Photo: The White House

Last night, in his State of the Union address, President Trump announced a new “ratepayer protection pledge” from technology companies as his latest effort to respond to rising electricity prices across the country. In his brief remarks on the pledge, the President said that it “obligated” the technology companies to provide for their own power, including building their own plants, so that “no one’s prices” would go up—and in some cases would go down “very substantially.” This is clearly another lame effort by the White House to respond to a growing political backlash against data centers and rising electricity prices, which, as noted in a previous post, have become a top tier political issue this year and will surely play a significant role in the upcoming mid-terms.

But let’s be clear here about what is happening here: The President has “negotiated” a deal with his new tech oligarch buddies where they have “pledged” to pay for the additional electricity costs associated with their data centers (which of course are intended to put the rest of us out of work, but, hey, at least we won’t have to pay more for electricity….).

As usual, there are no details from the White House on how this might work, leaving

more than a few questions about implementation, especially given that the states have exclusive jurisdiction over generation and retail electricity rates.

But at least we can all sleep better now knowing that the oligarchs have pledged to President Trump that they will make the rest of us whole for any increases in electricity prices caused by data center expansion. This from the same President who has repeatedly denied that food and energy prices are rising and who once pledged to reduce drug prices by 1000%, which, of course, would mean that the drug companies would have to pay us (a lot!) to use their products.

So, here is an idea for the White House. Show us the money. We can start with the $23 billion in additional costs that have been imposed by increased data center demand on other customers in PJM from the last three capacity auctions. That was the amount estimated by PJM's independent market monitor last month. It would not cover all of the cost increases from new data centers, but it's a start. So, make the oligarchs write the check. Transfer the money to the ratepayers in the various PJM states as a down payment on cost increases. Do it now.

Here is another one: invite every PUC across the country to immediately estimate the additional electricity costs associated with existing data centers and submit this to a new office in the Department of Energy that would collect the money from the tech companies within thirty days. Then start processing refunds back to the ratepayers in those states. Do it now.

And another one: make the technology companies pre-pay a lump sum based on a premium price for all the electricity they intend to use based on the projected demand from their proposed data centers for the useful life of those data centers, regardless of whether they end up building the data centers. The money could go directly into a new ratepayer protection fund and transferred to the states on a pro rata basis with the sole purpose of reducing electricity rates. If the technology companies do end up using the electricity later, they can count a portion of their prepayments against those costs. But if they don't end up using the electricity, they pay anyway. Take or pay. Do it now.

I could go on and I am sure others have lots of better ideas for how the technology companies could be forced to actually pay their way. (Add your ideas in the comments.)

The bottom line here is that they need to cough up real money to cover the costs

they have pledged to cover. And they need to do it now. The longer-term reality of course is that we are going to need a lot more generation (as well as transmission and distribution) to handle these new large loads.

And yet the President continues to do everything in his power to block new wind and solar, which actually offer the cheapest and fastest ways to add new generation capacity to the grid. His plans for nuclear are half-baked at best and many years away. Spending billions to revive coal is maybe the dumbest idea from a White House and Department of Energy that have distinguished themselves in the production of dumb ideas. Which of course leaves natural gas as the only option that Trump and Fossil Fuel Secretary Chris Wright really have for adding significant new generation given their irrational hostility to renewables. But even with natural gas – as has been pointed out repeatedly – there are serious supply chain constraints, including the 3-4 year wait time for new gas turbines.

But, again, at least we now have a pledge from the oligarchs that they will pay their way. Hopefully at this point, most people outside of the MAGA core know better than to believe that a pledge by multi-trillion dollar companies and the oligarchs who lead them to an out-of-touch and off-the-rails President, a man, by the way, who distinguished himself in the business world by bankrupting multiple casinos and who has shown almost no interest in addressing the ongoing, actual cost-of-living crisis in our country, will actually deliver. It's another scam; more fake news that will do nothing to reduce the cost of electricity—unless, that is, the technology companies actually start writing checks.

So how about this: Stop making pledges, start writing checks. Do it now.