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A Grid Question: Federal Data Center Policy in the United States

Rory Jacobson
Thaddeus Woody

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Acronyms and Abbreviations

AI: artificial intelligence

ANOPR: Advance Notice of Proposed Rulemaking

BAAJA: Bipartisan American Affordability and Jobs Act

CAISO: California Independent System Operator

CREU: Consumer-regulated electric utility

DOD: Department of Defense

DOE: Department of Energy

EIA: Energy Information Administration

EPA: Environmental Protection Agency

ERCOT: Electric Reliability Council of Texas

FERC: Federal Energy Regulatory Commission

FPA: Federal Power Act

GW: gigawatt

ISO: Independent System Operator

ISO-NE: ISO New England

LEED: Leadership in Energy and Environmental Design

MISO: Midcontinent Independent System Operator

MW: megawatt

NDA: non-disclosure agreement

NERC: North American Electric Reliability Corporation

NTIA: National Telecommunications and Information Administration

NYISO: New York Independent System Operator

PJM: PJM Interconnection (originally Pennsylvania-New Jersey-Maryland)

PURPA: Public Utility Regulatory Policies Act

RTO: Regional Transmission Organization

SPP: Southwest Power Pool

US: United States

USDA: United States Department of Agriculture

Executive Summary

Community opposition to data center development has become a national conversation in the United States (US), and is a key driver of politics at the federal, state, and local levels ahead of the 2026 midterm elections. Policymakers are responding in a myriad of ways, and not always along predictable party lines. The policy experts at Relae have combed through the federal responses to data center development, analyzed them, and provided a digest of the state of play for project developers and investors, policymakers, and communities. In this white paper, we cover the various data center energy policy proposals in Congress as well as at important executive agencies like the Federal Energy Regulatory Commission (FERC). We also provide a forecast of likely policy outcomes in 2027 and beyond.

Key Takeaways

- **Electricity affordability** now drives federal data center energy policy.
- **Congress agrees that data centers should pay for grid upgrades** but disagrees on whether and how to require it.
- **The Bipartisan American Affordability and Jobs Act (BAAJA) is the most likely vehicle** for federal data center energy and cost policy in the near term.
- **FERC is setting near-term interconnection rules** ahead of Congress.
- **Moratoria, off-grid mandates, and other aggressive proposals are unlikely to become federal law.**

Trajectory and Drivers of Federal Policy

Federal energy policy regarding data centers in the US is now driven by consumers' electricity bills more than grid reliability. Load growth, a lack of timely power generation buildout, and outdated cost allocation rules are creating an electricity affordability problem that has evolved into a political issue across party lines.

Load is Outrunning Supply

In its 2025 Long-Term Reliability Assessment,[3] the North American Electric Reliability Corporation (NERC) forecasts 224 gigawatts (GW) of summer peak growth between 2026 and 2035. This represents a 69% increase compared to the 10-year forecast from the year prior,[4] with data centers driving most of that increase. NERC found that more than half of the 23 assessment areas face elevated or high risk of resource inadequacy within five years. The Midcontinent Independent System Operator (MISO), PJM Interconnection (PJM), and Electric Reliability Council of Texas (ERCOT) grids (**figure 1**) are forecasted to reach high-risk status by 2028 or 2029. NERC also notes that its forecasts count only committed projects, so the real figure may be higher. These pressures are causing utility customers to see increased electricity costs.[5]

[3] North American Electric Reliability Corporation. 2026. 2025 Long Term Reliability Assessment. [accessed 2026 Oct 22]. https://www.nerc.com/globalassets/our-work/assessments/nerc_ltra_2025.pdf

[4] North American Electric Reliability Corporation. 2025. 2024 Long Term Reliability Assessment. [accessed 2026 Oct 22]. https://www.nerc.com/globalassets/our-work/assessments/2024-ltra_corrected_july_2025.pdf

[5] Donohoo-Vallett P., King B., Kolus H., & van Brummen A. 2026. Caught in the Current: Historical and Prospective Drivers of Changes in US Electricity Prices. Rhodium Group. [accessed 2026 Oct 22]. https://rhg.com/research/us-electricity-prices-drivers/

