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5 AI AND THE GRID: MEETING GROWING POWER DEMAND

6 WHILE PROTECTING RATEPAYERS

7 WEDNESDAY, APRIL 29, 2026

8 House of Representatives,

9 Subcommittee on Energy,

10 Committee on Energy and Commerce,

11 Washington, D.C.

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16 The subcommittee met, pursuant to call, at 10:13 a.m., in Room 2123, Rayburn House Office
17 Building, Hon. Robert E. Latta [chairman of the subcommittee] presiding.

18 Present: Representatives Latta, Weber, Palmer, Allen, Balderson, Pfluger, Harshbarger,
19 Miller-Meeks, James, Bentz, Fry, Lee, Goldman, Fedorchak, Guthrie (ex officio), Castor, Peters,
20 Menendez, Mullin, McClellan, DeGette, Matsui, Tonko, Veasey, Schrier, Fletcher, Auchincloss, and
21 Pallone (ex officio).

22 Also Present: Representative Landsman.

23 Staff Present: Ansley Boylan, Director of Operations; Jessica Donlon, General Counsel;
24 Andrew Furman, Professional Staff Member, Energy; Sydney Greene, Director, Finance and Logistics;
25 Annabelle Huffman, Clerk, Health; Megan Jackson, Staff Director; Patrick Kelly, Staff Assistant;

26 Brayden Lacefield, Special Assistant; Mary Martin, Chief Counsel, Energy; Sarah Meier, Counsel and
27 Parliamentarian; Joel Miller, Chief Counsel; Ben Mullaney, Press Secretary; Lillian Noland, Staff
28 Assistant; Brice Ogle, Special Assistant; Jake Riith, Staff Assistant; Jackson Rudden, Clerk,
29 Environment; Chris Sarley, Member Services/Stakeholder Director; Peter Spencer, Senior Professional
30 Staff Member, Energy; Timothy Trimble, Staff Assistant; Matt VanHyfte, Communications Director;
31 Katie West, Press Secretary; Giancarlo Ceja, Minority Staff Assistant; Tiffany Guarascio, Minority Staff
32 Director; Caitlin Haberman, Minority Staff Director, Environment; Serena Klebba, Minority Intern;
33 Kristopher Pittard, Minority Professional Staff Member; Emma Roehrig, Minority Staff Assistant;
34 Andrew Souvall, Minority Director of Communications, Outreach and Member Services; and Medha
35 Surampudy, Minority Professional Staff Member.

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37 Mr. Latta. Good morning. The Subcommittee on Energy will now come to order. And
38 the chair recognizes himself for 5 minutes for an opening statement.

39 Again, good morning and welcome to today's legislative hearing to discuss proposals to
40 improve the power sector during this time of historic load growth and affordability challenges.
41 Access to reliable, affordable energy is the linchpin in the U.S. leadership in AI development.

42 This subcommittee is spent considerable time examining the opportunities and challenges
43 that arise from U.S. leadership in artificial intelligence. From that work, it is safe to assume AI is one
44 of the defining challenges of our time. It encompasses the race for economic strength,
45 technological leadership, and national security in the 21st century.

46 Today, AI is already driving a significant share of economic growth. It is making businesses
47 more productive, workers more efficient, and industries more competitive. We also examine the
48 risk of the United States losing this global AI race.

49 The ability of malign actors like Russia and Communist China using AI models to disrupt global
50 economies are no longer theoretical but a reality. At the same time, the American people are
51 understandably uneasy. Many question whether AI in data centers that power it will ultimately do
52 more harm than good, particularly when it comes to individual energy costs. These concerns
53 deserve to be taken seriously. Our global competitors are not slowing down. China is investing
54 heavily in AI with the explicit goal of surpassing the United States. That is why it is vital that we
55 ensure that interconnecting new data centers lower costs and bring -- in bringing those benefits to
56 households like grid modernization, more dispatchable energy resources, and significant State and
57 local tax revenue. In fact, the Lawrence Berkeley National Lab and others have found that data
58 center load growth lessens retail electricity costs.

59 While we may not agree on every provision, the legislation under consideration today raises
60 policy solutions to ensure this outcome is replicated across the country.

61 However, demand growth continues to outpace our generation resources. The North
62 American Electric Reliability Corporation recent yearly assessment estimated that peak demand over
63 the next 10 years will grow by 224 gigawatts, while 105 gigawatts of dispatchable generation is
64 expected to retire. Therefore, we will be 329 gigawatts short.

65 Earlier this Congress, we advanced several bills to resolve the reliability crisis caused during
66 the Biden administration and bring dispatchable base load energy to keep the lights on year round.
67 These efforts have been bolstered by the Trump administration's decisive action to refocus Federal
68 authorities on policies that matter most to the American people: abundant and reliable energy
69 supply and at an affordable price.

70 The Rate Payer Protection Act will ensure that States have necessary policies in place to
71 safeguard households from footing the bill for data center energy needs. The Load Forecasting
72 Enhancement Act would usher in bottom-up planning to improve the accuracy of the demand growth
73 projections and right-size cost-effective generation and transmission buildout. The Fair Allocation
74 of Interstate Rates Act, introduced by our colleague from North Dakota, is a practical solution that
75 places the burden of renewable performance standard costs on the States that chose to adopt those
76 requirements.

77 The Advanced Transmission Technologies to Reduce Rates Act would leverage the important
78 work that DOE enhances the use of advanced transmission technologies to bring more cost-effective
79 solutions to our growing energy needs.

80 I look forward to our discussion with our witnesses, who have valuable expertise and
81 experience to provide key insights in the bills that are before us.

82 With that, I will yield back the balance of my time and recognize the gentlelady from Florida,
83 the ranking member of the subcommittee, for 5 minutes for an opening statement.

84 [The prepared statement of Mr. Latta follows:]

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86 ***** COMMITTEE INSERT *****

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88 Ms. Castor. Well thank you, Mr. Chairman.

89 Welcome to our witnesses.

90 I hope this hearing is the beginning of a bipartisan effort to efficiently grow our energy
91 resources and lower electric bills because we all know that hardworking American families are really
92 suffering right now. More than 80 million Americans are struggling to keep up with the cost of
93 housing, healthcare, food, and keep the lights on at the same time.

94 The President's war in Iran is causing gasoline prices in the United States to climb to their
95 highest level in 4 years. And the price spikes are rippling throughout the economy and touching
96 every one of our neighbors back home.

97 At the same time, electricity demand in the United States is rapidly growing at a rate we have
98 not seen in decades. Cleaner, cheaper energy is what is most available right now to meet
99 forecasted energy demand. And studies point to the fact that we should improve transmission at
100 six times the rate we have been over the past few years. That would help lower costs for everybody
101 and provide more power. But we know the President and Republicans in Congress don't like it; they
102 don't want it. They don't seem to care that Americans will have to pay more. But I do think we
103 can find common ground on upgrading and utilizing more of the existing grid. Most of the U.S.
104 power grid was built in the 1960s and 1970s. It is reaching the end of its life, which means we need
105 to make significant investments in our grid transmission infrastructure. For every \$1 invested in
106 well-planned, long-distance, high-capacity transmission, we get \$5 in reliability and economic
107 benefits.

108 But there is so much more that we can agree on to make the existing grid more efficient by
109 utilizing modern and fast emerging tools. In doing so, families and businesses can save money while
110 we power our homes, the vehicles we drive, and AI. So let's dive into how we can squeeze more
111 out of the existing grid. The current generation transmission and distribution system is built for the

112 peak, the hottest summer days or the coldest winter nights. And, most of the time, the U.S. electric
113 grid operates at just 53 percent of its total capacity. That is right: Most of it sits idle much of the
114 year or in large part. It is like building a highway for every car and truck that exists in America, but
115 not every car and truck is on the road at the same time, right?

116 Recent studies have analyzed the problem and suggest that, if we increase grid utilization,
117 existing ratepayers could save more than \$100 billion over the next decade. This is a win-win-win.
118 Families, small businesses owners can save money while we provide abundant energy and most
119 efficiently use the grid that we have already paid for. And the good news is that we have quick,
120 ready-to-deploy solutions like batteries, grid-enhancing technologies and distributed systems. But
121 the challenge is that there are barriers to deployment and savings. There are misaligned incentives
122 that reward utilities for selling as much power as possible and making large capital investments
123 rather efficiently using the right power in the right place at the right time.

124 We also should be rapidly scaling virtual power plants using the batteries, the smart
125 thermostats, electric vehicles distributed in communities across the country to provide grid reliability
126 faster and at a lower cost.

127 These are big opportunities. The Department of Energy estimated that scaling VPPs could
128 serve 10 to 20 percent of peak load and save about \$10 billion in annual grid costs. And, after living
129 through a terrible hurricane season, I see a future of great resilience for communities across the
130 country if we can deploy these batteries and distributed systems at a time when the grid suffers from
131 a natural disaster.

132 Large load customers like data centers should be part of this solution. And, in some places,
133 they already are. And we should be able to agree that data centers must foot the bill for their grid
134 upgrades rather than offload that cost on families, the families we represent. I think together we
135 can find ways to require these data centers to be good citizens of the grid rather than impose their
136 costs on others and help us solve real problems, like the interconnection queues, the financing, the

137 supply chains, and permitting. Some of the bills we are discussing today move us in the right
138 direction, but they don't really meet the moment. We need real reforms to Federal transmission
139 planning, permitting and a major focus on utilizing the grid that we have now. So I hope today's
140 hearing is a start.

141 I yield back my time. Thanks.

142 [The prepared statement of Ms. Castor follows:]

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146 Mr. Latta. Thank you very much. The gentlelady yields back.

147 The chair now recognizes the gentleman from Kentucky, the chairman of full committee for

148 5 minutes for an opening statement.

149 The Chair. Thank you. Thank you, Chairman Latta, for holding this hearing, and I thank my

150 good friend from Florida, the ranking member, for those words. I think there is some common

151 ground that we need to find. And we need to get this process moving forward, and we have bills

152 before us today, but we are all open to sit and to talk. I appreciate actually the highway analogy:

153 Not every car is on the road at the same time. I know you went to college in Atlanta. My son did.

154 And, if you timed yourself right, you could get through Atlanta to go pick him up from downtown, but

155 there were peak times. I know it is not always daily peak in the electric grid. And so you need to

156 make it more efficient, but you also at times just need new highways and generations. So I think

157 being more efficient is absolutely something we have to work on together. But I also think there is

158 going to be the need for more generation as well as we have seen. So thank you for that, and we

159 will figure out a way to find common ground on these. I make that commitment, if we can do that.

160 Throughout Congress, we spend a lot of time talking about U.S. leadership in artificial

161 intelligence. We evaluated the benefits of AI across every sector in the economy. The national

162 security issues with AI and adversarial nations like China and having whose values control AI is vitally

163 important. We looked at ways that AI data growth and how it interacts with our electric system.

164 The world is at a precipice of great change, and we must get this right. It is no secret that

165 energy demands coming from data centers are raising concerns about affordability in our

166 communities. But we are charting a path to ensure, as the ranking member said, we can find

167 common ground on data center growth that works for all Americans and not just big tech companies.

168 When done right, research and evidence continue to show that low growth coming from data centers

169 actually lowers costs for communities, because new data centers bring needed investment into the

170 grid, modernization while connecting base load energy that keeps the lights on for everybody for
171 365 days a year. Even more, these investments raise significant tax revenue. We are looking at
172 one in my district. This can raise significant tax revenue. They can use that to pay for local
173 communities and schools and pay for benefits of local communities like schools and public safety and
174 recreational parks. It should generate a nice source of revenue. If you are going to locate in the
175 community. You should generate revenue in that community. And that is why legislation before
176 today focuses on ways to methodically plan, build, and pay for a grid that works for all of the
177 American households. These bills enhance the State support role in planning a more affordable,
178 reliable grid.

179 We are also ensuring that data centers are paying their fair share. Data centers should pay
180 for the load that comes into the data center. So, while we may not agree with every provision in
181 the bill, these proposals will foster a discussion of how to implement a vision of our electric system
182 that keeps costs low for households and ensures U.S. leadership in the next generation economy.
183 So I look forward to today's discussion, and I absolutely do look forward to continued discussions
184 amongst this committee, all members of the committee to see that we beat China in the race to AI.

185 I thank you and I yield back.

186 [The prepared statement of The Chair follows:]

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188 ***** COMMITTEE INSERT *****

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190 Mr. Latta. Well, thank you very much. The gentleman yields back the balance of his time.

191 The chair now recognizes the gentleman from New Jersey, the ranking member of the full
192 committee for 5 minutes for an opening statement.

193 Mr. Pallone. Thank you, Mr. Chairman.

194 It's been 15 months since Republicans took control of all leverage of power here in
195 Washington, and it is a nightmare for the American people.

196 Electricity prices have increased as much as 13 percent and the same goes for natural gas
197 prices. American families are now paying well over \$4 for gas at the pump and all indications are
198 that things will continue getting worse. Prices will continue to sour as a result of Trump's reckless
199 war in Iran and Republicans' relentless attack against cleaner and cheaper energy. And these
200 actions are resulting in our Nation becoming less energy secure.

201 Making matters worse, data centers fueling artificial intelligence technology are throwing the
202 grid into a generation crisis. At a time we need almost all the energy we can get, Republicans have
203 proceeded with their illogical war on clean energy, dedicated themselves to taking vital sources of
204 power off the grid, and American families are paying the price.

205 Last year, Republicans used reconciliation to wreck our power grid and repeal billions in tax
206 incentives and programs that would have financed hundreds of gigawatts of clean, reliable power.
207 The problem is that I fundamentally find it difficult to trust proposals to fix our problems from the
208 same people who caused those problems in the first place. President Trump promised that he
209 would cut energy bills in half his first year back in office. Instead, they are higher than ever. His
210 so-called ratepayer protection pledge isn't with the paper it is written on because it doesn't have any
211 mechanisms to hold big tech companies accountable for their promises. And, given this track
212 record, we should all be suspicious if any Republican promises that they can actually prevent
213 America's bills from up. I don't believe it. And this is the backdrop to today's legislative hearing.

214 Our Nation's grid is facing enormous challenges, and those challenges call for big solutions.

215 Unfortunately, I don't think the bills we will review at today's hearings meet the moment.

216 Some of the bills before us today include good ideas, improving the accuracy of electricity demand,
217 maybe critical to ensuring that we are not making families pay for data-center-related grid
218 infrastructure that is never needed. Using advanced transmission technologies and more efficient
219 conductors to get out of the existing grid is a promising idea to keep costs down. And, given the
220 difficulties that AI technology is creating for the grid, the least we can do is try to ensure the grid is
221 getting something positive out of these technologies too.

222 I am also pleased we are considering H.R. 6529 from Representative Landsman, which would
223 require FERC to convene Federal expert State regulators, tech companies, and utilities to find
224 pathways to protect American families from rising electricity costs. Ensuring that data centers pay
225 their fair share will take cooperation across all these groups, and we need to ensure that they are
226 engaging with each other and are working together to reduce costs for rate payers. And, while I
227 think some of these bills need tweaks or technical alterations, they are largely small steps in the right
228 direction. But we don't need small steps; we need big steps because we have big problems.

229 And I also want to mention that there is one bill that would be a major step in the wrong
230 direction, and that is H.R. 6336, the so-called FAIR Act. It is anything but fair. It is a purely
231 partisan attack that would make it harder for us to build out the regional interregional grid
232 infrastructure that all of us know we need to build faster. The FAIR Act would give red States a free
233 ride, say they don't pay for the economic and reliability benefits they receive from a buildout of the
234 power grid.

235 The bill is a destruction from the work we should be focused on. So this committee should
236 be holding a committee on proposals that could help fix the long-term drivers of the current grid
237 reliability crisis and make it easier to plan, permit, and pay for the expansion of the power grid.

238 Unfortunately, committee Republicans turned down an opportunity to include Representative

239 Peters' SPEED and Reliability Act, a bill that would do just that. Mr. Chairman, I think that is a real
240 missed opportunity, and I am disappointed that it was not included.

241 With that, though, I thank you, and I yield back the balance of my time, Mr. Chairman.

242 [The prepared statement of Mr. Pallone follows:]

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246 Mr. Latta. Well, thank you very much.

247 The gentleman yields back the balance of his time, and this concludes member opening

248 statements. The chair reminds members that, pursuant to committee rules, all member opening

249 statements will be made part of the record.

250 Just to let everyone know that votes have been called. And, as we do take our recess to go

251 vote, what we will do is, at the conclusion of the last vote, at the start of it, 10 minutes later, we will

252 resume back here in committee.

253 So we want to thank our witnesses for appearing today and taking time to testify before the

254 subcommittee. Each witness will have the opportunity to give an opening statement, followed by a

255 round of questions from our members.

256 Our witnesses today are Mr. Nick Myers, the chairman of the Arizona Corporation

257 Commission; Mr. Tom Falcone, the president of the Large Public Power Consult; Ms. Whitney Muse,

258 the president of Muse Energy; and Mr. Nelson Peeler, the senior vice president of Grid Strategy,

259 Planning and Integration of Duke Energy.

260 Thank you very much to our witnesses for appearing today. Just real briefly, we want to pull

261 that mike up close when you speak. And also you will notice the lights: When it goes yellow, you

262 have 1 minute left. When it goes red, finish your statement.

263 Again, we appreciate you being here. And, Mr. Myers, you are recognized for 5 minutes for

264 your opening statement.

265
266 **STATEMENTS OF NICK MYERS, CHAIRMAN, ARIZONA CORPORATION COMMISSION; TOM FALCONE,**
267 **PRESIDENT, LARGE PUBLIC POWER COUNCIL; WHITNEY MUSE, MUSE ENERGY; AND NELSON**
268 **PEELER, SENIOR VP OF GRID STRATEGY, PLANNING AND INTEGRATION, DUKE ENERGY.**

269
270 **STATEMENT OF NICK MYERS**

271
272 Mr. Myers. Thank you. And good morning, Chairman Latta, and Ranking Member Castor,
273 and members of the Energy Subcommittee.

274 My name is Nick Myers. I serve as the chairman of the Arizona Corporation Commission,
275 and the views that I am sharing this morning are my own. As you are fully aware, our Nation is
276 experiencing an unprecedented growth in demand for electricity. A significant part of that growth
277 is driven by artificial intelligence, data centers, and advanced manufacturing.

278 These are positive developments. They represent investment, innovation, economic
279 growth, and perhaps, most importantly, a strengthening of our national security. We are facing a
280 pivotal moment in history, a digital revolution. How we structure that growth so that it remains
281 sustainable and fair for all customers while also putting downward pressure on residential rates
282 wherever possible is critical.

283 The principle we in Arizona have relied on to handle large load customers is straightforward:
284 Growth needs to pay for itself. This approach to handling large load responsibly appears to be
285 gaining national consensus. That means, when large new loads come under the system, the
286 infrastructure required to serve them needs to be funded by those loads, not partially, not over time
287 in a way that shifts risk to other ratepayers, but fully with real financial commitments backed by
288 financial security instruments, such as letters of credit.

