

FEEDING THE BEAST · PART TWO

# Who Pays, Who Decides

No subsidies, no hidden grid costs, no secret deals, and a real say for the people who live next door.

Jeff A. Pierson · November 2026

THE FREE-MARKET POSITION

# The company that profits pays the full cost.

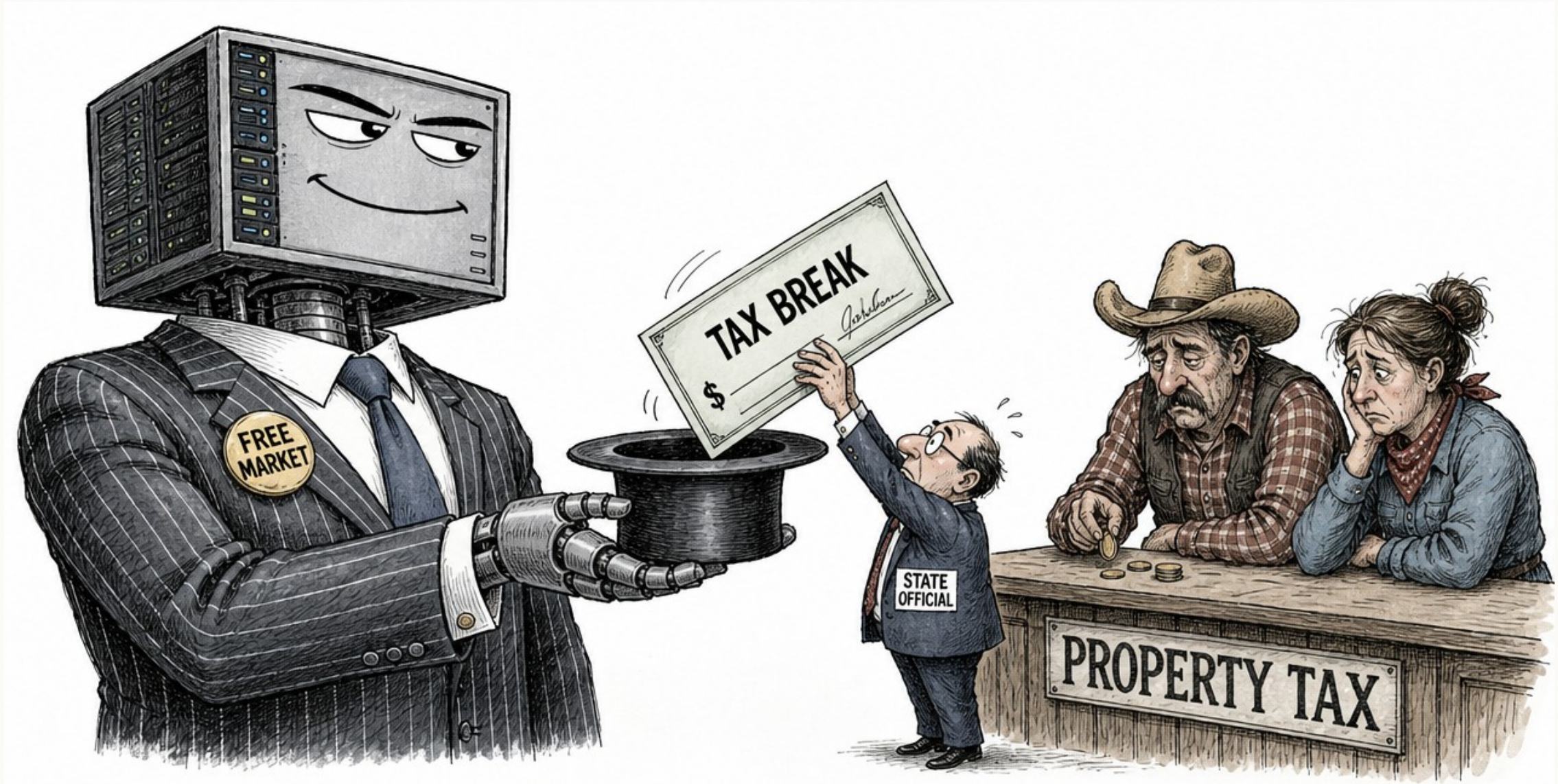
No tax exemptions. No abatements. No discounted power rates. No public money for its roads, pipes or wires. A business that only pencils out with a subsidy is telling you something about the business.

