Commonwealth of Massachusetts

Executive Offices of Economic Development
& Energy and Environmental Affairs

EEA Municipal Guide for Responsible Data Center Management
–
Stakeholder Outlining Session



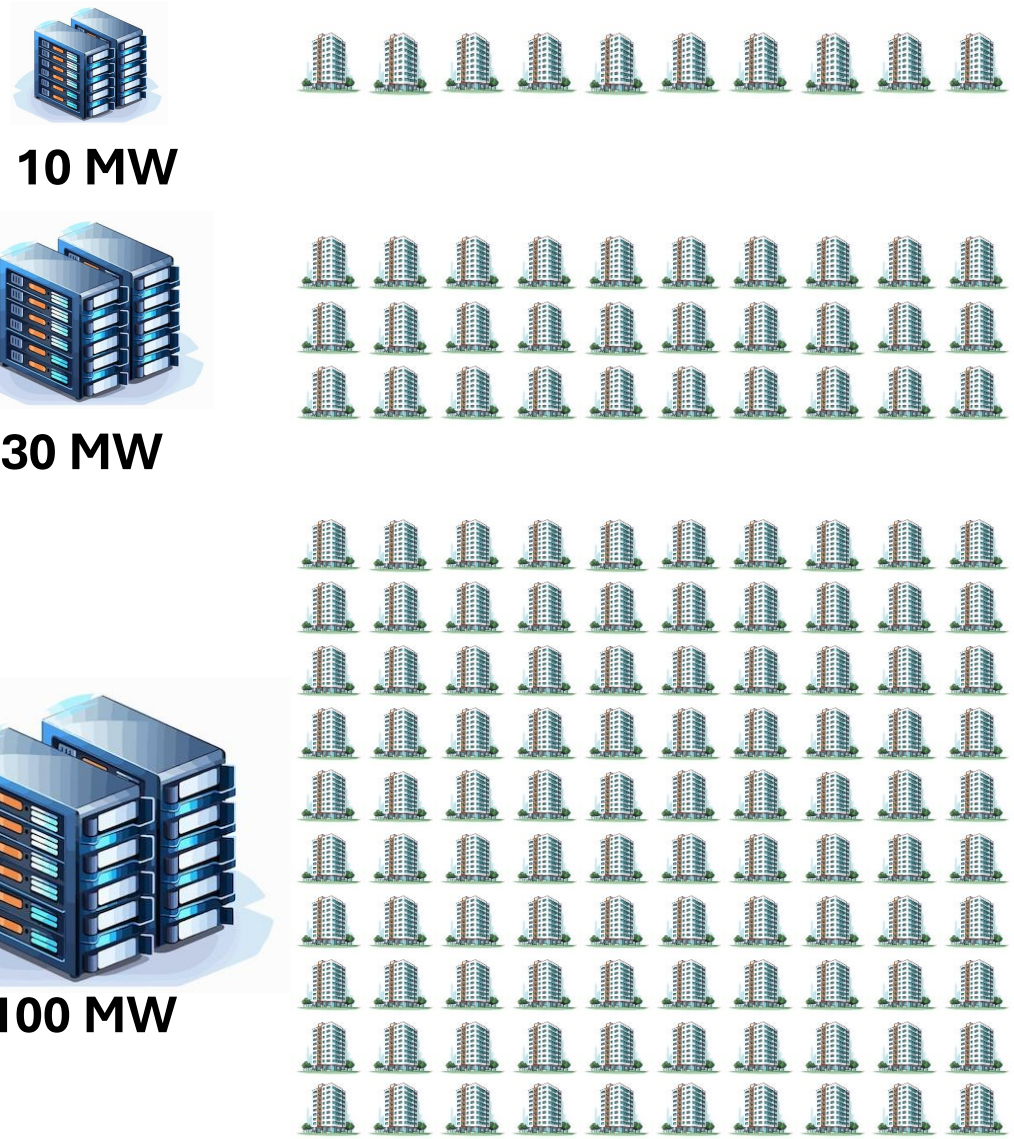
State of Play: Data Center Policy in MA

What is a Data center?

- Data center facilities house and manage critical Information Technology infrastructure -- racks of servers running digital applications and services

- Data Centers range in shapes and sizes:
  - Hyperscale Data Center: 200,000 square feet and/or over 30 MW (typically hundreds of MW)
  - Medium Data Center: 10,000-200,000 square feet and/or 1 MW – 30 MW
  - Micro Data Center: less than 10,000 square feet and less than 1 MW
  - Accessory Data Center: used solely for the internal needs of the principal lot use

For context: 1 MW is approximately the energy load of a 300-unit apartment building



