Virginia’s Data Center Accountability Framework and Executive Order 22

Office of the Governor

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Why This Matters Now

- Virginia is at an inflection point. Rapid data center growth has outpaced the capacity of existing policy and regulatory frameworks.
- Current policies lack precision to hold developers accountable to high environmental and performance standards.
- Virginians must not bear the costs of data center development—costs on their electric bills, their water, their land, and their quality of life.
- We need to deliver a better deal for every Virginian.
- **Just as Virginia led on attracting data center development, we will lead on defining responsible development by setting a new national bar for other states to follow, ensuring that growth works for communities that make that success possible.**

Virginia's Data Center Accountability Framework: Five Principles

Data center developers and operators must abide by these five principles to do business in Virginia:

Principle	Core Commitment
1. Increasing Transparency and Ending the Secrecy	Communities must have meaningful, timely information and a genuine role in decisions; data centers must engage early, open, and in good-faith to deliver tangible local value
2. Strengthening Environmental Protections	Data center development cannot be at the expense of our air, water, natural resources, and public health; projects must meet higher standards for emissions, water stewardship, noise, land use, and cumulative community impacts
3. Lowering Energy Costs	Data centers pay their fair share of infrastructure costs; growth lowers — not raises — energy costs for households
4. Bolstering our Clean Energy Economy & Grid Reliability	Data centers must be active partners in accelerating Virginia's clean energy goals; development strengthens — not weakens — grid optimization and resilience
5. Delivering a Better Deal for Virginia Workers	Data center growth must create quality, permanent local jobs, workforce training, local procurement, infrastructure improvements, and long-term economic value

Principle 1: Increasing Transparency and Ending the Secrecy

- **Ban NDAs:** Prohibit the use of NDAs at the local and state level that prevent communities from understanding proposed data center impacts.
- **Ending By-Right:** Require local approval and support for data centers of 25 megawatts or larger.
- **Community Benefits Agreements:** Require community benefits agreements for data center developments.
- **Resources for CBAs:** Give communities resources to negotiate strong agreements with developers.
- **Designation Standards:** Establish Virginia Local Energy and Accountable Data Centers ("VA-LEAD") designation standards for transparent, accountable, community-centered data centers.
- **Improved Design:** Encourage data center development that enhances surrounding neighborhoods (e.g., aesthetic design, landscaping, buffers).
- **Virginia's Track Record: HB 153/SB 94 (local site assessments); Budget (VEDP employment/investment reporting).**

This principle and the accompanying expanded state support will empower localities to negotiate strong, community-centered agreements that embody transparency and public engagement.

Principle 2. Strengthening Environmental Protections

- **Water Stewardship:** Clear Water Use Effectiveness standards; stronger enforcement of water permits; water-positive development; expedite DEQ cooling water scarcity areas regulations
- **Noise Protections:** Expedite DEQ noise regulations (currently effective Dec 2029); accelerated timeline and stakeholder engagement plan.
- **Backup Generators:** Perform cumulative impacts analysis for diesel backup generators; require existing and future facilities to move to cleaner backup power with Tier IV or better
- **Low-Impact Development:** Promote projects that reuse water and recover waste heat; prioritize brownfields and edge facilities
- **Virginia's Track Record: HB 507 (Tier 4 backup generators); HB 496/SB 553 (water reporting); HB 323 (waste heat study); HB 323 (waste heat reuse study); HB 153/SB 94 (site assessments); Budget: DEQ noise standard by 2030, water scarcity identification.**

Reducing data center water use, speeding up noise protections, and reviewing backup generator impacts will strengthen permitting and protect communities.

Principle 3: Lowering Energy Costs

- **Cost Allocation:** Support equitable cost allocation reforms; advocate for fair cost allocation practices with PJM Interconnection.
- **Upfront Financial Commitments:** Stronger collateral requirements to reduce speculative load risks.
- **Virginia's Track Record: First-in-nation consumption tax (2026); Large load tariff GS-5 (SCC, Dec 2025); Transmission cost assignment to data centers (SCC Rider T-1, July 2026); HB 1191/SB 377 — large users in co-op areas pay for their substations.**

Driving fair cost allocation practices within Virginia and PJM will protect Virginia households and small businesses.

