Flow
Water Advocates

Fact sheet

Big tech data centers target Michigan's resources.

At issue: Rapid rise of data centers in our communities.

56

Currently, Michigan has an estimated 56 data centers in 11 markets.

3 gw

At least 3 gigawatts of new electricity load would be generated from Consumers Energy's new agreement.

10

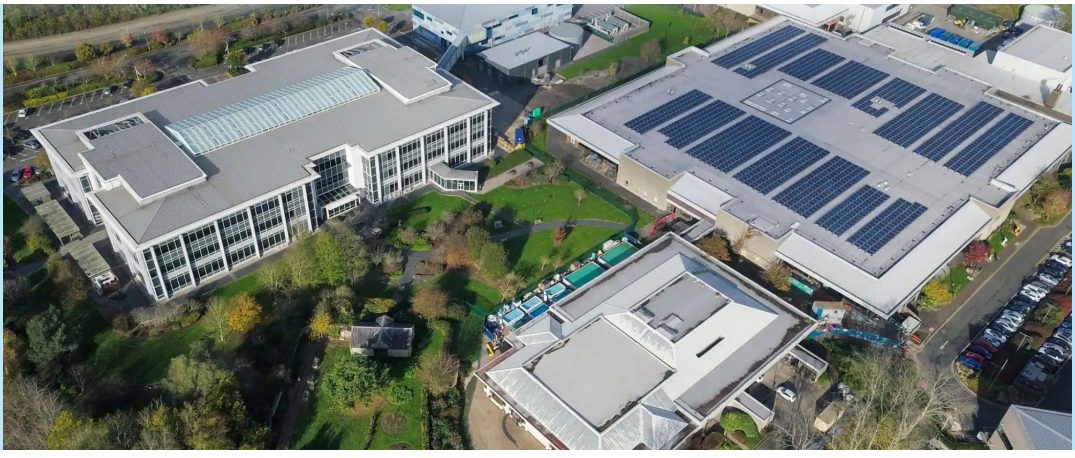
10 new data centers are proposed in the Lower Peninsula, with current centers mostly located in Detroit and Grand Rapids.

Data centers are multiplying across America in response to increases in computing intensity, including the growing use of artificial intelligence. Significant growth in cloud computing, big data analytics, and cryptomining also contributes to demand for data centers. Viewed as the next job-creating industry by many state governments, including Michigan, data centers also present major environmental and social challenges, particularly for rural communities. Hyperscale data centers withdraw and consume enormous amounts of water from lakes, streams, and aquifers to cool their high-powered servers and equipment. To date, there has been insufficient discussion in Michigan about how public policy can manage and ameliorate the environmental impacts of this rapidly growing industry.

The Michigan data center market.

Michigan has an estimated 56 data centers in 11 markets, with the greatest concentration in the Grand Rapids and Detroit markets.[1] More are on the horizon. In July 2025, DTE Energy said it was in "advanced discussions with multiple hyperscalers" for over 3 gigawatts of new electricity load, and Consumers Energy said it had entered into an agreement to supply power for a data center. At least 10 hyperscale data centers are currently proposed in the Lower Peninsula.[2] In December 2025, **Michigan's energy regulators gave the green light** to the state's first hyperscale data center, despite controversy and criticism about the lack of transparency, rising energy rates, climate impacts from fossil fuel used to power the facility, local land use and farmland loss, and high water use and pollution associated with cooling data servers.[3]

RIGHT: A sprawling data center complex stretches across the landscape, its vast rooftop packed with cooling equipment.



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Water impacts.

Hyperscale data centers using evaporative cooling (currently the most common method) can use between 1 and 5 million gallons of water per day (mgd), equivalent to the water use of a town or city of 10,000 to 50,000 people.

Usage at this rate equates to approximately 365 million to 1.8 billion gallons per year. Most of the water used for evaporative cooling is lost from the local watershed. In 2014, U.S. data centers directly consumed an estimated 5.6 billion gallons of water. In 2023, that rose to 17.43 billion gallons.[4]

Tax breaks without accountability.

In a bid to attract data center construction, Michigan passed legislation to offer up to $90 million in sales and use tax exemptions until 2050.

The law encourages — but does not require — companies to minimize their energy and water use. Companies are also not required to conduct or disclose an energy and water impact analysis.

The law does require facilities to connect to municipal water systems, raising questions for rural areas without existing systems or sufficient capacity.

Alternatives to water-intensive cooling methods.

17.43b

In 2023, data centers directly consumed an estimated at 17.43 billion gallons, up from 5.6 billion gallons in 2014.

Developers can and should use innovative water management techniques to reduce water consumption, including closed-loop cooling systems, immersion cooling, air cooling, and using non-potable water sources (e.g. recycled wastewater and captured water).

Because over half of data centers rely on treated water from municipal systems, water utilities and ratepayers may shoulder the burden of upgrading expensive water systems to treat and distribute potable water to these thirsty facilities.

Water use and transparency.

1/3

It's estimated that less than one-third of US data centers track water consumption.

Continued growth in data center construction without water use impact analyses and requirements to minimize water consumption could have significant local and regional consequences by reducing or depleting groundwater aquifers and impacting stream flows and lake levels.

It is estimated that less than a third of U.S. data centers track water consumption. New York[5] and Illinois[6] are now considering legislation that would mandate water use reporting by data centers, even when they are on municipal systems. In June 2025, Minnesota enacted a new law requiring greater transparency from data center operators.[7]

But Michigan and other states in the Great Lakes region should go further and require or incentivize high-level best practices for data centers that include installing metering/monitoring systems to track water consumption; raising the chilled water temperature; evaluating chillers for replacement; and exploring opportunities to reduce cooling needs.