289 The Arizona commission recently hosted a large load workshop where we heard from our

290 electric utilities, consumer advocates, data centers, and other stakeholders. One thing became very
291 clear, our utilities can serve this demand, but only if the financial structure is disciplined. Generally,
292 most agreed that a strong tariff design provided stability, transparency and consistency in
293 combination with the use of an energy service agreement as a layer on top to provide flexibility for
294 unique characteristics of any given large load. That allows for growth and protects customers from
295 cost shifts. The proposed Ratepayer Protection Act, which ensures that large load customers are
296 responsible for the full incremental costs of the systems required to serve them, aligns with what we
297 are doing in Arizona and what I am seeing across the country. The bill defines a large load customer
298 as 100 megawatts, which raises an issue we are dealing with in Arizona: How should we define
299 large load customers?

300 At our recent workshop, there was an agreement that 50 megawatts would be a large load,
301 but what about the 20 megawatt customer that is the proverbial straw that broke the camel's back
302 and requires substation upgrades, potential reconductoring, and new transformers? We are finding
303 that whether a customer is considered a large load or not may often be context specific.

304 The Protecting Families from AI Data Center Energy Costs Act likewise highlights the
305 importance of protecting residential and small commercial customers from increased cost associated
306 with large loads. By requiring a FERC technical conference, it could help raise the national attention
307 on this critical issue, but at the same time various strategies and rate structures to protect ratepayers
308 are already being implemented through State level tariff design and regulatory oversight. Federal
309 efforts in this area are most effective when they complement those structures rather than
310 attempting to replace them.

311 On the transmission side, there is an understandable push to expand capacity. The
312 High-Capacity Grid Act focuses on improving efficiency with advanced conductors. Those are useful
313 tools but perhaps not a universal solution. While advanced conductors increase line ratings, they
314 may not necessarily improve system reliability and can simply shift the bottlenecks; in many cases

315 substations, transformers and interconnection facilities are the actual limiting constraints. A
316 flexible approach can help ensure the investments deliver the intended benefits without unintended
317 consequences.

318 The Fair Allocation of Interstate Rates Act reinforces the principle that costs should follow the
319 entities that cause them and that States should not be required to absorb costs tied to policies they
320 did not adopt. I was very involved in the Markets+ Greenhouse Gas Task Force that developed the
321 GHG tariffs. The most important principle unifying the States involved was that ratepayers should
322 not have to pay for energy policies adopted in other States.

323 In the West, the grid is heavily intertwined with nonjurisdictional entities, such as BPA, SRP,
324 and WAPA. In Phoenix alone, SRP and APS are tightly intertwined, and fully separating cost is
325 unrealistic. This reality creates a level of complexity that broad, uniform Federal approaches do not
326 always account for.

327 States must retain their authority to ensure that the system operates properly and costs are
328 allocated fairly.

329 Thank you, and I look forward to your questions.

330 [The prepared statement of Mr. Myers follows:]

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332 ***** COMMITTEE INSERT *****

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334 Mr. Latta. Well, thank you very much.

335 And, Mr. Falcone, you are recognized for 5 minutes for your opening statement.

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337 **STATEMENT OF TOM FALCONE**

338

339 Mr. Falcone. Thank you. Chairman Latta, Ranking Member Castor, Chairman Guthrie, and
340 Ranking Member Pallone, members of the subcommittee, thank you for inviting me. I don't have as
341 many jokes in my testimony as King Charles. Who knew he would be such a hard act to follow?

342 My name is Tom Falcone. I am president of the Large Public Power Council. I previously
343 spent a decade as the CEO and CFO of the Long Island Power Authority, serving 1.2 million customers
344 outside of New York, and part of that worked as investment banker to the utility industry.

345 LPPC represents 29 of the largest State and locally owned, not-for-profit public power
346 systems. I emphasize that not-for-profit, we are in the business of serving our customers and
347 communities. And we have no financial incentives other than the right thing for our customers and
348 communities.

349 Our members provide reliable, affordable electricity to more than 30 million Americans across
350 the country, including many districts represented by members of the committee. And our members
351 own approximately 80 gigawatts of generation and operate more than 50,000 circuit miles of high
352 voltage transmission. The issues before the subcommittee are not theoretical for us. LPPC
353 members currently power approximately 18 percent of the Nation's AI and data center load. And,
354 looking at various forecasts, we anticipate approximately serving 36 percent of the interconnections
355 over the next 5 years.

356 Over the next decade, we will invest more than \$167 billion in infrastructure and build
357 approximately 60 gigawatts of new generation.

358 The policy challenge is straightforward: The United States should build the infrastructure
359 needed to support AI leadership in economic growth while ensuring existing customers do not
360 subsidize large or speculative loads. I agree with my fellow panelist from Arizona that growth has
361 to pay for growth. That requires three practical considerations. First, load forecasts must be
362 credible, and load forecasting is the beginning of the planning process that affects generation
363 planning, transmission, resource adequacy, market signals, customer rates, and reliability. But
364 those forecasts are inherently uncertain when a very few large customers drive the projected
365 growth. Utilities and regulators need to distinguish between committed load from probable or
366 speculative load.

367 Second, rates and contracts must follow cross causation. Existing customers should not
368 provide a free option to large customers that request service, cause utilities to build infrastructure,
369 and then do not use the capacity that they request. No developer would build a large skyscraper
370 without an anchor tenant financially committed to use the space, and the same principle applies to
371 the electric industry, especially when those grid investments may last 60 to 100 years, while the
372 technology cycle for those customers is closer to 10 years.

373 Large load tariffs and contracts can protect existing customers through a minimum demand
374 obligations, deposits, collateral fee, and other tools. Those tools are not a barrier to growth; they
375 are a safeguard that allows growth to proceed without shifting costs to families, small business, and
376 other customers.

377 Third, Federal policy should support best practices while preserving State and local discretion.
378 PURPA has historically been used to require State commissions and utilities to consider Federal
379 standards without requiring adoption. If Congress uses that framework here, it should maintain the
380 ability of State commissions and public power governing boards to apply appropriate forecasting and
381 ratepayer protection practices through existing public processes without creating duplicative
382 proceedings or conflicting standards as the current bill does.

383 There is also a related public power specific Federal regulatory issue that deserves your
384 attention. Treasury's private business use rules for tax-exempt bonds, which are issued by our
385 members. Those public power utilities need long-term commitments from large retail customers to
386 protect existing customers and finance infrastructure. The current tax regulatory rules can make
387 those prudent commitments difficult when tax-exempt bond facilities are involved. LPPC is working
388 with Treasury on a narrow regulatory solution.

389 Finally, transmission policies should be disciplined. Planning should begin with an accurate
390 load forecast, evaluate available resources, and then compare the best ways to meet deficiency,
391 whether through generation, transmission, storage, demand response, reconductoring,
392 grid-enhancing technologies, or other tools. Transmission projects should deliver tangible net
393 benefits to the customers who fund them. Costs should follow benefits and cost causation.
394 Affected States and communities should have meaningful input, and the Federal Power Act's
395 protections for public power should be preserved.

396 For interregional projects, we agreed that affected regions should consent before customers
397 are assigned costs. That is simple customer protection. And advanced technology should be
398 encouraged where useful but not mandated without project-specific review.

399 LPPC's message is practical. We serve new loads and build the infrastructure the country
400 needs, but we should do it in a way that protects existing customers, respects State and local
401 authority over retail rates, and gives utilities the tools to distinguish real demand from speculative
402 requests.

403 Thank you, and I look forward to your questions.

404 [The prepared statement of Mr. Falcone follows:]

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406 ***** COMMITTEE INSERT *****

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408 Mr. Latta. Thank you very much.

409 Ms. Muse, you are recognized for 5 minutes your opening statement,

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411 **STATEMENT OF WHITNEY MUSE**

412

413 Ms. Muse. Thank you. Good morning, Chairman Latta, Ranking Member Castor, Chairman
414 Guthrie, and Ranking Member Pallone, as well as members of the subcommittee. Thank you for the
415 opportunity to testify this morning.

416 My name is Whitney Muse, and I am president of Muse Energy, an energy consulting firm.

417 And I am here in my personal capacity and not on behalf of my firm.

418 Prior to founding Muse Energy, I served as senior policy adviser in the Office of Clean Energy
419 Innovation and Implementation at the White House and also served at the U.S. Department of
420 Energy, first as chief the staff in the Office of Electricity and subsequently worked to establish the
421 Grid Deployment Office, serving as chief of staff and senior adviser.

422 Across these roles, I had the privilege of working on implementation of many of the policies
423 and programs, from the Energy Act of 2020, the Infrastructure Investment and Jobs Act, and the
424 Inflation Reduction Act.

425 This Energy Subcommittee hearing is a timely moment to discuss opportunities and
426 challenges of load growth that we are seeing in the power sector after two decades of flat growth.
427 The U.S. is now in an era of load growth driven by multiple sources: data centers and AI usage
428 increased, manufacturing, and electrification of transportation, heating, and more.

429 This load growth is happening as we are seeing rising electricity prices and escalating
430 concerns about affordability, with a growing need to ensure the consumers and ratepayers are
431 protected.

432 The grid underpins nearly all aspects of our lives. Transmission connects generation
433 resources and loads across the system and moves power from where it is generated to locales where
434 it is consumed; while the distribution system delivers power to individual homes and businesses.

435 Transmission provides many benefits, including improved resiliency and reliability of the grid,
436 reduced congestion on the grid, and allows for faster incorporation and interconnection of new
437 generation and load. A proactively planned transmission grid that incorporates high-capacity
438 regional and interregional transmission lines to connect the lowest cost generation resources yields
439 savings for consumers relative to a more piecemeal or siloed approach.

440 During this hearing, we have the opportunity to review a number of the introduced and draft
441 bills. The Advanced Transmission Technology to Reduce Rates Act and the High-Capacity Grid Act
442 offer pathways to accelerate the deployment of various advanced transmission technologies and
443 grid-enhancement technologies to increase the capacity of the existing grid. Bills, such as the Load
444 Forecasting Enhancement Act, the Affordable Innovation for the Grid Act, the Protecting Families
445 from AI Data Center Energy Cost Act, all provide opportunities for the Department of Energy and
446 FERC to improve its load-forecasting processes and to work with stakeholders to protect families
447 from data center costs, as well to accelerate innovation on the grid.

448 The Ratepayer Protection Act brings forth many of the topics that have been in discussion
449 quite frequently around having large load customers cover all of the incremental costs of the
450 upgrades. I think there is an opportunity to further refine the definition of how a large load is
451 considered as we look at both data centers as well as large loads in the manufacturing and industrial
452 base across the country. And then there is the Fair Allocation of Interstate Rates Act, which really
453 offers pathways that would block and significantly stymie and slow the construction of much needed
454 interregional transmission across the country. I look forward to the discussion of all of these bills
455 during this hearing.

456 In this time of load growth, bill pressures, and more, we need action to maximize the existing

457 grid and expand transmission capacity. DOE, the National Labs, and many other entities have
458 produced many studies that point to the value of transmission and of the grid and, more recently,
459 provide numerous estimates of the coming load growth. What we need now is investment,
460 technology deployment, and steel in the ground to meet the demands of the moment. Thank you.

461 [The prepared statement of Ms. Muse follows:]

462

463 ***** COMMITTEE INSERT *****

464

465 Mr. Latta. Thank you very much.

466 Mr. Peeler, you are recognized for 5 minutes for an opening statement.

467

468 **STATEMENT OF NELSON PEELER**

469

470 Mr. Peeler. Chairman Latta, Ranking Member Castor, Chairman Guthrie, members of the
471 subcommittee, I thank you for the opportunity to be here today to testify.

472 I serve as senior vice president of grid strategy, planning, and integration at Duke Energy, one
473 of the largest investor-owned electric utilities in the United States, serving more than 8 million
474 electric customers across the Midwest and the Southeast. Duke Energy shares this subcommittee's
475 focus on reliable, affordable energy to support economic growth and America's leadership in AI.

476 Duke Energy serves customers under a vertically integrated utility model in all of our States,
477 except Ohio. This model allows us to plan, build and operate generation transmission and
478 distribution resources in a coordinated and accountable manner under Federal and State regulatory
479 oversight. As a result, rates in all of our vertically integrated States are below the national average.
480 Alignment of long-term resource planning with strong State oversight ensures infrastructure
481 investments are prudent and deliver measurable customer value.

482 Power demand is growing rapidly, and I appreciate the opportunity to share how we are
483 serving growth while remaining committed to delivering reliable power at the lowest possible cost.
484 Being a regulated utility carries both the privilege and responsibility to serve all customers, regardless
485 of background or circumstances, in a way that is affordable and reliable. Duke Energy has a culture
486 of continuous improvement focused on delivering value for customers. Our scale enables
487 cost-effective operations through strong cost controls and operational discipline. Maintaining a
488 strong balance sheet, leveraging tax incentives, financing cost recovery during construction,

489 scrutinizing storm recovery expenditures, and operating within constructive, stable regulatory
490 environments all help to lower costs to customers. We are also leading with customer protections
491 as large loads come online.

492 Under the oversight of our regulator commissions, we are implementing well-designed
493 arrangements to ensure that new large load customers pay the full cost of serving them in our
494 long-term service agreements that reduce risk of stranded assets and provide financial security
495 measures that protect existing customers. When integrated responsibly, large customers can
496 support economic development and help limit rate growth by spreading fixed grid costs across a
497 broader customer base.

498 To meet growing demand, we are investing more than \$100 billion over the next 5 years to
499 add 14 gigawatts of new capacity in associated network transmission. This includes new generation
500 resources, including natural gas, solar, and storage, with nearly 5 gigawatts already under
501 construction.

502 Efficiency improvements yield an additional 100,000 megawatts from existing nuclear natural
503 gas and hydro assets and grid-enhancing technologies to improve efficiency performance and
504 resilience. We are also expanding and modernizing our transmission system through a combination
505 of new lines, targeted upgrades, and grid-enhancing technologies, such as advanced conductors.
506 We coordinate closely with regional grid operators and State regulators to ensure projects are
507 properly scoped, cost-effective, and aligned with system needs. To be clear, transmission does not
508 exist to meet abstract policy goals. It exists to transfer scale and distribute generation to serve all
509 customers reliably and affordably.

510 In regulatory proceedings before State commissions, including North Carolina, I have
511 consistently testified that integrated planning produces lower long-term system costs and produces
512 stronger reliability outcomes than fragmented or siloed approaches. Federal policy should
513 therefore avoid substituting national prescriptions for regional judgment. Even with strong

514 planning and customer protections in place, infrastructure cannot move forward efficiently if
515 national environmental permitting processes are unpredictable or protracted.

516 Duke Energy supports targeted practical reforms that improve efficiency without weakening
517 environmental protections, including clear timelines and efficient judicial review under NEPA, the
518 Clean Water Act, and the Endangered Species Act.

519 Duke Energy is delivering the outcomes this subcommittee is focused on: disciplined
520 investment, prudent planning, and reliable operations to achieve speed to power while protecting
521 customers. We look forward to continue to work with Congress to advance policies that reinforce
522 reliability, affordability, State-led solutions, and lower customer costs, thank you.

523 [The prepared statement of Mr. Peeler follows:]

524

525 ***** COMMITTEE INSERT *****

526

527 Mr. Latta. Well, thank you very much.

528 And that will conclude our witnesses' opening statements.

529 And we have 206 Members to go to vote. So we are going to recess right now, and we will

530 resume 10 minutes after the last vote starts. Thank you.

531 [Recess.]

532

533 Mr. Latta. Well, thank you very much. The subcommittee will reconvene. And, again, I
534 thank the witnesses for the short time that we had for that series of votes. And the chair
535 recognizes himself for 5 minutes for questions.

536 Meeting growing electricity demand for data centers will require significant capital
537 expenditures for more generation and transmission infrastructure buildout. Chairman Myers,
538 Mr. Peeler and Mr. Falcone, how can you insulate residential ratepayers from cost caused by the
539 large data centers? Mr. Myers, if you like to start.

540 Mr. Myers. Yes, thank you. The biggest way we are isolating those costs currently is by
541 using specialized tariffs with the energy services agreements on top of it and requiring that all costs
542 be paid by that -- within the confines of that agreement by the person that needs the energy.

543 There are various ways we are doing that. One of our utilities is using a subscription model.
544 Another one is requiring that -- and depending on the situation, it's all very situational, but some of
545 them just flat out are asking them or are providing their own generation, and then, at some point,
546 they may turn that over to the utility. But fundamentally we are -- the big thing we struggle with is
547 the transmission portion of it, because all of that transmission buildout tends to be regulated by
548 FERC, and then that comes down to a single number to the State to be dispersed appropriately. But
549 we had no insight into who caused that particular portion of the cost. So what we are doing is, in
550 the energy services agreement, having them pay for the estimated cost and generally a little bit
551 more. So, if it is \$20 million of infrastructure costs, they are agreeing to pay \$40 million to cover
552 the costs and a little bit more, which puts downward pressure on rates. So that is kind of how we
553 are dealing with that.

554 Mr. Latta. Thank you. Mr. Falcone.

555 Mr. Falcone. Yes, the same. I think it is important to recognize, Chair Latta, that the way
556 that utilities have operated for 120 years is to divide customers into rate classes and to charge those

557 customers based on the characteristics of their load.

558 What is new here is not that this is a new concept, but that data centers as a rate class, prior
559 to ChatGPT in 2023, we really didn't see that much load growth. And we weren't building
560 infrastructure just for a data center. Now that that has happened, you've seen a tremendous
561 number of States, including Arizona, start breaking customers into rate classes and charging them the
562 appropriate rate. And that rate is going to higher, because if you are building infrastructure for a
563 new customer, new stuff costs a lot more than the old stuff. And so you want to charge them the
564 marginal rate of the new stuff so that you don't have to raise rates on the old customer. That is
565 generally the philosophy. There is about 60 tariffs among the States and utilities that are either in
566 place or pending. And it is an old solution. What is new is that this load growth came out of
567 nowhere.

568 Mr. Latta. Thank you. Mr. Peeler.

569 Mr. Peeler. A very similar response. I will just -- specifically, we use electric service
570 agreements for large load customers that requires commitment from them upfront, both financially
571 and a commitment to their load ramps. And the intent is that they pay their share of infrastructure
572 costs upfront and that other ratepayers are not impacted. But ultimately it becomes a rate
573 structure that they pay the larger portion of the fixed cost of this system based on the needs that
574 they have. So the customers are protected by the electric service agreements, which are long-term
575 binding contracts from those requesting customers.

576 Mr. Latta. Mr. Peeler, amid this historic load growth that is outpacing infrastructure
577 development, how will utilities like Duke take advantage of cost-effective solutions, such as advanced
578 transmission technologies that they are going to get more juice out of the existing system?