# What the breaks are costing states

| State | Data center tax break |
|---|---|
| Georgia | Sales tax exemption: about $2.5 billion in FY2026, 664% above the $327 million estimate |
| Ohio | Sales tax exemption: over $1.5 billion in 2025, about 11 times the $136 million forecast. New applications now paused. |
| Virginia | Sales and use tax exemption: about $1.6 billion forgone in fiscal 2025, up 118% |
| Indiana | About $8.2 billion committed to Amazon's data centers over the life of the deals |

38 states offer some data center tax incentive. Lawmakers in at least 28 filed bills in 2026 to curb them. Good Jobs First's Kasia Tarczynska calls them *"wasteful subsidies for an industry that is growing very quickly."*

Sources: Good Jobs First and NCSL via Construction Owners (Aug. 3, 2026); The Register (June 1, 2026); Fortune (May 14, 2026)




“If it’s a free market, they can pay their own way.”

© 2026 Jeff A Pierson / Sharing and reposting permitted if the image remains unaltered and attribution is retained. Commercial use requires written permission.

# How a data center ends up on your bill

## The capacity market

Grid operators like PJM hold auctions years ahead to buy promises that power plants will be there at peak. The price is spread across every customer's bill. Add a giant load to the forecast and everybody's price jumps, built or not.

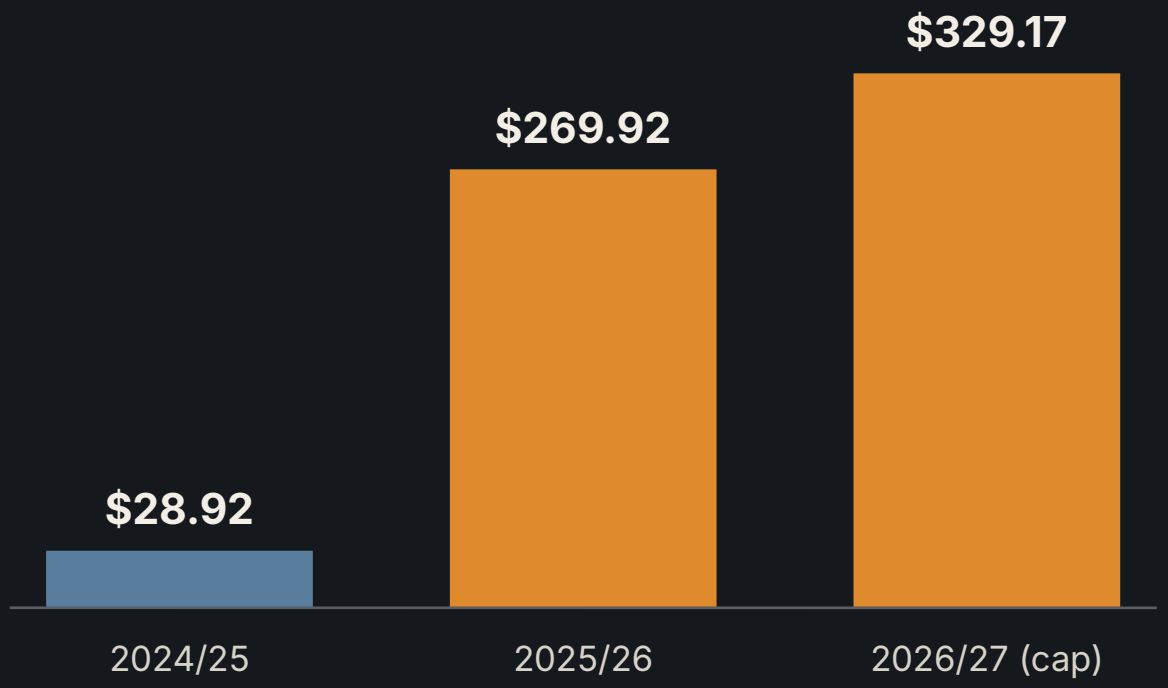
## The rate case

A regulated utility asks the state utility commission to approve rates that cover its costs plus a return on what it builds. A new substation or line goes into that rate base. Unless the commission assigns it to the customer who caused it, every household helps pay.

Idaho has no capacity auction. Here the fight happens in rate cases and special contracts at the Idaho Public Utilities Commission.

