



CALIFORNIA
HISPANIC
CHAMBERS OF COMMERCE



March 25, 2026

California State Assembly
Assembly Committee on Utilities and Energy
1020 N Street, Suite 121
Sacramento, CA 95814

RE: AB 1577 (Bauer-Kahan) - Data centers: monthly reporting (Oppose)

Dear Chair Petrie Norris, Vice Chair Patterson, and Members of the Assembly Committee on Utilities and Energy:

We are writing to express our opposition to AB 1577, which seeks to mandate monthly reporting of granular energy, water, and operational data for data center facilities in California. While we support the state's goals for energy efficiency and transparency, the requirements of AB 1577 are administratively burdensome, technologically impractical, and pose significant security risks to critical infrastructure.

There is unprecedented demand for the digital services that have become central to our daily lives and modern economy, and data centers are the backbone of that digital economy, driving innovation and growth across various sectors. Data center companies, including developers and operators of hyperscale, self-perform/enterprise, build-to-suit, multi-tenant/colocation, and edge data centers, provide the digital infrastructure that supports the applications, capabilities, and essential services that enable the modern economy. Data centers are at the forefront of this transformation, enabling the essential services and cutting-edge technologies that drive our economy and enhance our quality of life, supporting

everything from online purchases and news and information gathering, to telehealth and digital classrooms. Many technologies and strategies deployed across California, including smart thermostats, smart meters, managed electric vehicle charging, smart lighting, and grid enhancing technologies, all rely upon the digital infrastructure provided by data centers to ensure that our homes, businesses, schools, hospitals, manufacturing facilities, and government units operate safely, smoothly and efficiently.

Data centers are highly efficient facilities that enable energy savings and efficiencies economy wide. In 2010, nearly 80 percent of data center computing was conducted in smaller traditional computer centers, largely owned and operated by non-technology companies. By 2018, approximately 89% of data center computing took place in larger cloud data centers. And, by centralizing computing resources, data centers have been able to leverage innovations in design, equipment, and technology to maximize energy efficiency. While electricity consumption at data centers rose 6% from 2010 to 2018, computing output jumped 550%, marking significant gains in efficiency and productivity. Data centers are also subject to state and local efficiency standards. Moreover, energy is one of the largest operating costs for any data center and therefore data centers are incentivized to be energy efficient.

Data centers are part of a larger portfolio driving increased electricity demand. As noted by Lawrence Berkeley National Laboratory in the 2024 U.S. Data Center Energy Usage Report, “This surge in data center electricity demand...should be understood in the context of the much larger electricity demand that is expected to occur over the next few decades from a combination of electric vehicle adoption, onshoring of manufacturing, hydrogen utilization, and the electrification of industry and buildings. “According to a study, CA is projected to be the state with the highest EV demand. Understanding that data centers are one large end user among other large-load users coming online, data centers should not be singled out for different and disparate treatment. Moreover, we share concerns about the purpose this information serves, how the reported data will be used, and how it will tangibly benefit Californians in the overall context of energy load growth based on the other significant demand drivers listed above.

Data centers fuel economic growth, supporting jobs in technology, construction, engineering, and maintenance. Data centers also attract investment from cloud providers, AI developers, and enterprise IT, strengthening California’s digital economy. AB 1577 risks stifling job creation and innovation by discouraging data center siting and expansion in the state. California's position as a global technology leader depends on the vital infrastructure provided by data centers and underscores the need for careful consideration of proposed legislation that could impact this critical industry. We strongly urge the Committee to resist advancing AB 1577 or other measures that impose disparate reporting requirements, as these create unnecessary burdens while failing to deliver tangible benefits to the state.

Excessive Administrative Burden and Reporting Frequency

AB 1577 requires data center owners to report complex metrics, including Power Usage Effectiveness (PUE), Water Usage Effectiveness (WUE), and specific refrigerant types, among others on a monthly basis. This frequency is unprecedented for any industrial sector in California. Establishing a monthly cadence provides little additional value for long-term grid planning while significantly increasing compliance costs for facilities that are often multi-tenant, making data aggregation a logistical hurdle.