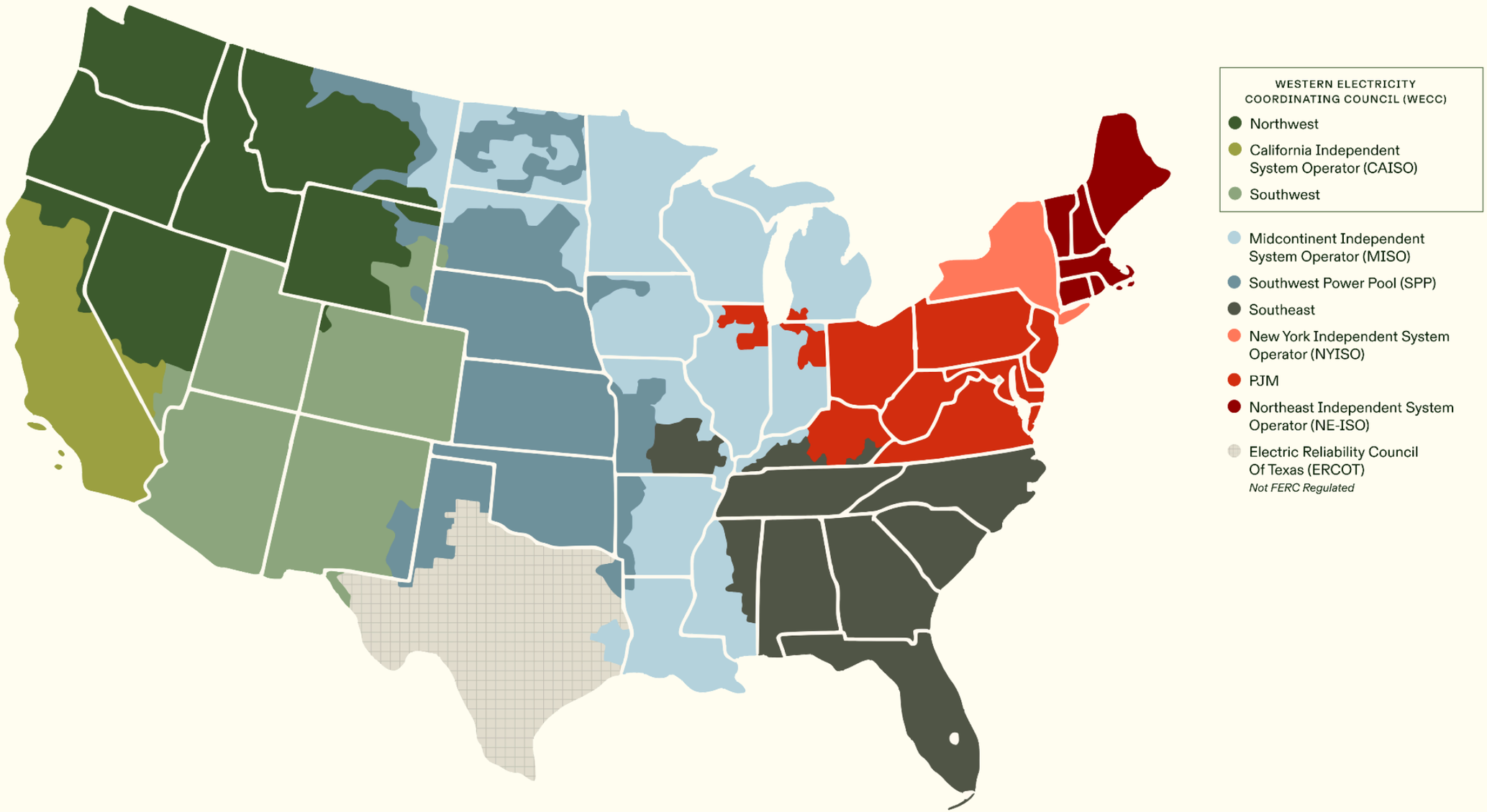


Figure 1. Regional grids in the United States. Source: Relae.

Policymakers Respond

Members of both major US parties now campaign on data center energy costs. Frank Pallone (D-NJ), a Ranking Member of the House Energy and Commerce Committee, supports a data center moratorium[6] and attributes nearly US$30 billion in PJM capacity costs to data centers.[7] Former Congressman Mike Rogers (R-MI), the Republican nominee for Michigan's open Senate seat, has called for a one-year moratorium on new data centers.[8] Just to the South in Ohio, former Senator Sherrod Brown (D-OH) is attempting a return to the Senate and has attacked incumbent Senator Jon Husted (R-OH) by labeling him "the face of data centers."[9]

Executive agencies within the Trump Administration have also taken action. In October of 2025, Department of Energy Secretary Chris Wright used his authority under Section 403 of the Department of Energy Organization Act to issue an Advance Notice of Proposed Rulemaking (ANOPR)[10] directing FERC to standardize the process of connecting large loads of 20 megawatts (MW) or more to regional grids. FERC responded to the ANOPR by issuing six "show cause" orders in June of 2026 to each of the six regional grid operators under its jurisdiction.[11] The orders require each Regional Transmission Organization (RTO) or Independent System Operator (ISO) to either justify or amend the rules that control how large loads, such as data centers and manufacturing facilities, connect to electric grids.

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[6] Congressman Frank Pallone. 2026 Jun 24. Pallone Supports National AI Data Center Moratorium. [accessed 2026 Oct 22]. http://pallone.house.gov/media/press-releases/pallone-supports-national-ai-data-center-moratorium

[7] Energy and Commerce Committee Democrats. 2026 Sep 28. Pallone Urges FERC to Protect PJM Customers with Stronger Data Center Rules [accessed 2026 Oct 22]. http://democrats-energycommerce.house.gov/media/press-releases/pallone-urges-ferc-protect-pjm-customers-stronger-data-center-rules

[8] Cama T. 2026 Aug 20. Republican Mike Rogers backs Michigan data center moratorium. Politico; [accessed 2026 Oct 22]. https://www.politico.com/news/2026/08/20/republican-mike-rogers-michigan-data-center-moratorium-01044140

[9] Balk T, Gorelick E. 2026 Oct 6. Trump Promotes Data Centers at Rally With Republican Facing Heat on Them. The New York Times; [accessed 2026 Oct 22]. https://www.nytimes.com/2026/10/03/us/politics/trump-data-centers-husted-ohio.html

[10] United States Department of Energy. 2025 Oct 23. Secretary Wright Acts to Unleash American Industry and Innovation with Newly Proposed Rules. [accessed 2026 Oct 22]. https://www.energy.gov/articles/secretary-wright-acts-unleash-american-industry-and-innovation-newly-proposed-rules

[11] Federal Energy Regulatory Commission. 2026 Jun18. FERC Launches Aggressive Targeted Action to Speed Large Load Integration. [accessed 2026 Oct 22]. https://www.ferc.gov/news-events/news/ferc-launches-aggressive-targeted-action-speed-large-load-integration

Congressional (In)Action

While no new laws directly relating to data centers or bulk power generation have been enacted by Congress since the 2024 elections, and only one has received a vote on the floor of either chamber, several concepts on how to deal with issues of cost and public disclosure have been introduced. **Table 1** lays out legislative proposals introduced in the 119th Congress (2025–2026) related to data centers. Legislation introduced during this session generally fell into three primary categories: (1) policies focused on ensuring that the costs of transmission upgrades, interconnection, and power generation driven by data centers are not shifted to retail customers, (2) policies regulating where data centers can be sited, zoned, or permitted, including federal studies to assess potential harms from data centers on disadvantaged communities, and (3) federal moratoriums on new data center developments and regulations requiring the disclosure of resource consumption, prohibiting or limiting the use of non-disclosure agreements (NDAs) with elected officials.

Table 1. Bills introduced in the 119th Congress (2025–2026) with direct applications to data centers

Sponsor party	Sponsors	Bill name	Date introduced	Current status	Key provisions
Bipartisan	Representative Robert Menendez (D-NJ-8) and Representative Greg Casar (D-TX-35)/ Senator Lisa Blunt Rochester (D-DE) and Senator John R. Curtis (R-UT)	H.R.6984/S.5640: Data Center Transparency Act of 2026	H.R.6984: January 8, 2026 S.5640: September 30, 2026	Referred to the Senate Committee on Environment and Public Works/Referred to the House Committee on Energy and Commerce	Requires the United States Environmental Protection Agency (EPA) to produce a report on the aggregate impacts of data centers sized 50 MW or more across the country, including water consumption and reuse, effects on local water systems, and greenhouse gas emissions. Directs the Energy Information Administration to collect facility-level data on data center energy consumption and related grid buildout and produce a report on the findings.
	Senator Josh Hawley (R-MO) and Senator Richard Blumenthal (D-CT)	S.3852: Guaranteeing Rate Insulation from Data Centers (GRID) Act	February 11, 2026	Referred to the Senate Committee on Energy and Natural Resources	Prohibits private companies from building or operating data centers larger than 20 MW unless the facility derives all of its energy, including backup power, from on-site or captive generation separate from the regional electric grid. Requires owners of existing grid-connected data centers to obtain a “Zero Rate Effect Certificate” from the United States Department of Energy (DOE) by demonstrating that the operation of their data center does not have a negative impact on other ratepayers, which may be accomplished by paying to offset their grid impacts.

