REGIONAL INVESTOR BRIEF | 20 MW CONCEPT

VIRGINIA AND TEXAS

Underground data-center prospect with a community park above

Prepared November 8, 2026

Market evidence • Zoning • Incentives • Power delivery • Underground site risks • Investor gates

INVESTMENT LENS

Virginia offers an established, concentrated market; Texas offers a large reported development pipeline. Neither state-level signal substitutes for parcel-specific entitlement, written power delivery, underground life-safety feasibility, tenant commitment, and verified incentive eligibility.

Planning basis: hypothetical 20 MW critical IT load; no parcel, tenant, utility service agreement, building area, design, or financing terms selected.

This is a comparative diligence brief—not legal, tax, engineering, environmental, financing, or investment advice.

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Use of this addendum. This is a comparative diligence brief, not legal, tax, engineering, environmental, financing, or investment advice. Market counts and capacity measures have different definitions and dates. Nothing here demonstrates a site's zoning entitlement, firm power, tax eligibility, construction cost, or investment return.

Investor view

Virginia is the more established data-center market, concentrated in Northern Virginia. JLARC's statewide inventory estimated about 150 sites, 340 buildings, and 63 million square feet using an August 2024 inventory basis. Its approximately 5,050 MW use figure was an estimate based on utilities' August 2023 peak-load forecast—not metered IT load. JLARC attributed roughly 80% of the statewide industry to Loudoun, Prince William, and Fairfax counties. Its development pipeline—about 1,500 MW under construction and 2,900 MW at earlier stages—was also a dated pipeline estimate, not operating capacity or guaranteed delivery. [1]

CBRE's narrower Northern Virginia colocation measure reported 0.5% vacancy in H2 2025 and said 15–20 MW contiguous blocks were difficult to secure. This is evidence of a tight established market, not proof that an underground 20 MW project can secure power, zoning, a tenant, or a premium lease. [2]

Texas has a large growth pipeline but less comparable statewide operating-market data in the reviewed sources. JLL reported 6.5 GW of Texas data-center capacity under construction at year-end 2025. Separately, CBRE described Dallas–Fort Worth as a 1 GW colocation market with 2.4% vacancy, about 700 MW under construction (94.5% preleased), and a further 3 GW of planned greenfield development. The DFW figures are metro colocation/pipeline measures, while JLL's 6.5 GW is a Texas statewide construction estimate. Planned capacity is not permitted, financed, energized, or leased capacity. [3] [4]

Investment judgment: Virginia offers clearer evidence of a deep, established tenant ecosystem and scarce contiguous space; Texas offers a substantial expansion pipeline and multiple growth markets. In either state, the investment thesis turns on a parcel-specific power-delivery path, an approvable underground design, a creditworthy tenant, and a credible schedule—not the state ranking or announced pipeline alone.

Market evidence and underwriting limits

Treat each metric with its original scope. JLARC's Virginia site/building inventory and forecast-based power-use estimate are not interchangeable with CBRE's metro colocation vacancy or JLL's statewide construction pipeline. The reviewed sources did not provide a directly comparable authoritative Texas statewide operating-facility count. Texas Comptroller lists of certified tax-benefit projects are not a census of all operating centers. Do not combine these figures as if they were a like-for-like state league table. [1] [2] [3] [4]

The market reports support demand and scarcity signals, but not a project-specific rent, land value, cap rate, construction cost, energy price, vacancy, schedule, or power commitment. No absolute

current rent for this underground 20 MW concept was established. Do not extrapolate metro colocation rates to a new below-grade project without tenant and broker evidence. JLL's published financing observations also vary materially by tenant credit: construction leverage can be higher for investment-grade tenants and lower for non-credit tenants, but those observations are not a loan quote for this project. [2] [4]

Keep the existing national 20 MW cost calculator in the project hub as a screening tool only. This addendum does not revise its construction benchmark or energy assumptions. A future investor model should use a parcel-specific, scope-matched estimate for conventional surface development, mine/cavern reuse, and new excavation; actual utility tariffs and upgrade costs; a defined PUE and operating profile; and written tenant and lender inputs.

