



Committee: House Small Business Subcommittee Rural Development, Energy & Supply Chains

Event: [Fueling the Golden Age: Future Resource Needs and Small Business Opportunity](#)

Date: September 2, 2026

Executive Summary:

On September 2, 2026, the House Small Business Subcommittee on Rural Development, Energy & Supply Chains held a hearing to examine the natural resource, energy generation, and workforce demands associated with the rapid expansion of artificial intelligence (AI) data centers. Republicans framed the buildout of AI infrastructure as a national security imperative to ensure competitiveness with China, advocating for regulatory rollbacks and the deployment of small modular reactors (SMRs) to meet surging energy needs. Democrats expressed skepticism regarding the rapid development of data centers, arguing that tech companies must pay their fair share for grid upgrades to protect ratepayers from rising costs.

Member Toplines:¹

[Subcommittee Chairman Jake Ellzey \(R-TX-06\)](#): Ellzey emphasized that rapid population growth, expanded domestic manufacturing, grid development, and emerging technologies are driving unprecedented demand for reliable and affordable energy and water resources. He stressed that Congress and state governments must ensure the costs of meeting this demand do not fall disproportionately on households and small businesses, particularly as aging infrastructure and rising demand put upward pressure on rates and infrastructure capacity. Ellzey called for federal collaboration between states and industry to promote long-term resource planning and ensure small businesses can participate in, and benefit from, the resulting economic development.

Subcommittee Ranking Member Kelly Morrison (D-MN-03): Morrison warned that surging energy demand from the rapid expansion of AI data centers is driving up electricity prices and putting an immense strain on the grid. She criticized the Trump administration's energy policies, arguing that restrictions on renewable energy development – particularly offshore wind – and tariffs on grid equipment have constrained new energy generation and dramatically increased costs. She stressed that everyday ratepayers should not be forced to subsidize big tech's energy needs and argued for policies that require data centers to cover the grid upgrades they necessitate.

Full Committee Chairman Roger Williams (R-TX-25): Williams emphasized that the U.S. is entering a new period of economic growth that is driving increased demand for electricity,

¹ Opening statements from Subcommittee Ranking Member Morrison and Full Committee Chairman Williams were not available online at the time of this memo's distribution.

fueled by the reshoring of manufacturing, electrification, and high-technology infrastructure. He argued that existing generation, transmission, water, and wastewater infrastructure was built for an earlier era and that outdated infrastructure and lengthy permitting timelines are constraining small businesses. Williams highlighted the need for significant infrastructure investment to support long-term U.S. economic growth and maintain competitiveness with China.

Witness Toplines:

[Cody Harris, Chairman, Texas House Committee on Natural Resources:](#) Harris stressed that data centers should be responsible users of local resources. He highlighted Texas's efforts to responsibly manage the rapid growth of data centers, particularly its water infrastructure needs through increased funding through the passage of [Texas Proposition 4](#), improved groundwater management, and development of non-traditional water sources, such as produced water. He also pointed to expanded natural gas and nuclear generation as potential solutions to meet rising electricity demand while strengthening grid reliability.

[Ted Ellis, Deputy Director for Energy & Environment, America First Policy Institute:](#) Ellis argued that the U.S. has abundant domestic energy resources but lacks the infrastructure and policies needed to convert them into affordable, reliable power. He emphasized that rising electricity demand from reshored manufacturing and emerging technologies presents both a challenge and an opportunity for small businesses. Ellis identified three priorities for addressing these challenges: (1) preserving reliable existing generation; (2) streamlining federal permitting to facilitate new energy and industrial infrastructure; and (3) ensuring large new electricity users bear the costs they impose on the grid rather than passing them on to ratepayers.

[Trevor Higgins, Senior Vice President for Energy & Environment, Center for American Progress:](#) Higgins emphasized that rising electricity costs are placing increasing pressure on households and small businesses, stressing that growing electricity demand will further exacerbate these challenges absent additional investment. He called for expanded investment in the electric grid and new generation, including wind, solar, nuclear, geothermal, and batteries, as well as policies to ensure data centers bear the costs of the infrastructure they need.