Given that the companies driving this unprecedented demand are some of the wealthiest and most politically powerful in the world, they are well-positioned to drive innovation in both the energy and water sectors.

RIGHT: An electric meter records power consumption.

Legislative solutions.

The state of Michigan has the power to ensure that water use is a central consideration when data centers are being sited. Data centers should be transparent about their total water footprint from the initial stages of proposed development. They should also have systems in place to accurately measure water use. Most importantly, the major consumptive uses of water tied to data centers must be evaluated, and limited if need be, in the context of the health of Michigan's groundwater, rivers and streams, the Great Lakes, and the state's responsibilities under the Great Lakes Compact.

Legislative solutions that demand greater transparency and accountability on energy and water use are popping up across the United States. At the federal level, the proposed Data Center Transparency Act would require the EPA to collect and update data every three months on water and air pollution and other environmental impacts of data centers.

As of early 2026, much of the proposed legislation at the state level centers on energy costs, but some states, including Wisconsin, are considering legislation to report both energy and water use. Proposed legislation in New York takes reporting a step further: data centers must publicly report not only the amount of water to be used, but how the water will be used.

Minnesota has among the most comprehensive proposals to protect water sources as well as water quality and quantity concerns by requiring preapplication permit evaluation of hyperscale data center projects (> 100,000,000 gallons per year). Minnesota's bill also requires that technologies that aid in water conservation, efficient use, and watershed health are "reasonably considered."

When data centers come to your town.

The Better Data Center Project works in solidarity with communities on the front lines of data center development to realize the just distribution of economic, social, and environmental costs and benefits.

Contact your state and local elected officials and ask about:

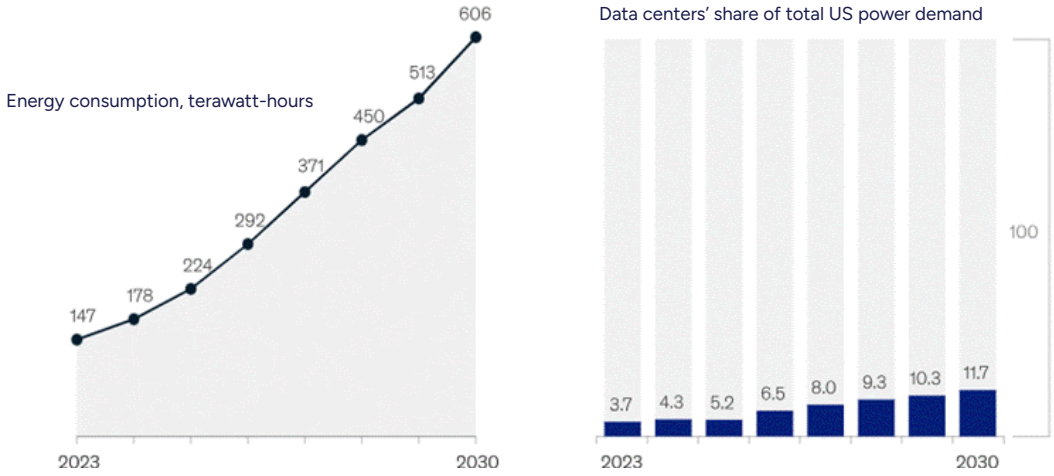
- **Local resource and community impacts:** Ask what is known about the water, energy, land, and climate risk impacts of the proposed data center, and what is being done to ensure that these costs are fully considered and not borne by the community. The proposed facility must disclose this information so that the community can make an informed evaluation and negotiation.
- **Transparency and accountability:** Are there any nondisclosure agreements in place? If so, why?
- **Community benefit agreements:** Has the local community provided input and participated in negotiating Community Benefit Agreements (CBAs) to ensure maximum benefits and mitigation of harm?
- **Watershed impacts:** Has the proposed facility considered alternatives to water-intensive evaporative cooling? What measures will be implemented to conserve, reuse, or replace water? How will the company support restoration of the local watershed?

Demand for power for data centers is expected to rise significantly in the United States.

12%

US electicity demand is expected to increase by nearly 12 percent due to data center consumption.

SOURCE: Global Energy Perspective 2023, McKinsey, October 18, 2023; McKinsey Analysis, McKinsey & Company



End notes.

1. *Michigan Data Centers - 59 Facilities from 32 Operators.* (2025). Datacentermap.com. https://www.datacentermap.com/usa/michigan/ **2.** House, K. (2025, November 19). *Data centers eyed in at least 10 Michigan towns. How they might change state.* Bridge Michigan. **3.** House, K. (2025, December 18). *Regulators approve DTE contracts for Michigan's first hyperscale data center.* Bridge Michigan. **4.** Nuoa Lei, Jun Lu, Arman Shehabi, Eric Masanet. (2025, June 1). *The water use of data center workloads: A review and assessment of key determinants.* Resources, Conservation and Recycling, Volume 219. **5.** New York Senate Bill S6394A, (2025). https://legislation.nysenate.gov/pdf/bills/2025/S6394A **6.** State of Illinois SB2181, (2025). https://www.ilga.gov/Legislation/BillStatus/FullText?GAID=18&DocNum=2181&DocTypeID=SB&LegId=161884&SessionID=114 **7.** Marohn, K. (2025, June 18). *Data centers face new regulations, some worry they fall short of protecting water, residents.* MPR News.