



Memphis & West Tennessee Central Labor Council

AFL-CIO

EDUCATE • ORGANIZE • MOBILIZE

A STATEMENT FROM THE PRESIDENT

Data Centers, Gas Turbines and Community Benefits

Memphis and Lake County deserve answers.

As Tennessee keeps attracting massive data centers and artificial-intelligence infrastructure, we need to ask harder questions - not because we are against technology, investment or development, but because development should improve the lives of the people who already live and work in these communities.

We have seen this issue firsthand in Memphis with xAI. Natural-gas turbines have been central to the company's power strategy. xAI says the temporary turbines at its original Memphis site have been removed and that its permanent equipment includes advanced emissions controls. Across the state line, reporting on the company's Mississippi site describes dozens of temporary turbines being phased out under a state settlement on a timeline running into 2027, while a permitted permanent gas plant of roughly 1.2 gigawatts comes online. Whatever the location, the same question follows the industry:

If cleaner technologies are available, why do data centers keep leaning so heavily on natural-gas turbines - and what is the real cost difference between gas and the alternatives?

THE COST NUMBERS DESERVE ATTENTION

Lazard's 2026 Levelized Cost of Energy+ report (Version 19.0) puts unsubsidized new-build costs at:

New-build generation (unsubsidized)	Levelized cost
Utility-scale solar	\$40 - \$98 per MWh
Onshore wind	\$37 - \$99 per MWh
Natural-gas combined cycle	\$51 - \$129 per MWh
Natural-gas peaking generation	\$144 - \$276 per MWh
Offshore wind	\$105 - \$167 per MWh
Nuclear	\$175 - \$255 per MWh

These are national estimates, not quotes for any Tennessee project - real costs turn on location, transmission, reliability requirements, financing and fuel prices. But Lazard also reports that announced new-build gas generation has surged "despite a 15-year high LCOE and historically long development lead times," while unsubsidized renewables "remain the most cost-competitive form of new-build generation." The public deserves a genuine side-by-side analysis, not an assurance that gas is automatically the only affordable choice.

AND ROUND-THE-CLOCK POWER HAS OPTIONS TOO

The U.S. Department of Energy identifies solar, land-based wind, battery storage and energy efficiency as the fastest-scaling resources for data-center demand, and points to next-generation geothermal for firm, 24-hour power - noting geothermal can run at roughly a 90% capacity factor. DOE's Enhanced Geothermal Shot targets a 90% cost reduction, to about \$45 per MWh by 2035.



Memphis & West Tennessee Central Labor Council

AFL-CIO

EDUCATE • ORGANIZE • MOBILIZE

AND THEN THERE IS LAKE COUNTY, TENNESSEE

Lake County deserves particular attention. According to U.S. Census Bureau QuickFacts:

\$28,814 median household income, 2020-2024 - last of Tennessee's 95 counties

31.2% of residents living in poverty; roughly 45% of children under 18

64 employer establishments countywide (2023), 545 jobs, \$22.0 million total payroll

State economic-development data lists Lake County among Tennessee's distressed counties. Those numbers should not make Lake County easier to exploit. They should make Lake County more important to protect.

A community's economic hardship should never become a company's bargaining advantage.

If the state, a developer or another public entity is considering a major data center in Lake County, residents should not be expected to accept whatever wages, environmental impacts or economic promises are offered simply because the county needs jobs. Welcome the investment - and demand that it create good jobs, careers and lasting wealth for the people who live there.

WHY A COMMUNITY BENEFITS AGREEMENT MATTERS

A Community Benefits Agreement is not a handshake, an announcement, a memorandum, or a deal between a corporation and one elected official. DOE describes a CBA as a legally enforceable agreement between a developer and a community; the U.S. Department of Labor notes such agreements can cover local hiring, local suppliers, job training and other community benefits. The county mayor, the commission, state government and economic-development officials all have important roles - but the community itself needs a seat at the table. A deal with government may settle land, taxes, utilities and incentives. It does not guarantee residents good-paying jobs, benefits, apprenticeships, environmental protections or long-term investment. A real CBA puts those promises in writing and makes them enforceable.

