

1500 Gateway Data Center in Fredericksburg

(9-August 2026 update)



Geoffrey Moffett/Unsplash

Current project status

As of August 9, 2026, the project has not been approved. Developer Penzance has substantially reduced and revised the proposal and is preparing for another City Council review.

The Fredericksburg City Council is tentatively scheduled to hold a public hearing **on August 25, 2026**. This would be the project's third attempt to obtain approval after the Planning Commission twice recommended denial.

(Note: The August 25 date should be confirmed once the City publishes the final meeting agenda.)

Major changes to the proposal

Element	Earlier proposal	Revised June 29, 2026 plan
Site	Approximately 84 acres	Approximately 84 acres
Data center floor area	Approximately 2.1–2.4 million sq. ft.	1 million sq. ft.
Buildings	Four	Two
Maximum height	90 feet	75 feet

Nearest residence	Smaller setback	Applicant claims at least 600 feet
Open space	Less clearly defined	37 acres , including 20 acres proposed for conveyance to the City
Cooling	Water-cooled system proposed	Developer promises non-potable water for permanent cooling
Permanent jobs	Earlier estimate of 228	108 claimed
Electrical substation	Included	Still included

The equipment and generator yards have reportedly been turned toward Interstate 95, away from the Great Oaks neighborhood.

Financial incentives now offered

Penzance is offering approximately **\$40 million in voluntary cash and infrastructure commitments**, reportedly including:

- \$20 million for Fredericksburg City Public Schools
- \$18 million for the City's capital improvement program or general priorities
- \$1 million for sewer improvements
- \$500,000 for career and technical education
- \$455,000 for public safety
- Construction of the four-lane Gateway Boulevard extension between Cowan Boulevard and Route 3

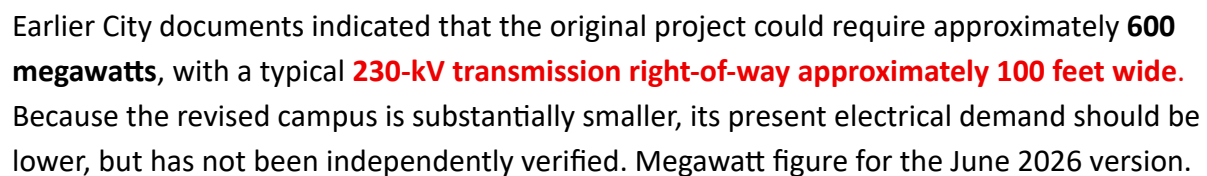
The developer estimates approximately **\$23.3 million in stabilized annual City revenue**, 2,880 construction jobs and 108 permanent positions. These are developer-sponsored projections and should be independently tested against the revised project size, depreciation schedules, tax rates and any incentive arrangements.

(Source: <https://www.1500gateway.com/?utm>)

The principal unresolved issue: electrical transmission

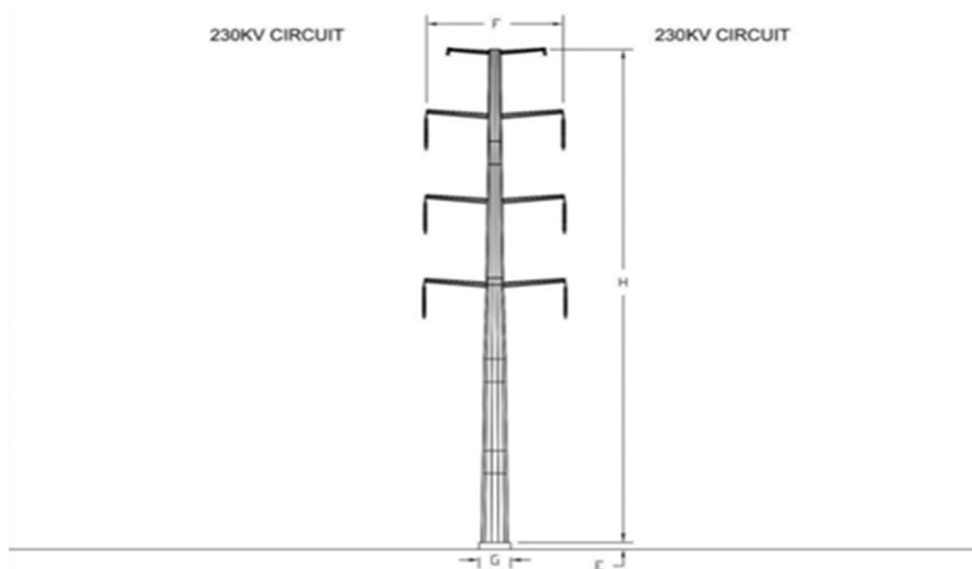
The revised project still requires an on-site substation connected to Dominion Energy's existing Powhatan Street facilities by new overhead transmission infrastructure.