Principle 4: Bolstering Clean Energy & Grid Reliability

- **Clean On-Site Power:** Limit behind-the-meter natural gas generation at data centers and close loopholes that exempt associated emissions from RGGI requirements and Virginia clean air standards.
- **Grid Flexibility and Reliability:** Require data centers to provide greater operational flexibility and deploy local clean-energy and battery projects that support grid reliability; require data centers to manage large or sudden changes in electricity demand so they do not destabilize Virginia's grid.
- **Clean Energy Investment:** Reform utility charges and other barriers that discourage data centers from building, procuring, or connecting clean-energy resources. Promote data center investment in local clean energy, battery storage, and grid upgrades to strengthen reliability and help address rising energy costs.
- **Accountability:** Increase penalties for data centers that receive interconnection incentives but fail to meet clean-energy commitments.
- **Lower-Methane Gas Supply:** Reduce methane emissions associated with data center gas use by supporting methane-mitigation strategies.
- **Virginia's Track Record: Accelerated Clean Energy Buyers program; HB 369/SB 598 (nuclear/fusion); HB 284/SB 371 (demand response); HB 1487/SB 827 (underground transmission pilots).**

Aligning data center incentives with actions that strengthen Virginia's grid will deliver more clean energy, DERs, and transmission capacity, while reducing backup emissions.

Principle 5: Delivering a Better Deal for Virginia Workers

- **Local Hiring and Training:** Require local hiring commitments and workforce-training programs tied to data center construction.
- **Virginia Business Procurement:** Prioritize Virginia-based businesses in data center procurement and contracting.
- **End Preferential Subsidies and Permitting:** End state subsidies for data centers on Virginia's ready-to-build sites and remove large data centers from the fast-track permitting process.
- **Responsible Contractor Standards:** Require strong labor practices, including responsible-contractor standards and apprenticeship programs, for new data center developments.
- **Project Labor Agreements**: Support project labor agreements where possible to strengthen worker protections and ensure high-quality jobs.
- **Virginia's Track Record: Annual workforce/investment reporting to VEDP since 2021; Minimum investment/jobs for state incentives.**

These additional commitments will ensure data center developers and operators prioritize Virginia-made materials, thereby creating local jobs that we can track through reporting.

Virginia’s Artificial Intelligence Task Force

- The Executive Order creates Virginia’s Rapid-Response AI Task Force, led by the Chief Transformation Officer, Counsel to the Governor, and Secretary of Administration.
- The Task Force is responsible for coordinating the response to the unparalleled risk of unregulated AI development,
- The scale of the risks are unprecedented as demonstrated by the leading AI companies calls for a slowdown in model development, implicating everything from cybersecurity to workforce displacement and data privacy across all of the private and public sector.
- An urgent, "all of the above" response is required to best protect the Commonwealth against these risks—particularly given federal inaction—and the Task Force will be pursuing broad public and private sector coordination, partnerships, and legislative, executive, and regulatory action.
- The Task Force will work directly with the General Assembly—including JLARC and JCOTS—as well as other domestic and global leaders to ensure the Commonwealth is a leader in the secure and responsible use of AI.

EO 22 Implementation

DCAF Implementation Lead: Chief Energy Officer, reporting to the Governor, is designated as primary lead for overseeing implementation of executive actions

AI Task Force Implementation Lead: Chief Transformation Officer, Secretary of Administration, and Counsel to the Governor are designated as primary leads on the AI Task Force, with the support of newly established AI Policy Planning Unit

Key timelines:

- **Effective immediately:** Ban new state NDAs that conceal material data-center impacts *(All executive agencies);* exclude new 25+ MW projects from specified state site-readiness and expedited-review assistance *(VEDP)*
- **By mid-January 2027:** Publish local planning and community-engagement toolkit *(Chief Energy Officer)*
- **By mid-March 2027:**
  - Submit expedited noise-rulemaking and cooling water scarcity plans; submit backup-generator impact findings and recommendations *(DEQ)*
  - Submit methane-reduction recommendations *(Chief Energy Officer)*
  - Complete responsible-siting stakeholder review *(Virginia Energy)*
  - Establish workforce data-reporting criteria *(Virginia Works)*
- **By mid-May 2027:** Submit responsible-siting and regional-development recommendations *(Virginia Energy)*
- **By end of 2027:** Finalize VA-LEAD standards and implementation plan *(Office of the Chief Energy Officer)*