April 28, 2026

The Honorable Brett Guthrie
Chairman
Energy & Commerce Committee
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Frank Pallone
Ranking Member
Energy & Commerce Committee
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Bob Latta
Chairman, Subcommittee on Energy
Energy & Commerce Committee
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Kathy Castor
Ranking Member, Subcommittee on Energy
Energy & Commerce Committee
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Guthrie, Ranking Member Pallone, Chairman Latta, and Ranking Member Castor:

The American Public Power Association (APPA) appreciates the opportunity to submit a letter ahead of the hearing titled, "AI and the Grid: Meeting Growing Power Demand While Protecting Ratepayers." APPA appreciates the committee's work to support reliable and affordable electricity even with rapidly rising demand.

APPA is the national trade organization representing the interests of the nation's 2,000 not-for-profit, community-owned electric utilities. Public power utilities are in every state except Hawaii. They collectively serve over 55 million people in 49 states and five U.S. territories, and account for 15 percent of all sales of electric energy (kilowatt-hours) to end-use consumers. Public power utilities are load-serving entities, with the primary goal of providing the communities they serve with safe, reliable electric service at the lowest reasonable cost, consistent with good environmental stewardship. This orientation aligns the interests of the utilities with the long-term interests of the residents and businesses in their communities.

Demand Growth & Data Centers
After decades of relatively flat load growth for the electric industry, manufacturing demand, electrification, and data center deployment are driving a new era of load growth. Data centers bring a highly localized, large load into a utility's service territory. While overall demand from data centers is growing and is projected to continue, nationally, the average individual data center load doubled from 150 to 300 megawatts (MW) between 2023 and 2024.[1]

This unprecedented growth in demand from data centers is creating not only national reliability and affordability challenges, but also local, utility-specific challenges and opportunities.

---

[1] Seiple, C. (2024, October). Gridlock: The demand dilemma facing the US power industry. Wood Mackenzie. www.woodmac.com/horizons/gridlock-demand-dilemma-facing-us-power-industry

APPA agrees with the committee that it is imperative to find solutions that will allow public power utilities to build the grid and generation infrastructure needed to serve data centers in a manner that does not negatively impact grid reliability or the affordability of electricity for existing public power customers.

Reliability
The need to bring on new, reliable generation resources and to prevent the premature retirement of existing ones has never been more critical. Public power utilities need to know that federal policies will support, not hinder, their efforts to continue providing reliable, affordable, and sustainable electricity to the communities they serve.

This committee and the U.S. House of Representatives have already taken a key step towards increasing regulatory certainty and ensuring that federal regulations do not impose significant harm on an already constrained electric grid by passing H.R. 3616, the Reliable Power Act. APPA will continue to advocate for the Reliable Power Act to pass in the Senate and be signed into law.

Federal Permitting
Projects requiring federal permits face extraordinary delays in getting built, regularly taking years to complete reviews under the National Environmental Policy Act (NEPA) and other federal permitting requirements. Unnecessary delays make it more challenging and expensive for utilities to bring on the generation, distribution, and transmission infrastructure needed to maintain reliability for existing customers and to meet growing demand. APPA continues to advocate for pragmatic changes that would streamline the federal permitting process, provide clearer federal guidance, and produce timelier decisions.

Specifically, APPA has endorsed H.R. 4776, the SPEED Act, H.R. 3898, the PERMIT Act, and H.R. 471, the Fix Our Forests Act, which have all been passed by the U.S. House of Representatives and will reduce permitting delays related to NEPA, the Clean Water Act, and for wildfire prevention, respectively. APPA supports and encourages the House to take up and pass H.R. 1897, the ESA Amendments Act of 2025, to streamline the Endangered Species Act and further improve the federal permitting process.

Technical Assistance / Load Forecasting
The Load Forecasting Enhancement Act, authored by Representative Balderson, aims to address the challenges of load forecasting in an uncertain and rapidly evolving landscape. APPA appreciates that this bill, which focuses on best practices for regional load forecasting rather than on individual electric utilities' load forecasting, would only apply the Public Utility Regulatory Policies Act's “must consider” requirements under section 111(d) to state regulatory bodies and not “non-regulated electric utilities,” including individual public power utilities. Joint action agencies and individual public power utilities, especially smaller, less-resourced ones, could benefit from federal support to strengthen their existing load forecasting, especially through technical assistance and support from the Department of Energy (DOE) or the National Labs.

Protecting Customers
Public power utilities care deeply about electricity affordability and share the committee’s focus on protecting existing customers from the costs of serving data centers. Serving data centers raises many questions, from power supply, ratemaking, and interconnection. APPA believes there must be appropriate flexibility so public power utilities can continue to develop and refine their own policies to enable data

center development in a way that best protects their existing customers and their local community's objectives.

To ensure customers are protected, it is crucial to have frequent and ongoing stakeholder engagement, including, but not limited to, a Federal Energy Regulatory Commission (FERC) technical conference, as required by H.R. 6529, the Protecting Families from AI Data Center Energy Costs Act, authored by Representative Landsman.

APPA supports the goals of the Ratepayer Protection Act but does not support use of section 111(d) of PURPA to achieve that goal. The bill would create a new "must consider" requirement for the consideration of "Standards for Large-Load Customers," including rates designed to recover from the large load customer the full, incremental cost of any generation, transmission, or distribution upgrades necessary to serve the large load customer and financial contributions or assurances ahead of the utility making any upgrades to serve the large load customer. APPA does not support new mandates under section 111(d), which unless modified, apply to both state regulatory bodies and individual public power utilities. Around the country, public power utilities have already finalized rates, terms, and conditions for bringing on new data centers to recover costs and protect existing customers from any negative billing impacts, and many others are actively developing such policies. A "must consider" of this type is not necessary to spur public power utilities to act on this crucial issue and would be, at best, duplicative of ongoing efforts, or at worst could slow down processes already underway.

