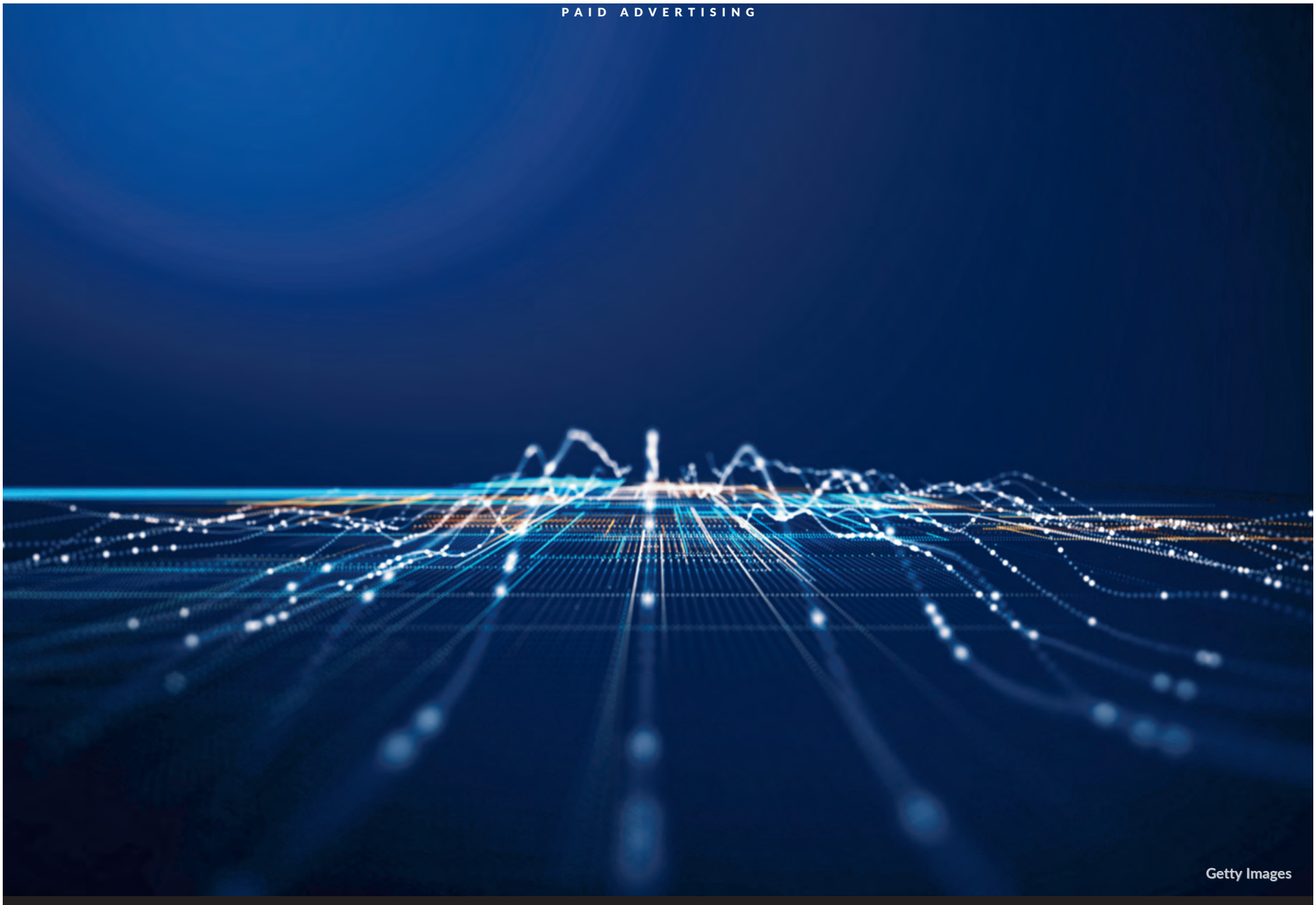

Getty Images

What's Next for Data Centers in Pennsylvania?

An On-the-Ground Look at Navigating the Opportunities, Challenges

As demand for AI, cloud computing, and digital storage accelerates, Pennsylvania is emerging as a strategic hub for data center development. This growth presents significant opportunities for developers, energy providers, investors, and host communities – while also introducing complex regulatory, infrastructure, and energy challenges for the region.

Data center development is accelerating across Pennsylvania, creating both opportunities and complex challenges for businesses and communities.

