

Mr. Chairman, committee members, thank you for the privilege of testifying before you today. My name is Cody Harris, and I represent Texas House District 8, a rural district made up of four East Texas counties. I am a 5th generation Texan who has served in the Texas House since 2019, and I currently chair the House Natural Resources Committee. Since my first session, I have made water a top priority and worked to bring the issue to the forefront. Until fairly recently, water was largely overlooked by the average Texan. That has changed: water profiteers, the surge in artificial intelligence, and the data centers required to support it have made water one of the top issues facing rural Texans today.

Texas takes water planning seriously. Every five years, the Texas Water Development Board updates its 50-year State Water Plan. The board adopted the most recent plan just over a month ago, and it contains projections this committee should be aware of.

Over the next 50 years, the state's population is projected to grow 53 percent — from 34.2 million in 2030 to more than 52 million by 2080 — roughly 20 million more people than call Texas home today. Meanwhile, our existing water supplies are expected to decline by 10 percent, primarily due to aquifer depletion. Meeting that growth and offsetting that decline will require an estimated \$174 billion in new water infrastructure. Without it, Texans will face water shortages totaling 3.6 million acre-feet per year by 2030, growing to 5.8 million acre-feet per year if severe drought continues — and that is before accounting for the needs of data centers.

Whether we like it or not, data centers have become critical infrastructure our country must have. They are central to doing business. They are essential to national security, and we cannot afford to let countries like China take the lead. Having acknowledged that reality, the fact remains that most Texans are more than uneasy about the perceived potential of data centers draining our water and straining our electrical grid.

Water use and electric generation are the two components that draw the strongest reactions — and for good reason, given the sheer scale of these facilities. But I believe there is a path forward that protects our resources while allowing us to meet this need.

In Texas, we have been studying responsive and responsible ways to meet capacity needs for both water and electricity for data centers. We are insisting that these companies be good partners to our communities. Governor Abbott, in his capacity as chief executive, has required audits of data center consumption through the Public Utility Commission of Texas and the Electric Reliability Council of Texas. We are actively working to hold these companies accountable while building the frameworks we need to responsibly meet the resource demands we all share.

Texas boasts the 8th-largest economy in the world, and we are adding 1,600 new residents every day. That sustained growth, layered on top of the new demand from data centers, is more than our current water and electric infrastructure can support.

What Texas is doing to help

In the 2025 legislative session, I authored HJR 7, which became Proposition 4 on the ballot and was overwhelmingly approved by voters. It constitutionally dedicates revenue — from existing state sales and use tax, not a new tax — to the Texas Water Fund. This is only a first step, but it lays critical groundwork by committing \$1 billion a year for the next 20 years. That money will fund new water sources and repair aging infrastructure already in the ground. Texas loses a significant amount of water every year to leaky pipes, and we cannot continue to let it go to waste.

We have learned through committee hearings and meetings with stakeholders and water experts that there is no single, simple solution. Every option has to be on the table. That is why we are exploring desalination, advanced nuclear technology, treated produced water, and atmospheric water generation.

At the local level, we are working through groundwater conservation districts and groundwater management areas to build the modeling we need to plan for both the short and long term and preserve the drinking water supplies we draw from our lakes and usable groundwater. Reliable data on our water supplies is essential to that work.

We are also working to make better use of nontraditional sources like reclaimed water and produced water.

Produced water comes to the surface during oil and gas production. In the Permian Basin alone, operators generate roughly 20 million barrels of it a day, and that figure is expected to keep climbing. This water is typically high in salinity and may contain other constituents that make it unsuitable for use, but treatment technology has advanced to the point that it is now a reasonable option for meeting the cooling needs of the data center industry. Texas established the Produced Water Consortium to study the treatment technologies and environmental considerations involved and to develop a model for treating and using this water.

We cannot afford to let data centers compete with Texans for freshwater. That is why the state is encouraging the use of brackish groundwater, reclaimed wastewater, treated produced water, and other nontraditional sources — including exploring the co-location of produced water treatment plants with data centers themselves.

The other half of the equation is power generation, and these facilities use staggering amounts of it. As part of President Trump's trade deal with Japan, NextEra Energy will build a \$16 billion natural gas power plant in my home county that will generate up to 5.2 gigawatts of electricity.

Nuclear

Last session I also authored House Bill 14, which created the Texas Advanced Nuclear Energy Office and established a \$350 million fund to jump-start the nuclear industry in Texas and improve regulatory efficiency.

Beyond the substantial economic benefit of making Texas the epicenter of America's nuclear renaissance, this clean, dispatchable, always-on power source will strengthen our grid's reliability and keep Texas the energy capital of the world. It also helps ensure that the United States — not China — leads the world in nuclear power generation.

Public/private partnerships

In February 2025, Texas A&M University announced a partnership with four nuclear reactor companies — Kairos Power, Natura Resources, Terrestrial Energy, and Aalo Atomics — to bring much-needed power to the grid through small modular reactors, or SMRs.

SMRs can be manufactured off-site and assembled on-site. Their compact size and flexibility mean lower cost and shorter construction timelines. They can also be sited closer to the hubs that need them most, like AI data centers and residential developments, and they are well suited to powering desalination plants — addressing both our water and energy challenges at once.

Natura Resources, which specializes in SMRs, is already working with Abilene Christian University, home to a molten salt research reactor that will support study and research on campus.

Also in Abilene, IDE Technologies is using reverse osmosis to treat raw water from Lake O.H. Ivie, which carries high concentrations of total dissolved solids. The work is being done at a demonstration facility at the Hargesheimer Water Treatment Plant. The plant's existing system recovers about 80 percent of the water it processes, but IDE's technology — which uses high discharge velocity and a short production cycle — increases overall recovery to 96 percent.

The U.S. Department of Energy is partnering with X-energy and Dow Chemical on another small modular reactor project, this one in Seadrift, Texas. Public funding for the project has grown to more than \$2 billion, matched by an

equal commitment from the private side under a 50/50 cost-share structure. The goal is to install four small modular reactors at Dow's Seadrift Operations plant on the Texas coast, generating a combined 320 megawatts of electricity.

In conclusion, Texas stands at a significant crossroads as we endeavor to balance private property rights, responsible stewardship of our natural resources, explosive economic growth, and the demands of modern technology advancement. But, we are Texas, and I am confident that we will continue to embrace our strong heritage of boldly leading the way and facing tough challenges head-on. I firmly believe that the Lone Star State's and, as a result, America's best days are ahead of us.