



America's Grid Gamble: Is It Time to Let Private Power Play?

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After two decades of relatively flat electricity demand, the United States is confronting a new reality: explosive growth. From artificial intelligence and cloud computing to electric vehicles and advanced manufacturing, a powerful convergence of economic and technological forces is accelerating electricity consumption at a pace the country has not witnessed since the middle of the 20th century. This rapid acceleration is slamming into an aging electric grid that was designed for gradual economic expansion and slow, predictable load growth.

The result? America is entering a high-energy future it is ill-equipped to support, and the consequences are becoming visible. Families and businesses across the country are facing rising utility bills. Power producers are waiting years to connect new supply. Grid operators are scrambling to contain growing reliability threats. And the fastest-growing sectors of our

economy, technology “hyperscalers” chief among them, are finding it increasingly difficult to secure electricity on commercially viable timelines.

State and federal regulators are under intense pressure to quickly resolve a problem many years in the making. Yet in too many places, the response has been to retreat rather than reform. In April 2026, Maine lawmakers passed a bill imposing an 18-month moratorium on new large data centers. Gov. Janet Mills vetoed the bill and the Legislature failed to override her action, narrowly avoiding the dubious distinction of Maine becoming the first in the nation to enact such a restriction.¹ Similar bills have been introduced in more than a dozen other states across the U.S., citing concerns about surging power demand and rising electricity prices.

While local moratoriums on data centers may quiet short-term political anxieties, they do nothing to address the underlying issue: America’s electric grid has calcified under decades of regulatory accumulation, leaving it ill-equipped for the demands of this new high-energy era. Once a dynamic frontier of invention and competition, the electricity industry now operates within an overly complex and often incoherent patchwork of overlapping rules, bureaucratic red tape, and administrative processes that overwhelmingly favor monopoly incumbents.

This raises a deeper question that America can no longer afford to avoid. If the old way of providing electricity cannot keep pace with today’s energy needs, is it time to try something new?

Rather than banning energy-intensive technologies, policymakers should be exploring reforms that strengthen the benefits of the public grid while creating a parallel pathway for new electricity consumers who need to move at entrepreneurial speed. Consumer Regulated Electricity (CRE) offers one such solution. As outlined in a Cato Institute briefing paper published in February 2026, CRE is a targeted regulatory reform that would enable new energy-intensive consumers to voluntarily contract with private power generators operating on fully separate, islanded systems without tying into the public grid.² This innovative approach delivers speed-to-power that “hyperscalers” and other industrial manufacturers are desperately seeking, without creating new reliability risks or shifting costs onto existing ratepayers. Another complementary option is for regulators to expand access to behind-the-meter power generation, an approach that enables energy-heavy users to produce and consume their own electricity on-site without it ever flowing through the public grid. Both market-driven tools can work alongside traditional utility regulation to protect families, encourage innovation, and keep the U.S. competitive in a global race that runs on electricity.

The path to an affordable, abundant, high-energy future for all Americans runs through free enterprise, not more central planning and government regulation. It is time to remove the barriers that have slowed a once-vibrant industry and let markets deliver the reliable, responsive power our economy needs.

The Challenge Ahead: Surging Power Demand

After more than 20 years of relative stagnation, electricity demand is surging. In 2025, U.S. net electricity generation hit a new record of 4.43 thousand terawatt-hours, up 2.8% from the previous high set in 2024.³ Consumption is expected to break records again in 2026 and 2027,

¹ Benjamin Kail, “Maine Legislature fails to reverse Janet Mills’ veto of data center ban,” Bangor Daily News, April 29, 2026, <https://www.bangordailynews.com/2026/04/29/politics/state-politics/mills-veto-data-centers/>.

² Travis Fisher and Glen Lyons, “The Case for Consumer-Regulated Electricity: Private Electricity Grids Offer a Parallel Path to Energy Abundance,” Cato Institute, February 3, 2026, <https://www.cato.org/briefing-paper/case-consumer-regulated-electricity-private-electricity-grids-offer-parallel-path>.

