The energy costs associated with AI data centers are being passed on to residential and small-business customers through higher electricity bills. The rapid proliferation of these energy-intensive facilities is straining regional power grids, requiring expensive upgrades and infrastructure expansions that are ultimately subsidized by a utility's entire customer base.

How AI data centers are driving up costs

- **Massive energy consumption:** AI data centers consume significantly more power than traditional data centers. A single AI data center can use as much electricity as tens of thousands of households. The U.S. Department of Energy estimates that data centers' total electricity consumption will double or triple between 2023 and 2028, largely due to the AI boom.
- **Infrastructure expansion:** Utilities must invest billions in new power plants, transmission lines, and other grid infrastructure to meet the surging demand from data centers. These costs are then factored into the overall rates charged to all customers, not just the tech companies.
- **Wholesale price increases:** The high demand for power in areas with significant data center activity is driving up wholesale electricity prices. A Bloomberg analysis found that wholesale prices in some areas near new data centers had increased by as much as 267% over five years. These wholesale costs are passed on to all ratepayers.
- **Strain on the grid:** High demand from data centers can strain an already fragile electricity grid, contributing to instability. Federal regulators now recognize data centers as a source of instability, on par with natural disasters.

Real-world examples of customer impact

- **Ohio:** Following data center development, typical household electricity bills in Ohio rose by at least $15 per month in 2025. An analysis by an independent grid monitor indicated that data centers were responsible for three-quarters of a massive capacity price increase in the region.
- **Chicago:** Utility bills spiked in Chicago after an increase in demand from AI data centers, with one watchdog group reporting an extra $11 per month for the average customer.

- **Virginia:** Home to a high concentration of data centers, Virginia could see electricity bills increase by as much as 25% by 2030, according to one analysis.
- **Louisiana:** A planned Meta data center is projected to use twice as much energy as the city of New Orleans, requiring $3 billion in new infrastructure. Critics warn that the costs are being shifted to residential and small-business customers.

The controversy and corporate response

- **Hidden agreements:** Utility companies often negotiate special, confidential contracts with tech companies for discounted rates. Critics argue this shifts the burden to residential customers, who cannot shop for other options in the monopolistic utility market.
- **Corporate position:** Tech companies maintain that they do not want residential customers to bear the costs. They claim they are willing to pay their fair share and are investing in their own energy supplies, including renewables.
- **Regulatory pressure:** In response to public concern, some states are exploring or implementing legislative and regulatory solutions. Options include requiring data centers to provide their own power, creating separate rate classes for data centers, or forcing them to pay a larger share of grid upgrade costs.