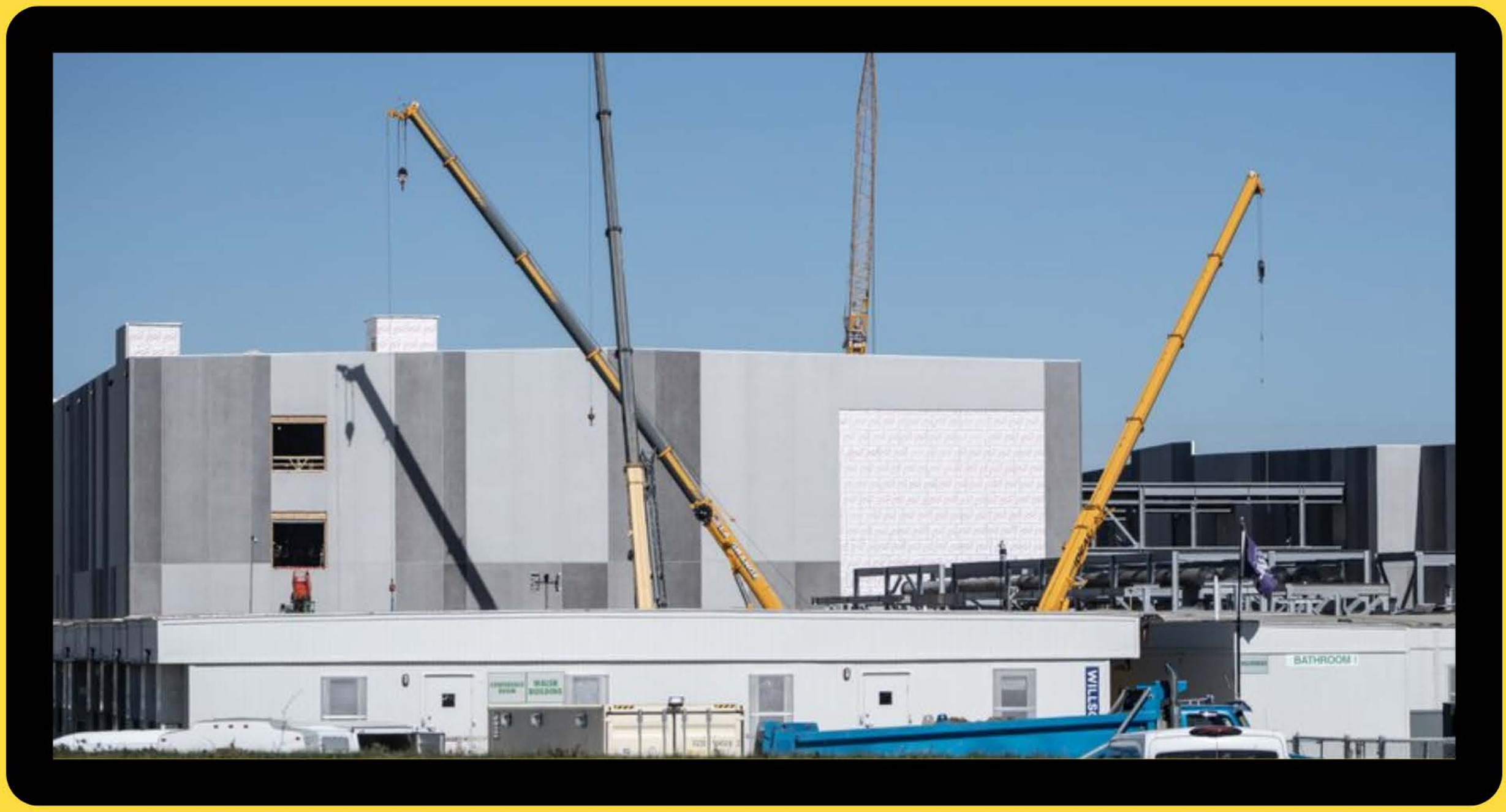
Data Centers in Michigan and Wisconsin



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As of May 30, 2025

Data Centers in Michigan and Wisconsin

To see RE-AMP's full report on data centers in the Midwest, visit https://www.reamp.org/resources-and-services/. The data center landscape changes quickly; this report covers a snapshot of Michigan and Wisconsin as of May 30, 2025.

