LOTSIXTEEN

Committee: House Energy & Commerce Subcommittee on Energy
Event: AI & the Grid: Meeting Growing Power Demand While Protecting Ratepayers
Date: April 29, 2026

Executive Summary: On Wednesday, April 29, the House Energy & Commerce Subcommittee held a hearing to discuss seven pieces of legislation focused on maintaining energy affordability while also responding to the surging power demand of artificial intelligence (AI).

- There was bipartisan concern surrounding mitigating the impact of data centers and other large loads on raising electricity costs for average ratepayers. The panel reiterated the importance of introducing large load "tariff rates" and utilizing energy service agreements to protect themselves and therefore average consumers from demand spikes and associated costs.
- The need for transmission buildout was raised by multiple Democrats, while Republicans expressed concern that interregional transmission would lead to certain states carrying the "energy burden" of other states' costly energy policies.

Member Toplines[1]:

Chair Bob Latta (R-OH-05): Latta underscored that reliable, affordable energy is critical, noting that AI encompasses the race for economic and technological leadership, as well as national security. He acknowledged that the public is anxious about AI and data centers' impacts, particularly regarding energy cost. He underscored the need to connect more data centers, stressing competition with China, while improving the grid and securing dispatchable energy. Latta then provided an overview of the legislation at hand, including the following: the Ratepayer Protection Act (RPA) to ensure that states have necessary policies to protect households from footing the bill for data center energy needs; the Load Forecasting Enhancement Act to facilitate bottom up planning to facilitate generation and transmission planning); and the Advanced Transmission Technology to Reduce Rates Act (ATTRRA) to direct the Department of Energy (DOE) to strengthen its support for advanced transmission technology.

Ranking Member Kathy Castor (D-FL-14): Castor expressed hope for bipartisan effort on energy affordability, noting that inflation has been compounded by the war in Iran. She highlighted unprecedented load growth and attested to the need for transmission and grid efficiency. Castor highlighted that every dollar invested in long distance, high capacity transmission has a five dollar return in reliability and economic benefits. She explained that the grid typically operates at 53 percent capacity, advocating for grid utilization through mechanisms like virtual power plants (VPPs) to save over $10 billion in annual grid costs. She underscored that the bills

[1] Ranking Member Castor & Chair Guthrie's opening statements were not online at the time of this memo's composition.

at hand are a step in the right direction, but that grid planning, improved utilization, and permitting reform are needed.

Full Committee Chair Brett Guthrie (R-KY-02): Guthrie expressed the need for increased generation and efficiency. He noted that AI driven energy demand is raising issues surrounding affordability. He asserted that load growth from data centers lowers costs for communities by facilitating grid investment and baseload energy and underscored there will be "significant tax revenue." He concluded by expressing that he looks forward to the Committee's work in ultimately beating China in the AI race.

Full Committee Ranking Member Frank Pallone (D-NJ-06): Pallone noted that electricity prices have increased by 13 percent over the past 15 months, while gas prices are also up due to the war in Iran. He took issue with Republicans' attacks on clean energy as AI-driven energy demand skyrockets, ultimately harming consumers by contributing to mounting prices as supply constraints continue. He asserted that President **Donald Trump's** Ratepayer Pledge is worthless, because there are no accountability mechanisms. He reiterated that today's bills are a good start, highlighting the value of H.R. 6529, which would direct the Federal Energy Regulatory Commission (FERC) to convene federal experts, state regulators, tech companies, and utilities to address rising electricity costs. He raised issues with the Fair Allocation of Interstates Rates (FAIR) Act (H.R. 6336), which would slow down interregional grid infrastructure while benefiting red states, and expressed concern that Rep. **Scott Peters**' (D-CA-50) SPEED & Reliability Act (H.R. 5600) was not included.

