“We Need to Try All the Things At Once”

Southern Data Centers Research & Policy Convening Interested Parties Memo

Background

The rapid proliferation of proposed and approved data centers across the Southern region has accelerated in recent years and months. While several groups have been at the forefront of mitigating the impact of data centers in their communities, the pace of acceleration across communities has demanded an almost unprecedented rapid-response advocacy infrastructure in the region, ensuring that communities and those who support them are equipped to meet this moment.

In our regular engagements with community and civic leaders across the South, data centers have dominated conversations across policy sectors and interests. And as Southerners ourselves, our own lived experience with data centers has shaped our thinking on their development. What we have heard and seen is that local partners are seeking support from national and regional organizations for in-depth research, policy analysis, and advocacy tools to prevent the rapid development of data centers without meaningful community input, protections, and benefits.

Regional and national policy and research organizations are trying to catch up to speed quickly, but to our knowledge, are not working in deep coordination or collaboration, largely driven by the speed and scale of the data center boom, which creates a steep learning curve for organizations new to the work and stretched capacity for groups who have long been in the trenches. This leads to duplication of work and reduces regional organizations’ capacity to assist multiple communities across their multi-state footprints.

Convening Overview

To begin tackling these coordination challenges, our organizations hosted a two-day convening to bring together local and state advocates, Southern regional organizations, and national partners for shared learning and strategy sessions. Our aim was to discover and share how to bolster the level of support provided to communities navigating data center proposals on their own terms.

The convening focused on the physical build-out of data centers and the distinct regulatory and policy environment of the American South. As a result, the broader societal implications of generative Artificial Intelligence (“AI”) were acknowledged, but not explored in depth, beyond noting how concerns with AI could aid and support data center campaigns.

The agenda began with “level-setting” sessions, proven grassroots strategies, and the political economy of national and regional data center trends. We then moved into “knowledge building sessions” covering land and environmental use, public and private financing, utilities, ratepayers, and clean energy. We concluded with participatory “network and field building” sessions: identifying the risks and opportunities of data centers; effective support for grassroots organizations; opportunities for policy

advocacy and change (power mapping); and a landscape exercise of existing and needed resources and research.
We were joined by 60 convening attendees covering 9 Southern states:

- 26 local or state advocates, ranging from leaders of neighborhood associations and/or rapid-response data center advocacy groups currently engaged in a "site-fight" to state-level policy and advocacy groups;
- 20 attendees representing a regional organization; and,
- 14 attendees from national groups, representing a mix of policy focus areas including racial justice, environmental justice, economic security and mobility, consumer and workers rights, and pro-democracy efforts.

Key Themes and Insights

Theme 1: Data Centers Are an Abrupt Systems and Governance Shock Across the South

Across sessions, participants consistently described data center expansion as a lightning-fast, systems-level disruption of energy systems, the economy, and democratic governance. They are reshaping regional energy systems, utility planning and service, water use and air pollution, public revenues and private markets, land-use and zoning laws, and all faster than communities or governance structures feel they can meaningfully respond. The scale of projected demand is spurring the public sector to commit to data center growth through lawmaking, grid and transmission investments, land sales, and public tax subsidies, even with the market still being largely speculative. And while national economic growth narratives emphasize AI-driven GDP gains, communities face rising bills and environmental strains, further widening the disconnect between macroeconomic trends and lived reality.

As more than one participant noted, it is not an accident that an estimated 42% of all data centers in the United States have been built in the American South[1]. The availability of lower cost natural resources and energy rates, and access to fiber optics are primary drivers. But advocates feel it is Southern lawmakers' lax regulatory attitudes and deference to economic development that make the region stand apart from others. Although growing and continued affordability concerns and down-ballot electoral results have led to a number of Republican super-majority Southern states to introduce, consider, and pass "pay your way" data center energy bills. However, these bills begin and end with energy and infrastructure costs, leaving remaining gaps on transparency concerns, environmental protections and broader economic community benefits or investments.

As one speaker noted, AI and data center expansion is happening so quickly, "We have to try all the things at once and not let perfect be the enemy of the good." Advocacy approaches need to incorporate organizing, policy, communications and legal strategies, and sometimes at the same time, to see what works. This will require more movement-oriented support from organizations that can uplift residents' concerns rather than remove them.

> *As developments increasingly outpace regulatory frameworks, advocacy is evolving beyond opposition to individual projects to improving local governance. In practice, this means strengthening the authority and accountability of local institutions that oversee land use, the environment, energy, and economic development, so that public participation is both required and consequential.*

1 https://csgsouth.org/policies/data-centers-in-the-south-looking-under-the-hood-at-resource-usage/

Theme 2: Regional Support Infrastructure Should Strengthen Frontline Leadership and Local Governance

Across sessions, community leaders made clear that grassroots organizations are experiencing the impacts of data center development first — through noise, water stress, pollution, rising bills, and unrealized job growth — often long before projects are publicly understood.