³ U.S. Energy Information Administration, “U.S. electricity generation in 2025 hit a record, again,” March 5, 2026, [https://www.eia.gov/todayinenergy/detail.php?id=67284#:~:text=U.S.%20electricity%20net%20generation%20reached,and%20industrial%20\(by%200.7%25\)](https://www.eia.gov/todayinenergy/detail.php?id=67284#:~:text=U.S.%20electricity%20net%20generation%20reached,and%20industrial%20(by%200.7%25)).

and S&P Global estimates that American electricity demand could increase as much as 50% by 2040.⁴

Louisiana is squarely in the path of this wave. The state's abundant natural gas supply, extensive pipeline infrastructure, industrial workforce, and favorable geography make it a natural destination for energy-intensive industries looking to expand. Data center developers, Liquefied Natural Gas export facilities, hydrogen producers, and petrochemical manufacturers are all evaluating Louisiana sites.⁵ The economic prize is enormous: thousands of high-paying jobs, billions in capital investment, and a durable expansion of the state's tax base.

The scale of recent economic development announcements makes the point vividly. In March 2026, Amazon unveiled plans to build two large-scale data center campuses totaling more than \$12 billion in Caddo and Bossier Parishes in northwest Louisiana.⁶ The project represents one of the largest single private investments in the region's history and is expected to create hundreds of direct jobs while supporting thousands more in construction and related sectors.

That same month, Meta revealed a massive expansion of its previously announced Hyperion data center campus in Richland Parish.⁷ What began as a \$10 billion project in late 2024 has grown into a roughly \$27 billion commitment, with Meta adding 1,400 acres and positioning Hyperion as its largest global facility. To power it, the state's largest monopoly utility will need to supply up to 5 gigawatts of compute capacity, roughly the same amount of electricity it takes to power more than five million homes.⁸

Louisiana is fortunate to be positioned as a leader in the critical technologies sector. These massive data center projects form the backbone of the internet, cloud computing, and artificial intelligence. Building them here, with Louisiana workers and engineers leading the way, allows the state to capture the full economic benefits of innovation, strengthen American energy independence and national security, and reduce reliance on foreign supply chains.

But these record-setting investments arrive in a market moving at a pace regulators have never encountered, and important questions remain about how these new power projects will be built and who will pay for them. In a state-regulated monopoly utility system like Louisiana's, the fine print on multi-billion-dollar infrastructure projects is too important to get wrong. Just one poorly constructed deal could leave Louisiana families footing the bill for decades.

Technology is evolving by the day. Decisions about capacity, fuel mix, and site selection that once unfolded over years are now compressed into months. American competitiveness, and Louisiana's share of it, depends on a regulatory approach that allows the free market to move at that same speed without shifting risks or costs onto ordinary ratepayers.

⁴ S&P Global, "U.S. National Power Demand Study," March 2025, <https://cleanpower.org/resources/us-national-power-demand-study/>.

⁵ See, for example, Louisiana Future Energy, "Investments. Innovation. Impact," <https://lafutureenergy.org/energy-investments/>.

⁶ Amazon News, "Amazon to invest \$12 billion in first data center campuses in Louisiana," February 23, 2026, <https://www.aboutamazon.com/news/company-news/amazon-data-center-louisiana-new-jobs>.

⁷ Greg Hilburn, "Meta, Entergy announce massive expansion at Louisiana AI data center," *Shreveport Times*, March 27, 2026, <https://www.shreveporttimes.com/story/news/2026/03/27/meta-and-entergy-announce-massive-expansion-at-louisiana-ai-data-center-with-seven-new-power-plants/8934800007/>.

⁸ Brandon Scardigli, Entergy, "Entergy Louisiana announces a new agreement with Meta that will deliver an additional \$2B in customer savings," March 27, 2026, <https://www.shreveporttimes.com/story/news/2026/03/27/meta-and-entergy-announce-massive-expansion-at-louisiana-ai-data-center-with-seven-new-power-plants/8934800007/>.

