

# Evaluating Data Centers for Arizona's Economy

A Framework for Responsible Growth

**Data centers power our connected economy and are driving the AI expansion. They also require huge amounts of land, energy and water, raising concerns about water scarcity, grid strain, and energy affordability. This framework equips policymakers and communities with a simple rubric to evaluate whether proposed projects meet minimum public-interest standards and protect Arizona's economy and resources over the long-term.**

While data centers can bring investment and economic activity, they also present real challenges for a state already facing extreme heat, long-term drought, and affordability concerns for electricity ratepayers. Poorly planned projects risk exacerbating water scarcity, straining the grid, and shifting costs onto households and small businesses.

Our leaders and communities must carefully evaluate whether proposed data center projects align with the state's long-term economic and public interest goals. This document provides a practical rubric for advocates, policymakers, and stakeholders to evaluate whether a project meets a minimum threshold of acceptability or "neutral". This framework does not endorse unchecked development, it is designed to empower local communities with knowledge and tools.

**Data center developers must meet public demands to avoid harming Arizona's water resources, energy system, and communities. Together we set the terms.**



# What gets us to neutral on data centers?

A project reaches “neutral” only if it meets all the criteria below.

	OPPOSE	NEUTRAL
 <b>Energy Supply:</b> Will the data center be powered by 100% renewable energy on site and fully paid for by the developer?	No	Yes
 <b>Water Use:</b> Will the data center employ a closed-loop cooling system that minimizes water use?	No	Yes
 <b>Transparency:</b> Will the developer publicly report ongoing water consumption data?	No	Yes
 <b>Community Protection:</b> Are enforceable Community Benefit Agreements (CBAs) in place with local communities?	No	Yes
 <b>Ratepayer Impact:</b> Will the project avoid increasing electricity costs for existing residential and small business ratepayers?	No	Yes

## Why these criteria matter



### 100% On Site Renewable Energy

Data centers operate around the clock and have been shown to dramatically increase local electricity demand. On-site, privately-funded renewable energy generation ensures that new demand does not increase reliance on fossil fuels, strain the grid, or undermine Arizona’s leadership on the clean energy transition.



### Water Use Transparency

Public reporting of water consumption builds accountability and allows communities and regulators to assess whether developers are meeting their commitments over time. Transparency is essential for informed decision-making in a water-scarce state.



### Protection for Ratepayers

No project should shift infrastructure or energy costs onto existing customers. Data centers must cover the full cost of grid upgrades they require to prevent higher utility bills for households and small businesses.



### Closed-Loop Cooling Systems

Water-intensive cooling is incompatible with Arizona’s arid climate and long-term water future. Closed-loop systems significantly reduce consumptive water use, preserving limited supplies for residents, agriculture, and essential services.



### Community Benefit Agreements (CBAs)

CBAs ensure that host communities see tangible benefits from large development projects, such as workforce training, hiring commitments, infrastructure investments, community services support, and/or environmental considerations. These agreements must be enforceable, not voluntary or symbolic.

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