Wisconsin and Michigan are currently relatively small data center markets, and are not yet seeing as many data center proposals as other states. But, they are both still seeing a lot of growth and several very large data center proposals.

These proposals could have significant water usage and water impacts, ecological impacts from heated water discharge in "closed loop" systems, electricity rate impacts, noise, property value and land use impacts. They could create some number of jobs, particularly during construction, and generate tax revenue, particularly for local governments, although some tax revenue will be lost through tax incentives. But their most concrete impacts can already be felt in our energy system, especially in Wisconsin.

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Data Centers and Power Generation

Data center proposals in the two states are leading to a number of plans for power plants that could be harmful to climate and health:

- We Energies' recently approved plans to convert the Oak Creek coal plant to gas (1,100 MW), and to build a new gas peaker plant in Paris, WI are both clearly linked to new data center proposals in Southeastern WI (see below). These new plants could lead to an estimated **1,185,000 Metric Tonnes (MT) of CO2-equivalent (CO2e)** a year and **60 MT of NOx.**
- Data center growth is likely a contributing factor in Alliant Energy's two coal plant retirement delays and gas conversion plan in Wisconsin. The coal retirement delays could produce coal retirement delays could produce **6,475,000 MT of CO2e** and **2,460 MT of NOx** a year; the gas conversion could produce **337,000 MT of CO2e** and **17 MT of NOx** a year.
- In Michigan, utilities have only begun to indicate they may need to change generation plans to accommodate data centers. One data center in Dowagiac, MI is arranging for 40 megawatts (MW) of behind-the-meter gas generation. A 40 MW behind-the-meter gas generator could produce **1,415,000 MT of CO2e** and **70 MT of NOx**.[1] The Department of Energy has also issued an emergency order to keep the JH Campbell coal plant open for 90-days in West Olive, a measure that was not requested by the grid operator, utility, or state regulators.[2]

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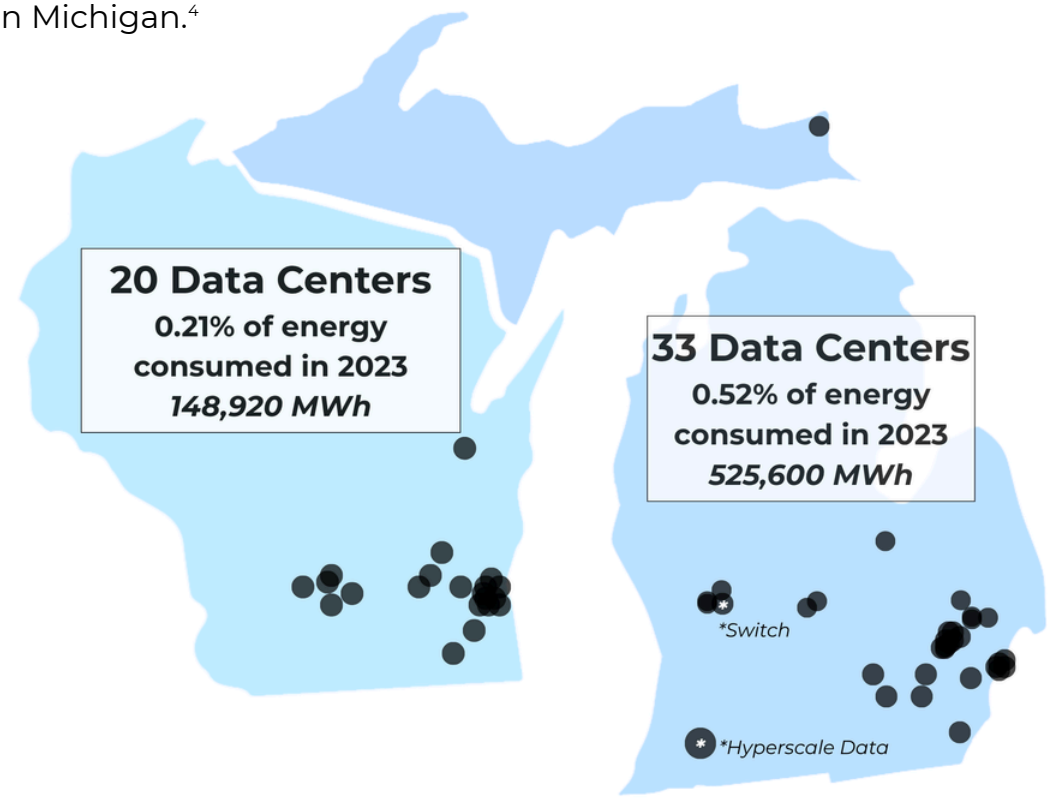
Existing Data Centers

