

TESTIMONY ON H.727

Vermont Sustainable Data Centers Act

Jacob Smith | Marlboro, Vermont | May 2026

About Me

I am a full-time resident of Marlboro, Vermont, and have called this state home for twenty years — the last ten full-time, and ten summers before that as part of the Marlboro Music Festival staff. I came to Vermont the way many do: for the people, culture, landscape, community, and a quieter and more creative pace. I have stayed because Vermont consistently asks hard questions before saying yes to things that cannot easily be undone.

My professional background is a bit unconventional. I started as an opera musician and spent years working in both nonprofit communities as well as digital marketing to pay the rent.

I eventually moved into technology entrepreneurship. In 2014, I co-founded Packet, a bare-metal cloud computing company that built physical data center infrastructure for developers worldwide and was backed by Softbank, Samsung, Dell Technologies, and others. In 2020, Packet was acquired by Equinix (the world's largest data center company, operating at the time over 260 facilities in 65 countries globally). I have since worked at the intersection of digital infrastructure, open-source technology, and the emerging demands of AI around privacy and security.

In recent years I've had the privilege of serving on the boards of three notable Vermont nonprofits: Marlboro Music, Groundworks Collaborative (Brattleboro's main homeless and food security nonprofit), and the Center on Rural Innovation (a national organization based in Hartland VT working to stimulate high paying technology jobs in rural America). These experiences have helped shape how I think about infrastructure of any kind: who it serves, who it burdens, and whether the impact is lasting and meaningful.

I submit this testimony not representing a company with a pending project in Vermont, nor any of the nonprofits with which I work. Instead, I am here as a neighbor, a taxpayer, and someone who has spent fifteen years inside the infrastructure that this bill is trying to govern wisely.

With all best wishes and gratitude for your work!



Jacob Smith
Marlboro, VT

Support for H.727

First, I want to share that I support this legislation and the sentiment behind it.

The legislature is right to act now, in advance of any potential large-scale data center development in Vermont. The core instincts embedded in H.727 (proportional cost allocation, environmental scrutiny, equity review, and community protection) are sound. Specifically:

- **§ 284 (Large Load Service Equity Contract)**
 - Requiring data centers to bear the full cost of the grid infrastructure their load demands is essential. Passing those costs to existing ratepayers would be a hidden subsidy to industrial-scale commercial operators, which discourages innovation. The minimum usage commitment and collateral requirements are practical and fair.
- **§ 285 (Energy Efficiency Design)**
 - Early consultation with the efficiency utility is smart. Design decisions made in the first phases of a project determine most of its long-term energy profile. Getting efficiency experts in the room early is important.
- **§ 286 (Quarterly Reporting)**
 - Requiring water, energy and other resource reporting from the start of operations creates an accountability baseline.
- **§ 6086a (Water Use and Cooling)**
 - The closed-loop cooling requirement is appropriate given Vermont's surface water and groundwater sensitivities, as is the PFAS prohibition on discharge.
- **Sec. 6 (Decommissioning)**
 - Requiring a decommissioning framework before a facility is built is typical “Vermont” commonsense thinking.

What's Actually Drawing the Power

One point I want to make explicitly to the committee is about language. Datacenters are making a lot of noise, and we are right to be talking seriously about them. That being said, a datacenter is only a building (a specialized one, but a building all the same). What draws the power, generates the heat, and consumes the water is what runs inside it.

When we're talking about AI datacenters, we're really talking about AI infrastructure and most of that is the hardware and silicon inside the datacenter. This distinction matters for how Vermont frames future policy and we should attempt to be savvy about these issues regardless of the legislation that is adopted.

More broadly, the workloads driving current data center demand are primarily:

- AI model training: extremely power-intensive, typically concentrated in a small number of hyperscale facilities globally
- AI inference: the ongoing computational cost of running deployed models; this is growing rapidly but is more geographically distributed and usually deployed at smaller scale
- Traditional enterprise and cloud workloads: relatively stable, moderate density

Vermont is unlikely to attract large-scale AI training facilities (which require tens of thousands of specialized chips and multi-gigawatt power).

The more realistic infrastructure is mid-size inference, colocation, and so-called “edge” facilities. The bill's 20 MW threshold (§ 283) is a reasonable starting line and inline with current “megawatts as a service” requests from current customers. While this sounds big in scale, in reality it can be a very small physical footprint: possibly only a few racks of super high density compute.

Regardless, Vermont should track whether smaller, clustered facilities could aggregate below that threshold in ways that produce equivalent impact without triggering review.

Vermont as a Savvy Partner, Not a Gatekeeper

From my perspective, Vermont has a track record of getting community-centered conversations fleshed out and generally right. On the digital front, the state's broadband expansion over the last decade (driven by the Community Broadband Act and the work of Communications Union Districts) is a model worth noting, and of which I'm a proud supporter (shout out to the DV Fiber crew in Southern Vermont).

Vermont chose to extend connectivity to underserved communities on terms that preserved local control, avoided extractive economics, and built durable public infrastructure. The only issue? We probably could have acted sooner. Regardless, we can lean on this way of thinking as we look at next generation digital infrastructure and digital inclusion issues, like datacenters.