# What happened in PJM, the nation's largest grid

Capacity price, dollars per megawatt-day



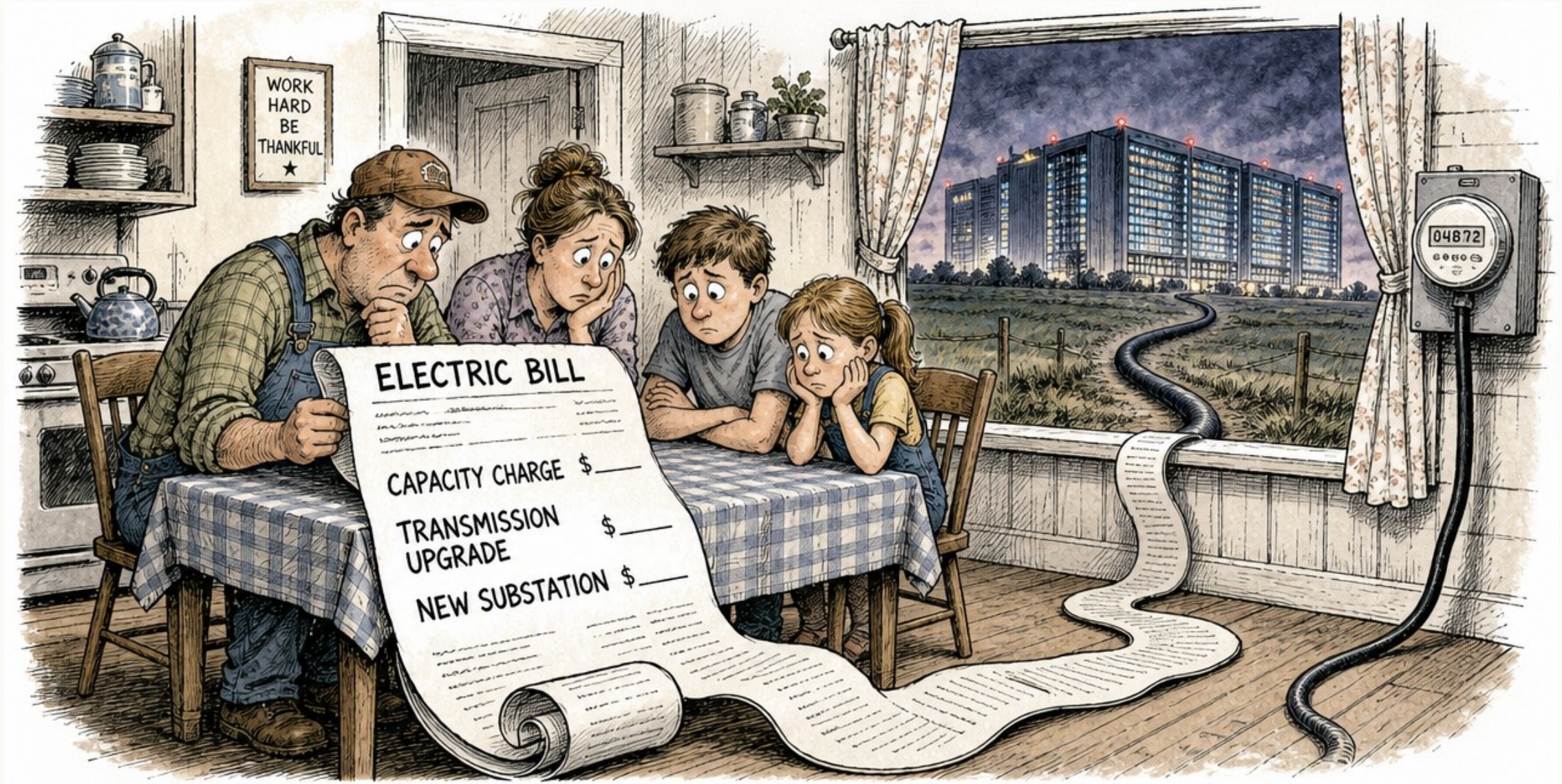

**$9.3B**

Data centers caused 63% of the 2025/26 price increase, per the market monitor

**46%**

$29.4 billion of $63.6 billion in capacity charges across the last four auctions

Sources: IEEFA (July 30, 2025), citing Monitoring Analytics; Monitoring Analytics' Joseph Bowring via Utility Dive (July 2026)




**“We didn’t order the extra megawatts. We just got the bill.”**

© 2026 Jeff A Pierson / Sharing and reposting permitted if the image remains unaltered and attribution is retained. Commercial use requires written permission.

