

AI / Data Centers Newsletter – May 2026

Overview

- The administration, Congress, and state and local governments have continued to confront the policy issues associated with the increase demand for data centers. Issues with the development and maintenance of data centers are becoming a prominent feature of local and statewide elections, and Congress is increasingly active in this arena. While some Congressional Democrats in battleground districts are embracing proposals to halt the development of data centers nationwide, House Democratic Leader Hakeem Jeffries insisted that Democrats support innovation with proper guardrails. Meanwhile, House Republicans are taking up legislation to address the impacts of artificial intelligence (AI) on energy demand and prices, marking the first time the party’s leadership has rallied around concrete proposals to address the issue. A recent Gallup poll [found](#) widespread bipartisan concern about data centers, and proposals in Congress are attempting to validate voters concerns while setting guardrails for future development.
- On Tuesday, June 2nd, President Trump signed an executive order – entitled “[Promoting Advanced Artificial Intelligence Innovation and Security](#)” – which directs multiple federal agencies to create a “AI cybersecurity clearinghouse”, in which AI companies will be asked to submit new AI models to for government review 30 days prior to public release. Said review is intended to assess any security vulnerabilities. While an earlier draft of the executive order called for a 90-day review, said draft was abruptly rejected by President Trump hours before a high-level meeting he held with multiple AI companies on May 21.

Congressional Updates

Members of Congress have been introducing legislation to protect consumers from rising electricity bills associated with data centers. The debate over data centers has become increasingly salient before the midterm elections, as both parties seek to assuage voters’ affordability concerns.

- On May 22, during the committee’s consideration of H.R. 9022, the *Energy and Water Development and Related Agencies Appropriations Act, 2027*, the House Appropriations Committee approved by voice vote a bipartisan amendment

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package directing the Department of Energy (DOE) to identify and mitigate data centers' potential impacts on energy and water consumption, grid reliability, transmission and distribution, and ratepayers. The provision would also require DOE to evaluate six technologies or strategies to improve data center energy and water efficiency and to coordinate with other agencies and utility commissions on federal, regional, state and local regulatory compliance. Additional language would prohibit DOE from blocking congressional access to information and require the department to maintain adequate staffing levels. During the markup, members debated several data center and energy amendments. Most notably, Rep. Espaillat requested a vote on a proposal to require DOE to establish a publicly accessible database of all U.S. data centers that have been built, are under construction, or are under consideration by local authorities, and to continuously assess each center's impact on utility rates. Rep. Fleischmann argued the requirement would be too onerous to execute and it failed.

- On April 27, House Minority Leader Hakeem Jeffries stated that shielding consumers from rising electricity costs associated with the data center boom would be a priority on Democrats' artificial intelligence (AI) agenda should they win back a majority. Rep. Jeffries indicated that Democrats want to support innovation excellence while ensuring proper guardrails are established.
- Also on April 27, Reps. Ted Lieu (D-CA) and Jay Obernolte (R-CA) introduced an artificial intelligence (AI) [bill](#) that would permanently establish an AI center within the National Institute of Standards and Technology (NIST) and formalizes a national AI research pilot that was created to build shared national AI infrastructure.
- Sen. Jon Ossof (D-GA) [wrote](#) a letter on April 20, 2026 to the Federal Energy Regulatory Commission (FERC) stating that his office will investigate data centers' impact on utility bills in Georgia.
- In a House Energy and Commerce [hearing](#) on April 29, 2026, entitled AI and the Grid, lawmakers discussed 7 bills:
 - [Load Forecasting Enhancement Act](#)
 - Those in favor: Chairman of Arizona Corporation Commission Nick Myers, President of Muse Energy Whitney Muse, Rep. Scott Peters (D-CA), Rep. Troy Balderson (R-OH)