Zoning and land-use path

Virginia: locality and parcel control the outcome

Virginia's comprehensive plans guide coordinated development but are general in nature. The locality's zoning ordinance and parcel-specific approvals determine whether a data center, portal, plant, and park are allowed. A rezoning decision deadline in state law is not an end-to-end entitlement or construction schedule. [5] [6]

Northern Virginia rules have tightened and diverged by county. Loudoun moved data centers from by-right to conditional/SPEX use in affected areas in amendments adopted March 18, 2025, and says data centers are not allowed in rural-policy-area districts. Fairfax standards vary by zoning district and project size and include setbacks, noise studies, screening, and separate site-plan and building review. Prince William adopted a Data Center Opportunity Zone Overlay amendment on September 22, 2026; overlay eligibility, transition status, and the specified-case December 21, 2026 deadline need immediate parcel-level confirmation. [7] [8] [9] [10]

For an investor screen, do not label a site “Northern Virginia” and infer an entitlement. Confirm the exact county, zoning district, comprehensive-plan designation, by-right versus conditional/SPEX/SUP status, overlay boundaries, vested rights, required hearings, noise standards, setbacks, plant/stack and loading permissions, park access obligations, and site-plan sequence. These conditions can change between parcels within the same county.

Texas: city, ETJ, and county status matter

Texas has no single statewide zoning regime for this proposal. Cities have zoning authority within their jurisdictions. A parcel in an extraterritorial jurisdiction (ETJ) is not automatically governed by city zoning, but municipal plat and development-plat powers can still affect the project; counties have statutory and geographically variable subdivision, building, and fire-code powers. The parcel must be mapped against city limits, every relevant ETJ, county boundaries, plat authority, and any development agreement before selecting a schedule. [18] [19] [20] [21] [43]

The applicable city or county may require zoning or conditional-use changes, platting, drainage and floodplain review, site-development approvals, building/fire permits, roadway approvals, and utility

arrangements. Fort Worth illustrates local variation: in 2026 it adopted a city-specific data-center application prerequisite and water-related criteria; a proposed moratorium was still in process as of November 8, 2026, not a statewide rule. Any location-specific moratorium or ordinance should be checked at the selected municipality before land control. [22]

In both states, the park concept may be a community benefit, but it does not itself waive zoning, building, fire, environmental, noise, or site-plan review. Treat park access, security boundaries, event loads, maintenance, and long-term funding as part of the entitlement and operating plan.

Incentives and taxes

Virginia

Virginia's general data-center equipment sales/use-tax exemption runs through June 30, 2035, subject to eligibility, a VEDP memorandum of understanding, reporting, and performance requirements. Standard qualification generally requires at least $150 million of new capital investment and 50 qualifying local operations-and-maintenance jobs paid at least 150% of the local prevailing average wage; lower thresholds apply in distressed localities. Operator/tenant treatment, qualifying equipment versus building costs, certificate timing, and potential repayment/clawback conditions matter. A 20 MW rating alone does not establish eligibility. [11] [12]

Virginia also enacted a temporary $0.011 per kilowatt-hour data-center electricity-consumption tax for July 1, 2026 through June 30, 2028. **Illustrative arithmetic only:** a constant 20 MW draw for 8,760 hours would equal 175.2 million kWh and about $1.93 million at that rate for a full year. Actual tax depends on actual consumption and the law in force. Virginia Tax says a policy study is due December 15, 2026; that study is not itself an enacted change to the exemption. [13]

A separate Virginia siting statute effective July 1, 2026 applies to a new “high energy use facility” reasonably anticipated to require at least 100 MW from a retail electric utility. It requires a sound-effects site assessment for residences and schools within 500 feet before specified local land-use approvals, with other assessments potentially required. A 20 MW project as described is below that threshold unless anticipated facility demand reaches 100 MW; local zoning and noise rules still apply. [14]

Texas

The Texas Comptroller describes a standard certification track and a larger-project track. Standard eligibility generally requires a qualifying building of at least 100,000 square feet, one occupant, at least $200 million of investment over five years, and 20 qualifying county jobs. The stated exemption term is 10 years at the lower investment tier and 15 years at the higher tier. The qualifying-large-project track generally requires at least 250,000 square feet, $500 million of investment, and 40 qualifying jobs for a stated 20-year term. Job wage, hours and retention rules, certification, eligible-property classifications, and exclusion of local sales taxes apply. Comptroller guidance says purchases before certification are not refundable under the program. Confirm current statutes,

thresholds, qualifying entity/occupant structure, local taxes, and procurement sequence before underwriting. [23] [24]

For both states, model tax benefits only after written tax counsel and agency confirmation of eligible equipment, building size, operator/tenant structure, jobs and wage tests, certificate/MOU timing, sunset, and recapture exposure. Do not count an incentive as base-case proceeds until eligibility and performance conditions are supportable.