As expected, the convening also surfaced several points of tension across our diverse region. The co-opting of the Black-pioneered environmental justice movement into funding for predominantly white-led climate justice work was a prominent theme throughout the convening. Effective regional and national support must therefore start from frontline realities and reinforce local strategy, rather than impose national agendas.

Examples and Implications:

- **Close Early Information Gaps.** Communities often lack accessible research and data on emissions and noise, water and energy use, job growth and fiscal impacts, and infrastructure and grid impacts during early permitting stages. Partnerships like Memphis' collaboration with university researchers, including GIS mapping, air monitoring, and public data hubs, demonstrating the value of community-based participatory technical work that trains residents to collect and interpret data needed for advocacy. Regional groups can provide rapid-response research and modeling, training and data support so communities can generate evidence before approvals are voted on.
- **Addressing the Transparency Gap.** Communities need help challenging anti-transparency tactics to shine a spotlight on data centers' opaque and over-fragile financing, in a way that helps community members and leaders assess future risks from the build-out. Participants saw community organizing and public pressure campaigns as an important tool to overcoming the transparency gap. Litigation is costly and exhausting; one participant described it as "being papered to death," a turn of phrase that captures the deliberate strategy of hyperscalers to overwhelm advocates and public interest attorneys. With that said, participants noted that litigation is often a necessary part of an advocacy campaign and can be useful for pointing to a legislative strategy. They suggested more work could be done to share legal strategies.

    > Participants found the session on the shadowy financing of data centers highly valuable. More research is needed to understand the extent of private capital financing of data centers. However, the back-end financing of these data centers reinforced one of the key themes heard throughout the convening: the future is not yet settled. Despite DC proponents' public statements to the contrary, their back-end financing arrangements often reflect the high level of uncertainty about the sector's future. Frontline groups in impacted communities, through their demonstrated track record already in the South and else, are demonstrating the same - gaining wins to improve outcomes in their communities and shaping the future of this fight in real time.

- **Respect Local Strategy, Priorities, and Narrative.** Leaders cautioned against national organizations "parachuting in" and negotiating partial commitments without community alignment. Messaging that centers on affordability, health, environmental, and democratic self-determination resonates more deeply than abstract national frames. Support must amplify local priorities and voice, not override them.
- **Provide Flexible, Rapid Response, and Equity-Centered Funding.** Fast-moving fights require rapid response, general operating support, not narrowly restricted grants. Coalitions are powerful vehicles for scaling strategy across states, but funding structures must guard against reinforcing inequities within coalitions themselves. Advocacy leaders discussed the critical need for foundations to adopt frameworks that invoke the Jemez Principles, to shift investments into front-line, grassroots environmental justice organizations. Long-term operating support to grow organizational capacity,

including youth leadership pipelines and intergenerational organizing, is critical for durability in the South.

In short, participants called for a Southern regional infrastructure capable of matching the sophistication of hyperscalers and utilities while remaining accountable to frontline communities and strengthening their long-term power.

Theme 3: Strategic Lever Points for Local and National Decision Makers

Boiled down, data centers are local land-use disputes. The most meaningful opportunity for community input is through public hearings and votes by zoning boards or city councils, which hold primary authority over local land use. Across the United States, many local authorities are beginning to assert this power and are denying rezonings or special-use permits for data centers that are in misalignment with community interests. In much of the South, however, persistent underinvestment, strained budgets, and economic pressure have made local governments less receptive but not immune. Developers have taken notice, and when feasible, are attempting to limit their exposure to public intervention, targeting site development where data centers are permitted "by right" avoiding public review and votes. The participants who waged successful campaigns over data centers found that strong public participation was central to their success. Participants noted the importance of training residents on how to submit and deliver public comments, particularly useful to community members who have never before engaged in a public hearing or spoken to elected officials.

Participants emphasized three urgent actions: (1) adoption of moratoriums to allow local authorities time to review proposals and/or current zoning rules; (2) updating ordinances to require special-use permits for data centers to thereby require a public vote for one; (3) transparency and reporting on data centers' energy use, water use, and environmental emmissions and impacts. They also noted that sometimes involvement of city and county health departments, who can be called upon to review permits for data centers to operate power sources that produce pollutants. While these officials have statutory authority, advocates feel their political will is often limited.

