United States Senate

WASHINGTON, DC 20510

January 23, 2026

Dr. Vamsi Chadalavada
President and CEO
ISO New England Inc
1 Sullivan Road
Holyoke, MA 01040

Dear President Chadalavada,

As Senators representing New England, we are deeply concerned that data center growth will drive up energy costs and degrade reliability for our constituents. As the Independent System Operator New England (ISO-NE) continues with its own market reforms, it is essential that service remains affordable and reliable for residential consumers. We believe it is necessary to require tech companies, not American families, to foot the bill for their load. We request further information on the strategies that ISO-NE plans to implement to protect residential ratepayers from data center-driven price increases.

Forecasts suggest that, after two decades of stagnation, U.S. electricity demand could increase as much as 5.7% through 2030, a level of growth not seen since the 1960s.[1] The share of electricity serving data centers is expected to triple from 2023 levels, accounting for 11.7% of U.S. power demand.[2] For example, load growth in power market PJM could increase by up to 32 gigawatts from 2024-2030,[3] although how many new data centers will actually be built remains uncertain.[4] Virginia, a PJM member, is home to approximately 150 hyperscale data centers, nearly 35% of the world's concentration of these large load facilities.[5]

While demand is increasing, so are electricity costs.[6] The average residential electricity price increased 13% in first 9 months of 2025 alone.[7] Data centers are one of the key factors driving steep demand growth in certain regions, leading to higher prices both in wholesale and retail

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[1] *What history says about today's AI power surge.* Axios. (January 16, 2026). (Online at: https://www.axios.com/2026/01/16/ai-energy-consumption-power-data-centers).
[2] *The data center balance: How US states can navigate the opportunities and challenges.* McKinsey & Company. (August 8, 2025). (Online at: https://www.mckinsey.com/industries/public-sector/our-insights/the-data-center-balance-how-us-states-can-navigate-the-opportunities-and-challenges).
[3] *Lawmakers, advocates pitch plans to rein in data centers, their power demands.* Maryland Matters. (November 17, 2025). (Online at: https://marylandmatters.org/2025/11/17/data-center-plans-maryland-legislators/).
[4] *PJM to ratchet down projected AI power demand for eastern US.* ENERGYWIRE. (January 6, 2026). (Online at: https://subscriber.politicopro.com/article/eenews/2026/01/06/pjm-to-ratchet-down-projected-ai-power-demand-for-eastern-us-00711947).
[5] *Why more residents are saying 'No' to AI data centers in their backyard.* NPR. (July 17, 2025). (Online at: https://www.npr.org/2025/07/17/nx-s1-5469933/virginia-data-centers-residents-saying-no).
[6] Ryan Wiser, Erich O'Shaughnessy, et al., *Factors influencing recent trends in retail electricity prices in the United States.* The Electricity Journal. (December 2025). (Online at: https://www.sciencedirect.com/science/article/pii/S1040619025000612).
[7] *Electric Power Monthly.* U.S. Energy Information Administration. (December 3, 2025). (Online at: https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=table_5_03).

electricity markets.[8] At PJM's annual capacity auction in July of this year, which aims to secure resources to meet future peak demand, prices hit $329.17 per megawatt/day, a 22% increase from the 2024 auction, and a nearly 1000% increase from 2023.[9] This dramatic price increase occurred even with a negotiated price cap in place, which reduced capacity auction prices by 38%, or nearly $10 billion.[10] Without an extension or other reforms, this cap will expire and prices are likely to rise even further.[11] These high prices are being passed on to households across the PJM region. New England already suffers from historically high energy prices. It is essential that our constituents do not face the same fate.

Rapid demand growth also threatens the reliability of the electric grid. Despite setting record prices in its capacity auction, PJM was unable to meet its planning reserve margin.[12] ISO-NE likewise experiences a tighter reserve margin while ill-advised efforts by the Trump administration to stall offshore wind have delayed our region's planned addition of this reliable, clean, and affordable power generation.[13] Should New England see an influx of data centers coming online, pressure on the margin will only worsen.

ISO-NE has a central role in making sure residential ratepayers are not unjustly burdened by data center growth. As the ones who stand to benefit most, the multi-billion-dollar AI industry should be responsible for these costs. With data centers emerging across New England,[14] how will ISO-NE work to protect residential customers from these costs?

We appreciate the work that ISO New England does to operate our region's bulk power system. We share a common goal of maintaining reliable, affordable electricity for all customers as more data centers come online.

Sincerely,

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[8] Ryan Wiser, Erich O'Shaughnessy, et al., *Factors influencing recent trends in retail electricity prices in the United States.* The Electricity Journal. (December 2025). (Online at: https://www.sciencedirect.com/science/article/pii/S1040619025000612).

[9] *Power costs soar in PJM region as data center demand spikes*. Reuters. (August 7, 2025). (Online at: https://www.reuters.com/business/energy/power-costs-soar-pjm-region-data-center-demand-spikes-2025-08-07/).

[10] *Data centers were 40% of PJM capacity costs in last auction: market monitor.* UtilityDive. (January 7, 2026). (Online at: https://www.utilitydive.com/news/data-centers-pjm-capacity-auction/808951/).

[11] *Data centers were 40% of PJM capacity costs in last auction: market monitor.* UtilityDive. (January 7, 2026). (Online at: https://www.utilitydive.com/news/data-centers-pjm-capacity-auction/808951/).

[12] *PJM capacity prices hit record high as grid operator falls short of reliability target.* UtilityDive. (December 18, 2025). (Online at: https://www.utilitydive.com/news/pjm-interconnection-capacity-auction-data-center/808264/).

[13] *ISO-NE proposes capacity market overhaul with shift to 'prompt' auction.* UtilityDive. (January 5, 2026). (Online at: https://www.utilitydive.com/news/iso-ne-proposes-capacity-market-overhaul-with-shift-to-prompt-auction/808712/).

[14] *The data center balance: How US states can navigate the opportunities and challenges.* McKinsey & Company. (August 8, 2025). (Online at: https://www.mckinsey.com/industries/public-sector/our-insights/the-data-center-balance-how-us-states-can-navigate-the-opportunities-and-challenges).

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