Witness Toplines:

Nick Myers, Chairman, Arizona Corporation Commission (ACC): Myers acknowledged the energy demand growth driven by AI, labeling this as a digital revolution. He explained that the RPA aligns with Arizona's approach that large load customers need to pay for themselves and attested to the value of energy service agreements. He notes that the bill defines a large load customer as 100 MW, but that his Arizona state workshop found alignment on 50 MW as a large load. He noted that large loads and related strains tend to be context dependent and advocated for federal action to complement state level actions. Myers turned to transmission and the ATTRRA, acknowledging that advanced conductors are helpful, but can shift the bottlenecks to other issue areas. On the FAIR Act, he asserted that ratepayers should not pay for decisions made across state lines.

Tom Falcone, President, Large Public Power Council: Falcone agreed that growth should pay for growth, underscoring the following three conditions: load forecasts must be credible to inform generation, transmission, resource adequacy, and therefore accurate customer rates; large load tariffs and contracts should be utilized to protect consumers and utilities from building out unutilized infrastructure; and state and local discretion must be preserved. He also shared that Treasury's private business use rules inhibit public power's ratepayer protection mechanisms, explaining that large contracts can create risk for tax-exempt bonds.

Whitney Muse, President, Muse Energy: Muse discussed her prior work at the White House Clean Energy Innovation & Implementation Office and the DOE Grid Deployment Office. She underscored the need for transmission buildout to connect consumers to low cost generation

resources and reiterated that action needs to be taken to "maximize the existing grid," as well as expand transmission capacity. She expressed interest in the bill discussion, highlighting the need to refine the definition of large load.

Nelson Peeler, Senior VP of Grid Strategy, Planning and Integration, Duke Energy: Peeler explained that Duke Energy (Duke) employs a vertically integrated utility model to facilitate the building and operating of generation, transmission, and distribution resources, underscoring that Duke ensures that new large load customers pay their way via long term service agreements. He attested to their investments in new capacity and network transmission. He advocated for integrated planning and practical reforms to the *National Environmental Policy Act (NEPA),* the *Clean Water Act,* and the *Endangered Species Act.*

Major Takeaways:

Large Loads, Data Center Implications

- Chair Latta asked the panel how residential ratepayers can be insulated from large data center costs. This was a topic that received bipartisan interest throughout the hearing from Reps. **Laurel Lee** (R-FL-15), **Diana Harshbarger** (R-TN-01), **Paul Tonko** (D-NY-20), **Kim Schrier** (D-WA-08), **John James** (R-MI-10), and others.
    - Myers explained that ACC uses specialized tariffs and energy service agreements in conjunction to ensure that all costs are paid. He shared that some utilities are using a subscription model, while others are requesting that data centers provide their own generation. However, he added that transmission buildout is difficult because it is regulated by FERC and therefore harder to assign cost.
    - Falcone reiterated that new customers must be charged via higher rate classes, but acknowledged that the system of additional tariffs is outdated in terms of responding to this surge in demand, particularly with the added infrastructure costs.
    - Peeler attested to the value of electric service agreements that require large load customers to make financial and load ramp commitments, ultimately protecting regular ratepayers.
- Rep. **Rob Menendez** (D-NJ-08) expressed concern that AI data centers will utilize dirty fuels and pollute nearby communities. He highlighted his Preventing Rate Inflation in Consumer Energy (PRICE) Act (H.R. 6983).
- Rep. **Jennifer McClellan** (D-VA-04) noted that Dominion Power introduced a new electricity rate class for large electricity customers, like data centers, to hopefully ease burdens for Virginians. She had Myers explain how Arizona's approach to incorporating large load tariffs has mitigated data center infrastructure costs from raising average consumer prices. Myers affirmed the need for large load tariffs in combination with energy service agreements.
- Rep. **Doris Matsui** (D-CA-07) had Peeler discuss how Duke is approaching data center flexibilities. Peeler reported that Duke is working on it, but acknowledged that varying electricity usage from data centers presents reliability challenges to utilities.
- Ranking Member Castor asked how utilities can be incentivized to save consumers money, rather than be beholden to shareholders. Falcone spoke to the cost savings

associated with load flexibility/interruptability, flagging that utilities now need uninterrupted power to serve data centers.

