

Data Centers and Nevada Ratepayers

A factual briefing for Nevada legislators, county commissioners, and their staff

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The frame: a data center is a very large buyer of shared public resources: grid capacity, water, land, and the tax base. The policy question is not whether to allow them. It is **what price is set, when, by whom, and whether the promises made to win approval are enforceable before construction**, when the public's leverage is greatest.

1 SCALE OF THE DEMAND

5% → 64%	Data centers' share of NV Energy sales, 2025 to 2046 forecast (Nevada Power 3% → 42%; Sierra Pacific 10% → 82%) [1]
~22,000 MW	Data center inquiries, vs. 8,241 MW combined 2025 peaks of the two utilities; about 84% of interest is in the north [1]
3.3–3.4 GW	Load in proposed supply contracts (LLESAs) that would commit customers to pay for power by 2032 [1]
~\$29 billion	PUCN Staff estimate of resources needed solely for large-load customers, "likely on the lower side" [3]
~\$4.2 billion	Greenlink transmission, a shared cost outside the data center contract [1]

2 WHAT IT MEANS FOR HOUSEHOLD BILLS

NV Energy is vertically integrated: new plants and lines enter rate base unless rules assign them elsewhere. In NV Energy's own 2032 rate tables [2], residential rates rise 4.07¢/kWh (south) and 6.96¢ (north) if data centers' incremental energy and transmission costs are spread across all customers, versus 2.86¢ and 3.22¢ if assigned to data centers: about **\$12 and \$37 a month** at 1,000 kWh. Both cases already assume data centers pay up front for new gas generation. Nevada Power's Rule 8C (1980) gives homes no stated priority in a supply shortage [1].

3 TAX INCENTIVES AND LOCAL FINANCE

- **\$785.7 million** in local sales tax forgone FY2017–2026, including about \$345 million in school tax (State Controller) [5]. Property tax abatements: \$7.4 million statewide in FY2024 (Tax Expenditure Report; next report due Nov. 10, 2026) [5].
- Since AB 594 (2025), the GOED board **may deny** data center abatements (NRS 360.7573). It has since approved three, totaling \$50.8 million over their terms [5].
- Executive Order 2026-005 sets a 4.6% minimum combined rate for new deals; state and school shares are not abated. Remaining abatements fall on counties, cities, and special districts such as fire and library districts [6].

4 WATER AND LOCAL IMPACTS

Southern Nevada: data centers about 0.52% of water use (SNWA, 2025); new evaporative cooling restricted since a 2021 SNWA resolution adopted by LVVWD, Henderson, and North Las Vegas [7]. The active disputes are northern and rural: Nye County's Basin 162 ban (Aug. 2026), the Fallon Paiute-Shoshone Tribe's ban (Resolution 26-F-112), and a water lawsuit involving TRIGID (the Tahoe-Reno Industrial Center improvement district), with trial set for 2027 [7]. Clark County discussed data center criteria on July 7, 2026 (item 26-1893) and directed staff; no ordinance has followed on agendas through Oct. 21 [5].

5 THE PUCN RECORD: DOCKET 26-05007 (PHASE II)

NV Energy seeks approval of a standard Large Load Electric Service Agreement (LLESA) meant to make data centers pay for the generation and transmission built for them. Hearing: **Oct. 26–29, 2026**; decision expected by Dec. 31 [4].

Party	Position (from filed testimony)
PUCN Staff	Six witnesses: deny the form LLESA and open an investigatory docket for a "ratepayer protection mechanism." Fallback guardrails: separate large-load rate class, annual true-ups, shareholders "fully at risk" for forecasting errors. "There should be no impact to existing customers." [3]
Bureau of Consumer Protection	Opposes the LLESA "in its current form": "harmful and even insidious to ratepayers." Proposes its own tariff with hard collateral equal to 100% of customer exposure [3]
NV Energy	Holds at a 90% minimum demand. Its illustrative numbers show other classes rising "less than 0.5 percent." Argues returns on data center assets should reflect their risk [4]
Developers	All endorse "paying their own way." Most asked for 70–80% minimums and lower security. Prologis alone offered an annual true-up with a balancing account it is "prepared to commit to" [4]
Others	WRA: strengthen the LLESA. AEU/SWEEP: file a large-load tariff within three months; treat the LLESA as "at most, an interim measure" [3]

Grid emergencies: NV Energy's draft allows 100% curtailment of data centers only in the early supply period; Fleet offers curtailment at EEA 3 ahead of other firm load; BCP's tariff allows up to 100%. No filing names homes and hospitals as protected first. The PUCN declined a consumer session for this docket (Aug. 7); 6 public comments were on file as of Oct. 14.

6 QUESTIONS THE RECORD LEAVES OPEN

1. Is "no cost shift to existing customers" a binding, measurable standard, or a goal stated in testimony and an executive order?
2. Should large-load protections be set by tariff (same terms for every customer) or negotiated contract by contract?
3. Who bears the cost if forecast load does not arrive: shareholders, the data center, or other customers?
4. In a supply emergency, who is protected first?
5. Should incentives and permits be conditioned on enforceable terms, given the GOED board's authority to deny?
6. Should a resource plan driven by large loads require a public consumer session?