There are at least 33 data centers in Michigan, and 20 in Wisconsin. This is likely an undercount, particularly of small "enterprise" data centers, which are owned by a single company for their own use. But the existing data centers are almost all very small. Baxtel (a data center research company) labels **all but two** operating facilities in the two states "small" or "extra small." They estimate that cumulatively, Michigan data centers currently have 78 MW capacity.[3] Since these data centers are small, they don't have a major impact on the energy system. The Electric Power Research Institute (EPRI) estimates that in 2023, data centers accounted for 0.21% of the energy consumed in Wisconsin, and 0.52% of the energy consumed in Michigan.[4]



Switch and Hyperscale Data (formerly Sentitum) are the only large data centers currently operating in the two states – Hyperscale Data claims that their Michigan data center receives 85% green energy, likely through some form of green purchasing program.[5] Switch Power promises 100% green energy. There is no available information on their water use.[6] Hyperscale is located in a former manufacturing site, while Switch is in the former Steelcase pyramid-shaped office building. Hyperscale Data has 28 MW of power capacity, and Switch in Grand Rapids is estimated at 10 MW currently, but both are planning drastic expansions (see below). Switch, which is already under construction – claiming that it will have 110 MW of power on completion – will soon individually be as large as all current data centers in Michigan combined.

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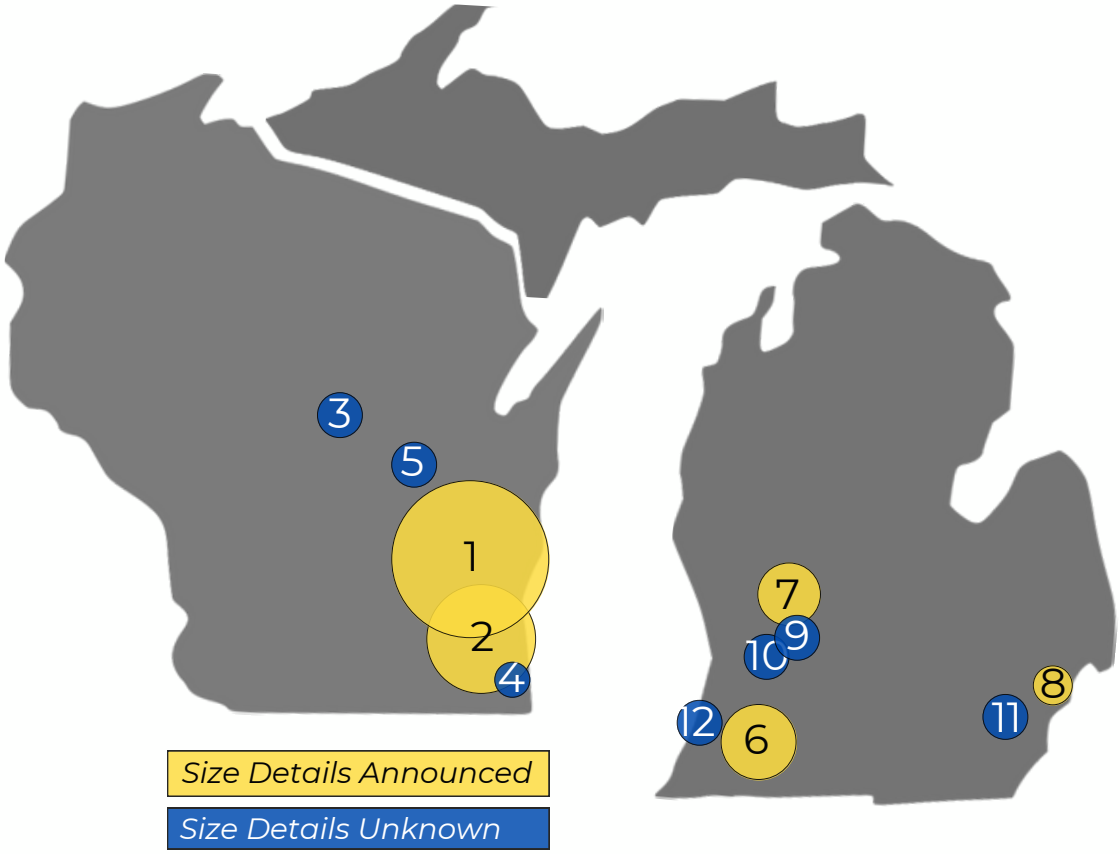
Data Center Proposals