579 Mr. Peeler. Certainly. So we currently consider advanced technologies like various GETs
580 technologies. More specifically, I have a lot of application of advanced conductors. We are able
581 to apply those typically in a reconductoring environment that allows us to use existing rights-of-way

582 that lowers cost for those upgrades; in many cases, speeds the service to those upgrades. So we
583 evaluate them on a case-by-case basis. It is not always the best solution, but in many cases, those
584 advanced conductors are a very viable solution for both economics and speed for new loads.

585 Mr. Latta. In my last 26 seconds, you know, when we are talking about these issues, what
586 about supply chain? Do you have supply chain issues? And I have about 20 second left.

587 Mr. Peeler. Yes. So advanced conductors are a new -- new technology. There are a lot of
588 options out there. Some are tested; some are not. So it is a matter of selecting the right ones.
589 They have different characteristics than traditional conductors. They can be more brittle. They
590 can be less resilient to damage from the elements, for example. So it is very important to select the
591 right things. But supply chain is an ongoing challenge, with the demands that we are seeing for new
592 loads. All types of electrical equipment, not just conductors but electrical breakers, transformers,
593 the lead times for those have increased over the past few years.

594 Mr. Latta. I am sorry. I am going to have to cut myself off there. My time has expired,
595 but I would like to get some more information on that.

596 I yield back and recognize the gentlelady from Florida, the ranking member of the
597 subcommittee, for 5 minutes for questions.

598 Ms. Castor. Thank you, Mr. Chairman.

599 Thanks again to the witnesses.

600 We really need your help because we want to provide a lot of relief for our neighbors back
601 home. We are just being crushed by higher electric bills right now. And it seems that one of the
602 answers -- of course we are going to talk about transmission, but in distribution and really squeezing
603 greater efficiency out of the grid that we have right now. I know that the efficiency number across
604 the country was about 70 percent. We were getting 70. And now it's down 53 percent of
605 the -- that means there is a whole lot of time when we have a lot of the grid that is not operating.
606 So how do we build the foundation from this -- from the Federal level, what can we do since utilities

607 are regulated at the State level? What is in the power of the Congress to make sure our existing
608 infrastructure is more efficient, getting the GETs, getting utilities to actually uptake their
609 reconductoring?

610 Ms. Muse, maybe have you some ideas on how we get those cost-saving technologies on to
611 the grid. And think of it as a Member of Congress. Yes, we can direct FERC. We can make some
612 changes to PURPA, maybe set different incentives. What do you recommend?

613 Ms. Muse. Thank you, Congresswoman. I think all of the above would be helpful. I think
614 we saw even in the last administration that there was an uptick in deployment of grid-enhancing
615 technologies with support of some of the financial incentives that came out of the Congress,
616 including funding for the Grid Resilience and Innovation Partnership Program that DOE ran, as well as
617 work at the loan programs office, where utilities came in for lower cost debt and used that in part to
618 upgrade their transmission systems. And so there is financial incentives that have been helpful. I
619 think the other options that you mentioned in terms of working with FERC, as well as the PURPA
620 111(d) standards, are also options to pursue. I think we really want to get to a point where we are
621 really accelerating deployment, right? We have examples of pilot programs across the country, the
622 National Labs, including Idaho National Lab has done great work on, you know, different types
623 conductor, advanced conductor technologies and sharing best practices and partnering with EPRI and
624 utilities and others so that we are starting to get beyond pilot projects and to get to see more
625 widespread deployment of those technologies.

626 Ms. Castor. So, in my opening statement, I mentioned some of the barriers, and that is the
627 way that we scale a lot of investor -- and utilities are set up. And, Mr. Falcone, maybe have you
628 some advice for us on this. Because it seems like utilities are -- unless you are in the public sphere,
629 you are incentivized to serve shareholders and sell as much power as possible. So that is one
630 misaligned incentive. And there just -- there are also incentives for major capital investments
631 rather than squeezing out the efficiencies from the existing infrastructure. So how do we change

632 the incentives here at the Federal level to save people money and address the load growth that we
633 are facing now?

634 Mr. Falcone. Well, thank you for the question. I will take a couple of things just to go
635 through your question. There is the issue of urgency, and, to the extent that you can get load
636 utilization up, that would save a lot of money. There are challenges to doing so. And the biggest
637 challenge is that, while many, including in FERC-regulated markets, we offer incentives basically for
638 interruptibility. We say to the customer, "We will give you a price break if it is interruptible." The
639 desire of that customer to take that depends on the economics of their own business. And so one
640 of the challenges we have right now with rapid load growth from large load and data centers is that
641 economics to do business are such that they really don't want to be interruptible, that the price that
642 we could offer them that makes sense for the utility is they would prefer solid service. We have
643 heard that from multiple sources. It is a challenge.

644 Ms. Castor. They don't want to be, but they can -- we can achieve some savings through
645 flexibility if they will agree to turn off some of the power or shift it -- times a day.

646 Mr. Falcone. From our conversations them, they are more interested if they can get
647 connected faster. And so the economics they -- if we can offer them a price break, the price breaks
648 with this, but their cost of shutting off is up here, and so it makes them less willing to be
649 interruptible. But, if you can connect them faster, they are willing to be interrupted. And so there
650 are ways to do it, and I think that there are -- we are pursuing that in multiple avenues. There are
651 other things that can happen, but there is no substitute for good regulation at the State level to make
652 sure the incentives are in line and they are building the right things, and some of the things we are
653 talking about here: have the load forecast right, have the customers well-defined, charge the right
654 customers.

655 Ms. Castor. I am out of time, but I am going to ask each of you to submit some answers for
656 the record to help the committee -- help us with that -- these solutions and making sure we are lining

657 the building blocks for affordability and reliability and using the modern new tools to squeeze more
658 efficiency out of the existing grid. Thank you.

659 Mr. Latta. Thank you very much.

660 The gentlelady yields back.

661 And the chair now recognizes the gentleman from Georgia's 12th District for 5 minutes for
662 questions.

663 Mr. Allen. Thank you, Chair Latta, for holding this very important hearing today. I want to
664 thank the witnesses for being here to testify. The rapid growth of artificial intelligence is
665 contributing to increased electricity demand, raising important questions about the capacity and
666 resilience of our Nation's power grid, in addition to the fact that costs are increasing for electricity.

667 I am glad we are holding this hearing to better understand how we can meet growing power
668 demand while maintaining reliability, affordability, and the appropriate protection for our
669 ratepayers.

670 Chairman Myers and Mr. Falcone, electric markets around the country vary widely, as do the
671 transmission and generation planning and development practices. A one-size-fits-all approach to
672 Federal planning requirements on the power sector disregards those differences and could create
673 real challenges to the reliable delivery of affordable power. How should policymakers strike the
674 right balance between consistent energy policy and the reality that regions are structured very
675 differently?

676 Mr. Myers. You hit the nail on the head. There is definitely different approaches. For
677 example. The West is way different than the East, just because of the geographical layout, the fact
678 that there are a lot of additional Federal lands. The best way that that Congress can help is not to
679 trample on the authorities of the States, but maybe help standardize those authorities. We have a
680 couple of bills that we are talking about here that are doing studies. Those kinds of guidances are
681 great, but we need the flexibility to deviate from that that is based on the application. So I would

682 say that is one of the best ways we can do to help contain our own standardized.

683 Mr. Allen. Mr. Falcone.

684 Mr. Falcone. Yes, I would agree. I think the bills here have struck the right balance in using
685 PURPA in that it requires State commissions and utilities to consider things, like best practices in load
686 forecasting, best practices in rates. There is another bill that encourages FERC to call together
687 individuals to design best practices incentives. But, in the end, there is a lot of local distinction, and
688 what is best for Georgia is not going to be the same as what is best for Arizona, and we should
689 respect those local differences. I think that strikes the right balance: Make everyone look at it,
690 put out best practices, and then let people customize for what they are facing in their own area.

691 Mr. Allen. Good, thank you.

692 Mr. Peeler, Duke Energy's vertically integrated service territory in the south is very similar to
693 the structure of utilities in my home State of Georgia. Here utilities are able to methodically plan
694 and design an entire system to meet peak demand at the least cost. In fact, we have the lowest
695 rates, some of the lowest rates in the country. Whether it is building big lines to get access to
696 faraway renewables or building generation closer to load, utilities like Duke consider and compare all
697 the alternatives to get outcomes that best meet the needs for your ratepayers. Can you walk us
698 through that planning process and how Duke takes cost and reliability into account when deciding
699 transmission and generation investments?

700 Mr. Peeler. Yes, thank you for the question. So it is very important to have all aspects of
701 the -- understanding the need so the load forecast and understanding how to use all the potential
702 solutions, such as generation, transmission, and distribution. And a vertically integrated utility
703 under State oversight has the ability to be close to the customers, actually execute the contracts with
704 the customers for large loads, for example, forecast that load effectively with binding contracts and
705 then evaluate which solutions are most economic, be that a transmission line, a generating resource,
706 a storage resource, the use of demand-side of management, or, in reality, the right combination of all

707 of those.

708 Mr. Allen. Okay.

709 Mr. Peeler. And that provides the most cost-effective solution for customers.

710 Mr. Allen. Thank you. And I am just about out of time, but, Mr. Falcone and Mr. Peeler, as
711 part of transmission planning process, you have to consider cost and benefits of using innovative
712 technologies, such as advanced conductors and grid-enhancing technologies that can meet a variety
713 of different transmission needs. How do you consider the opportunity of tradeoffs of using these
714 types of technologies, and what role should Congress play to encourage their use? And we are
715 about out of time. So, if you could get back with me on that and answer that question for me so we
716 can make it a part of the record, I would appreciate it.

717 And, with that, Mr. Chairman, I yield back.

718 Mr. Latta. Thank you very much. The gentleman yields back.

719 The chair now recognizes the gentleman from California's 50th District for 5 minutes for
720 questions.

721 Mr. Peters. Thank you, Mr. Chairman.

722 I think, for this hearing, I think a lot of these bills are fine. I don't think we are getting to
723 really the hard questions yet. I hope we will. On load forecasting, Mr. Balderson's bill is fine. I
724 think the Harshbarger bill on innovation for the grid is great. I think advanced transmission
725 technology, no NEPA for grid enhancements on existing facilities is fine. Ratepayer Protection Act,
726 that makes a lot of sense. The State exemptions are so broad that they basically wipe out any
727 requirement that State PUCs would do anything.

728 I do think that the principle that data centers should pay is widely agreed upon and that they
729 should bear the costs and also the risks. And so I think you have all testified to that. And I think
730 we should figure out a way to do that together.

731 The bugaboo continues to be cost allocation. And I am told that that is the difficult thing. I

732 think the problem with the Fair Allocation of Interstate Rates Act from Ms. Fedorchak, who has a lot
733 of experience in this, is this concept of State policy, not bearing the cost of State policy. That is so
734 undefined; it could mean anything. In my conversations with Ms. Fedorchak and her comments
735 here, she is concerned about kind of Green New Deal style energy costs being hoisted on other
736 States, but State policy is sort of a wider thing than that. It could include requiring a coal plant to
737 stay open in Michigan which is reportedly costing \$100 million a quarter rather than being replaced.
738 It could be requiring coal plants to be built, which is something maybe Kentucky would want. So I
739 don't think that is a good metric.

740 I do think, however, we don't have to start from scratch. And we should recognize that the
741 context though is we are not talking about regional transmission -- interregional transmission. We
742 need legislation directing FERC to act on an interregional planning rule. This is backed up by the
743 North American Reliability Corporation, NERC, the entity responsible for keeping lights on. They
744 said clearly at least 35 gigawatts of interregional transfer capability would make the grid more
745 resilient, reduce rates, and enable us to meet load growth, 35 gigawatts. I think what we built since
746 is 2014 is frankly about 4 gigawatts in the United States. We are way behind, way behind China,
747 and way behind for ourselves.

748 What I hear is that people disagree about cost allocation, and I think, to support Ms.
749 Fedorchak, you shouldn't pay for benefits you don't get. But you should pay for benefits you get.
750 People who benefit should pay.

751 In the Energy Permitting Reform Act, or the Manchin-Barrasso bill, from last term, they listed
752 out these criteria for allocating costs: A, improve the liability; B, reduce congestion; C, reduce
753 power losses; D, greater carrying capacity; E, reduced operating reserve requirements; and, F,
754 improve access to lower cost generation that achieves reduction in cost to deliver power. I suggest
755 to you that those are really good objective ways to say that people who get the benefit pay; people
756 who don't get the benefit don't. And, obviously, you would have to go through the regular process

757 to determine case by case whether those criteria were being met, but they are good objective
758 criteria and would help us meet the objective of a connected, reliable and efficient national grid and
759 secure grid.

760 It also includes a ratepayer protection provision, which is quote, "customers that receive no
761 benefit or benefits that are trivial in relation to the costs sought to be allocated from electric
762 transmission facilities constructed or modified under the section shall not be involuntarily allocated
763 any of the cost of those transmission facilities provided however that nothing in this section shall
764 prevent a transmitting facility from recovering such costs through a voluntary agreement with its
765 customers." You can make a deal if you want. That strikes me as sound policy. And the good
766 thing about it too is that it is bipartisan, and it is tested bipartisan; it passed out of committee 15:4 in
767 the Senate, and we haven't even taken it up here. So I put some of that in my SPEED and Reliability
768 Act, which Mr. Pallone referred to. I think we should have that conversation.

769 RPTR KERR

770 EDTR HOFSTAD

771 [11:45 a.m.]

772 Mr. Peters. Another option, to address Mr. Peeler's concern about uncertainty, is to do a
773 minimum transfer requirement that defines a quantity of the amount of power that would need to
774 be transferred among regions. It would give you a sense of what the goal was and could keep you
775 in the planning seat.

776 But what we can't do is let the tail wag the dog. And my sense is that the national interest in
777 a secure, efficient, reliable grid may be inconsistent with the business model of some vertically
778 integrated utilities. And we are here to work for the national interest, not for the interests of those
779 utilities or people who want benefits that they don't want to pay for.

780 So I hope, Mr. Chairman, we will get to a conversation, a real conversation, about how to do
781 inter-regional transmission. We are not there yet, a year and a half into this term, but I am ready to
782 go.

783 And I yield back.

784 Mr. Latta. Thank you.

785 The gentleman's time has expired, and he yields back.

786 The chair now recognizes the gentlelady from Iowa's First District for 5 minutes for questions.

787 Mrs. Miller-Meeks. Thank you, Chairman Latta and Ranking Member Castor, for holding this
788 legislative hearing.

789 Electricity demand is growing faster than at any point in recent memory, driven by AI,
790 advanced manufacturing, and electrification. Meeting that demand requires new generation,
791 upgraded transmission, and the regulatory frameworks to support both.

792 The bills before us today address the right set of problems -- accurate load forecasting,
793 cost-effective transmission expansion, and making sure infrastructure costs are borne by the

794 customers who cause them.

795 Mr. Peeler, in your testimony, you highlight using advanced conductors, dynamic line ratings,
796 and other grid-enhancing technologies to unlock more capacity on existing lines and as a bridge while
797 long-lead equipment is being installed.

798 You also mentioned that Duke Energy is in the middle of the largest capital build-out in your
799 company's history and how permitting reform is a critical enabler to allowing you to efficiently
800 deploy those investments.

801 What do you think about allowing re-conductoring and grid-enhancement technology
802 deployment within existing right-of-ways to be considered as a new categorical exclusion under
803 NEPA?

804 Mr. Peeler. Thank you for the question.

805 Certainly, anything that speeds the process while continuing to provide the environmental
806 protections is a great tool for us. So we would certainly support that.

807 Mrs. Miller-Meeks. Well, it strikes me as very commonsense, since you are upgrading a line
808 that already exists on land that has already been developed. The idea that you need a full
809 government review seems counterintuitive and the exact kind of friction that slows down necessary
810 grid modernization.

811 Has Duke had transmission upgrade projects delayed or derailed specifically because of NEPA
812 review requirements that applied to work within an existing right-of-way? And how much time and
813 money would a categorical exclusion like this have saved?

814 Mr. Peeler. Yeah. Again, thank you for raising this issue.

815 So many of the projects that Duke Energy undertakes are not on Federal lands, and so we
816 have limited impacts from what you are talking about. So I don't have specific examples.

817 However, I do know, this is a significant issue for our friends in the western part of the
818 country, and they may have some -- they may be able to give you some clearer, quantifiable results

819 for what you are asking for.

820 Mrs. Miller-Meeks. Thank you.

821 Mr. Myers, the U.S. and China now spend about the same amount of money per year on our
822 respective grids, but for the same investment, China is found to get 25 times as many gigawatt miles
823 of capacity built as the U.S.

824 What is contributing to this inefficiency, and how can we fix it?

825 Mr. Myers. That is a great question that I don't know that I have a direct answer to, but I do
826 know the economics between China and the U.S. are way different.

827 To go back a little bit to your question about categorical exclusions, I think that might be the
828 biggest incentive to getting conductors and whatnot through the pipeline, at least from what I can
829 tell.

830 Mrs. Miller-Meeks. Thank you.

831 And, last week, alongside Energy Secretary Wright, I had the opportunity to tour a data center
832 being developed by QTS in Cedar Rapids, Iowa. This experience highlighted the need for reliable
833 and affordable electricity to meet increasing demand by AI, but also an interesting project because
834 they recirculate the water utilization, so it uses no more water -- or, it anticipates using no more
835 water than one of our Super Walmarts within the State.

836 Key to meeting this demand is the development of more high-voltage transmission
837 infrastructure. Planning processes like the Midcontinent Independent System Operator's -- our grid
838 in Iowa, MISO -- Long-Range Transmission Planning process serve as the Nation's gold standard for
839 developing new transmission while allocating costs fairly to all those who benefit.

840 Mr. Peeler, could you please share more about the urgent need for transmission
841 infrastructure in our country and how planning processes like LRTP are the most efficient way to
842 meet this goal?

843 Mr. Peeler. Yes, certainly.

844 So we definitely need more transmission investment to meet this need. And it is not just
845 inter-regional; it really is local, regional, and inter-regional looked at collectively so that we build the
846 right transmission economically, reliably, and affordably for customers.

847 So those three processes need to be tightly linked -- local planning, regional planning, and
848 inter-regional planning -- such that we develop the right solutions and consider generation along with
849 that planning. So that provides a long-range transmission planning approach where generation is
850 considered as well.

851 So resource and transmission planning linked; local, regional, and inter-regional considered
852 together.

853 Mrs. Miller-Meeks. Thank you.

854 I have some other questions that I would like to submit for the record to have answered in
855 writing, if you will agree.

856 [The information follows:]

857

858 ***** COMMITTEE INSERT *****

859

860 Mrs. Miller-Meeks. And, with that, I yield back.

861 Mr. Latta. Thank you very much.

862 The gentlelady yields back the balance of her time.

863 The chair now recognizes the gentleman from New Jersey's Eighth District for 5 minutes for
864 questions.

865 Mr. Menendez. Thank you, Chairman.

866 For the past year and a half, House Republicans on this committee have held hearings to
867 discuss meeting our growing energy needs due to AI data centers. Despite all the conversation on
868 it, I am still not convinced that House Republicans have a real plan to meet these needs.

