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Congressional Testimony

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Rural Development, Energy and Supply Chains Subcommittee

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Hearing:
“Empowering Rural America Through Investment in Innovation”

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Chairman Ellzey, Ranking Member Morrison, and distinguished members of the Subcommittee:

Thank you for the opportunity to testify on the vital role digital infrastructure plays in the revitalization of rural America.

My name is Chris Crosby, and I am the founder and Chief Executive Officer of Compass Datacenters. After 25 years of working at the intersection of tech and real estate development, I founded Compass in 2011 to take a new approach to data center development, with a vision to deliver customizable, scalable, and sustainable data centers in an expedited time frame. What began as a single project in 2012 has evolved into a global enterprise serving the hyperscale market—a success built upon our core convictions and a "give before take" philosophy that prioritizes the communities where we operate.

Defining Hyperscale: Beyond Crypto and AI Factories

Let me first begin by making clear that we are in the midst of the most profound global economic transformation since electrification, and we commend this administration’s focus on winning the global AI race. However, the AI infrastructure landscape is as prolific as it is multifaceted, so it is important to distinguish between key categories. "Hyperscale" refers to the massive, scalable infrastructure that supports the world’s largest service providers—the platforms underpinning our modern economy. Not all digital infrastructure is the same. While terms like "crypto farms" or "AI factories" are often used interchangeably in public discourse, Compass constructs and operates hyperscale campuses that differ fundamentally in purpose, scale, stability, and longevity.

Crypto farms tend to be transient operations tied to a single volatile activity. In contrast, a hyperscale campus represents enduring civic infrastructure. When Compass began, data center facilities primarily managed enterprise data; today, they have evolved into sophisticated hubs supporting a diverse ecosystem of cloud workloads, social connectivity, and the burgeoning AI

revolution. They enable the essential services Americans rely on daily—from banking and financial systems to entertainment streaming and enterprise cloud computing.
Today's large-scale data center campuses function as the "railroads" of the 21st century, driving significant regional economic impact. As artificial intelligence and cloud computing mature, this innovation is moving beyond traditional tech hubs and into rural America. Chairman Ellzey, our campus in Red Oak, Texas—located in your district—exemplifies this potential.

Rural Economic Impact

The outdated narrative that data centers generate only temporary construction jobs no longer reflects reality. Our campuses provide stable, high-quality employment for approximately 1,500 construction workers at any given time over a decade or more during the initial expansion phases[1]. Furthermore, these facilities are designed as "permanent build" campuses in a state of continuous evolution—true evergreen assets.

Beyond the initial ten-year construction period, data centers require billions of dollars in IT equipment refreshes every three to five years, creating a reliable, long-term stream of skilled, high-paying technical and operational positions that remain in the community for the campus's 100-year operational life.

Chairman Ellzey, our campus in Red Oak exemplifies this enduring economic commitment. Upon full build-out, we anticipate creating a total of over 400 full-time jobs through the combined job creation of Compass, our customers, and our partners. These are not merely positions—they are high-paying careers, with many specialized technical and managerial roles offering six-figure salaries.

These multi-billion-dollar campus investments serve as powerful economic multipliers, prioritizing local small businesses—including electrical contractors, onsite service providers and suppliers—generating a "butterfly effect" that spurs further commercial development. A prime example of this effect is our strategic partnership with Schneider Electric. To support our supply chain, we constructed a 105,000-square-foot dedicated manufacturing facility in Red Oak, located immediately adjacent to our data center campus. This facility, which opened in June 2024, produces the prefabricated modular power and IT infrastructure required for hyperscale growth. By integrating manufacturing directly into our ecosystem, we haven't just built a data center; we have anchored a new industrial hub that currently employs nearly 350 people in the local community[2].

The data continually proves out this impact. In the ten-year period preceding our 2021 campus investment in Red Oak, new sales tax business permits grew at a steady but modest rate of 12% year-over-year. However, since our construction began, that growth rate has surged to

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[1] McKinsey & Company, "The data center balance: How US states can navigate the opportunities and challenges," August 8, 2024, https://www.mckinsey.com/industries/public-sector/our-insights/the-data-center-balance-how-us-states-can-navigate-the-opportunities-and-challenges.

[2] Schneider Electric, "Schneider Electric Opens Data Center Integration Facility in Red Oak, TX," Press Release, June 20, 2024, https://www.se.com/us/en/about-us/newsroom/news/press-releases/schneider-electric-opens-data-center-integration-facility-in-red-oak-tx-66739ba970de4cb867027917.

43% annually[3]. Data center campuses function as sustained economic engines, fostering new restaurants, retail, housing, and other developments that build thriving, resilient communities.

Energy: Driving Affordability and Grid Resiliency

There is a common misconception that the power requirements of data centers drive up energy costs for residents. In reality, large-scale energy users serve as vital "anchor tenants" for the power grid, creating an economic framework that exerts downward pressure on rates for all consumers. The U.S. electric grid currently operates at roughly 50% capacity on average, representing significant underutilization[4]. By leveraging this unused capacity, data centers help spread fixed infrastructure costs across greater volumes of electricity sales, creating downward pressure on rates for all consumers. From research groups such as E3[5] to large service providers like Georgia Power[6], to bipartisan statements from former Sec. Granholm and Gov. Ducey[7], the message and data is clear: **data centers are paying more so that families and small businesses can pay less.**