# Whoever causes the cost pays it

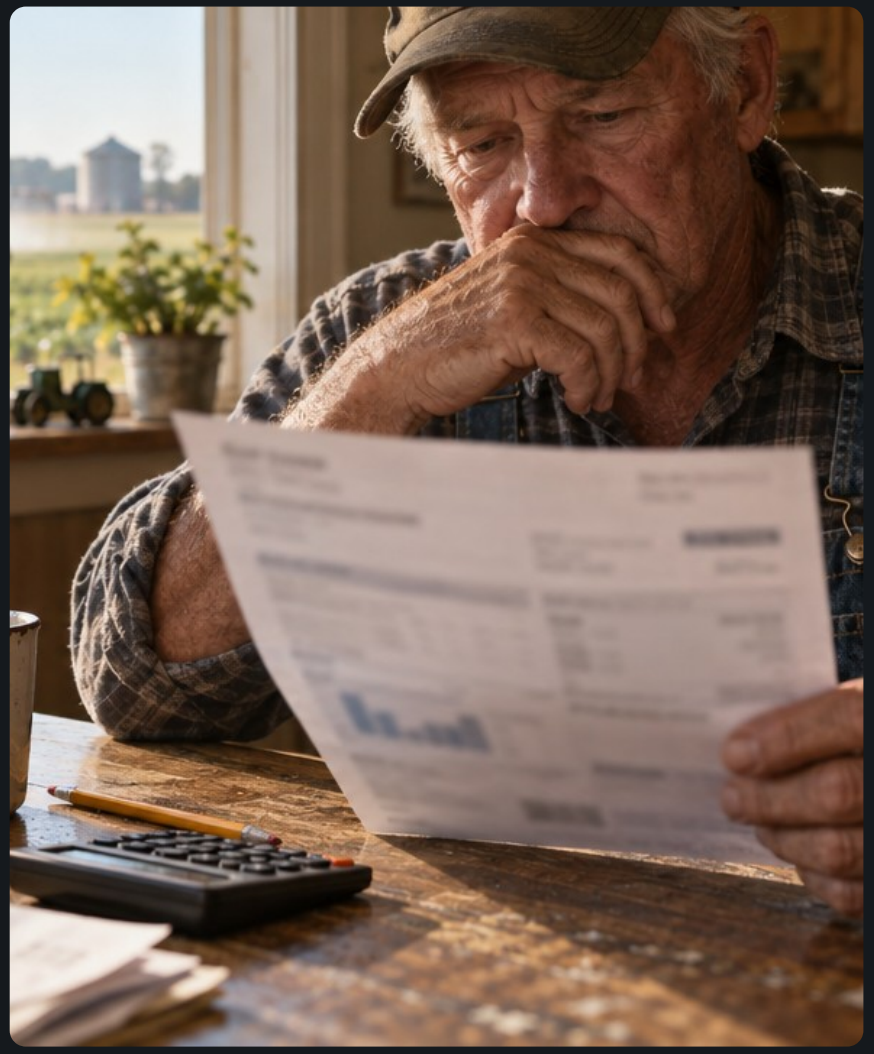
Substations, transmission lines, new generation, water systems and road work built for one large customer belong on that customer's bill. Paid up front, backed by collateral, before construction starts.

Oklahoma put that in law this year. Its Data Center Consumer Ratepayer Protection Act, signed May 11, requires large loads to cover their own grid and interconnection costs.

PJM's own market monitor wants data centers to bring their own generation or buy it in a separate auction.



Sources: Construction Owners (Aug. 3, 2026) on Oklahoma HB 2992; Monitoring Analytics via Utility Dive (2026)



# Idaho is next in line

**600–800 MW** for the 620-acre Gemstone Technology Park near Boise, about 20% of Idaho Power's current generating capacity

**4,000+ MW** in Idaho Power's prospective large-load pipeline, per company management

**+138%** in irrigation demand charges since 2021, $6.94 to $16.50 per kW, by one Bingham County grower's bills

Idaho Power says growth pays for growth. It also writes each big customer a "tariff of one." A one-off contract is hard for the public to check.

