Ensuring Artificial Intelligence & Power Needs Serve the Public Interest

Testimony of Tyson Slocum, Energy Program Director, Public Citizen, before the Subcommittee on Economic Growth, Energy Policy & Regulatory Affairs of the House Committee on Oversight

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PUBLICCITIZEN

I am Tyson Slocum, and I direct the Energy Program at Public Citizen. Public Citizen is a national public interest advocacy organization with more than 500,000 members and supporters across the country. I serve on two advisory committees to the U.S. Commodity Futures Trading Commission (the Energy and Environmental Markets Advisory Committee, and the Market Risk Advisory Committee); and am an adjunct faculty at the University of Maryland.

I oversee Public Citizen's work on energy markets, including intervening in adjudicatory proceedings at the Federal Energy Regulatory Commission and the U.S. Department of Energy on behalf of household consumers.

The title of today's hearing is *America's AI Moonshot: The Economics of AI, Data Centers, and Power Consumption*. My testimony has the following highlights:

- In recent years, American companies established dominance in artificial intelligence development, model training, and deployment; coupled with hosting the required domestic information technology infrastructure — including data centers — to support large language models (LLMs) and cloud computing.
- Projections of increased power demand for AI are wildly scattered, complicating accurate projections of needed power supply. As with any technological advance, the pace of innovation is staggering, with disruptive breakthroughs altering fundamental assumptions and projections of the microprocessing and power consumption requirements to sustain continued AI dominance. The current expectations for power consumption to meet AI's software and hardware needs may be fundamentally different 18 months from now.
- Making long term, capital-intensive power infrastructure investments based upon tech industry consultants' short-term guesstimates of data center demand threatens consumers financially — particularly if President Trump passes these costs on to consumers and taxpayers under emergency authorities. A crucial shortcoming of President Trump's "energy abundance" narrative is the failure to include energy efficiency and demand management, levers that — when utilized — can save consumers money and reduce the risk of massive overbuilding and stranded assets.
- Using federal emergency or other expedited authorities to overrule state and local ordinances and approve power infrastructure to support AI is inconsistent with the public interest and could backfire, resulting in expensive stranded assets that financially burden ratepayers and taxpayers and harm local communities, especially if emergency presidential powers are hastily invoked.

- Reviving coal to power data centers is nonsensical, polluting, and unrealistic: no one will build a new coal power plant today because they are extremely expensive relative to other options, including solar/ battery systems and gas-fired power plants.
- Pushing natural gas as a primary fuel choice conflicts with President Trump's ambition to dramatically increase exports of liquified natural gas (LNG). Combined, rising demand from these two sectors will lead to domestic supply shortages and higher domestic price volatility. New nuclear capacity remains largely theoretical and absurdly expensive. Renewables and battery storage can scale and deploy quickly to meet demand.
- While FERC recently has taken steps to ensure consumers are protected from data center buildout, more certainty is needed to ensure ratepayers and reliability are prioritized.
- President Trump's chaotic use of tariffs is not only inviting an economic recession; his haphazard trade policies are hindering access to the supply chains needed to build out AI infrastructure. Trump's counterproductive policy is unleashing incompetence, not dominance.
- Corporate consolidation and control of generative artificial intelligence technologies, and the lack of adequate federal guardrails and protections, leaves society vulnerable to significant abuses and unneeded disruptions stemming from AI.

