

119TH CONGRESS
2D SESSION

H. R. 9419

To facilitate the responsible development of data centers and related infrastructure, to protect existing ratepayers from the shifting of incremental infrastructure costs attributable to large-load facilities, to encourage investment in water reuse, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2026

Mr. BAUMGARTNER introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To facilitate the responsible development of data centers and related infrastructure, to protect existing ratepayers from the shifting of incremental infrastructure costs attributable to large-load facilities, to encourage investment in water reuse, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Power and Water for
5 Families Act of 2026”.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) Artificial intelligence has the potential to
4 drive economic growth, accelerate scientific and med-
5 ical innovation, strengthen American competitive-
6 ness, and enhance the national security of the
7 United States.

8 (2) Maintaining American leadership in artifi-
9 cial intelligence over the Chinese Communist Party
10 will require the responsible development of data cen-
11 ters and advanced computing infrastructure; and to
12 do so, the United States is experiencing rapid
13 growth in large electrical loads, including data cen-
14 ters and advanced computing facilities, some of
15 which require power at a scale comparable to that
16 of major metropolitan areas.

17 (3) The effects of new large electrical loads on
18 electricity costs are not uniform across the United
19 States and depend on regional resources, market
20 structure, utility regulation, and the allocation of
21 costs associated with serving such loads. Absent ap-
22 propriate safeguards, such loads may place upward
23 pressure on power costs, reduce access to Federal
24 resources, and create risks to regional electric reli-
25 ability.

1 (4) The electric-power sector of the United
2 States is characterized by diverse regional markets,
3 resource mixes, utility structures, regulatory sys-
4 tems, and reliability needs. State regulatory authori-
5 ties, nonregulated electric utilities, regional trans-
6 mission organizations, and other relevant entities
7 should retain flexibility to implement solutions ap-
8 propriate to the communities they serve.

9 (5) Water reuse projects, including onsite water
10 recycling systems within data center facilities and
11 municipal water recycling systems, can protect
12 aquifers by replacing the use of freshwater, such as
13 rivers, streams and groundwater, with recycled water
14 and support the responsible development of data
15 centers and other industrial facilities.

16 **SEC. 3. POLICY OF CONGRESS.**

17 It is the policy of Congress that—

18 (1) the United States should pursue an all-of-
19 the-above strategy to develop the energy and water
20 infrastructure required to maintain global leadership
21 in artificial intelligence;

22 (2) the United States should address dem-
23 onstrated and localized infrastructure impacts
24 through targeted, evidence-based measures rather

1 than broad restrictions, blanket moratoria, or poli-
2 cies that impede responsible development;

3 (3) large-load customers should be encouraged
4 to build, bring, or buy new and additive generation
5 resources and should bear the full incremental cost
6 of the infrastructure required primarily to serve
7 their facilities;

8 (4) the development of data centers and ad-
9 vanced computing facilities should be addressed
10 through regionally appropriate policies that protect
11 affordability and reliability while allowing respon-
12 sible economic development; and

13 (5) water reuse should be encouraged through
14 investment in projects that install, replace, or modify
15 onsite water recycling systems, replace the use of
16 freshwater with recycled water from a municipal
17 water provider, or build or expand municipal water
18 recycling systems.

19 **TITLE I—POWER FOR FAMILIES**

20 **SEC. 101. FEDERAL STANDARD RELATING TO LARGE-LOAD** 21 **CUSTOMERS.**

22 Section 111(d) of the Public Utility Regulatory Poli-
23 cies Act of 1978 (16 U.S.C. 2621(d)) is amended by add-
24 ing at the end the following:

1 “(22) STANDARDS FOR LARGE-LOAD CUS-
2 TOMERS.—

3 “(A) RECOVERY OF FULL, INCREMENTAL
4 COST OF UPGRADES.—A rate charged, or en-
5 tered into, by an electric utility for providing
6 electric service to a large-load customer shall be
7 designed to recover from the large-load cus-
8 tomer the full, incremental cost of any genera-
9 tion, transmission, or distribution upgrade nec-
10 essary to serve the load of such large-load cus-
11 tomer, including in the event of such large-load
12 customer terminating a contract with the elec-
13 tric utility pertaining to the sale of electric en-
14 ergy, or otherwise ceasing the purchase of elec-
15 tric energy from the electric utility.

