ALLIANCE FOR AFFORDABLE ENERGY

False Promises: LNG, Data Centers come at a cost

Jackson G. Voss
Climate Policy Coordinator

What's happening

Economic development "wins"

Meta Data Center in Richland Parish; Entergy proposes 3 new gas-fired power plants

Liquefied Natural Gas Export Terminals moving forward

Context!

Costs of building gas plants have

TRIPLED

Our Electricity System

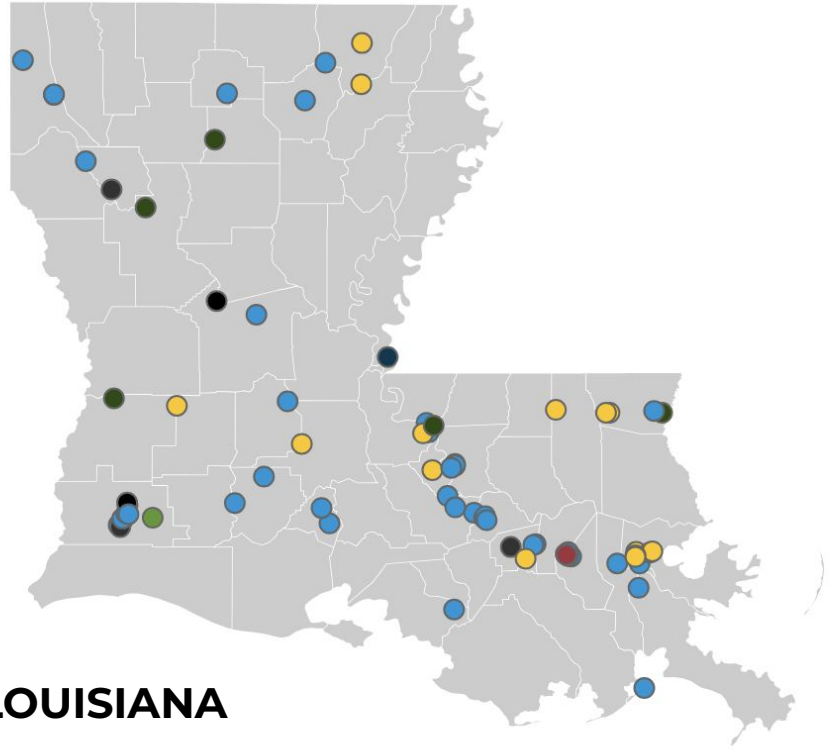
Generation

Transmission

Distribution

THE GRID

Power Generation



POWER PLANTS IN LOUISIANA

73 total power plants

- Biomass
- Coal
- Geothermal
- Hydro
- Natural gas
- Nuclear
- Other
- Other fossil gases
- Petroleum
- Pumped storage
- Solar
- Wind
- Wood

Data Centers

Number of issues to keep in mind:

- Huge power demand, 24/7
- Not likely to create many permanent jobs
- Going to be powered by gas-fired power plants

CLIMATE CHANGE AND ENERGY

AI could keep us dependent on natural gas for decades to come

AI data centers are driving a surge in new natural-gas power plants around the country. What does that mean for our clean-energy aspirations?

By David Rotman

May 20, 2025

To power the data center, Entergy aims to spend $3.2 billion to build three large natural-gas power plants with a total capacity of 2.3 gigawatts and upgrade the grid to accommodate the huge jump in anticipated demand. In its filing to the state's power regulatory agency, Entergy acknowledged that natural-gas plants "emit significant amounts of CO_2" but said the energy source was the only affordable choice given the need to quickly meet the 24-7 electricity demand from the huge data center.

"Our biggest long-term concern is that in 15 years, residential ratepayers [and] small businesses in Louisiana will be left holding the bag for three large gas generators," says Logan Burke, the alliance's executive director.

Indeed, consumers across the country have good reasons to fear that their electricity bills will go up as utilities look to meet the increased demand from AI data centers by building new generation capacity. In a paper posted in March, researchers at Harvard Law School argued that utilities "are now forcing the public to pay for infrastructure designed to supply a handful of exceedingly wealthy corporations."

The Harvard authors write, "Utilities tell [public utility commissions] what they want to hear: that the deals for Big Tech isolate data center energy costs from other ratepayers' bills and won't increase consumers' power prices." But the complexity of the utilities' payment data and lack of transparency in the accounting, they say, make verifying this claim "all but impossible."

