KOUNTOUPES DENHAM CARR & REID

FROM: Kountoupes Denham Carr & Reid

DATE: Wednesday, April 29, 2026

RE: House Energy & Commerce Energy Subcommittee Hearing: AI and the Grid: Meeting Growing Power Demand While Protecting Ratepayers

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Topline Summary

- Members of the House Energy and Commerce Energy Subcommittee convened for a hearing on AI and the Grid: Meeting Growing Power Demand While Protecting Ratepayers.
- Both parties agreed that data centers and large loads should pay their fair share and not shift cost onto families, and that accurate load forecasting is essential. They differed on whether states alone can solve the problem or whether a stronger federal role in planning and cost allocation is necessary.
- Republicans focused on protecting ratepayers through market-based mechanisms, requiring large loads to pay their own infrastructure costs through tariff structure, longer term financial contracts, and take-or-pay agreements. They emphasized permitting reform as the single biggest unlock, arguing federal involvement in state siting decisions slows projects and raises costs, and broadly supported load forecasting improvements and grid-enhancing technologies.
- Democrats argued the bills on the table are incremental, missing the bigger structural issues, particularly the lack of interregional transmission planning, cost allocation frameworks, and binding federal standards. They criticized the Trump administration and the OBBBA for canceling grants and tax credits that were actively helping build out the grid and raised concerns that some republican bills the FAIR Act could actually make interregional transmission harder to finance and build.

Members Attending: Chairman Bob Latta (R-OH), Vice Chairman Randy Weber (R-TX), Ranking Member Kathy Castor (D-FL), Full Committee Chairman Brett Guthrie (R-KY), Full Committee Ranking Member Frank Pallone (D-NJ), Rep. Mariannette Miller-Meeks (R-IA), Rep. Jennifer McClellan (D-VA), Rep. Doris Matsui (D-CA), Rep. Scott Peters (D-CA), Rep. Gary Palmer (R-AL), Rep. Russell Fry (R-SC), Rep. Kim Schrier (D-WA), Rep. Kevin Mullin (D-CA), Rep. Rick Allen (R-GA), Rep. Greg Landsman (D-OH), Rep. Lizzie Fletcher (D-TX) Rep. Troy Balderson (R-OH), Rep. Diana Harshbarger (R-TN), Rep. Marc Veasey (D-TX), Rep. Craig Goldman (R-TX), Rep. John James (R-MI), Rep. Paul Tonko (D-NY), Rep. Laurel Lee (R-FL), & Rep. Julie Fedorchak (R-ND)

Live Hearing Link

Meeting called to order by Chairman Latta.

Opening Statements

Chairman Bob Latta (R-OH): The sub community energy will now come to order, and the Chair recognizes himself for five minutes for an opening statement. Again, good morning and welcome to today's legislative hearing to discuss proposals to improve the power sector during this time of historic low growth and affordability challenges. Access to reliable, affordable energy is the lynchpin to US leadership and AI development.

This subcommittee spent considerable time examining the opportunities and challenges that arise from US leadership in artificial intelligence from that work, it is safe to assume AI is one of the defining challenges of our time. It encompasses the race for economic strength, technological leadership and national security in the 21st century. Today, AI is already driving a significant share of economic growth. It is making businesses more productive, workers more efficient, and industries more competitive.

We also examined the risk of the United States losing this global AI race. The ability of malign actors like Russia and Communist China using AI models to disrupt global economies are no longer theoretical, but a reality. At the same time, the American people are understandably uneasy. Many question whether AI in data centers that power it will ultimately do more harm than good, particularly when it comes to individual energy costs.

These concerns deserve to be taken seriously. Our global competitors are not slowing down. China is investing heavily in AI with explicit go of surpassing the United States. That's why it's vital that we ensure that interconnecting new data centers lower costs and bring in bringing those benefits to households, like grid modernization, more dispatchable energy resources and significant state and local tax revenue.

In fact, the Lawrence Berkley National Lab and others have found the data center load growth lessens retail electricity costs. While we may not agree on every provision the legislation under consideration today raises policy solutions to ensure this outcome is replicated across the country. However, demand growth continues outpace our generation resources. The North American Electric Reliability Corporation's recent yearly assessment estimated that peak demand over the next 10 years will grow by 224 gigawatts, while 105 gigawatts of dispatchable generation is back to retire.

Therefore we're going to be 329 gigawatts short. Earlier this Congress, we advanced several bills to resolve the reliability crisis caused during the Biden administration and bring dispatchable base load energy to keep the lights on year round, these efforts have been boasted by the Trump administration's decisive action to refocus federal authorities on policies that matter most to the American people, abundant and reliable energy supplies at an affordable price. The rate payer Protection Act would ensure that states have necessary policies in place to safeguard households from footing the bill for data center energy needs. The load forecasting Enhancement Act would us sure in bottom up planning to improve the accuracy of demand growth projections or right

size cost effective generation and Trent transmission build out the fair allocation of interstates rates Act, introduced by our colleague from North Dakota, is a practical solution to place the burden of renewable portfolio standard costs on the states to choose to adopt those requirements the advanced transmission technologies to reduce rates Act would leverage the important work that DOE enhances the use of admit advanced transmission technologies to bring more cost effective solutions to our growing energy needs.

I look forward to our discussion with our witnesses who have valuable expertise and experience to provide key insights into the bill before us, and with that, I will yield back the balance of my time and recognize the Gentlelady from Florida, Ranking Member of the subcommittee for five minutes for an opening statement.

Ranking Member Kathy Castor (D-FL): Well, thank you, Mr. Chairman. Welcome to our witnesses. I hope this hearing is the beginning of a bipartisan effort to efficiently grow our energy resources and lower electric bills, because we all know that hard working. I mean. American families are really suffering right now. More than 80 million Americans are struggling to keep up with the cost of housing, healthcare, food and keep the lights on. At the same time, the President's war in Iran is causing gasoline prices in the United States to climb to their highest level in four years, and the price spikes are rippling throughout the economy and touching every one of our neighbors back home. At the same time, electricity demand in the United States is rapidly growing at a rate we have not seen in decades.

Cleaner, cheaper energy is what is most available right now to meet forecasted electricity demand, and studies point to the fact that we should improve transmission at six times the rate we have been over the past few years. That would help lower costs for everybody and provide more power. But we know the President and Republicans in Congress don't like it. They don't want it.