16 “(B) FINANCIAL ASSURANCES AND CON-
17 TRIBUTIONS.—Before making any generation,
18 transmission, or distribution upgrade that is
19 necessary to serve the load of a large-load cus-
20 tomer, an electric utility shall require the large-
21 load customer provide to the electric utility fi-
22 nancial assurances or contributions to cover the
23 cost of such upgrade.

24 “(C) LARGE-LOAD CUSTOMER DEFINED.—
25 In this paragraph, the term ‘large-load cus-

1 tomers’ means a non-residential retail electric
 2 customer that, on or after the date of the enact-
 3 ment of this paragraph, requests to enter into,
 4 or enters into, a contract pertaining to the sale
 5 of electric energy for one or more facilities
 6 that—

7 “(i) are behind a single point of inter-
 8 connection; and

9 “(ii) have, in the aggregate, a peak
 10 electric demand of 100 megawatts or more
 11 at a single site or campus.”.

12 **SEC. 102. FEDERAL STANDARD RELATING TO ADDITIVE**
 13 **GENERATION FOR LARGE-LOAD CUSTOMERS.**

14 Section 111(d) of the Public Utility Regulatory Poli-
 15 cies Act of 1978 (16 U.S.C. 2621(d)), as amended by sec-
 16 tion 101 of this Title, is further amended by adding at
 17 the end the following:

18 “(23) ADDITIVE GENERATION FOR LARGE-LOAD
 19 CUSTOMERS.—

20 “(A) IN GENERAL.—Each electric utility
 21 shall consider the establishment of rates, con-
 22 tracts, tariffs, service agreements, or other
 23 mechanisms under which service to a large-load
 24 customer is encouraged or required to develop,
 25 acquire, finance, or contractually dedicate new

1 or incremental generation resources sufficient
2 to serve the projected load of such large-load
3 customer and, where feasible, to provide addi-
4 tional capacity, energy, capacity attributes, or
5 other resource benefits for the benefit of other
6 customers.

7 “(B) ADDITIVE GENERATION INCEN-
8 TIVE.—In carrying out subparagraph (A), in-
9 cluding as a means of satisfying or
10 supplementing the standard described in para-
11 graph (22), each electric utility shall consider
12 mechanisms under which any capacity, energy,
13 capacity attributes, or other resource benefits in
14 excess of the projected load of such large-load
15 customer may be made available, through long-
16 term contracts or other market-based mecha-
17 nisms, to load-serving entities serving residen-
18 tial, agricultural, small business, or other exist-
19 ing customers.

20 “(C) FLEXIBLE IMPLEMENTATION.—A
21 State regulatory authority, with respect to each
22 electric utility for which the State regulatory
23 authority has ratemaking authority, and each
24 nonregulated electric utility may implement the
25 standard under this paragraph through—

1 “(i) physical allocation of generating
2 capacity;

3 “(ii) long-term power purchase agree-
4 ments;

5 “(iii) contractual or financial arrange-
6 ments;

7 “(iv) market-based mechanisms;

8 “(v) tariff conditions or special con-
9 tracts for large-load customers; or

10 “(vi) any other mechanism determined
11 appropriate by the State regulatory au-
12 thority or nonregulated electric utility.

13 “(E) NO MANDATORY RESOURCE ALLOCA-
14 TION.—Nothing in this paragraph shall be con-
15 strued to require a State regulatory authority
16 or nonregulated electric utility to mandate the
17 physical allocation of generating capacity or to
18 require a uniform percentage set-aside of new
19 or incremental generation resources.

20 “(F) LARGE-LOAD CUSTOMER DEFINED.—
21 In this paragraph, the term ‘large-load cus-
22 tomer’ has the meaning given such term in
23 paragraph (22)(C).”.

1 **SEC. 103. OBLIGATIONS TO CONSIDER AND DETERMINE.**

2 Section 112 of the Public Utility Regulatory Policies
3 Act of 1978 (16 U.S.C. 2622) is amended—

4 (1) in subsection (b), by adding at the end the
5 following:

6 “(9)(A) Not later than 1 year after the date of
7 enactment of this paragraph, each State regulatory
8 authority (with respect to each electric utility for
9 which the State has ratemaking authority) and each
10 nonregulated electric utility shall commence consid-
11 eration under section 111, or set a hearing date for
12 consideration, with respect to the standard estab-
13 lished by paragraph (22) of section 111(d).

