August 7, 2026

The Honorable Mike Levin
2352 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Nikki Budzinski
1717 Longworth House Office Building
Washington, D.C. 20515

RE: House Democrats Gas & Utilities Affordability Working Group Policy Priorities

Dear Representatives Levin and Budzinski:

On behalf of the Electric Power Supply Association (EPSA),[1] which represents the owners and operators of over 20% of the United States' electricity generation and storage capacity, we hope that you will accept the following suggestions as you consider appropriate policies to bolster electric grid reliability and protect electricity customers from undue financial burdens.

EPSA[2] is the only national trade association representing America's competitive power suppliers. EPSA members own and operate approximately 225,000 megawatts (MW) of reliable and competitively priced, environmentally responsible generation facilities in all seven U.S. regions operating competitive wholesale energy markets – markets overseen by an Independent System Operator or Regional Transmission Organization (ISO/RTO) like the California and Midcontinent ISOs.[3] EPSA member assets are comprised of a diverse mix of fuels and technologies, including natural gas, nuclear, wind, solar, hydropower, battery storage, geothermal, and coal.

The United States is at an inflection point relative to demands on the electric grid. How much more electricity is needed, and when and where additional electricity demand will materialize, remains uncertain. This uncertainty is not exclusive to electricity *demand* but extends to the policy and regulatory environments for building new (and maintaining existing) electricity *supply* as well. In testimony before the U.S. Senate Committee on Energy & Natural Resources (ENR) earlier this year, I summed up the challenge by noting that it is "this uncertainty that creates perhaps the greatest risks to both reliability and affordability for electricity consumers – the dangers of significantly under- or over-producing capacity during a time of volatile demand projections."[4]

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[1] The policies in this letter represent the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue.
[2] https://epsa.org/about-epsa/
[3] With one exception, competitive wholesale markets are regulated by the Federal Energy Regulatory Commission (FERC). Competitive markets in Texas, administered by the Electric Reliability Council of Texas (ERCOT), are not subject to FERC jurisdiction but rather are regulated at the state level.
[4] https://epsa.org/wp-content/uploads/2026/03/Snitchler-Testimony-SENR-Hrg-3.25.26.pdf

While EPSA members participate in wholesale markets primarily regulated at the federal level, we recognize and appreciate the importance of electricity affordability for retail electricity customers. In its second quarter utility spending report, PowerLines[5] notes that utilities "requested $9.2 billion in rate increases in the second quarter of 2026 alone… The $9.2 billion in requests from this quarter will be felt across more than 56 million U.S. customers. In total, utilities have requested $18.6 billion [of rate increases] since the start of 2026." Even the electric industry itself estimates that it "will make more than $1.1 trillion in grid investments through 2029."[6] While this investment may seem necessary in 2026, it is a financial burden that will be borne by electricity customers for decades to come, even if the economic and technology landscapes shift unexpectedly.

With that backdrop, I hope that you find the following comments valuable.

1. ***From your organization's perspective, what are the primary drivers of rising gasoline and/or utility costs for everyday Americans right now?***

As I noted in my ENR testimony in March, in 2025 both the Lawrence Berkeley National Laboratory (LBNL)[7] and Energy Tariff Experts (ETE, in conjunction with EPSA)[8] released findings from separate studies identifying drivers of retail electricity rates. Both studies – conducted independent of one another – returned remarkably similar conclusions. Increases in retail electricity rates in the last few years are not the result of investment in new generation – rather, spending on transmission & distribution (T&D) infrastructure has resulted in higher costs. LBNL flagged the replacing of aging equipment, hardening and resilience upgrades, and supply chain challenges as significant drivers. The ETE study focused on the PJM Interconnection (an RTO covering 13 states and the District of Columbia) and concluded – as a percentage of a retail electricity bill – that generation costs have held steady (or in some cases declined), while identifying T&D as the primary driver of retail rate increases.

As I mentioned in my testimony, "this is not a criticism of utility investments in distribution and transmission assets." However, "[w]hile these investments are valuable to reliability and grid efficiency, relative to the 'affordability' discussion, it is important to identify the economic drivers impacting retail energy bills, and where regulators choose to place the investment risk."

While these studies highlight the effect of T&D costs on retail rates, EPSA appreciates that wholesale generation costs are not an insignificant portion of a retail rate. Fuel costs are the primary driver of production costs for power plant owners. For instance, when the price of natural gas (which powers a plurality of U.S. electricity production)[9] rises, the cost of producing electricity rises. Policymakers should be mindful that when input costs rise (or fall), the effect is the same on competitive power suppliers as it is on monopoly utilities that own power plants. The difference is that in a competitive market, power plants owners are still in economic competition with one another and bear the investment risk, while a utility simply passes a non-bypassable cost on to their customers, guaranteeing it adequate revenue to cover costs and an approved rate of return.

