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S&P Beneath the Surface: Water Stress in Data Centers

Highlights

- Data centers (DCs) that use water-based cooling consume significant amounts of water. As companies build DCs to meet rising AI demand, water stress is an evolving consideration when choosing the location for these assets.
- The DC industry's average exposure to water stress is projected to be high in the 2020s, though this varies greatly by region. Middle Eastern countries, Belgium, Greece, Spain, Chile, Peru and Mexico are among the locations projected to face the most water stress. By the 2050s, about 45% of the 9,055 DCs in our analysis are projected to have high exposure to water stress, up from 43% in the 2020s.
- Although water scarcity risks are rising, we expect the financial materiality to be constrained in the near term. Water sourcing costs represent a small percentage of the industry's total operating costs. DCs can manage water stress exposure through adaptation and resilience investments, such as using treated wastewater for cooling instead of potable water.
- We consider water stress to be an emerging long-term business consideration, especially as attention to water use in water-stressed regions increases under evolving water management policies.

Continue reading.

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