14 “(B) Not later than 2 years after the date of
15 enactment of this paragraph, each State regulatory
16 authority (with respect to each electric utility for
17 which the State has ratemaking authority) and each
18 nonregulated electric utility shall complete the con-
19 sideration and make the determination under section
20 111 with respect to the standard established by
21 paragraphs (22) and (23) of section 111(d).”;

22 (2) in subsection (c)—

23 (A) by striking “subsection (b)(2)” and in-
24 serting “subsection (b)”; and

25 (B) by inserting “In the case of the stand-
26 ard established by paragraphs (22) and (23) of

1 section 111(d), the reference contained in this
 2 subsection to the date of enactment of this Act
 3 shall be deemed to be a reference to the date
 4 of enactment of that paragraph (22) and (23).”
 5 after “paragraph (21).”; and
 6 (3) by adding at the end the following:

7 “(i) OTHER PRIOR STATE ACTIONS.—Subsections
 8 (b) and (c) shall not apply to the standard established by
 9 paragraphs (22) and (23) of section 111(d) in the case
 10 of any electric utility in a State if, before the date of enact-
 11 ment of this subsection—

12 “(1) the State has implemented for the electric
 13 utility the standard (or a comparable standard);

14 “(2) the State regulatory authority for the
 15 State or the relevant nonregulated electric utility has
 16 conducted a proceeding to consider implementation
 17 of the standard (or a comparable standard) for the
 18 electric utility; or

19 “(3) the State legislature has voted on the im-
 20 plementation of the standard (or a comparable
 21 standard) for the electric utility.”.

22 **SEC. 104. PRIOR AND PENDING PROCEEDINGS.**

23 Section 124 of the Public Utility Regulatory Policies
 24 Act of 1978 (16 U.S.C. 2634) is amended by adding at
 25 the end the following: “In the case of the standard estab-

lished by paragraph (22) of section 111(d), the reference contained in this section to the date of enactment of this Act shall be deemed to be a reference to the date of enactment of that paragraph (22).”.

SEC. 105. QUALIFYING ADDITIVE GENERATION PROJECT CREDIT.

(a) IN GENERAL.—Subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 48F the following:

“SEC. 48G. QUALIFYING ADDITIVE GENERATION PROJECT CREDIT.

“(a) IN GENERAL.—For purposes of section 46, the qualifying additive generation project credit for any taxable year is an amount equal to 30 percent of the qualified additive investment, as determined under subsection (b), for such taxable year.

“(b) QUALIFIED ADDITIVE INVESTMENT.—For purposes of this section, the term ‘qualified additive investment’ means the portion of the qualified investment in qualified property placed in service during the taxable year that is properly allocable to creditable excess capacity.

“(c) CREDITABLE EXCESS CAPACITY.—For purposes of this section, the term ‘creditable excess capacity’ means

1 the portion of new or incremental electric generation ca-
2 pacity that—

3 “(1) exceeds the projected peak electric demand
4 of a covered large-load facility;

5 “(2) is made available to one or more eligible
6 load-serving entities pursuant to a long-term con-
7 tract or other binding written agreement; and

8 “(3) does not exceed 50 percent of the projected
9 peak electric demand of such covered large-load fa-
10 cility.

11 “(d) QUALIFYING ADDITIVE GENERATION
12 PROJECT.—For purposes of this section, the term ‘quali-
13 fying additive generation project’ means a project that—

14 “(1) develops, constructs, acquires, finances, or
15 contractually dedicates new or incremental electric
16 generation resources to support a covered large-load
17 facility;

18 “(2) makes creditable excess capacity available
19 to one or more eligible load-serving entities; and

20 “(3) does not shift generation, transmission,
21 distribution, interconnection, stranded, or other in-
22 frastructure costs attributable to the covered large-
23 load facility to existing residential, agricultural,
24 small business, or other existing customers.

