# Data Centers, Electricity Policy, and America's Foundries

There are now more than 5,300 data centers in the United States—more than any other country. These data centers have been in the news recently because they consume so much electricity. You may have read or heard about the plan to reopen part of the Three Mile Island nuclear energy facility primarily to serve Microsoft data center electricity needs. According to CNBC, data centers now account for fully one-fourth of the electricity consumption in at least one state (Virginia). Policymakers are starting to hear from their constituents about rising electricity costs and concerns about grid reliability.

Foundries and other manufacturers tend to be energy-intensive businesses that require reliable sources of electricity and predictable, affordable pricing. In many locales, electricity rates are increasing faster than the general rate of inflation. At least one U.S. company in the past year cited high electricity costs as part of its rationale in closing a foundry. Many others have shared their electricity-related concerns with AFS.

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As AFS Immediate Past President Brad Muller (Charlotte Pipe & Foundry) recently put it, "The real issue is not just the data centers—I am confident the U.S. could absorb the increases in power demand to meet these needs under a rational approach to electricity generation. The broader issue is the exponential growth in data centers combined with the drastic and premature shutdown of fossil fuel generation and the practical moratorium on new fossil fuel and nuclear generation capacity. In other words, the problem isn't 'not enough juice'—it's not enough reliable baseload generation to even meet current demand, much less exponential increases in demand."

A rational energy policy requires a better planned, more orderly transition to alternative fuels and, in the interim, modernization of an aging grid that is increasingly vulnerable to storms. Between 2010 and 2020, an estimated 290 coal power plants were closed, a trend that has continued in the current decade. Moreover, some environmental activist groups are taking aim against natural gas power plants—in addition to coal and nuclear energy plants.

Restrictions on permitting slow the process of building and modernizing our energy infrastructure, and the problem is not just federal policy. Some states are adopting renewables mandates so aggressive that brownouts are all the more likely.



As noted by energy policy expert Amy O. Cooke, the founder of EastxWest Strategies who spoke recently at the AFS Foundry Leadership Summit, when there is insufficient baseload generation, electricity supplies are disrupted, human lives can be put at jeopardy during extremely hot or cold weather, and local economies are severely disrupted. "When factoring in the need for significantly greater capacity, backup generation, transmission, and failure rate—or essentially factoring in how to sustain reliable power," she writes, "weather-dependent sources like wind and solar are expensive. The solution is nuclear energy along with natural gas."

On behalf of its 1,050 corporate and nearly 6,000 individual members, AFS is lobbying for the following sound policies:

- Adopt policies conducive to generating all forms of energy and maximize the nation's natural gas benefit.
- Streamline the permitting process to bring new and modernized energy sources online in more reasonable time frames.
- Invest in modernization of the electrical grid.
- Require competitive bids for new investments in transmission projects, which will reduce electricity costs for all ratepayers.

If you would like to share your thoughts on this topic or help AFS advocate for sound public policies, please contact AFS Washington Representative Stephanie Salmon at ssalmon@afsinc.org. MC



**Doug Kurkul, AFS CEO**

*If you have any comments about this editorial or any other item that appears in* Modern Casting, *email kphelan@afsinc.org.*