Policy Matters Ohio

POLICY BRIEF

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Behind-the-meter is no solution for data center energy demands

On-site power generation could do more harm than good

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As communities across Ohio wrestle with the impact of the state's data center boom, "behind-the-meter" (BTM) energy generation requirements are often cited as a policy tool to keep the facilities from driving up costs for ratepayers and straining the electric grid. But requiring data center companies to build and maintain their own energy systems may do more harm than good.

Also known as bring-your-own-energy solutions or onsite generation, BTM systems are built on the end user's side of the utility meter. They are not connected to the electricity grid that supplies everyday consumers and other electric customers; the power they generate is used exclusively by the data center or other facilities with which they share a site.

Data center companies may prefer BTM

Policymakers and advocates from across the political spectrum have identified BTM systems as a potential solution to moderate data centers' burden on public energy infrastructure. However, lawmakers *should not create or support incentives for data centers' onsite generation*, since data center companies have good reason to prefer BTM systems without them.

In the race to meet the demands of AI's rapid expansion, data center developers are looking for any advantage that will get them online as quickly as possible. However, as state and regional energy systems struggle to keep up with the dramatic rise in demand for power, data center developers face increasing wait times for grid connection — up to eight years.[1] BTM systems allow developers to bypass these delays.

[1] "At the Crossroads: A Better Path to Managing Data Center Load Growth," by Mckenna Beck and Jackson Morris. Natural Resources Defense Council, September 2025 (page 5).

Building their own private power plants may also allow data center developers to bypass crucial regulations, in place to protect Ohioans from all manner of health and environmental harms caused by power generation. That was made possible by House Bill 15, the sweeping 2025 law that includes expedited permitting for power generation facilities sited on land owned or controlled by a data center developer.[2]

Under H.B. 15, permit applications for such projects are automatically approved after 60 days, unless the Ohio Power Siting Board (OPSB) — the state's regulatory body, whose members are appointed by the governor — denies the application. In October 2025, the OPSB by default approved construction of a 73-megawatt natural gas fuel cell facility within 800 feet of a residential neighborhood in Franklin County. Because OPSB's authority supersedes local control,[3] residents had no say in the matter.

Data centers' specific energy needs make BTM especially risky

Data centers, especially new hyperscale facilities,[4] require extraordinary amounts of electricity[5] around the clock. The only power generation sources that can currently meet 24/7 demand without the addition of battery storage involve coal, natural gas, or nuclear generation — all of which should be subject to comprehensive regulatory oversight, strict permitting standards, and community accountability.

Since June of 2025, the OPSB approved over 2,000 MW of natural gas-powered BTM generation[6] — enough to power 1.4 million homes.[7] As of May 2026, data center projects include plans for at least 3,280 MW more in BTM generation capacity.[8]

Two natural gas-fired BTM generation projects account for the majority of new BTM capacity proposed in 2026, including the Ashville Energy Center in Pickaway County, with up to 800 MW of generation capacity, and the 1,300 MW Fairfield Energy Center. If these projects move forward, they will be among the largest natural gas-burning power plants in the state,[9] with several residential homes within a half mile of the project sites. Burning natural gas for power generation produces large amounts of pollutants linked to higher rates of chronic respiratory and cardiovascular conditions.[10]

Even potentially less harmful BTM systems, like the natural gas fuel cell facility that was recently approved for the Amazon data center in Hilliard, will have significant impact on

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[2] O.R.C. § 4906.03 (H)(3)
[3] O.R.C. § 4906.03 (B)
[4] Hyperscalers are massive facilities that consume far more electricity compared to the data centers that have been around for a while, used to support technology we use daily, like cloud services. Though capacity thresholds vary, the minimum threshold used to define hyperscale facilities is typically 40 MW or 50 MW.
[5] "From energy use to air quality, the many ways data centers affect US communities," by Carla Walker and Ian Goldsmith. World Resources Institute, February 2026.
[6] Public Utilities Commission of Ohio presentation to Ohio Senators during briefing on HB 15 impacts. March 2026; Natural Gas & Combined Heat and Power Projects in Ohio (updated 5/28/2026). Ohio Power Siting Board.
[7] Based on average sales (kWh) per residential customer in Ohio, using data from Electric Power Monthly, Electricity sales to ultimate customer by state and sector (retail sales of electricity and number of customer accounts, January-December, 2025), Energy Information Administration.
[8] Natural Gas & Combined Heat and Power Projects in Ohio (updated 5/28/2026). Ohio Power Siting Board.
[9] Gas Generation & CHP Case Status. Ohio Power Siting Board, updated 4/20/2026.
[10] Comprehensive review of health impacts of the exposure to nitrogen oxides (NOx), carbon dioxide (CO2), and particulate matter (PM), Sara Sami Taha et al., Journal of Hazardous Materials Advances, August 2025.