25 “(e) VERIFICATION AND RECAPTURE.—

1 “(1) VERIFICATION.—No credit shall be allowed
2 under this section unless the taxpayer certifies, in
3 such form and manner as the Secretary may require,
4 that—

5 “(A) the projected peak electric demand of
6 the covered large-load facility is supported by
7 an engineering study, utility service agreement,
8 interconnection study, or other documentation
9 determined appropriate by the Secretary, in
10 consultation with the Secretary of Energy;

11 “(B) the creditable excess capacity is sub-
12 ject to a long-term contract or other binding
13 written agreement with one or more eligible
14 load-serving entities; and

15 “(C) such creditable excess capacity is rea-
16 sonably expected to be deliverable to such eligi-
17 ble load-serving entities.

18 “(2) RECAPTURE.—The Secretary shall provide
19 rules for the recapture of all or a portion of any
20 credit allowed under this section if, during such pe-
21 riod as the Secretary determines appropriate—

22 “(A) the taxpayer materially increases the
23 electric demand of the covered large-load facil-
24 ity in a manner that reduces or eliminates the
25 creditable excess capacity;

1 “(B) the taxpayer terminates or materially
2 reduces the long-term contract or other binding
3 written agreement described in paragraph
4 (1)(B); or

5 “(C) the Secretary determines that the
6 projected peak electric demand of the covered
7 large-load facility was materially understated.

8 “(f) DEFINITIONS.—For purposes of this section—

9 “(1) COVERED LARGE-LOAD FACILITY.—The
10 term ‘covered large-load facility’ means one or more
11 nonresidential facilities behind a single point of
12 interconnection that have, in the aggregate, a peak
13 electric demand of 100 megawatts or more at a sin-
14 gle site or campus.

15 “(2) ELIGIBLE LOAD-SERVING ENTITY.—The
16 term ‘eligible load-serving entity’ means an electric
17 utility, public power utility, electric cooperative, mu-
18 nicipal utility, investor-owned utility, Federal power
19 marketing administration customer or preference
20 customer, or any other load-serving entity deter-
21 mined appropriate by the Secretary.

22 “(3) LONG-TERM CONTRACT.—The term ‘long-
23 term contract’ means a contract, tariff, service
24 agreement, power purchase agreement, capacity

1 agreement, or other binding written arrangement
2 with a term of not less than 10 years.

3 “(4) QUALIFIED PROPERTY.—The term ‘quali-
4 fied property’ means tangible property that is used
5 as an integral part of a qualifying additive genera-
6 tion project, with respect to which depreciation or
7 amortization is allowable, and the original use of
8 which begins with the taxpayer.

9 “(g) GUIDANCE.—The Secretary, in consultation
10 with the Secretary of Energy and the Federal Energy Reg-
11 ulatory Commission, shall issue such guidance as may be
12 necessary to carry out this section, including guidance for
13 determining qualified additive investment, projected peak
14 electric demand, creditable excess capacity, deliverability,
15 and prevention of cost shifting.

16 “(h) TERMINATION.—This section shall not apply to
17 any qualifying additive generation project placed in service
18 more than 10 years after the date of enactment of this
19 section.”.

20 (b) PART OF INVESTMENT CREDIT.—Section 46 of
21 the Internal Revenue Code of 1986 is amended by adding
22 at the end the following:

23 “(8) the qualifying additive generation project
24 credit.”.

1 (c) CLERICAL AMENDMENT.—The table of sections
 2 for subpart E of part IV of subchapter A of chapter 1
 3 of such Code is amended by inserting after the item relat-
 4 ing to section 48F the following:

“Sec. 48G. Qualifying additive generation project credit.”.

5 (d) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to qualifying additive generation
 7 projects the construction of which begins after the date
 8 of enactment of this Act.

9 **TITLE II—ADVANCING WATER** 10 **REUSE**

11 **SEC. 201. QUALIFYING WATER REUSE PROJECT CREDIT.**

12 (a) IN GENERAL.—Subpart E of part IV of sub-
 13 chapter A of chapter 1 of the Internal Revenue Code of
 14 1986 is amended by inserting after section 48E the fol-
 15 lowing new section:

16 **“SEC. 48F. QUALIFYING WATER REUSE PROJECT CREDIT.**

17 “(a) IN GENERAL.—For purposes of section 46, the
 18 qualifying water reuse project credit for any taxable year
 19 is an amount equal to 30 percent of the qualified invest-
 20 ment for such taxable year with respect to any qualifying
 21 water reuse project of the taxpayer.