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- President of Large Public Power Company Tom Falcone stated that the Act should not exempt public power utilities from the new PURPA “consideration-and-determination” requirement, instead preserving the traditional framework.
- [Affordable Innovation for the Grid Act](#)
 - Those in favor: Chairman of Arizona Corporation Commission Nick Myers, President of Large Public Power Company Tom Falcone
- [Advanced Transmission Technology to Reduce Rates Act](#)
 - Those in favor: Chairman of Arizona Corporation Commission Nick Myers, President of Large Public Power Company Tom Falcone, Senior VP of Grid Strategy, Planning, and Integration Nelson Peeler
- [Ratepayer Protection Act](#)
 - Those not in favor: Chairman of Arizona Corporation Commission Nick Myers, President of Muse Energy Whitney Muse
 - Those in favor: President of Large Public Power Company Tom Falcone, Rep. Scott Peters (D-CA)
 - Chairman of Arizona Corporation Commission Nick Myers argued that while the bill defines a large-load customer at 100MW, perhaps it should amend the definition to 50MW.
- Fair Allocation of Interstate Rates (FAIR) Act ([H.R.6336](#))
 - Those not in favor: Ranking Member Frank Pallone, Chairman of Arizona Corporation Commission Nick Myers, President of Muse Energy Whitney Muse, Rep. Scott Peters (D-CA)
 - Those in favor: Rep. Fedorchak (R-ND)
 - House Energy and Commerce Ranking Member Frank Pallone argued that the FAIR Act would ensure Republican states do not have to pay for the economic and reliability benefits they receive from a buildout of the power grid.
- High-Capacity Grid Act ([H.R.6633](#))
 - Those not in favor: Chairman of Arizona Corporation Commission Nick Myers, President of Large Public Power Company Tom Falcone
 - Those in favor: President of Muse Energy Whitney Muse, Rep. Fedorchak (R-ND)
- Protecting Families from AI Data Center Energy Costs Act ([H.R.6529](#))
 - Those in favor: Ranking Member Frank Pallone, Chairman of Arizona Corporation Commission Nick Myers, President of Large Public Power Company Tom Falcone, President of Muse Energy Whitney Muse

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- During the hearing, the Chairman of the Arizona Corporation Commission, Nick Myers, argued that, per discussions had during their recent large load workshop, utilities nationwide were confident that through use of high-load tariffs and flexible energy service agreements, the risk of cost shift from data centers to residential and small business customers can be mitigated. Myers then offered seven solutions for utility companies: 1) increased minimum bill threshold to 75-80 percent of demand and energy; 2) extended contract terms; 3) financial guarantees, like letters of credit, surety bonds, parent guarantees, or other approved instruments; 4) early termination fees; 5) full tariff rates plus direct assignment of dedicated generation costs; 6) contribution in aid of construction for necessary transmission and substation infrastructure; and 7) direct assignment of transmission and distribution facilities.

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Summary of Pertinent Legislation

Bill	Name	Sponsor(s)	Description
S.3852	Guaranteeing Rate Insulation from Data Centers (GRID) Act	Sens. Josh Hawley (R-MO) and Richard Blumenthal (D-CT)	Mandates that all new data centers use their own power sources separate from the grid and would require all currently operating data centers to migrate off the grid within 10 years.
S. 4559	Energy Cost Fairness and Reliability Act of 2026	Adam Schiff (D-CA)	Requires large electricity users such as AI data centers to pay the full cost of power grid upgrades needed to support their operations.
S.3585	Decentralized Access to Technology Alternatives (DATA) Act	Sen. Tom Cotton (R-AR)	Incentivizes, rather than mandates, data center operators to build their own energy supplies by loosening federal regulations.
S.3682	Power for the People Act	Sen. Chris Van Hollen (D-MD)	Prevents data center costs from being passed on to households and small businesses. It would allow data centers to remain on the grid as long as they're paying for the needed increased capacity.
S. 4214	Artificial Intelligence (AI) Data Center Moratorium Act	Sen. Bernie Sanders (I-VT)	Imposes a moratorium on the construction of new data centers until legislation is enacted that safeguards the public from the dangers of

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			artificial intelligence.
H.R.8037	Protect American AI Act of 2026	Rep. Michael Baumgartner (R-WA-5)	Limits the effect of litigation on the environmental application process for data centers and associated infrastructure.
H.R.7066	Stopping Hikes in Electricity from Large Load Demands (SHIELD) Act	Rep. Mike Levin (D-CA-49)	Directs state public utilities commissions to consider new federal standards to ensure residential customers are shielded from data center power costs.
H.R.7858	Data Center Community Impact Act	Rep. Bonnie Watson Coleman (D-NJ-12)	Authorizes a federal study on the environmental, economic, and public health impacts of data centers, with a focus on communities of color and low-income communities.
H.R.8516	The American Leadership in AI Act	Reps. Ted Lieu (D-CA-36) and Hay Obernolte (R-CA-23)	Improves AI standards and evaluation, expands research infrastructure and R&D, modernizes federal AI adoption and risk management, and expands AI education and workforce opportunities.