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S&P Sustainability Insights: Behind The Shades: Data Centers

Key Takeaways

- We typically assign a shade of Light Green to data centers for which low-carbon electricity accounts for a material portion of overall power demand.
- Water use is growing in importance, but the use and reporting of water risk metrics in the design and operation of data centers is still relatively nascent. In our assessments, we seek to understand how water risks are identified and managed, specifically in regions with high water stress.
- Data centers that address the most material environmental risks in their project design and/or operation—including the emissions intensity of electricity procured, water use, and energy efficiency—would receive a shade of Medium green or Light green.
- We expect most data centers that have no direct connection to low-carbon electricity, especially those used to train AI, to receive a shade of Orange due to their outsized electricity demand and other environmental impacts.

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23-Mar-2026 | 12:28 EDT

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