



**Testimony of Travis Fisher**

**Director of Energy and Environmental Policy Studies  
Cato Institute**

**before the**

**Committee on Energy and Natural Resources  
United States Senate**

**March 25, 2026**

**Full Committee Hearing to Examine the  
State of the Bulk Power System**

Chairman Lee, Ranking Member Heinrich, and distinguished members of the committee:

Thank you for the opportunity to testify on the state of the U.S. bulk power system. The Cato Institute is a nonpartisan public policy research organization dedicated to the principles of individual liberty, limited government, free markets, and peace. At Cato, I am the Director of Energy and Environmental Policy Studies, and my research focuses on the role of free markets in improving the availability and affordability of energy and natural resources.

## **I. Executive Summary**

The U.S. bulk power system has become sclerotic. American families and businesses face rising utility costs, and fast-growing new sectors of the economy—especially the technology sector—struggle to secure new electricity supplies on timelines that align with their business models. Congress should address these issues by reducing regulations, removing barriers to energy production and delivery, and creating opportunities to expand power supply at the rapid pace of American entrepreneurship.

Although many of the Biden administration’s policies aimed at reducing energy costs were ineffective, the Trump administration faces the same difficulty in containing costs. The way to a prosperous, high-energy future that everyone can afford is to embrace free enterprise and cut the red tape that holds back a dynamic electricity industry.

Electric energy will be the workhorse for the coming revolution in artificial intelligence (AI). Congress should unleash the nation’s resources—including our unique entrepreneurship—and give Americans the best opportunity to work, grow, and flourish in the new economy.

## **II. Electricity Is the Economy’s Foundation**

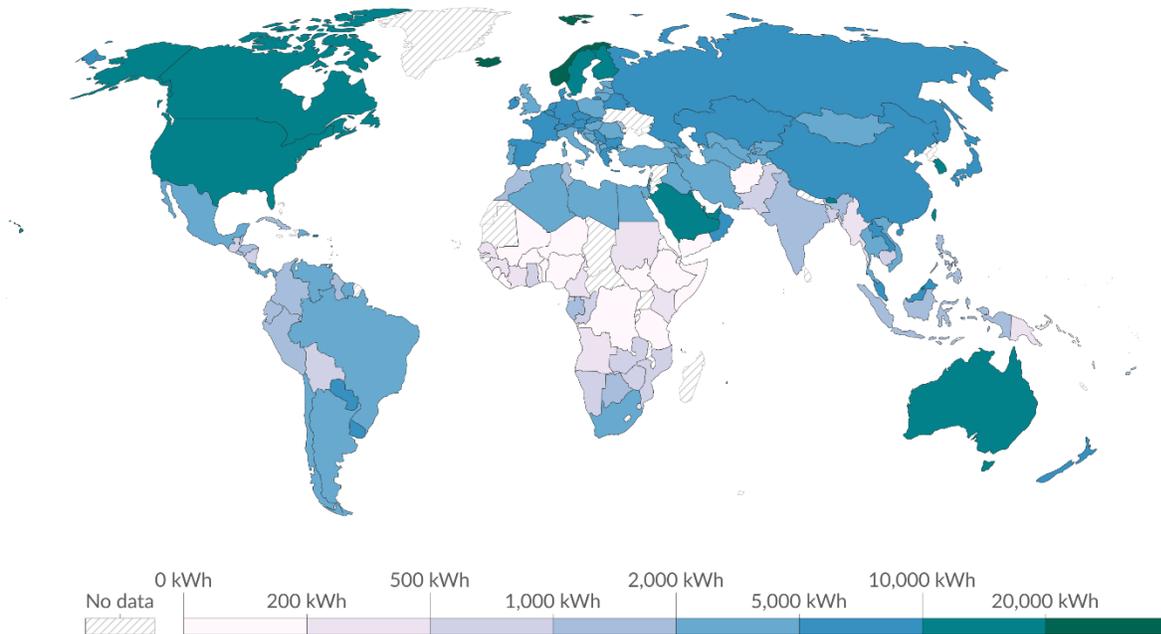
At the turn of the millennium, the National Academies of Engineering ranked the electric grid the greatest engineering achievement of the twentieth century.<sup>1</sup> The main criterion for selection was how much an achievement improved people’s quality of life. There is no doubt that reliable, affordable electricity improves the lives of everyday Americans.

---

<sup>1</sup> Wm. A. Wulf, *Great Achievements and Grand Challenges*, National Academy of Engineering, Sept. 1, 2000, <https://www.nae.edu/7461/GreatAchievementsandGrandChallenges>

# Per capita electricity generation, 2025

Annual average electricity generation per person, measured in kilowatt-hours<sup>1</sup>.



Data source: Ember (2026); Energy Institute - Statistical Review of World Energy (2025); Population based on various sources (2024)  
OurWorldinData.org/energy | CC BY

1. **Watt-hour** A watt-hour is the energy one watt of power delivers for one hour. Since one watt equals one joule per second, a watt-hour equals 3600 joules of energy.

Metric prefixes are used for multiples of the unit, usually:

- kilowatt-hours (kWh), or a thousand watt-hours;
- Megawatt-hours (MWh), or a million watt-hours;
- Gigawatt-hours (GWh), or a billion watt-hours;
- Terawatt-hours (TWh), or a trillion watt-hours.

