Charting Michigan's Data Center Future Together: People, Place, Policy & Possibility

EVENT SUMMARY | May 2026

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Executive Summary

On May 7, 2026, the ***Charting Michigan's Data Center Future Together*** workshop assembled state and municipal leaders, as well as representatives from academia and private industry, to discuss key considerations for data center siting and development in Michigan. Jointly supported by the University of Michigan's Center for EmPowering Communities (EPC), School for Environment and Sustainability (SEAS), Frederick A. & Barbara M. Erb Institute, Graham Sustainability Institute, and Office of the Vice Provost for Sustainability and Climate Action, the workshop fostered cross-sector collaboration and exploration of pressing issues related to data center siting and development, with an emphasis on community needs, energy systems, water resources, land use, and economic development.

Event Objectives

- Examine the roles of state and local regulatory authorities—including the Michigan Public Service Commission (MPSC), Michigan Department of Environment, Great Lakes and Energy (EGLE), and municipal officials—in shaping Michigan's data center, energy, and water-use landscapes.
- Explore tensions and opportunities related to transparency, community benefit frameworks, and siting and zoning.
- Analyze tradeoffs between Michigan's clean energy and decarbonization goals and the grid infrastructure demands of rapid data center growth, including the roles of energy storage, flexible load, and demand-side resources in supporting sustainable development.
- Clarify the current landscape and identify key constraints and opportunities.
- Surface emerging best practices for planning, siting, and developing data centers.

Level-Setting Resource

To support informed discussion, participants received a draft of ***Data Centers in Michigan: Current State of Energy, Water, and Local Considerations*** prior to the workshop. The report was finalized following the event, incorporating insights from workshop discussions and providing a snapshot of Michigan's evolving data center landscape across energy, water, policy, and community engagement topics.

Read the report: ***erb.umich.edu/about/erb-news/charting-michigans-data-center-future-together-2026***.

Panels explored Michigan's current data center development landscape, the impact of data centers on local communities, community benefit frameworks, and the state's clean energy transition, demonstrating a cross-sector desire to align economic development goals with grid resilience, energy affordability, appropriate water use, and community empowerment.

The workshop was attended by approximately 100 experts and stakeholders from across Michigan eager to engage in focused, substantive discussions to advance a positive data center future. Representing a diverse set of organizations and interests, attendees included local, county, and state government officials, academics, private-sector representatives, and NGO and non-profit leaders.

National Trends and Michigan Perspectives

Former Federal Energy Regulatory Commissioner and national clean energy policy leader Allison Clements of ASG and 804 Advisory, LLC, examined the challenges and opportunities associated with data center development at the national level. Michigan Public Service Commissioner (MPSC) Katherine Peretick outlined the key features of Michigan's regulatory landscape and their implications for data center growth. Peretick explained the MPSC's approach to large load tariffs, consumer protections against cost shifting, and stranded asset protections. Douglas Jester, Managing Partner of 5 Lakes Energy, discussed the practical considerations, including challenges with speed to power, the clean energy requirements in Michigan statute, and how additional load must be flexible in order to accommodate a future clean grid.

During the facilitated discussions that followed, participants emphasized the need to strengthen local capacity by providing communities with additional workforce, siting, and zoning expertise. Attendees noted that many local governments struggle to keep pace with the rapid evolution of data center development and its associated regulatory, infrastructure, and planning considerations.

National Context: Allison Clements (ASG, 804 Advisory)

Allison Clements offered insights into the national data center landscape, highlighting the industry's growing emphasis on "speed to power"—the ability to secure power for new facilities as quickly as possible. Amid supply-side constraints, a fragmented national grid, rising load demands, and intense competition to bring new capacity online, she underscored the importance of responsible development, meaning the need for safeguards to maintain grid reliability and prevent stranded costs for other ratepayers. She also highlighted the value of partnerships that can support underresourced communities and help mitigate environmental impacts.

At the national level, Clements argued that federal policy reform could help prevent developers from bypassing states with more restrictive policies. She also called for changes to regulatory incentives that encourage utility expansion and load growth, as well as greater transparency to address market inefficiencies created by opaque practices.

Beyond policy reform, Clements pointed to emerging technologies that support automation, load flexibility, and demand-side efficiency. Across all potential solutions, she emphasized the importance of considering the full range of stakeholders, from hyperscalers to real estate developers entering the market from other industries, and recognizing communities' long-term partners in the development process.

Regulatory Context: Katherine Peretick (Michigan Public Service Commission)

Commissioner Katherine Peretick highlighted the role of the Michigan Public Service Commission (MPSC) in promoting reliability and affordability for all ratepayers while ensuring the state meets its clean energy goals as electricity demand continues to evolve. While reliability and power outages have historically been the public's primary concerns, load growth and affordability have become increasingly significant issues.