869 I appreciate the chairman always asking whether we need more or less energy to meet
870 increasing demand. I believe we are all on the same page there. And I believe a diverse energy
871 portfolio is important to meet those increasing energy needs.

872 So would you all agree, we need an all-of-the-above energy policy in this country? Just yes
873 or no.

874 Mr. Myers. Yes.

875 Mr. Falcone. Yes.

876 Ms. Muse. Yes.

877 Mr. Peeler. Yes.

878 Mr. Menendez. And it is interesting, because we have seen that response over and over
879 again. In fact, last year, we had Dr. Eric Schmidt come before the committee, and he made it
880 incredibly clear that renewables are essential to meeting our energy needs and for competing with
881 China.

882 In his testimony, he said, quote, "China's comprehensive approach to energy, coupled with its
883 AI ambitions, presents a direct competitive challenge. Failure to accelerate our own energy

884 transition and innovation risks ceding leadership in technologies that will define the future global
885 economy and geopolitical influence."

886 He goes on to say, "The PRC understands the foundational power of AI and energy, and they
887 are investing massively and strategically to achieve global dominance in both. They are pouring
888 resources into AI R&D while simultaneously building the world's leading renewable energy capacity
889 and modern grid infrastructure."

890 Does anyone disagree with Dr. Schmidt's analysis? Just yes or no.

891 Mr. Myers. Yes.

892 Mr. Menendez. You disagree with his analysis?

893 Mr. Myers. Yeah, to a certain degree.

894 Mr. Menendez. I actually am curious. Why?

895 Mr. Myers. I think to have renewables is an important part of the process, but I think it
896 needs to be handled on a case-by-case --

897 Mr. Menendez. Yeah, sure --

898 Mr. Myers. -- basis.

899 Mr. Menendez. -- but he is not saying -- he is not saying only renewables. He is just saying
900 what China is doing -- if we view China as our major competitor, then we should be matching their
901 intensity, in my opinion.

902 So, just yes or no, do you disagree with his analysis?

903 Mr. Falcone. I agree that China is doing everything. I mean, they a state policy that weigh
904 how much you want to subsidize that area.

905 But we are building all of the above. We are building everything.

906 Mr. Menendez. That is great.

907 Ms. Muse. I agree with China's approach to both building everything from a generation
908 perspective but also expanding their transmission grid, including the high-capacity and high-voltage

909 lines.

910 Mr. Peeler. Yes. I agree with the concept that all the resources are valuable. But they
911 need to be valued properly in the overall generation mix to provide the right diverse overall fleet.

912 Mr. Menendez. Right. And, listen, I understand we are going to have disagreements about
913 where we should focus from administration to administration, but it is these hard pivots that I think
914 are so disruptive for the energy industry.

915 Ms. Muse, when it comes to meeting our energy needs, is a complete shift in priorities
916 between administrations, such as Republicans rolling back clean-energy tax credits and terminating
917 billions of dollars in energy grants, helpful or hurtful?

918 Ms. Muse. Hurtful.

919 Mr. Menendez. Yeah, I agree.

920 So would you agree that the Trump administration and House Republicans' actions have set
921 us back on what we need to do from an energy-generation perspective?

922 Ms. Muse. It has made it more challenging. We have paused a number of projects that
923 were in development as well as rolled back financial supports for the needed generation and
924 transmission assets that we would like to bring on line as soon as we can.

925 Mr. Menendez. Right. It has this ping-ponging effect that I just don't think is productive.
926 And I understand they may have an oil and gas directive from the White House, but cutting off
927 renewable energy, including Revolution Wind off the coast of Rhode Island when it was about 87
928 percent done, is the wrong thing to do.

929 And when we look forward, we have seen the President announce a deal with major tech
930 companies that are building AI data centers across the country to require them to bring their own
931 energy to offset growing energy costs, but I have questions about it.

932 Ms. Muse, are you aware of any accountability measures that are included in this deal?

933 Ms. Muse. I am not.

934 Mr. Menendez. And are there any requirements regarding the type of energy they use?

935 Ms. Muse. The preferences would align with what we see from the administration on the
936 fossil fuel side.

937 Mr. Menendez. I think that is right.

938 So this is why I am concerned about the, quote, "deal," because tech companies are building
939 across the country, and they are doing so without being held accountable for their impacts to our
940 communities.

941 Without guardrails, a tech company building an AI data center could bring additional dirty
942 fuels and pollute communities around them. So we need them to do more. We need them to
943 bring their own energy, which is just one piece of the puzzle, but guardrails are essential.

944 That is why I introduced the PRICE Act with Congressman Casar, a bill that requires new and
945 existing AI data centers to bring their own renewable energy and fines tech companies for when they
946 fall out of compliance.

947 Because, ultimately, where I am in agreement with Dr. Schmidt is that our response must be
948 equally ambitious to China's, it must be coordinated, and it must be decisive. I don't see this
949 administration putting forth an ambitious agenda for our energy dominance. I see them siloing out
950 their preferred industry, oil and gas, and really trying to sideline renewable energy.

951 That is going to set us back in this competition with China, which the Republicans talk about,
952 but they don't actually do the work to make sure that we are competing on an equal footing.

953 And, with that, I yield back.

954 Mr. Latta. Thank you very much.

955 The gentleman's time has expired, and he yields back.

956 The chair now recognizes the gentleman from Kentucky, the chairman of the full committee,
957 for 5 minutes for questions.

958 The Chair. Thank you.

959 Mr. Falcone, you mentioned the King's humor. British humor is always around, isn't it? I
960 just want to say, it was an -- he got the irony, I think, of when he was celebrating a document that
961 says, "These colonies are absolved from all allegiance to the British crown." That is actually in the
962 Declaration of Independence. So it was an interesting day yesterday. So I appreciate that.

963 So I will get back to the subject at hand. So we all want to make sure the locals don't bear
964 the burden and pay for the energy required by data centers, as I think everybody on this committee
965 is there.

966 So, Mr. Myers, Mr. Falcone, Mr. Peeler, would you talk briefly on why it is necessary to plan
967 both generation and transmission upgrades together to design an affordable system, so you have to
968 have both?

969 Mr. Myers. Yeah, I think you do have to have both. You don't need transmission unless
970 you have the generation. So you don't get the power where it needs to go unless you have the
971 transmission.

972 So I think it is imperative that both get planned together so that the total system upgrade cost
973 can be calculated and that cost can be appropriately allocated to the customer.

974 I think that is probably -- I am going to repeat myself, so --

975 The Chair. All right. Good.

976 So, Mr. Falcone? I will get quick answers from both you and then Mr. Peeler.

977 Mr. Falcone. Chair Guthrie, agree that you start by identifying a need -- the traditional utility
978 planning process. We have a need, and then you look at all the alternatives. You look at the
979 generation alternatives; you look at the transmission alternatives. You rank them. And then you
980 compete those different alternatives against each other, and you build what is the lowest cost, taking
981 into account the full value of every resource. That is traditional utility planning.

982 The Chair. Thank you.

983 Mr. Peeler?

984 Mr. Peeler. Yeah, just to add to that that it is a system, right? There is supply; there is
985 demand; there is transport, which is your transmission. That is how it actually operates. And to
986 build the most optimal system, you need to be able to adjust each of those inputs. So you need to
987 be able to have more generation or less generation, more transmission or less. That is the most
988 optimal way to design.

989 The Chair. Okay. Thanks.

990 And so, for the three of you as well -- I will start with Mr. Myers.

991 You know, we are looking at -- one of the big discussion points here is transmission and how
992 you build transmission lines, and State and local versus Federal in the transmission system, and also
993 who pays for it, cost allocation. Those who use the power just as it passes through your
994 community, do you pay for it? So those are legitimate discussion points and honest ones we are
995 having to try to come to some solution.

996 So I just want to ask in that vein -- so available data shows that State siting and permitting for
997 transmission does work pretty well. From 2020 to 2025, over 29,000 miles of new voltage
998 transmission lines were built in the United States -- twice as much as pipeline approvals.

999 So, Mr. Myers, do you see a transmission problem that does require federalizing the
1000 permitting process for transmission?

1001 Mr. Myers. Out in the West, I do not.

1002 The Chair. Do you think it would be helpful or beneficial? I mean, you can build what you
1003 need to build, do you think, for transmission?

1004 Mr. Myers. We can build what we need to build. Our utilities out in the West typically do
1005 a pretty good job of making sure that the transmission that is needed is built.

1006 I think the question becomes, how do the costs get allocated? If the transmission is built for
1007 a specific customer, it is tough to isolate those out. And that is where we could use some help from
1008 FERC.

1009 The Chair. Okay.

1010 So, Mr. Peeler, so we have the West, and you are the East. So what about transmission?

1011 Does it need -- requiring Federal permit to do transmissioning or --

1012 Mr. Peeler. It does not. It is rare that there are Federal permitting issues. So the States
1013 typically oversee the local build. That covers a majority of what needs to be built in our region.

1014 The Chair. Okay.

1015 Mr. Falcone?

1016 Mr. Falcone. Most things are permitted at the State level. There are those exceptions
1017 where they have a Federal nexus.

1018 I think we are generally in favor of good planning processes --

1019 The Chair. Uh-huh.

1020 Mr. Falcone. -- but I would echo Mr. Peeler, in that, to the extent you have planning
1021 processes, they really need to be integrated. It has to be local, it has to be regional, it has to be
1022 State. We can't have separate planning processes. It just set things a little haywire.

1023 The Chair. So is there some need -- because if you are going to build transmission lines, not
1024 just -- they are bigger and broader as we grow. Is there a need for some Federal role if there is an
1025 issue at the State and local level? And how would that work?

1026 Mr. Falcone may be the right one to answer this.

1027 Mr. Falcone. We have existing planning processes at the local and the regional level,
1028 especially that are FERC-condoned. We don't have, necessarily, an inter-regional planning process.
1029 If someone were to add one, I do think it is very important that it work with the existing planning
1030 processes.

1031 It goes back to your initial question. We have built things that are inter-regional in the
1032 country in the past. It comes to evaluating what are the best options. And to do that evaluation,
1033 you have to have an organized process, especially to the extent that --

1034 The Chair. So you think, if there is a FERC role, if we determine there needs to be a FERC
1035 role, it needs to be part of the current system, not a separate, distinct, and preemption, I guess
1036 would be the right word?

1037 Mr. Falcone. We agree that it should be integrated with the existing processes.

1038 The Chair. Well, hopefully -- I have lost my time, but I was going to get to how we allocate
1039 the cost of doing that as well. And so hopefully somebody will ask that question. If not, I will
1040 submit it.

1041 I yield back, Mr. Chair.

1042 Mr. Latta. Thank you very much.

1043 The gentleman yields back the balance of his time.

1044 The chair now recognizes the gentleman from California's 15th District for 5 minutes for
1045 questions.

1046 Mr. Mullin. Thank you, Mr. Chair.

1047 Thank you, to our witnesses, for your testimony today.

1048 I know that energy affordability is top of mind for all of our constituents, and I am hopeful
1049 that some of the proposals we are discussing today will protect ratepayers and improve the
1050 efficiency of the grid.

1051 As the witnesses have highlighted, we need to avoid overbuilding expensive infrastructure
1052 whose costs ultimately fall on households. One way to do that is through demand flexibility, virtual
1053 power plants, which aggregate energy storage, and other flexible resources can now orchestrate
1054 supply and demand across the grid. In fact, DOE says technologies could effectively provide 80 to
1055 160 gigawatts of capacity, equivalent to 10 to 20 percent of peak energy demand, while reducing
1056 costs by \$10 billion a year.

1057 If we are going to talk about improving grid capacity, I want to make sure that
1058 demand-response programs and the virtual power plants are part of that conversation.

1059 So, Mr. Peeler, Duke Energy has been expanding its virtual power plant offerings, as I
1060 understand it. From your experience, can these technologies reduce the need for costly
1061 transmission or generation upgrades? And, if so, would it be beneficial to include them as part of
1062 the Federal clearinghouse proposed in the Advanced Transmission Technology to Reduce Rates Act?

1063 Mr. Peeler. Yeah. So we consider demand-side resources as we consider other resources,
1064 and we do integrated resource planning. And we have demonstrated that those demand-side
1065 programs can support, you know, capacity in, you know, peak times.

1066 So we are very supportive of demand-side programs, but just like all other resources, whether
1067 that be natural gas or whether that be renewables, they have their certain characteristics. So they
1068 can't fully replace dispatchable generation, but they absolutely are an important complement in the
1069 overall resource mix.

1070 Mr. Mullin. I am glad to see on the agenda the Affordable Innovation for the Grid Act, which
1071 focuses on using AI to improve the grid. FERC Commissioner Rosner noted last year that advanced
1072 computing tools can reduce the time it takes to perform grid interconnection studies from 2 years to
1073 a matter of days.

1074 So, Ms. Muse, are there specific ways that Congress can encourage adoption of these tools by
1075 utilities and grid operators, perhaps through a rulemaking, technical assistance, or a sharing of best
1076 practices?

1077 Ms. Muse. I think all of the above would be helpful.

1078 Building on Commissioner Rosner's letter to the ISOs that he sent, you know, he highlighted a
1079 number of opportunities where companies like Pearl Street Technologies, GridUnity, and Tapestry
1080 are already working with the ISOs to streamline the interconnection processes.

1081 We will also highlight that GridUnity is a company that received funding from DOE via the
1082 GRIP grant process in 2023 or 2024 to help accelerate interconnection processes. And so funding
1083 and support from the Department of Energy is also a way to be helpful -- funding and technical

1084 assistance.

1085 Mr. Mullin. Thank you for that.

1086 So, while I appreciate the bills being discussed today, one topic I see missing from these
1087 proposals is a solution that tackles grid supply-chain issues. Access to raw materials underpins
1088 many of the efforts being discussed today, and we need to focus on innovation, commercialization,
1089 and workforce development to secure our supply chains for the grid.

1090 I look forward to working with my colleagues in this committee to advance legislation in this
1091 critical area, along with some of the bills that are being discussed today.

1092 And, with that, I yield back.

1093 Mr. Latta. Well, thank you very much.

1094 The gentleman yields back the balance of his time.

1095 And the chair now recognizes the gentlelady, the At-Large Member for the State of North
1096 Dakota, for 5 minutes for questions.

1097 Mrs. Fedorchak. Thank you, Mr. Chairman.

1098 Thank you all for being here today.

1099 And thank you, Chair Guthrie, for including two of my bills, the FAIR Act and the High-Capacity
1100 Grid Act. These bills would help unlock more electricity in an age of increasing demand due in large
1101 part to large load growth across our country.

1102 I want to start with a question for each of you, just a yes-or-no question. Do you think it is
1103 fair for Americans to pay for infrastructure upgrades from large loads?

1104 I will start with you, Mr. Peeler. Yes or no?

1105 Mr. Peeler. No.

1106 Mrs. Fedorchak. How about you, Mr. Falcone?

1107 Mr. Falcone. No.

1108 Mrs. Fedorchak. Ms. Muse?

1109 Ms. Muse. No.

1110 Mrs. Fedorchak. Okay.

1111 And Mr. Myers?

1112 Mr. Myers. No.

1113 Mrs. Fedorchak. Excellent.

1114 Again, a followup question: Yes or no, in your experience, have large loads, such as data

1115 centers, shown a willingness to pay for necessary upgrades?

1116 Mr. Peeler?

1117 Mr. Peeler. Yes.

1118 Mrs. Fedorchak. Ms. Muse?

1119 Ms. Muse. Yes.

1120 Mrs. Fedorchak. Okay.

1121 Mr. Falcone?

1122 Mr. Falcone. Yes.

1123 Mrs. Fedorchak. Mr. Myers?

1124 Mr. Myers. Yes.

1125 Mrs. Fedorchak. Thank you.

1126 We all agree, and so does the President, that it is unfair for Americans to pay for

1127 infrastructure upgrades that they don't need. And the good thing is, large loads are willing to pay

1128 for the upgrades necessary to meet the increased demand that they are causing.

1129 So I would say that there is a false narrative right now about how large loads will drive up

1130 energy costs for everyday Americans.

1131 In my home State -- I have some experience here -- my home State of North Dakota is

1132 carefully designing rates with large loads that are bringing down costs for North Dakota families.

1133 The graph behind me illustrates this well. Five-hundred-and-thirty megawatts of new load is

1134 coming to the MDU territory. Two-hundred megawatts is already here. And the result is more
1135 than \$30 million in savings over the past 3 years, averaging a \$250-annually-per-customer cost
1136 decrease. The utility expects this number to rise to \$30 million in savings annually, all back to North
1137 Dakota families.

1138 Mr. Peeler, can you talk about how effective contracts or rates with large loads help decrease
1139 costs for other customers?

1140 Mr. Peeler. Yeah. So effective -- as we talked about earlier, we use electric service
1141 agreements, which are long-term commitments from these customers that assures their load needs
1142 and it assures their financial backing to pay for the infrastructure.

1143 And, essentially, as you have illustrated with your graphic, those large users of energy pay
1144 more of the fixed cost of the total system, and, therefore, it reduces costs left for the remaining
1145 customer classes, such as residential and commercial.

1146 Mrs. Fedorchak. Thank you, Mr. Peeler. So what you are saying is, when you spread fixed
1147 costs to supply power over more volume, the cost for each kilowatt goes down. And that is exactly
1148 what is happening in North Dakota.

1149 Similarly, another question, and this is a yes or no: Is it fair for States with aggressive energy
1150 mandates to pass the costs of meeting those mandates on to other States that don't share those
1151 same mandates or goals?

1152 Mr. Peeler?

1153 Mr. Peeler. No.

1154 Mrs. Fedorchak. Ms. Muse?

1155 Ms. Muse. I think it depends on what those mandates are.

1156 Mrs. Fedorchak. So that is a yes.

1157 Mr. Falcone?

1158 Mr. Falcone. Yes, with -- we are very sympathetic that you should -- people should pay

1159 relative to their benefits --

1160 Mrs. Fedorchak. Just a yes or no. Should the States with the goals pass the costs of
1161 meeting those goals to States that don't have those goals, yes or no?

1162 Mr. Falcone. They shouldn't pass the costs. But the one catch is, sometimes infrastructure
1163 has benefits to everyone, and that gets into appropriately allocating benefits --

1164 Mrs. Fedorchak. Sure.

1165 Mr. Falcone. -- with costs.

1166 Mrs. Fedorchak. Got it. Okay.

1167 And then, lastly, Mr. Myers?

1168 Mr. Myers. No.

1169 Mrs. Fedorchak. All right. I think it is that clear. Americans should not be burdened with
1170 costs from energy infrastructure that they don't cause, both from State policy decisions or if it is new
1171 industrial loads.

