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07-10&utm_term=ep4&empos=p4

Energy

What PUCO's decision on AEP case means for data center projects in Central Ohio

Data centers are putting a strain on energy supply.

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Story Highlights

- PUCO approves AEP Ohio's proposal for "large" data centers to pay for majority of requested energy.
- A sliding scale will be implemented for smaller facilities.
- AEP Ohio's moratorium on new data center agreements will end.

The PUCO has made a decision on AEP Ohio's request that data centers commit to paying for most of the energy they're requesting.

The Public Utilities Commission of Ohio adopted AEP Ohio's proposal, with slight modifications, over a competing version of a solution that many big data center players – including Amazon, Meta, Google and Microsoft – filed last year.

The news comes as Central Ohio has become one of the top areas in the country for data centers, something that has brought billions of dollars in investments from major tech companies, but also questions about if the electrical grid can keep up with the growth of the energy-demanding facilities.

The approved proposal, which also was supported by the Ohio Consumers' Counsel and the PUCO staff, requires "large" new data center customers to pay for a minimum of 85% of the energy they request, even if they use less, to cover the costs of infrastructure needed to bring electricity to those facilities, AEP Ohio said in a press release.

The plan includes a sliding scale that gives smaller facilities more flexibility.

The agreement also outlines a process to end AEP Ohio's moratorium on new data center agreements in Central Ohio, which the electric utility established in 2023. *Columbus Business First* reported last year there were at least 50 stalled projects – mostly data centers – in the ever-growing queue asking for more than 30,000 megawatts of power.

"We are glad the PUCO agrees that it is critical to align data centers' demand for energy with the infrastructure costs needed to support their growth in Ohio," Marc Reitter, AEP Ohio president, said in a statement. "This infrastructure will support Ohio's growing tech sector and help secure America's data storage and processing facilities here in the U.S."

The Ohio Consumers' Counsel said in an email that the decision will "help to ensure that residential and small business consumers are shielded from bearing unfair costs associated with the massive electricity increases (for infrastructure and transmission expansion) needed to support energy-intensive data centers."

More than a dozen parties, largely made up of data center developers, challenged AEP Ohio's case in October with a solution of their own that they said was more fair.

It would have eliminated the terms "data center" and "mobile data center" from the original filing and instead focused on customers requesting more than 50 megawatts at a single site. The proposal also would have excluded projects that could be supported by existing infrastructure.

The agreement, which was made without AEP Ohio's input, forced the utility to file a competing stipulation – the one that was ultimately accepted by the PUCO.

"We're disappointed," Katie Treadway, chief regulatory officer of One Energy Enterprises Inc., told *Business First*.

One Energy Enterprises was one of the parties to the data center-supported settlement and also filed a motion to dismiss AEP Ohio's tariff proposal, questioning its legality.

"We don't think it's lawful or in the interest of customers to adopt it," she continued, adding that it could hurt Central Ohio's data center economy.

The Ohio Manufacturers’ Association issued a statement saying it was considering options to appeal the PUCO’s decision.

"It is disappointing that the PUCO decided today to allow discriminatory tariffs on energy-intensive users, creating a slippery slope for utilities to potentially punish industrial and other high-energy users," it read.