

KEY POINTS

- Electricity demand in the U.S. will surge over the next five years, growing from approximately 4,000 terawatt hours (TWh) per year to 4,500 TWh by 2030, [according to energy consulting firm Rystand Energy](#) (a terawatt is equal to one trillion watts).
- The surge in demand is driven by rapid adoption of artificial intelligence (AI) and the need for data centers, an increase in the number of electric vehicles (EVs), reshoring and onshoring of manufacturing facilities, building electrification mandates and broader electrification efforts across various industries.
- Commercial real estate development sufficient to meet growing demand for data centers, warehouses and manufacturing facilities needed to ensure future economic growth and international competitiveness cannot occur without a rapid expansion of electrical capacity.
- Current federal energy policies are inadequate to meet the projected need. Reforms to permitting requirements that unnecessarily delay energy projects, increased investment in grid infrastructure expansion, and policies that require or promote coordination by energy providers across broad geographic regions are needed.



OUR POSITION

Congress needs to pursue comprehensive energy policies designed to meet the growing need for electricity throughout the U.S. economy, including increased investment in electrical grid expansion and modernization, permitting reforms for energy generation and transmission projects, and increased coordination on major regional projects across multiple jurisdictions. The lack of future availability of electricity is hindering the commercial real estate development needed to support industries in a rapidly transforming economy.

The U.S. is set to experience an increase in power demand at a rate [not seen in a generation](#) due to increased electrification across various sectors of the economy. Near-term forecasts for electricity demand have been revised up substantially, according to a report by the [Federal Reserve Bank of Kansas City](#), which noted the “ongoing transformation to a more electrified economy.”

Rapid adoption of AI, and the corresponding development of additional data centers, is a key driver of demand growth. A ChatGPT query requires nearly 10 times more electricity than a typical Google search, and AI-focused data centers require an increased amount of power. Energy needed by data centers is [projected to more than double](#) in the next five years, increasing from 3% in 2022 to 8% in 2030. EVs, nearshoring of manufacturing, and electrification efforts across industries and jurisdictions are major contributors to this economic transformation.

Because of this rapid increase in energy demand, Congress must act to ensure the U.S. has adequate electrical capacity for the critical real estate and industrial development needed to support continued robust economic growth. Commercial real estate projects are already being delayed for years, and planned developments are being scrapped because energy providers cannot meet additional demands in economically viable time frames.

An urgent need for policy changes exists in energy generation, transmission and distribution, and electrical grid reliability. Additional investments are needed for electrical grid expansion and modernization. It simply takes too long for power generators to connect new facilities to the grid. At the end of 2023, there was a [backlog of nearly 12,000 power generation projects](#) seeking to connect to the grid, according to the [Federal Energy Regulatory Commission](#).

Permitting reform legislation is critical. Legislation introduced in the Senate during the last Congress, but not yet passed, would have shortened federal permitting timelines and reformed litigation procedures that unnecessarily delayed energy projects. Congress should pursue enactment of similar legislation and support federal agency efforts to simplify permitting procedures.

Federal policies are needed to promote and incentivize regional coordination and cooperation by utilities and local jurisdictions on major transmission projects. These projects often cover multiple jurisdictions, with different planning and siting processes being complicated and time-consuming. Transmission infrastructure can take 3-7 times longer to build than energy generation installations. Moreover, economic benefits are often not equally shared among consumers of the affected areas, creating disincentives for utilities to justify the additional costs to their ratepayers. Congress should enact policies that enable utilities to pursue major transmission projects of strategic importance.

Without federal energy policies that meet growing electricity needs, the commercial real estate sector will be limited in its ability to build data centers, warehouses, cold storage facilities and manufacturing centers critical to economic growth and the nation’s continued global leadership and international competitiveness.

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