They don't seem to care that Americans will have to pay more. But I do think we can find common ground on upgrading and utilizing more of the existing grid. Most of the US power grid was built in the 1960s and 1970s it's reaching the end of its life, which means we need to make significant investments in our grid transmission infrastructure. For every $1 invested in well planned long distance, high capacity transmission, we get $5 in reliability and economic benefits. But there is so much more that we can agree on to make the existing grid more efficient by utilizing modern and fast emerging tools in doing so, families and businesses can save money while we power our homes, the vehicles we drive and AI. So let's dive into how we can squeeze more out of the existing grid. The current generation transmission and distribution system is built for the peak, the hottest summer days or the coldest winter nights and most of the time, the US electric grid operates at just 53% of its total capacity. That's right, most of it sits idle much of the year or large part.

It's like building a highway for every car and truck that exists in America, but not every car and truck is on the road at the same time. Right? Recent studies have analyzed the problem and

suggest that if we increase grid utilization, existing rate payers could save more than $100 billion over the next decade. This is a win, win, win.

Families, small business owners can save money while we provide abundant energy and most efficiently use the grid that we have already paid for. And the good news is that we have quick, ready deploy, ready to deploy solutions like batteries, grid enhancing technologies and distributed systems. But the challenge is that there are barriers to deployment and savings. There are misaligned incentives that reward utilities for selling as much power as possible and making large capital investments rather than efficiently using the right power in the right place at the right time. We also should be rapidly scaling virtual power plants using the batteries, the smart thermostats, electric vehicles distributed in communities across the country to provide grid reliability faster and at a lower cost. These are big opportunities.

The Department of Energy estimated that scaling VPPs could serve 10 to 20% of peak load and save about $10 billion in annual grid cost, and I, after living through a terrible hurricane season, I see a future of great resilience for communities across the country, if we can deploy these batteries and distributed systems at a time when the grid suffers from a natural disaster, large load customers like data centers should be part of this solution, and in some places, they already are. And we should be able to agree that data centers must foot the bill for their grid upgrades, rather than off load that cost on families, the families we represent, I think together, we can find ways to require these data centers to be good citizens of the grid, rather than impose their cost on others, and help us solve real problems like the interconnection cues, the financing, supply chains and permitting some of the bills we're discussing today move us in the right direction, but they don't really meet the moment we need real reforms to federal Transmission planning permitting and a major focus on utilizing the grid that we have now.

So I hope today's hearing is a starting point. I yield back my time.

Full Committee Chairman Brett Guthrie (R-KY): Thank you, Chairman Latta, for holding this hearing. And I thank my good friend from Florida, the Ranking Member for those words, I think there is some common ground that we need to find, and we need to get this process moving forward. And we have bills before us today, but we're always open to sit and to talk, and I appreciate actually the highway analogy, not every car is on the road at the same time, I know you went to college in Atlanta.

My son did, and you could, if you timed yourself right, you could get through Atlanta to go pick him up from downtown. But there were peak times in the afternoon I know it's not always daily peak in the electric grid, and so you need to make it more efficient, but you also, at times, just need new highways and new generation so, so I think being more efficient is absolutely something we have to work on together. But I also think there's going to be the need for more generations as well as we've seen. So, thank you for that, and we will figure out a way to try to find common ground on these I'll make that commitment if we can do that so.
But throughout this Congress, we spent a lot of time talking about US leadership and artificial intelligence. We evaluated the benefits of AI across every sector of the economy, the national security issues with AI and adversarial nations like China and having whose values control AI is

it's vitally important. We've looked at ways that AI data growth and how it interacts with our electric system. The world is at a precipice of great change, and we must get this right.
It is no secret that energy demands coming from data centers are raising concerns about affordability in our communities, but we are charting a path to ensure and as the Ranking Member said, we can find common ground on that data center growth works for all Americans, and not just big tech companies. When done right, research and evidence continue to show that low growth coming from data centers actually lowers costs for communities because new data centers bring needed investment into the grid modernization while connecting base load energy that keeps the lights on for everybody for 365, days a year. Even more, these investments raise significant tax revenue. We're looking at one in my district that's going to raise significant tax revenue.

You know, they can use that to pay for local communities and in schools and pay for benefits to local communities like schools and public safety and recreational parks, it should generate a nice source of revenue for if you're going to locate in a community, should generate revenue in that community, and that is why legislation before us today focuses on ways to methodically plan, build and pay for a grid that works for All of the American households. These bills enhance the state's important role in planning a more affordable and reliable grid. We're also ensuring that data centers are paying their fair share. Data centers should pay for the load that comes into the data center.

So while we may not agree with every provision in the bill, these proposals will foster discussion about how to implement a vision of our electric system that keeps costs low for house low, low for households, and ensures US leadership in the next generation economy. So I look forward to today's discussion, and I absolutely do look forward to continue discussions amongst this committee, all members of this committee, to see that we be China in the race to AI and thank you and I yield back. Well, thank you very much.

Full Committee Ranking Member Frank Pallone (D-NJ): Thank you, Mr. Chairman. It's been 15 months since Republicans took control of all levers of power here in Washington, and it's a nightmare for the American people, electricity prices have increased as much as 13% and the same goes for natural gas prices. American families are now paying well over $4 for gas at the pump, and all indications are that things will continue getting worse.

Prices will continue to soar as a result of Trump's reckless war in Iran and Republicans relentless attack against cleaner and cheaper energy, and these actions are resulting in our nation becoming less energy secure, Making matters worse. Data centers fueling artificial intelligence technologies are throwing the grid into a generation crisis at a time when we need almost all the energy we can get. Republicans have proceeded with their war on clean energy, dedicating themselves to taking vital sources of power off the grid, and American families are paying the price. Last year, Republicans used reconciliation to wreck our power grid and repeal billions of tax incentives and programs that would have financed hundreds of gigawatts of clean, reliable power.

The problem is that I fundamentally find it difficult to trust proposals to fix our problems from the same people who cause those problems in the first place. President Trump promised that he would cut energy bills in half his first year back in office. Instead, they're higher than ever. His so-called rate payer protection pledge isn't worth the paper it's written on because it doesn't have any.

Any mechanisms to hold big tech companies accountable for their promises, and given this track record, we should all be suspicious, if any Republican promise that they can actually prevent America's bills from going up. I don't believe it, and this is the backdrop to today's legislative hearing. Our nation's grid is facing enormous challenges, and those challenges call for big solutions. Unfortunately, I don't think the bills we will review at today's hearings meet the moment.

Some of the bills before us today include good ideas. Improving the accuracy of electricity demand may be critical to ensuring that we're not making families pay for data center related grid infrastructure that's never needed, using advanced transmission technologies and more efficient conductors to get more out of the existing grid is a promising idea to keep costs down. And given the difficulties that AI technologies are creating for the grid, the least we can do is try to ensure the grid is some is getting something positive out of these technologies too. I am also pleased we're considering H.R. 6529 from Representative Landsman, which would require FERC to convene federal experts, state regulators, tech companies and utilities to find pathways to protect American families from rising electricity costs, ensuring that data centers pay their fair share.

