



# Electricity bills apia

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The research, co-authored by the Jack Kemp Foundation and Capital Policy Analytics, suggested that US consumers and small businesses could see a 70% uptick in their energy rates on the back of data center power consumption.

Already struggling against inflationary pressures, small businesses could be forced to scale back operations, reduce employee headcount, or cease operations entirely, co-author of the study Ike Brannon said.

Brannon added that the average US household could be paying over a thousand dollars more annually for electricity by 2030 if steps are not taken to resolve the energy issues created by data centers.

“As data center expansion accelerates, consumers and small businesses are likely to bear the brunt of the consequences through higher electricity costs and brownouts and blackouts across the country,” Brannon said.

Expectedly, AI is the driving force behind the rate increase suggested in the research. The report stated that the likely acceleration of data center growth over the next decade will be driven by the rapid adoption of the technology.

Other industry research reflects similar trends, with a Gartner report recently predicting that two-fifths (40%) of data centers will face constraints in power availability by 2027 on the back of AI.

In Europe, it’s a similar picture - McKinsey found that data center energy demands are set to triple by 2030 because of AI, with the power needed to fuel European sites set to grow from 62 terawatt-hours (TWh) to more than 150 TWh.

The report detailed a set of policy recommendations that could remediate the issues. Policymakers need to take immediate steps to protect consumers and smaller businesses from the effects of rising energy demand, Brannon said.

AI companies should be required to bear the costs of the additional energy they consume, the report added, to ease the burden on consumers and small businesses. This could mean charging data centers higher fees.

States in the US should also constrain subsidies on data center construction. Data center projects create few jobs and have little “local economic spillover effects,” the report argued.

Utility regulators could also reduce rates for data centers that implement significant energy-saving measures, thereby incentivizing sustainable practices and reducing their tax burden.

Outside the remit of policy action, other experts suggested that data center developers or constructors have measures available to them that could reduce their energy consumption.

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