

MEMORANDUM

TO: Petersburg Borough Assembly

FROM: Vice Mayor Jeigh Stanton Gregor

DATE: October 5, 2026

SUBJECT: Recommendation for a Temporary Moratorium on Certain Data Center Development

RECOMMENDATION

I recommend that the Assembly initiate a temporary, nine-month moratorium on issuance of borough building permits for data center development that either:

1. Cannot have its approved normal operating electrical load fully supplied by the interconnected electrical grid and instead relies on diesel, natural gas, or other on-site generation for routine, continuous, bridge, supplemental, peak-shaving, or other normal operating power; or
2. Does not utilize a closed-loop cooling system.

Emergency or standby generation used for equipment protection, life-safety purposes, and an orderly and controlled shutdown following loss of utility power would not be prohibited.

The intent is not to prohibit data centers generally. A properly sized data center that can be fully supported by available grid power, utilizes closed-loop cooling, and limits on-site generation to emergency backup could continue to be considered under existing Borough requirements.

BACKGROUND

The Borough has received increasing interest in data center development. PMPL currently has safeguards that can limit the amount of electrical capacity available to large commercial customers based on system capacity, reliability, and infrastructure limitations. Additional large-load requirements, including applicant-funded power studies and strengthened capacity review provisions, are also being developed.

Recent research and discussions within the utility industry have identified additional concerns that are not fully addressed by electrical capacity limits alone. These include the potential for routine or temporary diesel or other on-site generation, fuel storage and transportation, air emissions, noise, water consumption, cooling-system impacts, emergency response, and other community and environmental effects.

These issues warrant further review before the Borough allows a data center operating model that depends substantially on non-grid generation or significant water use.

BASIS FOR THE RECOMMENDATION

- The proposed moratorium is narrow and temporary. It does not prohibit data centers that can operate within approved grid capacity and utilize closed-loop cooling.
- Existing utility safeguards address how much electrical capacity PMPL can responsibly provide, but they do not fully address the impacts of significant behind-the-meter generation or non-closed-loop cooling.
- Diesel and other on-site generation have been demonstrated as viable options for data center development elsewhere, making it reasonable to consider the potential impacts before such a proposal is submitted locally.
- A moratorium would allow the Borough sufficient time to evaluate environmental, utility, public safety, water, fuel-storage, noise, and community impacts and determine whether additional standards are appropriate.

Action Item

Direct the Borough Manager to have staff prepare an ordinance establishing **a moratorium** on data centers that:

1. Cannot have their approved normal operating electrical load fully supplied by the interconnected electrical grid, except for emergency backup generation necessary for equipment protection, life safety, and an orderly, controlled shutdown; or
2. Do not utilize a closed-loop cooling system.

During the moratorium, Staff should review the potential impacts of these operating models and return to the Assembly with any recommendations to the Assembly addressing their siting, development, operation, and applicant's financial responsibility for any required professional consultations.

It is the intent to ultimately extend enforcement of data center regulations adopted throughout the entire Borough (excluding the City of Kupreanof).

The proposed ordinance shall be submitted simultaneously to the Borough Assembly and the Borough Planning Commission. The ordinance should remain in effect until expiration, unless extended or earlier revoked by the Assembly.