Will take cooperation across all these groups, and we need to ensure that they're engaging with each other and are working together to reduce costs for rate payers. And while I think some of these bills need tweaks or technical alterations, they're largely small steps in the right direction. But we don't need small steps. We need big steps because we have big problems.
And they also want to mention that there is one bill that would be a major step in the wrong direction, and that's H.R. 6336 the so-called FAIR Act. It's anything but fair. It's a purely partisan attack that would make it harder for us to build out the regional, inter regional grid infrastructure that all of us know we need to build faster. The FAIR Act would give red states a free ride say they don't pay for the economic and reliability benefits they received from a build out of a power grid.

The bill is a distraction from the work we should be focused on, so this committee should be holding a hearing on proposals that could help fix the long term drivers of the current grid reliability crisis and make it easier to plan, permit and pay for the expansion of the power grid. Unfortunately, committee Republicans turn down an opportunity to include Representative Peters speed and reliability Act, a bill that would do just that. So Mr. Chairman, I think that's a real missed opportunity, and I'm disappointed that it was not included with that though I thank you and I yield back the balance of my time.

Witness
Nick Myers, Chairman, Arizona Corporation Commission

Testimony

Tom Falcone, President, Large Public Power Council
Testimony

Nelson Peeler, Senior VP of Grid Strategy, Planning and Integration, Duke Energy
Testimony

Whitney Muse, President, Muse Energy
Testimony

Legislation
H.R. ____, [Load Forecasting Enhancement Act]
H.R. ____, [Affordable Innovation for the Grid Act
H.R. ____, [Advanced Transmission Technology to Reduce Rates Act]
H.R. ____, [Ratepayer Protection Act]
H.R. 6336, Fair Allocation of Interstate Rates Act
H.R. 6633, High-Capacity Grid Act
H.R. 6529, Protecting Families from AI Data Center Energy Costs Act

Q&A
Chairman Bob Latta (R-OH) asked Mr. Myers, Falcon. And Peeler how can they insulate residentials ratepayers from cost cause by large data centers. Mr. Myers said they are using specialized tariffs, requiring all costs to be on the entity that needs energy. He added they change based on circumstance, some are using a subscription model, others are bringing their own generation. He continued that they struggle with transmission aspect, because it is regulated by FERC which then comes as a single number to the states with no way of knowing who caused that cost. Mr. Myers said in their energy agreement they are having people pay the estimated cost and a little bit more to help put downward pressure on rates. Mr. Falcone said they are doing the same, and that the ways utilities have operated for years is to divide their customers into rate classes based on load. He added that data centers, as a rate class, did not see much load growth until 2023 and were not building infrastructure just for data centers. He continued that there are about 60 tariffs amongst the states, which is an old solution being used for unexpected load growth. Mr. Peeler said they are similar but added they use electric service agreements for large load customers that require commitment from them financial up front to cover infrastructure costs. Chair Latta asked Mr. Peeler how will Duke take advantage of advanced transmission technologies. Mr. Peeler said they are currently considering multiple GETs technologies, specifically for advanced conductors which can be applied while reconductoring. Chair Latta asked if they had any supply chain issues. Mr. Peeler said advanced conductors are fairly new technology, and the supply chain proves to be an ongoing challenge for all types of electrical equipment.

Ranking Member Kathy Castor (D-FL) asked how Congress can help our existing infrastructure is more efficient and ensure utilities take on their reconductoring. Ms. Muse said they saw during the last administration they saw an uptick in advanced technologies, but what's

important is the financial incentives that came out of Congress. She added that working with FERC and others are options they can also pursue, but they want to a reach a point where they are accelerating deployment and start to get beyond pilot projects. Ranking Member Castor discussed misaligned incentives for utilities, whether that be needing to serve shareholders, or choosing major capital investments rather than increasing efficiencies of what already exists. Ranking Member Castor asked Mr. Falcone how do we change the incentives to save people money and address the load growth. Mr. Falcone said there is the issue to efficiency, and increasing load utilization would save a lot of money but the challenge to doing so is that the economics of many of these businesses make it so they don't want to be interruptible and the incentive to be interruptible is not great enough. Ranking Member, Castor said there can be savings if they are willing to be flexible and shift/turn off some of the power during certain parts of the day. Mr. Falcone asserted that during their conversations with them they are more interested in getting connected faster, and if that can be achieved then they are willing to be interrupted.

Rep. Rick Allen (R-GA) opened by emphasizing the importance of understanding how to meet growing electricity demand driven by AI while maintaining reliability, affordability, and ratepayer protections. He asked Mr. Myers and Mr. Falcon whether federal planning policy should balance consistency with the recognition that regions are structured very differently. Mr. Myers agreed, noting that the West and East differ significantly due to geography and federal land presence, and argued that Congress should help standardize state authorities without trampling on them while preserving flexibility based on local application. Mr. Falcon agreed, stating that the bills under consideration strike the right balance by requiring state commissions and utilities to consider best practices in forecasting and rates while respecting local distinctions, such as differing needs between Georgia and Arizona. Rep. Allen then asked Mr. Peeler to walk through Duke Energy's planning process and how the company weighs cost and reliability when deciding on transmission and generation investments. Mr. Peeler explained that vertically integrated utilities with regulatory oversight can closely engage with customers, execute binding contracts for large loads, effectively forecast demand, and evaluate the most economic combination of solutions, including transmission, generation, storage, and demand-side management, to deliver cost-effective outcomes for customers. Rep. Allen closed by asking Mr. Falcon and Mr. Peeler how they consider innovative technologies such as advanced conductors and grid-enhancing technologies in the transmission planning process, and what role Congress should play in encouraging their use. Due to time constraints, he asked that they submit their responses for the record.

Rep. Scott Peters (D-CA) delivered a statement expressing general support for the bills under consideration but argued the committee has not yet addressed the harder questions around transmission. He noted support for bills addressing load forecasting, grid innovation, advanced transmission technology, and ratepayer protections, though he flagged that the state exemptions in the Ratepayer Protection Act are broad enough to effectively eliminate any requirement that state public utility commissions act. Rep. Peters argued that the central unresolved issue is cost allocation, contending that the Fair Allocation of Rates Act's concept of "state policy" not bearing the cost of state policy is too undefined and could apply to a wide range of situations beyond its apparent intent. He argued that Congress should direct FERC to act on an

interregional transmission planning rule, citing NERC's recommendation of at least 35 gigawatts of additional transfer capability to improve grid resilience, reduce rates, and meet load growth, and noted that the U.S. has built only roughly four gigawatts of interregional transmission since 2014. Rep. Peters pointed to cost allocation criteria from the Energy Infrastructure Reform Act as an objective framework under which those who receive benefits pay and those who do not are not charged. He also noted that a ratepayer protection provision in that legislation would prevent customers receiving no benefit or trivial benefit from being involuntarily allocated costs. Rep. Peters closed by stating that the national interest in a secure, efficient, and reliable grid may conflict with the business models of some vertically integrated utilities, and urged the committee to have a real conversation about interregional transmission.