1172 And that is why I introduced the FAIR Act. It requires States to pay for their own energy
1173 goals and not pass them on to ratepayers in other States who do not share those goals.

1174 And I want to end with this: Why is this important? Because, as shown by the graph
1175 behind me, transmission costs -- transmission costs -- are the key driver of increased electricity bills
1176 today. We have to get the cost allocation right. That is what we are trying to do here today.

1177 And, with that, I yield back.

1178 Mr. Latta. Thank you very much.

1179 The gentlelady yields back.

1180 And the chair now recognizes the gentlelady from Virginia's Fourth District for 5 minutes -- oh,
1181 I am sorry. I am sorry.

1182 The chair recognizes the ranking member of the full committee, the gentleman from New
1183 Jersey, for 5 minutes for questions. Sorry about that.

1184 Mr. Pallone. Oh, that is all right. Who was going to go next?

1185 Jen, do you want to go next?

1186 Ms. McClellan. I will defer to you.

1187 Mr. Pallone. Well, all right. I will get done here.

1188 For well over a year, Democrats in this committee have argued that large consumers of
1189 electricity, like data centers, need to pay their fair share for power. Anything less, and families
1190 across the country will wind up paying for Big Tech's investments in technologies like artificial
1191 intelligence.

1192 And reports over the past year have found that residential ratepayers have wound up footing
1193 the bill for grid infrastructure needed to serve data centers. So we have to find a way to make data
1194 centers pay the costs of the grid investments they are spurring.

1195 So, Ms. Muse, I have three questions to try to get through here.

1196 First, what steps can Congress take to help insulate families from costs associated with data
1197 centers?

1198 Ms. Muse. Thank you for the question.

1199 I think that Congress can continue to support the needed covering of costs for not just
1200 generation but also for transmission, right? It is the grid upgrades that are driving many of the cost
1201 increases in electricity rates.

1202 I think support for transmission investment through grant programs, tax credits, and more
1203 can help socialize the costs across the entire country through the tax base rather than through the
1204 rate base and on the back of all the ratepayers.

1205 Mr. Pallone. Okay. Thank you.

1206 Now I want to switch gears to talk about a bill that I have a number of concerns about and I
1207 expressed in my opening; that is the FAIR Act.

1208 Currently, FERC sets rules to ensure that utilities all pay their fair share for power lines that

1209 help an entire regional or inter-regional power grid. But the FAIR Act upsets those rules and could
1210 wind up, in my opinion, making it harder to build the important power lines we need to help bring
1211 costs down and ensure that the lights can stay on.

1212 So, Ms. Muse, do you think the FAIR Act would make it harder to build and pay for important
1213 high-voltage interstate power lines?

1214 Ms. Muse. I agree and share your concern that the FAIR Act will make it much harder to
1215 build inter-regional transmission, that high-capacity transmission that is most needed to improve
1216 reliability and resilience of the grid across the country.

1217 Mr. Pallone. But would you tell me why you think that?

1218 Ms. Muse. Absolutely. I think States have a variety of policies -- right? -- and the reliability
1219 benefits that are gained from increased, well-planned, long-range transmission, as well as the lower
1220 costs over the entire footprint, happen regardless of what the State policies are.

1221 And so, when you have a process that upsets the existing planning and cost-allocation
1222 processes, you make it much more challenging for others that benefit from transmission to be able to
1223 pay for it.

1224 Mr. Pallone. Okay.

1225 And I think one important lesson to take away from today's hearing is that we have to have a
1226 bigger, more resilient power grid, not a smaller, fragmented one.

1227 Ms. Muse. Absolutely.

1228 Mr. Pallone. But in the Bipartisan Infrastructure Law, Congress gave the Department of
1229 Energy a number of authorities to help expand the grid. But Trump's budget attacks those
1230 authorities. And I think they are critical to helping our Nation grow the grid while keeping
1231 electricity affordable.

1232 So my last question is: Can you talk about how DOE's grid deployment programs help
1233 expand the grid without breaking the bank for ratepayers? And how should Congress look to

1234 enhance or alter those authorities?

1235 And you actually have 2 minutes for this one.

1236 Ms. Muse. Great.

1237 So Congress gave the Grid Deployment Office at the Department of Energy a number of
1238 programs to help accelerate grid deployment. We have heard about the Grid Resilience and
1239 Innovation Partnership program. That was a resounding success through its first two rounds of
1240 putting out nearly \$7.6 billion of funding to projects across all 50 States.

1241 That is funding that had extraordinary high demand. We had over \$50 billion worth of
1242 applications. And so one of the things would be more funding for these grid-resilience programs.
1243 It helps bring down the cost by providing some Federal dollars to support the funding that utilities
1244 and others are putting in for their costs across the country.

1245 We are seeing that funding used for transmission upgrades, for new transmission, for the
1246 deployment of advanced conductors and grid-enhancing technologies, as well as the use of
1247 technology for wildfire mitigation, improved monitoring and control of the grid, and more.

1248 This was also complemented with funding directly for transmission. The \$2.5 billion
1249 Transmission Facilitation Program allowed DOE to set up a revolving fund to accelerate transmission
1250 deployment.

1251 We often have a challenge where we know that we need to build a transmission line but don't
1252 necessarily have the customers in place to do so at that time that we are setting up financing. The
1253 Transmission Facilitation Program helped to get over the hump and really accelerate transmission
1254 deployment.

1255 Two-and-a-half billion went through very quickly. We would love -- the Department would
1256 love more funding to continue to deploy dollars for transmission.

1257 And there were a number of other programs, including those supporting the States -- the Grid
1258 Resilience State and Tribal Formula Grant program that gave all States, all Tribes, all territories across

1259 the country opportunities to pair and partner with their utilities and others to identify needed
1260 investments, whether it is hardening the grid, it is inclusion of energy storage -- but had a lot of
1261 opportunity to make very targeted grid-resilience investments that help keep the lights on, help to
1262 keep the grid more reliable, and help bring down costs for American families.

1263 Mr. Pallone. All right. Thank you so much.

1264 Thank you, Mr. Chairman.

1265 Mr. Latta. Well, thank you very much.

1266 The gentleman yields back.

1267 And the chair now recognizes the gentleman from Ohio's 12th District for 5 minutes for
1268 questions.

1269 Mr. Balderson. Thank you, Mr. Chairman.

1270 And thank you, Chairman Latta and Chairman Guthrie, for holding this important and timely
1271 hearing today and for including a draft of the Load Forecasting Enhancement Act.

1272 Our Nation is at a crossroads. How do we win the AI race against China while lowering
1273 energy cost?

1274 Our constituents are seeing data centers pop up across their communities and are rightfully
1275 asking what we are doing to protect them from higher electric bills.

1276 The truth is, there is plenty Congress can do to make energy more affordable while
1277 supporting American innovation. Many of the bills before us today will certainly help, and I hope
1278 they can move forward with bipartisan support.

1279 But I must add: To ensure we can meet these growing demands, win the AI race, and
1280 prevent higher electricity costs, we also need to enact meaningful and lasting permitting reform.

1281 The House has already passed important legislation to reform the outdated NEPA process,
1282 address delays with the interconnection of new generation to the grid, prevent future
1283 administrations from shutting down baseload power, and streamline the process for approving

1284 interstate pipelines.

1285 Again, I greatly appreciate the chairman for holding this important hearing and urge my
1286 colleagues to listen to our constituents and deliver on policies that modernize the grid, protect
1287 ratepayers, and get new power generation on line to ensure that the lights stay on.

1288 My first question is for Mr. Myers.

1289 Mr. Myers, thank you for being here.

1290 Can you discuss why proper load forecasting is critical for planning purposes and protecting
1291 from underbuilding and even, in some cases, overbuilding? And how can inaccurate load
1292 forecasting harm ratepayers and increase electricity cost?

1293 Mr. Myers. Well, I think you hit the nail right on the head. You don't want to underbuild
1294 because then you can't serve the loads that are coming in. You don't want to overbuild because
1295 then you have the potential of stranded costs that all get ultimately recovered by the ratepayers.

1296 So it is absolutely critical that we have, for planning purposes, an accurate forecast. And,
1297 unfortunately, it is very difficult to get that when you have multiple jurisdictions dealing with the
1298 same customer and that same customer typically has blanket NDAs, for example, that don't allow
1299 discussion and coordination between the entities.

1300 Mr. Balderson. Thank you.

1301 Mr. Falcone and Mr. Peeler, would you like to add anything to that from the public power
1302 utility perspective?

1303 Mr. Peeler, you can go first if you would like.

1304 Mr. Peeler. I would just add, it is really important to require these large-load customers to
1305 commit to their loads. And the primary way to do that is through financial obligation. And that
1306 helps planning.

1307 Mr. Balderson. Thank you.

1308 Mr. Falcone?

1309 Mr. Falcone. Yeah, I would agree with Mr. Peeler.

1310 One of the challenges that we have in load forecasting is that the entities on the other side
1311 also have uncertainty about what their needs are. It depends on their business growth, cooling in
1312 the data center, the efficiency of chips.

1313 And so they themselves don't know, and the best thing that we can do is have financial
1314 commitments from them that we will build for you but we need to hold our customers harmless.
1315 That is one of best tools we have to ensure a good load forecast.

1316 Mr. Balderson. All right. Thank you both very much.

1317 Back to you, Mr. Myers. In your testimony, you note, the Load Forecasting Enhancement
1318 Act moves in the right direction by emphasizing transparency and coordination.

1319 You also note that the new P-U-R-A, PURA, standards should preserve flexibility while
1320 advancing national best practices. I certainly agree with you.

1321 Can you discuss why that flexibility is important?

1322 Mr. Myers. Yeah. I have mentioned before, the West is not like the rest. We do a lot of
1323 things differently out there, and for good reasons.

1324 And what we have found -- and a perfect example of this would be the 1920 that came from
1325 FERC, the FERC 1920 order. That ends up being something that ultimately ends up being busywork
1326 for us or ends up tying our hands.

1327 So we need that flexibility so that we can appropriately implement whatever policies.

1328 Mr. Balderson. Okay. Thank you.

1329 Mr. Falcone, would you like to add anything about why this flexibility is important?

1330 Mr. Falcone. Everybody has very different circumstances throughout the country. We
1331 have different resources, different needs we are facing, different customer constraints.

1332 And it is like anything else; your ability to react locally to the problem that you specifically
1333 have, which may rhyme with someone else's problem but may not be exactly the same, is very

1334 important.

1335 Mr. Balderson. All right.

1336 Keep your mike on, sir. I want to come right back to you, and we have 30 seconds.

1337 In addition to the Load Forecasting Enhancement Act, do you think technical assistance from
1338 the Department of Energy or maybe our National Labs could further help utilities and public power to
1339 incorporate or include accurate load forecasting methods?

1340 Fifteen seconds.

1341 Mr. Falcone. Yes. Very briefly, these are best practices, and the better we research, the
1342 better we share those practices, the better off we are all going to be.

1343 Mr. Balderson. Thank you.

1344 Mr. Chairman, I yield back.

1345 Mr. Latta. Thank you very much.

1346 The gentleman yields back.

1347 And the chair now recognizes the gentlelady from Virginia's Fourth District for 5 minutes for
1348 questions.

1349 Ms. McClellan. Thank you, Chairman Latta and Ranking Member Castor, for holding this
1350 very important hearing today.

1351 And I want to thank the witnesses for being here.

1352 Congress must address the growing impact of data centers on energy affordability for families
1353 and businesses, especially as energy demand is expected to grow exponentially -- some would say
1354 explode -- in the coming years.

1355 And while I am glad that my colleagues on the other side of the aisle appear to now
1356 understand the importance of the affordability issue, their sudden focus feels a little bit too late.

1357 Energy prices have skyrocketed for most of 2025, but not until the Trump administration
1358 carelessly ensnared the United States in a reckless and costly war of choice with Iran, pushing energy

1359 prices up even higher, that we focused a hearing specifically addressing the alarming impact that
1360 data centers could have on energy affordability going forward.

1361 And to keep energy affordable, ensure that we are meeting demand, and responsibly power
1362 the industries of the future, we must bring cheap and affordable and reliable renewable energy on
1363 line at a faster pace. Yet my colleagues across the aisle and President Trump have devoted much of
1364 their time this past year canceling billions of dollars of incentives to bring cheap clean energy on line
1365 and have canceled billions of dollars in clean-energy projects that would have helped us meet
1366 long-term demand.

1367 Our failure to expand clean-energy capacity will have severe repercussions on energy
1368 affordability, which is only exacerbated by our failure to move forward any meaningful reforms to
1369 modernize and update the power grid.

1370 Now, my constituents, along with the entire Commonwealth of Virginia and 58 million
1371 Americans, are in the PJM market. We have discussed PJM's disastrous capacity auction several
1372 times over the past year, and electricity prices in Virginia are 14 percent higher than before President
1373 Trump took office. And while fixing PJM's power markets must be a priority, that will take years,
1374 and my constituents need relief now.

1375 And as you are probably aware, Virginia is the data-center capital of the globe, with well over
1376 600 data centers on line or in the process of being built, and Virginians have borne the brunt of the
1377 data centers' impact.

1378 Virginia's utility regulators and Dominion Power, one of our largest investor-owned utilities,
1379 foresaw this issue and recently took steps to help protect residential ratepayers from load-growth
1380 issues by introducing a new electricity rate class for large electricity customers like data centers.
1381 And I am hopeful that this will help ease the financial burden that Virginians are facing.

1382 Now, Mr. Myers, Arizona is another State that implemented a large-load tariff similar to
1383 Virginia's new Dominion rate class. Can you talk about Arizona's experience crafting large-load

1384 tariffs and how they can be critical to walling off infrastructure costs associated with data centers?

1385 Mr. Myers. Yeah. We are generally fairly flexible with the way we are handling the large
1386 loads. We do have large-load tariffs, at least in a couple of our utilities, but those currently are set
1387 at around the 20-megawatt range. The recent high-load workshop that we had is starting to focus
1388 more on the 300-megawatt level in coming, you know, high loads.

1389 But, generally speaking, it is pretty much well-established from that workshop that we need a
1390 tariff that defines some certainty, but then we need the flexibility by having the energy services
1391 agreement on top of that tariff.

1392 Ms. McClellan. Thank you for that.

1393 Moving on to the specific bills in today's hearing, I have some concerns about H.R. 6336.
1394 The bill and the FERC complaint that inspired it are focused primarily on generation policies, but
1395 when you look at the language of the bill itself, there is a much larger impact.

1396 The bill defines a covered policy -- the policies that trigger the bill's provision -- as any policy
1397 of a State or local municipality. And I am worried that that definition could catch many policies in
1398 its wide net, including, for example, land-use policies for energy-intensive industries.

1399 So, Ms. Muse, do you think it is a good idea to apply different cost-allocation rules to any
1400 transmission need driven by State policy, even if policies are not directly related to energy?

1401 Ms. Muse. I share your concerns around the broad nature of the FAIR Act and that there is a
1402 wide swath of policy that could get caught in that net of State and local policies that, if that
1403 legislation passes, would be applied and get caught into the transmission cost-allocation process.

1404 We need more inter-regional transmission. PJM is a great example of that, of transmission
1405 both inter-regionally and regionally. And so the ability to accelerate deployment of transmission,
1406 and not processes and legislation that would slow it, would be helpful.

1407 Ms. McClellan. I thank you for that.

1408 And I yield back.

1409 Mr. Latta. Thank you very much.

1410 The gentlelady yields back.

1411 And the chair now recognizes the gentleman from Alabama's Sixth District for 5 minutes for
1412 questions.

1413 Mr. Palmer. Thank you, Mr. Chairman.

1414 The hearing today is about protecting ratepayers from the wake of the data-center growth
1415 throughout the country. Power generation, water usage, housing affordability are all a part of local
1416 conversations and not-in-my-backyard issues surrounding data-center build-out. I would add to
1417 that the not-in-my-backyard issue with transmission lines.

1418 Chairman Myers, in your written testimony, I noticed that you said, when large loads come
1419 into the system, the infrastructure required to serve them needs to be funded by those loads. And I
1420 assume you mean -- sorry -- whatever the company is that requires this additional power. Would
1421 that be accurate?

1422 Mr. Myers. That is correct. The cost-causer should be the cost-payers.

1423 Mr. Palmer. All right.

1424 I meant to look up to see how many, if any, coal-fired power plants have been shut down in
1425 Arizona.

1426 Mr. Myers. Currently, we have had two that were shut down. One of them was just
1427 recently, last year. The others are still operating, but we just approved them to be converted to
1428 natural gas. So they will be remaining open for the foreseeable future.

1429 Mr. Palmer. But, currently, you have a couple that are shut down with no conversion?

1430 Mr. Myers. Well, one of them was shut down a number of years ago and leveled. It will
1431 not be converted. The other one, there are discussions about converting it to natural gas and
1432 reopening it.

1433 Mr. Palmer. Are the transmission lines still intact at those facilities?

1434 Mr. Myers. They are.

1435 Mr. Palmer. Well, wouldn't it make more sense to power those -- put small modular
1436 reactors on there based on the design capacity, the transmission lines, and power your data center
1437 but also increase the baseload power for the surrounding communities?

1438 Mr. Myers. Those are absolutely options that are on the table. Some of the discussions
1439 need to center around water use, obviously --

1440 Mr. Palmer. Right.

1441 Mr. Myers. -- and then there is -- but, yes.

1442 Mr. Palmer. The water use is a huge issue in Arizona, obviously, which is probably going to
1443 be a limiting factor in building data centers there.

1444 But the main thing that I want to point out is that we have to focus on what is the best way, in
1445 terms of dispatchable power, to provide baseload power in those areas.

1446 Mr. Peeler, would you agree that demand itself is not the risk, but the lack of proper planning
1447 for power generation?

1448 Mr. Peeler. I am sorry. Could you repeat? I couldn't hear your question.

1449 Mr. Palmer. I have a southern accent. I might need an interpreter, but --

1450 Mr. Peeler. I am used to that.

1451 Mr. Palmer. Okay. Would you agree that demand itself is not the risk, but the lack of
1452 proper planning for power generation?

1453 In other words, we find ourselves right now in an arms race for artificial intelligence. We
1454 have to build out these data centers. And we have known this for a while. And my perspective on
1455 it is that we should have been working as hard as we could to get the small modular reactors
1456 approved, commissioned, and located in positions where we could provide the power that we need
1457 without raising utility rates for everybody else.

1458 So the question remains, would you agree that it is a lack of proper planning for power

1459 generation?

1460 Mr. Peeler. Yeah. Certainly, an integrated plan of planning, generation, and transmission
1461 together certainly is key to serving this load. So I would agree with your comment.

1462 Mr. Palmer. So is it your experience that the data-center operators are attempting to
1463 generate their own power behind the meter so as not to pull from the grid?

1464 Mr. Peeler. So my experience is, most of them are not interested in building their own.
1465 They are more interested in being served by the grid itself.