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[5] https://powerlines.org/wp-content/uploads/2026/07/PowerLines_UBAR-Q2-2026.pdf
[6] https://www.eei.org/en/news/news/all/powering-america-as-the-state-of-the-union-approaches-2-26
[7] https://eta-publications.lbl.gov/sites/default/files/2025-10/presentation_retail_price_trends_drivers.pdf
[8] https://epsa.org/wp-content/uploads/2025/05/EPSA-ETE-Study_2025.5.14-FINAL.pdf
[9] https://www.eia.gov/energyexplained/electricity/electricity-in-the-us.php

2. ***What are the types of immediate or short-term solutions that Congress can consider taking in the 120th Congress to lower these costs for consumers?***

Congress should make every effort to protect retail electricity customers from bearing the financial burden required to power large loads – like data centers – and interconnect them into the electric transmission system. There are several policies that Congress could embrace to ensure ratepayer protection.

- Over the last 25 years, competitive markets administered by ISOs/RTOs have definitively proven to be the most efficient and transparent way to meet our nation's electricity needs at the lowest cost while protecting electricity customers from inefficient investment. Well-functioning competitive markets support a reliable power system, foster competition, reward innovation and efficiency, and drive emissions reductions.

  Competitive wholesale electricity markets offer retail electricity customers protection from inefficient or unnecessary investment in generation. EPSA members compete in wholesale markets for the opportunity to recover their costs and have embraced the need to out-compete and out-innovate their competitors every day since markets were implemented. Competitive power suppliers welcome that challenge and are proud to support wholesale markets that come without financial guarantees or backstops shouldered by captive electricity customers. During this time of tremendous uncertainty as to when and where new electricity demand will (or may) materialize, there may never have been a more appropriate time to lean into the ratepayer protections offered by competitive markets.

  When presented with "alternatives" to competitive markets, EPSA recommends asking a simple question – "Who bears the investment risk?" In competitive market regions, retail electricity customers aren't left shouldering the financial burden for unnecessary investments.

- Policymakers and regulators should embrace incentives or encouragement for large load customers to partner with generators – both existing and new assets – in voluntary bilateral contracts. Whether the large load customer and generator are physically "co-located" or engaged in a more traditional bilateral agreement, these contracts isolate the long-term risk between willing counterparties. Retail electricity customers are held harmless and completely immune from inefficient or unnecessary investment or any missteps in assumptions about future production cost or energy needs. Whatever option the parties choose to deliver power as fast as possible, market-based approaches remain the best vehicle to shield customers from unnecessary charges. EPSA has underscored some of the benefits of these agreements in comments to the U.S. Department of Energy[10] and my testimony (referenced earlier) before the U.S. Senate.

  These voluntary arrangements are dramatically different from a model where a data center "contracts" with a new capacity asset built and owned by a company which then recovers (part or all of) the cost of the new generation (plus a guaranteed rate of return) from its electricity customers. Simply because both "contracting" models take place outside of the competitive markets does not make them equal options when considering ratepayer protection.

[10] https://epsa.org/wp-content/uploads/2025/11/EPSA_SpeedToPowerRFI_Nov62025.pdf

3. ***From your organization's perspective, are there specific federal barriers, recent regulatory rollbacks, market inefficiencies, or other issues that are artificially inflating prices for consumers?***

- Congress can make a meaningful contribution to both electric grid reliability and affordability by passing comprehensive statutory permitting reform. EPSA has weighed in on several aspects of permitting reform, including support for ensuring permit durability for *all types of* energy investments spanning multiple administrations, creating predictable and definitive timelines for various judicial review processes, and clearly defining the scope of study requirements under the National Environmental Policy Act. EPSA members invest private capital without a guaranteed rate of return, and indefinite delays or uncertainty depress incentives to invest. We have seen this uncertainty adversely affect energy generation projects that are both dispatchable and intermittent, as well as non-generation assets like electric transmission and natural gas and oil pipelines. While ISOs/RTOs cover roughly 2/3 of the United States, there is no silver bullet for resolving the inefficiencies presented by permitting challenges – investors across the country are afflicted with these burdens. An efficient permitting process promotes both affordability and reliability.

  While we understand that Senate negotiations are ongoing, we hope that even if the 119th Congress is unable to reach an agreement, that lawmakers recognize the importance of permitting reform to more affordable electricity *and* improved reliability, and continue their efforts into 2027.