Rep. Mariannette Miller-Meeks (R-IA) noted that energy demand is growing faster than ever due to AI, advanced manufacturing, and electrification. She framed the hearing as addressing the right problems, accurate load forecasting, cost-effective transmission expansion, and ensuring infrastructure costs are borne by those who cause them. Rep. Miller-Meeks asked Mr. Peeler about allowing reconducting and grid enhancement technology deployments within existing rights of way to qualify as a categorical exclusion under NEPA, arguing that upgrading an already existing line on already-developed land shouldn't require a full government review. Mr. Peeler expressed support for anything that speeds up the process while maintaining environmental protection. Rep. Miller-Meeks then asked Mr. Peeler whether Duke Energy had projects delayed specifically by NEPA reviews within existing rights of way. He acknowledged Duke operates mostly on non-federal lands and had limited direct examples but noted it is as significant as issue for utilities in the western part of the country who could provide more quantifiable results. Rep. Miller-Meeks pointed out that the U.S. and China spend the same annually on their grids, yet China gets 25 times more gigawatts of capacity built per dollar invested. She asked what drives that inefficiency and how to fix it. Mr. Myers acknowledged the significant difference and suggested that categorical exclusions, as discussed with Peeler, could be an impactful tool to close the gap. Rep. Miller-Meeks referenced a recent tour of a QTS data center in Cedar Rapids, Iowa, highlighting the growing electricity demands of AI infrastructure. She then asked Mr. Peeler about the need for high voltage transmission and whether planning processes like MISO's Long Range Transmission Planning serve as the most efficient path forward. Mr. Peeler confirmed that transmission investment is critically needed across the country and emphasized that resources and transmission planning must be linked across the U.S. to build the right solutions economically, reliably, and affordably for customers.

Rep. Rob Menendez (D-NJ) expressed skepticism on House Republicans having a real plan to meet growing energy demands. He asked all witnesses whether an all-of-the-above energy policy is needed, and all the witnesses agreed. Rep. Menendez cited prior testimony from Dr. Eric Schmidt, who argued that China's comprehensive approach to energy and AI presents a direct competitive challenge, and that failure to accelerate America's energy transition risks ceding leadership in technologies that will define the future global economy. He asked the witnesses if anyone disagreed, Mr. Myers argued renewables should be handled on a case-by-case basis rather than as a broad policy. Rep. Menendez clarified that Schmidt wasn't advocating for renewables exclusively, but matching China's overall intensity. Mr. Myers agreed that China is pursing everything. Mr. Falcone questioned how much the U.S. wants to subsidize specific areas.

Ms. Muse agreed with China's approach of building all generation type while expanding transmission infrastructure, including high voltage lines. Mr. Peeler agreed all resources are valuable but emphasized they need to be properly valued withing diverse overall generation mix. Rep. Menendez asked Ms. Muse whether hard pivots in energy priorities between administrations hurt or help. She responded that they hurt. Rep. Menendez followed with whether the Trump administration's actions set the country back. Ms. Muse confirmed it had, noting several projects had been paused and financial support for needed generation and transmissions assets had been rolled back. Rep. Menendez cited the cancellation of Revolution Wind off Rhode Island at 87% completion as a specific example of misplaced priorities. He raised concerns with the administration's deal with major tech companies requiring them to bring their own energy to offset demand. He asked Ms. Muse whether she was aware of any specific measure or energy type requirements included in the deal, which she wasn't. Mr. Peeler suggested the preferences align with the administration's fossil fuel priorities. Rep. Menendez argues this exposes communities to dirty fuels without guardrails, and introduced the Price Act, co-authored with Rep. Kassar, which would require new and existing AI data centers to bring their on renewable energy and impose fines for non-compliance. He close by arguing the administration is siloing oil and gas while sidelining renewables, which he said undermines any serious competition with China despite Republican rhetoric on the subject.

Full Committee Chairman Brett Guthrie (R-KY) began by emphasizing the need to ensure locals do not bear the burden of energy required by data centers. He asked witnesses why it is important to plan generation and transmission upgrades together to design an affordable system. Mr. Myers noted that you do not need transmission without generation and it is needed to calculate the total system upgrade cost that can be allocated to the consumer. Mr. Falcone agreed that you begin by identifying the need and ranking and comparing the alternatives. Mr. Peeler added that there is a system with supply, demand, and transport and to build the most optimal system, you need to be able to adjust each input. Chairman Guthrie discussed that they are looking at questions of how transmission lines are built and who pays for them. He noted that data shows state siting and permitting works well. He asked witnesses if there is a transmission problem that requires federalizing the permitting process. Mr. Myers says he does not in the West, noting that there is a question of cost allocation if transmission is built for a specific customer, saying FERC could help. Mr. Peeler agreed that it is rare that there are federal permitting issues. Mr. Falcone agreed, saying most things are permitted at the state level and they are in favor of good planning processes. He noted planning processes must be integrated. Chairman Guthrie asked if there is a need for a federal role and asked how it would work. Mr. Falcone responded that there are planning processes at the local and regional level that are FERC-condoned. He noted there is no inter-regional process, but this would need to be integrated. He stated that organization is essential to evaluation. Chairman Guthrie asked if it should be integrated in the existing process and Mr. Falcone said yes.

Rep. Kevin Mullin (D-CA) began by discussing energy affordability. He discussed the need to avoid overbuilding expensive infrastructure and highlighted demand flexibility and virtual power plants as potential solutions. He noted DOE has said technologies could effectively provide 80-160 GW of capacity, equivalent to 10-20% of peak energy demand while reducing costs by $10 billion per year. He asked Mr. Peeler if these technologies could reduce the need for costly

upgrades and if so, if it would be beneficial to include them in the federal clearinghouse proposed in the Advanced Transmission Technology to Reduce Rates Act. Mr. Peeler responded that demand side resources are considered the same way as other resources and they have shown they can support capacity during peak times. He noted that like other resources, they have certain characteristics but are an important complement. Rep. Mullin expressed support for using AI to improve the grid and asked Ms. Muse how Congress can encourage adoption of these tools by utilities. Mr. Muse responded that examples shared by Rep. Mullin, such as rulemaking, TA, and best practices, would be helpful. She noted that Commissioner Rosner's letter to the ISOs highlighted a number of opportunities where companies are working with ISOs to streamline interconnection processes. She added funding and TA from DOE is useful. Rep. Mullin expressed concern that grid supply chain issues are not being addressed during the hearing and emphasized the need to focus on innovation, commercialization, and workforce development.

