



Electricity Demand, Data Centers, and Michigan's Energy Future

Affordability | Reliability | Energy Security

Mayor and Council –

Yesterday, the Michigan House of Representatives' Oversight – Corporate Subsidies and State Investments heard testimony on data centers from the [Heartland Institute](#), out of Chicago.

In addition to the PowerPoint presentation by Cameron Sholty, the Institute's Director of Government Relations. Please see the [full video](#) of the testimony.

- Victor

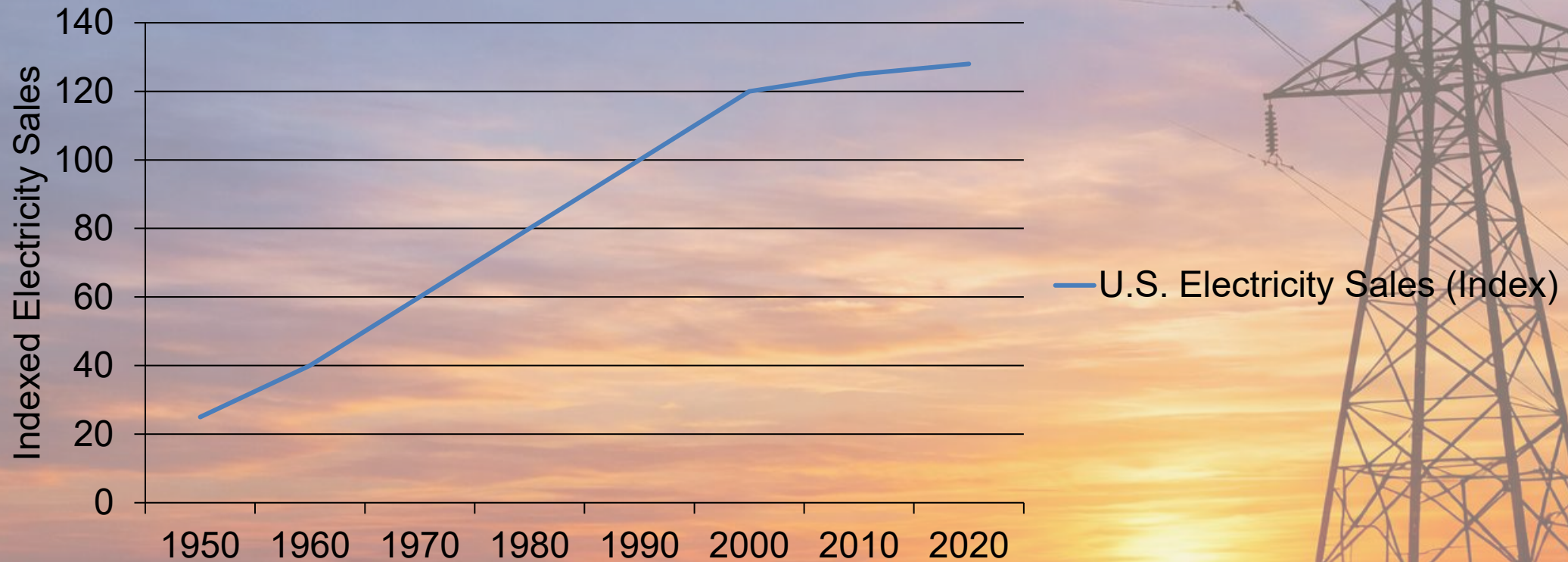
Why This Matters

- Electricity demand is rising after years of stagnation
- Data centers are driving large, concentrated new loads
- Policy choices today affect rates and reliability for decades

