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Texas Halts Data Center Grid Connections Pending a Statewide Audit: K&L Gates

The Order

Gov. Greg Abbott sent a letter today to Public Utility Commission (PUC) Chairman Thomas Gleeson and Electric Reliability Council of Texas (ERCOT) President and CEO Pablo Vegas directing both agencies to run a full verification and audit of every data center advancing through ERCOT's interconnection process. No new data center moves forward until that audit is done. Any project that fails the requirements set by the PUC, ERCOT, and state law will be denied connection to the grid.

Two things drove the order: scale and a compliance gap. ERCOT is reviewing about 474 gigawatts of connection requests, more than five times the state's record peak demand, and roughly 90% of that new load is data centers. Gov. Abbott also pointed to data centers that failed to comply with the PUC's survey on water and power use under the General Appropriations Act as a reason for this directive. He said that gap keeps regulators from making informed decisions.

Why This Matters

The moratorium headline misses the better read. ERCOT is holding 474 gigawatts of requests, more than five times the state's record peak, and no one thinks all of it gets built. A large share is speculative, and that phantom load distorts planning and pushes costs onto everyone else. The audit questions—own power, own water, own capital, and real ownership—are a viability screen. They sort the projects that can stand on their own from the ones padding the queue. If your project is real and funded, this probably helps you by clearing the noise ahead of you.

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August 4, 2026