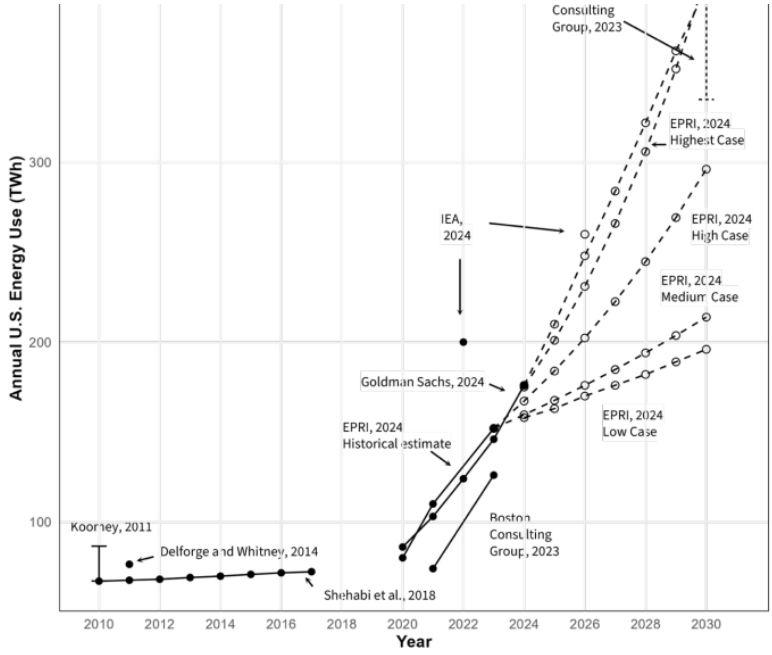
AI Energy Consumption Estimates Vary Widely, and Do Not Accurately Reflect Computing Efficiency Improvements and Demand Management Policies

While the concept of inventing computer systems that can supplant human intelligence functions is hardly new—think of Alan Turing's 1950 writings on testing a machine's ability to exhibit intelligent behavior in *Computing Machinery and Intelligence*; HAL in Arthur C. Clarke's 1968 book *2001: A Space Odyssey*; or even the 2nd century B.C. *Antikythera Mechanism*—the scale and speed at which U.S. technology firms are building generative AI (GenAI) LLMs is unprecedented. GenAI LLMs utilize:

> *training on large volumes of data in order to generate content. Technological advancements in the underlying models since 2017, combined with the open availability of these tools to the public in late 2022, have led to widespread use… GenAI tools have many potential benefits, such as accelerating and providing insights into data processing, augmenting human decisionmaking, and optimizing performance for complex systems and tasks. GenAI tools, for example, are increasingly capable of performing a broad range of tasks, such as text analysis, image generation, and speech recognition. However, AI systems may perpetuate or amplify biases in the datasets on which they are trained; may not yet be able to fully explain their decisionmaking; and often depend on such vast amounts of data and other resources that they are not widely*

accessible for research, development, and commercialization beyond a handful of technology companies.[1]

Figure 1—Academic and Industry Power Demand Forecasts For U.S. Data Center Power Demand Feature Dramatic Variations (2024 United States Data Center Energy Usage Report)



GenAI LLMs require vast arrays of computer networks, commonly known as data centers or server farms, that require significant amounts of electricity to operate, in addition to water resources for cooling. President Joe Biden was the first to declare domestic development of AI data center capacity as a national security priority.[2] Federal law defines data centers as facilities that contain "electronic equipment used to process, store, and transmit digital information."[3] In 2014, U.S. data centers consumed 30 terawatt-hours (TWh) of electricity, but as Graphic Processing Unit (GPU) installations for AI began increasing deployment in 2017, data center power consumption rose to 76 TWh, representing 1.9% of total annual U.S. electricity consumption. By 2023 it was 176 TWh, or 4.4% of total U.S. electricity consumption, equivalent to the average annual consumption of 14 million households. Department of Energy researchers estimate domestic data center power load will be anywhere between 325 and 580 TWh in 2028, representing 6.7% to 12% of total U.S. electricity consumption.[4] A ChatGPT query uses about 10 times the electricity as a standard Google search,[5] and creating just one image with GenAI is the energy equivalent of fully charging one's smartphone.[6]

