

United States Senate

November 13, 2025

The Honorable Laura Swett
Chairman
Federal Energy Regulatory Commission
818 First Street, NE
Washington, DC 20426

Dear Chairman Swett,

Artificial intelligence (AI) and cryptomining are fueling a rising demand for energy driven by massive, energy-intensive data centers. The resulting surge in electricity use is contributing to skyrocketing residential electric bills. We write to urge the Federal Energy Regulatory Commission (FERC) to take immediate action to ensure that U.S. households are not forced to bear the costs of the growing nationwide demand for energy by data centers.

These are not merely hypothetical future electricity price hikes, even if some of the data centers themselves are hypothetical at this point. PJM's 2024 capacity market auction, which aims to secure resources to guarantee that the grid will be able to meet peak demand in the coming months, closed at a record high of \$16.6 billion, up from just \$2.2 billion in 2023.¹ These costs are being paid by PJM's 65 million ratepayers.² In West Virginia, just two transmission lines proposed in response to forecasted data center energy demand growth are expected to increase residents' electricity bills by \$440 million.³ These price hikes are not just limited to PJM – costs are going up in nearly every state. Thus far in 2025, at least 210 utilities have either already raised or proposed to raise electric bills by more than \$71 billion for 65 million electric customers.⁴ Without reforms, continued data center expansion will exacerbate this trend.

Over the next three years, energy-intensive AI and cryptomining processors could triple their electricity consumption, adding more than 10,000 megawatts of demand annually.⁵ In PJM Interconnection, the regional transmission organization (RTO) that serves thirteen states and the

¹ Ethan Howland, *Data Centers 'Primary Reason' For High PJM Capacity Prices: Market Monitor*, Utility Dive (October 2, 2025), www.utilitydive.com/news/data-centers-pjm-capacity-auction-market-monitor/801780/

² Tom Rutigliano, *PJM Auction Results in Higher Prices for Ratepayers in 13 States*, Natural Resources Defense Council (July 22, 2025), <https://www.nrdc.org/press-releases/pjm-auction-results-higher-prices-ratepayers-13-states>.

³ Cathy Kunkel, *West Virginia Ratepayers Footing the Bill for Infrastructure Build Out*, Institute for Energy Economics and Financial Analysis (May 29, 2025), https://ieefa.org/sites/default/files/2025-05/UPDATED_West%20Virginia%20Ratepayers%20Footing%20the%20Bill%20for%20Infrastructure_May%202025.pdf.

⁴ *Residents of 49 States and Washington, D.C., Face Increasing Electric and Natural Gas Bills*, Center for American Progress (October 27, 2025), <https://www.americanprogress.org/article/residents-of-49-states-and-washington-d-c-face-increasing-electric-and-natural-gas-bills/>

⁵ Nichola Groom, *Power Costs Soar in PJM Region as Data Center Demand Spikes*, Reuters (Aug. 7, 2025), <https://www.reuters.com/business/energy/power-costs-soar-pjm-region-data-center-demand-spikes-2025-08-07/>.

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District of Columbia in the mid-Atlantic region, data centers will drive 90% of new power demand over the next five years.⁶ Prompted by projections like these – many of which rely on uncertain and speculative data center proposals – utilities and transmission planning regions are spending billions to guarantee the grid can meet this demand.⁷ These costs are then passed to ratepayers through higher monthly bills.

American households simply cannot afford inaction from FERC. Under the Federal Power Act, FERC is obligated to ensure that utilities and transmission planning regions maintain just and reasonable rates that are neither discriminatory nor preferential.⁸ In order to protect ratepayers from unreasonable or unjust price hikes driven by data center energy demand, FERC should reject transmission-related filings that do not properly address cost allocation or allow the cost of transmission built to serve data centers to be spread across the region—such as when FERC reviews Order 1920 compliance filings.⁹

Beyond addressing proposals as they are presented to FERC, the Commission must proactively investigate and act if it finds the practices of a regional operator or utility to be unjust, unreasonable, unduly discriminatory, or preferential to data centers at the expense of residential ratepayers. In February 2025, FERC used its authority to open an investigation into the rules for PJM’s transmission system, aiming to address the build-out of data centers that are tied directly to large-scale generators.¹⁰ This is an important start to address the crisis at hand. FERC can and should investigate existing methods for cost allocation to determine how much residential ratepayers are paying for transmission and, if necessary, require subsequent action to ensure data center owners and operators do not burden households with more than their fair share of power infrastructure costs.

Nor should FERC fall for the argument that data center demand projections must allow large fossil fuel generators to jump the queue for interconnection to the nation’s energy grid. Near-term capacity shortfalls are better met by faster-to-deploy renewable technologies and

⁶ Laila Kearney & Tim McLaughlin, *Power Costs Soar in PJM Region As Data Center Demand Spikes*, Reuters (August 7, 2025), <https://www.reuters.com/business/energy/power-costs-soar-pjm-region-data-center-demand-spikes-2025-08-07/>.