Sponsor party	Sponsors	Bill name	Date introduced	Current status	Key provisions
					Requires data center owners constructing off-grid energy to obtain project-labor agreements.
	Representative Gabe Evans (R-CO-8) and Representative Kathy Castor (D-FL-14)/ Senator Jon Husted (R-OH)	H.R.9340/S.5028: Ratepayer Protection Act	H.R.9340: June 18, 2026 S.5028: July 16, 2026	Passed the House on September 16, 2026, by a vote of 417 to 3. Senate Democrats then blocked it on a 57-43 vote.	Adds a federal standard under the Public Utility Regulatory Policies Act (PURPA) requiring state regulators and nonregulated utilities to consider requiring electric utility rates for large-load customers to recover the full, incremental costs of generation, transmission, and distribution upgrades needed to serve them, including if the customer terminates service. Defines “large-load customer” as a non-residential customer seeking new service of 100 megawatts (MW) or more at a single facility, primarily to power information technology, data storage, and computing.
	Senator Shelley Moore Capito (R-WV), Senator Sheldon Whitehouse (D-RI), Senator Mike Lee (R-UT), and Senator Martin Heinrich (D-NM)	S.5653: Bipartisan American Affordability and Jobs Act of 2026 (BAAJA)	September 30, 2026	Four Senate committee leaders introduced this 417-page permitting bill on September 30, and it was referred to the Senate Energy and Natural Resources Committee. A vote in the Senate is expected in November after the midterm elections.	Omnibus permitting reform bill that sets two-year deadlines for environmental impact statements and one-year deadlines for environmental assessments, and imposes 150-day limits on legal challenges under the National Environmental Policy Act, Clean Water Act, Endangered Species Act, and National Historic Preservation Act. Strengthens the Federal Energy Regulatory Commission (FERC) backstop transmission siting authority and requires 20-year generation and transmission planning. Directs FERC to price transmission service for data centers and other computational loads of 20 MW or more, to bear the full incremental cost of generation, transmission, and distribution serving them, backed by financial assurances, while preserving state authority over large-load rates.
Republican	Representative Nicholas Begich, (R-AK-At Large)/Senator Tom Cotton (R-AR)	H.R.8400/S.3585: Decentralized Access to Technology Alternatives (DATA) Act of 2026	H.R.8400: April 21, 2026 S.3585: January 7, 2026	Referred to the Senate Committee on Energy and Natural Resources/Referred to the House Committee on Energy and Commerce	Creates a new electricity provider category to exempt certain microgrids from federal regulations. In order to qualify under the new category, known as a “consumer-regulated electric utility (CREU),” an electric provider must be established after enactment exclusively to serve new loads and must be physically islanded from regulated utilities and the bulk power system. Exempts CREUs from FPA rate, reliability, interconnection, transmission planning, and merger review, as well as other FERC, PURPA, and Public Utility Holding Company Act requirements.
	Senator Cynthia Lummis (R-WY)	S.4806: Promoting Oversight of Wholesale Energy	June 17, 2026	Referred to the Senate Committee on Energy and Natural Resources	Establishes uniform federal rules for connecting “large load facilities” to the interstate transmission system.

Sponsor party	Sponsors	Bill name	Date introduced	Current status	Key provisions
		Reliability (POWER) Up Act			Defines a large load as any facility (or co-located group of facilities) with peak demand of 100 MW or more, a threshold that the bill would grant authority to FERC to adjust by rule if necessary. Subjects large load interconnection to the same "just and reasonable" standard that governs transmission service for generators under Sections 205 and 206 of the Federal Power Act (FPA).
Democrat	Representative Steve Cohen (D-TN-9)/ Senator Sheldon Whitehouse (D-RI)	H.R.6179/S.1475: Clean Cloud Act of 2025	H.R.6179: November 20, 2025 S.1475: April 10, 2025	Referred to the Senate Committee on Environment and Public Works.	Amends the Clean Air Act to require the EPA to collect annual data from data centers and cryptomining facilities that have "more than 100 kilowatts of installed information technology nameplate power." Establishes regional grid emissions baselines that would then decline annually until 2035. Requires utilities and facility owners to pay fees on emissions above the baseline in their region. Directs proceeds of fees collected to clean firm generation, long-duration storage, and residential bill relief.
	Representative Robert Menendez (D-NJ-8) and Representative Greg Casar (D-TX-35)	H.R.6983: Preventing Rate Inflation in Consumer Energy (PRICE) Act	January 8, 2026	Referred to the House Committee on Energy and Commerce	Requires each data center to generate all of the electricity it consumes each year, with at least 75% of that self-generated electricity coming from clean sources by 2035, and 100% by 2040. Defines clean energy sources as "solar, wind, battery, green hydrogen, hydropower, and geothermal."
	Representative Paul Tonko (D-NY-20)/ Senator Chris Van Hollen (D-MD)	H.R.8241/S.3682: Power for the People Act of 2026	H.R.8241: April 9, 2026 S.3682: January 22, 2026	Referred to the Senate Committee on Energy and Natural Resources/Referred to the House Committee on Energy and Commerce	Requires FERC to issue a rule directing grid operators to create data center load queues for facilities exceeding 50 MW. Gives priority to data centers that bring new, low- or no-carbon generation matched to their load profile, use non-diesel backup generation, meet prevailing wage and apprenticeship standards, and use labor peace agreements for new supply resources. Allows grid operators to delay or deny interconnection that threatens reliability, affordability, or non-data center load growth. Requires FERC to promulgate rules that would require data centers to pick up the bill for transmission upgrade costs they cause.