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[1] *Artificial Intelligence: Overview, Recent Advances, and Considerations for the 118th Congress*, Congressional Research Service, August 4, 2023, www.congress.gov/crs_external_products/R/PDF/R47644/R47644.2.pdf
[2] https://bidenwhitehouse.archives.gov/briefing-room/presidential-actions/2025/01/14/executive-order-on-advancing-united-states-leadership-in-artificial-intelligence-infrastructure/
[3] Public Law No. 110-140, §453(a)(1), www.congress.gov/bill/110th-congress/house-bill/6/text
[4] *2024 United States Data Center Energy Usage Report*, Berkeley National Lab, December 2024, https://climate.mit.edu/sites/default/files/2025-02/lbnl-2024-united-states-data-center-energy-usage-report.pdf
[5] www.goldmansachs.com/insights/articles/AI-poised-to-drive-160-increase-in-power-demand
[6] https://arxiv.org/pdf/2311.16863

Now, so-called hyperscale data centers—facilities with at least 5,000 servers, occupying at least 10,000 square feet, and featuring power demand exceeding 100 megawatts (MW), equivalent to the load from 80,000 to 800,000 homes[7]—are the new normal.

Yet AI's future power demand estimates vary widely and remain fairly speculative, as seen in Figure 1. Indeed, the January 2025 release of details on Deepseek's GenAI LLM revealed it successfully trained its model at a fraction of the cost and computing needs of Nvidia and other American rivals—resulting in an immediate stock price plunge as markets assessed whether U.S. AI capital expenditures and computing power estimates were overvalued.[8] Estimates of staggering energy demand growth discount the role of computing efficiency and demand management programs in reducing power needs.

Microsoft shook the market in February when it announced it was canceling several planned data center leases, citing overcapacity,[9] with the company announcing further pullbacks in March.[10]

A February 2025 report commissioned by Nvidia for the Bipartisan Policy Center urges policymakers to pump the brakes on the panic over future data center demand, noting the ability of technological innovation to achieve computing efficiencies that can alleviate power consumption needs,[11] with one AI expert noting their "computation engine from 18 months ago is 30 times as efficient" today.[12]

Indeed, former National Economic Council Director Brian Deese argues that forecasters consistently overestimate electricity demand, in part because they emphasize static load growth over efficiency gains, and that some utilities may be double or even triple-counting expected data center demand as Big Tech shops the same data center proposal to multiple utilities to negotiate more lucrative deals and tax breaks.[13] An assessment of Maryland energy needs notes that "increases in load forecasts, attributable to data centers and Artificial Intelligence growth, are highly

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[7] *Data Centers and Cloud Computing: Information Technology Infrastructure for Artificial Intelligence*, Congressional Research Service, February 5, 2025, www.congress.gov/crs_external_products/IF/PDF/IF12899/IF12899.1.pdf

[8] www.reuters.com/business/energy/us-power-stocks-plummet-deepseek-raises-data-center-demand-doubts-2025-01-27/

[9] www.bloomberg.com/news/articles/2025-02-24/microsoft-cancels-leases-for-ai-data-centers-analyst-says

[10] www.bloomberg.com/news/articles/2025-03-26/microsoft-abandons-more-data-center-projects-td-cowen-says

[11] *Electricity Demand Growth and Data Centers: A Guide for the Perplexed*, https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2025/02/BPC-Report-Electricity-Demand-Growth-and-Data-Centers-A-Guide-for-the-Perplexed.pdf

[12] www.utilitydive.com/news/ai-improvements-ders-and-new-generation-needed-to-meet-power-demand-usea/737500/

[13] https://x.com/BrianCDeese/status/1797622407177613545

uncertain and likely to change significantly due to expected improvements in software and hardware energy efficiency".[14]

Duke University researchers promote load flexibility programs for data centers, where load could be temporarily shifted from facilities where the supply/demand balance is tight to other operations where there is more supply; the establishment of curtailment-enabled headroom where data centers would be paid to temporarily reduce consumption during peak demand.[15] Data centers should be required to participate in such demand response programs as a condition of their state rate structures.[16] A recent survey of AI data center decision-makers found that 88% are working to improve energy and computing efficiency in response to the industry's energy demand, and that only 3 in 10 enterprise data centers believe their industry is doing enough to maximize efficiencies.[17]

Trump's Threat to Use Bogus Energy Emergency for AI Data Centers Favors Big Tech Billionaires and Sticks Ratepayers and Taxpayers with the Bill

