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This summary is of a bill that was vetoed by the Governor and may be reconsidered by the General Assembly prior to final adjournment of the 2025–2026 legislative session. This summary is provided for the convenience of the public and members of the General Assembly; it provides a general summary of the bill and may not be exhaustive. This summary has been prepared by the staff of the Office of Legislative Counsel without input from members of the General Assembly and is not intended to aid in the interpretation of legislation or to serve as a source of legislative intent.

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### **H.727 (Vetoed). Data centers; utilities; energy; land use; reporting**

This bill would have established a regulatory framework specific to data center deployment in Vermont. The bill would have defined a “data center” as a facility that uses or is able to use 20 megawatts or more of power and that is engaged in providing data processing, hosting, and related services as described under code 518210 of the 2022 North American Industry Classification System. The definition of “facility” would have included multiple nonadjacent sites that function as a single integrated operation by virtue of shared infrastructure or unified operational protocols under a central management system.

The bill would have required a data center to be served by an electric distribution company pursuant to a large load service equity contract approved by the Public Utility Commission (PUC). Among other things, the bill would have required the contract to include terms that ensured other ratepayer classes are insulated from all costs associated with data center deployment, including expenses for new generation, distribution, and transmission infrastructure; energy capacity and resource adequacy costs; and any applicable embedded costs related to the electricity network. The bill also would have obligated the data center to pay a minimum amount or percentage based on the data center’s projected electricity usage for the duration of the contract and included a collateral requirement sufficient to prevent the risk of stranded costs.

In addition, the bill would have required a data center to comply with several demand-side management provisions, including a site suitability analysis and project design initiatives intended to: maximize the potential of the site and any structures on the site to host renewable energy; limit the use of combustion-based backup generation to only emergency situations; and maximize the construction and operation of on-site renewable energy generation to the greatest extent technically feasible. The bill also would have required a data center to make an annual energy transformation payment to finance energy transformation projects in its host community and the surrounding communities to the extent practicable. Finally, the bill would have required a data center to either participate in an existing utility-managed virtual power plant, if available and technically feasible, or establish a self-managed virtual power plant.

The bill would have specified that, prior to taking effect, the large load service equity contract must be approved by the PUC. Such approval would have only been granted if, among other things, the PUC found that the contract would promote the general good of the State and would not adversely affect the stability, efficiency, reliability, and resiliency of the electric power system; would result in an economic benefit to the State and its

residents; and would be consistent with Vermont's environmental justice and equity policy.

Once operational, the bill would have required a data center to submit quarterly reports to the Department of Public Service and the PUC documenting its water and energy usage, including its peak usage per day, and an itemization of the data center's payments toward shared infrastructure constructed to support the data center. The bill also would have ensured that the quarterly reports were open to public inspection and copying under the Public Records Act. The bill also would have required the Commissioner of Public Service to submit an annual report to the General Assembly assessing the State and regional impact of data center deployment.

Regarding land use, specifically, the bill would have required a data center to obtain an Act 250 permit, without exception. The bill also would have established water use requirements specific to data centers. In particular, it would have required a data center that uses water to cool its facility to use a closed-loop system or an alternative system approved by the District Commission. The District Commission would not have been permitted to approve an alternative system unless it had found that it used a comparable amount of water to what a closed-loop system would have used and that it would minimize water use and not unreasonably burden a public water supply, surface water, or groundwater. The bill would have ensured that a data center obtain all applicable water permits, including a groundwater withdrawal permit, a surface water withdrawal permit, and quality and resource permits such as stormwater, discharge, or stream alteration permits. Additional environmental assessments would have been required for a data center that proposed to use more than 150,000 gallons of surface water per day.

Regarding PFAS use by a data center, the bill would have required the data center to comply with specific monitoring and standards applicable to PFAS discharges in waste, and it would have required the Secretary of Natural Resources to recommend a standard for authorizing PFAS in the discharge of waste from a data center.

Finally, the bill would have required two additional reports for legislative consideration: first, a PUC report on renewable energy market conditions during the years 2027–2035, and, second, a Commissioner of Public Service report containing a recommended regulatory model for data center decommissioning.

The bill would have taken effect on passage and would have applied to any data center not operational on the effective date of the bill as well as to any existing, already-operational data center but only to the extent it sought to expand its capacity in a manner that would meet the 20-megawatt threshold established in the bill.

Vetoed by the Governor: May 28, 2026

Effective Date: Not applicable