Sponsor party	Sponsors	Bill name	Date introduced	Current status	Key provisions
					Requires states to consider establishing “a rate class specific to data centers.”
	Representative Bonnie Watson Coleman (D-NJ-12)	H.R.7858: Data Center Community Impact Act	March 5, 2026	Referred to the House Committee on Energy and Commerce	Directs the DOE, in coordination with EPA, the Department of Commerce, FERC, and the White House Council on Environmental Quality, to study how data centers affect communities of color and low-income communities. Requires the study to examine water and energy consumption, fossil fuel reliance, peak load and electricity rates, backup diesel emissions, land use and agriculture, wastewater, jobs, state and local tax revenue and incentives, nearby property values, and public health risks, including heat island effects.
	Representative Greg Landsman (D-OH-1)	H.R.8033: No Harm Data Centers Act	March 20, 2026	Referred to the House Committee on Energy and Commerce	Grants FERC the ratemaking authority for retail electricity sales to data centers, transferring the authority from state regulators. Defines a data center as a facility that is behind a single point of interconnection, primarily contains electronic equipment used to “process, store, and transmit digital information,” and has a peak demand of greater than 50 MW. Grants FERC the sole authority to approve rates, which must include the full costs of transmission, distribution, and generation needed to serve data center demand. Bars enforcing nondisclosure agreements against elected officials with respect to data center development plans. Requires the National Academies to conduct a study on data center impacts to communities.
	Representative Lauren Underwood (D-IL-14)/ Senator Richard Durbin (D-IL)	H.R.9825/S.4213: Data Center Water and Energy Transparency Act of 2026	H.R.9825: July 22, 2026 S.4213: March 25, 2026	Referred to the Senate Committee on Energy and Natural Resources/Referred to the House Committee on Energy and Commerce	Requires data centers with peak demand of 25 MW or more to file annual reports to their state on their monthly energy and water usage, water sources, behind-the-meter generation methods, power and water usage effectiveness, and five-year projections with efficiency proposals. If a state does not designate an agency for data centers to report to, then they shall report to the EPA, DOE, and United States Department of Agriculture (USDA). Grants local governments impacted by a data center the ability to request a copy of the report. Directs states to submit anonymized aggregate data to the EPA, DOE, and USDA, which would be directed to publish annual reports that include information on the aggregated

Sponsor party	Sponsors	Bill name	Date introduced	Current status	Key provisions
					total energy use and water use of data centers in the United States, regional impacts of data centers on water and electricity rates for communities, the environmental impacts resulting from the operation of data centers, and recommendations for best practices to limit these impacts. The reports would not include any information determined to be proprietary.
	Representative Alexandria Ocasio-Cortez (D-NY-14)/Senator Bernard Sanders (I-VT)	H.R.9442/S.4214: Artificial Intelligence Data Center Moratorium Act	H.R.9442: June 24, 2026 S.4214: March 25, 2026	Referred to the Senate Committee on Commerce, Science, and Transportation/ Referred to the House Committee on Energy and Commerce and to the House Committee on Foreign Affairs	Imposes an immediate and nationwide moratorium on constructing or upgrading AI data centers. Defines AI data centers as facilities used for the “development or operation” of AI models “at scale” or that have a peak demand exceeding 20 MW with high-density racks or liquid cooling. Continues the moratorium until Congress enacts a law requiring that companies obtain federal pre-release approval of AI products, share AI companies’ economic gains with workers, and ensure future data centers do not raise utility bills, harm the environment, receive subsidies, or use non-union labor. Directs the DOE to publish quarterly facility-level reports on water, energy, emissions, jobs, and subsidies, with subpoena and inspection authority. Bans the export of AI computing hardware to countries lacking comparable laws.
	Representative LaMonica McIver (D-NJ-10)	H.R.8488: AI Data Center Site Selection Transparency Act of 2026	April 23, 2026	Referred to the House Committee on Energy and Commerce	Requires developers, owners, and operators of AI-focused data centers to publicly disclose a proposed facility’s location, estimated resource needs, and environmental impact at least 180 days before taking a “definitive step” to establish an AI-focused data center. Defines “AI-focused data center” as any facility that is specifically designed to support the “training, fine-tuning, inference, deployment, or operation” of AI systems, including generative AI systems. There is no peak load size threshold set by the bill. Defines “definitive step to establish an AI-focused data center” as an “overt, verifiable action that demonstrates a significant financial or legal commitment to the construction or operation of an AI-focused data center,” such as executing a land option or utility agreement, beginning site work, or ordering long-lead equipment. Requires disclosures to be made to local elected officials and in a public press release.

Sponsor party	Sponsors	Bill name	Date introduced	Current status	Key provisions
					Requires the environmental impact analysis to be conducted by an independent third party. Restricts the use of non-disclosure agreements (NDAs) “with respect to a government entity or public resources.”
	Senator Mark Warner (D-VA)	S.5054: Data Center Tax Accountability and Disclosure Act of 2026	July 21, 2026	Referred to the Senate Committee on Finance	Eliminates bonus depreciation for property used in artificial intelligence (AI) data centers, defined as structures, of any size, with peak demand, dedicated to the “centralized accommodation, interconnection, and operation of information technology and network telecommunications equipment” with at least one graphics processing unit where at least 20% of the facility is used for “developing or operating” artificial intelligence. Facilities earning Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification, or an equivalent standard set by DOE and EPA, remain eligible for the credit. Requires data centers with at least 25 MW of power demand to file pre-operation disclosures and annual reports on water use and source, electricity use and peak demand, greenhouse gas emissions, power purchase agreements, and backup power. Reports are made public by the DOE and EPA. Nondisclosure agreements cannot block required disclosures, and violations carry penalties of up to US$100,000 per day.
	Representative Rashida Tlaib (D-MI-12)	H.R.9939: No AI Data Centers on Federal Lands Act	July 23, 2026	Referred to the House Committee on Natural Resources	Prohibits constructing or operating AI data centers and associated infrastructure on federal land, including Department of Defense land but excluding Tribal trust land. Defines AI data centers as facilities used for the “development or operation” of AI models “at scale” or that have a peak demand exceeding 20 MW with high-density racks or liquid cooling. Directs agencies operating, leasing, or building such facilities to halt operations and construction within 30 days and begin removal, including demolition, consistent with the Comprehensive Environmental Response, Compensation, and Liability Act, more commonly known as the Superfund Program.
	Senator Martin Heinrich (D-NM)	S.5199: Guarding Ratepayers from Increased Demand-costs (GRID) Savings Act of 2026	July 30, 2026	Referred to the Senate Committee on Energy and Natural Resources	Amends the FPA to grant FERC jurisdiction over interconnecting “covered large loads” to interstate transmission, treating these interconnections as a component of open access transmission service. Defines “covered large loads” as new or expanded nonresidential loads with peak demand of at least 150 MW, without a reduction for co-located generation or storage.