"We're involved with almost 20 active data center projects at various stages of development, and there's at least another handful that are on the drawing board that we hope are going to become active," Babst Calland Managing Shareholder Donald C. Bluedorn II said at the opening of the law firm's recent event at the Duquesne Club. "There is a tremendous amount of energy and activity in this space."

At "What's Next for Data Centers in Pennsylvania," four Babst Calland attorneys discussed what it takes to get these and other projects across the finish line. Moderated by Pittsburgh Business Times Market President and Publisher Evan Rosenberg, the panel included Justine Kasznica, who leads the firm's data center development and emerging technologies practices, Anna Skipper Jewart, whose practice focuses on real estate, land use and zoning and public sector law, Gina Falaschi Buchman, an environmental shareholder in the firm's in the Washington, D.C., office, and David White, who leads the firm's construction practice.

The following is a condensed version of their conversation, highlighting how Pennsylvania's energy resources, industrial legacy, and strategic location are positioning the Commonwealth as a growing player in the national data center economy.

Joe Appel/Joe Appel Photography

Pennsylvania's Competitive Advantage

Rosenberg: With AI-driven demand accelerating the surge in data centers across the country at an unprecedented pace, what is your perspective on the projects currently under development in Pennsylvania?

Kasznica: What we're seeing in Pennsylvania is interesting. At the Pennsylvania Energy and Innovation Summit that Sen. Dave McCormick convened in Pittsburgh last year, $90 billion was announced in new investments for the Commonwealth. Pennsylvania is now the fourth fastest-growing state for data centers and data center development. Pennsylvania has grown from roughly 37 data centers to more than 250, representing nearly 600% growth.

But we're still in a developing area for data centers. Northern Virginia has been at the forefront. Ohio has been very aggressive in offering incentive packages and streamlining and welcoming data center projects to its state. We are facing a wealth of competition. Georgia, Tennessee and other markets are coming up and saying, "If you have a data center project, come here, and we'll work with you."

When it comes to Pennsylvania's competitive strengths, No. 1 is our location within the PJM Interconnection, the largest wholesale power market in the country. We are a top net energy exporter in the U.S. with a mix of natural gas, nuclear, and renewables. We're also well-positioned, close to major East Coast AI development hubs, and we have many brownfield sites.

Local Government and Community Challenges

Rosenberg: We're looking at a generational economic development opportunity. How do we balance community needs and concerns with that?

Jewart: There are more than 2,500 municipalities in Pennsylvania, each of which get to decide if they regulate data centers, how they regulate them, and when they regulate them. Land use regulations, and the people who make those decisions might be entirely different on two sites a mile down the road from each other. Not only are the regulations and decision makers unique from site to site, but the concerns raised by each community are unique to that location.

As more data centers come online, they'll be burdened by the issues, misconceptions or realities of those that came before them. Some of these concerns may be outdated and solved by technological advances in the industry. However, many concerns raised at public meetings are rooted in legitimate questions about community impacts. No matter where you plan to site a data center, it will be located in someone's backyard, and the future neighbors will raise legitimate concerns about their futures, their livelihoods, their homes, and their children.

A developer who will succeed throughout the land use process will take those real concerns into account. They will not dismiss them but will address them. They'll have representatives who can listen and say, "I understand", and either "here's what we're going to do about it" or "here's why that's not an issue with this project."

Kasznica: Can you touch on the economic impact for municipalities?

Jewart: While questions remain about how counties will ultimately assess and tax data centers, no matter what, when you bring something like a data center online, there will be an exponential increase in property tax revenue for the municipality, as well as the local school district, and county. In addition, these developments do not place a heavy burden on municipal services; they do not bring children with them who require schooling; they do not bring heavy traffic that places a burden on public roads. Therefore, they have the potential to bring significant revenue to a municipality, without significantly increasing public expenditures.

Environmental and Permitting Pressures

Rosenberg: A lot of the opposition is rooted in environmental concerns. What are some key environmental permitting challenges at both the federal and state levels?

Buchman: Data centers are resource-intensive. We have not found a way around that. They need power. They need a lot of reliable power and often need water. And to use or create those resources, we'll need environmental permits.

With environmental permits, our biggest challenge is time—the time to get the permit, particularly air permits. Data centers want to be online yesterday. This is where a lot of planning, coordination, and ample due diligence really do go a long way. Getting a team of consultants and attorneys together very early can really help with site selection, project scope, and design to speed up the environmental permitting process.