Within hours of taking office on January 20, President Donald Trump issued Executive Order 14156 declaring a completely bogus national energy emergency, providing zero empirical evidence for any of its claims.[18] The national security declaration is a brutish attempt to unlawfully consolidate executive branch authority through the politicization of national security. Three days later, President Trump issued Executive Order 14179, which links the energy emergency declaration with efforts to support AI data centers,[19] virtually informing the audience at World Economic Forum in Davos, Switzerland that he would use emergency authorities to allow data centers to fuel on-site generators with "anything they want".[20]

Interior Secretary Doug Burgum said on March 10 that the energy emergency would be utilized to prevent existing coal power plants from shutting down, and reopening any recently retired units, no matter if the coal facilities are uneconomic.[21] A week later, in an unhinged social media post, President Trump issued a declaration of support for "beautiful clean coal" (below):[22]

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[14] https://static1.squarespace.com/static/5f97102522cde4167ecca3a8/t/67c9110c0d62c70b826323b8/1741230349505/03-05-25+CCS+White+Paper%2C+Maryland+Natural+Gas+Alternatives_Final.pdf

[15] *Rethinking Load Growth: Assessing the Potential for Integration of Large Flexible Loads in US Power Systems*, https://nicholasinstitute.duke.edu/publications/rethinking-load-growth

[16] https://energyinnovation.org/wp-content/uploads/Data-Center-Demand-Flexibility.pdf

[17] www.itpro.com/infrastructure/data-centres/data-center-energy-efficiency-cadence

[18] www.citizen.org/article/trump-energy-emergency-declaration-of-war/

[19] www.citizen.org/article/trump-ferc-ai-artificial-intelligence-data-centers/

[20] www.argusmedia.com/en/news-and-insights/latest-market-news/2651148-trump-touts-off-grid-gas-coal-for-ai-data-centers

[21] www.bloomberg.com/news/articles/2025-03-10/us-eyes-restarting-closed-coal-plants-interior-secretary-says

[22] https://truthsocial.com/@realDonaldTrump/posts/114180199351008084

Trump's post demonstrated a lack of familiarity with the realities of 21st-century energy markets. Of course, coal's demise has little to do with "Thugs", but rather is attributable to free markets: coal has been rendered uneconomic in comparison to cheaper and more efficient natural gas and renewable energy.[23]

Trump's declaration of a national energy emergency puts ratepayers and taxpayers on the hook for costs instead of Big Tech billionaires. Owners of power plants designated under Section 202c of the Federal Power Act can charge ratepayers all costs associated with operating the facility plus an operating profit. Alternatively (or in combination with 202c), Trump can allocate taxpayer resources through the Defense Production Act to direct payments to power generation facilities and owners of any associated infrastructure.

Abusing national security designations to usurp state and local laws governing industrial development like data centers—including targeting local zoning laws[24]—and sticking ratepayers and taxpayers with the bill will reward the Big Tech billionaires with a combined net worth of $1.3 trillion who were President Trump's VIP guests at his inauguration.[25]

In addition to saddling ratepayers with costs through any Presidential energy emergency order, consumers in some parts of the country are already exposed to unfair rate burdens because Big Tech data center developers socialize their power generation and interconnection infrastructure costs onto all ratepayers—despite the fact that most household consumers do not benefit from the investments.[26] An

[23] www.forbes.com/sites/energyinnovation/2023/01/30/99-of-us-coal-plants-are-more-expensive-than-new-renewables-a-coal-to-clean-transition-is-worth-589-billion-mostly-in-red-states/
[24] www.pecva.org/our-work/energy-matters/data-centers-energy-demand/
[25]www.bloomberg.com/news/articles/2025-01-20/billionaires-worth-1-3-trillion-embrace-trump-at-inauguration
[26]https://eelp.law.harvard.edu/extracting-profits-from-the-public-how-utility-ratepayers-are-paying-for-big-techs-power/

Associated Press investigation revealed active lobbying by Big Tech firms for tax and rate incentives so the public absorbs more costs for data center power needs.[27]