1466 Mr. Palmer. Okay.

1467 And then going back to my discussion with Mr. Myers, doesn't it make more sense that we
1468 build small modular reactors, and particularly in these areas where they have shut down coal-fired
1469 power plants but the transmission lines are still intact?

1470 Because, going back to Mr. Myers' point about asking the large-load users to pay for
1471 everything, the infrastructure and the transmission lines, you still have all these other issues related
1472 to permitting and the not-in-my-backyard issues.

1473 If we want to do this in an expeditious manner, doesn't it make more sense to go with the
1474 small modular reactors?

1475 Mr. Peeler. So, certainly, small modular reactors are definitely an important asset for the
1476 future. And, to your other point, reusing existing infrastructure, transmission infrastructure, is a
1477 very important concept to make this effective.

1478 Mr. Palmer. Okay.

1479 Mr. Chairman, my point has been all along that I think we have some common agreement.
1480 Some of my colleagues on the other side of the aisle, they support the SMRs from the perspective of
1481 emissions. But I do think this is the most expeditious way that we can address the power needs
1482 that we are facing right now for our artificial-intelligence competition with China.

1483 I yield back.

1484 Mr. Latta. Well, thank you very much.

1485 The gentleman yields back the balance of his time.

1486 And the chair now recognizes the gentlelady from California's Seventh District for 5 minutes
1487 for questions.

1488 Ms. Matsui. Thank you very much, Mr. Chairman. I want to thank you and Ranking
1489 Member Castor for having this hearing today and thank the witnesses for being here today.

1490 It has been almost 4 years since Republicans took over this committee and almost 4 years
1491 since ChatGPT was released to the public in 2022. For 4 years, we have been talking about rising
1492 electricity demand from AI and the impact on Americans' electricity bills. In 4 years, my Republican
1493 colleagues have only made the problem worse.

1494 Last year, Republicans' "Big Ugly Bill" slashed tax credits for clean-energy products, rooftop
1495 solar, and energy-efficient home appliances, and that definitely did not help.

1496 Then the Trump administration tried to cancel hundreds of millions of dollars for
1497 infrastructure projects that were upgrading the power grid to deliver more power for less money.
1498 That definitely didn't help either.

1499 Then Republicans on this committee spent months trying to gut efficiency standards for home
1500 appliances which have saved American families hundreds of dollars every year. Once again, that
1501 definitely didn't help.

1502 So here we are 4 years later. I am glad my Republican colleagues are actually having this
1503 hearing, and I think some of the bills we are considering today are a good first step. But, frankly,
1504 Republicans are a dollar short and 4 years too late.

1505 Democrats have put forward a range of solutions that would bring down electricity costs, but
1506 Republicans have refused to work with us. Clearly, they don't take this problem seriously.

1507 I support the use of advanced transmission technologies, and I am glad to see Republicans on
1508 this committee supporting these technologies. But where were my Republican colleagues when the

1509 Trump administration illegally canceled dozens of DOE grants that supported those same
1510 technologies?

1511 Some of these grants have been reinstated with new conditions, but the pointless uncertainty
1512 and delay has a cost.

1513 Ms. Muse, you helped run the DOE Grid Deployment Office, which is responsible for the Grid
1514 Resilience and Smart Grid Grants.

1515 I co-led the bipartisan POWER ON Act, which was included in the Infrastructure Law and
1516 created the GRIP grant program.

1517 Ms. Muse, how did the GRIP program support advanced transmission technologies? And
1518 can you give me some examples of projects that were canceled?

1519 Ms. Muse. Certainly.

1520 The Grid Resilience and Innovation Partnerships program had \$10.5 billion available through
1521 the Bipartisan Infrastructure Law. And some of the prioritized areas that we supported through the
1522 Grid Resilience and the Smart Grid Grants were to support grid-enhancing technologies to increase
1523 capacity on the grid, to use AI and drone technologies to help with transmission line inspections, AI
1524 and machine learning technologies to help accelerate the interconnection processes, and more.

1525 Ms. Matsui. Okay.

1526 Ms. Muse, the goal of this hearing is to consider legislation that will help power AI data
1527 centers without raising residential rates. But the GRIP grants were already doing that before they
1528 were canceled.

1529 Can you give me an example of how GRIP projects were helping to expand the grid without
1530 increasing residential rates?

1531 Ms. Muse. Absolutely.

1532 In your home State of California, there was an over-\$600-million project, led by the California
1533 Energy Commission, the California Harnessing Advanced Reliable Grid Enhancing Technologies for

1534 Transmission, which was a public-private partnership to drive large-scale expansion of transmission
1535 capacity and improvements to the interconnection process to increase and accelerate equitable
1536 access --

1537 Ms. Matsui. Okay.

1538 Ms. Muse. -- to renewable energy across California.

1539 Ms. Matsui. Thank you.

1540 Mr. Falcone, a number of GRIP grants were awarded to public utilities. What is it like for a
1541 public utility, suddenly and without warning, to lose a multimillion-dollar grant that the Federal
1542 Government had signed a contract to deliver?

1543 Mr. Falcone. Rep. Matsui, obviously, whenever we have changes and we are going down a
1544 certain path and then have to go down another path, it causes some challenges.

1545 And in the case of your home district, with SMUD, I know they were awarded such a grant --

1546 Ms. Matsui. Right.

1547 Mr. Falcone. -- and they had to reprioritize their needs.

1548 Ms. Matsui. Sure. Okay.

1549 Mr. Peeler, there has been a lot of interest in how flexible data centers can be, in terms of
1550 how much energy they use and when.

1551 Can you explain what that means and how Duke is approaching data-center flexibility?

1552 Mr. Peeler. Yeah. We are working with data centers and with research organizations like
1553 EPRI to determine what value and how to attribute the value of flexibility. It is still early, but, you
1554 know, we are optimistic that there will be some opportunity there for them to provide flexibility.

1555 Ms. Matsui. Okay.

1556 We have seen reporting that electricity usage from data centers can be highly variable due to
1557 rapidly changing compute demands.

1558 Has that presented challenges to utilities from a reliability standpoint?

1559 Mr. Peeler. Yes, it is a challenge.

1560 Ms. Matsui. Okay. Okay.

1561 Mr. Falcone, unlike for-profit utilities, public utilities are accountable to the ratepayers, and
1562 that makes public utilities particularly sensitive to rate increases.

1563 Can you give real-world examples of how the public utilities are managing to accommodate
1564 new data centers and other commercial customers without raising residential rates?

1565 Mr. Latta. Could I -- I am sorry to interrupt. The gentlelady's time has expired, but could
1566 you provide a written response to that question for her?

1567 Mr. Falcone. Certainly.

1568 Mr. Latta. Thank you.

1569 [The information follows:]

1570

1571 ***** COMMITTEE INSERT *****

1572

1573 Mr. Latta. The chair now recognizes the gentlelady from Tennessee's First District for 5
1574 minutes for questions.

1575 Mrs. Harshbarger. Thank you, Mr. Chairman.

1576 And thank you to the witnesses for being here today. I want to thank you for taking the
1577 time to speak about the urgency to meet energy demand.

1578 You know, it is simple economics. Demand is surging, and if we want affordable rates, we
1579 need the supply to match. And that means improving the capacity of our existing grid and building
1580 reliable generation to connect to the grid -- and that was yesterday.

1581 I have heard from several stakeholders, including TVA and MISO, PJM, that AI and advanced
1582 computing tools can be one of the keys to enhance grid capacity operations and reliability.

1583 And just to put it in real terms, there was an operator, one operator, that slashed a single step
1584 of its interconnection study process from nearly 2 years to 10 days. And that is monumental when
1585 it comes to energy.

1586 And I have a bill called the Affordable Innovation for the Grid Act, which will help identify
1587 opportunities to enhance our grid through AI and find out what are the obstacles that are slowing
1588 down deployment.

1589 So, Mr. Peeler, what can advanced computing actually do for the grid right now, and what is
1590 standing in the way?

1591 Mr. Peeler. So your point about utilization of AI and advanced computing for study work is
1592 very valid. We are looking at that as well, utilizing some of those tools.

1593 Mrs. Harshbarger. Yeah.

1594 Mr. Peeler. And, to your point, it does reduce that study time.

1595 Mrs. Harshbarger. Yeah.

1596 Mr. Peeler. It also reduces the management of the massive amounts of data.

1597 So I think support for those types of tools and best practices -- you know, opportunities to
1598 support those is very valuable.

1599 Mrs. Harshbarger. Great.

1600 Mr. Falcone, how do we get more capacity out of the grid infrastructure we already have?

1601 Mr. Falcone. Well, there is a number of things.

1602 Some of it is flexibility, but as we talked about a little bit earlier, there are limits on the
1603 amount of flexibility you can get because the customers' economics are different than our
1604 economics. But offering programs and allowing customers to choose whether they want to provide
1605 more flexibility to price is a very important thing.

1606 Certainly, spending every dollar efficiently. Your bill does that by encouraging, you know,
1607 the research of technology. We have talked about advanced capacitors and others.

1608 Mrs. Harshbarger. Yeah.

1609 Mr. Falcone. I think the important thing is to support and encourage these technologies, but
1610 not necessarily to mandate their use, because it really depends on the use case.

1611 Mrs. Harshbarger. Yeah. "Mandate" is not a nice word.

1612 You know, earlier this year, TVA sent a letter to its local parent companies asking for feedback
1613 on how to enable large-load customers while protecting, you know, residents from undue cost
1614 increases.

1615 And, Mr. Myers, how are your members working with State regulators to ensure homeowners
1616 and small businesses don't end up subsidizing the energy needs of large-load customers?

1617 Mr. Myers. Yeah. Well, like I have kind of said, we are focusing on having a clearly defined
1618 tariff but then having the flexibility for the energy services agreement. But the whole point of that
1619 is to make sure that costs are appropriately covered even if we don't have direct insight into those
1620 costs -- for example, the FERC transmission issues.

1621 Mrs. Harshbarger. Yeah.

1622 Mr. Myers. So, between the two of those, that allows us to tailor the specific plan for that
1623 specific customer so that they can cover all of the cost that is needed to upgrade their facilities.
1624 And each one is going to vary differently because of location, power needs in that area, things of that
1625 nature.

1626 Mrs. Harshbarger. Yeah. Just a lot of variables.

1627 Mr. Myers. It is.

1628 Mrs. Harshbarger. Mr. Falcone, as we work to build new generation to modernize the grid
1629 and interconnect new large loads, what are some of the unique challenges for rural areas like my
1630 area in east Tennessee? And how do we ensure those rural communities are protected from
1631 subsidizing those data-center costs?

1632 Mr. Falcone. One of the interesting things that we have seen is, we have seen a lot of
1633 demand in rural areas because those are places that you can generally build.

1634 Mrs. Harshbarger. Yeah.

1635 Mr. Falcone. And so I do think it is the importance of making sure -- sometimes these are
1636 served by very small utilities. Maybe they get their power from TVA, but you may have a local
1637 distribution utility.

1638 Mrs. Harshbarger. Yeah.

1639 Mr. Falcone. Helping in educating those small distribution utilities on the types of financial
1640 contracts and other requirements that we are seeing in places that are more advanced. One of the
1641 bills in front of you today does that, because it mandates that everyone at least take a look at it.

1642 And so I think that our leading-edge utilities that have been doing this, if you are Duke or
1643 some of our members that have overwhelming demand, are a little bit further down the curve. But
1644 ensuring that that knowledge is spread is very important.

1645 Mrs. Harshbarger. It is, because there is a lot of resistance in rural areas to build those data
1646 centers. And, you know, the local -- I guess their local mayors and, you know, commissioners, they

1647 just don't want them. But they need to know and we need to educate them on why they need it.

1648 So thank you, sir.

1649 And, with that, I yield back, Mr. Chairman.

1650 Mr. Latta. Thank you very much.

1651 The gentlelady yields back.

1652 And the chair now recognizes the gentleman from New York's 20th District for 5 minutes for
1653 questions.

1654 Mr. Tonko. Well, thank you, Mr. Chair and Ranking Member. I appreciate this hearing, and
1655 I am supportive of several of the bills before us today.

1656 Recently, Senator Chris Van Hollen and I have introduced the Power for the People Act, which
1657 proposes many of the same strategies to ensure that residential ratepayers are not footing the bill
1658 for data centers' electricity demands.

1659 But I do worry that the suite of bills before us today is not comprehensive or ambitious
1660 enough to meet our current moment. For example, there is nothing to promote inter-regional
1661 transmission or demand reduction.

1662 With that said, I would like to focus on a few areas where I do see opportunities for
1663 bipartisanship.

1664 Smart planning starts with accurate load forecasting, and we know forecasting these large
1665 loads is, indeed, challenging. We need better coordination amongst regions, States, and utilities to
1666 plan and predict our growing electricity demand and reduce uncertainty.

1667 So I would like to go down the line of witnesses. If you could just provide a yes or no: Can
1668 the Federal Government provide greater support to the entities responsible for conducting these
1669 forecasts?

1670 We will start at this end, please.

1671 Mr. Myers. Can you say that again? I didn't --

1672 Mr. Tonko. Sure.

1673 Mr. Myers. -- quite hear it.

1674 Mr. Tonko. Just a yes or no response to whether or not the Federal Government can
1675 provide greater support to the entities responsible for conducting these forecasts.

1676 Mr. Myers. I think there may be room, yes.

1677 Mr. Tonko. Okay.

1678 Mr. Falcone. Yes, certainly, especially in spreading best practice and researching best
1679 practice.

1680 Mr. Tonko. Okay.

1681 Ms. Muse. Yes.

1682 Mr. Peeler. Yes.

1683 Mr. Tonko. Okay.

1684 The Load Forecasting Enhancement Act provides a good start to address this challenge. My
1685 legislation, the Power for the People Act, takes a slightly different approach, but I think we are
1686 ultimately in agreement on the need for coordination and harmonization of practices across regions.

1687 Ms. Muse, you worked at DOE, and I assume you also worked closely with the National Labs.
1688 Do you believe there is room for analyses, modeling, or technical assistance that DOE and the Labs
1689 could provide to support improved load-forecasting methods?

1690 Ms. Muse. Absolutely. Load forecasting is incredibly dynamic and growing more so, where
1691 resources from DOE and from the National Labs can be helpful.

1692 I think also the technical assistance provided to the broad set of State stakeholders that are
1693 participating in the process would also be helpful, drawing on DOE's years of work with those
1694 stakeholders -- the regulators, the legislators, the policy and State energy offices, and more.

1695 Mr. Tonko. Thank you.

1696 And I would also like to ask about the Ratepayer Protection Act. My legislation, the Power

1697 for the People Act, also seeks to encourage States, through PURPA, to create separate rate classes for
1698 these large loads, ensuring that project developers cover the costs of any necessary generation,
1699 transmission, or distribution infrastructure upgrades.

1700 The majority's bill has set the definition of "large loads" at 100 megawatts of power demand,
1701 which is more than enough to power a small city. I have proposed 50 megawatts.

1702 Chairman Myers, what do you think is the right place to set that "large load" definition at?

1703 RPTR DEAN

1704 EDTR SECKMAN

1705 [12:44 p.m.]

1706 Mr. Myers. Now, as I mentioned, in our last large load workshop in Arizona, it was pretty
1707 much agreed upon that 50 megawatts was a good number.

1708 Mr. Tonko. Okay.

1709 Ms. Muse, what do you think? Is 100 megawatts a demand too high a standard?

1710 Ms. Muse. I think you can bring in a lot more than just data center loads, and we really need
1711 to be mindful as we are crafting these different classes. But the 50 megawatt threshold I think gives
1712 us more visibility into the data center loads that are coming on under that the 100 megawatt
1713 threshold.

1714 Mr. Tonko. Thank you.

1715 The near-term load growth projections we are seeing are frankly hard to comprehend. To
1716 me, they suggest that we cannot build all the necessary infrastructure fast enough, especially when
1717 coupled with major backlogs of grid and generation equipment. At the very least, we are going to
1718 need every tool at our disposal, and that includes grid-enhancing technologies and reconductoring to
1719 maximize the performance of our existing infrastructure. But also much more energy efficiency,
1720 demand response, and other strategies to reduce peak demands throughout the entire system.

1721 We also going to need to make it easier to build cost-effective transmission. And, yes, we
1722 are going to need more renewables. These are good ideas being proposed at today's hearing.
1723 But, if we actually want to address these issues without increasing cost for everyday Americans, then
1724 we need to get serious about embracing policies that the majority has dismissed in recent years.

1725 With that, I thank you, Mr. Chair. And I yield back.

1726 Mr. Latta. Thank you very much. The gentleman yields back.

1727 And the chair now recognizes the gentlelady from Florida's 15th District for 5 minutes for

1728 questions.

1729 Ms. Lee. Thank you, Mr. Chairman.

1730 After years of relatively flat demand, electricity use is rising rapidly, driven by AI data centers
1731 and advanced manufacturing. The challenge before us is straightforward: How do we build the
1732 power infrastructure America needs without shifting the cost and the risks on to families and
1733 businesses? We know the demand is coming. The question is whether we plan for it responsibly
1734 by protecting ratepayers, maintaining reliability and ensuring the grid is ready for long-term growth.

1735 Mr. Peeler, I would like to begin with you. In Florida, utilities like Florida Power & Light have
1736 taken a proactive approach to large load growth before major data center demand arrives, requiring
1737 data centers to pay their own way, fund 100 percent of the infrastructure they drive, and commit to
1738 long-term contracts with financial assurances so existing customers aren't left stranded.

1739 At the same time, high load factor customers can help reduce pressures on rates by spreading
1740 fixed costs across more users. From your perspective, what are the key elements utilities need in
1741 place to ensure large load growth reduces, not increases, pressure on residential rates?

1742 Mr. Peeler. Thank you for the question. So, as I have talked about before, it is very
1743 important to understand the actual load and the need and then to be able to plan an integrated
1744 solution for that, which is transmission, distribution or generation, as well as making a financial
1745 commitment from those large customers so that those customers pay their share. And, with States
1746 like Florida, with the State oversight, the State is able to ensure that, as those rates are set up, that
1747 those customers are paying their share and that no subsidizations are occurring from the residential,
1748 commercial, and other class of customers. So, primarily, clear commitments from the large
1749 customers, which ultimately result in a financial long-term obligation so that there is no subsidization
1750 to those residential customers.

1751 Ms. Lee. Thank you. And, Mr. Falcone, innovative grid technologies offer significant
1752 benefits in ensuring reliable and resilient energy delivery beyond their essential role in meeting

1753 electricity demand growth in enhancing grid efficiency. For decades, DOE has played a crucial role
1754 in commercializing these technologies through National Laboratory test beds, competitive awards for
1755 private sector innovators, support for public-private demonstration projects and technical assistance
1756 for industry. As a result, utilities in Florida, like the Tampa Electric Company, are already deploying
1757 many of these tools. How could a DOE clearinghouse help your members modernize their systems
1758 and improve the reliability and affordability of electric service for customers?