⁷ Edison Elec. Inst., *2024 Financial Review*, EEI (July 23, 2025), https://www.eei.org/-/media/Project/EEI/Documents/Issues-and-Policy/Finance-And-Tax/Financial_Review/FinancialReview_2024.pdf; Jeff St. John, *Utilities are flying blind on data center demand. That’s a big problem*, Canary Media (Feb. 25, 2025), <https://www.canarymedia.com/articles/utilities/utilities-are-flying-blind-on-data-center-demand-thats-a-big-problem>

⁸ 16 U.S. Code § 824d (2018).

⁹ Order No. 1920 Compliance Filings Schedule, (June 16, 2025), Federal Energy Regulatory Commission, <https://www.ferc.gov/news-events/news/order-no-1920-compliance-filings-schedule>

¹⁰ *FERC Orders Action on Co-Location Issues Related to Data Centers Running AI*, FERC (Feb. 20, 2025), <https://www.ferc.gov/news-events/news/ferc-orders-action-co-location-issues-related-data-centers-running-ai>.

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battery storage than by large, polluting, and expensive fossil fuel generation that takes years to build and get online. Bad interconnection queue proposals will only increase costs to ratepayers without addressing any immediate energy supply issues, as Commissioner Judy Chang rightly noted in her February dissent to FERC's ruling on PJM's interconnection proposal to fast-track fossil power plant resources.¹¹

FERC should also consider broader proceedings that would standardize load forecasting and other practices relevant to addressing data center demand growth. We appreciate the Commission's recent call to the RTOs and independent system operators (ISOs) to provide thoughts on how to improve load forecasting.¹² Without transparency into load forecasting, it is difficult to assess the quality of a utility's load projections, making it challenging to ensure the economically responsible build-out of new generation or transmission assets. With a guaranteed rate of return of around 11%, there is an obvious incentive for utilities to push for huge investments in transmission, including transmission for speculative data center interconnection requests that may not materialize.¹³ This means that FERC has an outsized role to play in protecting ratepayer interests and ensuring utility investments are both necessary and well-designed for the grid.¹⁴

Finally, as FERC considers Energy Secretary Chris Wright's recent request for a rulemaking to standardize and accelerate the interconnection of large loads like data centers, We urge FERC to prioritize the concerns of residential ratepayers.¹⁵ FERC is moving quickly on this request – just a few days after receiving the letter from Wright, FERC established a new docket to consider the proposed Advanced Notice of Proposed Rulemaking (ANOPR) and issued a notice inviting comments.¹⁶ The outcomes of this Administration-directed ANOPR could

¹¹ Ethan Howland, *FERC approves PJM's fast-track power plant interconnection plan*, Utility Dive (Feb. 12, 2025), <https://www.utilitydive.com/news/ferc-pjm-fast-track-surplus-interconnection-queue/739908/>; Commissioner Chang's Dissent on PJM's RRI, ER25-712 (February 11, 2025), <https://www.ferc.gov/news-events/news/commissioner-changs-dissent-pjms-rri-er25-712>.

¹² David Rosner, *Chairman Rosner's Letter to the RTOs/ISOs on Large Load Forecasting*, FERC (Sept. 18, 2025), <https://www.ferc.gov/news-events/news/chairman-rosners-letter-rtoisos-large-load-forecasting>.

¹³ Ivan Penn, *Wall St. Firms Are Buying Utilities to Tap Into the A.I. Boom*, N. Y. Times (July 17, 2025), <https://www.nytimes.com/2025/07/17/business/energy-environment/blackrock-minnesota-power.html>.

¹⁴ Peter Freed & Allison Clements, *How to reduce large load speculation? Standardize the interconnection process*, Utility Dive (Feb. 19, 2025), <https://www.utilitydive.com/news/data-center-large-load-interconnection-process-clements/740272/>.

¹⁵ Letter from Chris Wright, Secretary of Energy, U.S. Dep't. of Energy, to David Rosner, Chairman, Federal Energy Regulatory Commission (Oct. 23, 2025), <https://www.energy.gov/sites/default/files/2025-10/403%20Large%20Loads%20Letter.pdf>.

¹⁶ Notice Inviting Comments, (Oct. 27, 2025), Federal Energy Regulatory Commission, <https://media.mcguirewoods.com/publications/2025/RM26-4-000-DOE-Large-Loads-ANOPR-Notice.pdf>.

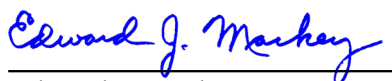
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significantly change the degree to which households are charged for connecting big electricity users to the grid.

With energy bills already skyrocketing, FERC must use its authorities to reject unfair grid operator proposals, proactively investigate and address bad utility company practices and ensure just and reasonable rates for all Americans. We urge you to protect residential ratepayers over corporate profits, as FERC's mission demands.

Thank you for your consideration of this request.

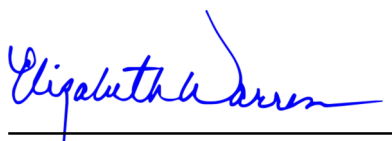
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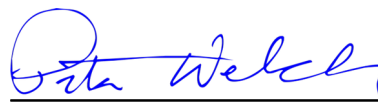
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