The market capitalization of the so-called "magnificent 7" Big Tech firms—Apple, Meta, Alphabet, Amazon, Nvidia, Microsoft and Tesla—is $15 trillion, whereas the market capitalization for the 100 largest American utilities is less than $3 trillion. Clearly, Big Tech firms have the financial resources to carry any burdens for infrastructure development.[28] No emergency authorities would be necessary to require data centers to build new onsite renewables and battery storage coupled with existing older gas power plants that run infrequently..[29]

While a handful of idle nuclear reactors are being refurbished for service, building new nuclear power plants to serve data center loads is infeasible—at least for the next decade, due to the enormous costs and supply chain headwinds the industry faces.[30] It's important to note that nearly all of the Big Tech announcements around support of nuclear power feature very little actual financial commitment—most are structured as promises to purchase power once the facility is in operation but committing no money to actually getting the facility built. So-called small modular reactors(SMRs) are hailed as a solution because of their alleged lower upfront capital costs and modular designs, but outside of small demonstration projects, there is no viable commercial-scale nuclear industry ready to supply new-build reactors. Indeed, NuScale's demonstration facility was cancelled in 2023.[31] As long as alternative technologies that have already demonstrated their ability to be deployed affordably (especially wind, solar, and battery storage), whispers of a nuclear renaissance to supply data centers is still a fairy tale. Indeed, the utility sector restructuring of the 1990s was largely driven by the billions of dollars in cost overruns and failures of the commercial nuclear power industry in the 1970s and 1980s.[32]

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[27] Marc Levy, *Facing competition from Big Tech, states dangle incentives and loosen laws to attract power plants*, March 9, 2025, https://apnews.com/article/ai-natural-gas-power-plants-electricity-trump-a56208dd7fdebf5df1f792a0b7774c3d

[28] https://x.com/TysonSlocum/status/1903081682854371473

[29] https://rmi.org/how-power-couples-can-help-the-united-states-win-the-global-ai-race/

[30] www.icf.com/insights/energy/nuclear-energy-growth-factors

[31] https://apnews.com/article/nuclear-power-nuscale-clean-energy-wind-biden-7f3a7fe754b77d8d6cbad8662b87a9c3

[32] www.citizen.org/wp-content/uploads/usdereg.pdf

Trump's Prioritization of LNG Exports Conflicts with Data Center Gas Demand

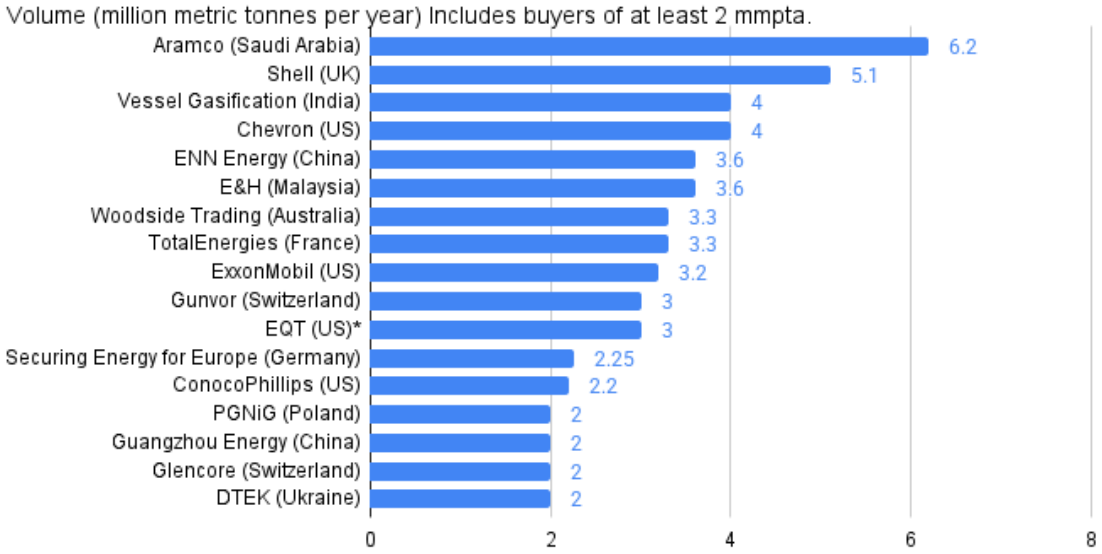
Two years ago, the United States became the world's largest LNG exporter.[33] The U.S. Department of Energy's official assessment is that increased volumes of LNG exports expose American consumers to higher energy price.,[34]During the 2024 election, cost-of-living increases were a key concern among American voters.

