

Data centers are booming in Ohio. Regulators will decide who pays the growing electric bill

By Jake Zuckerman
Cleveland.com

COLUMBUS, Ohio – Behind the dozens of new data centers popping up in Ohio is an exponentially growing demand for electricity, triggering a fight over who will pay for hundreds of millions in infrastructure costs that enable an increasingly online world.

For a sense of scale of the demand rush, Central Ohio's peak power demand is currently about 4,000 megawatts. American Electric Power (AEP), the utility serving the region, has inked contracts with data centers adding 5,000 megawatts to the grid, according to state regulators. Developers have expressed additional interest in the area that, if all materialized, would add a staggering 30,000 megawatts.

When developers – often Meta, Amazon Web Services, Google, artificial intelligence companies, or cryptomining operations – plan a data center, the facilities need specialized hardware that can handle the industrial scale power. Someone must pay for the infrastructure. But the developers might not end up needing the power they said they did. Or they could move or close shop if economic conditions change.

So who pays for all the new infrastructure required to meet that maximum expected demand? A state regulatory case could decide the answer.

The battle lines around the question have aligned AEP, the Ohio Consumers' Counsel, Walmart (a major energy buyer), the Ohio Energy Group (a coalition of large buyers like Cleveland-Cliffs and General Motors), Public Utilities Commission of Ohio staff, and ratepayer advocates of the Ohio Partners for Affordable Energy.

On the other side, the big tech firms behind the data boom (Google, Amazon, Meta and Microsoft), plus coalitions representing manufacturers, natural gas companies, solar developers, and an Ohio cryptocurrency trade group formed a joint opposition.

Both sides proposed their own preferred path forward, but the final answer rests with the PUCO commissioners – five people appointed to five-year terms by the governor. At the bottom of it all, according to the PUCO, is grid reliability, economic certainty, and accountability.

“The electric utility industry is at a crossroads in planning for the future of the grid,” said Chris Healey, a PUCO staff attorney in [sworn testimony](#) in support of the AEP plan. “After many years of essentially flat load growth, there is the potential for monumental increases in demand, driven almost exclusively by the energy needs of data centers. As it stands today, the AEP Ohio service territory cannot reliably accommodate the needs of every data center that has expressed interest in locating in Central Ohio. So steps must be taken to increase grid capacity, reduce the size of the queue of potential data centers, or both.”

The differences between the two proposals are highly technical. But they amount to massive cost shifts of hundreds of millions over the long run.

Among the most contentious scenarios: say a data center tells AEP it needs 1,000 megawatts of power, AEP builds the infrastructure to deliver it, but the data center only uses 500 megawatts. Who’s responsible for the unneeded hardware?

Under the [AEP-backed plan](#), data centers would need to purchase costs of at least 85% of their projected power demand, no matter how much they actually use; under the [data center-backed plan](#), it would range from 75% to 85% pending the size of the operation. The delta may sound small, but it amounts to huge dollar swings.

Other key conflicts include:

- What kind of leniency should data centers get and for how long as they ramp up operations?
- Who pays, and how much, if data centers want out of contracts with AEP?
- What size must a data center be for the new rules to apply?

The PUCO is currently taking evidence in the case, expected for another three weeks. From there, there will be another month or two of written arguments, followed by a decision from the commissioners.

As the Ohio Consumers’ Counsel frames it, its preferred settlement protects all statewide customers.

“While business growth in Ohio is welcome, these data centers, along with cryptocurrency mining operations, consume vast amounts of energy while contributing relatively few local jobs,” said agency director Maureen Willis in a statement. “Residential utility customers, who already pay steep transmission and distribution costs, shouldn’t have to subsidize these investments to benefit corporate giants.”

Much of the industry opposition to AEP's proposal centers on the notion that it's unusual to single out one specific industry for a stricter pricing scheme. The Data Center Coalition, an industry association, said the AEP proposal would be a national first in its "unprecedented discriminatory tariff" on data centers.

"AEP Ohio's Stipulation creates an unprecedented level of regulatory uncertainty, stifles innovation, and ultimately risks harm to Ohio's economy," said the coalition's president Josh Levi.

Amazon, which has invested billions in data center operations in Ohio and filed the settlement proposal, said it couldn't arrange an interview Monday on the proposal. However, Duncan Neasham, a spokesman, cited a study from the [legislature](#) in Virginia, a major data center hub. It found that while the data centers add tremendous demand for electricity to the grid, which will be difficult to satisfy, they currently pay for their own full costs of service. That said, they will require new generation and transmission costs going forward.

"It will be difficult to supply enough energy to keep pace with growing data center demand, so energy prices are likely to increase for all customers," the audit found. "Finally, if utilities are more reliant on importing power, they may not always be able to secure lower-cost power and will be more susceptible to spikes in energy market prices."

Samantha Robertson, representing the Ohio Blockchain Council at the hearing, [testified](#) the AEP proposal unfairly "singles out" the data centers with a discriminatory pricing structure.