Local hiring. A meaningful percentage of construction and permanent jobs for qualified Lake County and area residents.

Good wages and benefits. Development should raise the local wage standard, not exploit the fact that incomes are already low.

Apprenticeships and workforce development. Real pathways through registered apprenticeship, pre-apprenticeship and technical training.

Labor standards. Serious consideration of a Project Labor Agreement or Community Workforce Agreement before construction begins - DOL notes these promote workforce quality, safety, stability and local hiring.

Permanent-job standards. How many permanent employees, at what pay, with what benefits, and how residents get trained to qualify.

Environmental protections. Air emissions, water consumption, wastewater reuse, noise, backup generation, energy sources and independent monitoring.

Cleaner-power alternatives. Public disclosure of the feasibility and lifetime cost of geothermal, renewables with storage, fuel cells and other lower-emission options before large-scale gas generation is approved.

Community investment. Defined commitments to schools, workforce programs, broadband, emergency services and infrastructure - not voluntary donations that vanish when leadership changes.

Transparency and enforcement. Public reporting, measurable deadlines, and consequences when commitments are not met.



Memphis & West Tennessee Central Labor Council

AFL-CIO

EDUCATE • ORGANIZE • MOBILIZE

THE QUESTIONS WE SHOULD ASK EVERY DATA CENTER

1. What will you pay your workers?
2. How many jobs will actually be permanent?
3. How many local residents will you hire?
4. Will you use union labor and registered apprenticeships to build it?
5. Will you sign a Community Benefits Agreement with the affected community?
6. Will you put those promises in an enforceable agreement?
7. How much electricity and water will the facility consume?
8. Why are natural-gas turbines necessary?
9. What cleaner alternatives did you study?
10. What would geothermal cost? Renewables plus storage? Non-combustion fuel cells?
11. What are the emissions of each option?
12. What is the true cost over 10, 20 and 30 years - not just what installs fastest today?

A COMMUNITY BENEFITS AGREEMENT PROTECTS EVERYBODY

This is not anti-business. A well-designed agreement tells the developer exactly what is expected, gives government clear standards, gives workers a pathway into careers, and gives residents confidence that a project built in their community produces benefits that stay in their community. DOE itself says community-benefit agreements help build long-term trust and support for major projects.

If a multibillion-dollar technology company comes into one of the lowest-income communities in Tennessee, that community should come out economically stronger than it was before the company arrived.

Lake County should not simply provide the land. Not simply the electricity. Not simply the water, roads, tax treatment or infrastructure. Lake County should share in the wealth its resources help create - and that commitment should belong to the people, not to whoever happens to occupy the county mayor's office at a particular moment.

We are not asking Tennessee to stop building the future. We are asking Tennessee to build the future with its people - not on top of them. Technology should create opportunity. Economic development should raise wages. Public resources should produce public benefits. Before a data center receives the support of a community, that community deserves a binding agreement defining what it receives in return. Innovation should not stop at the computer server. It should extend to how we power these facilities, how we protect the people around them, and how we share the economic benefits they create.

Kevin Bradshaw

President, Memphis & West Tennessee Central Labor Council, AFL-CIO

Vice President, Tennessee AFL-CIO

Sources: Lazard, Levelized Cost of Energy+ 2026 (Version 19.0); U.S. Department of Energy - clean energy resources to meet data-center electricity demand, geothermal and data centers, and community benefit agreement guidance; U.S. Department of Labor on project labor and community workforce agreements; U.S. Census Bureau QuickFacts for Lake County, Tennessee (2020-2024 ACS 5-year estimates; 2023 County Business Patterns); public reporting and company statements on xAI's Memphis and Mississippi generation. Prepared September 23, 2026 • LaborEducation.org