

**Subject** Energy conservation

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## Summary

House File 3296, as amended by the H3296DE2 amendment, allows utility sales of electricity to certain data centers to be excluded from the definition of “gross annual retail energy sales.” That sum is the base on which each electric utility’s annual energy savings goal in its Energy Conservation and Optimization (ECO) plan is calculated: 1.75 percent for public utilities and 1.5 percent for cooperatives and municipal utilities. The smaller that base, the less electricity a utility is required to save each year.

Large energy facilities have had the option to petition the Public Utilities Commission to be excluded from contributing to utility investments in energy conservation programs required under ECO since 1999 (see lines 1.11-1.13 and 1.18-1.20 of the amendment). The reasoning is that large facilities (defined as those with peak electrical demand of 20 megawatts or more) using electricity for intensive industrial processes have little scope to reduce their consumption, and that the utilities that serve them would be hard pressed to comply with an energy savings goal calculated on a base that included sales made to such large facilities.

In 2024, the definition was amended to allow electricity sales to data mining facilities that account for at least 40 percent of their utility’s peak system demand to be excluded from gross annual retail sales (lines 2.1-2.2). In 2025, sales to a “qualified large-scale data center” – defined as a facility that invests at least \$250 million in software and information technology equipment in a five-year period – were excluded (line 2.7). This bill allows sales to any other data center that meets the definition in paragraph (b) and the 40 percent threshold to also be excluded.