Sponsor party	Sponsors	Bill name	Date introduced	Current status	Key provisions
					Directs FERC to issue a rule requiring large-load customers to bear 100% of interconnection and direct assignment facility costs and to post financial security against unrecovered costs. Allows data centers to voluntarily fund regional or interregional transmission in exchange for service rights. The bill would not apply to the Electricity Reliability Council of Texas (ERCOT) grid.
	Representative Hillary Scholten (D-MI-3)	H.R.10005: Data Center Resource Disclosure Act	July 30, 2026	Referred to the House Committee on Energy and Commerce	Directs the National Telecommunications and Information Administration (NTIA), in coordination with DOE, EPA, and any other department or agency deemed relevant, to conduct an annual voluntary survey asking every US data center operator to report the facility's energy and water consumption for the preceding year. The survey must also invite comments from public utility boards, labor organizations, state regulators, and consumer advocates. Directs NTIA to publish the results of the survey on an interactive national map, identify each data center that did not provide complete information, and summarize the comments received. Directs NTIA to submit recommendations to Congress on policies to improve data center regulation, including transparency.
	Representative Eugene Vindman (D-VA-7)	H.R.10041: Smart Data Center Policy Act	August 3, 2026	Referred to the House Committee on Transportation and Infrastructure, the House Committee on Armed Services, and the House Committee on Energy and Commerce	Directs the Department of Commerce to study the impact of locating data centers within or near "covered locations." Defines "Covered Location" as a "domestic military installation, rail hub, airport, air cargo facility, air traffic control facility, or industrial zone." Requires the study to assess construction costs at these locations and impacts on the energy grid, environment, and water systems. Directs Commerce to covered locations with the physical, water, and grid capacity to host new data centers and to identify potential federal incentives to encourage siting within or near covered locations.
	Representative Suhas Subramanyam (D-VA-10)	H.R.10321: Responsible Data Center Siting Act of 2026	September 8, 2026	Referred to the House Committee on Energy and Commerce	Directs the DOE, in consultation with FERC and the DOD, to establish best practices for siting data centers.

Sponsor party	Sponsors	Bill name	Date introduced	Current status	Key provisions
					Requires the DOE to consider grid impacts (including consumer electricity prices, transmission buildout needs, and interconnection timelines), water use and availability, air and water quality, emissions impacts, including from on-site generation. Best practices would have to identify site characteristics that minimize negative impacts and list ideal locations that meet them.
	Representative Suhas Subramanyam (D-VA-10)	H.R.10322: Data Center Fair Share Act	September 8, 2026	Referred to the House Committee on Energy and Commerce and the House Committee on Transportation and Infrastructure	Adds a federal standard under PURPA requiring state regulators and nonregulated utilities to consider requiring electric utility rates for large-load customers to recover the full, incremental costs of generation, transmission, and distribution upgrades needed to serve them, including if the customer terminates service. States that do not implement the new large-load customer standard would have their federal highway funds withheld. Requires utilities, before making such upgrades, to either collect the full costs through a contribution in aid of construction or assign it to a large-load customer class. Defines “large-load customer” as a non-residential customer seeking new service of 100 MW or more at a single site.

Ratepayer Protection

The only bill listed in **table 1** that has received a vote in either chamber at the time of publishing is H.R.9340, the Ratepayer Protection Act.[12] The bill passed the House nearly unanimously in September, though this support was mostly a function of modest design. The Ratepayer Protection Act was a political messaging bill in the lead-up to the midterms and carried no enforcement mechanism. Under the bill, states must consider, but may decline to implement, rules to protect ratepayers. States that have already held a proceeding, implemented a comparable standard, or voted on one are exempt from consideration. The bill’s lack of teeth is what drove a split in the Senate, where Democrats (except for four senators) voted against advancing the bill. Democrats insisted that data centers cover their costs by law rather than by suggestion, and favored binding approaches like those found in the Guarding Ratepayers from Increased Demand-costs (GRID) Savings Act sponsored by Senator Heinrich (D-NM).

[12] United States 119th Congress. 2026. H.R.9340 - Ratepayer Protection Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/9340/text

Several other bills introduced in the 119th Congress also fall into the category of ratepayer protection, though they vary wildly in terms of which level of government acts and how firmly. The federal interconnection bills work through FERC. For example, S.4806, the Promoting Oversight of Wholesale Energy Reliability (POWER) Up Act,[13] would codify FERC authority over loads of 100 MW or more and require a uniform rule. The GRID Savings Act, S.5199,[14] goes further, assigning interconnection and direct assignment facility costs entirely to loads of 150 MW or more, though network upgrades are credited back. The Bipartisan American Affordability and Jobs Act (BAAJA), S.5653, also contains a similar regime at a 20 MW threshold.[15]

Other ratepayer protection bills, including H.R.9340, use state implementation and rely on the Public Utility Regulatory Policies Act (PURPA). Title I of PURPA is the established way for Congress to nudge retail rate policy without taking away state authority to set retail electricity rates. It does this by having state regulatory commissions consider a policy. The Data Center Fair Share Act, H.R.10322,[16] backs an almost identical standard, but threatens to withhold federal highway funding to ensure state-level compliance. Other bills, such as H.R.8033, the No Harm Data Centers Act,[17] would transfer retail data center ratemaking to FERC entirely, and S.3682, the Power for the People Act,[18] pairs a FERC load queue with a PURPA rate-class standard.

Other bills have been more forceful, directing FERC to revise its bulk transmission pricing policy and expanding the Federal Power Act (FPA) to address the allocation of costs from data center interconnection and operation. BAAJA requires state regulatory commissions to consider a full, incremental cost standard. In Section 2107(a), it provides FERC 270 days after enactment to revise its transmission pricing policy through a formal rulemaking. This rulemaking is meant to reflect embedded and incremental costs of covered computational loads, including lower-cost service for non-firm service. In Section 2107(b), it amends the Federal Power Act to add §228, which covers data centers with

[13] United States 119th Congress. 2026. S.4806 - POWER Up Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/4806/text
[14] United States 119th Congress. 2026. S.5199 - GRID Savings Act of 2026. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/5199/text
[15] United States 119th Congress. 2026. S.5653 - Bipartisan American Affordability and Jobs Act of 2026. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/5653/text
[16] United States 119th Congress. 2026. H.R.10322 - Data Center Fair Share Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/10322/text
[17] United States 119th Congress. 2026. H.R.8033 - No Harm Data Centers Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/8033/text
[18] United States 119th Congress. 2026. S.3682- Power for the People Act of 2026. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/3682?hl=Power+for+the+People+Act+of+2026&s=6&r=2

demand of 20 MW or more at a single site, or multiple sites under common ownership or control at the same demand threshold. Under §228, large computational loads above 20 MW are required to cover the full incremental service costs, even after a customer exits. Data centers remain responsible for these costs even if the load does not materialize, and developers are required to provide upfront financial assurances that are sufficient to cover these costs. These provisions apply to covered data centers interconnecting on or after enactment, and §228 would preserve service agreements that have already been approved. Collectively, if enacted, these provisions would significantly alter future service agreements, collateral requirements, and early termination fees for covered data centers.