Sources: Adam Young commentary, Idaho Capital Sun (2026); IDACORP Q4 2025 and Q1 2026 earnings calls via MarketBeat

# A real say takes more than a comment period

- Public notice and hearings sized to the project, before land deals close
- Water and power use disclosed in full, with no nondisclosure agreements
- Decommissioning bonds posted before the first permit
- Prime farmland and public land kept off the table



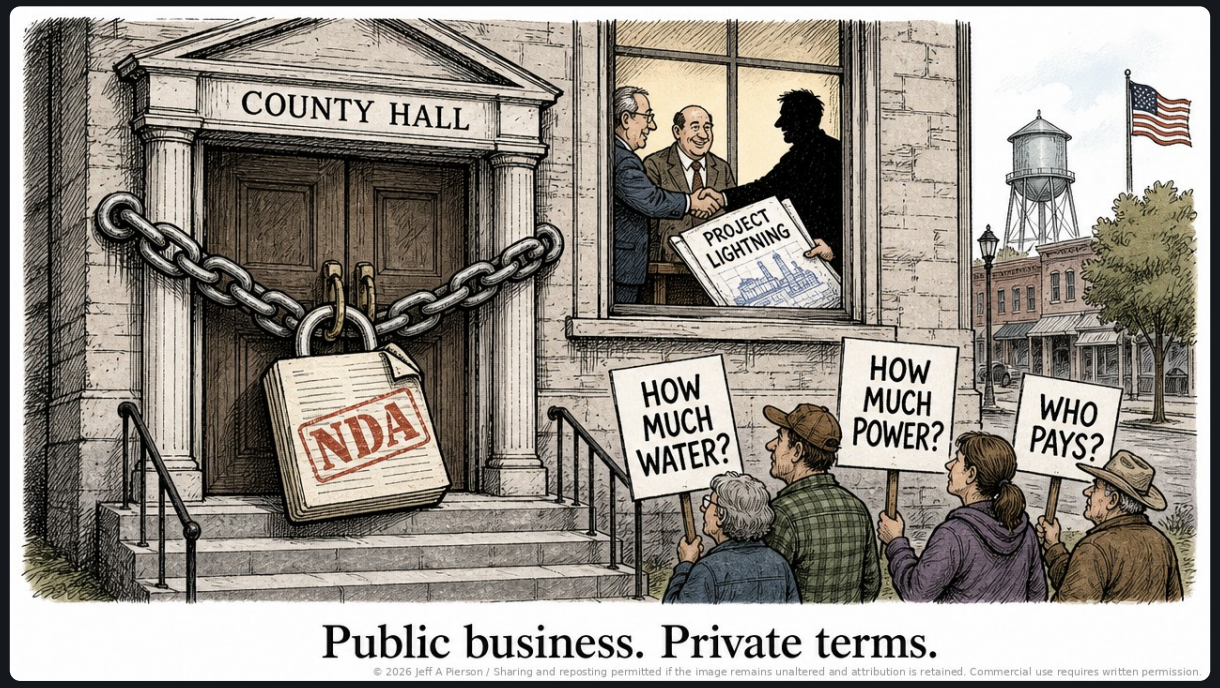
© 2026 Jeff A Pierson / Sharing and reposting permitted if the image remains unaltered and attribution is retai

# Deals signed under NDA

In Boyce, Louisiana, at least five state senators, the parish assessor and every member of a local development board signed NDAs over a $3.6 billion, 300-acre campus code-named Project Lightning.