Rep. Julie Fedorchak (R-ND) began by noting her two bills, the FAIR Act and High-Capacity Grid Act, and explained that these two bills would seek to unlock more electricity across the country. Rep. Fedorchak asked the panel if they think it's fair for Americans to pay for infrastructure upgrades for large loads. The panel said no. Rep. Fedorchak then asked if large loads, such as data centers, have shown a willingness to pay for large loads. The panel said yes. Rep. Fedorchak said she agreed with these answers and argued that there is a false narrative around the potential impact of large loads on energy prices. Rep. Fedorchak highlighted that North Dakota is carefully designing rates with large loads that are actually bringing energy costs down. She turned to Mr. Peeler and asked how effective contracts or rates with large loads help decrease costs for other customers. Mr. Peeler said they use electric service agreements which he argued assures their load needs and the financial backing to pay for the infrastructure. Mr. Peeler argued that large users of energy pay more of the fixed cost of the total system and ultimately reduce costs for other customers. Rep. Fedorchak agreed that spreading fixed costs to supply power over more volume, the cost per kilowatt goes down. She then asked if it is fair for states with aggressive energy mandates to pass the cost of meeting those mandates onto states that do not share those mandates. The panelists said no, with Ms. Muse noting that it depends on the mandates and Mr. Falcone noting that it depends on the appropriate allocation of benefits and costs. Rep. Fedorchak argued that this should not occur and highlighted that her bill, the FAIR Act, would require states to pay for their own energy goals and not pass costs onto ratepayers in other states.

Full Committee Ranking Member Frank Pallone (D-NJ) noted Democrats insistence that large users of energy need to pay their fair share for power. Ranking Member Pallone argued that American families should not pay for Big Tech's investments in new technologies like AI, adding that Congress needs to find a way to ensure data centers are paying for the costs of energy they are incurring. Ranking Member Pallone asked Ms. Muse what steps Congress can take to help insulate families from costs associated with data centers. Ms. Muse argued that Congress can continue support for the needed covering of costs for generation and transmission. Ms. Muse argued that utilizing grants and tax credits for transmission investment can help socialize the costs across the entire country through the tax base. Ranking Member Pallone then noted his concerns with the FAIR Act, particularly that the legislation could upset current FERC rules ensuring utilities pay their fair share for power lines that benefit regional and inter-regional

power grids. Ranking Member Pallone argued that this legislation could make it more difficult to build new power lines and drive down costs. He asked Ms. Muse if the FAIR Act would make it more difficult to build and pay for important high-voltage interstate power lines. Ms. Muse said she shared the Ranking Members concerns and argued that it could make it more difficult to build interregional, high capacity transmission which is critical to grid reliability. Ranking Member Pallone asked Ms. Muse why she thinks this. Ms. Muse noted the variety of state policies out there but spoke to the reliability benefits that are gained from increased, well-planned, long-range transmission. Ms. Muse argued that implementing a process that disrupts existing planning and cost allocation processes makes it far more challenging for all of those who benefit from transmission to pay for it. Ranking Member Pallone argued that one lesson from this hearing is that the U.S. needs a stronger and more reliable power grid, not a smaller and more fragmented one. Ranking Member Pallone highlighted the authorities provided to DOE in the bipartisan infrastructure law that would help the Department expand the grid. Ranking Member Pallone argued that DOE's FY27 budget would restrict these authorities and asked Ms. Muse to explain how the Department's grid deployment programs help expand the grid without increasing costs. He also asked how Congress should enhance these authorities. Ms. Muse highlighted that the Grid Resilience and Innovation Partnership Program was a resounding success and provided $7.6 billion in funding across the country. Ms. Muse argued that there should be more funding for these grid resilience programs which help lower costs and are used for transmission upgrades, advanced conductors, and wildfire mitigation. She noted that this was also complimented by the Transmission Facilitation Program. She also highlighted programs which supported states efforts to improve energy storage and grid resilience.

Rep. Troy Balderson (R-OH) spoke about the need to win the AI race against China while lowering energy costs, noting there is plenty Congress can do to address these issues. He said these solutions require passing meaningful permitting reform. He asked Mr. Myers to explain why proper load forecasting is critical for planning purposes, and the detriments of inaccurate load forecasting. Mr. Myers said underbuilding prevents serving the loads, ad overbuilding can lead to stranded costs recovered by the rate payers, so accurate forecasting is critical. He said that can be difficult to get when multiple jurisdictions are dealing with the same customer and the customer has blanket NDAs. Mr. Peeler added that it is important to require large load customers to commit to the loads, primarily through financial obligation. Mr. Falcone agreed that financial commitments are some of the best tools. Rep. Balderson expressed support for his legislation, the Load Forecasting Enhancement Act. He noted Mr. Myers' testimony that the Load Forecasting Enhancement Act moves in the right direction and that the new PURA standards should preserve flexibility, asking him to elaborate on why flexibility is important. Mr. Myers said "the west is not like the rest" and they have learned that. He gave FERC 1920 order as an example that ended up creating more busy work and tying their hands. He added that flexibility allows them to appropriately implement policies. Mr. Falcone added that the country has different circumstances for different customers, and the ability to react locally is important. Rep. Balderson asked if technical assistance from the DOE or national labs could further help utilities and public power to incorporate or include accurate load forecasting methods. Mr. Falcone said these are best practices and the better researched, the better off we will be.

Rep. Jennifer McClellan (D-VA) highlighted the importance of addressing the growing impact of data centers on the affordability of energy. She expressed frustration with her Republican colleagues and the Trump administration for their delayed interest in energy costs and the impact of the war in Iran on costs. She said fixing PJM's power markets will take years, but her constituents need relief now. She said Virginia's utility regulators and Dominion Power foresaw this issue and recently took steps to protect residential rate payers by introducing a new electricity rate class for large electricity customers like data centers. She said Arizona also recently implemented a large load tariff similar to Virginia, asking Mr. Myers to discuss the experience crafting large load tariffs and how they can be critical to walling off infrastructure costs associated with data centers. Mr. Myers said they are generally fairly flexible with handling large loads, they do have large load tariffs in some utilities that are typically set at the 20-megawatt range, but the recent high load workshop is starting to focus more on the 300-megawatt level. He added that there is a need for a tariff that defines certainty but the flexibility by having the energy services agreement on top of it. Rep. McClellan expressed concern for H.R. 6336, the Fair Allocation of Interstate Rates Act, and that its definition of 'cover policy' could catch many policies in its wide net, including land use policy for energy intensive industries. She asked Ms. Muse if she thinks it is a good idea to apply different cost allocation rules to any transmission need driven by state need. Ms. Muse understood the Congresswoman's concern and said there needs to be more interregional transmission.