A third group of bills avoids cost allocation altogether by requiring self-supply. The Decentralized Access to Technology Alternatives (DATA) Act, S.3585,[19] would make off-grid operation voluntary and exempt it from several regulatory requirements that would otherwise apply. Consumer-regulated electric utilities, as defined in the bill, would be exempt from regulation under the FPA and PURPA, while environmental and zoning regulations would still apply. The Guaranteeing Rate Insulation from Data Centers (GRID) Act, S.3852,[20] would require off-grid operation for data centers of 20 MW and up, and provides a certification pathway for existing facilities. If enacted, the bill would provide existing facilities the opportunity to obtain and maintain a Zero Rate Effect Certificate from the Department of Energy (DOE) on an annual basis for up to 10 years, and failing to comply would generate penalties of at least US$1 million per day. These approaches are risky from a climate standpoint, as the default generation for many data center microgrids is mobile natural gas[21] or diesel generators.[22] They also forego the possibility of using data centers as a net good on regional grids that could help finance much-needed transmission upgrades or serve as a balancing load. The Preventing Rate Inflation in Consumer Energy (PRICE) Act, H.R.6983,[23] takes a more climate-conscious

[19] United States 119th Congress. 2026. S.3585 - DATA Act of 2026. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/3585/text

[20] United States 119th Congress. 2026. S.3852 - GRID Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/3852/text

[21] Robb D. 2025 Oct 28. Data Centers Are Turning to Gas Generators for Prime Power to Eliminate Long Lead Times for Grid Connections. POWER Magazine; [accessed 2026 Oct 22]. https://www.powermag.com/data-centers-are-turning-to-gas-generators-for-prime-power-to-eliminate-long-lead-times-for-grid-connections/

[22] Giacobone B. 2026 Mar 9. The data center boom is a diesel generator boom. Latitude Media; [accessed 2026 Oct 22]. https://www.latitudemedia.com/news/the-data-center-boom-is-a-diesel-generator-boom/

[23] United States 119th Congress. 2026. H.R.6983 - PRICE Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/6983/text

approach to ratepayer protection, mandating that every data center supply its own power. It also requires 75% of generation to be sourced from clean energy sources in 2035 and 100% in 2040.

Finally, the Clean Cloud Act of 2025, S.1475, integrates ratepayer protection and clean energy funding provisions with emissions regulations.[24] The bill directs the Environmental Protection Agency (EPA) to establish emissions performance standards for data centers and cryptomining facilities with more than 100 kilowatts of installed nameplate capacity, set initially at regional grid emissions intensities, then decreasing 11% annually. Emissions above the standard would be penalized with a fee of US$20 per tonne and increase annually by inflation plus US$10. A quarter of revenues raised would be used to assist residential consumers with their energy costs, and the majority of remaining funds would be used to fund clean generation and long-duration energy storage projects.

Siting and Permitting

Data center siting has traditionally been a state and local matter, and most federal bills reflect that. The Responsible Data Center Siting Act, H.R.10321,[25] and the Smart Data Center Policy Act, H.R.10041,[26] are advisory in nature, directing the DOE and the Department of Commerce to identify ideal locations. Neither binds developers and could even steer land speculation toward communities with no role in their selection. The AI Data Center Site Selection Transparency Act, H.R.8488,[27] regulates process rather than location, requiring public disclosure 180 days before developers secure land or utility agreements. The No AI Data Centers on Federal Lands Act, H.R.9939,[28] prohibits constructing or operating AI data centers and associated infrastructure on federal land, including Department of Defense land but excluding Tribal trust land.

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[24] United States 119th Congress. 2026. S. 1475 - Clean Cloud Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/1475

[25] United States 119th Congress. 2026. H.R.10321 - Responsible Data Center Siting Act of 2026. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/10321/text

[26] United States 119th Congress. 2026. H.R.10041 - Smart Data Center Policy Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/10041/text

[27] United States 119th Congress. 2026. H.R.8488 - AI Data Center Site Selection Transparency Act of 2026.[accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/8488/text

[28] United States 119th Congress. 2026. H.R.9939 - No AI Data Centers on Federal Lands Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/9939/text

Another category of bills seeks to study the impact of data centers on marginalized communities and provide guidance to state and local governments on best practices for mitigating potential harms. The Data Center Community Impact Act, H.R.7858, directs the DOE, in coordination with the EPA, the Department of Commerce, FERC, and the Council on Environmental Quality, to conduct a study on the impact of data centers on low-income communities and communities of color.[29] The study would cover data center water and energy consumption, air pollution, and impacts on regional grids, soils, wastewater systems, state and local tax revenues, public health risks, and land use. The resulting report must include an assessment of information used in the study, a map identifying where data centers are located relative to communities of color and low-income communities, recommendations for mitigating potential harms, and proposed guidelines and recommendations for best practices that state and local governments could adopt to mitigate harms from data centers.

The most consequential bill in the siting and permitting category is S.5653, the Bipartisan American Affordability and Jobs Act (BAAJA).[30] Though the permitting reforms in this bill are not specific to data centers, it would accelerate the transmission and generation they depend on. The bill was negotiated by top Republicans and Democrats of the two Senate committees of jurisdiction, the Energy and Natural Resources Committee and the Environment and Public Works Committee. It is the most likely vehicle for federal data center cost allocation policy, and post-midterm votes on the deal will be revealing. Data center provisions are a relatively small part of the package, but the national conversation around data centers is central to the debate on the bill.

Disclosure Mandates and Moratoria

Disclosure and transparency are a common theme in the selected bills, but there is divergence on who reports, to whom, and how much information becomes public. The Data Center Water and Energy Transparency Act, H.R.9825,[31] routes reports through states and publishes only anonymized aggregates. The Data Center Tax Accountability and

[29] United States 119th Congress. 2026. H.R.7858 - Data Center Community Impact Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/7858/text

[30] United States 119th Congress. 2026. S.5653 - Bipartisan American Affordability and Jobs Act of 2026. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/5653/text

[31] United States 119th Congress. 2026. H.R.9825 - Data Center Water and Energy Transparency Act of 2026. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/9825/text

Disclosure Act, S.5054,[32] requires facility-level public reporting for data centers with power demand above 25 MW, including emissions data and backup power information. The bill also renders certain NDAs unenforceable. The Data Center Transparency Act, S.5640,[33] directs the EPA and the Energy Information Administration to report but gives the EPA no authority to compel data. Another bill, H.R.10005, the Data Center Resource Disclosure Act,[34] relies only on a voluntary survey.

