Data Centers and Large Electrical Load Customers

For nearly 80 years, we've provided safe, reliable and affordable clean energy to Sacramento. As the community grows and technology evolves—including data center demand—we plan thoughtfully to meet future needs, ensure reliability, keep rates low and support a cleaner energy future. Through all the progress this region has made, we've been here powering our community forward with ongoing innovative energy services.

To help you understand how we're approaching this growth and our role, here's an overview of our commitments, planning efforts and how we're working to serve our community today and into the future.

Our role and commitment

- We provide electric service, delivering safe, reliable and affordable service. As part of the community, we're dedicated to serving its needs responsibly.
- We do not approve or make land-use decisions of any kind, including for the development of data centers or other large electrical load projects. Those decisions are made by local jurisdictions through open and public review processes, including zoning, permitting and environmental review.
- Once a project is approved, we're obligated to provide electric service. As a community-owned, not-for-profit public utility, we also have a duty to our customers to keep the electric grid reliable, affordable and safe.
- We provide technical expertise and early consultation with potential large electrical load customers, typically before a project is submitted to a local agency to assist with early planning that helps keep costs down, and the system reliable for everyone.
- We also work with potential large electrical load customers to influence projects that maximize benefits for all customers. For example, if a large electrical load customer can shift their usage out of peak hours, it minimizes the amount of energy we need to purchase during peak hours when costs are highest, which helps us keep rates low for all customers.

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Affordable, reliable and clean energy

- We're focused on delivering electricity that is safe, reliable and clean, with some of the lowest rates in California.
- We are continuously decarbonizing our power supply for a clean energy future while thoughtfully planning to meet the Sacramento region's growing energy needs.
- To support growth responsibly, we're developing new principles focused on large electrical load customers (above 50 megawatts) to ensure the costs tied to these projects and related grid upgrades are not shifted to existing customers.
- We pursue grant funding opportunities to help offset the costs of planned work to modernize and strengthen the grid for the benefit of all customers. This helps keep rates low for all customers.

Data centers in our community

- Data centers have been part of the Sacramento region's energy landscape for over two decades. There are about 16 data centers in our service area today.
- These facilities support vital services that the entire community relies on, including banking, healthcare, telecommunications, cloud computing and more.
- While most attention focuses on massive hyperscale data centers booming in other parts of the country, the Sacramento region is seeing a small number of data center inquiries and projects, without the same scale or volume seen in Silicon Valley, Northern Virginia, Texas or other states.
- We now have 2 large electrical load inquiries in the early feasibility stage, each exceeding 50 megawatts in capacity.

Protecting customer information

- We safeguard all confidential customer information as required by law. This means not sharing names, company details, locations, addresses and contact information, in accordance with the Public Utility Code.
- Protecting private customer information – whether commercial or residential – is a standard business practice and a top priority.

Planning for the future

- Early and ongoing engagement with project developers allows us to better assess grid impacts and infrastructure needs, helping maintain reliable service while keeping rates low for all customers.
- Our Integrated Resource Plan (IRP) will map out how we prepare clean energy resources to meet future demand, improve air quality, support economic strength in our region and continue decarbonization. The plan is currently in development and will be finalized after extensive community outreach and input and discussions with our board, beginning October 2026. The IRP is expected to be presented to the SMUD Board of Directors in April 2027.
- The public is also invited to provide input as we develop our new large load principles, developed at the direction of our Board. The principles aim to ensure the costs to serve new large electrical loads are not borne by other customers. It will guide how we serve new large customers while maintaining our commitment to affordability and reliability, alongside fulfilling our service obligations. We'll gather input through our IRP outreach and other channels.
- We're committed to transparent, community-focused decision-making and will continue collaborating with local officials and stakeholders as projects evolve, protecting customer rates and planning for a clean energy future that works for everyone.

To learn more about large electrical load projects and to submit your feedback, please visit smud.org/LargeLoadProjects.

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