Construction and Infrastructure Demands

Rosenberg: Once approved and dirt starts to move, how do we ensure projects stay on track?

White: Once we have all the permits and have addressed any environmental concerns and are moving forward with construction, we must determine which agreements we'll need for construction.

We will almost certainly need owner/design/contractor agreements. We may need subcontractor agreements. We may need a collective bargaining agreement, which is an agreement with the local unions. You might need a community outreach agreement. You might have payment

and performance bonds. You might need insurance documentation. There are a number of potential written agreements that you may need for construction.

Rosenberg: How long are we looking at from the time that construction begins to the time it is functional and operational?

White: The dream is one to two years. The reality is that OEM lead times have been expanding significantly. Most hyperscalers want to be up and running by 2028. That's a real problem.

The Economic Opportunity Ahead

Rosenberg: What makes Pennsylvania uniquely positioned or uniquely challenged to take advantage of this moment?

Kasznica: We hear from those developing data centers in Pennsylvania that they see Pennsylvania as a uniquely interesting area to start building these projects. Developers also view Pennsylvania favorably because state and federal leaders across party lines generally support economic growth tied to data center development. We have a Democratic governor that seems to be aligned with the federal administration on these issues, as well as a Democratic House, a Republican Senate, a Republican senator, and a Democratic senator, and they're all singing that same tune of economic growth for the Commonwealth.

Jewart: When I walk into a public meeting, I would say there is bipartisan distrust from the community, and that is putting it very, very lightly. So, while we're getting some leadership coming together on this issue, it's not necessarily playing out at the community level.

We have municipal elections every two years, and municipal ordinances can change much, much faster than legislation out of the general assembly or out of the federal government. To make it even more difficult, there is no standardized depository for local ordinances. There is no obligation for municipalities to put their ordinances online, and the ones that are online are often out of date. This means that the rules can change quickly, and it can be difficult to even figure out what they are.

Since we started tracking in September 2025, the number of proposed or adopted ordinances regulating data centers has increased from 36 to about 220 currently.This is evidence of a rapid, reactionary response to the industry at the local level.

Rosenberg: Pennsylvania is energy-rich, and southwestern Pennsylvania is primed for bring-your-own-power projects. On the other hand, we have the challenges of aging grid infrastructure and rising costs facing payers. How do you see the opportunity?

White: There are major opportunities for suppliers. I recently read about a new switchgear factory in Beaver County that brought in 200 new jobs; an expansion of facilities producing high voltage grid technology in Westmoreland County with 100 new jobs; and an expansion of a solar manufacturing facility, leading to 700 new jobs.

Rosenberg: Bring-your-own-power projects can leverage new technologies to generate power to contribute to the grid. How does Pennsylvania's permitting process factor in?

Buchman: What people are trying to do is leverage these new technologies to have lower-emitting projects, which is always a goal, but then also it could allow these facilities to avoid major source permitting, which is the more complicated permitting processes.

At the state level, there has been a recognition over the past couple of years that permitting is taking too long. The Department of Environmental Protection created the SPEED program, Streamlining Permits for Economic Expansion and Development, back in 2024. It's a process that you pay for, but it can speed up the permitting process.

Rosenberg: How does southwestern Pennsylvania's industrial legacy from Westinghouse, and Eaton, Eos Energy Enterprises, MEPPI and Emerson, position the region?

Kasznica: If none of the data centers that we talked about came online in Pennsylvania, we still have an amazing opportunity. All these companies are making major investments in manufacturing in this region, and they are further fueled by this AI-driven economy.

We're seeing these companies come up with tech-enabled, rapid prototyping and battery storage system solutions that are unprecedented and solve that economic development issue, regardless of what happens in terms of the hosting of data centers.

Western Pennsylvania helped build the modern electric grid, and that legacy continues to position the region for the next generation of energy and technology infrastructure.

For more information on the topics discussed in this article or related matters, please contact Justine M. Kasznica at jkasznica@babstcalland.com, Gina Falaschi Buchman at gbuchman@babstcalland.com, Anna Skipper Jewart at ajewart@babstcalland.com, David E. White at dwhite@babstcalland.com, or visit babstcalland.com.

Babst | Calland
Attorneys at Law

THE PANELISTS

Justine M. Kasznica
Chair, Emerging Technologies and Team Lead, Data Center Development

Gina Falaschi Buchman
Environmental and Energy

Anna Skipper Jewart
Real Estate, Land Use and Zoning, and Public Sector

David E. White
Construction and Litigation