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Texas House State Affairs Committee takes more modulated approach than the Senate on transmission lines and data centers

The data center industry still faces tough questions about community outreach and developments in different parts of the state; on major transmission lines, major industry players tell GOP leadership there's urgency to addressing reliability needs sooner than later

Editor's note: Late in the day, a letter from industry groups to GOP leadership was distributed about the transmission lines. It's available for download in this story – SB

As protestors rallied in opposition to data centers and proposed 765-kV transmission lines outside the ***Texas Capitol*** and Lt. Gov. **Dan Patrick** targeted books filled with smut in the ***Texas Senate, House State Affairs*** held a mega hearing on two of the biggest liabilities for Republicans this fall.

The marathon hearing on those data centers and 765 kV electricity lines began around 8am and was scheduled to last at least 12 hours or so, said Chairman **Ken King**, R-Canadian, as things were getting underway.

Some of the initial testimony seemed to go a bit off script as **ERCOT** President and CEO **Pablo Vegas** talked about what the transmission lines will be used for.

“Those are the three key outputs, an allocation of the transmission system, financial expectations, how much it will cost in total to serve them, and then an actual plan on what is

the additional need of transmission in order to reliably serve all these data centers,” Vegas said.

Those comments are out of alignment with industry’s argument that the initial transmission lines are mainly for oil and gas production facilities in the Permian Basin.

“The current centralized process is unsustainable,” said Leon County Commissioner **Kyle Workman**, a Republican who also serves on the board of the ***Texas Home School Coalition***. Counties need more agency when it comes to regulating data centers, he argued. His was a sentiment echoed by Democrats and Republicans alike throughout the hearing.

If there’s anything data center operators need to improve, it’s public relations in the communities where they are building. Every day Texans have no empathy for the industry and, as one observer noted, it’s not like the data centers are being built in areas like Southlake or River Oaks.

In the hotseat in particular was **Haynes Strader**, the chief development officer of Dallas-based ***Skybox Data Centers***.

Chairman **Charlie Geren** told Strader he plans to file the bill removing their sales tax exemptions, which have cost the state billions in revenue.

Strader, whose colleagues have testified before other committees that they have not been the best at communication with various constituencies, became defensive in exchanges with Representatives **Senfronia Thompson** and **Yvonne Davis**.

Strader went toe-to-toe with Thompson on his insistence the centers need to be built because of the threat of Chinese dominance of the AI industry, which Rep. **Richard Raymond** also questioned.

“It seems to me a lot of the data centers are being built in areas where the city nor the county have any input. It just seems like a one-sided situation,” Thompson told Strader as he pressed the need for development and infrastructure to support his development.

In an exchange with Rep. **Rafael Anchía**, he noted the public often looks at so-called “bad actors” instead of the industry as a whole.

“A lot of frustration you hear from a lot of folks is doing behind closed doors deals and they’re making people sign NDAs,” Strader said. “A lot of those projects aren’t ever going to come out of the ground or materialize, which is incredibly frustrating for those of us trying to do this. We carry the weight of a lot of folks doing this the wrong way,” Strader said.

“I’ve never heard anybody testify before this committee that they’re the speculator or bad actor,” Anchía interjected. “Everybody says, ‘well we’re the good guys! It’s all those other people that are bad guys. I’d be curious to see some day somebody come to this committee and say, ‘no, no, no, we’re the guys are talking about because it never happens.’”

“I believe Speaker Burrows invited some folks who refuse to attend,” Strader replied.

“If you want to submit a list to the committee, we’d love to see it,” Anchía said.

“I’d be happy to work with the committee on suggestions there,” a visibly uncomfortable Strader replied.

As exchanges hinged on the industry’s needs and talking points, representatives for the industry faced more questions.

Where’s a government official to verify these foreign threats? asked Rep. Raymond.

What will happen to the facilities when they’re no longer useful? asked Chair King.

Most of the questions went like this, it seemed: “Are you all really producing this many jobs as you say?”

As the day rolled on, a joint letter from business groups with skin in the game on the issue of the transmission lines was distributed to the state’s GOP leadership.

The letter was signed by **TXGOA**, the **Chemistry Council**, **Texas Manufacturers**, **Powering Texans**, **TCPA**, and **AECT**.

In part, the groups said it's key to respect landowners while meeting reliability needs and argued "this is a reliability issue, not a generation versus transmission debate."

And meeting reliability needs is urgent, they argued:

"ERCOT has identified emerging reliability risks in Far West Texas and has warned that delaying planned transmission facilities increases the likelihood of operational challenges, including the potential for regional rolling blackouts and load shedding during periods of high demand," the groups wrote. "Infrastructure of this scale takes years to plan, permit, finance, and construct, so a pause today does not simply delay a project by a few months — it can delay critical infrastructure for years, during which the underlying reliability risk does not go away."

"Reliability failures, congestion, and operational limitations ultimately impose costs on Texas consumers that can exceed the cost of prudent, timely infrastructure investment. Avoidable delay is not a neutral choice for ratepayers; it is a choice between paying for planned infrastructure now or paying more later through outages and congestion," they argued.

The full letter from those business organizations [can be downloaded here](#).

Meantime for a true flavor of much of the hearing, check out this testimony from a concerned citizen talking about data centers:

"Both frequency noise is not defined by the source is defined by the wavelength. The longer the length, the more energy that wave that vibration is gonna have, and it will go through the walls of a person's house. It can go through concrete. And it will go through the human body. It goes through the brain. It causes neural inflammation in the brain. It causes this inflammation in every part of the brain. This is why people are having the tinnitus, the nausea. The anxiety, depression. All those are the things. It's because of what's going on in the brain. It causes a cellular breakdown, and it causes a ripping apart of the double stranded DNA that leads to multiple mutations, and future diseases, diseases that we probably ever heard about yet. If you live near a data center, you're three times as likely to have MS. And that statement comes from a lady who is a pediatrician, from Cooks children's hospital. In forward. Also, it changes the heart rhythm. The vibrations confuse the heart so

that it doesn't know how to beat regular anymore. It also causes the thickening of the walls of the sack around the heart. It increases it by 100 to 300%.”

The hearing continued into the afternoon.

By James Russell

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