Although some states have experienced rate increases associated with data center development, Peretick noted that Michigan's experience has been different. Customer bill increases have remained below inflation over the past five years, reflecting the MPSC's role in setting rates. As an independent agency established by statute, the MPSC is directed by the legislature to develop tariffs, or the rules governing utility operations, and to determine how best to serve new customers, such as data centers, whose energy needs differ significantly from those of residential customers.

Peretick also discussed the MPSC's rate-setting process, from planning for future energy generation needs and reviewing utility integrated resource plans—which assess the projected impacts of data centers—to evaluating utility costs through rate cases. She emphasized the Commission's commitment to addressing system load and affordability concerns while promoting transparent conversations that build public trust.

Development Context: Douglas Jester (5 Lakes Energy)

Douglas Jester summarized the Michigan statutes shaping data center development (2024 PA 207 and 181) and identified three primary areas of challenge in data center policy: land use, water, and power. He noted that under the state's clean energy standards (2023 PA 235), data centers face a six-year deadline to fully transition to clean energy.

Jester explained that most proposed data center projects in Michigan are located on large rural greenfield sites with a history of agricultural use. He also highlighted the desire among developers to leverage existing local water and power infrastructure to remain competitive as first movers, creating potential challenges related to system capacity and cost allocation. Beyond these local considerations, he noted that international supply chain constraints are likely to persist regardless of local progress toward responsible data center development.

A central challenge facing the industry is the mismatch between the roughly two-year timeline for AI data center development and the approximately ten-year timeline required to develop new generation and transmission infrastructure. This gap—often referred to as "speed to power"—is compounded by regional and national interconnection delays, slowing the pace of new load growth.

To address these challenges, Jester highlighted several strategies to support sustainable data center development, including deploying energy storage as an intermediate solution, increasing load flexibility by shifting demand from peak to off-peak periods, and expanding customer-owned energy resources, such as rooftop solar, electric vehicles, and smart devices capable of adjusting demand in response to grid conditions at scale.

Panel 1: Community Impacts, Siting, and Benefits

PANELISTS:

- **Trish Demeter,** Senior Managing Director, Advanced Energy United
- **Devashree Saha,** Director, U.S. Clean Energy Economy Program, World Resources Institute
- **Natalie Stewart Mitchell,** Senior Vice President of Government Affairs and Campus Development, Switch
- **Deborah Stuart,** City Manager, City of Mason
- **Moderator:** Sarah Mills, Director, Center for EmPowering Communities, University of Michigan

Panelists explored how Michigan communities are approaching data center zoning and siting decisions, including considerations related to quality-of-life impacts and property tax revenues. They discussed opportunities for local governments and data center developers to work together through community benefit frameworks, proactive public engagement, and other collaborative approaches.

Natalie Stewart Mitchell challenged common misconceptions about data center development in Michigan, noting that projects of vastly different scales and purposes—from small urban facilities to large rural campuses, and from data storage to AI computing—are often painted with the same brush. She emphasized the importance of strong communication among developers, local governments, and community stakeholders before, during, and after construction. Deborah Stuart highlighted the economic challenges facing many rural Michigan communities and described data centers as a potential source of revenue to help local governments sustain services through property tax contributions. She also advocated

for local control over data center development, arguing that local governments are best positioned to understand and respond to their communities' needs. At the same time, Devashree Saha noted that state preemption can be a double-edged sword, helping create a more predictable and standardized regulatory environment across the state while potentially reducing local governments' flexibility to address community-specific concerns and priorities.

Mitchell and Stuart also discussed Michigan's zoning and siting requirements and shared strategies for accommodating data center development while minimizing impacts related to noise, vibration, and visual change. Saha highlighted growing opposition to large infrastructure projects in communities that have experienced concentrated harms without corresponding benefits, emphasizing the importance of well-designed, enforceable community benefit frameworks and good neighbor agreements to build trust and elevate community voices.

Trish Demeter discussed the role renewable energy development in Michigan has played in shaping Michigan's growing data center industry and highlighted emerging best practices for community engagement, communicating technical information, and maintaining reliability as new projects are developed.

Panel 2: Energy, Water, and Regulatory Considerations

PANELISTS:

- **Charlotte Jameson,** Chief Policy Officer, Michigan Environmental Council
- **Alexandra Klass,** James G. Degnan Professor of Law, University of Michigan
- **Ann Larson,** Deputy Director, Michigan Department of Environment, Great Lakes and Energy
- **Lindsey McGuirk,** Director of External Engagement, Consumers Energy
- **Tremaine Phillips,** President, Third Coast Strategies
- *Moderator:* **Johanna Mathieu,** Director, Institute for Energy Solutions, University of Michigan

Panelists discussed the energy, water, environmental, and regulatory considerations associated with data center development. Topics included the water-energy nexus, federal and state regulatory oversight, affordability and reliability, and the ways data center development could influence energy innovation and progress toward Michigan's climate goals.