Only two bills listed here would halt construction of new data centers, and they differ sharply in scope, though neither has a realistic chance of becoming law.[35] The Artificial Intelligence Data Center Moratorium Act, S.4214,[36] imposes an immediate, nationwide moratorium on building or upgrading AI data centers, with no grandfathering for projects underway. It ends only when Congress enacts laws meeting conditions largely unrelated to energy, including federal pre-release approval of AI products. The No AI Data Centers on Federal Lands Act, H.R.9939, is narrower. It bans AI data centers, and their associated infrastructure, on federal land and requires agencies to shut down and remove existing facilities. It is a direct response to the Trump Administration's effort to site private AI data centers at DOE facilities.[37] The way the bill is written, without carveouts for federally run data centers, leaves open the possibility that it would include bans on supercomputers housed on the campuses of the DOE's national labs, of which at least three exceed the 20 MW threshold.

[32] United States 119th Congress. 2026. S.5054 - Data Center Tax Accountability and Disclosure Act of 2026. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/5054/text

[33] United States 119th Congress. 2026. S.5640 - Data Center Transparency Act of 2026. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/5640/text

[34] United States 119th Congress. 2026. H.R.10005 - Data Center Resource Disclosure Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/house-bill/10005/text

[35] Davidson A. 2025 Dec 10. Lawmakers oppose greens' call for data center moratorium. E&E News by Politico; [accessed 2026 OCt 27]/ https://www.eenews.net/articles/lawmakers-oppose-greens-call-for-data-center-moratorium/

[36] United States 119th Congress. 2026. S.4214 - Artificial Intelligence Data Center Moratorium Act. [accessed 2026 Oct 22]. https://www.congress.gov/bill/119th-congress/senate-bill/4214/text

[37] Office of Policy, Department of Energy. 2025. Request for Information on Artificial Intelligence Infrastructure on DOE Lands. [accessed 2026 Oct 22]. https://www.energy.gov/documents/rfi-inform-public-bids-construct-ai-infrastructure

Forecast for the 120th Congress

Data center policy in the 120th Congress will depend heavily on the lame-duck session that follows the November midterms.

Legislative Outlook

The sponsors of BAAJA, and Senate leadership, plan to hold votes on the bill on the Senate floor soon after the midterm elections, and the White House has endorsed it.[38] Members of the Democratic minority in the House have expressed opposition to some provisions of the bill,[39] though the support of the Republican majority may still be enough to pass the bill through the chamber. If the bill passes, the 120th Congress will shift from legislating to overseeing implementation of items like FERC's rulemaking on computational load pricing and the 20 MW full-cost standard. If the bill stalls during the lame-duck, then it becomes the starting point for negotiations in January in the 120th Congress. Several similar bipartisan permitting reform bills have failed before, and dozens of advocacy groups opposed this one by characterizing it as a giveaway to data centers.

Bill reintroduction is likely across every category. Ratepayer protection bills will return in some form, since both Democrats and Republicans now largely agree that data centers should pay for grid upgrades. The dispute is over whether that obligation is mandatory. Senate Democrats blocked the Ratepayer Protection Act as toothless and called for mandatory cost recovery. Disclosure bills will likely return, as will siting transparency measures. Moratorium, off-grid, and AI taxation bills will likely be reintroduced, but will largely serve as political messaging bills and positioning measures rather than serious vehicles for data center policy that will be enacted into law.

The election will shape the House agenda more than the passing of any single law or group of laws. House Democrats have outlined energy priorities they would pursue in the majority, labeled as the Thriving Economy Project,[40] which

[38] Daly M. 2026 Sep 30. Senate reaches bipartisan deal on permitting bill to speed approvals of new energy projects. PBS News; [accessed 2026 Oct 26]. https://www.pbs.org/newshour/politics/senate-reaches-bipartisan-deal-on-permitting-bill-to-speed-approvals-of-new-energy-projects

[39] Holzman J. 2026 Oct 12. Jared Huffman Wants to See Some Changes to the Senate's Permitting Bill. Heatmap; [accessed 2026 Oct 26]. https://heatmap.news/politics/jared-huffman-baaja

[40] Sustainable Energy and Environment Coalition Institute. 2026 Sep 15. Press Release: SEEC Institute Releases Thriving Economy Project Report. [accessed 2026 Oct 22]. https://www.seecinstitute.org/press/seec-institute-releases-thriving-economy-project-reportnbspnbsp

includes policy ideas on mandatory cost recovery and operator disclosure. In the Senate, however, any bill still needs 60 votes. The measures with a realistic chance of enactment share two traits: 1) bipartisan sponsorship and 2) reliance on FERC or existing PURPA authority rather than new federal preemption. Policies like moratoria, highway-fund sanctions, and equity taxes are unlikely to advance under any configuration of power.

The Federal Energy Regulatory Commission Landscape

Interconnection Chaos Leads to Executive Action

While the 119th Congress has been busy introducing legislation to address growing concerns about grid reliability, retail electricity rates, transparency, and siting considerations related to data centers, the administration has also taken unprecedented action to push FERC to issue a national, large-load, interconnection rule. On October 23, 2025, the DOE invoked its authority under §403 of the Department of Energy Organization Act to direct FERC to issue a rulemaking on the connection of large loads to interstate grids. The DOE's ANOPR outlines 14 principles for FERC's consideration in initiating a rulemaking proceeding to establish an efficient, fair, and expeditious process for large load interconnection to interstate transmission.[41] In response, FERC opened Docket No. RM26-4-000,[42] seeking comment on the DOE's proposed principles, including how to ensure the timely, orderly, reliable, and non-discriminatory interconnection of large loads to the transmission system.

