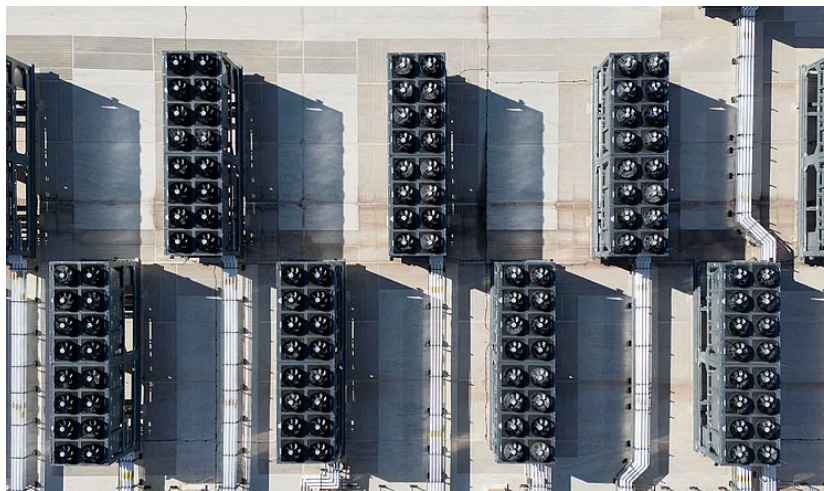




# Data Centers Are Not the Villain



IN REALITY, MOST OF THE CHARGES LEVELED AGAINST DATA CENTERS ARE FALSE. (PHOTO BY ANDREW CABALLERO-REYNOLDS / AFP VIA GETTY IMAGES)

The reason electric bills are rising isn't data centers but years of disinvestment in power.

By Emmet Penney

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**R**are is the political wave that will bring together Vermont socialist Bernie Sanders and Florida Republican Ron DeSantis. DeSantis has pushed to limit Florida data center construction and sided with Floridians blaming them for higher electric bills. Sanders would go further and wants a national [data center construction moratorium](#), claiming that data centers will not just jack up power bills, but swallow up Lake Michigan.

It seems like most Americans are inclined to believe him. Over the last year, [resistance to data centers has exploded](#). Recent polling indicates that [only 44 percent of Americans](#) would welcome a data center near them, and only [17 percent](#) believe artificial intelligence will have a positive impact over the next two decades. In the fall, an Indianapolis city council meeting to discuss a proposed data center drew two overflow rooms of angry citizens, and the opposition was so intense that Google [withdrew its rezoning request](#) for a 468-acre data center just minutes before a vote.

In reality, most of the charges leveled against data centers are false. They aren't sending your power bills sky-high, nor do they even use very much water. The real threat to your power bill, long-term, is not coming from the additional energy that data centers are using. It comes from a power grid that is increasingly unreliable and fails to match our needs even without the addition of any new data centers. The focus on data centers impedes the serious discussion of the upgrades we need to fix the ailing power infrastructure and reinvigorate our industrial base.

For the first time in its history, America is not prepared for growth. Overall, U.S. power generation has been flat for two decades, and the electric grid is not able to keep up with current needs, let alone provide reliable power for industrial growth. Instead of building new capacity, the

U.S. has shut down natural gas and nuclear plants. We have seen the results in cost increases and outages.

Data center demand is revealing, not causing, this problem. The antagonism to data centers is providing a ready excuse for continuing to ignore the needs of the power grid rather than giving it the investment it needs. And the inability of builders to make their case for a build-out threatens to make the resistance to fixing our power crisis even worse.

**For the first time in its history, America is not prepared for growth.**

If data centers have a PR problem, it's not hard to see why. The way Big Tech firms and their allies talk about these vast structures can strike ordinary people as deranged, if not terrifying. There are plentiful claims that AI will take everyone's jobs (except, as venture capitalist Marc Andreessen has said, [those of venture capitalists](#)). Or consider Fox Business's Dagen McDowell [telling her viewers](#) that "everyone needs to get on board" with the data center buildout, even if it means bulldozing Christmas tree farms. "Buy a fake tree," she advised. No wonder the reaction has not been kind and data centers have become what *Bloomberg's* Christopher Beam calls "[the leading villain of 2025](#)."

Yet when you delve into the details, much of the discussion is based on bad data and analysis. Take the claims about water use. A typical data center uses five million gallons of water per day. Yes, that sounds like a big number, but it's 30 times less water than a golf course. As [others have pointed out](#), the claims that data centers will drain our freshwater supplies don't add up.

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Data centers' hunger for power is a different situation. Data center power consumption [more than doubled](#) between 2018 and 2024, from 1.8 percent to 4.4 percent of total U.S. power use. Meanwhile, power prices have jumped 40 percent since 2020. There's truth to the basic claim that the power grid [is not ready](#) for a massive surge in demand. For the last several years, the power grid has been getting less reliable and power bills have been climbing.

