



Advancing the Clean Energy Future

22 Parsonage Street • Box 155
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March 10, 2026

Senate Committee on Commerce
State of Rhode Island General Assembly
82 Smith Street
Providence, RI 02903

Support of Senate Bill 2427 re: Data Centers

Dear Chair Britto, Vice Chair Sosnowski, and Members of the Senate Commerce Committee Member:

We write on behalf of our organization, **Acadia Center**, in support of **Senate Bill No. 2427**, and with broad recommendations regarding Rhode Island's approach to responsibly integrating data centers into the grid, with an eye towards ratepayer protection. **Senate Bill No. 2427 would require the public utilities commission (PUC) to provide for a classification of service for retail electricity consumers that are large energy use facilities.** While data center considerations have not hit the Northeast region in the same way compared to other parts of the U.S. – largely due to energy cost and land use considerations – the growth from this industry is still coming, and it is critical for the legislature and Public Utilities Commission to be prepared and to protect ratepayers from encroaching costs amid an already existing affordability crisis.

Acadia Center is a non-profit research and advocacy organization with over 25 years of experience dedicated to advancing transformative clean energy solutions that promote a livable climate and a more equitable economy at the state, regional and community levels primarily in the northeastern U.S. and eastern Canada. Through rigorous data analysis and strategic partnerships, Acadia Center advocates for policies that significantly reduce carbon emissions and address systemic energy challenges. By collaborating with stakeholders, government, business, and communities, Acadia Center pursues ambitious but pragmatic strategies that help to ensure an inclusive and sustainable energy future for all.

As is evident in the public discourse, data centers pose huge growth and affordability concern at a time when supply costs are rising sharply and new renewable energy are already being constrained. New England is projected to double its demand by the year 2050 and to move from a summer to a winter peaking system; this future projection alone, compiled with the added costs and growth considerations that data centers bring, is a serious concern. As of August 2025, data center planned and operational capacity has surpassed 150 GW nationwide; and in neighboring regions like PJM, we see that data centers have driven up prices in the energy capacity market by more than 60%. As Rhode Islanders continue to face some of the highest energy costs in the nation, proactively **establishing guardrails to curb data center effects on residential ratepayers should be the highest priority.**

Acadia Center sees key strengths in Senate Bill No. 2427 that are worth highlighting. S2427 focuses on preventing cost shifting from data centers onto ratepayers. It requires that data centers pay for the full cost of not just their distribution upgrades, but their transmission upgrades, as well as energy, capacity or ancillary electricity services,

and any related costs or associated risks. The 20 MW threshold is aligned with best practices we have seen in other state bills addressing data centers. As a small state which, according to the EIA, consumes the lowest amount of energy on a per capita basis, it may be worth considering an even lower threshold given the massive effects multiple data centers of that size would have in our state and region. Acadia Center also applauds the provisions of S2427 that require minimum 10-year contracts for data centers, acknowledging that such facilities and associated load requirements cannot easily be replaced 1-for-1, and which obligate a minimum payment for services.

Acadia Center recommends these protections go even further by 1) incorporating early exit/termination fees that would penalize data centers for leaving a contract early (important considering the potential for costly stranded assets), and 2) establishing, rather than considering, a mandate that a data center bring its own generation, and that it should be majority renewables. This could be fulfilled by building their own resources, by signing a PPA with a new (additive) project(s), by procuring DERs and demand-side resources from local communities, through efficiency measures like waste heat reuse, or any combination thereof. 3) Mandatory demand flexibility is also highly recommended for large load tariffs, such that a utility can curtail large load demand in periods of peak demand and exigent grid circumstances. To the greatest extent possible, this flexibility should be clean in nature e.g., not relying on backup diesel generators.

Acadia Center cautions against the incentivization of data centers, as seen in Senate Bill No. 2346, particularly without sufficient guardrails in place. **Incentivization of data centers has contributed to a massive influx of data centers** waiting in generation queues nation-wide, **and the lack of associated consumer protections has led to billions of dollars in costs to other ratepayers.** As delineated in S2346, Acadia Center is particularly concerned with the incentivization of data center investment in *distressed communities*. Data center facilities can use harmful and polluting sources of power (i.e. diesel, natural gas) as primary and/or backup power with little oversight, and have the potential to exacerbate generations of environmental injustices. Data center companies should be required to engage in good faith with local communities, tying robust and enforceable community benefits agreements and local employment opportunities to receipt of any state incentives.

In sum, Acadia Center supports Senate Bill 2427 as a **proactive affordability measure** to responsibly integrate data centers into the grid. This testimony also offers recommendations to strengthen the policy, and raises concerns with data center incentives.

Thank you for your consideration. Please do not hesitate to contact us with any questions.

Sincerely,

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