In my view, the goal should not be to keep datacenters (and especially the broader digital economy) out of Vermont. Instead, it should be to attract the right conversations and ideas to Vermont. I think that means:

- Economic opportunity — reskilling, training, construction jobs, operational employment, property tax revenue, and supply chain spending
- Digital inclusion — ensuring that infrastructure investment extend connectivity and access to Vermonters who remain underserved (including through neutral interconnection options)
- Honest risk acknowledgment — social media platform infrastructure, gambling and sports betting are examples of where we need to be especially thoughtful

An Opportunity for Sustainable Innovation

Vermont has industrial heritage, institutional assets, and geographic advantages that could position it as a leader in genuinely sustainable data center development. Not greenwashed sustainability, but the real kind. A few specific opportunities:

Behind-the-Meter Generation and Microgrids

- Data centers are ideal anchor loads for behind-the-meter renewable generation projects. A facility willing to pair with on-site solar, battery storage, and demand response creates grid benefits rather than grid strain.
- The demand response and flexible load management provisions in § 284(b)(7) are a foundation. I would consider expanding them to explicitly incentivize facilities that commit to a minimum percentage of behind-the-meter or locally sourced renewable generation.

Hydrogen and Emerging Power Technologies

- Various companies (such as ECL Datacenters in Mountain View) are deploying hydrogen power systems for datacenters that sit behind the meter and output water instead of consuming it. We should invite these innovators into the Vermont conversation, unlocking an opportunity to position itself as a proving ground for these technologies rather than importing conventional technologies that aren't well suited to Vermont's assets or values.
- A voluntary certification tier — call it a "Rural Sustainable Data Center" designation — could be a chance to work with like-minded communities around the country to elevate the conversation and attract operators specifically interested in sustainable operations, similar to how LEED certification changed commercial construction norms.

Industrial Heritage Sites

- Vermont has some underutilized industrial sites with existing power infrastructure, fiber access, zoned land, and human capital (skilled folks). The Springfield region, historically home to precision machining industries, is an example as is the Vermont Yankee site in Vernon.
- Directing the Commission or the Agency of Commerce to inventory such sites and to work with local communities to understand the issues and the opportunities (such as collaboration with regional technical schools) would be valuable and proactive.

Quebec Hydro Power and Regional Energy Cooperation

- Vermont already imports significant hydroelectric power from Hydro-Québec. A framework that allows any Vermont datacenter developments to contract directly for Canadian renewable power (structured to benefit Vermont grid stability rather than bypass it) could be a genuine competitive differentiator versus states with dirtier grids. We also may find that Quebec wants to host datacenters, and Vermont can be an innovation partner or consumer of those assets.
- Regional coordination with New York, Massachusetts, and the ISO-NE grid operator deserves explicit attention in the Commission's renewable energy market report required by Sec. 5.

Workforce Development

If you've been following the news, it's not a surprise that datacenter construction and operations are trades-intensive builds. The skilled workforce required includes:

- Electricians (data centers are among the most electrically complex commercial facilities built)
- Pipefitters, HVAC technicians, and mechanical engineers (cooling systems are the other major infrastructure category)
- Fiber and structured cabling specialists
- Facility technicians, security personnel, and operations staff for ongoing operations

Vermont's vocational and technical education programs, community colleges (particularly Vermont Technical College), and apprenticeship pipelines are well-positioned to supply this workforce, whether for jobs in state or in traveling situations (much like nurses). Due to the growing size of the industry, the legislature should direct the Agency of Education or the Department of Labor to assess current capacity and gaps, with a target of ensuring Vermont workers are prepared to maximize their economic opportunities.

Beyond the trades, what runs inside these facilities (networks, software systems, cybersecurity, AI operations) are all being disrupted by AI. This offers many new opportunities for higher-wage technical work. Partnerships with UVM, Middlebury, Norwich, and the state's emerging tech community (including Global Foundries, the state's largest private employer) should be formalized, not left to chance.

Don't Just Build Buildings — Build Internet Infrastructure

One additional investment (drawn from my personal experience) deserves mention that goes beyond the scope of H.727 but is worth considering in some way.

Vermont is, by most measures, off the main map of internet infrastructure. The state lacks a robust neutral internet exchange point (IX) — a physical facility where networks interconnect and exchange traffic directly, without routing through distant commercial hubs. Most Vermont internet traffic today transits through New York City, Boston, or beyond, adding latency, cost, and fragility.

As Vermont considers how to grow its economy, it would be smart for us to invite and encourage the network interconnection infrastructure that makes Vermont a viable location for latency-sensitive workloads. Showing interest in a Vermont Internet Exchange (including expanding the existing facility in South Burlington, and other small things around the state) could:

- Reduce costs and encourage new opportunities for Vermont businesses and residents
- Attract network operators and content providers to establish a presence in the state
- Create a foundation for genuine digital economic development, not just server room square footage

Vermont's Community Broadband investment built the last mile, which is awesome. An internet exchange (or series of them) would be an affordable way to complete the picture by connecting that last mile to the global networks that are shifting in relation to AI.

Closing

H.727 is a meaningful piece of legislation in response to a fast-evolving national (and international) conversation. The state has an opportunity not just to regulate data centers, but to think about what a responsible, Vermont-appropriate version of digital infrastructure looks like — and to be curious and in dialogue with folks that are interested in building a thoughtful, exciting future.

I am glad to support that effort in any way I can.

Respectfully submitted,

Jacob Smith

Marlboro, Vermont