But data centers are not the culprit here. To see why, it's useful to take a step back. Data centers in general are not built where power is most expensive and where energy prices are rising, but where power is relatively cheap. The places where electricity prices have gone up most are actually locales in which [demand is shrinking](#).

Policies like [clean-energy mandates](#) have incentivized carbon-free but unreliable power sources like wind and solar. [Subsidies for rooftop solar](#) have also driven up rates, especially in California, where rooftop-solar subsidies amount to a several-billion-dollar-a-year [upward wealth transfer](#) that tacks hundreds of dollars onto residents' bills. States with these kinds of policies tend to be the [hardest places to build new infrastructure](#) thanks to the brutal overlap of state and federal permitting laws.

**The antagonism to data centers is providing a ready excuse for ignoring the needs of the power grid.**

Historically, the demand for electricity has led to building that increases supply, which in turn drives down the price of power. That's how America electrified in the first place. Now regulation and inattention to the realities of the power grid have disrupted that dynamic. And it is becoming evident that the only thing more expensive than growth is decay.

People see their power bills skyrocket and naturally search for someone to blame because it's enraging. Focusing on data centers makes an intuitive kind of sense. But the truth about our power grid is that we have been underinvesting in it for decades. Grid watchdogs like the North American Electric Reliability Corporation have been warning [for years](#) that America's grid is starving for capacity. In 2022, Mark Christie, a former commissioner at the Federal Energy Regulatory Commission, said that we were "headed for a reliability crisis." That year, power prices had [leaped by 233 percent](#) in some parts of the country. That was before data centers came onto the scene in a big way.

Getting that message across, though, is hard because the hyperscalers—the tech giants and companies like OpenAI that are in the midst of the fastest technology build-out the world has ever seen—seem confused about their new reality. Ordinary people understand the benefits of technology when it comes to apps on their phones. But if you say you're going to physically move in next door, they tend to raise their hackles. Politically, that requires a language that the tech companies have not yet learned to speak.

Even the biggest tech companies haven't had to think seriously about their energy needs for decades. They have played rhetorical games to score climate points, claiming "net zero" emissions thanks to workarounds like [Renewable Energy Credits](#). They could afford that when their energy needs were slim, but no longer. They have let

themselves be oblivious to the physical realities of the grid and have for too long thought like Californians when they need to start thinking like Texans.

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For the last several decades, America has turned from the world of atoms and focused on the world of bits. And this often felt zero-sum: The better our information technology, the easier it became to focus on design while sending construction overseas. That trend, coupled with poor policy, [greatly damaged our power grid](#). But data centers are now bringing the worlds of atoms and bytes together. Data center demand is driving investment into [building and trades](#) and reinvestment in key manufacturing sectors like [grid equipment](#) and nuclear power.

If tech companies can articulate this to the public, we have a real opportunity to spur investments into the power grid, our industrial commons. But they have often appeared reluctant to do that. The world seemed to make more sense to them when they were strictly offering ephemeral services in the digital realm. So they have failed to explain how the AI infrastructure revolution can reverse a cycle in which we have incentivized higher prices and greater unreliability while disincentivizing building and construction.

The more we ban data centers, the harder it will be to seize this moment of reindustrialization. This is a once-in-a-generation chance to spur investment into the power grid, our industrial commons. We should take it.



## Emmet Penney

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I don't think the backlash against data centers can be dismissed as "false" or based on a misunderstanding of electricity pricing.

Yes, the U.S. power grid has been underinvested in for a long time. But timing matters. Grid upgrades are normally planned and amortized over decades. The AI and data-center buildout is happening fast, at massive scale, and in very concentrated locations. That forces utilities to accelerate investments, and someone has to absorb those costs in the near term.



Even if rate increases haven't fully shown up yet, people understand where the pressure is coming from.

And the resistance isn't just about electricity prices. In many regions, water usage is a serious concern. Large data centers consume enormous amounts of water for cooling, often drawing from local aquifers. In drought-prone or agricultural areas, that directly affects the water table. Add to that constant noise from cooling systems, industrial-scale facilities appearing next to residential or rural communities, and understandable reluctance to host experimental energy setups or small nuclear reactors nearby.

So yes, the grid needed upgrading anyway. But it's not unreasonable for communities to push back when they're asked to absorb higher costs, resource strain, and long-term risk — largely to support private, hyperscale projects that move much faster than public infrastructure ever can.

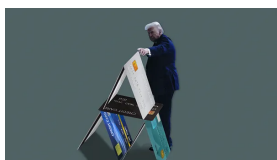
And that brings us to the elephant in the room: why. Many people simply aren't eager to accept higher prices and real inconvenience so that someone else's questions get answered a bit faster by an AI engine.

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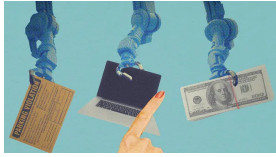


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