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**HOUSE BILL NO. 323****AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Labor and Commerce  
on January 29, 2026)

(Patron Prior to Substitute—Delegate Sullivan)

*A BILL to direct the Department of Energy to make certain findings and recommendations and to convene a work group to provide expertise and feedback on the use of waste heat from data centers; report.*

**Be it enacted by the General Assembly of Virginia:**

**1. § 1.** *The Department of Energy (the Department) shall lead efforts to accelerate the use of waste heat from data centers in the Commonwealth and shall (i) identify opportunities for beneficial use of waste heat from data centers; (ii) determine ways to appropriately share information and facilitate communication between existing and proposed data centers and potential public and private heat users, including residential, commercial, and public buildings, district heating systems, and industries that use low-temperature heat, within the Commonwealth that allow data centers, potential heat users, and the public to assess the potential for the use of waste heat from data centers and to establish connections between data centers and heat users; (iii) evaluate best practices and policies for using waste heat implemented in other localities, states, or countries; (iv) develop recommendations to accelerate the use of waste heat from data centers in the Commonwealth that identify the potential for using waste heat from data centers, its benefits and challenges, and recommendations for approaches to increase the use of waste heat from data centers in the Commonwealth and include an assessment of the estimated costs necessary to develop supporting infrastructure and associated programs; and (v) convene a work group that includes representatives from the Virginia Economic Development Partnership Authority, the data center industry, local governments, gas and electric utilities, relevant state agencies, potential users of waste heat, and other interested stakeholders to provide expertise, assistance, and feedback on the Department's efforts to accelerate the use of waste heat from data centers in the Commonwealth. The Department shall submit a report of its efforts, findings, legislative proposals, and other state or local policy recommendations to promote the use of waste heat from data centers in the Commonwealth to the House Committee on Labor and Commerce and the Senate Committee on Commerce and Labor no later than September 1, 2026.*

**HOUSE SUBSTITUTE****HB323H1**