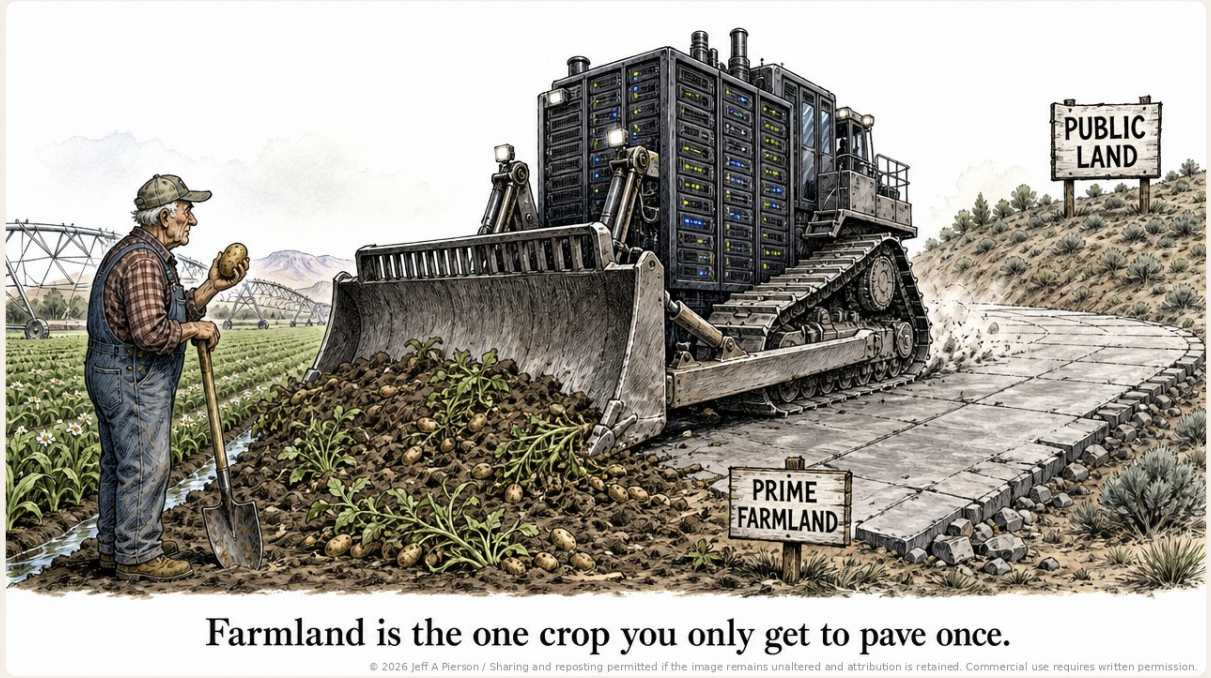
Researchers found NDAs in at least 25 of 31 Virginia data center projects they surveyed.

Ban bills are filed in Michigan, Oklahoma, Kentucky and Ohio. Pennsylvania's governor barred them for agencies he oversees.



© 2026 Jeff A Pierson / Sharing and reposting permitted if the image remains unaltered and attribution is retained. Commercial use requires written permission.

Source: NPR, Gulf States Newsroom and Type Investigations (Aug. 27, 2026)



© 2026 Jeff A Pierson / Sharing and reposting permitted if the image remains unaltered and attribution is retained. Commercial use requires written permission.

# Keep farmland and public land out of it

Two large data centers near Boise were approved on ground that used to grow crops.

Rhea Data has applied to the BLM for more than 3,700 acres of public land near Blacks Creek Reservoir: a 4-million-square-foot campus, about four times the size of Meta's data center near Boise, with a gas plant.

Pocatello said no to a $2.6 billion proposal, and upheld the denial on appeal in July 2026.

Sources: BoiseDev (2026); Idaho Statesman via EastIdahoNews.com (Sept. 21, 2026); KTVB (2026); Data Center Map

# Five lines for your county ordinance

1. **No subsidies.** No tax exemptions, abatements, discounted rates or public infrastructure money.
2. **Cost causation.** The applicant pays for every substation, line, plant, water system and road built for it.
3. **Disclosure.** Water and power use published before the hearing. No NDAs with public officials.
4. **Bonds.** A decommissioning bond posted before the first permit.
5. **Land.** No conversion of prime farmland. No public land.

# Sources


Construction Owners, "Data Center Tax Incentives, State by State" (Aug. 3, 2026), citing NCSL and Good Jobs First

Fortune, Meta data center tax break, Hyperion, Louisiana (May 14, 2026)

Utility Dive, market monitor on data center capacity costs (July 2026), via mgrid.org

IDACORP earnings calls, Q4 2025 and Q1 2026, via MarketBeat and The Motley Fool

Idaho Statesman via EastIdahoNews.com, Rhea Data on public land (Sept. 21, 2026)