The current Administration's plans to greenlight more LNG exports—at the same time as ramping up consumption of natural gas from data centers contradicts the Trump administration's stated intent to lower the cost of living for working families, Instead, American families and businesses[35] will be forced to a shoulder the costs while just a handful of companies and their CEOS including commodity traders and international oil and gas giants buying up US LNG — pocket the profits

An analysis by Friends of the Earth and Public Citizen[36] found that more than half of contracted LNG volume (below) from LNG projects expected to be approved by the Trump administration is expected to go to Big Oil companies like Saudi Arabia-based Aramco, Shell, ExxonMobil, ConocoPhillips; and commodity trading firms Gunvor and Woodside Trading, which can can sell gas wherever it fetches the highest price—a lucrative business that Wall Street giant J.P. Morgan Chase & Co has considered re-entering.[37]

[33] www.eia.gov/todayinenergy/detail.php?id=64844
[34] *Energy, Economic & Environmental Assessment of U.S. LNG Exports*, www.energy.gov/sites/default/files/2024-12/LNGUpdate_SummaryReport_Dec2024_230pm.pdf
[35]www.ieca-us.org/wp-content/uploads/03.20.25_2024-LNG-Export-Study-Comments_DOE_FINAL.pdf
[36]www.citizen.org/article/gassed-up-trump-aims-to-quickly-approve-14-climate-destroying-methane-gas-export-terminals/
[37]www.bloomberg.com/news/articles/2024-10-23/jpmorgan-eyes-physical-lng-trading-again-after-dimon-hails-boon

Chart: Top Buyers of LNG from 14 Gas Export Terminal Projects



Source: Friends of the Earth/Public Citizen analysis

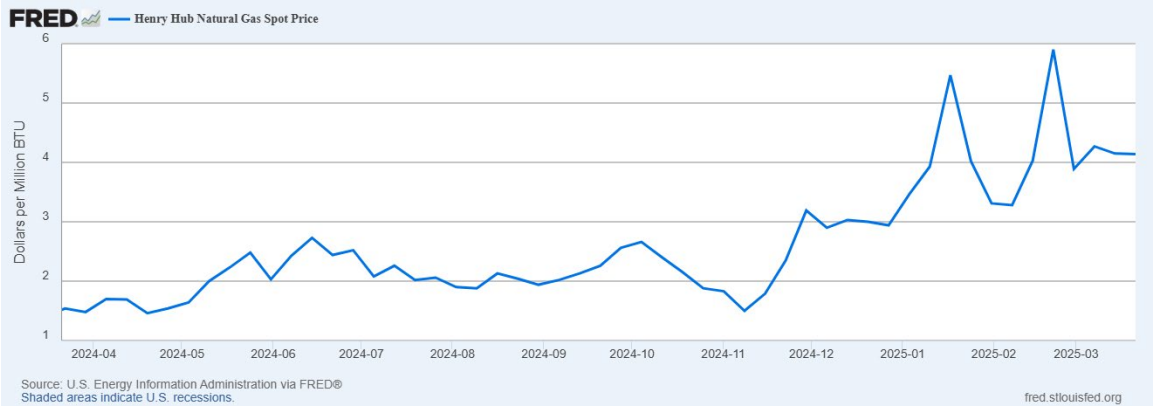
Nevertheless, President Trump ordered the prioritization of exporting U.S. natural gas to foreign markets over domestic use in his January 20 executive order.[38] While data center demand projections may not be reliable, most analysts expect natural gas to supply the bulk of expected power demand, with Goldman Sachs estimating natural gas to fuel 60% of the increased power demand from data centers, driving around 3.3 billion cubic feet per day of new natural gas demand by 2030.[39] The Wall Street Journal reported that Big Tech is prioritizing rural farmland with access to natural gas pipelines and electric transmission lines for new data centers.[40]

