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EXPLAINER: ENVIRONMENT

What's the status of massive data centers in Colorado? Here's what you need to know.

Local moratoriums spring up after state inaction, while New Mexico and Utah fight "hyperscale" data polluters

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After listening to several speakers, the attendees gather for a group picture Friday, Feb. 13 during a press conference at Elyria Park in Elyria-Swansea. (Claudia A. Garcia, Special to The Colorado Sun)

mid the exponential growth of AI demand, data center buildouts in the West are like a balloon: Try to hold it back in one place, and it just bulges out in another.

A Local governments in Colorado are moving quickly to slap moratoriums on new data center development in reaction to a public backlash against rising electricity prices, heavy pollution and lucrative tax breaks. Denver, Jefferson County and Longmont have all moved in recent weeks to limit data centers, which house servers for mass computation that demand enormous amounts of electricity and cooling water.

Cities and counties are moving in part because the state legislature failed to act in 2026, eventually letting two competing bills die and postponing a statewide reckoning on regulation until at least the 2027 session.

Here are some key questions and answers about the data center debate in Colorado and surrounding states:

Are any data centers being built or proposed to start in Colorado?

Yes, but on a smaller scale than the gigantic "hyperscale" centers that have become environmental rallying points in Utah and New Mexico (see below).

CoreSite **is building a three-phase data center in the Globeville-Elyria-Swansea neighborhood** of north Denver, opposition to which helped prompt the city's moratorium on approving new centers. When fully built, the center would draw 65 to 75 megawatts of electricity, which is the primary way communities are measuring the impact of new centers. Unlike some of the hyperscale centers planning their own power sources, CoreSite would be drawing from the Xcel grid. CoreSite has said the first phase completed this month will use about 18 MW of power.

Colorado Springs **appears ready to allow a California real estate company** to create a new data center near Garden of the Gods, called Project Taurus.

Colorado currently has about 60 small- to medium data centers, most of them built on speculation by developers who then lease the server time to various companies, said Howard Geller, founder of the nonprofit Southwest Energy Efficiency Project and an analyst and negotiator on proposed data center legislation. More than 30 other states offer tax breaks and other incentives that Colorado currently lacks, Geller said, and developers of the largest centers tend to go where the subsidies are.

Why didn't the state start controlling data center growth?

There were **two competing bills in the 2026 legislative session**. One bill took flak for trying to match other states by extending lucrative tax breaks to data center builders for decades to come, while failing to add enough environmental regulation and clean energy minimums for powering the centers.

Another bill backed by environmental groups and clean energy Democrats would have mandated renewable power for new data center supplies, and protected consumers from electric rate increases tied to data center power demands. Both bills ultimately failed amid furious competing lobbying campaigns.

Environmental groups say they will help a renewed legislative push in 2027. "Data centers should not get a free pass," said Geller. With all the hard crafting accomplished during the failed 2026 bill, Geller said, pro-regulation forces "will have a running start" for a new effort.

What are local governments doing in Colorado in the absence of state action?

Pushed by the acrimony over the CoreSite project, the Denver City Council in May voted for a one-year moratorium on new data center approvals.

Jefferson County's commissioners also voted in May to stop any new zoning or development approvals for data centers not already underway.

Earlier in June, Longmont capped any new data center proposals at 100 MW of power use, to ward off potential development of the "hyperscale" projects launched in other states.

The Date Center Coalition, a trade group for data center developers, has been speaking out against the bans.

"Enacting local moratoriums on data center development would send a signal that the area is closed for business, both for data centers and for other significant economic development projects," the group said, in a statement from Dan Diorio, vice president of state policy. "These moratoriums would deprive local communities of the opportunity to compete for investment and jobs, while forcing Colorado to relinquish significant long-term economic investment (especially in rural and industrial areas seeking growth and revitalization), high-wage jobs, and critical tax revenue to neighboring states."

How do the Colorado data centers compare with what's happening in the New Mexico and Utah deserts?

The battles in our neighbor states are over data center projects that are so large they make local moratoriums feel almost quaint.

