with any applicable federal or state laws, regulations, permitting requirements, or approvals, including those that protect the environment, public health and safety, and the preservation of natural and historic resources. Environmental Regulations contained in West Virginia Code Chapter 22 are applicable to all data centers. There were no provisions included in House Bill 2014 that exempted the project from complying with all environmental laws. Certified projects remain responsible for obtaining and maintaining all required permits, approvals, and authorizations from the appropriate governmental authorities before and throughout construction and operation. The State of West Virginia will work with the approved projects to ensure that they apply for and comply with all regulatory agencies.
- **Ratepayer Protection:** As a condition of certification, the Department of Commerce will require projects to conform to the principles of President Trump's Ratepayer Protection Pledge. Data center developers must take responsibility for the energy demands created by their projects, including securing the new power needed to serve their facilities, paying for required power-delivery and grid infrastructure, and ensuring those costs are not shifted to residential or other existing ratepayers. Projects should also support local workforce development and coordinate with grid operators to strengthen electric reliability and community resilience.

Hyperscale data centers serve as foundational infrastructure for modern economic development. They drive significant, multi-phase growth by generating thousands of skilled construction jobs, stimulating long-term direct operational roles, and acting as a gravitational pull that builds robust, high-tech ecosystems of IT, cybersecurity, and logistics companies around them.

The integration of hyperscale data centers into a region acts as a powerful catalyst for long-term prosperity. Beyond the initial infusion of billions in private capital, these developments transform local economies through three primary avenues:

- **Construction and Infrastructure Investment:** The multi-year build-out phase requires thousands of specialized workers across the building trades, electrical engineering, and project management. Furthermore, hyperscalers frequently co-invest in regional infrastructure upgrades, such as expanding fiber networks, modernizing electrical grids, and accelerating renewable energy deployment, which improves essential services for the entire community.
- **Direct and Induced Employment:** Operational facilities create vital, high-paying, full-time careers in hardware maintenance, facility management, and IT support. According to data on urban and rural economies, the arrival of data centers correlates with noticeable regional bumps in local employment, wage growth, and average household income.
- **Ecosystem Agglomeration:** Hyperscale developments exert a strong "gravitational pull" on the broader digital economy. Because latency-sensitive industries and tech-forward

enterprises require proximity to high-capacity servers, they cluster around data center hubs. This attracts a dense network of supporting firms in telecommunications, cybersecurity, hardware distribution, and professional services, ultimately helping regions transition into competitive, technology-driven economies

Principle VI. West Virginia must increase Grid Reliability

Data Center developments must function as grid assets rather than grid strains.

The legislative rule associated with HB 2014 adds another significant safeguard: for a high impact data center certification, the Department of Commerce will obtain information directly from the relevant electric utility regarding capacity, stability and infrastructure requirements.

Additionally, the developer must identify whether the project has requested a utility power study and when the utility estimates electric service can first be delivered. Moreover, beyond West Virginia, interconnected facilities remain subject to the broader PJM, FERC and NERC reliability framework where applicable.

To bolster the reliability of our energy sector, the state will introduce a strategic integration framework.

- **Demand-Response Integration:** We will establish a demand-response framework to encourage data centers to deploy their on-site backup generation assets or curtail power use during critical periods of peak grid stress or emergencies.
- **Supporting the Bulk Power System:** This strategic orchestration will protect the safety, continuity, and overall reliability of the regional electric grid for all citizens.

Principle VII. West Virginia must play a major role in enhancing our National Security

Data Centers are strategic national assets to America's economic competitiveness, and national security. As recognized by the West Virginia Legislature in HB 2014, the People's Republic of China is positioning itself to become the global leader in data centers and artificial intelligence. It is in the national security interests of the United States to limit the flow of data to China, maximize computational power within the borders, and strengthen the resilience of our critical digital infrastructure. Through the responsible development of hyperscale data centers and supporting energy infrastructure, West Virginia can play a meaningful role in ensuring America remains the global leader in artificial intelligence, advanced computing, and technological innovation.

Conclusion:

West Virginia's Responsible Data Center Principles establish a strategic framework for sustainable, 20-year development that leverages HB 2014 to pair high-tech economic growth with local community benefits. By focusing on self-funded infrastructure, advanced water-saving technologies, and direct revenue sharing, the initiative aims to attract investment while protecting ratepayers and environmental assets.

DATA CENTERS PROVIDE VITAL SERVICES

Data centers are the invisible backbone of modern society and the engine of the global economy. Their practical utility spans every critical sector of modern life:

- **Global Commerce & Finance:** Every second, data centers secure and route the world's communications - from simple text messages to high-bandwidth satellite broadcasts. Every day, they process trillions of dollars in financial transactions, scaling local businesses and traditional banks into high-frequency, borderless global marketplaces.
- **National Security & Public Safety:** Data centers provide secure, hardened environments and immense processing power required for global defense operations. They allow intelligence networks to analyze trillions of data points per second to identify threats and counter cyber warfare. From safeguarding physical power grids to hosting the municipal 911 emergency centers that protect our neighborhoods, this infrastructure is vital to national security.
- **Healthcare & Life Sciences:** Data centers function as the quiet support system of modern medicine, processing the massive datasets required to save lives in critical moments. By shifting healthcare from legacy paper records to secure cloud platforms, they enable doctors to instantly access patient histories, improve diagnostic accuracy, and accelerate the drug discoveries that will cure tomorrow's diseases.
- **Smart Transportation & Transit:** Data centers orchestrate how the world moves. By continuously aggregating data from roadside cameras, loop detectors, and vehicle GPS signals, they optimize city traffic grids in real time. By parsing millions of toll payments and instantly matching ride-share supply with commuter demand, they transform fragmented transit systems into highly integrated, efficient networks.
- **Culture & Digital Media:** They serve as the distribution engines of global culture, processing petabytes of content every second. Data centers have successfully transitioned consumer entertainment from rigid physical formats (such as DVDs, cassette tapes, and printed books) into hyper-personalized digital content accessible on any screen, anywhere, at any time.
- **Scientific Innovation & Smart Living:** From the research laboratory to the average home, data centers accelerate human progress. In the scientific community, they replace slow, manual testing with high-performance digital modeling, solving complex, decades-long calculations in hours. In our homes, they power voice commands, automated climate controls, and security alerts that make daily life safer, more convenient, and highly connected.