22 “(b) QUALIFIED INVESTMENT.—

23 “(1) IN GENERAL.—For purposes of subsection
 24 (a), the qualified investment with respect to any
 25 qualifying water reuse project for any taxable year

1 is the basis of qualified property placed in service by
 2 the taxpayer during such taxable year which is part
 3 of such qualifying water reuse project.

4 “(2) QUALIFIED PROPERTY.—For purposes of
 5 this subsection, the term ‘qualified property’ means
 6 property—

7 “(A) which is tangible property,

8 “(B) with respect to which depreciation (or
 9 amortization in lieu of depreciation) is allow-
 10 able, and

11 “(C) which is—

12 “(i) constructed, reconstructed, or
 13 erected by the taxpayer, or

14 “(ii) acquired by the taxpayer if the
 15 original use of such property commences
 16 with the taxpayer.

17 “(3) CERTAIN QUALIFIED PROGRESS EXPENDI-
 18 TURES RULES MADE APPLICABLE.—Rules similar to
 19 the rules of subsections (c)(4) and (d) of section 46
 20 (as in effect on the day before the enactment of the
 21 Revenue Reconciliation Act of 1990) shall apply for
 22 purposes of this section.

23 “(c) QUALIFYING WATER REUSE PROJECT.—For
 24 purposes of this section—

1 “(1) IN GENERAL.—The term ‘qualifying water
2 reuse project’ means a project which—

3 “(A) installs, replaces, or modifies an on-
4 site water recycling system within an industrial,
5 manufacturing, data center, or food processing
6 facility,

7 “(B) replaces the use of freshwater, such
8 as groundwater, with recycled water from a mu-
9 nicipal water provider for the production of
10 goods or provision of services by the taxpayer,
11 or

12 “(C) builds or expands a municipal water
13 recycling system for the purpose of securing re-
14 cycled water for the production of goods or pro-
15 vision of services.

16 “(2) WATER RECYCLING SYSTEM.—The term
17 ‘water recycling system’ means infrastructure needed
18 for the production, storage, conveyance, and use of
19 recycled water.

20 “(3) RECYCLED WATER.—The term ‘recycled
21 water’ means former wastewater, including both in-
22 dustrial and municipal wastewater, that has been
23 treated and cleaned for a specific beneficial use.

24 “(d) SPECIAL RULE FOR CERTAIN PROPERTY
25 TRANSFERRED TO UTILITIES.—

1 “(1) IN GENERAL.—In the case of any qualified
2 transfer property transferred from a person to a
3 utility—

4 “(A) such property shall be treated as
5 qualified property with respect to such person,

6 “(B) such person shall be treated as hav-
7 ing placed such property in service at the time
8 of such transfer,

9 “(C) the basis of such person in such prop-
10 erty which is taken into account under sub-
11 section (b)(1) shall be the basis of such person
12 in such property at the time of such transfer,
13 and

14 “(D) such property shall not be taken into
15 account for purposes of determining any credit
16 allowed under this section to such utility.

17 “(2) QUALIFIED TRANSFER PROPERTY.—For
18 purposes of this subsection, the term ‘qualified
19 transfer property’ means property transferred from
20 a person to a utility if—

21 “(A) such property is qualified property
22 with respect to such utility, and

23 “(B) such person and such utility enter
24 into a binding written agreement under which
25 such person is treated as eligible for the credit

1 allowed under this section with respect to such
2 property in lieu of such utility.

3 “(e) TERMINATION.—This section shall not apply to
4 any qualified investment with respect to any qualifying
5 water reuse project unless such project is placed in service
6 not later than the date which is 10 years after the date
7 of the enactment of this section.”.

8 (b) PART OF INVESTMENT CREDIT.—Section 46 of
9 such Code is amended by striking “and” at the end of
10 paragraph (7), by striking the period at the end of para-
11 graph (8) and inserting “, and”, and by adding at the
12 end the following new paragraph:

13 “(9) the qualifying water reuse project credit.”.

14 (c) CLERICAL AMENDMENT.—The table of sections
15 for subpart D of part IV of subchapter A of chapter 1
16 of such Code is amended by inserting after the item relat-
17 ing to section 48E the following new item:”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to qualifying water reuse projects
20 (as defined in section 48F of the Internal Revenue Code
21 of 1986, as added by this section) the construction of
22 which begins after the date of the enactment of this Act.

○