- Rep. **Gary Palmer** (R-AL-06) advocated for small modular reactors (SMRs) to be brought online on site of closed coal fire power plants in Arizona to power data centers. Myers noted that water use is also a concern.
    - Palmer asked if data center operators are generating their own power behind the meter. Peeler answered that they are more interested in being served by the grid, prompting Palmer to again advocate for building SMRs.
- Harshbarger asked how rural communities can be protected from subsidizing data center costs. Falcone advocated for educating small distribution utilities on types of financial contracts and other protective measures that can be taken.
- Tonko highlighted his Power for the People Act (H.R.), which proposes strategies to ensure that residential ratepayers are protected from data center electricity demand. He explained that his bill also addresses load forecasting challenges.
- Rep. **Julie Fedorchak** (R-ND-AL) asserted that there is a false narrative surrounding large load pressures on energy demands, arguing that developers are willing to pay for infrastructure upgrades
- Rep. **Troy Balderson** (R-OH-12) asked Myers, Peeler, and Falcone why proper load forecasting is key to mitigating improper building, and also had them elaborate on how errors harm ratepayers via increased electricity costs.
    - Falcone flagged that data centers are uncertain about their needs, as cooling and chip efficiencies impact load needs. He emphasized the need for financial commitments.
    - Balderson had Myers explain the value of *Public Utility Regulatory Policies Act* (PURPA) standards in preserving flexibility. Myers noted that the FERC 1920 order can become busy work.
    - Balderson asked if utilities and public power would benefit from technical assistance from the DOE or National Labs. Falcone agreed.

Permitting Reform

- Rep. **Craig Goldman** (R-TX-12) asked how Texas can balance reliable, affordable energy for families with data center demand. Myers and Falcone named permitting reform.
- Rep. **Russell Fry** (R-SC-07) asked if the answer to faster energy infrastructure permitting is to increase federal permitting bureaucracy over state decisions. Myers replied that federal government involvement slows the process and instead advocated for permitting and judicial reform, including expedited review. Fry then had the panel discuss integrated planning.

Reconductoring & Other Technology

- Latta asked Peeler how utilities are utilizing advanced transmission technologies. Peeler explained the value of advanced conductors and reconductoring.
    - Latta turned to supply chain issues. Peeler replied that advanced conductors are a newer technology and can be more brittle and therefore less resilient, and not all have been tested. He added that load growth has also required electrical breakers and transformers, which have increasing lead times.

- Castor asked Muse how cost saving technologies can be incorporated onto the grid, citing directing FERC or incentivizing changes to PUPRA. Muse affirmed and highlighted the value of the Grid Resilience & Innovation Partnership (GRIP) program, as well as the Loan Programs Office, which helped utilities secure funding for transmission upgrades. She highlighted the Idaho National Lab's work on advanced conductor technology as well.
- Allen submitted a question to the record for Falcone and Peeler to speak to the tradeoffs regarding advanced conductors and grid enhancing technologies (GETs)
- Matsui asked Muse to elaborate on the value of GRIP in supporting advanced transmission technologies, expanding the grid, and share some of the cancelled projects. She also raised the impact of cancelled GRIP funding on public utilities.
- Harshbarger asked how advanced computing can help the grid. Peeler explained that advanced computing can mitigate study time and data management.
- Rep. **Mariannette Miller-Meeks** (R-IA-02) asked Peeler if reconductoring GETs deployment within existing rights of ways should be considered a new categorical exclusion (CE) under NEPA. Peeler expressed support, but explained that Duke does little work on federal lands and deferred cost-savings comments to western utilities.
    - Miller-Meeks asked what's contributing to U.S. inefficiency in grid investments when compared to China; Myers was unable to answer but stated that a CE could help with getting conductor upgrades through the pipeline.
- Fedorchak asked Myers to elaborate on the value of reconductoring existing lines. Myers noted that there are fewer hurdles and therefore shorter timelines, but that reconductoring can push costs down the line to substations and transformers.