New Orleans: A Cautionary Tale

In January 2026, the New Orleans City Council voted unanimously to impose a one-year moratorium on data center development across the city.⁹ The debate was heated and familiar. Council members and residents expressed deep concerns about the strain these facilities could place on an already vulnerable grid, the risk of compromised reliability during hurricane season, and the possibility that higher electricity costs would fall on everyday consumers. Similar conversations are playing out in communities across America, from Augusta, Maine to St. Charles, Missouri, to DeKalb County, Georgia, and many places in between.¹⁰

From an economic development perspective, banning multi-billion-dollar, next-generation projects seems to defy logic. But the temporary moratoriums become more understandable as politics. Viewed through that lens, they serve as a cautionary tale of what happens when fear, rather than reform, drives the response to a rapidly changing energy landscape.

Faced with a surge of interest from data center developers, New Orleans officials did not ask how to accommodate growth. They asked how to stop it. The unanimous vote reflected genuine anxieties about grid reliability in a city still scarred by hurricanes, about rising utility bills for residents already stretched thin, and about the environmental footprint of energy-intensive industry. Those concerns are legitimate. But a moratorium does not resolve them. It freezes the status quo and sends a clear signal to capital markets: do not invest here. While New Orleans deliberates, competing jurisdictions in Texas, Illinois, and many other states are rolling out the welcome mat.

The deeper lesson is that moratoriums are not really about data centers. They are about a rigid electric power grid that's struggling to respond to skyrocketing demand without imposing new costs and risks on existing customers. When the only available pathway for new generation is the traditional regulated-utility model, where infrastructure costs are spread across the entire rate base, every new megawatt of load becomes a political fight over who pays. This is precisely the problem that reforms like CRE are designed to solve.

Federal and State Permitting Challenges

The core problem is not demand itself but the inability of current systems to deliver power quickly and efficiently. Federal and state permitting processes are notoriously lengthy and burdensome. Large generation and transmission projects can face years of environmental reviews, public hearings, legal challenges, and regulatory approvals. Even when utilities move aggressively, the process still requires extensive coordination with public utility commissions that have historically prioritized caution over speed and central planning over innovation. That is precisely the opposite of what today's rapidly evolving energy market demands.

This slow pace collides with the speed of technological change. U.S. hyperscalers and manufacturers who are relentlessly working to help America win the AI race cannot wait years

⁹ See New Orleans City Council, "New Orleans City Council Approves Motions to Study Data Center Zoning and Temporary Restrictions," January 28, 2026, <https://council.nola.gov/news/january-2026/new-orleans-city-council-approves-motions-to-study/>.

¹⁰ See, for example, Jenna Russell, "The first statewide ban on data centers is on the verge of becoming law," *New York Times*, April 16, 2026, <https://www.nytimes.com/2026/04/16/us/maines-moratorium-data-centers.html>; Hunter Bassler, "St. Charles becomes 1st city in nation to ban data center construction citywide for a year," KSDK Television, August 22, 2025, <https://www.ksdk.com/article/news/local/st-charles-ai-data-center-ban-first-in-nation/63-2e50fbcf-fcad-4b8d-bbcb-3711f6c2d29d>; and Alander Rocha, "Data center 'gold rush' pits local officials' hunt for new revenue against residents' concerns," *Georgia Recorder*, January 6, 2026, <https://georgiarecorder.com/2026/01/06/data-center-gold-rush-pits-local-officials-hunt-for-new-revenue-against-residents-concerns/>.

for access to power while their foreign competitors press forward.¹¹ New policy solutions are needed now to address permitting delays and other regulatory constraints that are preventing massive amounts of new power from being brought online quickly.

The Cost-Socialization Trap

Another pressing issue policymakers are wrestling with is: who will bear the cost of building all the new power that's needed? Under the monopoly utility model, when a state-regulated utility builds new generation or transmission, it is allowed to recover those costs through rates that are charged to all the customers in its service territory. This cost-socialization mechanism makes some sense when load growth is evenly distributed and benefits are shared proportionally.

