MINNESOTA
BUSINESS FIRST STOP

Minnesota Data Center Regulatory Guide

Minnesota has seen an influx of data center proposals in recent years[1] which have raised many questions for business and community leaders to consider, not least of which is how the state's regulatory landscape lends itself to their development. In 2025, the state legislature identified Minnesota Business First Stop (MBFS) as an open door for developers and project proposers to turn to for answers. To start, agencies represented at Minnesota Business First Stop created this guide for stakeholders to better understand the state laws, policies, resources, and goals that often apply to data center projects, and how they would apply in the context of project development.

Depending on design, there are several potential characteristics to a data center that may each require a variety of state permits, licenses or reviews. The guide below outlines regulatory considerations within each characteristic that project proposers will want to review for applicability when developing their regulatory pathway[1].

ENVIRONMENTAL REVIEW

Minnesota has a state-level Environmental Review process, which evaluates how a proposed project might impact the environment. It is an informational gathering process that helps guide permitting decisions without directly approving projects. While Environmental Review and permit applications can take place simultaneously, permits and other government decisions will not be issued until Environmental Review is finished.

The Minnesota Environmental Quality Board (EQB) has developed a Data Center FAQs page to clarify environmental review requirements for data centers in Minnesota.

SITE & BUILDING

- **Total Building Square Footage** – The size of your facility will factor into several regulatory considerations, from Environmental Review to Sales Tax Exemptions.
- **Utility Right-of-Ways** – The Minnesota Department of Transportation (MnDOT) has developed guidance for Large Energy Facility projects that affect MnDOT-owned land, rights-of-way, and other areas of concern.
- **Stormwater Pollution Prevention Plans** – The Minnesota Pollution Control Agency (MPCA) has provided guidance to develop prevention plans for both Construction and Industrial stormwater permits.
- **Plumbing Plans** – For review and approval by the Department of Labor and Industry (DLI) or authorized municipalities.
- **Prevailing Wage Compliance** – Qualified Large Scale Data Centers will need to certify that prevailing wages requirements will be met during the construction of their facility.
- **Climate Smart Building Designs** - Large-Scale or 'hyperscale' data centers filing for the Qualified Data Center Tax Credit are required to certify to the Commissioner of Commerce that the facility has attained certification under one or more named sustainable design or green building standards.

[1] Please note: MBFS does not provide legal advice or lobbying services. This guide, and any services provided by MBFS, may not address all regulatory requirements applicable to a particular project. Final permitting, licensing, reviews, and other determinations are made by the federal, state, and local entities with subject matter jurisdiction or other relevant authority over their particular field.

ON-SITE ELECTRIC GENERATION & STORAGE

- **Certificate of Need (CON)** – Non-renewable Electric Generation Facilities that produce over 50 MW are required by the Minnesota Public Utilities Commission (PUC) to obtain a Certificate of Need. This includes an evaluation of alternative means to meet the specified energy demand.
- **Electric Generating Facilities** – All electric generation facilities that produce over 50MW require a Site Permit from the PUC.
- **Energy Storage Systems** – Equipment and associated facilities capable of storing 10 MW or more of generated electricity require a Site Permit from the PUC.
- **Fuel Storage Tank Specifications** – Usage and size requirements determine how operators are to notify and comply with MPCA standards.
- **Air Emission Profile** – If applicable, projects should be prepared to discuss types and quantities of any air pollutants. The MPCA also has several resources to assist project proposers to calculate potential air emissions and conduct air quality dispersion modeling.

WATER USE, TREATMENT & REUSE

- **Source of Water Supply** – Water appropriation permitting depends on the source and geographic location. If water will be supplied by the municipality, local authorities may need to secure permit amendments with the Department of Natural Resources (DNR). If water is secured through installation of wells or directly from a surface water source, an individual permit will be needed.
- **Estimated Water Withdrawal** – Annual volume, seasonal patterns, daily average, peak demand and conservation measures will be needed for permit review.
- **Water Main Extensions** – For review and approval by the Department of Health (MDH) when municipal partners are extending services to data center sites.
- **Wastewater Treatment & Disposal plans** – For sites that require wastewater disposal not connected to municipal wastewater facilities.
- **Wastewater or Cooling Water Discharge Plan** – To be developed in coordination with municipal facilities or the Metropolitan Council (if in the 7-county metro).
- **Consider Water Reuse Opportunities** – Minnesota has developed several resources for exploring safe and sustainable water reuse plans.

For projects that require more than 100 Million Gallons per Year (MGY), the DNR can provide an analysis of the potential water supply constraints. The information submitted as part of early coordination is considered non-public, until the project goes to environmental review and or permitting. This early coordination can help projects prepare for a successful water appropriation permit request. For projects that require less than 100 MGY, early coordination is not required but still encouraged.

OTHER DESIGN CONSIDERATIONS

Local Jurisdiction

The proposed location of your facility is a key factor of environmental review and permitting, both at the local and state level. In particular, the cumulative impact of your project and its requirements will be considered in context with regional and local conditions and capacity. For this reason, it is essential that project proposers begin engaging with state authorities in tandem with local officials.

When pursuing local development opportunities, project proposers should refer to the local electric service provider on the status of tariff agreements with the Minnesota PUC. Before a data center can connect to a utility's electric system, an approved Interconnection Agreement and Electric Service Agreement must be in place in compliance with Minn. Stat. §§ 216B.1622 and 216B.1623 (2025).

Minnesota Climate Action Framework

Minnesota's Climate Action Framework has set several goals that identify immediate, near-term actions required to meet our long-term goals to strengthen our economy, improve our health, and create a more equitable Minnesota for everyone. Achieving these targets will require collaboration between the state, its communities, developers, non-profit institutions, and private enterprise.

Data center projects and developers looking to establish themselves in Minnesota are encouraged to become familiar with several of these goals and learn how, by working with communities and regional stakeholders, they can join the effort to advance them.

Clean Energy

By law, electricity provided by an Investor-Owned Utility (IOU) to a Very Large Customer must meet Minnesota's 2040 Carbon Free Standard. However, Data Centers can take further steps to reduce Greenhouse Gas Emissions and increase equitable access to energy efficiency opportunities.

- Promote electrical grid and transmission upgrades and research and development to enable greater reliability and renewable energy access and integration
- Introduce mechanisms to capture and utilize 'waste heat' in ways that lower costs, improve efficiency and reduce GHG emissions

Resilient Communities

- Support the building and maintenance of climate-ready water and wastewater treatment facilities
- Green Infrastructure and Stormwater Management
- Training and technical expertise to help communities understand their vulnerabilities to climate change and implement strategies to build resilience.
- Collaborate to develop, share, and use the data necessary for analyzing and planning for climate impacts

Clean Economy

- Adopt low-carbon technologies and strategies
- Advance cost-effective, scalable clean fuel technologies that reduce lifecycle emissions
- Reduce emissions from waste systems and encourage capturing emissions for use as a renewable energy source
- Develop and promote high-quality clean economy jobs that are accessible for all

CONNECT WITH US

Minnesota Business First Stop is available to help data center projects plot their unique path toward regulatory compliance. Whether project designs are set, or yet to be established, we're here to connect and coordinate across state agencies to ensure the permit processes are transparent and you can navigate them effectively.

Please reach out to schedule a sit down with our team at **firststop@state.mn.us**.