7 ON THE 2027 CALENDAR

Session opens **Feb. 1, 2027**. Bill drafts "relating to data centers": BDR 273 (Sen. Cannizzaro), BDR 304 (Goulding), BDR 32-507 (Interim Revenue Committee); BDR 58-546 (Attorney General, "consumers of large amounts of energy") [5]. The Governor's Office of Energy's "Responsible Speed to Power Plan" is due Dec. 31, 2026 [6].

Turning promises into enforceable terms

A drafting checklist for statutes, tariffs, permits, and incentive agreements

The test for every promise: "If it doesn't happen, then what?" Projects win approval on promises (pay our own way, our load will arrive, it won't be noisy, we'll clean up if we leave). A promise protects the public only if the answer to that question is written down before construction.

8 THE SEVEN PARTS OF AN ENFORCEABLE PROMISE

Part	The question	Example: "Data centers will pay their own way"
1. Standard	What exactly is promised, in numbers?	Zero net cost shift to other customer classes, by class, each year
2. Measurement	How is it measured, by whom, how often?	Annual cost-of-service reconciliation filed publicly; reviewable by Staff and BCP
3. Trigger	What counts as a failure?	Any measured shift above zero in a year, or contracted load below a set share of forecast
4. Cure	How long to fix it?	True-up in the next rate period through a balancing account
5. Consequence	What happens if it isn't fixed?	Minimum bills, exit fees, and recovery assigned to the customer class or shareholders, not households
6. Money behind it	What is set aside to pay?	Cash or letters of credit sized to the remaining exposure
7. Survival	Does it bind the next owner?	Obligations run with the service agreement and the land on sale, lease, or bankruptcy

The same seven parts apply to tax incentives (job and investment targets with clawbacks), local permits (noise limits with monitoring and escalating penalties; backup generator run-hour caps), and water (use caps with reporting and conversion rules), and to decommissioning (a bond sized to the cleanup cost).

9 WHY TIMING MATTERS

Terms are cheapest to set before construction. Once plants are built and the revenue is budgeted, the public's leverage falls. Elsewhere, the gap between forecast and outcome has been large: Ohio forecast its data center sales tax exemption at about \$136 million. In 2025 it cost the state more than \$1.5 billion, 11 times the forecast, plus \$446 million in local sales tax [8].

10 PUBLIC OPINION

In Gallup's March 2026 poll, 71% of Americans opposed an AI data center in their area, including 63% of Republicans and 75% of Democrats [8]. Concern crosses party lines; the common ground is fairness on bills and enforceable terms.

SOURCES

- NV Energy 2026 Joint Integrated Resource Plan, PUCN Docket 26-05007, Vols. 6, 8, and 9 (load forecast; Greenlink, Vol. 9 pp. 295–297); Nevada Power Rule 8 (eff. May 30, 1980).
- IRP Vol. 9, Tables FP-19, FP-20, FP-23, FP-24 (2032 residential rates; Preferred vs. Adjusted Preferred plans); p. 446 (CIAC for incremental generation).
- Docket 26-05007 testimony, Sept. 22, 2026: Staff witnesses Danise, Venkat, Olesky, Shil, Lopez, Burakowski; BCP witness Morton (incl. proposed tariff exhibit); WRA (Eiden); AEU/SWEEP (Turner). Oct. 2, 2026: Staff Director Preisach supplemental; BCP letter on the LLESA.
- Docket 26-05007: NV Energy rebuttal (Wells, Prest, Elicegui), Oct. 6, 2026; Prologis (Augustine), Oct. 2; Fleet (Bartlett), Sept. 22; Procedural Order No. 1 (June 18) and Notice of Phase II Hearing (Sept. 25); Attorney General's office (decision expected by Dec. 31).
- Nevada State Controller, GASB 77 tax abatement reports FY2017–2026; Dept. of Taxation Tax Expenditure Report 2023–24; NRS 360.7573 (AB 594, 2025); GOED board minutes; Clark County Commission minutes, July 7, 2026, and Legistar agendas; NELIS BDR list, 84th Session.
- Governor's Executive Order 2026-005 (Sept. 17, 2026).
- Southern Nevada Water Authority; NLV Ord. 3181, LVVWD and Henderson codes; Nye County; Nevada Independent (Aug. 9, 2026, TRIGID); Fallon Paiute-Shoshone Resolution 26-F-112.
- Ohio: Department of Taxation figures for 2025 (via Signal Ohio, May 21, 2026); forecast from the state tax expenditure report. Gallup, March 2–18, 2026 (n=1,000).

Non-partisan factual briefing; it takes no position on any bill or docket outcome. Figures were checked against primary documents by independent reviewers (Oct. 15, 2026) and the PUCN filings were re-read on Oct. 16, 2026. The PUCN record changes: rebuttal testimony was due Oct. 16, 2026. Public guide for residents: info.soprio.com/nevada-energy/hearing. Prepared with AI research assistance.