That assumption no longer holds. When one new economic development project requires enough power to serve a small city, should the cost of building new energy infrastructure to primarily serve that one customer's needs be spread across every household and small business in the utility's footprint? Of course not.

Consider Amazon's \$12 billion multi-campus data center project in northwest Louisiana. The electricity required to serve a project of this scale will be extraordinary, and questions about how that power will be paid for and who bears the risk if projections change are not academic. Despite the project's great potential for the local and state economy, these are issues that Louisiana regulators and policymakers are under pressure to confront right now.

Amazon has signed President Trump's Ratepayer Protection Pledge and committed to pay "100% of its own electricity costs".¹² But important details remain unresolved. The serving utility, Southwestern Electric Power Company, an AEP subsidiary, has stated it possesses sufficient existing capacity within its current resource plan to serve initial load requirements. Yet, as of this publication, there has been no public discussion before the Louisiana Public Service Commission to establish a separate, dedicated rate structure to pay for the project. Without additional clarity, local leaders, taxpayers and captive ratepayers will inevitably wonder if they have the confidence to know they will not be asked to pay for these projects in the future.

Unfortunately, this trend is not unique to Louisiana. Rate setting is complicated and rarely understood by stakeholders outside of the utility system. But when it comes to the AI boom and data centers, this opacity does more than create confusion. It feeds the political conditions that produce moratoriums and NIMBY opposition, because communities fear they will be asked to shoulder costs and risks for someone else's benefit.

The permitting gauntlet and the cost-socialization trap are two sides of the same issue. The regulatory process is slow precisely because the stakes for ratepayers are high. Streamlining approvals without clearly addressing who pays and how simply shifts risk onto families and small businesses who have no voice in the transaction. Real reform must address both problems simultaneously, and that means creating a targeted pathway for new power generation that need not rely on the regulated rate base at all.

Consumer-Regulated Electricity: A Market-Driven Solution

Enter consumer-regulated electricity, a deceptively simple idea that is starting to look like common sense. The concept is modest in scope but bold in implication: let private companies build and operate electricity systems for sophisticated, high-demand customers who sign up

¹¹ See, for example, Michael M. Rosen, "AI Competition with China Continues to Heat Up," American Enterprise Institute, April 21, 2026, <https://www.aei.org/technology-and-innovation/ai-competition-with-china-continues-to-heat-up/>.

¹² The White House, "Ratepayer Protection Pledge," March 4, 2026, <https://www.whitehouse.gov/releases/2026/03/ratepayer-protection-pledge/>.

voluntarily, on fully separate, islanded infrastructure that never touches the public grid. No interconnection. No meddlesome public-utility oversight, just basic industrial safety rules. No costs socialized onto residential ratepayers. It is a parallel track, not a demolition of the existing one.

Travis Fisher, director of energy and environmental policy studies at the Cato Institute, puts it plainly: “CRE is private, islanded grids serving sophisticated customers through voluntary contracts, without interconnecting to the existing grid or facing economic regulation.”¹³ The elegance is in what that sentence leaves out: no interconnection studies, no queue to join, no transmission upgrades to finance, no years-long approval process. A private developer builds a generation facility and delivers electricity directly to one or more large-load customers through a private distribution system. The developer and customer negotiate price, reliability standards, and contract terms between themselves. If the system underperforms or economic conditions shift, the customer bears the consequences, not the ratepaying public.

To be clear, CRE is not broad deregulation and it does not guarantee instant transformation. It simply creates a narrowly targeted pathway for qualified parties to build independent systems. The reform lowers barriers without forcing change, allowing markets to respond naturally when, and if, the opportunity arises. If viable projects emerge, private capital bears the risk. If demand does not materialize, nothing happens. No stranded assets, no lost revenue for incumbents, no higher bills for families.

As Fisher notes, CRE “enables regulators to deliver the speed to power that these hyperscalers desperately want, and it allows them to do that at no risk to the grid and no cost to ratepayers.” That combination, speed without cost-shifting, is precisely what the current regulatory model cannot deliver.