Entergy's plan to power Meta's massive Louisiana data center faces new scrutiny

BY JOSIE ABUGOV | Staff writer Mar 26, 2025 3 min to read Subscriber Exclusive

The utility offered similar responses to questions about Meta's need for a specific amount of power, the tech company's sustainability commitments for the data center, and the company's "urgent" need for power. While Entergy is asking the commission to approve the three power plants, the application stresses that the plants will be set up for clean energy production in the future. Entergy directed questions from the advocacy groups about Meta's sustainability goals to the company's sustainability report.

Meta representatives have said that the data center's power use will be fully matched with clean and renewable energy, and that its energy consumption will be disclosed once it goes online.

Meta's Louisiana data center could provoke outages, advocates say. Entergy says safeguards in place.

BY JOSIE ABUGOV | Staff writer Jun 7, 2025 3 min to read Subscriber Exclusive

1 of

Entergy's plan to power Meta's massive data center in northeast Louisiana is being portrayed in starkly different terms in new filings, with advocacy groups warning of the potential for major outages and company officials maintaining that safeguards will be in place to prevent them.

The utility is asking state regulators to build three new gas-fired power plants at a cost of $3.2 billion plus other transmission infrastructure for an airport-sized facility in Richland Parish. The data center would help Meta – the parent company of Facebook, Instagram and Whatsapp – expand its artificial intelligence technology and compete with rival companies like Google and OpenAI.

LNG

Liquified **LNG** is methane gas that has been super-cooled to be transported long distances in a liquid form.

Why are we exporting LNG?: Until 2016, the U.S. prohibited LNG exports; policies changed in response to a “boom” in production, spikes in demand in Asia and Europe, and the war between Russia and Ukraine.

The Biden administration on Tuesday released a lengthy study that outlined the economic and environmental risks of shipping more liquefied natural gas overseas, a move that could complicate President-elect Donald J. Trump's plans to approve additional gas export terminals.

If the United States were to continue exporting liquefied natural gas in the way that has made it the world's biggest gas supplier, the study by the Energy Department found, it could drive up energy costs in America by further exposing the domestic market to international pricing. It could also increase pollution in coastal communities where export terminals are built and create more global greenhouse gas emissions.

The study also concludes that residential gas and electricity bills in the United States could be about 3 percent higher, on average, in 2050 if the country vastly expands its capacity to sell natural gas overseas. The Gulf Coast and Southwest would bear the brunt of price increases.

Across 58 pages, the report succinctly confirmed what many climate and environmental justice advocates had feared: Exporting huge quantities of natural gas abroad increases domestic fuel and electricity prices. Not only that, but export terminals are massive greenhouse gas emitters, undermining the fossil fuel industry's contention that LNG is a clean alternative to coal, and dumping hulking export terminals on pristine wetlands has a devastating effect on the multigenerational fishing communities of the Gulf Coast.

Who gets hurt by LNG exports? Gas-dependent households

The American consumers most at risk in the new era of globalized gas prices are the ones who can't avoid using gas for their basic necessities.

It's hard to find a better example of this than Louisiana, which, not coincidentally, is also ground zero for the recent LNG boom. The state already has the highest per capita residential electricity consumption in the country, per federal data.

What do these have to do with the price of electricity?

MARKETS & FINANCE | COMMODITIES & FUTURES

Americans' Electric Bills Are Headed Higher With the Temperatures

Forecasts for a hotter-than-normal summer and more expensive natural gas mean pricier power

Electricity Prices Are Surging. The G.O.P. Megabill Could Push Them Higher.

The combination of a data center boom, rising gas exports and cuts to clean energy tax breaks could spike American energy bills, analysts say.

ENVIRONMENT MARCH 3, 2025

Trump Aims to Boost Gas Exports. It'll Probably Increase Your Electricity Bill.

His effort to address a fake "energy emergency" also will contribute to a real one.

Americans can expect to pay more to stay cool this summer thanks to forecasts for above-average temperatures across the country and natural-gas prices that are heading into air-conditioning season 37% higher than last year.

On average, Americans should count on their electricity bills in June, July and August rising 4% from last year, mostly due to more expensive natural gas, according to the Energy Information Administration.

That would bring the nationwide summertime average to $186 a month, up from $180 last year and $148 four years ago, the EIA said.