1759 Mr. Falcone. Thank you for the question, Representative Lee.

1760 I agree with everything you have said. At the end, utilities, one of the wonderful things
1761 about utilities is that we are not in competition with one another. We share a lot of best practices.
1762 We learn off each other. But someone has to go first, pioneer a technology, try it out and ensure
1763 that best practice, and then everyone else picks it up. And so those are very valuable test beds.
1764 They help to work on early projects, and then those early wins spread to everybody else.

1765 Ms. Lee. And your testimony also highlights the importance of distinguishing between
1766 committed, probable, and speculative load, particularly with data centers. How can utilities and
1767 regulators improve load forecasting so we don't over build costly infrastructure based on speculative
1768 demand and ultimately pass those costs on to consumers?

1769 Mr. Falcone. It is a very challenging thing, because load forecasting typically looks at what
1770 the past trends have been, what customer inquiries have been. But now we have some very large
1771 customers that are applying in many, many places, and it is almost like had a free option. So that
1772 skews the load forecast quite a bit, and the information is on the other side the table; those
1773 customers know better what they plan to build than we are ever going to know. And so that is the
1774 importance of distinguishing and looking to financial commitments because the financial
1775 commitment reveals that the entity is serious about building in that location and isn't just shopping
1776 around. So the bills that are here encourage that by spreading best practice on load forecasting but
1777 also looking for financial commitments in that Ratepayer Protection Act. Both are very, very

1778 valuable to try and get to the right number. We don't want to over bill; we don't want to under bill.

1779 Ms. Lee. Thank you, Mr. Chairman. I yield back.

1780 Mr. Latta. Thank you very much.

1781 The gentlelady yields back.

1782 And the chair now recognizes the gentlelady from Washington's Eighth District for 5 minutes
1783 for questions.

1784 Ms. Schrier. Thank you, Mr. Chairman. And thank you to all of our witnesses.

1785 AI brings both tremendous opportunity and risk. And I am thankful to the chair for focusing
1786 on this really important topic, focusing on the exponentially rising data center demand for energy
1787 and how to responsibly meet that need and also how to maximize the potential of our power grid.

1788 AI impacts are a really big concern for my constituents in Washington State. The people I
1789 represent are worried about what the emergence of AI means for their jobs, for their privacy, and,
1790 specific to this hearing, for their utility bills and keeping the lights on.

1791 Compared to last year and you have heard this from people, we are paying nearly 15 percent
1792 more on our utility bills in the Eighth District. Studies are showing that, by 2028, the northwest
1793 energy supply may not always be able to meet energy demand during peak times. Much of this
1794 stems from the administration's rollback of needed investments that would bring affordable and
1795 clean energy to our grid -- some stems from sluggish improvements to our grid, and the exponential
1796 growth of data center energy consumption will add more and more demand.

1797 While these companies are expected to reap tremendous benefits from advancing AI using
1798 our data and our power, they cannot benefit off the backs of our hardworking families who are
1799 already being hit with rising utility bills. If these big companies want the energy, these corporations
1800 are going to have to reach into their own deep pockets to fund it, build it, and, if needed, connect it
1801 to the grid.

1802 Mr. Falcone, you represent many community-owned public utilities in Washington's Eighth

1803 Congressional District, like Snohomish and Chelan PUDs. We also have a neighboring grant PUD.

1804 The flexibility that local authority allows has enabled utilities to set up frameworks and
1805 cost-allocating policies that protect residential ratepayers, and they have all done it in a little bit of a
1806 different way. What are some of the mechanisms that public utility districts in my State are using to
1807 protect ratepayers as data centers move in?

1808 Mr. Falcone. Well, thank you for the question.

1809 We have five members of LPPC that are in the State of Washington, including the three
1810 members you just mentioned. Fortunately, to date, those members have benefited from having
1811 capacity available, and they have marketed that capacity to large data centers. So it has actually
1812 helped to lower rates. But they are now in a period where those inquiries, the new inquiries will
1813 require them to build new load. And, in each of those cases, what they are looking for are those
1814 types of financial commitments from the other party to ensure that the -- they are not -- you know,
1815 the issue is you -- in Washington, you have wonderful hydropower and very low rates. The new
1816 cost to build is going to be up here, and you want to make sure that you charge your existing
1817 customers this rate, and the new you customer this rate, and not a blended rate.

1818 Ms. Schrier. That is right. And they have done things, like secure commitments to stay, to
1819 not just pick up and move all those computers when it is more convenient to go somewhere else, and
1820 to put the responsibility for energy, for transmission and the like, on these companies.

1821 Mr. Peeler, you have detailed in your testimony that regional judgment is critical when
1822 making decisions on data center load growth on a Federal level. How do we ensure that every
1823 ratepayer nationwide is protected from these costs while including these regional local
1824 considerations?

1825 Mr. Peeler. So I think it is important that there be State and local decisionmaking, as you
1826 just described in your district, because those are the folks who are closest to the customers and
1827 closest to the issues.

1828 I think, from a Federal perspective, it is useful to set direction in outcomes, not prescribe the
1829 exact policy. So I think this body can prescribe some of those outcomes and objectives so that
1830 those local and State authorities can make those decisions best for their locality and customers.

1831 Ms. Schrier. Thank you.

1832 And, Ms. Muse, I have barely any time left, 30 seconds, but you mentioned the importance of
1833 accurate forecasting. This is really hard to pin down, partly because there is some unpredictability
1834 and partly because these big corporations don't open their books. Is there anything that we can do
1835 to nudge data center developers to provide more accurate and complete data to power planners
1836 while respecting confidentiality? And you can submit that for the record. If you don't have --

1837 Ms. Muse. I don't have a short answer off the top of my head. So I will put that one into
1838 the record.

1839 Ms. Schrier. Thank you very much.

1840 I yield back.

1841 Mr. Latta. Thank you very much. The gentlelady yields back.

1842 And the chair now recognizes the gentleman from Texas' 12th District for 5 minutes for
1843 questions.

1844 Mr. Goldman. Thank you, Mr. Chairman.

1845 Thank you to all the panelists for being here.

1846 Mr. Chairman, if it is okay with you, I am going to yield as much time of my 5 minutes as Ms.
1847 Fedorchak from North Dakota needs.

1848 Mr. Latta. The gentlelady is recognized.

1849 Mrs. Fedorchak. Thank you, Mr. Chairman.

1850 Thank you, Rep. Goldman. I appreciate that.

1851 As we started talking about earlier, we are going to go to be making massive investments in
1852 our power grid, and all this infrastructure is absolutely essential that we get the cost signals correct in

1853 doing so so that the people are causing the cost pay for them.

1854 I previously spoke about how transmission costs are driving up utility bills for American
1855 families, and that is one of the reasons why I introduced the High-Capacity Grid Act, which would
1856 help us push more power through existing transmission infrastructure.

1857 Mr. Myers, a fellow commish -- I am a former commissioner. It is good to see a fellow
1858 commissioner here. Can you quickly talk about the advantages of reconductoring existing lines
1859 versus the costs of permitting new ones and the requirements involved in that?

1860 Mr. Myers. Yeah, from my understanding that, as you pointed out, the permitting is a big
1861 advantage. Reconductoring with existing infrastructure means a lot less hurdles to jump through,
1862 and that means timelier infrastructure buildout. That means lower costs for the ratepayers because
1863 you are not going through all of those NEPA studies and everything else potentially. So I think that
1864 is maybe one of the big benefits.

1865 I would caution that, sometimes reconductoring does push costs down the line to again
1866 transmit substations and transformers and things of that nature, but that is not always the case. So
1867 I think there is room for a policy like what you have, as long as there is some flexibility in there to
1868 make sure that certain situations can be dealt with appropriately.

1869 Mrs. Fedorchak. Absolutely, and that is why FERC is in charge of setting the standards, and
1870 folks like you would ultimately see this through to the ratepayers cost. So thank you for that.

1871 The ultimate goal here is to, as you said, push more power through existing lines as fast as we
1872 possibly can. And that is the goal of the High-Capacity Grid Act.

1873 Thank you to my friend and colleague, Rep. Goldman, and I will return the balance of his time
1874 to him.

1875 Mr. Goldman. Thank you, Representative Fedorchak.

1876 Chairman Myers, between better load forecasting and strong ratepayer protections, what
1877 single rate reform would best help Texas balance reliable, affordable power for families with the

1878 massive new demand for data centers?

1879 Mr. Myers. I am sorry; you asked what --

1880 Mr. Goldman. Yeah, what, is there a single rate reform or reforms that come to mind?

1881 Mr. Myers. I think honestly permitting reform is probably the biggest thing, at least from my
1882 vantage point. That is the thing that tends to be the most headache at the Federal level.

1883 Mr. Goldman. Mr. Falcone, do you agree?

1884 Mr. Peeler. Permitting reform would be right up there. I do think the Ratepayer
1885 Protection Act is important. Get the price right, and it solves a lot of problems.

1886 Mr. Goldman. Mr. Peeler?

1887 Mr. Peeler. I would agree with the permitting reform.

1888 Mr. Goldman. Thank you.

1889 Many of my constituents in Texas are concerned that their electric bills could rise because of
1890 the rapid growth from AI data centers in ERCOT, speaking of the Ratepayer Protection Act. How
1891 important is it for Congress to consider measures like that legislation, which would require large
1892 companies to cover the full incremental costs of the upgrades needed to serve them and to provide
1893 financial assurances up front. Chairman Peeler? Chairman Myers, sorry.

1894 Mr. Myers. Yeah, I think that the States honestly are already doing it, and we are well down
1895 the path of doing that. I don't see a problem with this particular act. I just don't know how
1896 effective it will be if it we are already going down that route.

1897 Mr. Goldman. Mr. Falcone?

1898 Mr. Falcone. I think the primary benefit of the act is that it spreads the best practice. Our
1899 members, you know, the load growth is not equal across the country. It is very, very high in Texas.
1900 The utilities in the States that have really high load growth -- Texas, Virginia, Georgia -- they are well
1901 down the path, and the State commissions have acted. I think it has a benefit for folks that are the
1902 second or third tier of demand in spreading the best practice.

1903 Mr. Goldman. Thank you.

1904 Mr. Peeler.

1905 Mr. Peeler. I think the States are best positioned to manage this across all rate classes, all
1906 retail rates. This is one retail class of customer. They are best positioned I think to determine the
1907 appropriate way to manage that.

1908 Mr. Goldman. Super. Thank you all again for being here today.

1909 Mr. Chairman, yield back the balance of my time.

1910 Mr. Latta. Well, thank you. The gentleman yields back.

1911 The chair now recognizes the gentleman from Ohio's First District for 5 minutes for questions.

1912 Mr. Landsman. Thank you, Mr. Chairman.

1913 And thank you for considering the Protecting Families from AI Data Center Energy Cost Act.

1914 This is our bill to -- you will get FERC to bring key stakeholders together, to work through some of the
1915 questions that have been raised in this hearing, and to provide recommendations as to what we
1916 should be doing to better protect ratepayers, you know, across the country.

1917 I agree, you know, with some of the comments that, you know, some States are ahead of the
1918 game, and some States aren't. And it depends on any number of factors. Nationally, we need to
1919 see real leadership in laying out all of the ways in which we are going to protect ratepayers because
1920 the number of these large load data centers is, you know, the trajectory is pretty intense. And, you
1921 know, yes, we have a transmission issue. That is one of the most important things we have got to
1922 resolve. And then we have got to get more and more energy onto that grid. But, in the
1923 meantime, FERC, you know, could easily pull together these key stakeholders. And, you know, the
1924 way our bill works is it says to FERC: Bring together major stakeholders to develop detailed
1925 recommendations and best practices to ensure rising energy costs from data centers aren't passed
1926 on to communities.

1927 A couple of questions and start with you, Ms. Muse. One, how important is this in your

1928 mind? How quickly could it be done? And who are those key stakeholders in your opinion?

1929 Ms. Muse. Certainly, thank you for the question.

1930 I think FERC has the ability to pull together technical conference relatively quickly. Although
1931 I don't want to speak on behalf of the staff over there. I think they do them. They run them
1932 regularly throughout the year.

1933 I think you had a great list of stakeholders in the bill. I wanted to call attention and support
1934 the inclusion of the ratepayer advocates at the consumer protection piece of this and the consumer
1935 advocate voice. Having them in the room in the FERC technical conference will be really helpful,
1936 along with the utilities, the regulators, the State energy offices and other --

1937 Mr. Landsman. Yeah, I just think it would -- clearly they can do this without the legislation,
1938 and we will push on FERC to do that. But hopefully we will get this, you know, on to a markup
1939 calendar, and we can get it passed.

1940 Anyone else want to jump in on that? Mr. Myers.

1941 Mr. Myers. Sure. I think, overall, this is a good way to proceed. I think we might want to
1942 consider leaving this a little bit open in the sense that with other, with NARUC, the National
1943 Association of Regulatory Utility Commissioners, we do have interactions with FERC all the time.
1944 There is actually the FERC State Federal collaborative that convenes. That might be a venue that we
1945 can do something with this as well. So maybe be careful about limiting it.

1946 Mr. Landsman. Yeah, yeah, smart.

1947 Mr. Falcone?

1948 Mr. Falcone. I agree that FERC has in the past and can and should have a convening
1949 authority, NARUC's State commissions. I will throw in the public -- or a plug. I would say public
1950 utilities right now, but I would also add public priority utilities and consumer-owned utilities.

1951 Mr. Landsman. Sorry?

1952 Mr. Falcone. I would also add public priority utilities and consumer-owned utilities are

1953 groups that would be helpful.

1954 Mr. Landsman. Smart.

1955 Mr. Peeler. Yeah, I think it is a good idea: Again, bring smart people together that have
1956 different views of the problem.

1957 Mr. Landsman. Yeah.

1958 Mr. Peeler. Right. And I think you will get a lot of good output.

1959 Mr. Landsman. All right, thank you all.

1960 And, Mr. Chair, I yield back.

1961 Mr. Latta. Thank you very much. The gentleman yields back.

1962 And the chair now recognizes the vice chair of the subcommittee, the gentleman from Texas,
1963 for 5 minutes for questions.

1964 Mr. Weber. Thank you, Mr. Chairman.

1965 Mr. Myers, I am going to come to you. In your testimony, you highlight the significant
1966 growth Arizona is experiencing and how this growth, while beneficial in many ways, is placing a strain
1967 on utilities and other components of the State's electrical grid. As you can probably imagine -- I am
1968 from Texas. As you can probably imagine, Texas also is experiencing rapid growth, and getting in
1969 front of the challenges associated with this growth is absolutely critical to ensuring our grid is
1970 protected during seasons of peak demand. We have seen that happen. The Load Forecasting
1971 Enhancement Act would help to predict and forecast how this growth can be better managed as
1972 large load additions from data centers and other projects continue to be added to the grid across the
1973 country. For years, the question is, how could the provisions in this bill be implemented best to
1974 navigate those anticipated increases in electricity demand?

1975 Mr. Myers. Well, that is a great question. I don't know that I have an answer for you. I
1976 would like to get back to you on that one in writing, if I can.

1977 Mr. Weber. You don't have a magic?

1978 Mr. Myers. I don't have a magic wand. I think that is a loaded question, to be honest with
1979 you.

1980 Mr. Weber. Well, there is a lot of things in Texas that are loaded. So that makes sense.

1981 Mr. Myers. Arizona as well.

1982 Mr. Weber. Mr. Peeler, I am going to come to you. One of the challenges communities
1983 and ratepayers are facing -- by the way, we will give you a couple of minutes to think through
1984 that -- but the challenges ratepayers are facing is risings costs associated with large load customers,
1985 such as data centers, being added to the grid, as you mentioned in your testimony. The Ratepayer
1986 Protection Act would require large load customers to recover the full incremental cost of any
1987 additional generation, transmission, or distribution upgrades needed to meet the demands of those
1988 customers. Has there been any pushback? Do you anticipate there is going to be pushback from
1989 large load industry customers on these provisions?

1990 Mr. Falcone. So I think we have talked about it a couple times that large load customers
1991 have been willing, voiced willingness to pay their share. I think the issues may become into the
1992 details of how you count that, all right? So I think each jurisdiction State has a mechanism to
1993 determine the cost impacts. So it may be difficult to create a single cost formula for nationwide. I
1994 think that is the only issue, not the concept of should they pay and will they pay. It's the details.

1995 Mr. Weber. When you say the large load customers have indicated a willingness to pick up
1996 that extra slack for better --

1997 Mr. Peeler. All indications, from our experience, is they are willing to pay their share
1998 appropriately.

1999 Mr. Weber. When you say "large load customers," is that two of them, three of them, six of
2000 them?

2001 Mr. Peeler. More than that. Certainly the large, the very large hyperscalers have
2002 expressed support for paying their share.

2003 Mr. Weber. Yeah. Is there a mechanism in place? I mean, they say that verbally, you
2004 know, which is a good start, but is there a mechanism in place where we could hold them to that.

2005 Mr. Peeler. Yes, so financial commitments, long-term contracts, take-or-pay requirements,
2006 overseen by State regulatory authorities is our current approach to that.

2007 Mr. Weber. Do you think we have the authority to enforce that, even though they are
2008 overseen by State regulatory authorities?

2009 Mr. Peeler. I think the States you do. It is a retail agreement, which is a State jurisdictional
2010 agreement.

2011 Mr. Weber. Okay, okay. And, finally, I am going to come back to you, Mr. Falcone. In
2012 your written testimony, you highlight the importance of planning when it comes to welcoming large
2013 load customers or other entities in the community to create jobs and connect to the electrical grid.
2014 Without proper planning -- I'm going back kind of to what the State -- having jurisdiction, but without
2015 proper planning, local localities and ratepayers could be in jeopardy of bearing the majority of all the
2016 standard cost risks associated with unused electricity capacity, especially in Texas when it is hot and
2017 some States where it is really cold in the wintertime. So those local folks could be stranded with
2018 the cost risks associated with unused electrical capacity or overinvestments in electrical
2019 infrastructure for specific customers. How would you suppose that localities can look, or how can
2020 localities and large load customers work together throughout that planning process? Kind of what
2021 he said, they are making promises. How do you get the localities in on that? I mean, those are
2022 promises -- you know what a pie crust promise is? It is easily made and easily broken.

2023 Mr. Falcone. Yeah.

2024 Mr. Weber. Okay. How do you deal with that?

2025 Mr. Falcone. The most important thing is that they put those promises into a financial
2026 contract and guarantee them. Otherwise, they are meaningless.

