EXECUTIVE SUMMARY

Data Center Threats in Louisiana

Protecting Communities from Big Tech's Costly Impacts

Louisiana can reap the benefits of a cleaner, more affordable, and more reliable energy future, but that future requires accountability and a commitment to communities that state decisionmaking currently lacks. As a result, Louisianians suffer under a dirty, expensive, and unreliable electricity system, with a single fossil fuel—gas—making up about 75 percent of its electricity mix.

The current state of Louisiana's electric system results from decades of utility company investment decisions, approved by regulators at the Louisiana Public Service Commission (LPSC). As artificial intelligence data centers seek to connect to the state electric grid, LPSC processes are poorly set up to protect ratepayers from cost increases or further environmental damage.

Through long-term power sector modeling using the Regional Energy Deployment System (ReEDS), the Union of Concerned Scientists (UCS) has found that under current policies, Louisiana will meet increased demand from data centers with gas-fired electricity. This would continue Louisiana's overreliance on a price-volatile fossil fuel and expose ratepayers to data center-related costs.

Under the current trajectory, our findings attribute between $14 billion and $26 billion in projected Louisiana electricity system costs to data center growth cumulatively between 2026 and 2041 (Figure ES-1). The magnitude depends on whether the state sees what the analysis terms as Mid or High Data Center Growth scenarios. Absent action by state policymakers, residents could be responsible for substantial portions of these costs to power data centers.

Further, the analysis projects Louisiana to stay highly reliant on a single fossil fuel, with polluting gas-fired generation making up to two-thirds of the state's electricity mix in 2041 (Figure ES-2). By that year, Louisiana's generation of electricity specifically for serving data centers results in an estimated $1.5 billion to $3.0 billion in cumulative public health costs, as well as $35 billion to $87 billion in cumulative climate damages.

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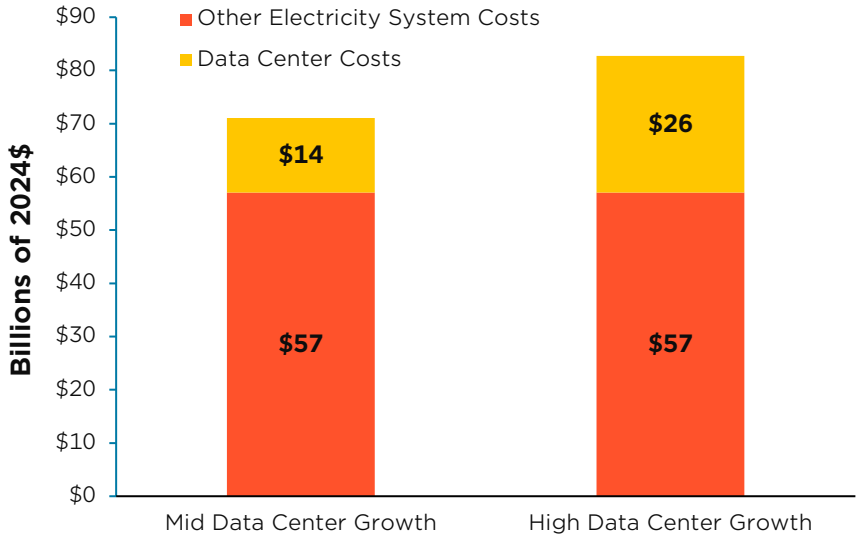
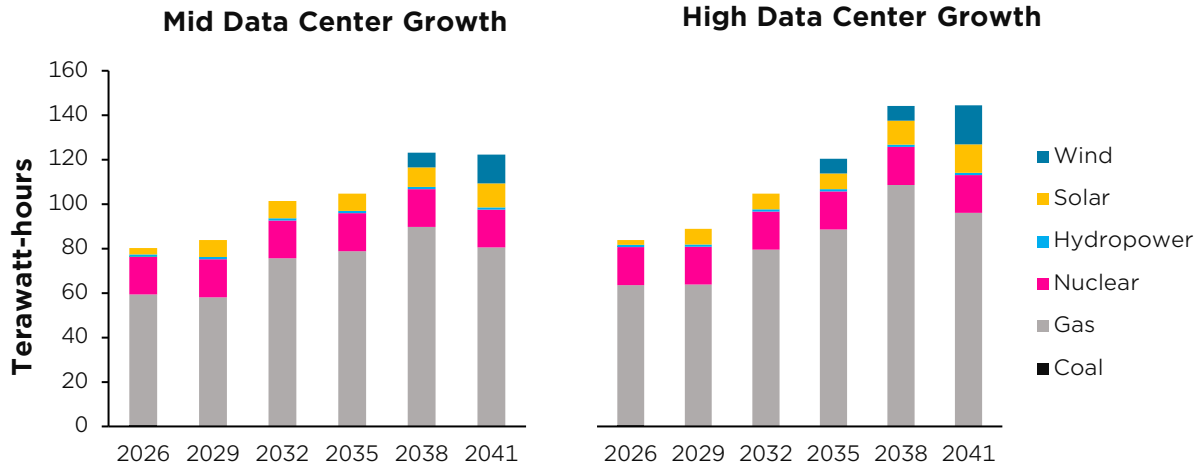
Figure ES-1. Cumulative Bulk Electricity System Costs, Mid vs. High Data Center Growth, 2026–2041



Louisiana ratepayers are at risk of paying substantial electricity system costs caused by data centers.

Figure ES-2. Louisiana Generation in Mid vs. High Data Center Growth



Under current policies, Louisiana is projected to stay overreliant on gas-fired electricity.

Conclusions and Recommendations

Significant data center growth threatens to intensify Louisiana's existing challenges as long as poor regulatory oversight and inadequate ratepayer protections continue. The state can embrace responsible planning to cost-effectively meet growing electricity needs, protect ratepayers from unfair costs, and diversify the energy mix with cleaner, more affordable resources.

Improve Louisiana's electricity resource-planning process

The LPSC should reform its long-term integrated resource planning process to make it more transparent and more accessible, as well as to better hold utilities accountable.

Protect utility customers from the costs of data center load growth

The LPSC must protect ratepayers from the risks of data center growth and make technology companies pay for additional capital and operating costs incurred to meet new demand.

Center the voices of Louisianans in decisionmaking processes

The LPSC should break down existing barriers to public participation, giving Louisianans opportunities to engage meaningfully in decisionmaking processes.

Embrace solutions that diversify Louisiana's electricity mix

Available non-fossil resources can meet new electricity demand from data centers, while offering improvements in reliability, cost, public health, and climate impacts. The LPSC should tap the state's clean energy potential, recognize the benefits of a more connected transmission grid, and pursue all cost-effective energy efficiency strategies.

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www.ucs.org/resources/data-center-threats-louisiana
es.ucs.org/recursos/los-riesgos-de-los-centros-de-datos-en-louisiana

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