<u>Transmission</u>

- Rep. **Rick Allen** (R-GA-12) asked how policymakers can be respectful of regional differences while improving energy policy. Myers and Falcone recommended "standardizing authorities" and expressed support for the bills at hand that require studies, load forecasting, and for FERC to serve as a convener.
- Rep. **Scott Peters** (D-CA-50) expressed support for the bills, but cautioned that the FAIR Act leaves state policy loosely defined. He emphasized the need for legislation to direct FERC to act on an interregional planning rule, citing NERC's report that 35 GW of interregional transfer capability would improve grid resiliency. He raised the Energy Permitting Reform Act's approach to cost allocation and ratepayer protection provision and stated that he incorporated some of this bill text into his SPEED & Reliability Act. He stated that national interests may be at odds with vertically integrated utilities and closed by advocating for interregional transmission.
- Miller-Meeks referenced her data center tour in Cedar Rapids and stressed the need for high voltage and long range transmission planning.
- Full Committee Chair Guthrie asked Myers if transmission needs to be federalized out west. Myers replied that utilities are able to build to need. Falcone replied that things are permitted at the state level, but there is a need for interregional planning.
- Rep. **Kevin Mullin** (D-CA-15) asked if VPPs reduce the need for transmission and generation upgrades and should be included in ATTRRA. Peeler affirmed, expressing support for demand side programs, but also dispatchable generation.

- Full Committee Ranking Member Pallone had Muse explain how the DOE Grid Deployment programs assist with grid buildout without hurting ratepayers. Muse attested to the success of GRIP, explaining that they deployed $7.6 billion for projects across the country. She advocated for continued funding for the Transmission Facilitation Program.
- Pallone asked how Congress can insulate families from data center costs. Muse advocated for Congress to support transmission through investment, grant programs, and tax credits.
- Rep. **Marc Veasey** (D-TX-33) asked what structural reforms are missing from the current bills at hand. Muse attested to the need for interregional transmission.
- Rep. **Greg Landsman** (D-OH-01) acknowledged that there is a "tremendous transmission issue" and asked how FERC can serve as a convener, citing his Protecting Families from AI Data Center Energy Costs Act (H.R. 6529).

FAIR Act

- Pallone noted that the FAIR Act has the potential to upset interregional power grid cost allocations and can therefore inhibit high voltage interstate power lines.
- McClellan and later Rep. **Lizzie Fletcher** (D-TX-07) raised concern that the FAIR Act defines covered policies too widely, with McClellan worrying that land use for energy intensive industries could trigger the bill, and asked Muse if this would be a risk. Muse agreed and attested to the need for interregional transmission.
- Fedorchak asked if it's fair for states with "aggressive energy mandates" to pass those costs onto other states. Muse stated that it depends on the mandates, while Falcone asserted that people should pay relative to their benefits.
    - Fedorchak asserted that transmission costs are the key driver of increased electricity bills, underscoring the importance of securing cost allocation balance.

Other:

- Menendez highlighted the need for an all of the above energy approach to meet growing demand and asked if the Trump administration and House Republicans' approach to rolling back clean energy tax credits and terminating energy grants has harmed energy generation goals. He also highlighted the attack on Revolution Wind.
- Mullin asked if Congress can encourage new tools via rule making, technical assistance, or a sharing of best practices. Muse affirmed that all would be helpful in streamlining interconnection and again highlighted the value of GRIP.
- Mullin highlighted that no bill addresses raw material supply chain challenges and advocated for work on innovation, commercialization, and workforce development to secure grid supply chains.
- Lee asked if a DOE Clearinghouse could help utilities in modernizing their systems, citing the value of DOE helping commercialize technologies. Falcone affirmed.