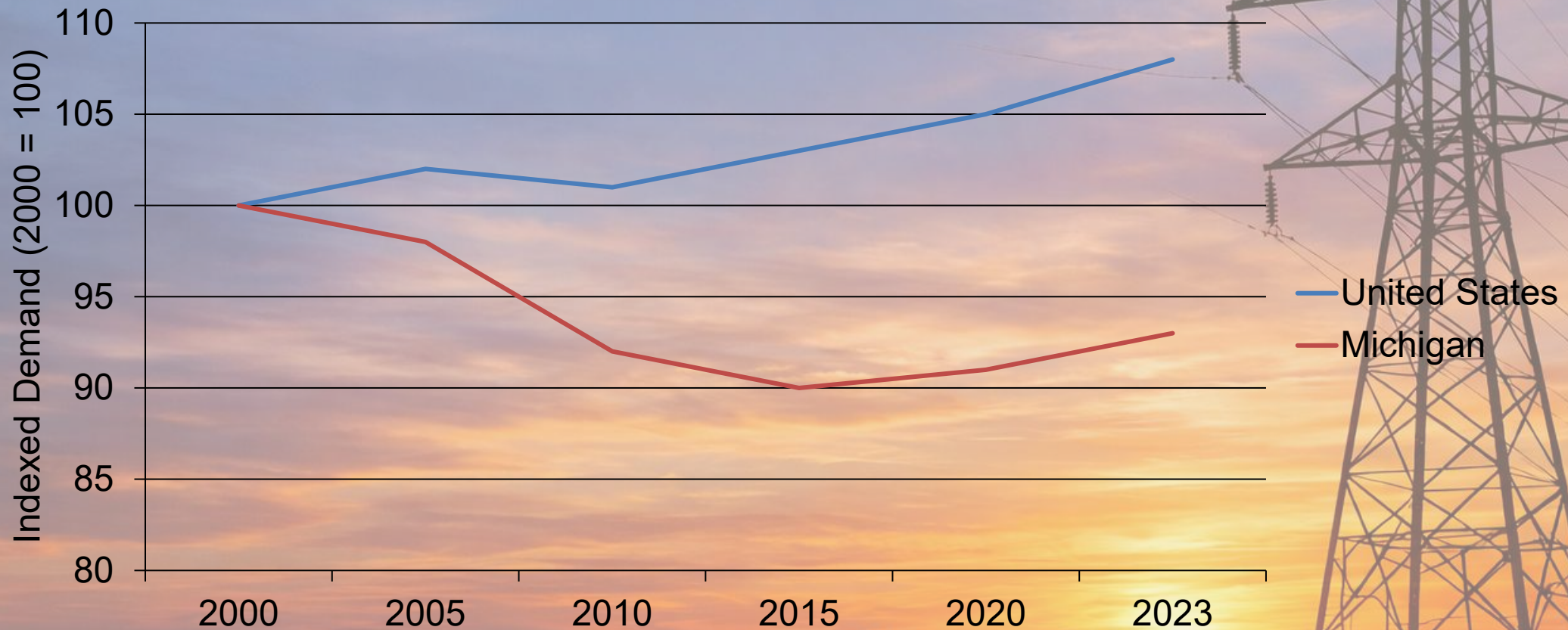


U.S. Electricity Demand – Long-Term Trend

U.S. Electricity Sales (Index)