- Along Cowan Boulevard
- Behind Hugh Mercer Elementary School and the police station
- Through or alongside environmentally sensitive portions of the Smith Run corridor
- Behind multifamily and resident



Earlier City documents indicated that the original project could require approximately **600 megawatts**, with a typical **230-kV transmission right-of-way approximately 100 feet wide**. Because the revised campus is substantially smaller, its present electrical demand should be lower, but has not been independently verified. Megawatt figure for the June 2026 version.

Exhibit A: Transmission Pole Dimensions



DOUBLE CIRCUIT 1-POLE SUSPENSION STRUCTURE

A. MAPPING OF THE ROUTE:	SEE ATTACHMENT IILB.3.e
B. RATIONALE FOR STRUCTURE TYPE:	TYPICAL CONFIGURATION FOR DOUBLE CIRCUIT SUSPENSION STRUCTURES.
C. LENGTH OF R/W (STRUCTURE QTY):	1.5 MILES (16)
D. STRUCTURE MATERIAL:	WEATHERING STEEL
RATIONALE FOR MATERIAL:	MATCH EXISTING CORRIDOR
E. FOUNDATION MATERIAL:	CONCRETE
AVERAGE FOUNDATION REVEAL:	SEE NOTE 2
F. AVERAGE WIDTH AT CROSS ARM:	26'
G. AVERAGE WIDTH AT BASE:	6' DIAMETER FOUNDATION (SEE NOTE 3)
H. MINIMUM STRUCTURE HEIGHT:	100'
MAXIMUM STRUCTURE HEIGHT:	125'
AVERAGE STRUCTURE HEIGHT:	110'
I. AVERAGE SPAN LENGTH (RANGE):	557' (470' - 660')
J. MINIMUM CONDUCTOR-TO-GROUND:	22.5' (AT MAXIMUM OPERATING TEMPERATURE)

NOTE: 1. INFORMATION CONTAINED ON DRAWING IS PRELIMINARY IN NATURE AND SUBJECT TO CHANGE DURING FINAL DESIGN.
2. MINIMUM FOUNDATION REVEAL SHALL BE 1.5'.
3. FINAL FOUNDATION DIAMETER SHALL BE BASED UPON FINAL ENGINEERING.
4. STRUCTURE HEIGHTS ARE MEASURED FROM STRUCTURE CENTERLINE.

(Source: Penzance, To whom it may concern letter, June 25, 2025, City of Fredericksburg, 715 Princess Anne Street, Fredericksburg, VA 22401, Re: 1500 Gateway Rezoning – Power Transmission Line Narrative)

Penzance says it has added a proffer intended to prevent the project from proceeding if the State Corporation Commission approves a transmission route the City does not support.

The exact enforceability of that revised language will be important because earlier City legal analysis questioned whether similar transmission-routing proffers were enforceable.

In plain language, Penzance is saying:

“If the SCC selects a transmission-line route that Fredericksburg has rejected, we will not connect that line to the project’s substation. Without an acceptable electrical connection, the data center cannot operate.”

However, there is an important distinction.