Data Centers in Massachusetts: Status, Trajectory, Action

- There is no database that tracks the total number of data centers in Massachusetts.
- Based on publicly available information, EEA has identified approximately **50 data centers** operating in Massachusetts, **mostly in the < 10 MW category**.
- Public sources indicate that, today, data centers represent approximately **205 MW** of load, in total, and nearly **2.5 million sqft** of total floorspace.
- **Three data centers operating in Massachusetts today** have loads greater than 25 MW:
  - Lowell (50 MW)
  - Boston (30 MW)
  - Needham (30 MW)
- In advance of the potential for new data center development in Massachsuetts, **Governor Healey took action to protect ratepayers, communities, and the environment**

Massachusetts Data Center Governance: Framework and Expectations Released June 2026

6.25.2026 Healey-Driscoll Statement of Expectations for Responsible Data Centers

The Healey-Driscoll Administration paused acceptance of new sales tax exemption applications until stronger protections are in place and concurrently released a framework for responsible development.

- No cost shifting of energy, grid, water, or infrastructure investments to ratepayers or taxpayers.
- Bring your own new clean energy to meet demand.
- Maintain grid reliability.
- Protect communities from environmental, health, and infrastructure impacts.
- Use water responsibly without compromising local supply or quality.
- Deliver quality jobs, local investment, and economic competitiveness.
- Operate with transparency and engage communities and local government early and often.

Massachusetts Data Center Governance: Executive Order 658 Issued September 2026

9.8.2026 Protect and Support Ratepayers, Communities, and the Environment (EO 658)

The Healey-Driscoll Administration established that state agencies shall not issue permits to a data center project unless it has demonstrated conformance with the framework for responsible data center development and operations and submitted a community benefits agreement with key stakeholders.

Protect Ratepayers

- Requires data centers to procure enough clean energy to cover annual electric use or pay into a new Ratepayer Protection Fund.
- Recommends DPU advance **large-load rate** schedules to protect other ratepayers from added costs and prevent speculative developers from diverting resources needed to connect other customers.

Protect Communities

- Community benefits agreement required before state issues permits for any data center project 25 MW or more.
- Agreements must receive Office of Environmental Justice and Equity review.
- State agencies prohibited from signing NDAs with data center developers.

Protect the Environment

- Data centers must demonstrate compliance with air quality, water quantity and quality, and public health standards in MA law.
- DEP will evaluate data center greenhouse gas emissions under Clean Energy and Climate Plan.

EOEEA and EOED are required to publish a Municipal Guide by the end of the year, with EEA required to establish annual reporting and disclosure guidance for data center projects.

Grounding State Action: Municipal Guide

"EEA, in coordination with the Executive Office of Economic Development and consistent with the Governor's Framework for Responsible Data Center Development and Operations, will publish a Municipal Guidance Document for Data Center Development ("Guide") by December 31st, 2026."

The Guide will be designed to support municipal leaders and staff, community-based organizations, residents, and other local stakeholders as they evaluate proposed data center projects and engage with developers.

In the process of developing the guide, the agencies will **engage a broad range of stakeholders to seek input on the guide's content,** including:

- Municipalities and organizations representing municipal leaders and staff
- Regional planning agencies
- Utilities
- Water resource agencies
- Organized labor
- Environmental justice and community-based organizations
- Businesses
- The Attorney General's Office
- The public



Data Center Municipal Guide Scope Overview

Municipal Guidance Document High-level Section Outline

1. **What is a data center, and why do we need this guide?**
   - Overview of types of data centers, uses, components, and how stakeholders can best use this guide.
2. **What is the current legal & regulatory framework for projects like Data Centers in Massachusetts?**
   - Clarify state and local siting, permitting, zoning, environmental, water, energy, labor, and other existing authorities and requirements.
3. **How can municipalities across the Commonwealth proactively plan for development, including Data Centers?**
   - Help municipalities utilize existing authorities and organize stakeholder-engagement approaches before projects are proposed.
4. **What should a municipality or community expect from a Data Center project vis-a-vis information, engagement, and support?**
   - Equip communities to seek transparency, understand data center developer incentives, and use tools such as **Community Benefit Plans and Agreements**.
5. **What are the potential impacts of data centers and how can they be addressed?**
   - Identify impacts and provide evidence-based answers and questions communities should ask to mitigate risk.
6. **What are examples of responsible data center development communities can learn from?**
   - Provide case-studies from Massachusetts and around the country.

Full Municipal Guide Outline, 1 of 3

1. Introduction and Shared Principles

- What are the different kinds of data centers and their relative impacts?
- How do data centers relate to other kinds of energy and industrial facilities?
- What data centers currently exist in MA?
- What expectations on data centers are included in the Governor's Framework?