Both of the large existing data centers in Michigan are expanding. There are 9 other new proposals known in the two states (5 in Wisconsin, 4 in Michigan), some of which are truly huge:



1. **Cloverleaf** in Port Washington, WI is planning for a first phase of as much as **1,200 MW by 2027 and 3,500 MW by 2030**, which makes it among the biggest proposals in the world. The site is a "power shell" being prepared by Cloverleaf to ultimately house another company, likely one of the four major hyperscalers – Microsoft, Google, Amazon or Meta. No customers have been announced yet (as of 5/15), although they have said they will announce a first customer soon. They have claimed that 30-40% of the power generation for the first phase will come from renewables, and they are in talks with We Energies to build new generation to accommodate the facility. The plan commission recommended annexation and approved a new technology district on April 17, despite local opposition. It is not clear how much water the end-user will consume, since no customer or cooling technology has been chosen.[7] But, Cloverleaf is in talks with the city engineers to study whether the water plant can accommodate an additional 1 MGD (million gallons a day) of demand.[8]

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Data Center Proposals (cont.)

2. **Microsoft** in Mt. Pleasant, WI. The project, on 1900 acres at three different sites, is located on land that had been set aside for the Foxconn development. It is meant to be built in three phases, up to **1,480 MW**. The first phase (450 MW) is still on track for completion, but Microsoft announced in January that it will pause construction on phases two and three.[9] Microsoft has said that they are piloting a "zero-water" cooling system in Mt. Pleasant, which will employ a closed loop system that returns heated water directly to the lake. Their estimates show the technology is not truly zero water – they say they will use water for cooling between May and September, with a peak daily use of 350,000 gallons per day on the hottest days of the year.[10] The company has promised at least $3.3B dollars of investment and 2,300 union construction jobs in the first phase, with some additional technology training and workforce development initiatives (there has been no estimate of full-time jobs after construction). Microsoft announced that they were partnering with National Grid Renewables to build a new 250 MW solar project in Wisconsin which would be in operation by 2027.[11] However, Dan Krueger, a VP at We Energies, has said that the decision to convert the Oak Creek plant to gas is in part due to Microsoft's planned investments in Southeastern Wisconsin.[12] Plans for the Oak Creek conversion, alongside a new gas peaker plant planned for Paris, WI, were approved by the state Public Service Commission (PSC) on May 22, with commissioners citing reliability and "significant data center development."[13]
3. **Digital Power Optimization** in Wisconsin Rapids, WI will build a **20 MW** data center near an old paper mill, which is served by a 32 MW interconnection with hydroelectric power. They estimate bringing 100 jobs during the construction phase, and 12-20 full-time jobs.[14]
4. **Microsoft** in Kenosha, WI, just south of Mt. Pleasant, confirmed a 240 acre sale of recently rezoned, vacant land.[15] Plans have not been made public for the site, but based on a previous data center plan submitted for the same site, it may include four, single-story 250,000 sqf buildings and an onsite substation.[16]
5. A new data center in Beaver Dam, WI is rumored to be **Meta**. There are few public details – Meta plans to spend $837M, and the data center site has been approved for a state centive package by the Wisconsin Economic Development Corporation, and the city has approved a Tax Increment Financing District. It would be served by Alliant Energy, who have delayed the retirement of the Columbia coal plant in Portage from 2025 to 2029, and announced plans to convert the Edgewater coal plant to gas, along with a retirement delay from 2025 to 2028 – the first press release points vaguely to "reliability" and "changing market conditions,"[17] while the Edgewater announcement also specifically points to "load growth availability that creates economic benefits in the communities we serve."[18]
6. **Hyperscale Data** in Dowagiac, MI is adding an additional **300+ MW** to their site. While the utility is at work on a power upgrade, Hyperscale has also reached a behind-the-meter agreement for 40MW of capacity from a gas provider. They are transitioning the site from a bitcoin mine to high-powered computing (HPC) and co-location, where multiple tenants can rent out shelf space.[19]

