As data center projects surge, can NJ keep up?

In NJ, advocates, lawmakers and business grapple with surge in server farms and the power they need

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An Amazon Web Services data center is seen on Thursday, Aug. 22, 2024, in Boardman, Ore. (AP Photo/Jenny Kane)

Close to AI customers like universities, medical research facilities and fintech firms in New York City and Philadelphia, New Jersey is a magnet for the booming data center industry.

And while the Garden State has room to build these facilities, the power to run them comes at a price. Ratepayers saw their electricity bills spike by almost 20% this summer, driven in large part by the amount of power needed to run new data centers, according to analysts.

Keeping track of development and power costs can be difficult, partly because it's a highly-competitive industry that doesn't like to share intel, according to Philip Odonkor, a systems engineering professor at Stevens Institute of Technology.

A nationwide Business Insider [study](#) counted almost 58 data centers had been built or approved for construction in New Jersey by the end of 2024. Data Center Map, another industry analyst, puts the number at 82.

Two massive projects under are construction: the 300-400-megawatt Nebius facility in Vineland and a 140-megawatt CoreWeave center in Kenilworth.

"They're trying to make it as difficult as possible for you to find out how much electricity that data center is going to use because once you know that, you know their processing capabilities, and you kind of know what they're capable of doing," Odonkor said. "There's a lot of effort being put into keeping this information as secret as possible. So a lot of it is being redacted, a lot of it is being put under the red tape, you name it. Trying to get a full picture of where data centers are popping up and what their capabilities are is challenging."
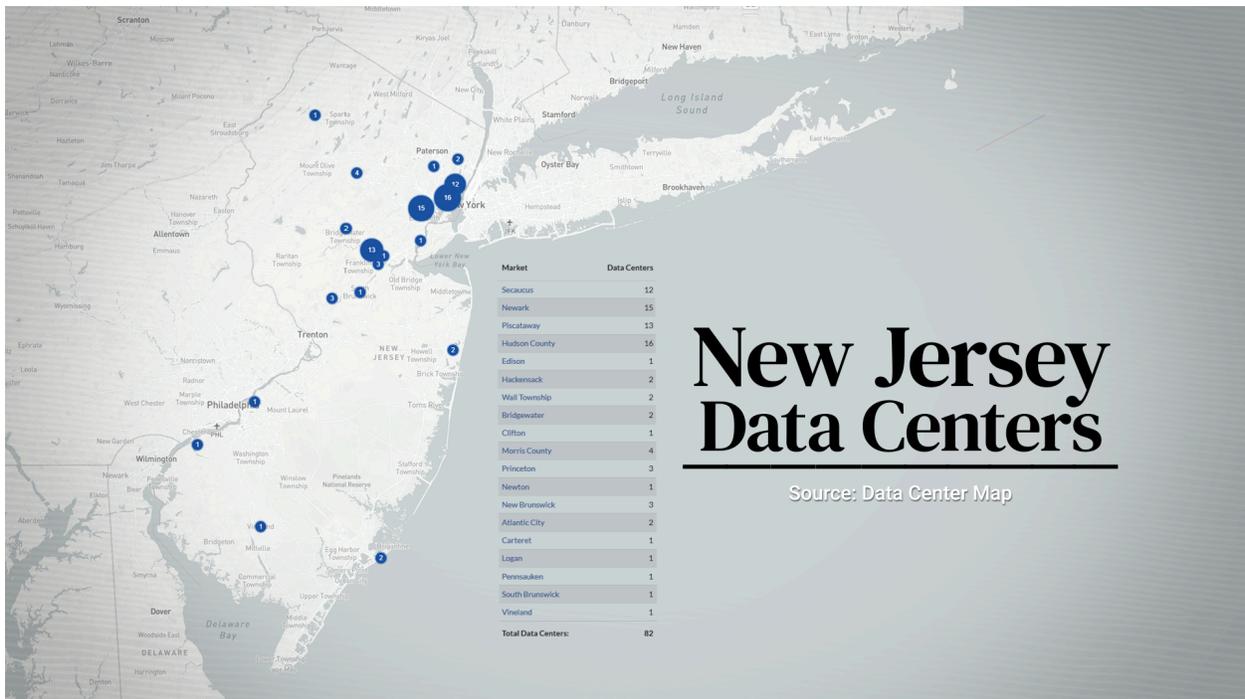
Can NJ keep up?

Odonkor highlighted the surge in larger data centers — like the facilities in Kenilworth and Vineland.

"The data center capacity in New Jersey is around a little over 500 megawatts," Odonkor said. "Between CoreWeave and this new one being put together, I think, combined, you're already looking at close to 400-500 megawatts. So just those two are going to more than double our data center capacity, just like that."

Business leaders see the data center boom as a chance to make New Jersey a leader in the industry. But success will hinge on expanding available power without slamming residential ratepayers.

"We need to … get more generation on board, either to meet this growing capacity or these facilities need to bring their own generation," said Ray Cantor, Deputy Chief Government Affairs Officer of the New Jersey Business & Industry Association. "I'm not sure what the answers are at the moment, but these are some of the considerations that need to be answered. The answer is not to prevent them from locating within the region. I think we as a nation need AI — it's the future, it's a matter of national security as well. This technology needs to grow and advance."

Market	Data Centers
Secaucus	12
Newark	15
Piscataway	13
Hudson County	16
Edison	1
Hackensack	2
Wall Township	2
Bridgewater	2
Clifton	1
Morris County	4
Princeton	3
Newton	1
New Brunswick	3
Atlantic City	2
Carteret	1
Logan	1
Pennsauken	1
South Brunswick	1
Vineland	1
Total Data Centers:	82

New Jersey Data Centers

Source: Data Center Map

Cantor said data center development is rapidly out-pacing the power sources that make these centers run. For electricity distributed through PJM Interconnection, the nation's largest electrical grid operator, demand is outstripping supply.

"It takes about 18 months to develop a data center, yet to build the capacity for those data centers could take years," Cantor said. "So there's a disconnect between the growth of the load and the ability to address the generation. We need to close those gaps. We need to figure out where the energy is gonna be coming from, we need to do permanent reforms so we get generation on board quicker."

How lawmakers responded

The impact on electricity costs is so great, advocates say, that the state needs a special billing classification for data centers for the electricity they use, and a recent Fairleigh Dickinson University poll showed 68% of New Jersey voters agree.

Assemblywoman Andrea Katz (D-Atlantic) has proposed a rate surcharge, which could help pay for upgrades to the power grid.

"The number one issue that I hear from my bosses, my constituents, my voters, is that their bills are going up really fast, really high, very quickly, and we know that there's two reasons for this: the increased demand on the grid, which is what these data centers are putting on this large increased demand," Katz said. "And also our infrastructure needs a lot of improvements. Our grid needs a lot of work. So my bill looks to address those two issues at one time."

A similar bill to impose tariffs on 100-plus-megawatt data center rate increases passed the Assembly. In July, Gov. Phil Murphy enacted a measure directing the state Board of Public Utilities to study the impact of data centers on electricity costs.

Senior Correspondent Brenda Flanagan joined NJ Spotlight News in 2013, and focuses on COVID-19, transportation, environmental and immigration issues. The Emmy-award-winning reporter has also worked as an investigative/political correspondent for news departments at WWOR,WNYW and NJN.