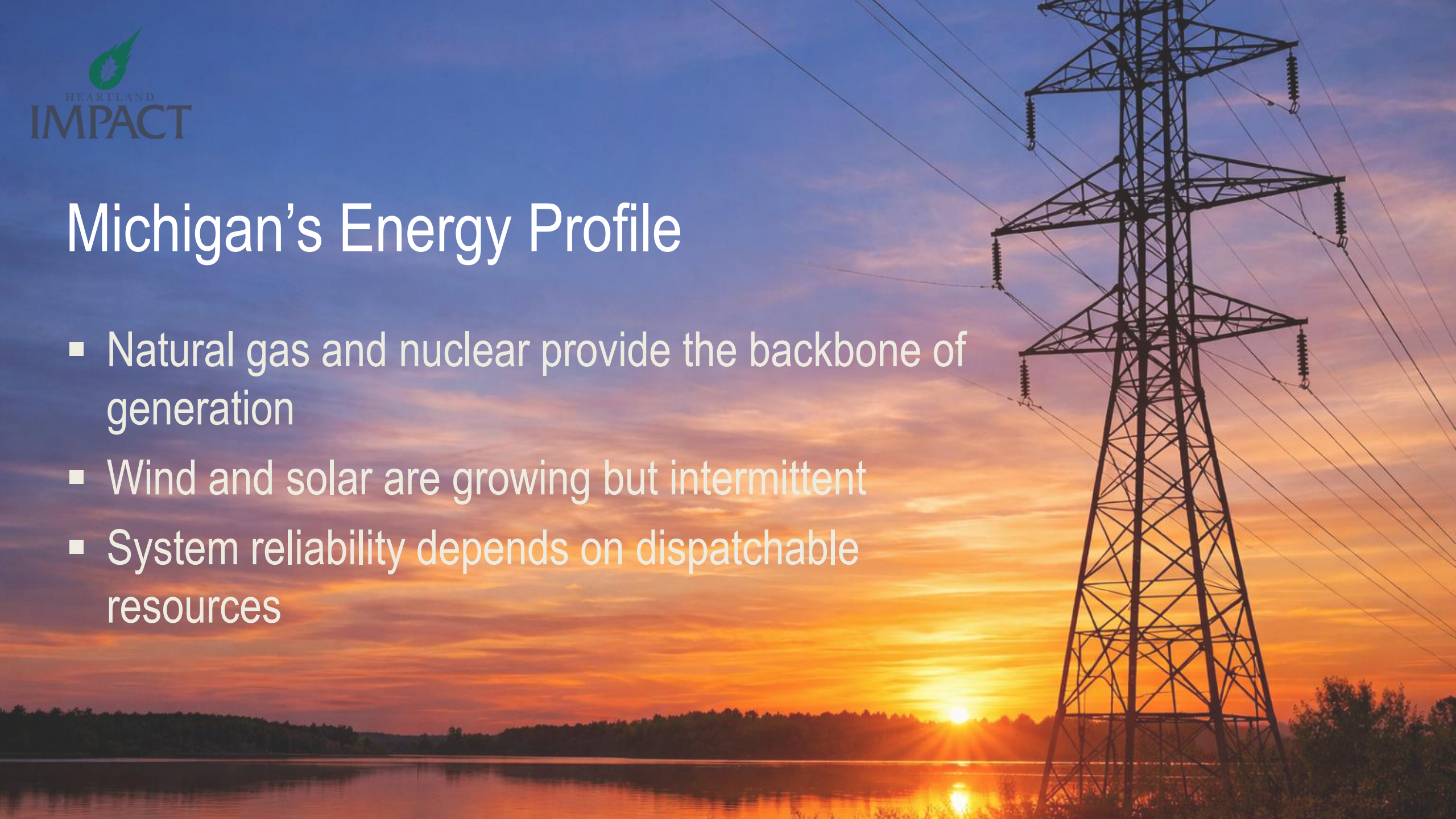


Michigan vs. U.S. Electricity Demand



Michigan's Energy Profile

- Natural gas and nuclear provide the backbone of generation
- Wind and solar are growing but intermittent
- System reliability depends on dispatchable resources



Grid Governance in Michigan

- Vertically integrated utilities (DTE, Consumers Energy)
- Rates overseen by the Michigan Public Service Commission
- Regional reliability and planning through MISO

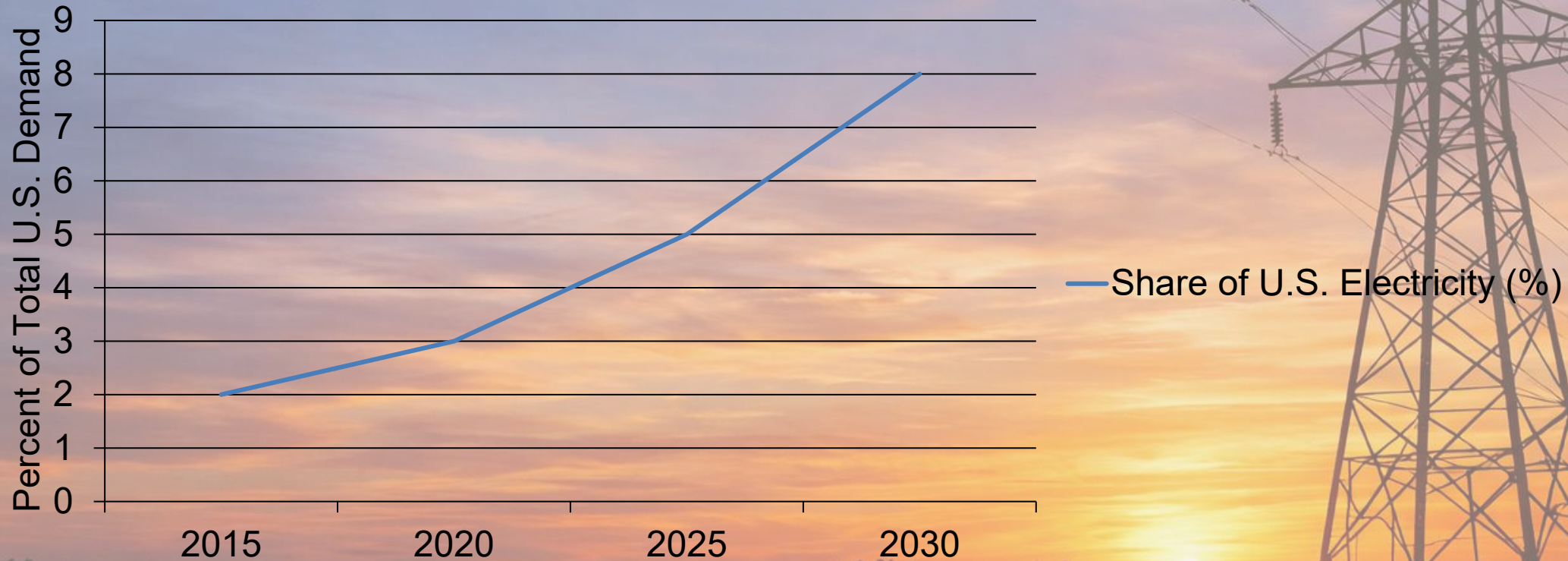
What Are Data Centers?

- Facilities powering cloud computing, AI, and digital services
- Operate 24/7 with extremely high reliability requirements
- Electric load comparable to mid-sized cities



Projected Growth of Data Center Electricity Use

Share of U.S. Electricity (%)



Economic Benefits

- Large capital investment during construction
- Expanded local and state tax base
- Limited permanent employment relative to energy use



Risks and Downsides

- Expensive grid and transmission upgrades
- Risk of cost shifting to residential ratepayers
- Reliability stress from concentrated demand



State Policy Responses

- Cost-causation principles
- Special large-load tariffs
- Minimum usage commitments and exit fees



Why an Act 462–Style Framework for Michigan

- Affordability through full-system cost analysis
- Reliability through dispatchable resource planning
- Energy security through domestic sourcing

Key Takeaways

- Michigan can welcome growth responsibly
- Clear rules protect consumers
- Affordability, reliability, and security must guide policy