



June 23, 2026

House Natural Resources Committee
Interim Charge Public Hearing
Public Hearing: Tuesday, June 23, 2026, 10:00 AM
Room: E2.036
Via House Public Comment Online Portal

Re: Data Center Water Use and Conservation

Dear Chair and House Natural Resources Committee Members,

Bayou City Waterkeeper submits these comments on the interim charge examining data center water use and conservation. As a member of the Texas Living Waters coalition and a co-author of the joint Texas Living Waters/Houston Advanced Research Center [policy recommendations on data center water use published in May 2026](#), we write to urge this Committee to take strong and proactive action to protect Texas water resources from the rapidly growing demands of the data center industry.

The scale of data centers and their water use impact

Texas is home to more than 464 data centers, clustered in major cities, with several new facilities rapidly developing across the state.¹ The Houston Advanced Research Center (HARC) estimates that Texas data centers consumed approximately 25 billion gallons of water in 2025 when both direct facility use and the indirect water demands of their power generation are included. By 2030, that figure could rise upwards to 29 billion to 161 billion gallons annually.²

It is also important to distinguish the on-site, direct water usage at facilities and indirect water use, which is the water consumed to generate the electricity these facilities draw from the grid. Because Texas generates over 42% of its electricity from natural gas, a water-intensive fuel source requiring water for extraction, processing, and power plant cooling, every megawatt-hour a data center consumes carries its own hidden water cost.³

The addition of large-scale industrial water users without adequate oversight creates real risk of supply competition and cost-shifting onto existing ratepayers. Without mandatory

¹ Houston Advanced Research Center (HARC), [Thirsty Data and the Lone Star State: The Impact of Data Center Growth on Texas' Water Supply](#) (Jan. 2026).

² Houston Advanced Research Center (HARC), [Thirsty Data and the Lone Star State: The Impact of Data Center Growth on Texas' Water Supply](#) (Jan. 2026).

³ Texas Comptroller of Public Accounts, *Good for Texas - Energy* (2023 ed.), <https://comptroller.texas.gov/economy/economic-data/energy/2023/texas.php>

reporting or planning integration, the state has no reliable way to anticipate where new industrial demand will collide with existing municipal or environmental needs until shortages or rate increases are already underway.

The data center industry's growth has also outpaced our planning infrastructure. The 2027 State Water Plan does not include data center water demand projections at all. As HARC and Texas Living Waters have noted, Texas water plans are built on historical data, meaning facilities that opened in 2025 may not be incorporated into state planning assumptions until 2032. The state already projects a 1.6 trillion gallon water shortage by 2030; adding an unaccounted, rapidly-growing industrial demand on top of that projection is an extreme concern.

Key Policy Recommendations

Bayou City Waterkeeper urges the Committee to advance the following policy directions, drawn from the Texas Living Waters/HARC joint recommendations:

- **Mandatory, transparent water use reporting.** There are currently no state regulations requiring data centers to report how much water they use. Without this baseline data, the state is left to plan, regulate, and respond to environmental conditions using estimates rather than data-driven facts; HARC's own estimates for 2030 demand span a wide range (29 to 161 billion gallons) precisely because no comprehensive reporting requirement exists today. The 89th Legislature directed the PUC to collect some water use data, but this effort should be significantly expanded. We recommend requiring all data centers to report annually to the PUC on cooling systems used, total and peak water consumption, water sources, and co-located energy use. Additionally, water demand from electricity generation that power data center facilities, should also be reported as indirect water use. This data should flow to the TWDB for integration into state and regional water planning, and to TCEQ for regulatory purposes. A publicly accessible database of data center water and energy use should be established and maintained.
- **Non-disclosure agreements (NDAs) should not block public water resource information.** In many communities, NDAs between developers and local officials have blocked residents from learning basic facts about the water demands of facilities being built in their neighborhoods. The Legislature should make NDA provisions that restrict public access to information about water usage impacts unenforceable. When this information is withheld, local utilities and city officials are forced to negotiate the terms of a community's water future with little data or leverage, and residents are left unable to weigh in on decisions that affect their own water security until after infrastructure and supply commitments are locked in.
- **Prioritize non-potable water sources:** Data centers and other large industrial facilities should be required to use reclaimed water, treated wastewater, or highly saline groundwater for cooling and other non-potable processes wherever feasible.

Reuse sources contributed 620,000 acre-feet to Texas's existing water supply in 2020, and that supply is projected to grow to 714,000 acre-feet by 2070.⁴ Directing data center cooling toward this existing and growing reuse supply, rather than competing for the same potable water relied on by residents and commercial users, could reduce the strain this industry places on freshwater resources.

- **Require water efficiency performance standards:** New data center facilities should be required to perform better than industry averages on both direct and indirect water and energy consumption, as benchmarked annually by the PUC and TWDB. This incentivizes innovation and prevents Texas from becoming a dumping ground for inefficient, water-intensive facilities that cannot sit elsewhere. The most water-efficient cooling technologies, such as immersion and direct-to-chip liquid cooling, already exist and are in use today. However, adoption so far has been voluntary and the default for new construction remains to be evaporative cooling towers, which is the least efficient and most water-intensive option. An enforceable performance standard would shift the voluntary default to use the most water-efficient cooling systems possible.
- **Direct data centers to pay their fair share:** Serving large new water users can require significant upgrades to utility infrastructure. Those costs should be borne by the new users, not passed on to existing ratepayers. The Legislature should direct the PUC to develop region-specific rate guidance for large water users and update the Texas Water Code to ensure utilities cannot waive or discount the fees, tap charges, or capital surcharges necessary to recover costs of service.
- **Water replenishment and offsetting requirements:** Data center facilities should be required to invest in water replenishment, conservation, or efficiency projects within the same basin or aquifer to offset their consumption. This aligns with voluntary commitments already made by some major companies and should become a baseline requirement. However, voluntary commitments may have two structural problems: they are not binding, so they can be scaled back or abandoned without consequence, and they are typically set only to a facility's direct on-site water use, excluding the potentially larger indirect water footprint from the electricity that powers it. A facility can claim water positivity while the grid connection driving its power supply may consume far more water than the on-site pledge would offset. The Legislature should close this gap by making offset investments a binding permitting condition sized to a facility's full water footprint, direct and indirect.
- **Protect communities in water-stressed areas:** The Legislature should direct the TWDB to map water-stressed areas based on state water plan data, and use those findings to limit new industrial development in these areas to facilities that do not consume any water for operation or power generation. This protection should not

⁴ Texas Comptroller of Public Accounts, *Snapshot: Water Reclamation* (2022 ed.), <https://comptroller.texas.gov/economy/economic-data/water/2022/reclaim-snap.php>

stop at the regions with the most visible shortages. For example, the City of Houston is often framed as a region of relative water abundance compared to drought-stricken parts of the state, but that framing is exactly what puts the region at risk. Areas like Houston can have adequate supply on paper and still be poorly suited to absorb a wave of new industrial demand, particularly in a city like Houston, where supply already compounds with chronic flooding, aging infrastructure, and a heavy industrial base. The mapping should ensure that water availability alone does not become the basis for steering disproportionate data center growth into communities that are already managing other compounding burdens.

Texas has an opportunity to lead the country in establishing a framework that allows the data center industry to grow while safeguarding the water future of all Texans. We urge this Committee to treat this interim charge as a first step toward that framework and to carry strong recommendations into the 90th Legislature.

Thank you for your consideration of these comments. Please contact Guadalupe Fernandez at guadalupe@bayoucitywaterkeeper.org or Usman Mahmood at usman@bayoucitywaterkeeper.org with any questions.

Sincerely,

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