2. MA Legal and Regulatory Framework

- What existing authorities and mechanisms do distinct state and local government bodies have available to impose requirements, incentives, and alignment with state law on developments, including data centers? Areas reviewed will include, but not be limited to:

State Authorities:

- Siting and Permitting requirements for onsite energy generation exceeding 25MW storage exceeding 100 MWh, and related infrastructure (including Community Benefits and use of MassEnviroScreen and Guidelines for Cumulative Impacts Analysis)
- Water Management Act and related requirements.
- Massachusetts Environmental Policy Act and other state environmental permitting processes.
- Applicable Building Codes and Large Building Energy Reporting requirements.
- Applicable waste disposal requirements.
- Applicable air permits.
- Applicable labor related standards.

Authorities within the purview of local jurisdiction:

- Local zoning.
- Land use.
- Traffic control.
- Water and sewer.
- Noise.
- Municipal ordinances

Local authority includes banning data center outright.

The section will also provide an overview of the existing sales and use tax exemption, eligibility standards for that exemption, and existing requirements and conditioning abilities written into the enabling legislation.

Full Municipal Guide Outline, 2 of 3

3. Preparing to meet the moment

- What upfront planning processes can municipalities implement to educate the public and surface data center-related concerns, needs and mitigative actions?
- How can proactive, anticipatory municipal planning efforts, and meaningful engagement with stakeholders, deliver community benefits?
- What are some siting, permitting, and zoning frameworks that can help municipalities prepare for data centers or other large loads, including distinct zoning use classes, conditional use zoning, zoning variances, and special use zones?
- What are community benefit ordinances and how could they apply to large development projects?
- How can mitigation programs, drought operations plans, and rate/service conditions help regulate data center water use?

4. Negotiating with a data center

- What should municipalities and communities should expect/ask for by way of information sharing and transparency in negotiations with data center developers, especially with regard to requests for confidentiality, non-disclosure agreements (NDAs), and project-specific exemptions?
- What are data center developers looking for in a data center site, and in what ways might Massachusetts or your community meet those needs?
- What are best practices for Community Benefit Plans (CBPs) and negotiating Community Benefits Agreements (CBAs), including the types of commitments municipalities can reasonably expect developers to consider in support of local priorities and community needs?
- Drawing from EEA's existing CBA/CBP guidance, what context should negotiators be aware of as relates to data centers (for example how to initiate, who pays for negotiation process, and how to maintain accountability in implementation)?

Full Municipal Guide Outline, 3 of 3

5. Data Center Risks and Mitigations

- What negative impacts from data centers projects have been observed or theorized in Massachusetts and other jurisdictions?
- What circumstances, and project-specific considerations, might increase or reduce those risks?
- How can communities expect data center developers to mitigate those risks through technological, policy, and other restrictions?
- What specific questions should local leaders ask from data center developers to ensure that these risks are considered and prevented?
- Risks covered will include: Energy Costs and Grid Impacts; Climate, Environmental, and Public Health Impacts; Water Usage and Water Pollution Concerns; Concentration of Economic Benefits; Opaque Political and Business Practices

6. Community Benefits

- What opportunities for communities could be tied to data center developments, including benefits that could be asked for through a CBA, improvements through design changes, or positive community outcomes ensure through a zoning regulation?
- How can community leaders think expansively and creatively during anticipatory planning and negotiations to achieve unique benefits?
- How can the distribution of benefits reach the most community members possible, in alignment with local priorities?
- What are some concrete examples that have been secured through data center CBAs in other jurisdictions?
- What specific questions should local leaders ask from data center developers to ensure that community needs are considered?
- Benefits covered will include: Energy Infrastructure Upgrades and Clean Energy Promotion; Environmental Protection and Services; Infrastructure Investment and Community Support; Expanded Economic Development; Job Creation and Long-Term Employment.

Feedback to be Incorporated

- **Standard language:** provide model bylaws and standard data center definitions, including suggested types and size thresholds within definition. Help towns separate out small facilities connected to educational and medical institutions.
- **State and municipal roles:**
  - Explicitly state municipalities' ability to restrict or ban data centers
  - Thoroughly explain how the EFSB process applies and how it doesn't
  - Add the roles of investor-owned utilities, municipal light plants, ISO New England, and health boards
  - Clarify who appropriate state contacts are for different points in the process, after permitting
- **Visual Guidance:**
  - Create a "flowchart" of permitting timelines, highlighting opportunities for municipal or stakeholder involvement
  - Provide a visual comparisons of large vs small data centers, including energy use, water use, and site footprint
- **Explaining Technology:** Clarify how data centers are different from clean energy infrastructure, including battery storage
- **Address Financial Risks:** stranded costs, ownership transitions, expansions, and segmentation. Explain state policy
- **Calculating Benefits:**
  - Help calculating all potential costs of hosting a large facility on the municipality into benefit negotiations
  - Explain how potential local ratepayer benefits can be calculated, especially for MLPs
- **Emergency Response:** Incorporate costs and preparation into guidance on bylaws/agreements

Feedback Survey

1. Do the questions the questions and information included in the scope align with your expectations?
2. What unanswered questions do you still have regarding data center development processes, benefits, or impacts?
3. Which section or topic seems like it will be most useful to you?
4. What tools and templates would be most useful? (Community Benefit Agreements templates, agendas for local meetings, fact sheets on topic areas, maps, flowcharts)
5. If you have been involved in conversation with a data center developer or creating local bylaws for data center development, what did you learn and what would you have wanted to know when you started?



