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February 18, 2026

Senator Catherine Blakespear
Senate Environmental Quality
1021 O Street, Room 3230
Sacramento, CA 95814

Re: Senate Bill 887: Good Neighbor Data Centers Leadership Project

Dear Senator Blakespear,

On behalf of the City of Imperial, I am pleased to offer our strong support of SB 887 which would clarify that data centers are not ministerial projects exempt from CEQA and allow data centers to be eligible for Environmental Leadership Development Project (ELDP) certification if it meets the criteria as well as some additional requirements specific to data centers regarding water use, clean energy, and paying full infrastructure costs.

The City of Imperial is a rapidly growing community at the heart of the Imperial Valley. As a regional hub for critical infrastructure and facilities, including the Imperial County Airport, the Imperial Irrigation District, and the Imperial Valley Expo, home to the California Mid-Winter Fair & Fiesta. The City has a strong interest in responsible development that supports economic growth while protecting public health, natural resources, and community well-being.

The AI boom is powered by massive data centers which consume large amounts of energy and water 24/7. Many states are seeing the surging demand for energy from data centers which are forcing them to increase the energy supply as quickly as possible, often utilizing fossil fuel power plants to meet the demand. The Department of Energy reports data centers are expected to consume 12% of total US electricity by 2028, nearly three times the 2023 electricity demand of 4.4%.

Data centers run 24/7, requiring backup generators in the event of a power outage. The backup generators often utilize diesel or other fossil fuels, estimated to create public health costs of more than 5.4 billion dollars from air pollution, linking these facilities to cancer, asthma, and other health issues. Between the years 2019 and 2023, the healthcare costs of data centers surged from 44.68 to 155.44 million. Unless these data centers utilize clean energy, the public health impacts of data centers will dramatically increase.

Data centers also need large amounts of water to cool the systems and prevent overheating. While waterless methods for cooling exist, the industry is not adopting waterless cooling due to energy costs. Developers have focused siting data centers where they can get the fastest interconnection and cheapest electricity rate, and water usage has not been a central consideration. In California, researchers found water consumption by data centers doubled between 2019-2023, equaling 49.9 billion liters. The water shortages caused by data center development is being felt across the US and exacerbates drought conditions, and these issues will continue as 40% of new data centers are located in areas of high or extremely high water stress. Absent rational standards, the rapid expansion of data centers presents one of the nation's largest energy and environmental challenges.

SB 887 would state data centers are not ministerial projects exempt from CEQA and do not qualify as an advanced manufacturing facility. Data centers would be eligible for ELDP certification if they meet additional requirements on water use, clean energy, and infrastructure costs. This would grant data centers an accelerated CEQA litigation procedure, allowing data center to be built faster and protecting surrounding communities from health and environmental impacts.

The City finds that SB 887 provides clarity and consistency for local governments by establishing clear standards for how data centers are reviewed and approved, reducing uncertainty and litigation risk while preserving meaningful environmental oversight. By affirming that data centers are subject to CEQA review yet offering an expedited pathway for projects that meet higher environmental performance standards, the bill encourages responsible development without sacrificing public health or environmental protections. This balanced approach ensures that economic growth proceeds in a manner that is transparent, sustainable, and aligned with California's long-term energy, water, and climate objectives.

For these reasons, SB 887 (Padilla) would further the City of Imperial's goal of promoting responsible economic development, safeguarding limited water resources, protecting public health, and ensuring that growth does not come at the expense of local communities, and we are proud to support SB 887 (Padilla)/and encourage your "aye" vote when it is heard in your committee.

Sincerely,

Ida Obeso-Martinez
Mayor
City of Imperial



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February 18, 2026

Senator Benjamin Allen
Senate Energy, Utilities and Communications Committee
1021 O Street, Room 3350
Sacramento, CA 95814

Re: Senate Bill 886: Ratepayer and Technological Innovation Protection Act

Dear Senator Allen,

On behalf of the City of Imperial, I am pleased to offer our strong support of SB 886 which would require the PUC to develop a tariff for large energy users.

The City of Imperial is a rapidly growing community at the heart of the Imperial Valley. As a regional hub for critical infrastructure and facilities, including the Imperial County Airport, the Imperial Irrigation District, and the Imperial Valley Expo, home to the California Mid-Winter Fair & Fiesta. Imperial depends on a reliable, affordable, and forward-looking energy system. With a population of just over 22,000 residents and ranking among the top ten fastest-growing cities in California, while also being recognized as one of the safest, the City has a strong interest in policies like SB 886 that protect ratepayers, support responsible growth, and ensure energy infrastructure investments are equitable and sustainable.

The AI boom is powered by massive data centers which consume large amounts of energy and water 24/7. This puts an enormous strain on the electrical grid and requires massive investments into transmission infrastructure. Many states are seeing the surging demand for energy from data centers which are forcing them to increase the energy supply as quickly as possible, often utilizing fossil fuel power plants to meet the demand. The Department of Energy reports data centers are expected to consume 12% of total US electricity by 2028, nearly three times the 2023 electricity demand of 4.4%.

These high energy demands strain California's aging transmission grid and threaten California's aggressive clean energy and climate goals. Incentivizing clean energy adoption and establishing a special rate structure in this rapidly growing space is necessary to protect ratepayers from footing the bill as utilities are racing to build transmission infrastructure. Moreover, a report by Wood MacKenzie in the New York Times found large energy users did not pay enough to cover the full cost of interconnection, other customers had to make up for it. The current rapid buildout

of data centers along with innovations in energy efficiency increase the possibility that data centers shut down early. PJM, the grid operator for much of the east coast has seen the average energy bill to jump 5% in a year. Three PJM states, one of which is Virginia, the state with the highest concentration of data centers, saw rates rise 11-16%. Without protections, other ratepayers will be forced to pay for their cost of interconnection. California must take steps to protect ratepayers from bearing the brunt of the financial burden.

SB 886 would require the Public Utilities Commission (PUC) to establish a special tariff to protect other ratepayers from transmission costs that supply large load customers. The PUC must also consider prioritized interconnection for large load customers utilizing zero carbon resources. The tariff will ensure electrical grid investments for data centers are fully recovered to ensure other ratepayers do not end up footing the bill. This will ensure ratepayers do not have skyrocketing costs without increasing the state's reliance on fossil fuels.

City of Imperial finds that SB 886 promotes fairness, grid reliability, and responsible development by ensuring that large energy users bear the true costs of the infrastructure required to serve them. By preventing cost shifts onto residential customers, small businesses, and local governments, the bill protects ratepayer equity, particularly in rural and disadvantaged communities that often host transmission infrastructure without receiving proportional benefits. Establishing a clear tariff and interconnection framework provides greater planning certainty for utilities, reduces the risk of stranded assets from speculative or short-lived projects, and strengthens long-term grid reliability.

For these reasons, SB 886 (Padilla) would further the City of Imperial's goal of promoting equitable infrastructure investment, protecting local ratepayers, and supporting California's clean energy initiative, and we are proud to support SB 886 (Padilla) and encourage your "aye" vote when it is heard in your committee.

Sincerely,

Ida Obeso-Martinez
Mayor
City of Imperial