Rep. Gary Palmer (R-AL) asked Mr. Myers if it is correct that he said new large load customers need to pay for their own infrastructure. Mr. Myers said that is correct that the cost-causers should be the cost payers. Rep. Palmer asked how many coal power plants have been shut down in Arizona. Mr. Myers said two have been shut down, one as recent as last year, and the remaining have just been approved to be converted into natural gas plants. Rep. Palmer asked if the two shut down have no conversion plans. Mr. Myers said one was shut down years ago and has been leveled, and he said there have been conversations of conversion and reopening the recently closed plant. Rep. Palmer asked if the transmission lines are still intact. Mr. Myers said yes. Rep. Palmer asked if it would make more sense to put SMRs to power data centers and increase baseload power for the surrounding community. Mr. Myers said those are options that are on the table, but some of the discussions need to focus on water use. Rep. Palmer said we need to focus on what is the best way in terms of dispatchable power to provide baseload power in those areas. He asked Mr. Peeler if he would agree that new demand is not the problem itself but lack of preparedness for power generation. Mr. Peeler said an integrated plan for new generation, and transmission is key to serving this load. Rep. Palmer asked if it is his experience that datacenter operators are attempting to generate their own power from behind the meter to avoid pulling from the grid. Mr. Peeler said most of them are not interested in building their own and would rather be served by the grid itself. Rep. Palmer asked if it makes more sense to build SMRs in places coal plants have been shut down by transmission lines remain intact. Mr. Peelers said SMRs are an important asset for the future, and reusing existing infrastructure is important in making this effective.

Rep. Doris Matsui (D-CA) noted that this has been a topic of conversation for 4 years and laid out how Republicans and the OBBBA made the problem worse by removing tax credits and funding cuts. She continued that although Republicans have offered their way of making

electricity costs cheaper but by not including Democrats in the conversation, they have proven themselves as not serious. She said she is happy to see Republicans on this committee support GETs but questions where they were grants for such technologies were being canceled. Rep. Matsui asked Ms. Muse how the grid grant program supports advanced technologies and can she provide some examples of projects that were canceled. Ms. Muse said the grid program had $10.5 billion available and some of areas prioritized were to deploy GETs, use AI and drones for transmission line inspection, and machine learning to accelerate interconnection. Rep. Matsui asked for an example of how GRIP projects were helping to expand the grid without increasing residential rates. Ms. Muse said in California there was a $600 million project to drive large scale transmission lines and accelerate the interconnection process. Rep. Matsui asked Mr. Falcone what it is like for a public utility to suddenly lose a multimillion-dollar grant. Mr. Falcone said abrupt changes cause some challenges, forcing them to reprioritize. Rep. Matsui asked Mr. Peeler to explain how Duke is approaching data center flexibility. Mr. Peeler said they are working with data centers and research organization to figure out what value and how to attribute the value of flexibility. He added it is still early, but they are hopeful. Rep. Matsui asked if rapidly changing compute demands from data centers have provided challenges to utilities from a reliability standpoint. Mr. Peeler said it is a challenge. Rep. Matsui asked Mr. Falcone to provide real world examples about how public utilities are managing to accommodate new data centers and commercial customers without raising residential rates. Rep. Matsui ran out of time and the question will be answered in a QFR.

Rep. Diana Harshbarger (R-TN) opened by emphasizing that meeting energy demand is a matter of basic economics and that supply must match surging demand to keep rates affordable. She noted that stakeholders including TVA, MISO, and PJM have identified AI and advanced computing as tools to enhance grid capacity and reliability, citing an example of one operator reducing its interconnection study process from nearly two years to ten days. She asked Mr. Peeler what advanced computing can do for the grid and what obstacles stand in the way. Mr. Peeler affirmed that AI and advanced computing tools reduce study time and help manage large volumes of data, and expressed support for best practices around those tools. Rep. Harshbarger then asked Mr. Falcone how to extract more capacity from existing grid infrastructure. Mr. Falcone cited flexibility programs that allow customers to choose their level of price responsiveness, efficient spending on technology, and support for innovations such as advanced conductors, while cautioning against mandating specific technologies given that applicability depends on the use case. Rep. Harshbarger then asked Mr. Myers how his members are working with state regulators to ensure residential and small business customers do not end up subsidizing large load customers. Mr. Myers explained that his members use clearly defined tariffs alongside flexible energy service agreements to ensure costs are appropriately covered and tailored to each customer's specific location and power needs. Rep. Harshbarger closed by asking Mr. Falcone about the unique challenges for rural areas, such as East Tennessee, in protecting communities from subsidizing data center costs. Mr. Falcone noted that rural areas have seen significant demand growth precisely because construction is more feasible there, and stressed the importance of educating smaller distribution utilities on financial contracts and requirements by leveraging the experience of more advanced utilities that have already dealt with large load growth.

Rep. Paul Tonko (D-NY) expressed support for several bills before the committee but argued the package is not comprehensive or ambitious enough, noting the absence of provisions addressing interregional transmission or demand reduction. He asked witnesses to respond yes or no as to whether the federal government could provide greater support to entities conducting load forecasts. All four witnesses answered affirmatively. Rep. Tonko then asked Ms. Muse, given her background at DOE, whether there is room for analysis, modeling, and technical assistance from DOE and national laboratories to support improved load forecasting. Ms. Muse agreed, noting that load forecasting is increasingly dynamic and that DOE and the national labs can provide valuable technical assistance to the broad range of stakeholders involved, including regulators, legislators, and state energy offices. Rep. Tonko then discussed the Ratepayer Protection Act and his own Power for the People Act, both of which seek to create separate rate classes for large loads to ensure project developers cover the cost of necessary infrastructure upgrades. He asked Mr. Myers where the threshold for defining a large load should be set, and Mr. Myers indicated that participants at a recent large load workshop generally agreed that 50 megawatts is appropriate. Rep. Tonko then asked Ms. Muse whether 100 megawatts is too high a threshold, and Ms. Muse agreed that 50 megawatts would provide greater visibility into data center loads coming in under the 100 megawatt level. Rep. Tonko closed with a statement arguing that near-term load growth projections are difficult to comprehend and that addressing them without raising costs for everyday Americans will require grid-enhancing technologies, reconducting, energy efficiency, demand response, and expanded transmission, as well as policies the majority has previously dismissed.