What the proffer can—and cannot—do

The proffer could bind:

- Penzance and the property owner
- Future owners of the 1500 Gateway property
- The use of the proposed on-site substation
- Development allowed under the rezoning

It generally cannot bind:

- The Virginia State Corporation Commission
- Dominion Energy
- The SCC’s statutory authority to select a transmission route
- Properties located outside the rezoned 1500 Gateway site

Therefore, the SCC could theoretically approve a route that Fredericksburg opposes. The proffer would not invalidate that SCC decision. Instead, Fredericksburg could attempt to prevent Penzance from connecting the approved line to the project or operating the project in violation of its zoning commitments.

The most recent exact proffer language in an official City document is narrower. It states: *“No transmission line may connect to the Project’s substation facility where such transmission line corridor is, or is planned to be, routed along the property boundary of or through an existing City-owned school or park located within one (1) mile of the Project.”*

Enforceability is questionable

Fredericksburg staff reported that the City Attorney’s Office questioned whether the earlier proffer was enforceable, because the SCC—not the City—controls transmission-line siting.

(Source: Staff Analysis Project: 1500 Gateway Data Center ZMA 2410-0005/SUP2411-0007)

The central question is whether the proffer is drafted as:

1. An improper attempt to control the SCC’s route selection; or
2. A permissible zoning restriction on what Penzance may connect to and operate on its own property.

The second formulation is more likely to be enforceable because it regulates the development rather than directing the SCC.

Practical example

Suppose Fredericksburg identifies Cowan Boulevard as its preferred route, but the **SCC approves a route behind Hugh Mercer Elementary School.**

The possible sequence would be:

1. **The SCC approves the school-area route.**
2. **Dominion is legally authorized to construct that route.**
3. The Penzance proffer prohibits the line from connecting to the Gateway substation.
4. The data center cannot receive the required electrical service.
5. **Penzance must obtain another route**, modify the proffer through a new public zoning process, challenge the decision, or abandon the project.

The critical issue is that **“dead in the water”** is presently **Penzance’s characterization**, not yet an independently verified conclusion.

Before relying on the promise, the City should require the City Attorney to confirm publicly that the final language is definite, enforceable, applies to future owners, and cannot be bypassed through a different substation or connection arrangement.

Planning Commission history

On December 10, 2025, the Planning Commission voted:

- **7–0** that the proposed substation was not substantially in accordance with the Comprehensive Plan; and
- **7–0** to recommend denial of the rezoning and special-use-permit applications.

The Commission cited the project’s location outside the City’s Technology Overlay District, transmission-line effects, water and climate-resilience questions, the loss of other potential economic-development uses, and the conflict with a planned pedestrian connection across Interstate 95. [Official Planning Commission minutes](#)

Political outlook

The project faces a difficult vote. As of early August, four of the seven City Council members—Matt Rowe, Susanna Finn, Will Mackintosh and Jannan Holmes—had publicly expressed opposition. Four votes would constitute a Council majority, although their official votes can only occur during a properly convened public meeting. [FXBG Advance](#)

Bottom line: The **project is still active**, but it has been cut by more than half and remains unapproved. Penzance has strengthened the financial package, buffers and transmission-related commitments, but the location outside the Technology Overlay District and the unresolved 230-kV transmission corridor remain the central obstacles.