California already has robust mechanisms for assessing load trends and environmental impacts, including the Integrated Energy Policy Report (IEPR) and the California Environmental Quality Act (CEQA). AB 1577 creates a parallel and potentially conflicting reporting track that may confuse local lead agencies rather than assist them. Furthermore, Section 1(b)(2)(C) suggests that "substantially similar" reports may be used, but the criteria for what would qualify under this ambiguous standard is undefined, leaving operators in a state of regulatory uncertainty.

It is unclear why data centers would be the only industry subject to these additional reporting requirements outlined in the bill. By isolating only one end user of energy AB 1577 would fail to provide a full picture of broader energy and water needs in the state, including other drivers and end users with significant demands. This raises important questions regarding the utility of this data, how it will be contextualized, and how it has any probative value informing policymakers and others. If a community lacks insight into the context of how various commercial and industrial users consume water, there are risks it may deny the user that discloses in favor of a larger water user where information is not disclosed or available.

Addressing the important issues of growth and ensuring responsible, effective planning to support economic development and wider industry growth in the state would be more effectively addressed through active partnerships with utilities, grid operators, and regulators and through communication, collaboration, and transparency among *all* stakeholders to ensure investments are data-driven, appropriately scaled, and protect all customers from unnecessary costs.

Risk to Cybersecurity and Physical Security

The bill requires the disclosure of highly specific operational data, including intake air temperatures, waste heat temperatures, and onsite generation types. When aggregated, this data provides a thermal and electrical fingerprint for a facility. Publicly disclosing such granular information, even in an anonymized format, creates a roadmap for bad actors to identify vulnerabilities in the digital infrastructure hosted in California. In an era of increasing cyber-physical threats, mandated disclosure of these operational setpoints is a severe security liability.

The proposed reporting requirements could force businesses to disclose sensitive trade secrets, harm their competitive edge, and risk creating safety and security vulnerabilities. Data centers may provide digital infrastructure for one occupant or tenant, multiple tenants, or even hundreds of tenants in a single facility. These tenants include a range of essential services such as federal, state, and local government agencies, law enforcement, fire and rescue services, cybersecurity, hospitals, banking, stock markets, and many others. They are repositories of vast amounts of sensitive information, including financial data, personal information, and valuable intellectual property. Data centers also support other critical infrastructure such as power grids and transportation systems.

Mandating the disclosure of detailed proprietary and sensitive operational details indicating computer workloads, energy consumption and changes, water consumption and changes, water sourcing, and other elements can be used by business competitors to deduce trade secrets and inform competitive strategies. Current statute acknowledges the sensitivity of energy consumption data by including explicit privacy protections for such data, preventing an electrical corporation or gas corporation from sharing, disclosing or otherwise making accessible such data to a third party unless the corporation has verified consent from the customer. Data revealing the amount of energy used to train an AI model can allow competitors and bad actors to make inferences about model size, the types of technology and

hardware used, the level of model complexity, among other details that are otherwise treated as highly sensitive. By establishing these reporting requirements, California presents risk to companies choosing to do business in the state that they will not encounter in other states. Sharing of this information may leave this critical infrastructure more exposed to cyber threats, industrial espionage, and potential exploitation by foreign adversaries.

The data center industry is committed to active partnerships with utilities, grid operators, and regulators to address load growth and facilitate effective planning. We advocate for enhanced communication, collaboration, and transparency among all stakeholders to ensure investments are data-driven, appropriately scaled, and protect all customers from unnecessary costs. Through continued collaboration among industry, policymakers, and other stakeholders, strategies can be effectively employed to promote responsible energy use while maintaining California as a key, competitive market in the global economy.

AB 1577 imposes a heavy-handed and burdensome reporting regime that ignores the complexity of data center operations and the security needs of our digital economy. We urge you to reconsider this approach in favor of a collaborative framework that leverages existing reporting requirements and cycles.

Sincerely,

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