

DATA

Continued from 8A

electricity prices.

It laid off more than 600 employees in the county of about 9,000 people. The infrastructure where 482 megawatts of electricity flowed through transmission lines to craft military-grade aluminum products remained on site.

Mike Baker, the director of the Hancock County Industrial Foundation, a local economic development group, said the loss of those smelter jobs and tax revenue meant the loss of personal livelihoods and money for local schools and government. He had been in talks with Century Aluminum, which owned the site, to try to find a new use for it.

“Manufacturing is what we were hoping for,” Baker said. “Had nothing to do with data centers at the time in 2022. I don’t think anybody even knew what a data center was.”

A hyperscale data center developer arrived years later. Investor-owned TeraWulf bought the site from Century Aluminum earlier this year, planning to use that power capacity to turn it into a 482-megawatt hyperscale data center. The company is leasing the data center to artificial intelligence company Anthropic.

“It was a former industrial site that had the power,” Baker said. “That’s the number one draw for a data center

is, ‘Is their power available?’ And that makes that location much more attractive.”

There are a number of other idled industrial sites across the state that have been eyed by hyperscale data centers looking for places to hook up.

- The hyperscale data center developer based in Spain is looking at the former AK Steel mill in Boyd and Greenup counties to build a 2-gigawatt data center campus.
- Before the Bell County Fiscal Court passed a temporary ban on data center construction, a developer was looking to use more than 300 megawatts of leftover electrical infrastructure from inactive coal mines to power a data center.
- TeraWulf is also planning on taking over an Eastern Kentucky industrial park— the same park where the state tried and failed to locate an aluminum mill — for another hyperscale data center.
- The city of Pikeville is also in negotiations to put a smaller data center in a local industrial park that has existing electrical infrastructure.
- Baker said the jobs created by TeraWulf at the former aluminum smelter site — about 200 permanent jobs — won’t make up for the lost smelter employment.

But he believes the site, and industrial sites similar to it, are a much better fit for a large data center. He said that’s compared to a situation where a data center uses hundreds of acres of

prime farmland or locates next to a subdivision. He called that a situation “that could generate the kind of emotion and concern that communities have” with data centers.

“The tax revenue can be significant,” Baker said. “That can be a worthy use of that property.”

In Mason County, the local planning and zoning committee approved the rezoning of more than 2,000 acres of rural, agricultural land to industrial use for a planned hyperscale data center by an undisclosed technology company. Local pushback against the project over land use and environmental impacts has been ongoing since last year.

Chasing power — but at what cost?

Yet late last month, residents in Hancock County voiced strong concerns about the project to the state utility regulator Kentucky Public Service Commission in a local public hearing. They expressed concerns over the data center’s water usage, what it could mean for their electricity bills and the impacts of backup electricity generators installed at the industrial site.

Gary Elder, a resident of the Hancock County city of Lewisport, told the PSC during that hearing he has concerns over utility costs, potential pollution and the “loud racket” with having seen reporting about data centers in other states.

“It’s already been there at these states,”

Elder said. “If it happened there, why do we not think it’s going to happen here? So, think about that — what you’re going to do to us.”

The PSC is considering whether to approve a special contract for power between TeraWulf and electric utility Big Rivers Electric Corporation.

Byron Gary, an attorney for the environmental legal group Kentucky Resources Council, said putting data centers on former industrial sites “certainly makes sense” from a developer’s perspective given much of the transmission infrastructure is already there. He said developers might also avoid local pushback on projects if it’s already been an industrial site in the past.

But he worries about potential longer-term costs for Kentucky ratepayers, assuming all the proposed massive data centers come to fruition.

In the case of the Hancock County data center, he said, the TeraWulf data center also has a tentative agreement with Big Rivers Electric Corporation to get its power from the wholesale electricity market through the regional energy grid operator MISO, given that the electric utility doesn’t have close to enough power on its own to power multiple data center projects.

He said as more demand for electricity comes onto regional energy grids that are a part of Kentucky — such

as MISO and PJM — more transmission upgrades to the overall grid are needed.

Even though a company like TeraWulf may pay for its own electrical infrastructure upgrades at an industrial site, he said the larger upgrades to the overall grid are paid for by all ratepayers. He imagines that would also include significant upgrades to serve the massive data center and natural gas-fired power plants planned at the former Paducah Gaseous Diffusion Plant.

“If those transmission upgrades are not directly allocated to an individual data center or a set of individual data centers, they end up being socialized across all ratepayers,” Gary said.

Utility Dive reported last month that data centers were responsible for \$6.3 billion in electricity capacity charges during energy auctions held by the PJM grid operator, meaning ratepayers are paying for higher energy costs and transmission costs because of data centers.

The costs of natural gas-fired turbines — which Kentucky utilities are seeking — has also spiked because of demand from data centers who want to use them for on-demand power.

“Those costs, whether they are to serve data centers or not, still impact all of us, Gary said. “The cost of new generation, transmission, and all of that are things that would have been needed in some cases

anyway. We’re just going to pay a lot more for them.”

‘Speculative’ versus ‘real’

One economic development leader in Eastern Kentucky told the Lantern that data center inquiries are unabated.

Colby Kirk, president and CEO of One East Kentucky, who works with several coalfield counties, said it’s hard to discern “what’s real and what’s speculative” with data center requests.

He gets inquiries asking for sites with millions of gallons of water a day or 1000 acres of land, something that “just doesn’t exist” in his part of Kentucky. Even though he would prefer to land a manufacturing outfit, he does see some potential for tax revenue from data centers.