Transmission/Advanced Transmission Technologies

Inadequate attention has been paid to how skyrocketing transmission costs are contributing to electricity affordability. However, just like generation, investment in transmission infrastructure will be needed to meet data center demand. APPA supports building new electric transmission infrastructure where it is cost-effective and offers clear, quantifiable benefits to the consumers who will pay the costs.

Joint ownership is one of the most constructive ways to build needed transmission while protecting affordability and improving project success. Many of the challenges involved in transmission planning, sitting, and cost allocation could be mitigated if new transmission lines were jointly owned, with partial ownership by public power utilities. Joint ownership allows all load-serving entities in the relevant footprint—including public power utilities—to participate in the ownership and development of new transmission projects. Joint ownership produces a collaborative and inclusive process for planning, development, and financing that can result in a more efficient grid serving data center demand reliably. It can eliminate weak spots, make it easier to garner support for transmission projects, lay a foundation for prompt siting, help manage cost-allocation issues by demonstrating multiple benefits, and attract political support for state and local approvals. For public power utilities facing rising transmission charges, joint ownership can also provide a hedge against those costs. FERC and Congress should pursue policies to promote public power joint ownership where feasible.

Specifically, FERC could require, before granting any transmission incentives or other benefits, a public utility (as defined in the Federal Power Act) to demonstrate that it has made an offer to transmission-dependent load serving entities within the relevant footprint to participate in the project. FERC could also make joint ownership a positive factor in selecting projects for regional transmission plans.

Congress could condition any new incentive under section 219 of the Federal Power Act on the utility having offered joint ownership. Additionally, should Congress consider new rules around transmission

planning, Congress should include statutory language directing FERC to prioritize projects that are jointly owned.

Beyond the development of new transmission, there are several technologies – power flow controls, switching equipment, storage technologies, advanced line rating management technologies, and high-performance conductors – that can improve the effectiveness of the existing bulk power system. However, these technologies should be deployed only where they provide clear customer benefits and can be implemented without impacting safe and reliable electric service.

The Advanced Transmission Technology to Reduce Rates Act correctly relies on technical information rather than mandates, to support the deployment of grid-enhancing technologies. Technical support from DOE, including information on grid reliability and customer costs, could help public power utilities make informed decisions and better determine what advanced transmission technologies make technical and financial sense for their utilities.

Representative Fedorchak's H.R. 6633, the High-Capacity Grid Act, includes an innovative approach that uses prudence-burden shifting to incentivize transmission owners to adopt the most cost-effective, reliable conductor technology. However, APPA has concerns that this bill would inadvertently discourage transmission owners from choosing the best technology for each specific project if FERC were to issue a rule that requires a *single* type of conductor for all projects. APPA recommends allowing FERC greater flexibility in defining "best-available transmission conductor" to recognize that the use cases and cost-effectiveness of these solutions are not one-size-fits-all.

Tax and Regulatory Challenges

While outside the committee's jurisdiction, APPA also believes that current Treasury regulations hinder the ability of public power utilities to accommodate new large loads while protecting existing customers. Treasury regulations currently restrict public power utilities from creating customized contracts with large load customers that last longer than three years. This restriction is far too short for public power utilities to ensure that existing customers are not left holding the bag for investments made to accommodate new large loads. APPA, in conjunction with the Large Public Power Council, is asking the Treasury Department to amend its regulations to allow public power utilities to lock large load customers into 20-year contracts, ensuring that large customers do not leave existing customers with stranded assets.[2] We are also asking Treasury to clarify rules allowing public power utilities to acquire existing generation to serve new large load customers without putting the tax-exempt status of their debt at risk. These changes, which are in line with the stated goals of the administration and both parties in Congress of protecting ratepayers from shouldering increased costs due to new large loads, are absolutely critical to public power utilities' ability to achieve those goals. While both can be achieved without a change in law, any encouragement legislators can provide to Treasury to make these changes quickly would be appreciated.

Opportunities

Public power utilities have a unique role to play in serving data centers. Because public power utilities are community-owned and locally governed, support from local leaders for new data centers can help alleviate local barriers to deployment. Data centers not only need power, but also require water and other utility services, which many public power utilities also provide. In addition to federal permitting, data

[2] All members of the Large Public Power Council are APPA members.

center developers also need to navigate local siting and permitting requirements. As instrumentalities of state and local governments, public power utilities can participate in whole-of-government efforts to enable data centers to successfully—and at the necessary speed—locate in communities seeking to attract such investment.

To enable public power utilities to continue meeting rising demand from data centers and maintain reliable, affordable service for their existing customers, Congress must resist adopting one-size-fits-all policies for data centers. Instead, Congress has an opportunity to provide appropriate flexibility, enact technology-neutral permitting reform, create opportunities for federal technical assistance in load forecasting and transmission technologies, and remove regulatory burdens, including private use rules, to help public power utilities as they work to provide reliable and affordable power to your constituents.

Thank you for your time and consideration. We look forward to continuing to work with you to meet new power demand while protecting customers.

Sincerely,

Desmarie Waterhouse
Senior Vice President, Advocacy and Communications & General Counsel