2027 Mr. Weber. Okay.

2028 Thank you, Mr. Chairman. I yield back.

2029 Mr. Latta. Well, thank you very much. The gentleman yields back.

2030 The chair now recognizes the gentlelady from Texas' Seventh District for 5 minutes for
2031 questions.

2032 Mrs. Fletcher. Thank you, Chairman Latta and Ranking Member Castor.

2033 Thank you to our witnesses for being here today. I am glad we are holding this important
2034 hearing as the debate around permitting reform continues. That is certainly something we have
2035 been talking about in our subcommittee and full committee. And many of the bills that are before
2036 us today would make incremental improvements to our electrical grid's ability to meet demand from
2037 AI. It seems to me, though, that they fail to address the core blockers to building transmission at
2038 scale, and that is planning across regions, permitting certainty, and a workable cost allocation. So I
2039 would like to focus my questions on the last of these three issues and in particular talk about the
2040 FAIR Act.

2041 The FAIR Act prohibits grid operators from charging the cost of transmission project to other
2042 utilities if any part of the drivers of a project are related to State policies. The bill provides no
2043 specific definition of State policies. And it is pretty clearly targeted at States that have renewable
2044 portfolio standards or otherwise incentivized renewable energy generation.

2045 And I know that many of my colleagues have expressed concerns in this room about red
2046 States paying for blue State policies, but I do believe that this bill, as written, has a lot of unintended
2047 consequences. And certainly I live in a red State; I live the Texas. And, in Texas, parts of which are
2048 outside of ERCOT and, hence, would be subject to the bill, ensuring that our grid can withstand
2049 hurricanes and extreme weather is crucial. And our public utility commission and our electric
2050 utilities use system resiliency plans to improve grid reliability through physical system upgrades,
2051 through technical modernization, and operational improvements that will prevent and reduce
2052 outages for Texans and protect against natural disasters.

2053 So, Ms. Muse, I want to direct my first question to you. Would the FAIR Act cover any State
2054 policy that creates a transmission mission need, whether those are straight grid resilience policies or
2055 simply policies to do with any large electricity, how would this impact States with interregional
2056 connections that face hurricanes or other extreme weather events?

2057 Ms. Muse. Thank you. The FAIR Act was written quite broadly to include just a broad
2058 swath of State and local policy, and so it is unclear kind of what would fall into that category, which is
2059 why I have concerns around it as it would slow and really stymie inter regional transmission. We
2060 have a real need for transmission to improve the resilience and reliability of the grid as we are
2061 looking to build a grid that is bigger than the weather and so that we can move power from, you
2062 know, where it is very hot, where it is very cold, where there is extreme need for power to places
2063 that may not have as high demand. And the way to do that is to build transmission line that
2064 connects the grid more fully across State lines.

2065 Mrs. Fletcher. Thank you. And I love the way you describe that building a grid that is
2066 bigger than the weather. I think that continues to be a concern for all of us from Texas in every part
2067 of the State, but certainly on the Gulf Coast, where I live, we are concerned year round about the grid
2068 and about making sure we have that.

2069 And I think another thing I want to put to everybody on the panel so maybe I will just go
2070 down the line here. Different States and different regions even may disagree on whether to count
2071 certain social or environmental benefits or policies when evaluating a transmission line. But would
2072 everyone agree that the benefits of grid upgrades to reliability and affordability should be accounted
2073 for as FERC already requires today. Mr. Myers?

2074 Mr. Myers. I think yes. I think it is important to note that what defines a benefit does vary
2075 from State to State, and that is hardly ever going to come to an agreement, which I think is maybe
2076 the crux of your concern.

2077 Mrs. Fletcher. Thank you, Mr. Myers.

2078 Mr. Falcone?

2079 Mr. Falcone. I would just say that a transmission is generally broken into three categories.
2080 You have economic, which is things that just make sense and they pay for themselves. You have
2081 reliability, which you need for reliability purposes. And then there is the third category, which is,
2082 generally, like, public policy transmission. By definition, those don't meet the economic or the
2083 reliability criteria. I think one of the questions is, okay, if one party is incurring or has a public policy
2084 that requires an upgrade, how do you allocate those costs? But a big thing I would say is any
2085 investment has benefit. And so, if something costs \$100 and its tangible benefits are 80 and it is
2086 driven by public policy, it doesn't mean that the \$100 should be allocated just to the person driving
2087 the public policy. Probably the \$80 of tangible benefit should be allocated in a way that we
2088 traditionally do, and maybe the other 20 I leave that up to Congress. But there is benefit to every
2089 upgrade.

2090 Mrs. Fletcher. Well, thanks, Mr. Falcone.

2091 I have run out of time in my questions. So, Ms. Muse and Mr. Peeler, I am going to ask you
2092 to please submit answers to that question for the record, and I will submit it through our process so
2093 that you get it sent back to you. You don't have it to write it down and remember it, but we will get
2094 it over to you.

2095 I thank you all, thank you very much for your testimony. And I thank you, Chairman Latta,
2096 and I yield back.

2097 Mr. Latta. Well, thank you very much it. The gentlelady's time has expired and yields back.
2098 The chair now recognizes the gentleman from South Carolina's Seventh District for 5 minutes
2099 for questions.

2100 Mr. Fry. Thank you, Mr. Chairman. Thank you to the witnesses for being here today.

2101 I am proud to have Duke Energy's Robinson plant, a nuclear plant, in the congressional
2102 district. In South Carolina, the plant employs 500 people and is a major source of tax revenue for

2103 Darlington County, certainly energy. Last week, I was thrilled to hear that the NRC approved
2104 Robinson's application to operate for an additional 20 years through 2050, which is important for
2105 both the local area and the entire State. It is an exciting time for the district, for South Carolina, and
2106 certainly for Duke Energy. In light of the growing demand for power, though, there is discussion
2107 about permitting reforms to ensure the production and supply of that power.

2108 Last week, the head of the National Association of Regulatory Utility Commissioners wrote a
2109 letter to leaders of the Senate Energy Committee who were reportedly involved in permitting
2110 reforms themselves. This letter made several points about reforming Federal permitting processes,
2111 reducing red tape, not increasing it, and concluded with respect to transmission siting that members,
2112 quote, "should resist any effort to concentrate even more authority over local siting decisions in the
2113 Federal Government."

2114 Mr. Chairman, with unanimous consent, I would like to submit that letter to the record.

2115 Mr. Latta. Without objection, so ordered.

2116 [The information follows:]

2117

2118 ***** COMMITTEE INSERT *****

2119

2120 Mr. Fry. Thank you.

2121 Mr. Myers, from your perspective, is the answer to faster energy infrastructure permitting to
2122 create more Federal permitting bureaucracy over State decisions or less?

2123 Mr. Myers. Less.

2124 Mr. Fry. And would you like to expand on that? What is the rub here on why the Federal
2125 Government maybe is not best equipped to handle that?

2126 Mr. Myers. Well, I think that NARUC letter you just referenced pretty much sums it up very
2127 well. I think, every time the Federal Government gets involved, it ends up costing more from a time
2128 standpoint, if not monetary, for States to get things done. We have a pretty good record of
2129 implementing these projects fairly quickly. I think that the biggest benefit the Federal Government
2130 could provide is permitting reform, judicial reform, as part of that process, and just removing the red
2131 tape.

2132 Mr. Fry. That would be expedited review and some other things like that?

2133 Mr. Myers. All of that.

2134 Mr. Fry. Yeah.

2135 Mr. Peeler and Mr. Falcone, if Federal backstop steps overthrow integrated planning at the
2136 State level or even a regional level, what can that mean for affordability and household bills? Start
2137 with you, Mr. Falcone.

2138 Mr. Falcone. Representative Fry, I think the important thing, you know, the big debate is
2139 whether FERC should have siting authority. And I think the important thing is whatever planning
2140 process Congress decides, it should be an integrated planning process. It should work with the
2141 existing processes, not be an add on. There shouldn't be shopping of transmission projects and that
2142 those projects that are selected have to provide benefits to customers. I used to be the CEO of an
2143 electric utility. And let me say that, if money goes to projects that don't provide value, that is less

2144 money for things that do provide value. So there has to be adequate protections that we are
2145 selecting the right projects, and it really delivers consumer value.

2146 Mr. Fry. Mr. Peeler?

2147 Mr. Peeler. I would agree with Mr. Falcone and just add, in addition to his comments, it can
2148 slow down the actual construction and completion of the project as well.

2149 Mr. Fry. How should integrated planning process work to ensure the lowest costs to
2150 ratepayers?

2151 Mr. Peeler. So it is important that all factors, inputs to planning, as well as the levers for
2152 solutions be considered. So load is an input, and solutions are generation, transmission,
2153 distribution solutions. I think that works best when it is closest to the customers, and, in general,
2154 that means at State regulatory levels for resource planning. And transmission planning should
2155 support resource planning. They should be integrated together. All options considered as the
2156 best solution.

2157 Mr. Fry. Thank you for that.

2158 Switching back to nuclear with you, Mr. Peeler. We are looking at legislation about
2159 protecting residential ratepayers today against extraordinary growth and power demand, particularly
2160 from data centers. How does new nuclear factor in for Duke as you evaluate what is in the best
2161 interest of your customers and the balance?

2162 Mr. Peeler. As you well know, nuclear is a cornerstone of Duke Energy's generation fleet,
2163 has served customers well for decades. It is a capital-intensive effort. We are focused right now
2164 on lengthening the lives of the plants we have, just like the plant you mentioned earlier, as well as
2165 getting more out of the plants we have. So we actually have upgrades underway at our existing
2166 fleet of over 300 megawatts. That is like a new SMR for our existing fleet. And we continue to
2167 have new nuclear as one of our choices in our integrated resource plan. So continue to look for
2168 that at the right time, at the cost for customers, it will be incorporated.

2169 Mr. Fry. Thank you for that.

2170 Mr. Chairman I see my time has expired. I yield back.

2171 Mr. Latta. Thank you very much. The gentleman's time has expired and he yields back.

2172 The chair now recognizes the gentleman from Texas' 33rd District for 5 minutes for questions.

2173 Mr. Veasey. Thank you, Mr. Chairman.

2174 Our Nation's energy infrastructure currently carries a D plus grade from the American Society
2175 of Civil Engineers. And one of the reasons why is because we really are relying on the 20th century
2176 power structure to help us figure out how we are going to through the 21st century AI manufacturing
2177 revolution. People talked about data centers already. And about 70 percent of our transmission
2178 lines and transformers are more than 25 years old. And, in many parts of the country, about
2179 60 percent of our circuit breakers have been service for over 30 years. And so it took us 100 years
2180 to build the grid that we have today, but really because of an explosion of AI and data centers and
2181 manufacturing, we are now being asked to essentially double that capacity in the next 25 years,
2182 which is really astounding if you think about it. And here is the real problem: We are seeing
2183 about a \$5 trillion infrastructure deficit in the energy sector. And, while utilities spend \$35 billion a
2184 year on transmission, it really is a drop in the bucket when you compare it to the total need for a
2185 resilient modern grid. And I think that we all know who has the capital and the urgency to help fill
2186 this gap, and it is the hyperscalers. We shouldn't just view data centers just as a burden on the grid.
2187 Instead, we should really seize this buildout as the most powerful leverage point we have for grid
2188 modernization. We should ensure their entry into the market pays for the backbone upgrades that
2189 benefit the entire community.

2190 As Congress, we can also help coordinate this buildout. Otherwise, big tech companies will
2191 simply build their own behind meter power plants, and that is not going to help the grid, and that is
2192 not going to help the constituents that all of us serve. We can have private investment channeled
2193 into every infrastructure plan that benefits everyone.

2194 And so I wanted to ask, Ms. Muse, you served in the White House and at the DOE. And I
2195 know that you know as well as I do that these bills are a good start, but they are only on the margins
2196 of a massive problem. If we want to really seize this moment of a massive load growth to
2197 modernize the grid for the next 50 years, what is the big move we are missing? And, if you were
2198 drafting a trillion dollar grid act today, is there a structural reform that we are just not talking about
2199 yet?

2200 Ms. Muse. Thank you for the question. There is huge opportunity to build out the grid.
2201 And the ASE study that you mentioned really points to the need for a significant upgrade in
2202 improvements to modernize the grid to really meet today's -- what we are asking of today's
2203 economy.

2204 I think we need -- look, we need a much better, a much more connected grid, right. You
2205 talked about what we need, with need significant and regional transmission, much better capacity
2206 and connection between the different regions or the at the eastern and western interconnection.
2207 And, if they will have it, ERCOT as well. But, just as we are better able to move power across the
2208 country, you mentioned a need not only for generation but also for grid upgrades. I think those are
2209 hugely important. We haven't talked in this hearing, but supply chain constraints and workforce
2210 that will allow us to have both the parts and the people to build that grid and to go into modernizing
2211 it. We want to ensure that we are able to do that in a timely fashion and not facing delays.

2212 Mr. Veasey. Yeah, yeah. No, absolutely.

2213 Mr. Peeler, I wanted to ask you, you know, we are talking about an investment gap in the
2214 trillions of dollars. And I know that utilities like yours are doing some investing, but the
2215 hyperscalers have the capital, and they have the urgency. In your vertically integrated model, is
2216 there a structural or regulatory wall that prevents us from taking that private capital and using it to
2217 help build the backbone of the grid?

2218 Mr. Peeler. So we are investing, you know, over \$100 billion over the next 5 years. So it is

2219 a significant investment. But, as I have mentioned several times earlier, the hyperscalers, the data
2220 centers, they are willing to pay their contribution and then the benefit of that being part of the
2221 overall system benefits all customers. So I don't see a burden other than we need to move forward
2222 with things like permitting reform and others that slow us down today so that the ability to have
2223 financial commitments from these large folks for them to commit and then for us to move ahead and
2224 some of the things you mentioned, supply chain, all of those continued challenges, but we need to
2225 push past those and build this infrastructure that benefits all customers.

2226 Mr. Veasey. Yeah. So, with that sense of urgency that we talked about, how can we turn
2227 that into a public good that lowers rates for our constituents, because obviously affordability is
2228 something that people are really paying attention to now.

2229 Mr. Peeler. Utilizing the investment from those large customers and their large usage will
2230 lower the fixed cost that all customers pay. So those large customers will pay a larger portion of the
2231 system cost.

2232 Mr. Veasey. Yeah, okay, thank you.

2233 Thank you, Mr. Chairman. I yield back.

2234 Mr. Latta. Thank you very much. The gentleman yields back.

2235 And the chair now recognizes the gentleman from Michigan's Tenth District for 5 minutes for
2236 questions.

2237 Mr. James. Thank you, Mr. Chairman.

2238 We're here today because the stakes could not be higher. The United States is in direct
2239 competition with China to lead the future of artificial intelligence. Winning that race will require
2240 more than innovation. It will require the ability to generate and deliver massive amounts of reliable
2241 power. It is clear energy demand is rising fast, driven in large part by data centers and advanced
2242 computing. That presents a real opportunity, especially for States like Michigan. Data centers can
2243 bring investment, jobs, and long-term economic growth, but we have to get the fundamentals right:

2244 local control, brownfields before farmland, protect our water, and keep electric bills low. How do
2245 we make sure Michiganders actually benefit from that growth without being stuck with the bill of a
2246 billion dollar infrastructure and projects for Silicon Valley? How do we ensure ratepayers aren't
2247 subsidizing massive new loads? And how do we do it while protecting critical natural resources like
2248 water that these facilities depend on? Because, at the same time we are trying to win this AI race,
2249 Lansing is pursuing aggressive and costly net-zero mandates that are driving up costs and reliability
2250 risks. We are talking about a projected \$386 billion price tag, adding \$2,746 per year to utility costs,
2251 or about \$228 more every month, for families. That is the price tag of Lansing's Green New Deal
2252 agenda. And Michigan families are paying for it every single month.

2253 The reliability is not theoretical. NERC already warned that regions like MISO face elevated
2254 risk as we retire reliable generation faster than we can replace it. So here is the challenge in front
2255 of us: We need to build. We need to compete. We need to win. But we cannot do it in a way
2256 that forces families to pay more for reliable energy. That means making sure that those who drive
2257 new demand pay their fair share, making sure that our generation mix can actually meet peak
2258 demand, making sure policy is grounded in reality, not just ambition. We can and will win the AI
2259 race with China. And we will lead the way in Michigan, but we won't do it by charging Michigan
2260 families \$228 more per month for a grid that can't even keep the lights on.

2261 So, Mr. Peeler, thank you for being here today. It is clear that data center growth is a major
2262 driver of increasing electricity demand. As we worked to compete globally, what are some of the
2263 best mechanisms to ensure that our hyperscale customers pay the full incremental cost of
2264 generation, transmission, and infrastructure required to serve them so that residential ratepayers are
2265 not left subsidizing that growth?

2266 Mr. Peeler. The method to do that is to ensure that those particular customers who drive
2267 that demand growth are on the hook financially and for the long term to cover their costs. And that
2268 means long-term contracts. That means financial obligations, and that means take-or-pay

2269 obligations.

2270 Mr. James. And is it true that, if the power is available, having additional payers will actually
2271 lower residential electricity rates?

2272 Mr. Peeler. Yes, a higher user of energy, a higher megawatt hour user, will absorb more of
2273 the fixed costs of system, and less fixed costs will then flow to the remaining ratepayers. So yes.

2274 Mr. James. Thank you.

2275 Commissioner Myers, we want to attract additional investment. We want to diversify our
2276 economies, but we also have these data center investments, and we have a duty to protect our
2277 consumers. What guardrails, in your opinion, are most effective in ensuring that communities see
2278 the economic upside of these projects while avoiding cost shifting onto existing ratepayers? And
2279 how should regulators account for impacts on critical resources like water?

2280 Mr. Myers. Sure. I think some of the guardrails can include things like increased minimum
2281 bill thresholds for those large customers; financial guarantees, meaning, if they leave the system
2282 early, they are still going to be on the hook for paying what they committed to. Extended contract
2283 terms is another piece of that puzzle. As was already said, contributions in aid of construction,
2284 meaning they are going to fund what they need, and then they are going to be held accountable for
2285 that. So I think fundamentally it all boils down to the tariff design and the service agreement that
2286 lies on top of it.

2287 Mr. James. Those are very good points. Michigan knows all too well about broken
2288 promises for large corporations that shirk their responsibility to the community. We will make sure
2289 that we learn from the past so we can have a brighter future.

2290 Mr. Chairman, I yield.

2291 Mr. Latta. Thank you very much. The gentleman yields back.

2292 And the chair, seeing no other members wishing to ask questions, we want to thank our
2293 witnesses for appearing before us today.

2294 Members may have additional written questions for you. And I remind members that they
2295 have 10 business days to submit the additional questions for the record. I ask that our witnesses do
2296 their best to submit responses within 10 business days upon receipt of those questions.

2297 I ask unanimous consent to insert in the record the documents included on the staff hearing
2298 documents list.

2299 And, without objection, so ordered.

2300 [The information follows:]

2301

2302 ***** COMMITTEE INSERT *****

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2304 Mr. Latta. Without objection, the subcommittee will stand adjourned. And thank you
2305 again for being with us today.

2306 [Whereupon, at 1:31 p.m., the subcommittee was adjourned.]

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