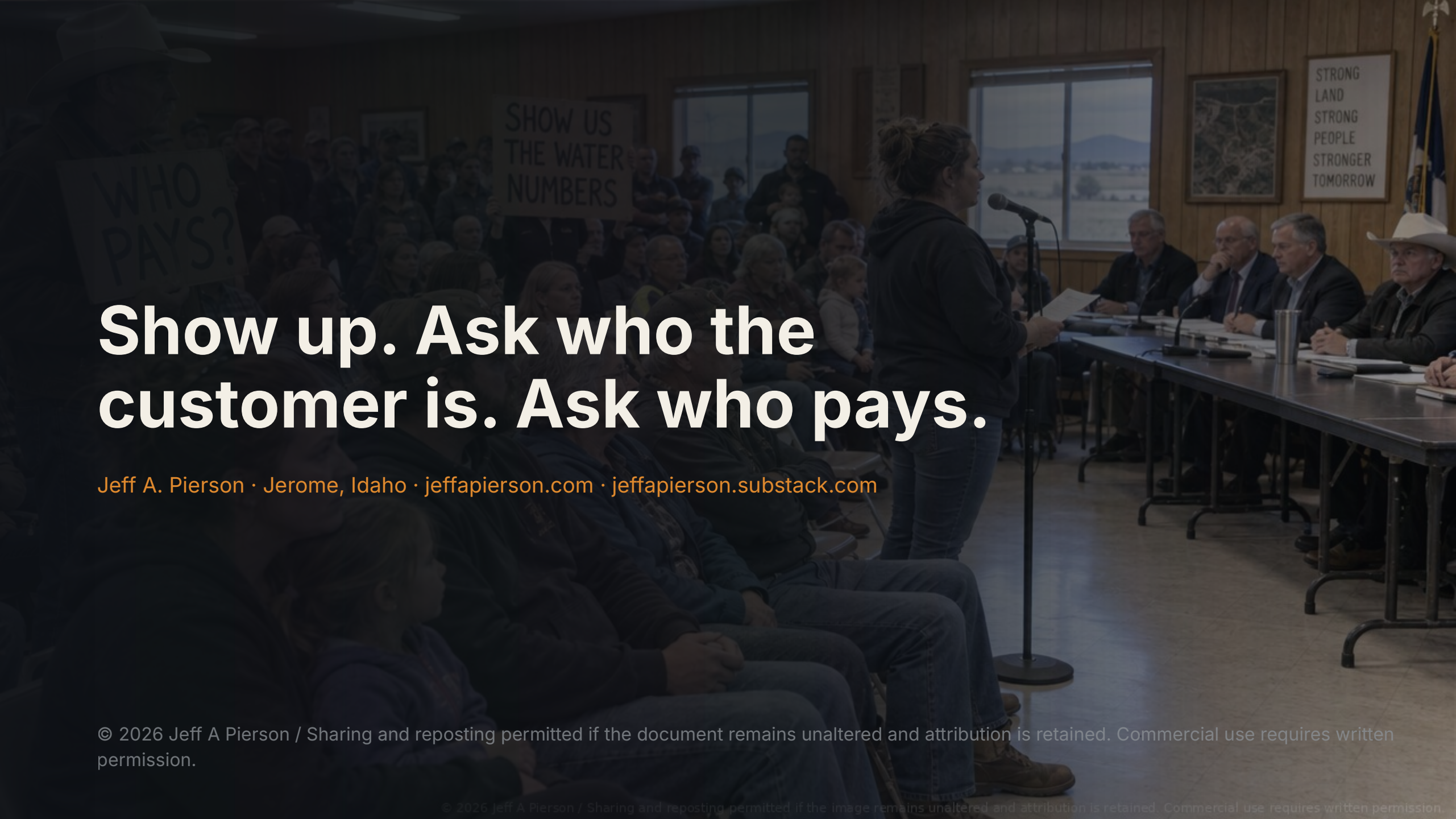
The Register, Ohio pauses data center tax breaks (June 1, 2026)

IEEFA, "Projected data center growth spurs PJM capacity prices by factor of 10" (July 30, 2025)

Adam Young, commentary, Idaho Capital Sun (2026)

NPR, "Tech companies and local officials are covering data center talks in NDAs" (Aug. 27, 2026)

BoiseDev, data centers near Boise and the Pocatello denial (2026); Data Center Map, Lex Developments




# Show up. Ask who the customer is. Ask who pays.

Jeff A. Pierson · Jerome, Idaho · jeffapierson.com · jeffapierson.substack.com

© 2026 Jeff A Pierson / Sharing and reposting permitted if the document remains unaltered and attribution is retained. Commercial use requires written permission.

© 2026 Jeff A Pierson / Sharing and reposting permitted if the image remains unaltered and attribution is retained. Commercial use requires written permission.