

**Memo**

<b>To</b>	Rowan Percheron LLC (Applicant)
<b>From</b>	ERM
<b>Date</b>	18 July 2023
<b>Reference</b>	Percheron Data Center Project, Morrow County, Oregon
<b>Subject</b>	Supplemental Analysis for Goal 14 Exception Request

**1. INTRODUCTION**

OAR 660-004-0020(2)(a) provides the first of four standards for goal exception requests. It requires an applicant to (1) demonstrate reasons justifying why the applicable goal policies should not apply, (2) describe the amount of land for the use, and (3) explain why the use requires a location on resource land. With respect to “reasons,” justifying why the applicable policies of Goals 3, 11, and 14 should not apply to the Project Parcel, the affected Goal 3 Policy would not apply as the policy preserves agricultural lands for farm use, the affected Goal 11 Policy would not apply as the policy prohibits extension of public services to serve industrial uses on rural lands, and the affected Goal 14 Policy would not apply as the policy prohibits urban-scale uses on rural land. Reasons that can justify why the policies in Goals 3, 4, 11 and 14 should not apply can include but are not limited to findings that an urban population and urban levels of facilities and services are necessary to support an economic activity that is dependent upon an adjacent or nearby natural resource. See OAR 660-014-0040(2). The following supplements Applicant’s earlier goal exceptions analysis and further supports Applicant’s Goal 14 Exception Request.

**2. SUPPLEMENTARY ANALYSIS**

The Project involves an urban-scale data center development designed to accommodate the growing need for online and data storage. The record demonstrates that the Project Parcel is located between existing industrial and utility uses, where the ‘urbanization’ would not be out of place. The record also demonstrates that industrial and utility scale development, similar to the proposed data center development, can coexisting with existing agricultural operations, as demonstrated by the existence of the Carty operations and the adjacent Threemile Canyon Farm operations. Additionally, the Project Parcel is suitable for data center use given its proximity to other critical infrastructure such as the Carty site, adjacent to an existing 230 kV transmission line ROW, and the existing electric infrastructure nearby and renewable energy resources.

The data center is a necessary supplement to other critical infrastructure in Morrow County and the surrounding area. Data centers play a fundamental role in our society and digital economy today, everything that happens online, is retained in a data center. In order to meet the rising data center and cloud storage demand needs across all sectors, the Applicant entered into an agreement with the connecting utility to provide power and electrical infrastructure to the Project Parcel.

The four essential economic activities are resource management, the production of goods and services, the distribution of goods and services, and the consumption of goods and services<sup>1</sup>. The economic activity for Project is “resource management” which would be the housing, hosting and providing security for the data that others use for economic activities such as: public and private data storage to individuals, corporate entities for business purposes, as well as some government or international purposes. In the same way that natural resources are managed, data and information storage, generate value from the resource itself (service, subscriptions, agreements) and indirectly generate sales for companies that supply goods and services that support resource management.

The data center economic activity, resource management, is dependent on power service and capacity adjacent to the Project Parcel. The existing 230-kV transmission line right of way offers ready access to renewable energy resources in the region, which will only be enhanced by the to-be-constructed Idaho Power Boardman to Hemingway that will run along Bombing Range Road to the Longhorn Substation. The Project Parcel is adjacent to the Carty site which hosts the Carty Generating Station, a 450-MW, combined-cycle natural gas-fuelled electric generating power plant, and includes a not-yet-constructed 50-MW solar PV electric power generating unit (Carty Solar Farm) on 315 acres (0.49 square mile). Renewable energy production, such as the planned Carty solar facility and other proposed solar facilities in the region, is energy derived from natural sources that are replenished at a higher rate than they are consumed. Sunlight and wind, for example, are such sources that are constantly being replenished and although widely available require the development of infrastructure such as solar facilities to capture, use, and conserve or store those resources. Access to and adjacency of the Project to renewable energy is crucial, the use of renewable energy resources for consistent and reliable supplemental power generation will limit the Project’s power demand on existing infrastructure and support any new required transmission or distribution line upgrades or substation development required. Further, diversity in electrical load, by utilizing renewable energy, also assists utilities and communities in maintaining a stable, reliable, and affordable energy supply.

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<sup>1</sup> Microeconomics in Context (Goodwin, et al.), 4 th Edition. 2018. Chapter 1: Economic Activity in Context. Link: [https://www.bu.edu/eci/files/2019/06/MIC\\_4e\\_SSG\\_Ch1.pdf](https://www.bu.edu/eci/files/2019/06/MIC_4e_SSG_Ch1.pdf)