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Abbott says data centers need local buy-in. Here's the real test

Power, water and transmission costs can fall on local residents while benefits spread worldwide. Texas needs a fairer way to weigh that tradeoff.

By **Marilu Hastings**, *Guest columnist*

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EdgeConneX data center is shown in May under construction in Cedar Creek. With data centers, cities and counties are being asked to make decisions with little time to understand what these projects will mean locally, Marilu Hastings writes.

Jay Janner/Austin American-Statesman

In a Sunday interview on ABC's "This Week," Gov. Greg Abbott offered a blunt explanation for the growing backlash against data centers in Texas: Developers "didn't do their job to get the support of people in local communities."

He's right. But his solution — [requiring data centers to first get local approval](#) — raises two questions: What does “local approval” mean, and what should local residents expect before they say yes?

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Texas needs [a new infrastructure bargain](#).

Artificial intelligence is driving new demand for computing capacity, and Texas is a target for much of the infrastructure to support it. Whether all that development is necessary — or ultimately beneficial — is a larger question. But cities and counties across Texas are being asked to make decisions now, often with little time to understand what these projects will mean locally.

RELATED: [Texas has leverage with data centers. It's time we used it](#)

Data centers are different from much of the industrial development Texas has historically recruited. A multibillion-dollar facility can require staggering amounts of electricity and water, as well as new transmission and generation infrastructure, while creating relatively few permanent jobs. The local impacts and national and global benefits don't accrue to the same people.

For decades, the bargain surrounding major industrial development was relatively easy to understand. Refineries, factories and power plants brought jobs, tax revenue and economic activity, even as the places that hosted them absorbed many impacts. Over time, public policy and industry standards evolved to mitigate some of them.

With data centers, we need to make that bargain explicit.

Abbott has identified some elements. Data centers should pay for the infrastructure they require, bring additional power to the grid, conserve water and mitigate impacts on their neighbors.

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But the governor's comments make clear that the process matters, too. Too often, "community engagement" happens after important decisions have been made. The site is selected, land is purchased and engineering is underway. Then the developer comes to town to explain the project and its benefits. By then, it is more project advocacy than engagement.

An infrastructure bargain must start earlier. People who will live with a project should understand what it requires and what they will receive in return while there is still time to affect its design.



Sheila Hemphill, CEO at Texas Right To Know, demands a special session to address data centers as she speaks during an Aug. 19 protest. The capacity to build these installations is moving much faster than our ability to govern how they fit into the places where they land, Marilu Hastings writes.

Mikala Compton/Austin American-Statesman

Abbott could use the audit and pause he ordered Aug. 3 to ask the Public Utility Commission of Texas, working with local governments, developers, landowners and residents, to develop a standard framework for an infrastructure bargain. The state doesn't need to dictate the bargain. It can establish which questions must be answered before a project moves forward:

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- Who pays for the infrastructure?
 - Where will the water come from?
 - What happens to neighboring landowners?
 - What benefits will remain in the community?
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- What does the developer owe the place that makes its project possible?

This doesn't mean every resident gets a veto. But answering these questions before a project is a done deal gives local residents a meaningful role, gives responsible developers a more consistent path forward and reduces project risk.

The question isn't simply whether we build. It is what we build, where we build it and how.

ANOTHER VIEW: [In defense of data centers: Texas should welcome them, not ban them](#)

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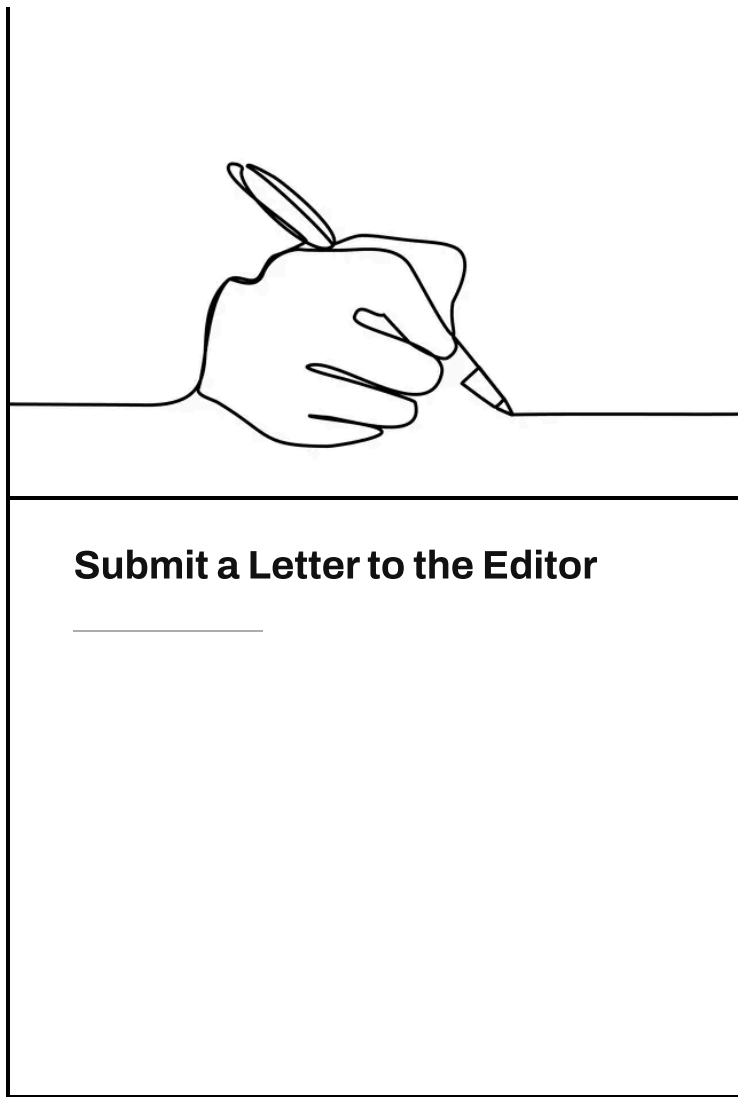
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Data centers are only part of a larger infrastructure transformation. AI is creating demand for new power plants and transmission, while advanced manufacturing is bringing factories and new supply chains. Our changing energy system requires enormous infrastructure investment, and the growing aerospace economy brings its own manufacturing, testing, launch and communications facilities.

All of it must go somewhere.

The capacity to build these installations is moving much faster than our ability to govern how they fit into the places where they land. We have seen this before with highways, oil and gas development and transmission lines, but never at the pace we see now.





The data center controversy gives Texas a chance to develop a better approach to the wave of infrastructure coming across the state. The goal shouldn't simply be to build faster. We need to make better decisions about what gets built and where.

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If we get the bargain right, that may prove just as important as getting the technology right.

Marilu Hastings is principal of The Meridian House, an Austin-based advisory firm focused on infrastructure governance and responsible development. She chairs the University of Texas' Energy Institute Advisory Board, is a member of the National Petroleum Council and is founder and executive chair of the Permian Energy Development Lab. She previously served as executive vice president of the Cynthia and George Mitchell Foundation.

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