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New Jersey Enacts Energy and Water Reporting Requirements for Data Centers

On August 27, Governor Mikie Sherrill signed legislation (enacted as Pub. L. 2026, ch. 75) that requires submission of semiannual reports to the New Jersey Board of Public Utilities (BPU), which must include certain energy and water consumption information for qualifying data center facilities. The law became effective upon signing and established an initial three-year reporting program intended to provide transparency into the demands data centers place on the state's energy and water resources.

Applicability and Reporting Deadlines

The law applies to facilities whose primary services involve the storage, management, and processing of digital data and that house associated computer, network, communications, cooling, security, and infrastructure-management systems. As the law does not establish minimum reporting thresholds (e.g., facility size, electrical demand, or water consumption), it appears to apply to data centers of all sizes that fall within the statutory definition. The law excludes facilities that have a data center component used primarily for the internal operations of licensed healthcare facilities or providers, provided those facilities do not operate as commercial data processing or colocation facilities for unaffiliated entities.

Data centers that had been operating for at least one year as of August 27 must submit their initial reports within three months, or by November 27, 2026. All other qualifying facilities must submit their initial reports by February 27, 2027. Thereafter, reports must be submitted semiannually. As the law does not clearly establish the initial reporting deadline for facilities that commence operations after those dates, guidance will likely be necessary to clarify how and when the reporting requirements apply to newly constructed or newly operational facilities.

Information Required From All Covered Facilities and Additional Requirements for State-Incentivized Facilities

Water and energy usage reports must include, at a minimum:

1. basic information relating to the data center, including the name of the data center; the owner or operator of the data center; the address of the data center; and the month and year that the data center commenced operation; and
2. information related to energy and water usage at the data center, including the total energy consumption in kilowatt hours, including the use of electricity, fuels, and other energy sources used for cooling; the name of the public electric utility serving the data center and any electric service agreements between such utility and the data center; all on-site power supplies, including any primary power on site and emergency backup power supply and any permit information (e.g., permit numbers, capacity, tier level, fuel type, and total permitted emissions for the data center); the total energy consumption of information technology equipment in kilowatt hours measured as the value of the combined annual energy consumption at every uninterruptible power system connected to information technology equipment; the total and peak daily water input in cubic meters that includes all water volumes that enter the data center that are used for the functions of the data center, including information technology, security, power, and environment; and the source of water for the data center, including a public water system, groundwater, and surface water, and whether water from such sources is potable or reclaimed. If a data center uses water from a public water

system, it shall provide the name of the public water system and any water service agreements between the public water system and the data center. If a data center utilizes more than one water source, the data center shall provide information regarding water usage from each source as a percentage of total water usage.

The BPU may require data centers to provide additional information that it determines is necessary.

If a data center receives financial incentives from any state agency, then the water and energy usage reports must also include:

1. performance calculations and indicators for the data center, including the energy reuse factor, power usage effectiveness, renewable energy factor, and water usage effectiveness; and
2. sustainability indicators for the data center, including the average set point information technology equipment intake air temperature in degrees Fahrenheit, which shall be measured as the average set point temperature in all of the data center's computer rooms over a 12-month period; the average waste heat temperature in degrees Fahrenheit, which shall be measured as the temperature of the fluid used to cool any information and communication technology equipment, averaged over a 12-month period and across every measurement point. Individual waste heat temperature readings shall be measured at the point where heated fluid enters a heat exchanger in the data center's computer rooms; the amount of electricity derived from renewable energy in kilowatt hours; and the amount of waste heat reused in kilowatt hours.

A data center that does not receive financial incentives from any state agency may elect to provide this additional information voluntarily, at its discretion.

Public Disclosure and Confidentiality

The BPU is required to publish the water and energy usage report data that the law requires to be disclosed for all qualifying facilities on its website within 30 days of receiving a report. The additional information the law requires to be disclosed for facilities that receive financial incentives from state agencies is confidential, and the BPU is permitted to publish such information only if anonymized and aggregated from at least five facilities. However, the law does not alter the disclosure obligations of any other state agencies and only protects information submitted to the BPU that is required for data centers that receive financial incentives from any state agencies.

Advance Notice of Operational Changes

After submitting its initial report, a data center owner or operator must provide the BPU with at least 60 days' advance notice of any substantial operational or technological change that would require an update to the reported information. As the law does not define what constitutes a substantial change, guidance will likely be provided to clarify what qualifies. Owners and operators should establish internal procedures to identify relevant changes and, until such guidance is issued, err on the side of caution by, at least 60 days prior to implementing such a change, reporting any changes that may be considered substantial.

Three-Year Reporting Period

The reporting requirements apply for three years commencing on the date of the data center's first report. At the conclusion of that period, the BPU will determine whether to continue the reporting program permanently. If the BPU elects to establish a permanent reporting program, it must adopt implementing rules and regulations pursuant to the Administrative Procedure Act. The BPU must consult and coordinate with the NJ Department of Environmental Protection in implementing this law.

Implications for Owners, Operators, and Developers

Although this legislation does not impose permitting requirements or specific penalties for noncompliance, it does establish fairly onerous reporting requirements. These requirements necessitate that owners and operators take a hard look at how

energy and water are consumed at their facilities and report such information to BPU in a short time frame. Owners and operators will also have to closely monitor and report relevant operational changes on an ongoing basis, in addition to preparing and filing semiannual reports after the initial report is made.

Owners and operators of existing data-center facilities should start gathering the information required for their first report immediately. Developers should account for the disclosures required by this law and plan accordingly when negotiating electric utility and water service agreements, evaluating state incentives, and preparing project applications. Although this legislation will make most of the energy consumption information publicly available, the transparency addresses public concerns and misconceptions about data centers and their energy consumption.

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