Just a small portion of the sprawling Jupiter/Oracle data center site under construction in Dona Ana County, southern New Mexico. (Screen grab, Oracle's Project Jupiter multimedia site)

Software provider and data cruncher Oracle is building Project Jupiter on far southeastern New Mexico's dry flats near Las Cruces and El Paso, Texas. Oracle has been touting a compromise for new power technology using methane-driven fuel cells instead of burning natural gas to spin electrical turbines. But even with the change, Project Jupiter's application calls for emitting 10 million tons of carbon dioxide from the fuel cell process each year, for

2,500 MW of power, or 2.5 gigawatts. The power plant would be self-contained for Jupiter alone, not connected to the New Mexico grid. That gives Oracle the right to avoid regulation under New Mexico's renewable energy targets, which apply only to regulated utilities, Geller said.

To put that further in perspective, 2,500 MW is the equivalent of the power production of New Mexico's entire existing grid. Ten million tons of carbon dioxide is far more than would be emitted by Xcel's Pueblo Comanche power plants if they each ran for the full year. New Mexico environmental groups, which admit they don't have much power to slow down Jupiter, say the data center's emissions will singlehandedly wipe out any progress New Mexico has made on greenhouse gas emissions in recent years.

"It's stupidly massive," said Colin Cox, with the New Mexico office of the nonprofit environmental defender Center for Biological Diversity. Oracle proposes spending $165 billion on the site, over more than "a thousand football fields" of data-crunching buildings.

In response to questions about Jupiter, an Oracle spokesperson sent a series of fact sheets where the business software provider touts the benefits for New Mexico. The switch to newer fuel cell technology will reduce the data center emissions, and Oracle is funding the power plant completely on its own and keeping it detached from the grid so that consumer electric prices will never be affected, the company says.

Building the center will create more than 1,000 construction jobs and hundreds of permanent jobs at the center and in roles servicing the center, while pumping hundreds of millions of dollars into local schools and tax bases, they add.

In Utah, the popular "Shark Tank" TV show's Kevin O'Leary is behind a massive data center near the Great Salt Lake. O'Leary's center proposes to use up to 9 GW of natural gas-powered electricity, also from off-the-grid turbines, producing up to 30 million tons of carbon dioxide a year. That would be a 55% increase from Utah's current overall output of carbon dioxide.

Is there anything to stop a hyperscale center in Colorado this year?

Less than you might think. Colorado's targets of an 80% reduction in greenhouse gas emissions from the power sector by 2030 apply to regulated utilities like Xcel Energy, by far the state's largest. That regulation does not apply to self-contained projects that are not connected to the grid or built by a utility, Geller said.

"There's a growing need for all this computing power, and they need it yesterday," Geller, the SWEEP founder, said. "So this is a threat in Colorado, something like this could happen, and the developer would not be subject to the clean energy standards that our utilities are subject to. There would be some industry going up in the middle of nowhere, most likely where land is cheap. They potentially buy some water rights from a farmer or rancher, which is what Oracle and OpenAI did in southern New Mexico, in the middle of the desert. Natural gas here is plentiful, it would probably locate close to some natural gas pipeline. And that one data center in New Mexico is going to emit more carbon dioxide than Xcel Energy is allowed to in all of Colorado."

Data center backers say they are including renewable energy and cutting estimated water use in many projects.

"The data center industry is committed to being a responsible partner on power and water use and a good neighbor in the communities we serve," Diorio said. "According to **S&P Global**, U.S. wind and solar capacity contracted to data center providers and customers represented half of the total corporate renewables market in 2024."

Environmental groups and opponents of growth do have one more chance this year to add data center regulation in Colorado. Xcel has applied to the Public Utilities Commission with its proposal for allowing data center energy growth, and how to make the data centers themselves, rather than current consumers, pay for the extra costs.

A coalition of Colorado environmental watchdogs successfully petitioned this week to become official parties in the PUC's review.

"This intervention being granted will ensure that residential ratepayers will have a seat at the table in a proceeding that could impact what this does to their utility bills. We intend to push for the strongest possible protections," Earthjustice spokesperson Perry Wheeler said.