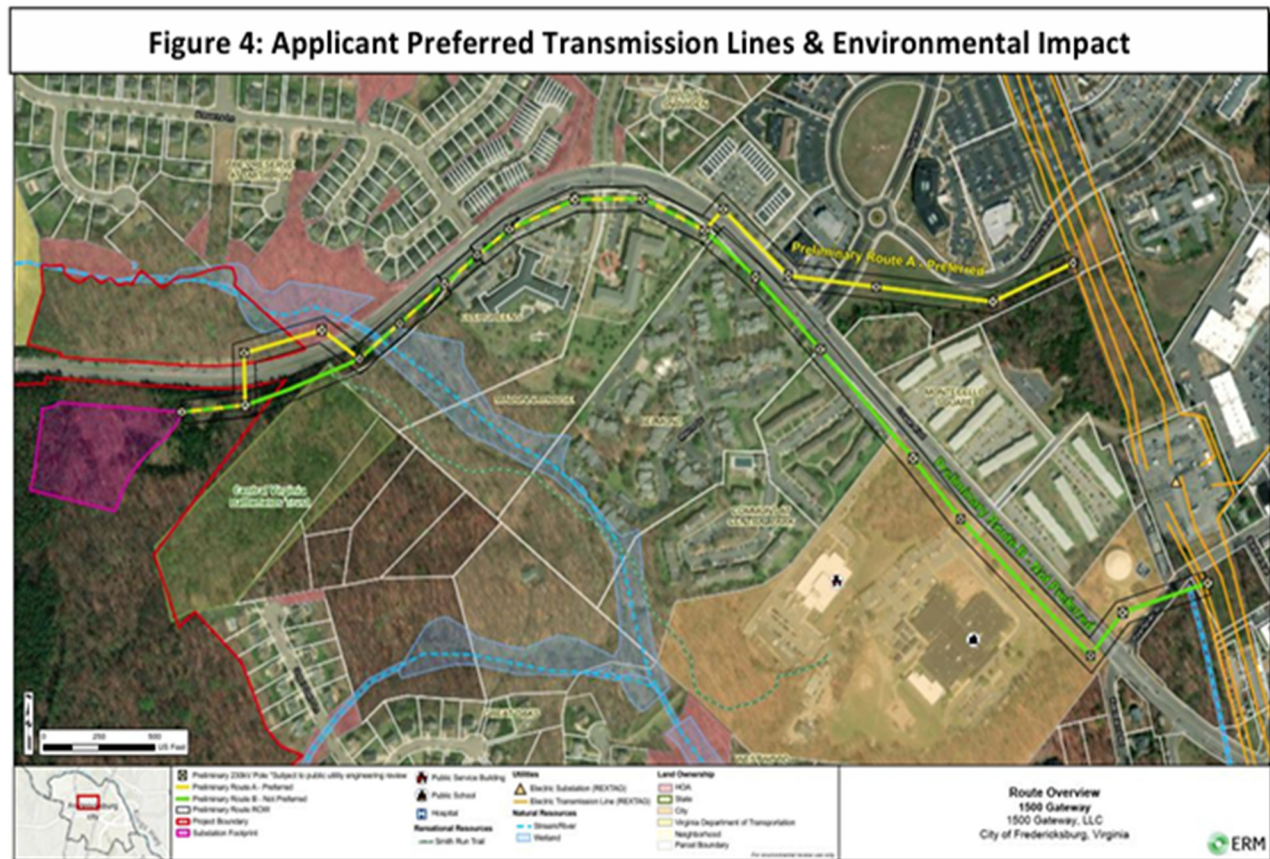
Map shows three (3) possible routes between Dominion Energy's existing substation near **Powhatan Street** and the proposed substation at the northern end of the 1500 Gateway property. **However, none of these routes has been formally selected or approved.**

Conceptual routes

All three alternatives begin at or near the existing Dominion substation on Powhatan Street, approximately one mile east of the proposed campus.

Route	General path	Principal potential impacts
Alternative 1 — Smith Run	Follows the Smith Run/environmental corridor toward the Gateway property	Tree clearing, wetlands, floodplain, Resource Protection Area, historic-resource concerns, residential properties and approximately seven acres of preservation land
Alternative 2 — School/police corridor	Runs through or between the Hugh Mercer Elementary School and Fredericksburg Police Department area and behind residential properties	School property, police facilities, parks/open space, residences and Smith Run environmental features
Alternative 3 — Cowan Boulevard	Generally follows Cowan Boulevard from the Powhatan Street area to the proposed substation	Road frontage, Mary Washington Healthcare property, residential and commercial frontage, existing gas, fiber, water and sewer infrastructure, and the Smith Run crossing

Penzance currently identifies the **Cowan Boulevard route**, apparently along the northern side of the road, **as its preferred alternative.**



(Image is an excerpt from Staff Analysis Project: 1500 Gateway Data Center ZMA 2410-0005/SUP2411-0007)

The developer asserts that this alignment could use public road frontage and avoid crossing private or City-owned parcels. City staff, however, identified possible impacts involving:

- Mary Washington Healthcare property
- Accessory structures along Cowan Boulevard
- Existing natural-gas and fiber-optic facilities
- Existing sanitary-sewer infrastructure
- Smith Run and its associated environmental corridor
- Properties and residences adjoining Cowan Boulevard

That means ***the assertion that the Cowan route would avoid private property should not yet be treated as established fact***. A 100-foot transmission corridor may not fit entirely within the existing public right-of-way.