Big Tech moguls appear uninterested—or unaware—of environmental justice concerns. Trump adviser Elon Musk's company xAI claims to be building the "world's largest supercomputer," nicknamed Colossus, in an industrial zone of Memphis, Tenn. near historically Black neighborhoods. NPR News reported that xAI installed and turned on natural gas turbines in 2024 initially without obtaining the necessary permits.[41] The company's apparent lack of attention to environmental impacts has sparked a community uproar. According to the Memphis Commercial Appeal, Michelle Taylor, the Shelby County Division of Health Services director said recently that "Community legislation is currently insignificant on this issue," she said. "We

[38] www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/
[39] www.citizen.org/wp-content/uploads/Manzanillo.pdf
[40] Jennifer Hiller, *The AI Data-Center Boom Is Coming to America's Heartland*, March 30, 2025, www.wsj.com/business/energy-oil/the-ai-data-center-boom-is-coming-to-americas-heartland-eb060a32
[41] https://www.npr.org/2024/09/11/nx-s1-5088134/elon-musk-ai-xai-supercomputer-memphis-pollution

need to update state, federal and local legislation" on the environmental impact of data centers.[42]

This increased demand for gas comes in an environment where LNG exports are already raising prices for consumers and businesses. U.S. natural gas prices (Henry Hub) have doubled since November 2024. [43] A December 2024 report by the U.S. Department of Energy warned of a 'triple cost increase to U.S. consumers from increasing LNG exports" including a 30% increase in domestic gas prices, increases in electricity prices, and a $125 billion increase in energy costs of American industry, [44]increasing the cost of a wide range of consumer goods. Research by Resources for the Future estimated that the DOE study underestimated the impact of LNG exports on prices, concluding that they could be more than twice as high.[45]



Ramping up exports of LNG while seeking at the same time to increase domestic gas use is simply unsustainable. Increased demand for both LNG exports and domestic gas power generation will result in higher energy price burdens for American families.[46]

Expanded Role for FERC Consumer Protections Needed

The Federal Energy Regulatory Commission so far has pursued a pro-consumer approach, with its November 2024 order denying a request for an existing nuclear power plant to shift capacity away from the grid to serve a behind-the-meter co-located Amazon data center. FERC determined that diverting power from the grid to serve Amazon would result in a $200 million cost shift for consumers, rendering the

[42] https://www.commercialappeal.com/story/money/business/development/2025/03/26/elon-musk-xai-memphis-air-pollution-concerns/82656216007/
[43] https://fred.stlouisfed.org/graph/?g=1Gtt4
[44]https://www.energy.gov/articles/us-department-energy-completes-lng-study-update-announces-60-day-comment-period
[45] https://media.rff.org/documents/IB_25-05_aSgTJrn.pdf
[46] www.citizen.org/article/trump-energy-emergency-prohibits-lng-exports/

proposal unjust and unreasonable under the Federal Power Act.[47] The Commission is actively exploring whether existing market rules for aspects of data center co-location agreements in wholesale markets are consistent with just and reasonable rates.[48]

Public Citizen recently exposed a potential regulatory shortcoming of data centers and power generation. In February, Public Citizen challenged private equity giant Blackstone's effort to buy a $1 billion natural gas power plant in Virginia's data center alley. The focus of our FERC challenge was that Blackstone failed to disclose that it owns and controls many of the data centers in Virginia's Loudon County and that allowing Blackstone to simultaneously control the largest power plant in the market in addition to massive data center load raises power market competition issues.[49] On March 6, Blackstone's lawyers responded by claiming that since FERC has never required applicants seeking permission to buy a power plant to disclose their control over data centers, that FERC has no authority to require Blackstone to do so.[50] While we quickly rebutted the claim,[51] the lack of federal oversight of data center ownership and energy use is a clear liability to consumers.