Shift from a Consolidated Docket to Six §206 Show Cause Orders

Instead of finalizing a rulemaking under Docket No. RM26-4-000, FERC opened six separate proceedings under §206 of the FPA,[43] which are directed at six regional grid operators: EL26-67 for PJM,[44] EL26-68 for Southwest Power Pool

[41] United States Department of Energy. 2025 Oct 23. Letter Re: Secretary of Energy s Direction that the Federal Energy Regulatory Commission Initiate Rulemaking Procedures and Proposal Regarding the Interconnection of Large Loads Pursuant to the Secretary s Authority Under Section 403 of the Department of Energy Organization Act. [accessed 2026 Oct 22]. https://www.energy.gov/sites/default/files/2025-10/403%20Large%20Loads%20Letter.pdf

[42] https://www.ferc.gov/rm26-4

[43] Vann A. 2020. The Legal Framework of the Federal Power. congress.gov; [accessed 2026 Oct 22]. https://www.congress.gov/crs-product/IF11411?__cf_chl_tk=pfY9gGcl2WrtrhviLujUt8.pK2zynl624eyWoPpwJEQ-1792614932-1.0.1.1-PZ4VnJYdDyyIxDcD1nxT4cwHZ9EddGhIMQmxdMD0sg8

[44] Federal Energy Regulatory Commission. 2026 Jun 18. E-7 | EL26-67-000. [accessed 2026 Oct 22]. https://www.ferc.gov/media/e-7-el26-67-000

(SPP),[45] EL26-69 for New York Independent System Operator (NYISO),[46] EL26-70 for MISO,[47] EL26-71 for California Independent System Operator (CAISO),[48] and EL26-72 for ISO New England (ISO-NE).[49] FERC's orders to show cause to these grid operators outline considerations for how large loads interconnect to transmission, finance transmission upgrades, and pay for transmission service. The orders require grid operators to justify their current tariffs within 60 days, explaining why they are just and responsible without provisions for large load customers, or propose new or revised tariff structures to address insufficiencies. The show cause orders, tailored to each regional grid operator, acknowledge regional market rules already in place and propose five categories of additional reforms grid operators should address:

1. Developing an efficient transmission service application and study process, including the use of alternative transmission technologies
2. Preventing cost shifting and requiring transparency into transmission costs
3. Accommodating co-location arrangements and behind-the-meter generation
4. Developing new transmission services for flexible large loads
5. Establishing a process to study power-generating assets serving electrically proximate and co-located large loads

Jurisdiction Questions about FPA §201

The FPA divides electricity regulation along a delicate line. In 1935, Congress enacted §201(b), giving FERC jurisdiction over transmission in interstate commerce and wholesale sales while reserving retail sales, local distribution, and generation siting to the states. Large loads straddle this line. A data center connecting at transmission voltages uses interstate facilities, but in vertically integrated states it buys electricity as a bundled retail customer of its local utility.

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[45] Federal Energy Regulatory Commission. 2026 Jun 18. E-9 | EL26-68-000. [accessed 2026 Oct 22]. https://www.ferc.gov/media/e-9-el26-68-000

[46] Federal Energy Regulatory Commission. 2026 Jun 18. E12 | EL26-69-000. [accessed 2026 Oct 22]. https://www.ferc.gov/medE-7 | EL26-67-000 | Federal Energy Regulatory Commissionia/e12-el26-69-000

[47] Federal Energy Regulatory Commission. 2026 Jun 18. E-8 | EL26-70-000. [accessed 2026 Oct 22]. https://www.ferc.gov/media/e-8-el26-70-000

[48] Federal Energy Regulatory Commission. 2026 Jun 18. E-10 | EL26-71-000. [accessed 2026 Oct 22]. https://www.ferc.gov/media/e-10-el26-71-000

[49] Federal Energy Regulatory Commission. 2026 Jun 18. E11 | EL26-72-000. [accessed 2026 Oct 22]. https://www.ferc.gov/media/e11-el26-72-000

FERC's June 2026 orders were drafted to stay on its side of the line. FERC limited the show cause order to six regional grids and expressly declined to assert new jurisdiction over large load interconnection, framing its directives as within its existing authority to ensure that tariffs clearly govern how transmission service to large loads is studied. It also affirmed that states will continue to regulate the terms of retail sales to large loads, which entities may serve them, as well as siting and construction decisions.

FERC's restraint lowers the risk of a challenge but does not eliminate it. Under *New York v. FERC* (2002), the Supreme Court upheld FERC's authority over unbundled retail transmission but left bundled retail transmission to the states. FERC's orders are most exposed in the MISO and SPP grids, where many large loads take bundled service. A challenge in one of these regions could argue that tariff rules on studies, cost allocation, and timing effectively regulate bundled retail service. The recent *Loper Bright Enterprises v. Raimondo* (2024) decision that ended Chevron deference also raises the stakes, since the Supreme Court will now read §201 without deferring to FERC's interpretation.

Challenges are not imminent. Most RTO and ISO responses are expected on November 16 (with SPP due on November 20th), and judicial review requires rehearing of final orders, which is unlikely before 2027.

Forecasting the Federal Energy Regulatory Commission

The pathways FERC will set in 2027 and beyond will depend both on new legislative direction from Congress and responses from RTOs and ISOs seeking to comply with the Commission's show cause orders. Responses from the six targeted RTO and ISOs are likely to vary based on regional considerations and market structures. However, FERC's recognition of the progress made in PJM's proposed interconnection services[50] under the co-location order (Docket No. ER26-1088-000)[51] and SPP's High Impact Large Load[52] proposal approval could provide a template for addressing the concerns highlighted across the show cause orders. Ultimately, the responses to FERC's show cause

[50] Jacobson R. 2026 May 8. Top Questions on FERC's Co-Location Compliance Order for PJM, Answered. Relae; [accessed 2026 Oct 22]. https://relae.co/blog/ferc-pjm-co-location-order

[51] Federal Energy Regulatory Commission. 2026 Jun 18. E-1 | ER26-1088-000. [accessed 2026 Oct 22]. https://www.ferc.gov/media/e-1-er26-1088-000

[52] Southwest Power Pool. 2026 Jan 15. FERC approves SPP's large load connection proposal. [accessed 2026 Oct 22]. https://www.spp.org/news-list/ferc-approves-spp-s-large-load-connection-proposal/

orders in mid-November from RTOs and ISOs will determine the speed, reliability, and configuration of data center interconnection services across the US. While PJM and SPP have seen early success in their proposals for accommodating large loads, the extensive scope of FERC's §206 show cause orders will require a more comprehensive approach to large load interconnection, especially in regard to cost transparency. Developers and investors will need to assess these proposals carefully and FERC's responses to evaluate the viability of future projects.

FERC's regulatory approach to managing large loads is not determined by DOE's ANOPR and FERC's jurisdiction alone. Passage of key legislation, such as BAAJA, would mandate and accelerate a rulemaking from FERC on its transmission pricing policy, to ensure data centers pay for their share of the existing transmission system as well as the added costs of their interconnection.

Rehearing requests and appeals will test the boundary between FERC's authority and the states' authority, which the show cause orders are meant to respect. The guiding question for 2027 is whether FERC can turn the six regional proceedings into a coherent national framework, that is, if Congress doesn't settle the jurisdictional question first.

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Authors and Contributors

Rory Jacobson, Head of Policy

Thaddeus Woody, Policy Analyst

Adrianna Sutton, Director of Science Writing and Editing

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