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House Energy and Natural Resources Committee
The Honorable Thomas Hall, Chairman

Proponent Testimony-House Resolution 469
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Chairman Hall, Vice Chair Lear, Ranking Member Rogers, and members of the Ohio House Energy and Natural Resources Committee, thank you for the opportunity to provide proponent testimony on House Resolution 469 (H.R. 469).

The American Petroleum Institute-Ohio (API Ohio) is the state affiliate office of the American Petroleum Institute (API). API represents all segments of America's natural gas and oil industry, which supports nearly 11 million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our approximately 600 members produce, process, and distribute the majority of the nation's energy, and participate in API Energy Excellence®, which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. The API was formed in 1919 as a standards-setting organization and has developed more than 800 standards to enhance operational and environmental safety, efficiency, and sustainability.

House Resolution 469 rightly acknowledges the growing disconnect between the barrage of regulatory policies proposed by the Biden Administration and the imminent collision with the energy reality facing U.S. families and businesses: surging demand for baseload power.

An analysis published by Grid Strategies[1] in December 2023 found that the nationwide forecast of electricity demand growth over the next five years has nearly doubled from 2.6% to 4.7% between 2022 and 2023. According to the analysis, "The U.S. electric grid is not prepared for significant load growth."

Similarly, the International Energy Agency forecasts[2] that demand from data centers will increase from about 4% of total U.S. electricity demand in 2022 to nearly 6% by 2026. And now, this trend has arrived at our doorstep. Just last week, Ben Fowke, the interim head of American Electric Power (AEP), noted during an earnings call that the utility could see up to 15 GW of new electric load driven primarily by the data center needs of Amazon, Google, and other technology companies.[3]

Moreover, a panel of Ohio and Pennsylvania legislators heard from experts earlier this year, warning of a potential shortage in coming years in those states and others served by PJM Interconnection (PJM). A recent PJM report warns that, "For the first time in recent history, PJM could face decreasing reserve margins... should these trends - high load growth, increasing rates of generator retirements, and slower entry of new resources – continue."[4]

[1] https://gridstrategiesllc.com/wp-content/uploads/2023/12/National-Load-Growth-Report-2023.pdf
[2] https://iea.blob.core.windows.net/assets/6b2fd954-2017-408e-bf08-952fdd62118a/Electricity2024-Analysisandforecastto2026.pdf
[3] https://www.utilitydive.com/news/aep-data-centers-amazon-google-load-growth-epa/714806/
[4] https://www.pjm.com/-/media/library/reports-notices/special-reports/2023/energy-transition-in-pjm-resource-retirements-replacements-

The exponential growth in power demand from data centers, manufacturing facilities, and increasing electrification – including charging for electric vehicles and the growing utilization of artificial intelligence (AI), which requires nearly 10 times[5] the electricity compared to a typical Google search - means that the U.S. will need more energy from more sources, including natural gas - America's leading fuel for power generation.

However, the Biden Administration continues to regulate as though baseload power demand and the nation's electric grid's ability to meet it are not about to collide head-on.

Most recently, the U.S. Environmental Protection Agency (EPA) finalized its long-anticipated power plant rule last month, which makes it more difficult and costly to add new natural gas capacity. This is critically concerning because demand for natural gas in the power sector grew 6% last year; natural gas now supplies 43% of electricity generation and works with renewable sources to provide 24-hour dispatchable power. So, not only is baseload power demand increasing due to AI and other "big loads," demand for natural gas for electricity generation is also increasing - which is responsible for nearly two-thirds of the CO_2 emissions reductions in the power sector since 2005.

In fact, the U.S. Energy Information Administration (EIA) reports[6] that U.S. energy-related CO_2 emissions decreased 3% in 2023 compared to 2022. This is great news for the Biden Administration's emissions reduction goals since CO_2 from the electric power sector declined 7%, accounting for 85% of net energy-related CO_2 emissions reductions for the year, as reported by EIA.

Thankfully, Ohio has rightfully recognized the challenges that lie ahead and is working with industry stakeholders to address these issues head-on. In fact, this committee is holding its first hearing on House Bill 358 today, legislation that seeks to regulate carbon capture and storage (CCS) technologies and the geologic sequestration of CO_2 for long-term storage. These technologies will open new frontiers in power generation while allowing older industrial plants to reduce emissions.

However, it's yet to be determined whether the Biden Administration will grant states like Ohio primacy to facilitate the use of these new technologies in time to comply with the requirements that new natural gas plants install CCS technology that removes 90% of their emissions by 2032.[7]

The bottom line is that if the Biden Administration was concerned about a robust and resilient electric grid while also reducing emissions, it would allow the market to determine the most reliable and affordable sources of energy to generate power - including natural gas.

As things stand, America is on a path of demand and supply imbalance resulting in reliability challenges that does not bode well for families and businesses. The Biden Administration should recognize the warning signals from grid operators and other experts and pursue policies that add energy sources instead of subtracting them.

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[5] https://iea.blob.core.windows.net/assets/6b2fd954-2017-408e-bf08-952fdd62118a/Electricity2024-Analysisandforecastto2026.pdf
[6] https://www.eia.gov/environment/emissions/carbon/?&src=email
[7] https://www.reuters.com/sustainability/carbon-capture-hydrogen-are-main-tools-bidens-power-plan-2023-05-11/