Rep. Laurel Lee (R-FL) framed that the challenge in meeting electricity demand lied in building the necessary power infrastructure with shifting costs and risks onto families and businesses. She emphasized planning responsibly by protecting ratepayers and maintaining reliability. Rep. Lee pointed to Florida Power and Light's approach of requiring data centers to fund 100% of the infrastructure they drive and commit to long term contracts with financial assurances, while noting that high-load factor customers can actually help reduce rate pressure by spreading fixed costs across more users. She asked Mr. Peeler what key elements utilities need to ensure large load growth reduces rather than increases pressure on residential rates. Mr. Peeler emphasized the importance of understanding actual load needs, planning integrated transmission, distribution, and generation solutions, and securing firm financial commitments from large customers. He noted that state oversight, like Florida, helps ensure large customers pay their fair share with no subsidization of residential or commercial customers. Rep. Lee asked Mr. Falcone how a DOE clearinghouse could help utilities modernize and improve reliability an affordability, noting DOE's longstanding role in commercializing gird tech through national lab test beds and public-private demonstration projects. Mr. Falcone agreed on their value, explaining that utilities don't compete with one another and naturally share best practices – but someone has to go first to pioneer new technology, and those early test beds enable wins that spread across the industry. Rep. Lee asked how utilities and regulators can improve load forecasting to avoid overbuilding costly infrastructure based on speculative demand. Mr. Falcone acknowledged it as a significant challenge, noting that traditional forecasting relies on past trends and customer inquiries, but large data center customers often apply in many locations simultaneously, acting like a free option that skews forecasts. He argued that the information asymmetry is the main concern, customers know better than utilities what they actually plan to

build. He affirmed that the bills before the committee fit a balance between overbuilding and underbuilding.

Rep. Kim Schrier (D-WA) acknowledged both the opportunity and risk of AI, specifically rising utility bills, job security, and grid reliability. She noted energy bills in her district are up nearly 15% compared to the prior year, and that studies project the Northwest energy supply may not meet peak demand by 2028. She attributed this to rolled back clean energy investments, sluggish grid improvements, and exponential data center growth. She argued that large corporations benefiting from AI must fund, build, and connect their own energy needs rather than burden working families already facing rising bills. Rep. Schrier asked Mr. Falcone what mechanisms public utility districts in Washington are using to protect ratepayers as date centers move in. Mr. Falcone noted those utilities have benefited from existing capacity that they marketed to data centers, which has helper lower rates. He noted, new inquiries will require new construction, and the key protection mechanism is securing firm financial commitments from data center customers. He added, to ensure existing customers are charged their established rate and ne customers bear the cost of new infrastructure, rather than blending the two. Rep. Schrier noted that utilities have also secured commitments requiring data centers to stay rather than relocating when convenient, placing responsibility for energy and transmission costs on the companies themselves. She then asked Mr. Peeler how to ensure ratepayer protections at the federal level while preserving regional flexibility. Mr. Falcone responded that state and local authorities are best positioned to make these decisions as they are closest to customers and local conditions. He suggested the federal role should be setting broad direction and outcomes rather than prescribing exact policy, leaving implementation local an state authorities. Rep. Schrier asked Ms. Muse whether anything could be done to nudge data center developers int providing more accurate and complete data to power planners while respecting confidentiality. Ms. Muse indicated she would submit a full answer to the record.

Rep. Julie Fedorchak (R-ND) discussed the investments being made in the power grid and noted it is essential to get the cost signals correct. She highlighted that transmissions costs are driving up energy bills and noted her legislation, the High-Capacity Grid Act, which would help more power be pushed through existing infrastructure. She asked Mr. Myers to discuss the advantages of reconductoring existing lines versus permitting new ones. Mr. Myers responded that permitting is a large advantage, noting it is timelier and lower cost. He cautioned that reconductoring can push costs down the line but stated there is room for this policy as long as there is flexibility. Rep. Fedorchak agreed, noting FERC would be able to set standards.

Rep. Craig Goldman (R-TX) asked Mr. Myers between better load forecasting and strong ratepayer protections, which reform would best help Texas balance reliable, affordable power for families with new demands from data centers. Mr. Myers responded that permitting reform is the largest reform needed. Mr. Falcone agreed with permitting reform and also mentioned the Ratepayer Protection Act. Mr. Peeler agreed with permitting reform. Rep. Goldman discussed that his constituents are concerned about electric bills rising due to data centers and ERCOT. He asked how important it is for Congress to consider bills such as the Ratepayer Protection Act. Mr. Myers responded that the states are already doing it, noting there is no problem with the bill but he is unsure of its effectiveness. Mr. Falcone responded that the primary benefit of the act is

it spreads the best practice for states with lower demand. Mr. Peeler responded that the states are best positioned to determine the appropriate way to manage this.

Rep. Greg Landsman (D-OH) noted the Protecting Families from AI Data Center Energy Costs Act and explained that this legislation would seek to have FERC convene stakeholders together and provide recommendations as to what steps should be taken to better protect ratepayers. Rep. Landsman argued that the federal government needs to lead on this issue and highlighted the sharp increase in large load entities like data centers. Rep. Landsman argued that FERC could easily pull these stakeholders together and asked Ms. Muse how important legislation like this is and who the key stakeholders might be. Ms. Muse agreed that FERC could convene a conference relatively quickly and applauded the stakeholders mentioned in the bill. She noted that ratepayer advocates should also be included to ensure a strong consumer protection piece. Rep. Landsman agreed that they can do this without the legislation but expressed hope that it would be included in a markup soon. Rep. Landsman asked the rest of the panel if they would like to comment. Mr. Myers agreed that this would be a good way to proceed but argued that it should be left open slightly to accommodate FERC's work with NARUC and other federal collaboratives. Mr. Falcone agreed that FERC should have a convening authority and argued that he would add public power utilities and consumer-owned utilities as well. Mr. Peeler also agreed.

