



GOVERNOR GREG ABBOTT

June 10, 2026

Mr. Thomas Gleeson
Chairman
Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711-3326

Mr. Pablo Vegas
President and Chief Executive Officer
Electric Reliability Council of Texas
8000 Metropolis Drive, Building E, Suite 100
Austin, Texas 78744

Dear Chairman Gleeson and Chief Executive Officer Vegas:

Texas has enjoyed extraordinary economic success that has spurred unprecedented job growth and attracted more businesses than any other state. Due to Texas' success, it has become a magnet for business development, including data centers. The rapid scale of data center development requires oversight to ensure everyday Texans are not burdened with the costs of infrastructure driven by data center expansion, and to ensure that as data centers interconnect to the Electric Reliability Council of Texas (ERCOT) grid, residential electric bills are not negatively affected. To guarantee any data center development does not come at the cost of Texans and our local communities, I direct:

- The Public Utility Commission of Texas (PUC) to take action to ensure that data centers' interconnections will result in reduced residential electrical bills; and
- The PUC to take action to require data centers to pay for all of their electric infrastructure costs to ensure that no residential ratepayer is burdened by those costs; and
- The PUC and ERCOT to review their existing authorities and to identify necessary actions that can be taken under those authorities to safeguard Texans, their property, and resources.

As you well know, Senate Bill 6 took meaningful steps to balance economic growth and consumer interests by requiring large loads, including data centers, interconnecting to the Texas electricity grid to meet significant financial, planning, and operational standards that support long-term

system reliability. However, more must be done to protect Texans, which is why I am implementing these directives that include this review.

When the PUC and ERCOT conduct this review, they shall take into consideration measures to prevent data centers from shifting development risks and costs onto Texans, to require sustainable resource management, and to minimize adverse impacts on local communities. The PUC and ERCOT shall submit a joint memorandum no later than July 17, 2026, to the Office of the Texas Governor, summarizing actions taken under existing authority, identifying statutory limitations, and recommending legislative proposals necessary to implement these objectives.

The PUC shall initiate action to reduce residential ratepayer transmission costs by July 31, 2026.

In addition, I pledge to work with the legislature next session to:

- Codify the PUC's actions to require data centers to pay for their own electric infrastructure costs, resulting in lower residential ratepayer costs; and
- Ensure data centers add to Texas' electric capacity, not just its electric demand; and
- Require that all new data centers be built with water-efficient technologies such as closed-loop cooling systems; and
- Require large data centers to annually report electricity and water usage data to the PUC; and
- Repeal sales tax exemptions and other outdated or unnecessary incentives for data centers; and
- Require data centers to reduce impacts on local communities by implementing best practices such as setbacks, noise-reduction technology, and other measures that take into account the concerns of neighbors.

As Texas continues to welcome innovation and investment, we must ensure that growth strengthens our people and their quality of life without placing undue burdens on Texans and local communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Abbott", written in a cursive style.

Greg Abbott
Governor