the surrounding communities. The Hilliard facility has the potential to produce 532 million pounds of carbon emissions annually,[11] comparable to the emissions of 66,000 gas-powered vehicles each day.[12] That is more than enough to lower the air quality in surrounding communities, and it is difficult to predict the long term impacts of fuel cell technology used at this scale — the facility is among the largest applications of fuel cell technologies for power generation in North America.[13]

Large-scale data centers are also considering BTM nuclear power, including small modular reactors (SMRs),[14] an emerging nuclear technology whose scale enables them to be deployed faster than conventional nuclear power plants.[15] Research has linked proximity to nuclear plants with increased cancer mortality rates in surrounding communities.[16] Radioactive waste produced by nuclear plants can take thousands of years to decay — hundreds of thousands of years for certain high-level radioactive waste, like spent fuel produced by power plants[17] — posing serious, long-term health hazards and environmental risks.[18] Improper nuclear waste management or radioactive spills risk soil and water contamination, increasing communities' exposure to radioactive hazards. As of January 2026, only two SMRs were in commercial operation worldwide.[19] Ohio communities should not be used as test cases for experimental nuclear technology, and at minimum the emerging tech should be heavily regulated to protect workers and neighboring communities.

Inequitable fossil fuel infrastructure siting decisions are a well-known environmental justice issue, exacerbating health disparities and environmental burdens among Black and Latine communities, low-income communities, and others.[20] Shorter review timelines for BTM generation accelerates the already rapid expansion of hyperscale data centers, despite growing calls from impacted communities to slow down the industry's growth. Enabling data centers to bypass the grid — and community feedback — risks further entrenching environmental injustices faced by Ohio communities.

Policy recommendations

First, state legislators should ensure greater community oversight of BTM siting decisions, so Ohioans can have a meaningful say in whether and how BTM projects (and data centers generally) are built in their communities. That means **requiring all data center projects — especially those with BTM generation — to adhere to rigorous**

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[11] Evaluation of Air Emissions from Proposed Fuel Cell Installation (Section 3.4), prepared for Bloom Energy by Ramboll Americas Engineering Solutions, Inc. March 2026.
[12] The City of Hilliard's Data Center Fuel Cells FAQ.
[13] Electric Power Annual, Form EIA-860 detailed data with previous form data (EIA-860A/860B), US Energy Information Administration, 2024; "Largest Fuel Cell Installation in North America," A/Z Corp. Newsroom.
[14] "Ohio bet big on data centers; now it needs the power," by Anna Staver. Cleveland.com, January 2026.
[15] "Understand Small Modular Reactors." Stanford University, September 2025.
[16] "Proximity to nuclear power plants associated with increased cancer mortality," by Maya Brownstein. Harvard T.H. Chan School of Public Health, February 2026.
[17] "Small modular reactors produce high levels of nuclear waste," by Mark Shwartz. Stanford University School of Sustainability, May 2022.
[18] "Nuclear explained," Nuclear power and the environment. U.S. Energy Information Administration.
[19] "Ohio bet big on data centers; now it needs the power," by Anna Staver. Cleveland.com, January 2026.
[20] "Reliance on Gas Power Plants Fuels Inequity," by Vivian Yang. Union of Concerned Scientists, January 2024.

review processes, regulatory oversight, community accountability, and public transparency requirements.

Then legislators should craft policy that encourages data center companies to use some of their extraordinary financial capacity to support improvements to Ohio's electricity infrastructure that will make our electric grid more reliable and sustainable:

- **Reduce restrictions on renewable energy generation** (which are currently more stringent[21] than those faced by BTM projects that rely on far more harmful and dangerous energy sources) and **require a percentage of data centers' power to be generated with renewable resources coupled with storage technologies.** Importantly, any renewable requirements imposed on data centers must stipulate that data centers bring **new clean energy capacity**, whether BTM or interconnected to the grid.
- Make fossil fuel and nuclear generation less attractive to developers **by limiting the amount and type of waste that BTM systems are allowed to produce** — and **requiring owners to pay the full costs of transporting and storing waste generated by their power plants and cleaning up any sites they leave behind**.

Because the state preempts local control over BTM projects, **local leaders should instead focus on regulating data center development in general.** While local officials can't influence siting or permitting decisions for OPSB-approved BTM projects, they can use comprehensive zoning rules and increased setback requirements to control where developers build data centers that may use BTM generation.[22]

[Check out our Data Center Policy Platform for more recommendations.]

[21] Ohio Power Siting Board.
[22] For more information about opportunities to engage with local zoning, see Fair Shake Environmental Legal Services' explainer, "Thinking Like A Lawyer: Reading and Using Zoning for Data Center Advocacy."