Major Takeaways:

AI Data Centers

- Morrison asked how to protect households and small businesses from rising energy prices driven by data center growth.
 - Higgins explained that many states are adopting large load tariffs to require new customers to pay upfront interconnection costs for necessary grid infrastructure and upgrades. He also argued that Congress and the Federal Energy Regulatory Commission should establish national standards for transmission construction.
- Williams asked which resources are best suited to provide reliable power for large load users during peak and stressed conditions.
 - Ellis noted that data centers have uptime requirements of up to 95 percent and must be powered by ultra-reliable electricity sources like hydroelectric, coal, nuclear, and natural gas.

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- Rep. **Brad Finstad** (R-MN-01) asked what lessons can be learned from Texas's approach to investing in long-term water supply infrastructure while ensuring ratepayers aren't left bearing the associated costs.
 - Harris stressed the importance of making water policy and planning a budget priority, particularly when allocating funding for rural communities. He also highlighted Texas's approach, in which funding is split evenly between developing new water infrastructure and upgrading existing water infrastructure.

Private-Public Partnerships & Federal Resources

- Ellzey asked how the federal government can best partner with states to ensure that essential water and electricity infrastructure is capable of sustaining long-term growth.
 - Harris recommended that the federal government grant state agencies primacy in regulatory matters, particularly for site selection, to expedite the construction necessary infrastructure.
- Ellzey asked Harris to elaborate on his vision for SMRs and their potential to reinforce the grid and address water supply challenges.
 - Harris explained that SMRs have the potential to power desalination of brackish groundwater and treat produced water from oil and gas operations. He noted that a molten salt reactor design being developed through the Produced Water Consortium, a private-public partnership, generates distilled water as a natural byproduct of the cooling process.
- Rep. **Jimmy Patronis** (R-FL-01) asked how the U.S. can make nuclear energy development more affordable, accelerate permitting timelines, and build public confidence.
 - Ellis acknowledged that nuclear projects are costly but emphasized their long operational lifespans as a major offset. He argued that [Executive Order 14300](#) is designed to make reactor upgrades and restarts faster and more predictable, and that SMRs represent a significant departure from the reactor projects of the past. He also pointed to evidence that communities hosting nuclear plants view them positively, understanding the jobs, wages, and reliable power they bring.

Energy Policy & Permitting Reform:

- Rep. **Maggie Goodlander** (D-NH-02) asked whether permitting reform should include making it easier for clean energy projects to reach the grid.
 - Ellis argued that permitting reform should be technology-neutral and apply to all infrastructure types. He stated that he favors any project that is affordable and reliable, but argued that solar and wind do not contribute to grid reliability in the same way as coal, natural gas, and hydroelectric power, because they are unavailable when called upon during periods of system stress.
- Goodlander asked what impact the repeal of clean energy investment incentives in the *One Big Beautiful Bill Act* will have on small businesses.

- Higgins explained that in 2024, 96 percent of all new electricity added to the grid came from wind, solar, or batteries. He stated that under the *Inflation Reduction Act*, up to half of generation investment costs were borne by the federal government, saving money for ratepayers. He argued that repealing those incentives will slow deployment, raise costs for the power that is built, and ultimately increase total electricity system costs, even though wind and solar remain the least expensive new sources available.
- Morrison asked what steps should be taken to reduce U.S. dependence on energy sources reliant on foreign adversaries.
 - Higgins argued that building an economy less dependent on fossil fuels is essential, pointing to electric vehicles, electrification incentives, and careful natural gas export policy as key tools for reducing exposure to global market disruptions.
- Ellzey asked about the disposal of end-of-life wind turbines and solar panels.
 - Ellis explained that they are difficult to dispose of, due in part to their rare earth components. He said that recycling is very expensive, which often results in them being discarded.

Workforce Development

- Williams asked what the workforce needs must be addressed to execute essential infrastructure projects.
 - Harris identified water operators and electrical workers as massive needs driven by the expansion of data centers and new technologies. He noted that the Texas legislature is working with technical colleges to develop fast-track certification pathways for high school students to enter the skilled labor workforce.