- Accurate forecasting for electricity demand forms the foundation for efficient investment in generation and transmission. A deluge of interconnection requests from data centers have vaulted demand forecasts to growth rates not seen in decades. However, we know that some initial forecasts for data center growth may not have been sufficiently strenuous; with refinement and the adoption of best practices, forecasts continue to be sharpened and improved. For instance, an investor-owned utility in the PJM Interconnection initially announced a future load increase of 30 *gigawatts* due to data center growth in their footprint. That forecast was initially trimmed to 13 gigawatts and eventually landed at around 6 gigawatts.[11]

  The U.S. House Committee on Energy & Commerce passed the *Load Forecasting Enhancement Act* (H.R. 9332)[12] by a vote of 47-0. EPSA is a strong supporter of the bill as a way for regional experts to identify best practices within their territories and share ideas for improvement among other regions.[13] Of course, in regions operating competitive markets, private capital is put at risk when investing in generation assets – there is no risk exposure to electricity customers. However, in traditionally vertically integrated regions, ratepayers will shoulder the cost of multi-decadal assets even if those investments are unnecessary due to overzealous demand forecasts. Whether policymakers represent a region with competitive electricity markets or are operated by a vertically integrated utility, improved load forecasting should not be a partisan issue. In no part of the United States do *electricity customers* benefit from unrealistic demand forecasts.

[11] https://www.aepohio.com/company/news/view?releaseID=10753
[12] https://www.congress.gov/bill/119th-congress/house-bill/9332?hl=hr9332&s=1&r=1
[13] https://epsa.org/forecasting-future-electricity-demand-is-like-trying-to-hit-a-moving-target-but-new-legislation-can-help-reduce-uncertainty/

While not specific to any of your questions, when considering the development of data centers – the largest issue facing the electric industry (and thus retail electricity customers) – I would like to offer a bit more background:

- Many of our nation's largest developers of data centers, along with dozens of transmission owners and electric utilities, have publicly pledged to ensure that retail electricity customers will not experience any adverse financial impacts to either power or interconnect data centers.[14] FERC has directed the ISOs/RTOs within its jurisdiction to ensure that there are rules in place to be sure that ratepayers are not financially on the hook for data center development. Compliance with the FERC orders is well underway, and policymakers and regulators should maintain a sharp focus and oversight to ensure that signers of the pledges follow through on the commitment, even if it means a less robust rate of return for transmission owners.

  One solution being presented as a silver bullet by investor-owned utilities is to allow them to own and operate generation in competitive market regions, which they have not done in decades. Implicit in this "solution" is allowing them to build new generation and roll those non-bypassable costs – including a guaranteed rate of return – into retail rates during a time when affordability is front of mind for most policymakers.[15] Utilities claim that "markets" aren't working and that utilities will build new generation so long as a profit is assured. Aside from the obvious financial exposure to ratepayers, this argument falls short for several reasons.

  First, the "markets" referred to are really one particular market – the Base Residual Auction, otherwise known as the capacity market, in the PJM Interconnection. Despite PJM's capacity market having administratively set price ceilings suppressing market prices for several cycles, since 2024, investors have announced future capacity projects totaling 43 gigawatts of capacity additions.[16] On August 3, PJM announced that "715 new generation projects, capable of generating more than 200 [gigawatts] of electricity, have qualified to be studied in the first Cycle of PJM's reformed interconnection process."[17] This is a definitive and robust response from competitive power suppliers.

  Second, devolving the regulatory environment to allow utility-owned generation won't solve the grid's pressing supply challenges in the near- and medium-term (0-5 years). Power plants take over five years to build. No developer has a magic wand to overcome the length of interconnection studies, supply chain and workforce shortfalls, and permitting and siting delays (not to mention the time it takes to comprehensively and appropriately engage with local communities). Power plants aren't built overnight and placing investment risk back onto electricity customers certainly won't help capacity come online faster. It is telling that the utility solution to build generation in competitive markets is predicated on the condition that it is supported by cost of service arrangements which guarantee a specific rate of return.

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[14] https://www.whitehouse.gov/releases/2026/03/ratepayer-protection-pledge/

[15] This "solution" also ignores the possibility that generation or storage technology may become obsolete or politically unpalatable over the life of the asset. Competitive power suppliers assume the investment risk that technologies will remain relevant and political acceptable – even given the rate at which technology advances and swings in the political pendulum.

[16] https://epsa.org/wp-content/uploads/2026/07/P326-New-Generation-FacilitiesOne-Pager_7-15.pdf

[17] https://insidelines.pjm.com/over-700-new-generation-projects-accepted-into-first-cycle-of-reformed-interconnection-process/

- The Bipartisan Policy Center (BPC) recently released perhaps the most thorough and comprehensive identification of the policy issues surrounding data center development, including recommended policy solutions.[18] Some of the important conclusions include the use of "state or regional market and regulatory structures to ensure large load customers pay their fair share and protect residential customers from rate impacts," and using "the resources of developers to fund investments that ease integration and create mutual benefits, such as load flexibility, residential energy efficiency upgrades, and water efficiency upgrades." The BPC's work is a thoughtful and straightforward look at the challenges facing the industry and EPSA recommends that anyone interested in policy solutions review the report.

Thank you for considering EPSA's comments as you work to identify your policy priorities for the 120th Congress. EPSA looks forward to remaining engaged with any Member of Congress interested in maintaining a robust power grid while ensuring affordable electricity. Please be in touch if I can provide any additional information.

Sincerely,

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[18] https://bipartisanpolicy.org/report/key-considerations-for-data-center-development/