Consider American families that face energy insecurity.<sup>2</sup> A Congressional Research Service report on electric utility disconnections highlighted the hardships and threats to energy security faced by many American families:

“Researchers estimate that approximately 1% of households are disconnected each year. Broader measures of energy insecurity (e.g., foregoing other necessary expenses like food or medicine) are higher, with approximately 30% of American households experiencing some form of energy insecurity. Black and Hispanic households appear more likely to be disconnected than non-Hispanic White households. For many American families, electric utility disconnections are the most significant threat to energy security.”<sup>3</sup>

<sup>2</sup> Hannah Ritchie, Pablo Rosado and Max Roser, *Access to Energy*, Our World In Data, last revised Jan. 2024, <https://ourworldindata.org/energy-access>

<sup>3</sup> Ashley Lawson and Claire Mills, *Electric Utility Disconnections*, Congressional Research Service, Jan. 31, 2023, <https://www.congress.gov/crs-product/R47417>

Policymakers should understand the profound impacts that electricity policy can have on the daily lives of Americans. In living rooms across the country, the availability of low-cost electricity can make the difference between light and darkness, comfort and worry, or prosperity and hardship.

### III. Policy Barriers to a Robust Power Grid

Unfortunately, we are still reeling from the previous administration's poor energy policies. In 2023, for the first time ever, the North American Electric Reliability Corporation (NERC) identified energy policy as a leading risk factor for electric reliability.<sup>4</sup> PJM Interconnection, Inc. (PJM), the largest electricity market in North America by revenue and volume, provided an accurate outline of the concerns facing the electricity industry in its 2023 report titled *Energy Transition in PJM: Resource Retirements, Replacements & Risks*.<sup>5</sup> PJM identified four major trends (the bullets below are quotes):

- The growth rate of electricity demand is likely to continue to increase from electrification coupled with the proliferation of high-demand data centers in the region.
- Thermal generators are retiring at a rapid pace due to government and private sector policies as well as economics.
- Retirements are at risk of outpacing the construction of new resources, due to a combination of industry forces, including siting and supply chain, whose long-term impacts are not fully known.
- PJM's interconnection queue is composed primarily of intermittent and limited-duration resources. Given the operating characteristics of these resources, we need multiple megawatts of these resources to replace 1 MW of thermal generation.

High prices in the recent PJM capacity auction are further evidence of strain on the PJM system. Capacity prices rose nearly ten-fold between 2023 and 2024, highlighting the increases in new demand, the high cost of early power plant retirements, and the barriers to reliable new supply.<sup>6</sup>

### IV. New Paths to Electricity Success

Policymakers are beginning to realize the gravity of the situation and the cost of failing to meet the AI moment. Data centers are the newest consumers on the grid, and their perspective is important to consider. Economist Frederic Bastiat wrote: "Treat all economic

---

<sup>4</sup> Robert Walton, *NERC Assessment Identifies New Risk to Grid Reliability: Energy Policy*, Utility Dive, Aug. 23, 2023, <https://www.utilitydive.com/news/nerc-assessment-new-risk-grid-reliability-energy-policy/691590/>

<sup>5</sup> PJM Interconnection, Inc., *Energy Transition in PJM: Resource Retirements, Replacements & Risks*, Feb. 24, 2023, <https://www.pjm.com/-/media/library/reports-notice/special-reports/2023/energy-transition-in-pjm-resource-retirements-replacements-and-risks.ashx>

<sup>6</sup> PJM Interconnection, Inc., *PJM Capacity Auction Procures Sufficient Resources To Meet RTO Reliability Requirement*, Jul. 30, 2024, <https://www.pjm.com/-/media/about-pjm/newsroom/2024-releases/20240730-pjm-capacity-auction-procures-sufficient-resources-to-meet-rto-reliability-requirement.ashx>

questions from the viewpoint of the consumer, for the interests of the consumer are the interests of the human race.” New customers on the power grid—such as large data centers—have different needs and priorities from existing customers.

Data centers need a sharp increase in electric capacity on short time frames. Yet these customers often face a wait time of several years before they can interconnect to the grid. Further, the generators that would serve them also face long interconnection queues.<sup>7</sup> In short, the incumbent system served the 20<sup>th</sup> century well but is falling short of meeting the rapid growth of the 21<sup>st</sup> century.

Congress should enact a reform that would retain the benefits of the public grid while allowing fast-moving consumers to take advantage of entrepreneurial speed. One such policy is Consumer Regulated Electricity (CRE), which would enable speed to power for the customers who value it most while not burdening the existing grid.

As laid out in more detail in a Cato briefing paper, CRE “is a reform that would allow privately financed, off-grid electric utilities to serve new customers under voluntary contracts. These utilities would be physically ‘islanded’ from the regulated grid and would not be subject to economic regulation at the state or federal level. Because they would not interconnect with incumbent systems, CRE utilities would impose no costs, reliability risks, or stranded-asset exposure on existing customers. CRE is thus a policy proposal that offers a practical and simple tool for policymakers.”<sup>8</sup>

## V. Conclusion

Congress should foster a reliable, low-cost power grid that provides a solid foundation upon which to build a strong and growing American economy. And it is more important than ever that we allow speed to power and unleash some of our fastest-growing sectors, such as data centers. In physics, energy is defined as the ability to do work. Policymakers should remove the barriers erected by unwise energy policy and let Americans get to work building the future.

Sincerely,

/s/

Travis Fisher

Director, Energy and Environmental Policy Studies

Cato Institute

---

<sup>7</sup> Alisa Petersen, Katie Siegner, and John Coequyt, *The Interconnection Queue Continues to Be a Barrier to American Economic Competitiveness*, Rocky Mountain Institute, Mar. 17, 2026, <https://rmi.org/interconnection-reform-ai-data-centers-generator-queues/>

<sup>8</sup> Travis Fisher and Glen Lyons, *The Case for Consumer-Regulated Electricity: Private Electricity Grids Offer a Parallel Path to Energy Abundance*, Cato Institute Briefing Paper No. 196, Feb. 3, 2026, <https://www.cato.org/briefing-paper/case-consumer-regulated-electricity-private-electricity-grids-offer-parallel-path>