Source: FactSet

Many analysts, traders and producers believe the gas market is at an inflection point. After a two-year glut that depressed prices, the market faces competing demand from mushrooming LNG export terminals and power producers that will lift gas prices.

A newly commissioned LNG-export terminal in Plaquemines Parish, La., has started out sucking up more gas than expected. That's causing concern about what will happen when power plants along the same pipelines increase their own gas consumption this summer, said Oren Pilant of energy-data firm East Daley Analytics.

"This is putting stress on gas supply in the Southeast and driving significant price volatility in those Southeast markets," he said.

The studies rely on similar reasoning: Electricity demand is surging for the first time in decades, partly because of data centers needed for artificial intelligence, and power companies are already struggling to keep up. Ending tax breaks for solar panels, wind turbines and batteries would make them more expensive and less plentiful, increasing demand for energy from power plants that burn natural gas.

That could push up the price of gas, which currently generates 43 percent of America's electricity.

On top of that, the Trump administration's efforts to sell more gas overseas could further hike prices, while Mr. Trump's new tariffs on steel, aluminum and other materials would raise the cost of transmission lines and other electrical equipment.

These cascading events could lead to further painful increases in electric bills.

The causes of rising rates are complex. In California, utilities face soaring costs from worsening wildfires. Elsewhere, power companies are spending tens of billions of dollars to upgrade aging electric grids and prepare for weather disasters, electric vehicles and growing amounts of renewable energy. Transmission and distribution costs have been soaring and now make up nearly 40 percent of power bills.

One big driver has been fluctuating natural gas prices. After Russia invaded Ukraine in 2022, gas prices spiked and so did electricity bills. While gas prices fell to record lows last year, they are expected to nearly double this year and climb further in 2026, as demand rises at home and the U.S. sells more of its gas abroad.

The United States already exports roughly 11 percent of its gas in the form of liquefied natural gas, or L.N.G., much of it to European and Asian countries willing to pay a premium. U.S. export capacity is set to nearly double by 2028 while tech companies are demanding ever more gas power for data centers.

“L.N.G. was already a tidal wave of demand and now you’ve just got on top of it these other forces,” said Gordon Huddleston, president and partner of Dallas-based Aethon Energy, one of the largest privately held gas producers in the country. “Every real estate guy in Dallas is running around developing a data center.”

On top of that, the cost of building gas power plants has nearly tripled since 2022, and power companies now face wait times of five years or more for new gas turbines. Tariffs are also making it more expensive to drill for natural gas by raising the cost of equipment such as steel pipe.

One big downside of LNG exports: Price swings for US gas consumers

The global gas trade has brought new volatility home to domestic markets — a factor the White House is considering as it reassesses the LNG buildout.

By **Julian Spector**
6 March 2024

Electricity bills in Louisiana didn't use to fluctuate based on geopolitical turmoil on the other side of the world. But when Russia invaded Ukraine in early 2022 and kicked off a fossil gas shortage in Europe, the reverberations hit home in the Gulf Coast parishes that depend on the fuel for electricity, cooking and hot water.

The Ukraine invasion prompted European companies to pay top dollar to replace the gas they had been getting from Russian pipelines. Much of the new supply came from the United States. European buyers, backed by wartime subsidies, made gas a much hotter commodity than it had been in years – globally and locally in the U.S.

Utilities may subsidize data center growth by shifting costs to other ratepayers: Harvard Law paper

"The public faces significant risks that utilities will ... profit from new data centers by making major investments and then shifting costs to their captive ratepayers," the report's authors said.

Published March 10, 2025

> "Without systematic changes to prevailing utility ratemaking practices, the public faces significant risks that utilities will take advantage of opportunities to profit from new data centers by making major investments and then shifting costs to their captive ratepayers," Martin and Peskoe said. "The industry's current approaches of luring data centers with discounted contracts or lopsided tariffs is unsustainable."

There are steps state utility regulators can take to protect consumers from subsidizing data centers, including setting guidelines for reviewing special contracts, Martin and Peskoe said.

State utility commissions can also require utilities to shift away from serving new data centers via special contracts to broadly applicable tariffs, according to the paper. Regulators can also facilitate competition and the development of "energy parks" that are unconnected to utility-owned networks, and require utilities to provide more frequent demand forecasts, Martin and Peskoe said.