He pointed to an effort to build a 100-megawatt natural gas-fired power plant at a Letcher County industrial park for a potential data center, a park that’s “been sitting there for 20, 25 years.”

But he also doesn’t know what the future of data centers in Kentucky will hold. He’s seen waves of interest from solar developers looking at Eastern Kentucky. Then cryptocurrency miners came looking at the area. Now, it’s data centers.

He said he’s not an economist, but he’s read news of a “potential AI bubble.”

“Who knows what this landscape will look like two years from now?” he said.



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TUESDAY, AUGUST 4

A Stitch in Time: Dresses from the UK Textile Collection: 9:30 a.m.-7 p.m. Central Library, 140 E. Main St.. Free. www.lexpublib.org

Bluegrass on the Patio @ J. Render's: 7-9 p.m. J. Render's Southern Table & Bar, 3191 Beaumont Centre Circle. Free. www.jrenders.com

Farish Planetarium Daily Shows: 10 a.m.-6 p.m. The Living Arts & Science Center, 362 N Martin Luther King Blvd. www.lasclex.org

Instagram 101: 6-8 p.m. Midway Art Studios, 100 East Main St, 2nd Floor. www.midwayartstudios.com

Sound Healing for Rest & Relaxation: 11 a.m.-12:30 p.m. The Sound Healing Center of Lexington, 333 East Short Street, Suite 320. \$25.00. soundhealingcenterlex.as.me

Summer Camps: Week Ten at Lexington Children's Museum: 9 a.m.-5 p.m. Lexington Children's Museum, 440 W Short St. \$175.00 - \$325.00. bit.ly

N Martin Luther King Blvd. www.lasclex.org

Free Live Music by Xander Tuttle & Friends: 6-8 p.m. girlsgirlsgirls Burritos, 395 S Limestone. Free. www.girlsgirlsgirlsburritos.com

Lost Lexington: A History Happy Hour: 6-7 p.m. The Willow, 825 National Ave. Free. secure.qgiv.com

Meet and Greet Newcomers & Friends of Lexington: 9:30-10:30 a.m. First Watch, 119 West Reynolds Road. Free.

Mobility: Learn to Move Well: 8-9 a.m. SHALA, 309 North Ashland Ave. ste. 180. \$30.00. www.lissasims.com

Summer Camps: Week Ten at Lexington Children's Museum: 9 a.m.-5 p.m. Lexington Children's Museum, 440 W Short St. \$175.00 - \$325.00. bit.ly

Youth Golf Day: 5-7 p.m. The Woodford Club, 3495 McCowans Ferry Rd. Free. www.facebook.com

Jukebox Nights with Matthew Ryan Reynolds: 6:30-9:30 p.m. J. Render's Southern Table & Bar, 3191 Beaumont Centre Circle. Free. www.jrenders.com

Karaoke Thursdays w/ 2 for 1 Margaritas: 8 p.m.-1 a.m. girlsgirlsgirls Burritos, 395 S Limestone. Free. www.girlsgirlsgirlsburritos.com

Southland Jamboree Bluegrass Concert Series: 7 p.m. Southland Jamboree Bluegrass Concert - Moondance Amphitheater, 1152 Monarch St. Free. southlandjamboree.org

Summer Camps: Week Ten at Lexington Children's Museum: 9 a.m.-5 p.m. Lexington Children's Museum, 440 W Short St. \$175.00 - \$325.00. bit.ly

Wildcat Thursday Comedy Showcase!: 8 p.m. Ethereal Public House, 102 w vine st. Free. www.wildcatcomedy.co

FRIDAY, AUGUST 7

A Stitch in Time: Dresses from the UK Textile Collection: 9:30 a.m.-6 p.m. Central Library, 140 E. Main St.. Free. www.lexpublib.org

Expressions: 7:30-9 p.m. Pam Miller Downtown Arts Center, 141 E. Main St.. \$15.00 - \$30.00. www.allegrodanceproject.org

Farish Planetarium Daily Shows: 10 a.m.-6 p.m. The Living Arts & Science Center, 362 N Martin Luther King Blvd. www.lasclex.org

Golden Hour: \$5 Friday: 5-8 p.m. Harkness

Edwards Vineyards, 5199 Combs Ferry Rd. Free. www.harknessedwardsvineyards.com

Kentucky History and Genealogy Conference: 10 a.m.-3:30 p.m. Central Library, 140 E. Main St.. Free. www.lexpublib.org

Live Music @ J. Render's Southern Table & Bar: 7-10 p.m. J. Render's Southern Table & Bar, 3191 Beaumont Centre Circle. www.jrenders.com

Pizza at the Peach House: 12-8 p.m. Harkness Edwards Vineyards, 5199 Combs Ferry Rd. Free. www.harknessedwardsvineyards.com

Summer Camps: Week Ten at Lexington Children's Museum: 9 a.m.-5 p.m. Lexington Children's Museum, 440 W Short St. \$175.00 - \$325.00. bit.ly

SATURDAY, AUGUST 8

8/8 Lion's Gate Portal Sound Bath + Oracle Card Making: 8-10 p.m. The Sound Healing Center of Lexington, 333 East Short Street, Suite 320. \$88.00. soundhealingcenterlex.as.me

A Stitch in Time: Dresses from the UK Textile Collection: 9:30 a.m.-5 p.m. Central Library, 140 E. Main St.. Free. www.lexpublib.org

Brunch Boards & BOGO Mimosas: 12-2 p.m. Harkness Edwards Vineyards, 5199 Combs Ferry Rd. Free. www.harknessedwardsvineyards.com