Indeed, a recent investigation determined that when 60 data centers in Virginia—about 30% of the total—suddenly went offline, the resulting surge in excess electricity nearly caused crippling rolling blackouts. Big Tech is thus far resisting efforts to better coordinate with grid operators' which necessitates clearer authority for FERC to be able to act.[52]

Trump's Chaotic Tariffs are Wrecking the Economy and Decimating Supply Chains Needed for Data Center Infrastructure

Every three months, the Federal Reserve Bank of Dallas surveys more than 200 oil and gas executives. The results of the March 2025 survey are a devastating indictment of President Trump's chaotic tariff policy, highlighting frustrations among executives in an industry that spent $450 million to bankroll Trump's election.[53] Some excerpts:

- "I have never felt more uncertainty about our business in my entire 40-plus-year career."
- "The administration's tariffs immediately increased the cost of our casing and tubing by 25 percent… The threat of $50 oil prices by the administration has caused our firm to reduce its 2025 and 2026 capital expenditures. "Drill, baby, drill" does not work with $50 per barrel oil. Rigs will get dropped,

[47] 189 FERC ¶ 61,078, FERC docket ER24-2172, https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20241101-3061
[48] See FERC Dockets EL25-49, AD24-11 and EL25-20.
[49] www.citizen.org/article/blackstone-potomac-energy-center-data-centers/
[50] https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250306-5257
[51] https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250307-5026
[52] Tim McLaughlin, *Big Tech's data center boom poses new risk to US grid operators*, March 19, 2025, www.reuters.com/technology/big-techs-data-center-boom-poses-new-risk-us-grid-operators-2025-03-19/
[53] https://climatepower.us/news/new-report-oil-and-gas-industry-spent-450-million-to-influence-trump-and-the-119th-congress/

employment in the oil industry will decrease, and U.S. oil production will decline."

- "The administration's chaos is a disaster for the commodity markets. "Drill, baby, drill" is nothing short of a myth and populist rallying cry. Tariff policy is impossible for us to predict and doesn't have a clear goal. We want more stability."
- "…our ability to plan operations for any meaningful amount of time in the future has been severely diminished."
- "The rhetoric from the current administration is not helpful."
- "Uncertainty around tariffs and trade policy continues to negatively impact our business, both for mid- to long-term planning and near-term costs. Because of trade tension, especially with Canada, a large operator requested we look to potentially move manufacturing out of the U.S. to support their work in Canada and other international markets."
- "Washington's tariff policy is injecting uncertainty into the supply chain."[54]

Targeted tariffs paired with related domestic investment are a successful trade policy.[55] President Trump's disordered, poorly reasoned tariffs are not, which is why Goldman Sachs has increased the chance that Trump's policies will cause a recession within 12 months from 20% to 35%.[56] Data centers are vulnerable, with an industry analyst observing that "a broader application of tariffs globally could pose a significant downside risk to the US data center market, given its reliance on a global supply chain for materials and components purchased in high volume".[57]

Conclusion

The significant corporate concentration of AI resources, coupled with the lack of adequate guardrails to prevent widespread abuse, renders any potential benefits of AI development and deployment vulnerable to failure. The economic and social disruptions, along with massive energy consumption and water usage posed by AI require significant public regulation. A potential model would be public utility-style regulation of the private AI industry that fosters competition, prevents abuses of power and ensures that unnecessary fossil fuel generation is not constructed while other solutions are readily available.

[54] www.dallasfed.org/research/surveys/des/2025/2501#tab-comments
[55] https://prospect.org/economy/2025-03-28-trade-policy-we-need/
[56] https://x.com/PeterBerezinBCA/status/1906461126621082011
[57] www.bloomberg.com/news/articles/2025-03-19/trump-s-ai-embrace-threatened-by-tariff-costs-to-businesses