Power delivery and reliability

No state-level statistic establishes deliverable power at a parcel. The investment case needs a written utility/TSP plan that identifies megawatts by phase and date, point of delivery, reliability basis, transmission/substation and distribution upgrades, cost responsibility, deposits or security, curtailment rights, outage treatment, and energization milestones.

In Virginia, Dominion's data-center intake process requests site, load, and ramp information. Dominion says sub-50 MW projects can frequently use existing distribution infrastructure and gives a conditional 1–2 year planning indication from initial conversations; it expressly depends on the location and utility system and is not a service guarantee. The published line-extension tariff gives cost-allocation mechanisms, not a universal 20 MW cost. Dominion's GS-5 tariff applies at 25 MW beginning January 1, 2027. Because this study's 20 MW is critical IT load, total facility demand after cooling and auxiliaries could reach or exceed 25 MW; confirm tariff applicability using the utility's demand and contract definitions, load aggregation, and expansion plans. [15] [16] [17]

In Texas, ERCOT/PUCT's large-load framework generally uses a 75 MW single-site threshold. Covered projects face formal studies, disclosures, financial security, and direct-cost requirements. A standalone 20 MW project is below that threshold as reviewed, but it still depends on its serving utility/provider's process and system studies. Below-threshold status does not imply available service or a standard energization date. If the plan may grow or aggregate toward 75 MW, model the associated study/security and potential curtailment obligations. [25] [26] [27]

For either state, separate ordinary utility supply, co-located generation, and islandable microgrid cases. Do not treat backup generators as unrestricted prime power or a substitute for a utility commitment. Air permits depend on engine/turbine type, emissions, operating hours, and emergency versus non-emergency use. Virginia DEQ updated relevant data-center generator guidance for applications received on or after July 1, 2026; Texas's emergency/standby permit-by-rule has conditions and recordkeeping requirements. [37] [38]

Underground and park-specific diligence

Undergrounding does not eliminate heat rejection, water, flood, fire/life-safety, structural, truck, construction, or community impacts. It adds dependencies on geology, groundwater, ventilation, vertical access, egress and emergency rescue. Virginia identifies the Valley and Ridge as its principal karst/sinkhole region and also documents abandoned-mine hazards. In Texas, a site within mapped Edwards Aquifer regulated zones needs an approved protection plan before construction;

groundwater and surface-water rules also vary by district and source. Statewide labels cannot screen a parcel. [28] [29] [30] [31] [44]

Before buying or committing to a parcel, obtain a records review and site investigation covering geologic mapping, mine/cavern history and rights, geophysics, borings, groundwater levels, inflow/seepage, flood risk, dewatering, settlement, insurance, and a scope-matched cost/schedule estimate. For cooling, quantify peak and annual water needs, drought reliability, water rights or contracts, wastewater/blowdown, and discharge route. FEMA flood maps are screening tools, not a no-risk certification; cooling-water use depends on heat load and system design. [31] [44] [45] [46]

Delineate wetlands and streams before fixing the facility, portal, park, utility routes, staging, and outfalls. Virginia's VWP process may cover state waters, while covered federal dredge/fill discharges can trigger Section 404 and related Section 401 review. Construction stormwater thresholds and permits differ by state. As of November 8, 2026, TCEQ reported temporary data-center application processing changes and anticipated modified STEERS functionality in mid-November; recheck the current filing route before relying on a standard permit turnaround. Federal environmental review is not automatic for every private project; identify whether federal land, funding, permits, rights-of-way, or another federal action creates a review nexus. [32] [33] [34] [35] [36] [47]

The underground occupancy and park cap require early review with the actual building official and fire marshal. Confirm locally adopted building/fire code editions, occupancy classification, independent exits, travel distances, smoke control, sprinklers, emergency access and rescue, ventilation, heat rejection, and commissioning. OSHA's underground-construction standard addresses construction safety; it is not an occupied-building approval. Engineer the surface cap for approved wet soil, trees, visitors, events, maintenance and emergency loads, while preserving waterproofing repair access, drainage, roots, penetrations and security separation. [39] [40] [41] [42]

Investor conditions before advancing

1. **Land and entitlement:** written zoning/use confirmation; correct city/county/ETJ map; overlay, plat and development-agreement review; known discretionary approvals; park/public-access and maintenance conditions; and a jurisdiction-specific schedule.
2. **Power:** executed or bankable service path with phased MW, delivery dates, upgrade scope, cost allocation, tariffs, reliability, curtailment and outage terms. A public queue, market report, or preliminary utility email is not a capacity commitment.
3. **Underground feasibility:** independent geotechnical and hydrogeological basis of design, mine/cavern rights review, water and flood plan, code/fire concept acceptance, heavy-equipment delivery/removal plan, and insurability.
4. **Tenant and financing:** credible 20 MW tenant requirement, credit and lease term; power pass-through and minimum-take protections; lender feedback; and a conventional surface alternative priced on matched scope.
5. **Tax and public commitments:** written confirmation of incentive eligibility and procurement timing; separate treatment of state and local taxes; funded park operations, access/security responsibilities, noise and truck mitigations, and long-term maintenance.

