TO: Senate Staff
FROM: Center for Public Enterprise, Groundwork Collaborative, & Roosevelt Institute analysts
DATE: November 9, 2026
RE: BAAJA makes data centers to pay their fair share and fund the grid

The Bipartisan American Affordability and Jobs Act (BAAJA) contains two major provisions that will ensure data centers cannot squeeze residential and commercial ratepayers in their rush to acquire electricity. §2107 of BAAJA requires FERC to modify its pricing rules so that data centers are charged both for the existing transmission system and for the transmission costs triggered by serving data centers. The former, embedded costs, are what ratepayers pay to keep the present system running. The latter, incremental costs, are triggered by a new customer needing specific system upgrades. FERC must propose a rule within 90 days of enactment, and that rule must cover new and existing data centers.

Under existing FERC policy, large loads can be charged the higher of incremental or embedded transmission costs, but not both. BAAJA changes this specifically to ensure data center demand cannot overwhelm other ratepayers. This ensures data centers pay their share of the existing system and the cost of the upgrades they trigger. BAAJA also requires that what data centers pay for upgrades be credited back to other ratepayers, lowering transmission costs for everyone else. The bill also confirms that states can secure additional funding to lower costs and invest in the grid by charging data centers more for service. Finally, BAAJA requires that new data centers:

- Not shift incremental generation, storage, distribution, or transmission costs onto other customers;
- Keep paying for what was built to serve them, even if they leave early;
- Provide financial guarantees before utilities build or upgrade facilities to serve them.

A white paper published by Grid Strategies estimates that, under §2107 of BAAJA, the 40.3 GW of data centers expected over the next decade would pay $55 billion for transmission over ten years, including about $20 billion in upgrade costs that would be credited to other customers' bills. If the floor on incremental generation costs is applied nationwide, data centers could pay up to an additional $136 billion over ten years, or $13.6 billion per year - or half of what investor-owned utilities spend in capital expenditures for transmission in an average year.

These measures represent a huge opportunity for policymakers. BAAJA writes protections for ratepayers into law and confirms state power to experiment with new measures that would lower what other customers pay for vital investments. This is an opportunity we cannot pass up.

Please get in touch with us if you have any questions you would like to discuss.

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