Vice Chair Randy Weber (R-TX) began by noting the significant growth that Arizona is experiencing and highlighted Mr. Myers testimony where he argued that this growth is straining utilities and other components of the electrical grid. Vice Chair Weber said Texas is also experiencing these strains but noted the importance of maintaining this growth, especially in ensuring greater resilience. He argued that the Load Forecasting and Enhancement Act would help to predict and forecast how this growth can be better managed as large load projects like data centers continue to appear across the country. He asked Mr. Myers how the provisions in this bill could be implemented best to anticipate the coming increases in energy demand. Mr. Myers said he would get back to the Vice Chair on this. Vice Chair Weber then noted that the Ratepayer Protection Act would require large load customers to recover the full incremental cost of any additional generation, transmission, or distribution upgrades needed to meet the demands of those customers. He asked Mr. Peeler if he anticipates any pushback from large load users on these provisions. Mr. Peeler said large load customers have largely been willing to pay their share but argued that some difficulties could come in how that share is determined. He said it might be difficult to create a single cost formula nationwide. Vice Chair Weber asked how many large load users have expressed this willingness. Mr. Peeler said the very large hyper-scalers have expressed this. Vice Chair Weber then asked if there is a mechanism in place to ensure these large load users follow through on these statements. Mr. Peeler said financial commitments, long-term contracts, and take-or-pay requirements managed by states has been there approach. Vice Chair Weber asked if Congress has authority to enforce this. Mr. Peeler said the states do and is within their jurisdiction. Vice Chair Weber then noted Mr. Falcone's support for planning when it comes to large load users to ensure jobs and localities are taken into consideration. Vice Chair Weber noted that without planning, local ratepayers could be left with the bill for extra unused energy by nearby large load users. Vice Chair Weber asked how localities and large load customers can work together best during this planning process. Mr.

Falcone said the most important thing is that large load customers put these promises into financial contracts.

Rep. Lizzie Fletcher (D-TX) said she thinks the legislation before the committee makes incremental improvements but does not address the core blockers to building transmission at scale, planning across regions, permitting certainty, and a workable cost allocation. She said the FAIR Act prohibits grid operators from charging the cost of transmission projects to other utilities if any part of the drivers of a project are related to state policies, with no definition of state policies. She said ensuring their grid can withstand extreme weather is crucial, asking Ms. Muse if the FAIR Act would cover any state policy that creates a transmission need. Ms. Muse said the FAIR Act is written broadly and it is unclear what would fall into the category, citing her concerns for it stymying interregional transmission. Rep. Fletcher agreed with Ms. Muse's goal of building a grid that is larger than the weather. Rep. Fletcher asked all panelists if they agree that benefits of grid upgrades to reliability and affordability should be accounted for as FERC already requires. Mr. Myers said yes and it is important to note that what defines a benefit varies from state to state which is unlikely to come to an agreement. Mr. Falcone added that transmission is typically broken into three categories: economic, reliability, and public policy. He said any investment and upgrade has benefit.

Rep. Russell Fry (R-SC) spoke about a Duke Energy plant in his district. Rep. Fry submitted to the record the letter that the head of the National Association of Regulatory Utility Commissioner sent to leaders of the Senate Energy Committee, who are reportedly involved in permitting reforms. He said the letter made points about reforming permitting processes and not exercising more control over local siting decisions. He asked Mr. Myers if his perspective is that the answer to faster energy infrastructure permitting is creating more federal permitting bureaucracy over state decisions or less. Mr. Myers said less and he added that every time the federal government gets involved, it costs more time and money for states to get things done. Mr. Myers added that the biggest benefit the federal government could provide is permitting reform, including judicial reform, and removing red tape. Rep. Fry asked if federal backstop steps overthrow integrative planning at the state or regional level, what that could mean for affordability and household bills. Mr. Falcone said the debate is whether FERC should have siting authority, and he thinks the important thing is whatever planning process Congress decides, it should be integrative and work with the existing processes. Mr. Peeler agreed and added that it could slow down the construction and completion of projects. Rep. Fry asked how integrated planning processes should work to ensure the lowest costs to ratepayers. Mr. Peeler said all factors should be considered, and they work best when the process is closest to customers. Rep. Fry said they are also looking at legislation about protecting residential ratepayers against extraordinary growth and power demand, particularly from data centers, asking how new nuclear factors in for Duke as they evaluate what is in the best interest of their customers. Mr. Peeler said nuclear is a cornerstone of Duke Energy's generation fleet, noting it is a capital-intensive effort, and they are focused right now on lengthening the lives of the plants they have and getting more out of the ones they have.

Rep. Marc Veasey (D-TX) noted that our energy infrastructure received a D+ from the Society of Civil Engineers, due to operating with 20th century technology to solve a 21st century problem.

He highlighted that 70% of our transmission lines and transformers are more than 25 years old, and 60% of our circuit breakers have been in service for 30 years. He continued that we are seeing a $5 trillion infrastructure deficit in the energy sector and said that hyperscalers have the capital and urgency to fill this gap. He said we should not view data centers as a burden on the grid, but as an opportunity as the most powerful leverage point to build out and modernize the grid. Rep. Veasey said Congress can help with this build out, and if they do not technology companies will continue to build their own generation behind the meter, which will not help the grid or our constituents. Rep. Veasey asked Ms. Muse if we want to seize this moment what is the big move Congress is missing and if she were drafting $1 trillion grid bill is there a structural reform that we are not discussing. Ms. Muse said there is huge opportunity to build out the grid, but we need a much bigger and more connected grid between the multiple regions. She added that supply chain constraints workforce has not been discussed in this hearing yet but that will allow us to build out our grid in a timely fashion and not face delays. Rep. Veasey asked Mr. Peeler if there is a structural or regulatory wall in their vertical model that stops them from taking private capital and investing in the backbone of the grid. Mr. Peeler said they are investing over $100 billion over the next 5 years but the hyperscalers and data center are willing to pay their contribution, which would benefit all customers. Rep. Veasey asked how we can turn that into a public good that lowers rates. Mr. Peeler said utilizing the investment from large customers and their usage will lower the fixed cost that all customers pay.

Rep. John James (R-MI) stated that energy demand is rising fast, but we need to get the fundamentals right that include local control, brownfields before farmland, protect water, and keep energy bills low. He spoke about the costly net-zero carbon strategy that Lansing, Michigan is undertaking, adding to rise in bills, and raising reliability risks. Rep. James asked Mr. Peeler what some of the best mechanisms are to make sure that hyperscalers pay the full cost. Mr. Peeler said to ensure that customers that drive demand growth are on the hook to cover the cost for the long term, which means long-term contracts, financial obligations, and take or pay obligations. Rep. James asked if it was true that having additional payers can lower rates. Mr. Peeler said a higher user of energy will absorb more of the fixed cost, resulting in less of the cost flowing down to residential ratepayers. Rep. James asked what guardrails are most effective to ensure that communities see the economic benefits of these projects while avoiding cost shifting onto existing ratepayers and how regulators should account for critical resources like water. Mr. Myers said guardrails can include increased minimum bill thresholds, finical guarantees, extended contract terms, contribution in aide of the construction. He added that it all boils down to the tariff design and the service agreement.

Chairman Latta brought the hearing to a close.