CRE also revives something the regulated utility model has suppressed for a century: genuine price discovery. Centralized rate-setting, no matter how well-intentioned, cannot replicate the information generated by voluntary exchange. As Glen Lyons, founder of Advocates for Consumer Regulated Electricity, has observed, “We have no earthly idea how to price electricity or what the actual cost should be.”¹⁴ That is not a critique of regulators. It is, in essence, “the knowledge problem” that economist Friedrich Hayek identified decades ago, now playing out in real time across the American utility sector.¹⁵

Privately islanded systems operating under voluntary contracts would finally generate honest pricing data. That information has value well beyond the parties involved. Regulators could study those price signals and incorporate the best ideas back into the traditional system, improving it without betting public funds on unproven approaches. The private grid, in other words, becomes a laboratory. As Lyons puts it: “Regulators can learn a lot from innovations that are developed on the private grid that can then be incorporated back into the traditional, socialized grid.”

Critics worry about what CRE means for incumbent utilities. The answer may surprise them. Utilities already possess the land, engineering expertise, fuel supply relationships, and operational know-how to compete in a private-grid market. If CRE opens that market, they are natural players, earning returns on private capital rather than the regulated rate base, without the approval timeline that currently prevents them from responding to demand at the speed the market requires. For utilities managing explosive load growth inside a framework built for a slower era, CRE is not a threat. It is additional breathing room.

¹³ Competitive Enterprise Institute, “Consumer-Regulated Electricity with Travis Fisher,” Free the Economy podcast, April 9, 2026, <https://www.youtube.com/watch?reload=9&app=desktop&v=37b3wYJDcPg>.

¹⁴ See Advocates for Consumer Regulated Electricity’s website at: <https://www.advocates4cre.org/>.

¹⁵ See Friedrich A. Hayek, “Economics and Knowledge,” Presidential address delivered before the London Economic Club; November 10 1936, posted on the Mises Institute website at: <https://mises.org/articles-interest/economics-and-knowledge>.

A Complementary Approach: Behind-the-Meter Power

CRE is not the only tool available. Behind-the-meter generation offers a simpler, if more limited, version of the same principle. Instead of drawing electricity from the public grid, a large-load customer installs generation equipment on its own property, produces power on-site, and consumes it directly. The electricity never enters the public transmission or distribution system.

Industrial facilities in petrochemicals and refining have operated this way for decades. What has changed is the scale of interest. Data center developers are now actively evaluating behind-the-meter solutions ranging from natural gas turbines and fuel cells to small modular nuclear reactors.

The advantages are real. Behind-the-meter generation bypasses interconnection queues, avoids transmission constraints, and eliminates cost-socialization concerns entirely. The customer who builds the system bears its full cost and risk. Residential ratepayers are not impacted.

The limitations are equally real. Individual on-site systems forego the economies of scale that shared infrastructure provides, and they require companies to divert valuable capital, time, and resources away from core business functions. CRE extends the same underlying logic to multi-customer arrangements, capturing the efficiency gains that individual self-supply generation cannot.

Together, the two approaches cover a broad spectrum of need, from a single data center with an on-site gas turbine to a private microgrid serving an entire industrial park. Their unifying principle is straightforward: voluntary transactions between sophisticated parties, no interconnection to the public grid, and no costs shifted onto captive ratepayers.

Legislative Momentum

What is notable about the policy landscape in 2026 is not just that these ideas are being discussed. It is that they are moving.

In January 2026, the American Legislative Exchange Council finalized its model policy, the Act to Allow for Consumer Regulated Electric Utilities, establishing a new category of provider that serves industrial, commercial, and data-center loads while remaining islanded from regulated systems.¹⁶ Model policies matter because they give state legislators a tested framework to work from, compressing the timeline from concept to law.