On the national level, hyperscalers (large-scale data center providers with massive computing and data storage capabilities) sit at the center of this ecosystem: Google, xAI, Microsoft, Meta, etc. These companies are shaping our national conversations on data centers in critical ways:

- Hyperscales are competing in an "AI-arms race" with foreign companies, creating significant national and global security implications.
- Their capital investments into data centers are propping up the U.S. stock market and GDP growth, and may also be contributing to a bubble.
- The might of their lobbying arms and enormous wealth allow companies to deploy a series of anti-transparency and anti-accountability tactics. Most frequently used are nondisclosure agreements and lobbying of state and local governments to bypass public proceedings or public reporting requirements, thereby disadvantaging residents seeking more information about a development project.

At the same time, the visibility of hyperscalers creates leverage too. Tech companies are sensitive to negative public perception, and growing affordability concerns have already led to major announcements from companies on the development of their own energy systems[2]. And that is due to tech companies knowing local resistance is the primary block to a data center: before land, energy, fiber, or water[3].

2 https://www.cnbc.com/2026/02/25/trump-tech-ai-data-center-electricity-price-pledge.html

3 https://www.wired.com/story/the-data-center-resistance-has-arrived/

Attendees noted that hyperscalers have the wealth and incentives to invest in clean energy systems; protect the water, air and land surrounding their developments; pay their share of taxes; and invest in communities. Thus, it would be a missed opportunity not to advocate directly to private companies and investors.

Theme 4: Community Power and Coalitions Are the Counteraction

Despite the challenges and imbalances, participants highlighted how coordinated organizing and unusual alliances have begun to shift the balance of power. While environmental justice groups have paved much of the way, these national and local debates are bringing together a wide range of actors responding to shared concerns about affordability, transparency, local control, and land use, as well as skepticism toward Big Tech's application of AI.

This big tent of strange bedfellows includes:

- Conservative politicians who are concerned with AI job displacement, declining property values, and impacts to agriculture;
- public school educators dismayed over loss of tax revenues to data centers;
- other industrial energy users worried about shared loads, rate increases and energy generation competition from tech companies;
- organized labor negotiating job standards (e.g. OSHA standards) and continued interest in clean energy deployment;
- financial and consumer watchdog groups fearful of an AI bubbles impacts on public pensions;
- rural neighbors from across the socio-political spectrum attending local zoning board meetings together.

"Pay your way" commitments from hyperscalers, backed by the White House, and state bills advancing the same requirements demonstrate that this big-tent coalition has been effective at moving the needle on national dialogue about energy rate concerns. Advocates are now ready to test how far this burgeoning coalition can go in helping communities reap the rewards of data centers while protecting them from the worst drawbacks in the short and long term. However, there is more work to be done to ensure that the opportunity of forming broader coalitions translates into genuine support for grassroots community members and organizations. In particular, ensuring funding and leadership is not centralized with already well-resourced organizations and is supporting Black and Latino organizers who can often go uncompensated for their organizing work.

And long-term advocacy and coalition building have already produced tangible community wins. In Memphis, sustained advocacy and education of local leaders, strengthened by deep allyship and coordination among community leaders and organizations, led xAI to build a water reuse facility, reducing the data center's reliance on the fresh aquifer water that residents rely on for drinking water. And a community benefits-style ordinance was passed by the City of Memphis, directing 25% of increased property tax revenues from the data center to be directed back to the community where the xAI data center is being built. The coalition remains engaged with a particular interest in solar scalability and other community investments from xAI.

Barriers and Constraints

1. **Transparency is Systematically Suppressed.** Many research and resource gaps stem from developers' attempts to limit transparency. Advocates need help on both the defensive and

offensive fronts to develop policies that eliminate anti-transparency measures related to site development and public tax subsidies.

2. **Research and Data Gaps.** Several other research and data gaps were identified, including: a lack of available public health data and modeling on data center impacts; detailed research on impacts to municipal insurance costs, bond ratings, and other reporting that would allow for more thoughtful cost-benefit and risk analysis of data centers.

3. **Fiscal Illusions Distort Public Debate.** State and local governments are eager to offer sales tax exemptions and property tax abatements to secure short-term revenue gains and promises of job creation. Data centers can increase public revenues; however, public revenue losses for public school systems and other shared institutions are significantly underreported and often undisclosed. The lack of standardized reporting obscures the true fiscal impact.

4. **Utility and Regulatory Structures.** Vertically integrated monopoly utilities in the South have significant influence over policymakers and are incentivized to expand generation capabilities. In practice, this is leading utilities to justify new investments in fossil fuels. However, the interests of utilities and Hyperscaler Tech companies are not always aligned, and therefore, there may be opportunities to divide the two on policy, including on clean, distributed generation.

5. **Local Capacity Gaps.** Grassroots organizations and smaller municipalities often lack timely access to zoning, legal, economic, and other policy expertise that could help evaluate proposals. This also applies to local and state agencies struggling to apply existing laws and policies to best regulate and issue permits for data centers. In the South, localities without home rule could be unable to set conditions on a data center development they would ideally like to see.