Data Centers' Hunger for Energy Could Raise All Electric Bills

Individuals and small businesses may end up bearing some of the cost of grid upgrades needed for large electricity users, a new report found.

Individuals and small business have been paying more for power in recent years, and their electricity rates may climb higher still.

That's because the cost of the power plants, transmission lines and other equipment that utilities need to serve data centers, factories and other large users of electricity is likely to be spread to everybody who uses electricity, according to a new report.

The report by Wood MacKenzie, an energy research firm, examined 20 large power users. In almost all of those cases, the firm found, the money that large energy users paid to electric utilities would not be enough to cover the cost of the equipment needed to serve them. The rest of the costs would be borne by other utility customers or the utility itself.

The utilities "either need to socialize the cost to other ratepayers or absorb that cost — essentially, their shareholders would take the hit," said Ben Hertz-Shargel, who is the global head of grid edge research for Wood MacKenzie.

Power Grab

As data centers for AI strain the power grid, bills rise for everyday customers

The huge demand for electricity from data centers driving the AI boom has fallout for everyday ratepayers. Regulators are concerned.

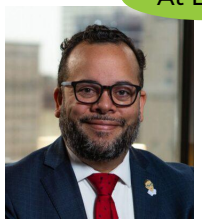
Updated November 1, 2024

In Virginia, which has aggressively recruited data center development, new centers alone are projected to increase demand for power up to 50 percent by 2030, according to the consulting firm Aurora Energy Research. Over the next 15 years, the state will need to add electricity supply equal to the amount used by the entire state of New Jersey, Aurora found.

The most recent forecast from Virginia's biggest utility, Dominion Energy, projects that between now and 2035, residential electricity prices will grow at three times the annual rate they did over the last 16 years. Dominion executives say customer bills in the state are still lower than the national average, and the proposed cost increases for the coming decade are consistent with recent inflation rates.

Who are My Regulators?

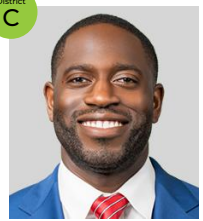
New Orleans City Council


At Large
JP Morrell


Helena Moreno


District A
Joe Giarrusso


District B
Lesli Harris

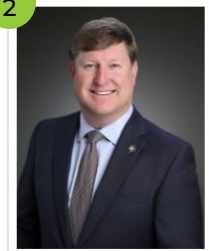

District C
Freddie King III


District D
Eugene Green


District E
Oliver Thomas

Louisiana Public Service Commission


District 1
Eric Skrmetta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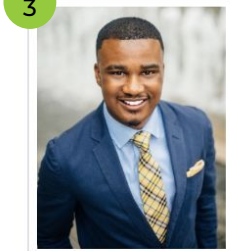
Jean-Paul Coussan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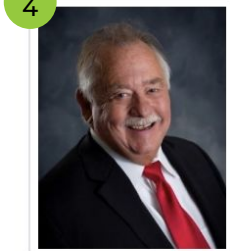
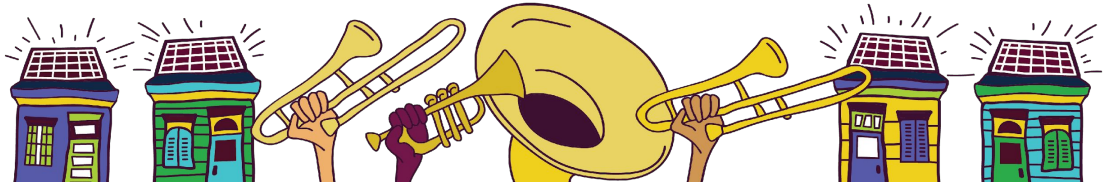
Davante Lewis


District 4
Mike Francis


District 5
Foster Campbell



What can we do?

In the short-term:

Hold regulators & utilities accountable

Fight long-term investments made for short-term gain

In the long-term:

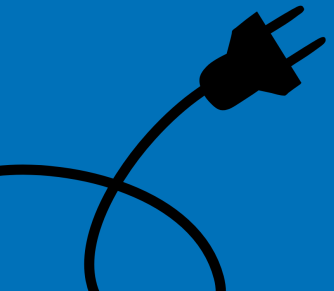
Long term regional transmission planning

Grid Enhancing Technologies

Battery Storage

Questions?

jackson@all4energy.org



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Take Action!