States are acting on that framework. In 2025, New Hampshire Governor Kelly Ayotte (R) signed House Bill 672, a one-page law exempting off-grid electricity providers from traditional utility regulation so long as they remain physically disconnected from the existing grid. Its simplicity is the point: if viable projects emerge, they deliver benefits. If not, the status quo is unchanged.¹⁷

Louisiana has its own version in play. Senator Bob Hensgens (R) introduced Senate Bill 490 in the 2026 Regular Session, which seeks to create a parallel, market-driven pathway for large-load energy users, including data centers and advanced manufacturers, to meet their own power needs without burdening the existing regulatory framework or shifting costs onto Louisiana families.¹⁸ SB 490 does not dismantle utility regulation. It creates a narrow, well-defined lane alongside it.

¹⁶ American Legislative Exchange Council, “Act to Allow for Consumer Regulated Electric Utilities,” January 6, 2026, <https://alec.org/model-policy/act-to-allow-for-consumer-regulated-electric-utilities/>.

¹⁷ See the details of the legislation at: https://gc.nh.gov/bill_status/legacy/bs2016/bill_docket.aspx?lsr=0365&sy=2025&sortoption=&txtsessionyear=2025&txtbillnumber=HB672.

¹⁸ See the details of the legislation at: <https://www.legis.la.gov/legis/ViewDocument.aspx?d=1457588>.

Other states are moving in the same direction. Illinois, Maryland, and Colorado have all advanced legislation exempting qualifying off-grid providers from standard utility commission oversight, while Texas is examining related questions around microgrids and distributed energy resources during its legislative off-year.¹⁹

At the federal level, Senator Tom Cotton's (R-AR) DATA Act would extend the New Hampshire model nationally, carving out the same exemption from federal utility rules for off-grid generators serving large loads.²⁰

The pattern across all of these efforts is consistent: create a defined, limited pathway for private power to serve sophisticated customers, prevent costs and risks from being shifted onto taxpayers, protect the existing regulated system, and let competitive markets do the rest. These are not radical deregulation proposals. That is what makes the momentum significant. These are targeted, common sense solutions to a problem that is becoming impossible to ignore.

A National Imperative

The countries that win the AI race will not necessarily be the ones with the best entrepreneurs, engineers, or the most capital. They will be the ones that figured out how to power the whole thing. That is where the real competition is being run, and it is running right now.

Louisiana's recent investment announcements make the stakes concrete. Meta's \$27 billion Hyperion campus and Amazon's \$12 billion northwest Louisiana footprint bring generational capital, high-wage jobs, and long-term economic momentum to a state that has worked hard to earn them. But these wins also expose the limits of a regulatory framework that was never designed to move at this speed, and they will not be the last projects to test those limits.

The good news is that we do not have to choose between affordable electricity for families and a grid capable of powering the new high-energy American economy. We do not have to ban next-generation technologies to protect ratepayers from costs they should never be asked to carry. The moratorium instinct is understandable politics. It is also a concession that the existing system cannot answer the question being asked of it. CRE-style reforms are a better answer: targeted, low-risk, and designed from the start so that the people who benefit from large-scale energy projects are the ones who pay for them.

These reforms cost taxpayers nothing. They expose existing ratepayers to zero added risk. They give utilities a new competitive arena rather than an existential threat. And they give policymakers the market-driven tools to say yes to economic growth without writing a blank check against the rate base.

The grid gamble is already on the table. Now the question is whether we have the foresight to play it smart.

¹⁹ See the details of the states' legislation, along with the Texas proceedings, at: <https://ilga.gov/Legislation/BillStatus?DocTypeID=HB&DocNum=4163&GAID=18&SessionID=114&LegID=164400>; <https://mgaleg.maryland.gov/mgaweb/Legislation/Details/sb0026?ys=2026RS>; <https://leg.colorado.gov/bills/2026/26-1246>; and <https://www.house.texas.gov/pdfs/speaker/F-Interim-Charges-3.25.pdf>.

²⁰ Office of Senator Tom Cotton, "Cotton Introduces Bill to Lower Energy Costs for Arkansans," January 8, 2026, <https://www.cotton.senate.gov/news/press-releases/cotton-introduces-bill-to-lower-energy-costs-for-arkansans>.



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