This "anchor tenant" effect is further strengthened by a proactive approach to infrastructure known as the "co-serve" model. Under this philosophy, data center developers like Compass act as active grid partners rather than mere consumers. Instead of arriving with an “ask”, we arrive with a checkbook, negotiating upfront Contributions in Aid of Construction (CIACs) to fund the specific infrastructure required for our operations. We purchase land to facilitate interconnects, and fully fund the construction of transmission lines, high voltage switching, and substations. By paying our own way and directly investing in the grid, we help strengthen the local system and clear the path for upgrades that benefit the entire community. This ensures that the growth of digital infrastructure serves as a catalyst for local stability, allowing utilities to meet rising demand without ever shifting the financial burden to existing ratepayers. However, several regulatory barriers still limit the industry’s ability to support the grid and must be addressed to maximize these benefits:

- **Rigid emission permitting standards** often fail to distinguish cleaner backup fuels like Hydrotreated Vegetable Oil (HVO) from traditional diesel, restricting data centers like Compass from running backup power for longer durations during emergencies or peak load times, which could help stabilize the grid for the entire community and reduce overall emissions.

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[3] Texas Comptroller of Public Accounts, "Recent Sales Tax Permits," Open Data Portal, accessed Jan. 2026, https://comptroller.texas.gov/transparency/open-data/recent-sales-tax-permits/.

[4] Pacific Northwest National Laboratory (PNNL), "Impacts Assessment of Plug-in Hybrid Vehicles on Electric Utilities and Regional Grids," U.S. Department of Energy. *(Finding that the existing U.S. grid has approximately 50% idle capacity on average due to the need to build for extreme peak events).*

[5] Energy and Environmental Economics, Inc. (E3), "Tailored for Scale: Designing Electric Rates and Tariffs for Large Loads," December 2025, https://www.ethree.com/wp-content/uploads/2025/12/RatepayerStudy.pdf.

[6] Georgia Power, "Georgia regulators approve historic energy capacity increase to meet state's growing demand," Press Release, December 19, 2025, https://www.georgiapower.com/news-hub/press-releases/georgia-regulators-approve-historic-energy-capacity-increase.html.

[7] Jennifer Granholm and Doug Ducey, "How Data Centers Can Lower Your Electric Bill," *The Wall Street Journal*, October 23, 2025, https://www.wsj.com/articles/how-data-centers-can-lower-your-electric-bill-bipartisan-energy.

- **Synchronizing Federal and State Emergency Definitions** to resolve the significant disconnect between federal EPA standards and state-level developments like Texas's Senate Bill 6 (SB 6). Formal EPA confirmation is required to ensure that mandatory grid curtailments—where large loads deploy onsite backup generation during declared emergencies—are classified as true "emergency" operations. This clarification would prevent these critical grid-support activities from being mischaracterized as voluntary demand response, allowing them to proceed without counting against the federal 50-hour non-emergency limit and providing the regulatory certainty needed to support grid resilience without risking compliance violations. Activating these resources during energy emergencies provides vital stabilization and, during extreme weather events, serves as a life-saving measure for the broader community.

- **Restrictions on private investment** prevent proactive contributions to grid upgrades. Unlike real estate development, where developers can contribute directly to community infrastructure, utilities' regulated fixed returns structure prohibit direct private investment outside of CIACs. Developers like Compass are willing to invest more to the overall benefit of our power infrastructure, but current energy frameworks limit proactive private investment in grid improvements. Legislative flexibility for long-term private funding—such as substations and transmission—would significantly accelerate infrastructure delivery for both data centers and surrounding rural areas.

Workforce Development and Community Investment

Our commitment to rural communities is rooted in sustainable workforce development. We are not offering temporary employment; we are facilitating multigenerational careers. Because our campuses are designed as 100-year assets, the specialized talent we cultivate—from mechanical and electrical trades to HVAC and IT—remains vital to the community for decades.

Recognizing this, Compass partnered with Texas State Technical College (TSTC) last year to establish the Mechanical, Electrical & Information Technology Pathway Program. This program provides accessible pathways to those high-tech, high-paying roles that allow individuals to join the global tech economy without needing a traditional four-year degree. Compass provided full scholarships for the inaugural cohort and collaborated with industry partners—including competitors—to guarantee immediate job placement. Due to the immense success of the program - 90% of the first graduating class having secured roles with leading national companies - we are now scaling the TSTC model to locations across the country.

Additionally, we partner with companies like Overwatch and Salute to train and place veterans in critical data center roles, allowing them to stay in their home regions while joining the global tech economy.

We operate under the principle of "listening before building." By engaging local stakeholders early in the development process, we tailor our projects to meet specific regional and community needs. This includes establishing conservation buffers to protect local watersheds, upgrading utility infrastructure, and supporting local law enforcement and community recreation facilities.

Environmentally, we mandate water-free cooling technologies to preserve vital agricultural water supplies. Crucially, we view our sites as grid contributors. During peak events, our on-site generation can support the community, provided we have a common-sense regulatory framework that permits us to run these assets when the grid needs them most.

Closing Statement

In summation, large-scale data center campuses provide unprecedented capital and infrastructure investments for rural community prosperity. Compass does not come to these communities seeking a "free ride"; we come with a multi-generational commitment to invest in the people and the businesses. We are proud to help build the digital foundations in places like Red Oak, and we look forward to working with this Subcommittee to ensure that the AI revolution empowers every corner of our nation.

Innovation is not merely a destination – it must be an opportunity for all Americans. At Compass, we are committed to a future where the infrastructure of tomorrow is built on a foundation of innovation and partnership today. Thank you for your leadership on these critical issues, and I look forward to answering your questions.