Charlotte Jameson highlighted growing interest in establishing statewide guardrails for data centers' water and energy consumption, as well as policies related to renewable energy development and groundwater management. Alexandra Klass discussed the role of state law and policy in shaping the nation's energy transition and emphasized the need to reconsider traditional assumptions about electricity as a virtually unlimited resource, particularly as demand from data centers grows.

Ann Larson examined the intersection of data center development with EGLE's existing air and water regulations and the goals of the MI Healthy Climate Plan. She also emphasized the importance of transparent reporting on water withdrawals, discharges, and energy consumption. Lindsey McGuirk described the regulatory requirements Michigan utilities must navigate when negotiating with and serving large data center customers, highlighting developers' focus on affordability and community engagement.

Tremaine Phillips discussed best practices for community benefits, sustainable development, and energy affordability, while advocating for more standardized approaches to data center governance. He also explored the relationship between data center development, the allocation of fixed grid maintenance costs, and Michigan's broader decarbonization and grid modernization goals.

Reflections from Breakout Discussions

Participants engaged in small group discussions focused on what successful data center development could look like in Michigan and on identifying approaches and near-term actions that might help support that vision. Discussions reflected a diversity of perspectives and were intended to surface opportunities, concerns, tensions, and emerging practices—not to build consensus or generate formal recommendations.

Several themes surfaced repeatedly across discussions:

- **Transparency, disclosure, and trusted information.** Participants discussed the need for information that supports decision-making, public dialogue, and community engagement. Ideas included public disclosure of energy and water use, benchmarking of community benefits and project outcomes, centralized information repositories, university-supported technical assistance, mechanisms for sharing lessons learned across communities, and addressing challenges associated with non-disclosure agreements (NDAs).
- **Community capacity and support.** Participants emphasized the importance of ensuring that communities have the technical, legal, planning, and financial resources needed to engage effectively in decision-making processes. Ideas included technical assistance programs, community liaisons, vetted consultant networks, escrow accounts, or other mechanisms to fund local expertise, and community foundations or nonprofit organizations to serve as fiduciaries or trusted intermediaries. Participants also discussed the importance of protecting historically burdened communities from disproportionate impacts.
- **Governance, coordination, and community participation.** Discussions focused on how decisions are made, who participates in those decisions, and how planning can occur before development proposals arrive. Ideas included statewide planning efforts, long-term visioning, state-local coordination mechanisms, cross-sector planning forums, model ordinances and zoning toolkits, community visioning processes, community-defined benefits, and stronger accountability and enforcement mechanisms for community commitments.

- **Alignment with broader public priorities.** Participants discussed ways to ensure data center development contributes to shared goals throughout a project's lifecycle. Ideas included brownfield redevelopment, waste heat reuse and district heating systems, workforce development partnerships, renewable energy integration, equitable contracting, stable energy prices, infrastructure investments tied to community priorities, and end-of-life planning.

At the same time, several recurring tensions emerged within and across conversations:

- **Local flexibility and statewide consistency.** How can community-specific approaches be balanced with statewide guidance, planning resources, technical assistance, and shared standards?
- **Speed and certainty versus planning and trust-building.** How can development processes remain predictable while allowing sufficient time for engagement, learning, and community planning?
- **Information and accountability.** Who should generate and interpret information? What information should be publicly available? What mechanisms are needed to build trust and ensure accountability over time?
- **Economic development and public value.** How can enthusiasm for economic development opportunities be balanced with questions about who benefits, who bears costs, and what constitutes meaningful public value?
- **Energy, water, and climate tradeoffs.** How can approaches such as flexible operations, renewable energy integration, water stewardship, waste heat reuse, and investments in grid and water infrastructure be leveraged while balancing reliability, affordability, and environmental goals?
- **How—and whether—development occurs.** How can conversations about how data center development should be planned and managed be balanced with questions about whether development should occur at all, and whose voices—particularly those of environmental justice and host communities—are represented in those discussions?

Conclusion

A recurring takeaway from the event was the value of creating space for cross-sector dialogue. Participants frequently noted the opportunity to hear perspectives they do not often encounter and expressed interest in continued opportunities for shared learning and engagement.

Across discussions, participants often articulated similar aspirations for Michigan's future, while differing in their views on the approaches and tradeoffs needed to achieve those outcomes. Conversations also highlighted that many of the questions facing Michigan are not solely technical in nature; they involve governance, relationships, information, and decision-making processes.

Rather than pointing to a single path forward, the workshop underscored the importance of continued dialogue, learning, and collaboration as stakeholders navigate Michigan's evolving data center landscape.

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