

Conclusion

The quantitative analyses conducted to date show no historical evidence of cost shifting from data centers to other utility customers. In some cases, data centers may provide benefits for other customers by creating downward pressure on rates. While load growth has coincided with rising electricity rates in some regions, the relationship between the two is unclear. More broadly, the quantitative literature indicates that there are multiple factors that have driven recent rate increases such as inflation, fuel volatility, grid investments, and wholesale market dynamics – rather than load growth. And even where costs have increased, the ultimate impact on customers depends on how those costs are allocated.

Forward-looking studies highlight risks that warrant a proactive approach to mitigate short-term wholesale price pressures, better align with state policy goals, and address regulatory gaps in cost allocation. The conversation should therefore shift beyond generalized claims and instead focus on a more precise and actionable question to ensure this outcome moving forward: what tariff structures, planning paradigms, and cost-allocation practices ensure that data centers bear their full costs as the system evolves and are aligned with state policy objectives?

A framework for responsible growth should include the following actions:

- + **Leverage Tailored Large Load Tariffs.** Modern large load tariffs demonstrate that risk is not only identifiable but also manageable. When properly designed, these tariffs can align cost causation and mitigate risk, protecting other customers without constraining economic growth. Utilities and regulators therefore do not face a binary choice between attracting investment and safeguarding ratepayers; disciplined planning and tailored tariff design can achieve both. Critically, however, a one-size-fits-all approach will not work. Effective tariff design should reflect market-specific conditions and be grounded in transparent, evidence-driven analysis, not arbitrary thresholds.
- + **Improve Transmission and Interconnection Cost Assignment.** Dedicated facilities and directly attributable upgrades should be assigned as transparently as possible to the customers that cause them. For shared network upgrades, regulators should apply cost-allocation principles that balance fairness, practicality, and evolving system benefits, while updating frameworks as load patterns and infrastructure use change.

- + **Align Cost Allocation with the Pace of Load Growth.** Regulatory lag is a key source of potential misalignment, and more frequent cost-of-service updates can ensure that cost responsibility evolves alongside system dynamics. The recent expansion of large load tariffs shows that regulatory frameworks are already adapting and they should continue to do so.
- + **Strengthen Planning and Forecasting Processes.** Given the inherent uncertainty in forecast plus trends in speculative load, utilities and regulators should rely on scenario-based planning, stronger customer financial commitments, and clearer project-readiness standards. This reduces the risk of overbuild, stranded infrastructure, and unnecessary customer exposure.
- + **Use Innovative Policies to Integrate Load More Cost-Effectively.** Integrating large loads cost-effectively requires aligning them with system capabilities, planning, and policy goals. This includes leveraging load flexibility and “bring your own generation” models, while ensuring tariffs and programs reward large customers for reducing system costs. Moreover, utilities can support by providing more transparency on available capacity and upgrade timelines to improve siting efficiency and avoid unnecessary costs. On the supply side, structural policy changes are needed to support timely expansion, particularly by addressing permitting delays and supply chain constraints, including shortages of critical equipment like transformers. Taken together, these approaches can reduce system costs while supporting affordability, reliability, and decarbonization objectives.
- + **Expand Monitoring and Targeted Analysis.** The evidence base remains limited, especially on long-term retail rate impacts and the real-world performance of new tariff protections. Regulators, utilities, researchers, and policymakers should continue to evaluate outcomes over time so that future decisions are informed by measured experience rather than assumptions or generalized claims.

Taken together, these actions point to a clear path forward as electricity systems enter a new phase of sustained load growth. With thoughtful market-specific and evidence-based approaches, policymakers can support continued growth while ensuring costs are borne by those who drive them while protecting other customers.