Electrical specifications

Characteristic	Available information
Transmission voltage	230 kilovolts—230 kV
System type	High-voltage alternating-current transmission
Structure type	Expected to be overhead steel transmission poles; final single-circuit, double-circuit or H-frame configuration has not been established
Standard right-of-way	100 feet wide , according to Dominion information included in the application
Approximate corridor length	Roughly one mile, depending on the selected alignment
Pole height	Not finalized; the applicant's conceptual exhibits indicate structures in the general range commonly used for 230-kV lines, approximately 80–120 feet
Pole spacing	Not determined
Number of poles	Not determined
Number of circuits	Not determined in the public documents reviewed
Substation	New on-site substation near the Cowan Boulevard end of the 1500 Gateway property
Original projected campus demand	Approximately 600 megawatts
Revised project demand	Not publicly confirmed

There is an important distinction between the measurements:

- **230 kV** is the line's electrical voltage.
- **600 MW**, or 0.6 gigawatts, **was** the **estimated power demand of the earlier 2.1-million-square-foot campus**.
- The latest plan has been reduced to approximately one million square feet, so the earlier 600-MW estimate should not automatically be attributed to the revised project.

A new load study or Dominion “will-serve” letter should identify the revised maximum demand.

Potentially affected areas

The conceptual map identifies the following neighborhoods and properties near one or more possible routes:

- **Hugh Mercer Elementary School**
- Fredericksburg Police Department
- Mary Washington Hospital/Healthcare properties
- The Commons at Cowan Boulevard
- Monticello Square
- Madonna House
- **Residences at Belmont**
- The Evergreens at Smith Run
- The Hills at Snowden
- Preserve at Smith Run
- Westwood
- Great Oak Estates
- Smith Run and associated preservation areas
- City-owned park, school or open-space properties

These are **potentially affected or adjacent properties**, not a final list of easement acquisitions.

The City exhibits show parcel boundaries but do not contain a Dominion survey identifying the precise parcels from which easements would be required.

What remains unresolved

Dominion Energy has ***not yet completed—or at least has not publicly filed—the definitive routing and siting study.***

That study would establish:

- The proposed and alternate centerlines
- Pole locations and heights
- Single- or double-circuit configuration
- Required easement width
- Individual parcel numbers and property owners
- Environmental and historic-resource impacts
- **Whether the line can remain within the Cowan Boulevard right-of-way**
- Whether private easements or condemnation would be required

- The revised project's actual megawatt demand

The final route would be determined through a Virginia State Corporation Commission Certificate of Public Convenience and Necessity proceeding, not solely by Penzance or Fredericksburg City Council.

Political status as of August 9, 2026

Four council members have announced opposition:

- Matt Rowe, Ward 1.
- Susanna Finn, Ward 3.
- Jannan Holmes, at large.
- Will Mackintosh, at large.

Their stated concerns include:

- Wrong location.
- Residential proximity.
- Transmission lines near the elementary school or along Cowan Boulevard.
- The project being outside the Technology Overlay District.
- Respecting earlier city decisions concerning where data centers belong.
- Constituent opposition.

Positions were not confirmed in the cited reporting for:

- Mayor Kerry Devine.
- Vice Mayor Chuck Frye.
- Ward 2 Councilor Joy Crump.

If all seven members vote and the four publicly opposed members hold their positions, the rezoning cannot obtain majority approval.

