



Topline:

The Ratepayer Protection Act, led by Rep. Gabe Evans (R-CO), helps to ensure that the companies building data centers are the ones paying for the electricity needed to power them, instead of hardworking American families.

Background:

US leadership in the race to AI dominance is critical to our economic and national security, but right now states and communities are concerned about the pace at which AI data centers are being developed and the effect they could have on residents' electric bills.

The growth in data center development is coinciding with the exposure of systemic challenges to deploying reliable and affordable electricity resulting from harmful Biden-era policies, namely the premature retirement of baseload power and the overreliance on intermittent sources, like wind and solar.

Without fail, blue states that have led the charge to shut down fossil power plants and mandate renewable generation quotas are now home to the highest electricity rates in the country. We need a dual pronged approach to ensure that large loads like data centers pay their costs, alongside broader electricity policy reforms that prioritize reliable baseload power.

When built with the proper guardrails in place, research is showing data centers have the potential to stabilize and even lower electricity rates. It's critical that we address community concerns while ensuring we preserve American global competitiveness.

Ratepayer Protection Act:

- H.R. 9340 would protect consumers from rate increases resulting from data center construction by having state utility commissions consider large-load standards for data centers drawing more than 100 MW of power, which would ensure they pay for the full incremental costs to serve their loads.
- By drawing on existing Public Utility Regulatory Policies Act authorities (Sec. 111(d)), this light touch approach provides a federal recommendation while preserving state power to regulate electricity markets, drawing on what 24 states are already doing to protect residential homes and small businesses.

- By establishing large-load standards, states can ensure that American families are not left footing the bill for AI data center growth.

When done right with appropriate guardrails, new investments in data center facilities can yield massive tax revenue for small communities and pay for upgrades to critical infrastructure on which Americans rely.

- Large-load data center growth in Georgia allowed Georgia Power to freeze rates for residential households for 3 years.
- Arkansas, Louisiana, and Mississippi energy customers will see \$7 billion in savings over 20 years due to recent large-load data center agreements.
- Dominion Energy in Virginia saw a 27 percent decline in residential customer shares of transmission costs, while data centers' allocation increased by 148 percent.
- Indiana Michigan Power announced a rate reduction for households due to their growth in large-load data center customers.
- Loudon County, Virginia, brought in \$1.1 billion in tax revenue from data centers, which funded almost 40 percent of their general fund.

Bottom Line:

Winning the race to AI dominance will require us to build data centers domestically, while ensuring communities are protected from increased costs.

The Ratepayer Protection Act codifies the White House's Ratepayer Protection Pledge from earlier this year, under which Amazon, Google, Meta, Microsoft, OpenAI, Oracle, and xAI—along with more than 300 other organizations ranging from utilities to data center developers—committed to protecting communities from increased costs resulting from data center construction.