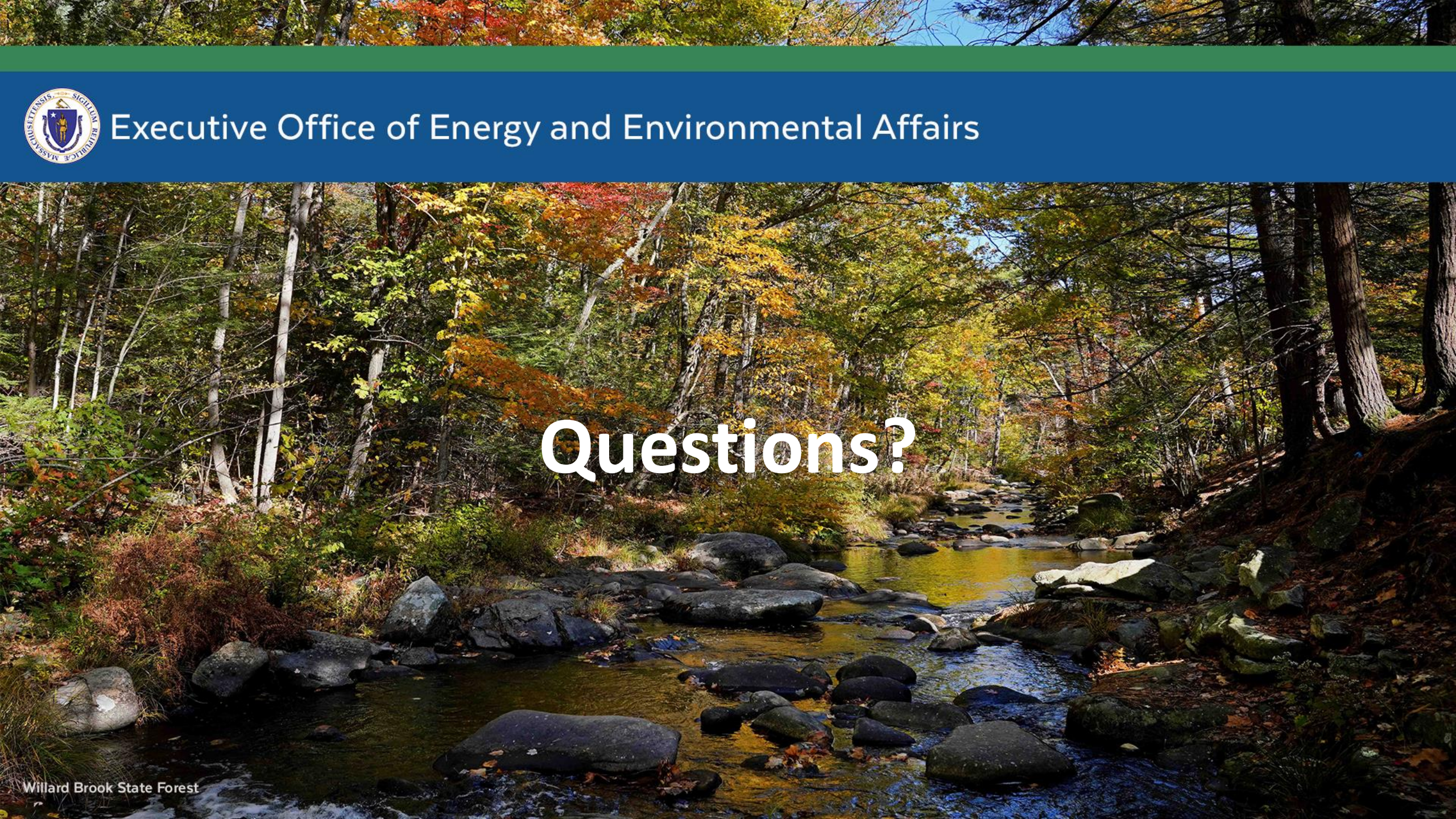
Next Steps

Next Steps

- EEA/EOED will incorporate your feedback on the outline into the municipal guide, with input from other state agencies and stakeholder groups like this one.

- We will seek a final round of stakeholder feedback

- A final draft will be released by December 31, 2026, after which we will hold a series of webinars to review the document, incorporate any outstanding questions, etc.


Executive Office of Energy and Environmental Affairs
Questions?
Willard Brook State Forest