Underwriting conclusion: carry Virginia and Texas as distinct opportunity sets, not as a simple winner/loser ranking. Virginia's evidence supports an established market thesis but increases the importance of local entitlement and power-delivery diligence. Texas's reported construction pipeline supports a growth-market thesis but is not proof of operational capacity at a candidate site. Advance either location only when tenant, parcel entitlement, utility delivery, underground life-safety, and incentive conditions are independently supportable.

Source register

Primary statutes, agency guidance, utility material, and dated market reports reviewed for this addendum. Dynamic rules and program eligibility should be rechecked before underwriting or filing.

[1] JLARC, Data Centers in Virginia, Report 598
[2] CBRE, Northern Virginia Data Center Market, H2 2025
[3] JLL, North America Data Center Report, Year-End 2025
[4] CBRE, Dallas–Fort Worth Data Center Market, H2 2025
[5] Code of Virginia §15.2-2223, Comprehensive Plan
[6] Code of Virginia §15.2-2286, Zoning Ordinances
[7] Loudoun County, Data Center Standards and Locations
[8] Loudoun County, Data Centers Land Use Considerations
[9] Prince William County, Data Center Opportunity Zone Overlay District
[10] Fairfax County, Adopted Data Center Zoning Amendment
[11] Code of Virginia §58.1-609.3, Commercial and Industrial Exemptions
[12] Virginia Economic Development Partnership, Data Center Retail Sales and Use Tax Exemption
[13] Virginia Tax, 2026 Legislative Summary 26-82
[14] Code of Virginia §15.2-2209.5, High Energy Use Facility Siting
[15] Dominion Energy Virginia, Data Center Requests
[16] Dominion Energy Virginia, Terms and Conditions, Electric Line Extensions
[17] Virginia SCC, GS-5 Large-Scale Energy User Tariff
[18] Texas Local Government Code Chapter 211, Municipal Zoning Authority
[19] Texas Local Government Code Chapter 42, Extraterritorial Jurisdiction
[20] Texas Local Government Code Chapter 212, Municipal Plat and Development Plat Authority
[21] Texas Local Government Code Chapter 232, County Regulation of Subdivisions
[22] City of Fort Worth, Data Center Regulation Update, August 2026
[23] Texas Comptroller, Data Center Sales Tax Exemption
[24] Texas Comptroller, Qualifying Data Centers Frequently Asked Questions
[25] ERCOT, Large Load Interconnection Process Questions and Answers
[26] Public Utility Commission of Texas, 16 TAC §25.194 Large Load Interconnection Standards
[27] Texas Legislature, Senate Bill 6, 89th Legislature
[28] Virginia Energy, Sinkholes and Karst
[29] Virginia Energy, Abandoned Mine Land
[30] Texas Commission on Environmental Quality, Edwards Aquifer Protection Program
[31] Texas Commission on Environmental Quality, Surface Water Rights and Availability
[32] Virginia DEQ, Wetlands and Streams / VWP Permits
[33] U.S. Army Corps of Engineers, Clean Water Act Section 404
[34] TCEQ, Section 401 Certification Reviews
[35] Virginia DEQ, Construction Stormwater
[36] TCEQ, Construction Stormwater General Permit
[37] Virginia DEQ, Issued Air Permits for Data Centers
[38] TCEQ, Air PBR 106.511 for Portable and Emergency Engines and Turbines
[39] OSHA, Underground Construction Standard 1926.800
[40] International Building Code 2021, Section 405 Underground Buildings
[41] International Building Code 2021, Chapter 16 Structural Design
[42] Virginia DHCD, Virginia Codes
[43] Texas Local Government Code Chapter 233, County Building and Fire-Code Authority
[44] TCEQ, Groundwater Regulation for Private Well Owners
[45] FEMA, Flood Maps
[46] U.S. DOE, Cooling Water Efficiency Opportunities for Federal Data Centers
[47] TCEQ, STEERS Temporary Status Notice