(See the current report on the council majority from Four City Council Members Say Hard No to 1500 Gateway Data Center in Fredericksburg, THE FXBG ADVANCE MONDAY 8/3/26 AFTERNOON READ)

Related News

Four City Council Members Say Hard No to 1500 Gateway Data Center in Fredericksburg

THE FXBG ADVANCE MONDAY 8/3/26 AFTERNOON READ

By Steve Watkins, ADVANCE EDITOR



Geoffrey Moffett/Unsplash

The majority of Fredericksburg’s City Council members have announced that they oppose the Penzance Development company’s recently announced plans to seek permits for a million-square-foot, two-building, 75-foot-high data center at 1500 Gateway Boulevard in an 84-acre wooded area in the city known as the Hylton Tract.

“Simply put, it’s the wrong location for a project such as this,” Ward I Council Member Matt Rowe said in an email to *The Advance*. “It’s too close to existing residential development, and the power lines that would be necessary to accommodate this project would need to be routed just behind Hugh Mercer ES or loom over all of Cowan Boulevard from Route 1 to 1500 Gateway.”

He added, “Constituents that I have heard from have been virtually unanimous in their opposition to a data center complex at this location as well. I’m impressed by Penzance’s tenacity to make this project happen, but at some point you need to accept ‘no’ for an answer.”

Penzance has come to the city twice in the past two years with proposals for a data center campus that would have been twice the size and height of the current project. Their most

recent application was shot down in February 2025 by the city Planning Commission in a unanimous vote against recommendation.

An affiliate of the company has since launched a PR campaign in advance of the new proposal, with a postcard blitz, a supporter-packed Council meeting in May, and recent announcement of a Project Labor Agreement—and the promise of hundreds of construction jobs—with the Baltimore-DC Metro Building Trades Council.

Penzance is promising to only use non-potable water for cooling, and to create a mostly wooded buffer zone of 20 acres between the data center campus and the nearest neighborhood. Among the proffers are \$18 million to the city's capital improvement plan, \$20 million to the city school system, \$1 million for sewer improvements, \$500,000 to the city's career and technical program, and \$455,000 to the city's public safety fund—on top of an estimated \$200 million in tax revenues over the first 10 years of operation.

Ward 3 Council Member Susanna Finn says despite all that, she's another no.

"While I believe that data centers have the potential to be economically advantageous, I have concerns about the 1500 Gateway Project and its siting outside the TOD," she said. "I'm just not confident the City has the space or infrastructure for two centers, and do not plan to support this item, should it come to Council."

A year and a half ago, City Council created a Technology Overlay District, or TOD, to accommodate a massive "by-right" data center development that will be going up in Celebrate Virginia South. That action came at the end of a contentious five-and-a-half-hour Council session where dozens of residents spoke out against the plan after the city's Planning Commission had voted against recommending it.

At-Large Council Member Will Mackintosh says he still supports approval of the TOD, but won't be getting behind the Penzance project.

"I don't think a data center makes sense on this site," he said.

"I am proud of the process that we undertook back in late 2024/early 2025 that led to the creation of the Technology Overlay District in Celebrate Virginia," he added in an email to *The Advance*. "I think we as a city got out ahead of the data center issue and decided on our own terms how many data centers we wanted, where they should be in the city, and what kinds of environmental restrictions should be placed on them if they want to locate here.

"It's a tough issue, but I think we struck the best balance we could. Since this project isn't in the TOD, I think we have already answered the question about whether we want a data center there or not, and I think the answer is no."

Jannan Holmes, another at-large council member, echoed McIntosh, and said she had already spoken publicly at a Fredericksburg Democratic Party meeting about her opposition.

“When we voted on the TOD, I said that one TOD was enough for Fredericksburg and I would not support other data center projects in the city,” she said. “Council has not seen the final proposal from Penzance, other than the glossy mailers they have sent to residents. Though I do not want my above statements to be seen as ‘voting,’ which can only happen in an open meeting, I am true to my word, and will not be supporting the 1500 Gateway Data Center Project.”

The Advance sent queries to, and is waiting for responses from, the three other members of Fredericksburg City Council—Mayor Kerry Devine, Vice-Mayor and Ward 4 Member Chuck Frye, and Ward 2 Member Joy Crump.

Steve Watkins is editor of The FXBG Advance.

(Source: <https://www.fxbgadvance.com/p/four-city-council-members-say-hard?utm>)