DATA CENTER GRID ECONOMICS

Powering the community: A More Stable Grid & Lower Bills

The rapid growth of data centers provides a unique advantage to local residents: data centers pay to upgrade the grid, and when the grid is under strain, that same investment lets them power down or draw on backup capacity at no cost to taxpayers — effectively making each facility a backup power source for the entire grid. Under the “causer pays” principle, new infrastructure is paid for by the developer, while the surplus revenue generated helps lower the share of grid maintenance costs paid by everyday families.

Quick Facts on Ratepayer Protection

#1 **Spreading the Cost:** A 2026 study by EPRI, an independent energy research institute, found that when data-center capacity in an area doubled, residential electricity rates fell by about 3.5% — because fixed grid costs get spread across far more electricity sales, not fewer.*

#2 **A Financial Buffer for You:** A 2025 study by Energy and Environmental Economics, Inc. (E3) found data center facilities generating up to $33,500 per megawatt (a unit of electricity demand) of surplus utility revenue — money paid in above what it costs to serve them, which puts downward pressure on rates rather than adding to them. †

#3 **State Law Requires It:** Under Texas' 2025 grid law (SB6), large-load customers like data centers must pay $100,000–$300,000 upfront (depending on size) just to study connecting to the grid, plus $50,000 per megawatt in fees that are never refunded — so stranded costs don't land on everyday customers' bills. ‡

#4 **Zero Cost to Taxpayers:** Data centers pay their own way. As of February 2026, Oncor held approximately $3.5 billion in refundable security deposits from generation and large-load projects across ERCOT (the Texas grid operator) — real evidence this framework is being enforced, not just written into law. §

#5 **A National Commitment:** Many developers, including Skybox Datacenters and QTS, have publicly supported the White House's Ratepayer Protection Pledge, joining major utilities and state leaders nationwide behind a framework where data center operators fund their own grid infrastructure costs so they aren't passed on to ratepayers.¶

QUESTIONS & ANSWERS

Will everyday consumers pay for new data center grid upgrades?
No. Texas' 2025 grid law (SB6) requires large-load customers, including data centers, to fund their own grid-connection costs upfront — see Quick Facts #3 and #4 for the numbers. This structure is designed to keep large-load projects from becoming a stranded cost for residents.

Do data centers pay their fair share to use the grid?
Yes. Data centers pay higher “demand charges” (fees based on their peak usage) and upfront costs than residential users. The surplus revenue this generates — detailed in Quick Fact #2 — creates downward pressure on local rates rather than adding to them.

What is a “Capacity Bank,” and why do data center projects install them?
Think of it as a Neighborhood Shock Absorber: a cluster of energy-storing devices installed at the local substation. It doesn't “make” new power; instead, it holds a reserve to keep the voltage perfectly balanced. Skybox pays 100% of the cost for this high-tech upgrade.

How does this help homes during a hot Texas summer?
When power demand spikes on a 100°F day, the grid can struggle. A “Shock Absorber” instantly fixes voltage drops, which prevents neighborhood power flickers and reduces wear-and-tear on home appliances. It ensures a smoother, more reliable flow of electricity for families when the grid is under stress.

Do large-load data centers help the grid during a shortage, or just draw from it?
Both. Under SB6, any large load connecting after 2025 is required to install equipment that lets ERCOT temporarily reduce (curtail) its usage during a true grid emergency, so it can't just keep drawing power while neighbors go without. On top of that requirement, large loads can also opt into a separate, new ERCOT program that pays them extra for voluntarily giving power back when it's needed most. ‡

The Bottom Line

We are investing in the community’s infrastructure so you don't have to. Our project brings private capital to the public grid, resulting in a **more stable, reliable, and affordable power system for every home** in the community.

*Sources: * Watten, Bistline & Blanford (EPRI), “Have Data Centers Raised Your Electric Bill? Causal Evidence from the United States,” June 2026. † E3, “Tailored for Scale: Designing Electric Rates and Tariffs for Large Loads,” December 2025. ‡ Texas Senate Bill 6 (89th Legislature, 2025); PUCT rule 16 TAC §25.194, adopted June 2026. § Oncor, “Oncor Reports 2025 Results; Announces $47.5 Billion 2026-2030 Base Capital Plan,” February 25, 2026. ¶ The White House, “Ratepayer Protection Pledge,” 2026.*