Opportunities and Strategic Levers

Challenges	Solutions	Strategic Levers	Specific Needs
"Perfection cannot be the enemy of good." Community advocates are most concerned about the speed of the race they are in with hyperscalers. The rapid pace of the AI and data center boom prompted one participant to note, "We need to try all the things at once."	Advocates want to test local policies and strategies. It also encourages an incremental approach. Local and state groups want help developing a wheelhouse of policies and seeing which stick. **Research can provide clues about where a data center may next appear.** SELC has shown a correlation between data center development and dark fiber, the necessary infrastructure for building a data center. Other groups have pointed to generators, grid reliability, and less expensive land as markers of prime data center site development. Can more research be done to help communities predict if they're next?	Pass pro-transparency and community-Involvement policies today, and make big investment asks tomorrow. Also, understand how existing laws/policies may apply. Predictive research on trends in data center site development can help communities prepare and allow for a timing advantage to engage with local lawmakers.	• Technical Assistance with Policy Development & Strategy • Lobbying Support • Campaign Support • Legal Support • Research support on trends in site selection to develop predictive practices

Site fights are local, and so communities can "power up" now. Communities without data centers do not have to wait for one to arrive to get active. They already have the power to push for zoning and land-use changes.	National lawmakers are proposing a federal moratorium. But a local moratorium can be just as effective, giving a municipality the time it needs to pass a community-minded, fair zoning ordinance.	Many municipalities provide citizen-led pathways to amending local land use laws. Work with local legislators to pass moratoriums or zoning ordinances.	• Technical Assistance with Policy Development & Strategy • Lobbying Support • Campaign Support • Legal Support • Lawmaker engagement trainings (e.g. public comments)
Transparency can be a policy lever. Advocates need accessible information and data on data center developments.	Mandating reporting on energy and water use, strengthening public records laws, and pushing back against the allowance of anti-transparency negotiations were identified as high-leverage intervention points, as the issue is seen as universally interesting across issue areas.	Transparency is particularly seen as a nonpartisan issue. Momentum exists on this leverage point as evident from numerous State bills being introduced and considered across the region this legislative session. This opens up a pathway for state-level engagement as well as local policy changes.	• Lobbying Support • Communications Support • Coalition-Building • Technical Assistance with Policy Development & Strategy
There must be a proactive vision, not just opposition. Several sessions included a discussion on advocacy campaigns gaining strength when they articulate what communities want, not only what they oppose; what would make a community receptive or even eager for a development?	Ideas included responsible siting standards, community benefits for labor and workers, clean energy and grid requirements, and investments into local infrastructure, schools, and workforce development.	Advocates want to define the terms of responsible development before companies do and before a data center comes to town (see here NAACP, "Frontline Framework Community Data Center Guiding Principles").	• Technical Assistance with Policy Development & Strategy • Implementation support for Guiding Principles • Sharing examples of responsible development policies and community wins across environmental protection, workforce, economic, and clean energy.

Developments can provide an investment boost for aggregated clean energy and natural resource technologies. Hyperscalers are not opposed to clean energy systems but need more advocacy and regulation to encourage the research and development of alternative materials.	Hyperscalers invest in more community solar, weatherization, virtual power plants and other aggregated energy projects, as well as new types of gel coolants and hydropanels. (see here Rocky Mountain Institute & Young Gifted and Green, "Lightening the Load: Scaling Clean Solutions for Data Centers and Communities")	There is an opportunity to continue leveraging the blue-green alliances formed throughout the Inflation Reduction Act era to see hyperscalers invest.	• Technical Assistance for clean energy solutions and workforce pipelines
Amplifying policy and advocacy wins across the South. This region can be cast aside as "immovable" or "politically static." This leads to disinvestment in Southern advocacy infrastructure, making it harder to engage residents and build lasting coalitions. It also allows coverage for decision-makers who do not feel they must be responsive to their constituents.	**There are policy and advocacy wins happening across the South.** Memphis in particular has been a hotbed of activity that has seen tangible wins. This city and coalition group have taken a long-term approach to educating elected and other municipal leaders. They have also formed collaborative relationships with regional and national organizations that can provide additional capacity and support. **Media coverage is playing an important role.** On the national and local levels, media coverage is particularly effective in translating findings into clear public narratives about who benefits and who pays. Affordability continues to rank as the top concern, followed by land use and its impact on neighborhoods, the environment, and agriculture.	There is a need to take these advocacy and policy wins, and lessons learned, and explore how to replicate them for other local advocates. More media coverage has an opportunity to amplify the unified and shared concerns that transcend partisanship. Need for more coordination and attention from national, regional, and local publications.	• Communications Support • Digital engagement support • Network and field building to strengthen amplification support