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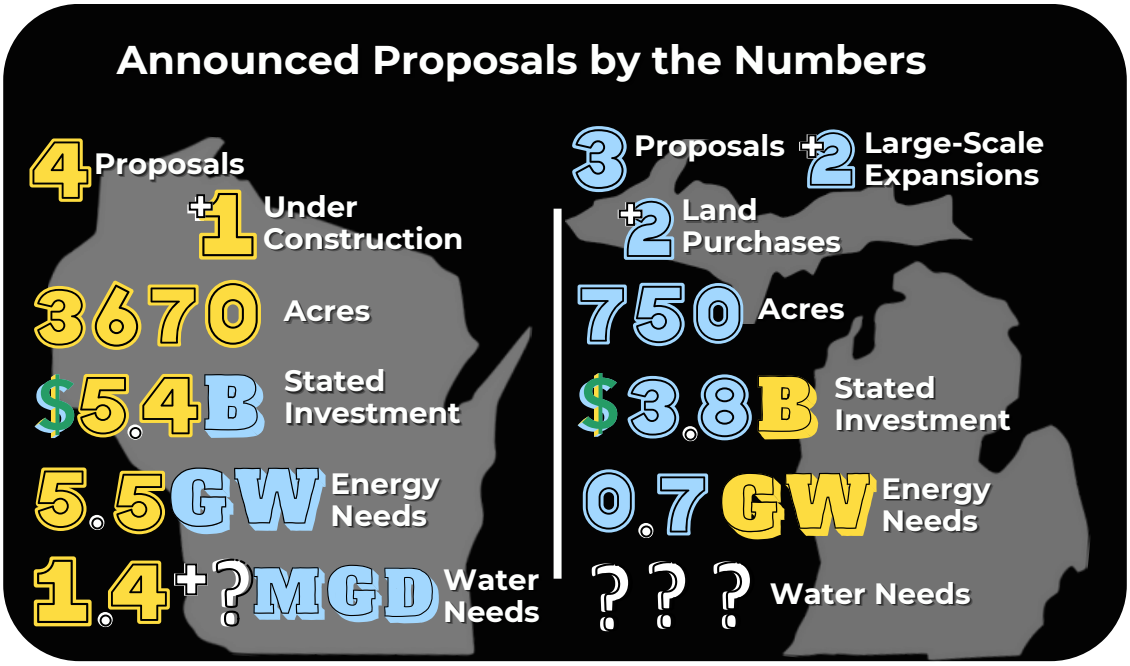
Data Center Proposals (cont.)

7. **Switch** in Gaines Township, MI is building **110 MW** at the former Steelcase pyramid site, with potential to expand up to 320 MW, and is adding an electrical substation onsite. The site received "Renaissance Zone" tax status that exempted them from most state and local taxes, saving them an estimated $1.1 million dollars a year. They entered into a payment in lieu of taxes (PILOT) agreement with the township, county and school districts, where it pays real property taxes (but not personal property taxes).[20] They say 1,000 people currently work at the site, likely mostly construction workers.[21]
8. **IronGate** in Detroit, MI has a **45 MW** colocation data center located in a former tank factory that they say can be ready "within 6 months of contract." They offer liquid cooling (likely direct-to-chip).[22] No other details are publicly available.
9. **Microsoft** in Gaines Township, MI bought 316 acres from Steelcase in Oct. 2024.[23] No more details are known, despite saying in October that details were forthcoming.[24]
10. **Microsoft** also bought 272 acres of farmland in Dorr Township, MI in Oct. 2024, but similar to above, no more details have been released.[25]
11. **Sansone Group** is interested in building a data center in York Township, MI at a 400 acre plot of land currently owned by Toyota. No official site plan or request has been submitted, and the purchase has not gone through yet.[26]
12. A $3B proposal from an **Unnamed company** in Benton Township, MI stalled in Aug, 2024 due to opposition from environmental groups.[27] However, as of Oct. there was still some talk in the township about the data center, which nearby Benton Harbor officials may see as a possible way to pay for their water system, which currently runs a deficit.[28]



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Data Center Tax Incentives

Both states have tax incentives on the books specifically for data centers:

- **Wisconsin's** passed in 2023, and provides a sales and use tax exemption for qualified data centers.[29] The Wisconsin Department of Revenue estimated that for a typical data center, this could result in $8.5M dollars of lost state tax revenue, plus $1.6M annually when equipment replacement begins, and a proportionate reduction in county sales tax.[30] To qualify, a data center must create a minimum investment in the state within 5 years:
  - $150M if located in a county having a population greater than 100,000
  - $100M if located in a county having a population greater than 50,000
  - $50M if located in a county having a population of less than 50,000

- **Michigan's** originally passed in 2015, but was extended in 2024 over opposition from the Sierra Club and others. Currently, it provides a sales and use tax exemption for qualified data centers. To qualify, data centers are required to invest at least $250M and create 30 new jobs with an annual wage equal to 150% of the regional median. They are also required to certify as following green building standards within 3 years of service, to use municipal water "from a municipal water system that has available capacity to serve the facility," to certify that they will procure clean energy equivalent to 90% of forecasted load, and to not take electricity at rates that cause residential customers to subsidize costs. The exemptions go through 2050, or 2065 for brownfield sites.[31] The Senate Fiscal Analysis estimated this incentive would likely reduce state and local tax revenue by at least $52.5M and likely more than $90M by 2065.[32]

As indicated in the descriptions of Switch (Renaissance Zone + PILOT) and Meta Beaver Dam (Tax Increment Financing), certain local tax incentives may also impact how much tax data centers are on the hook to pay for and when they must pay.

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(A Few) Venues for Engagement

While neither state has specific regulations around data center growth yet, existing regulatory processes may provide venues to weigh in on how data centers grow and what energy is built to serve them:

- **Local permitting:** data centers (as seen in the proposals above) often have to go through different layers of local permitting, whether that's rezoning, annexing the parcel, conditional use permits, or others.

- **Utility rate proposals:** new rate proposals from utilities are meant to simultaneously enable data center growth and protect the utility and its ratepayers from risk. Consumers Energy has submitted a proposal to the regulators to establish a special tariff/rate for large load customers, including data centers. It contains provisions that would help protect customers, like a 15-year minimum contract term, but consumer advocates are intervening because the tariff does not do enough to shield customers from the risks.[33] We Energies has likewise proposed a new special rate for *very* large load customers (>500 MW).[34]

- **Utility regulation:** Michigan's Certificate of Necessity (CON) process and Wisconsin's Certificate of Public Convenience and Need (CPCN) provide a chance for regulators to weigh in before large new generation facilities are built. On its own, the certificate of need may not be the most powerful tool, but it does provide some venue for the public to engage before new generation is built. Clean energy advocates in WI have also specifically pointed out that with an integrated resource plan (IRP) process (which WI doesn't have yet, but MI does), regulators would have more visibility into utility construction plans and it would be harder for utilities to delay coal retirements and walk back clean energy goals.[35]

- **Michigan clean energy plans:** environmental advocates in Michigan were pushing back against the data center tax incentives on the basis that they "blew a hole" in the clean energy standard.[36] But the standard could still discourage utilities from building new fossil fuel plants. The law contains an exemption that the utility commission *may* provide 2-year extensions on renewable energy and clean energy portfolios if the electric providers demonstrate that compliance is excessively costly, would result in a deficiency in resource adequacy, a local grid reliability issue, and/or there are issues in zoning, siting, permitting, supply chains, transmission interconnection, labor shortages, delays in project deliverability from developers, or unanticipated load growth.[37] If utilities decide to meet load growth with fossil fuel retirement delays, they could likely demonstrate that the data centers had caused one of the above (most likely: unanticipated load growth or deficiency in resource adequacy). But the commission doesn't seem to have to grant the extension, and if you argue that load growth can reasonably be met by renewables & efficiency, then the clean energy standard *could* still push Michigan utilities towards those solutions.

Endnotes

1 Emissions from facilities with delayed retirements are based on 2023 emissions by plant from EIA Form-861, (https://www.eia.gov/electricity/data/emissions/), and gas emissions are based on calculations from the Union of Concerned Scientists Gas Plant Analysis Tool (https://dataverse.harvard.edu/citation?persistentId=doi:10.7910/DVN/UN27KB) at an estimated 50% capacity factor for combined cycle, 15% capacity for internal combustion and 80% for colocated generation. See notes 11, 12, 16, 17, and 18 below for news sources.

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