The Ohio Manufacturers' Association

Retooling OHIO

OUR TAKE ON ISSUES AFFECTING OHIO'S COMPETITIVENESS

FEBRUARY 2026

Inflated Utility Forecasts — Not Data Centers — Driving Customer Power Bill Spikes

EXECUTIVE SUMMARY

Ohioans rely on public utility companies, government regulators, and PJM Interconnection LLC — the regional grid operator — to manage generation supply and transmission adequacy. Ultimately, the costs to the system are borne on the backs of customer ratepayers, so it is important the system be transparent and that safeguards exist to protect customers from frivolous costs.

Accurate electric load forecasts are paramount in protecting customers from excessive, unnecessary costs. Inadequate forecasts have driven up capacity power prices, eroding electric affordability, and will diminish Ohio's economic competitiveness if not corrected.

Much has been said in recent years about a looming crisis in electricity demand. Frequently, the culprit has been assigned to the addition of new data centers, especially those employing artificial intelligence technology. But is it true?

Members of the Ohio Manufacturers' Association engaged the team of engineers at RunnerStone to study that question specific to the forecasts prepared and submitted by American Electric Power (AEP) and their utilities. The findings may surprise you.

INFLATED OHIO UTILITY LOAD FORECASTS DRIVE ELECTRIC PRICES HIGHER

AEP utilities have utilized an Ohio rate construct to significantly inflate future power demand. Customers have already seen transmission and generation components of their power bill skyrocket. Rates will continue to climb until responsible parties are held to account and more transparent checks and balances are restored.

AEP utilities have generally used their own data center rate plan to inflate future power demand having increased forecasts by about 40% per data center. Our review reveals that AEP utilities likely have counted data center projects multiple times. Additionally, AEP utility forecasts appear to fail to take into account behind the meter power generation that the capacity market will not need to supply. But, it's not just data centers, AEP utilities have over-forecast small business user demand at times.

Finally, our research notes that the forecasts do not account for exponential improvement in energy efficiency of computing. Combined, these omissions and aberrations can propel forecasts even higher than average utility over-forecasting.

GRID OPERATOR AND STATE COMMISSIONS RUBBER-STAMP FORECASTS

Grid operator PJM uses utility-authored electric load forecasts to set market power pricing via the capacity market. They have generally accepted utility-authored forecasts despite a track-record of over-estimates by utilities. Higher load forecasts generally result in higher capacity prices for customers and greater profits for owners of transmission

utilities. The Federal Energy Regulatory Commission (FERC) has taken an interest in forecast consistency, inquiring of the methodology of grid operators. PJM has not presented a clear plan to vet utility forecasts of data center load.

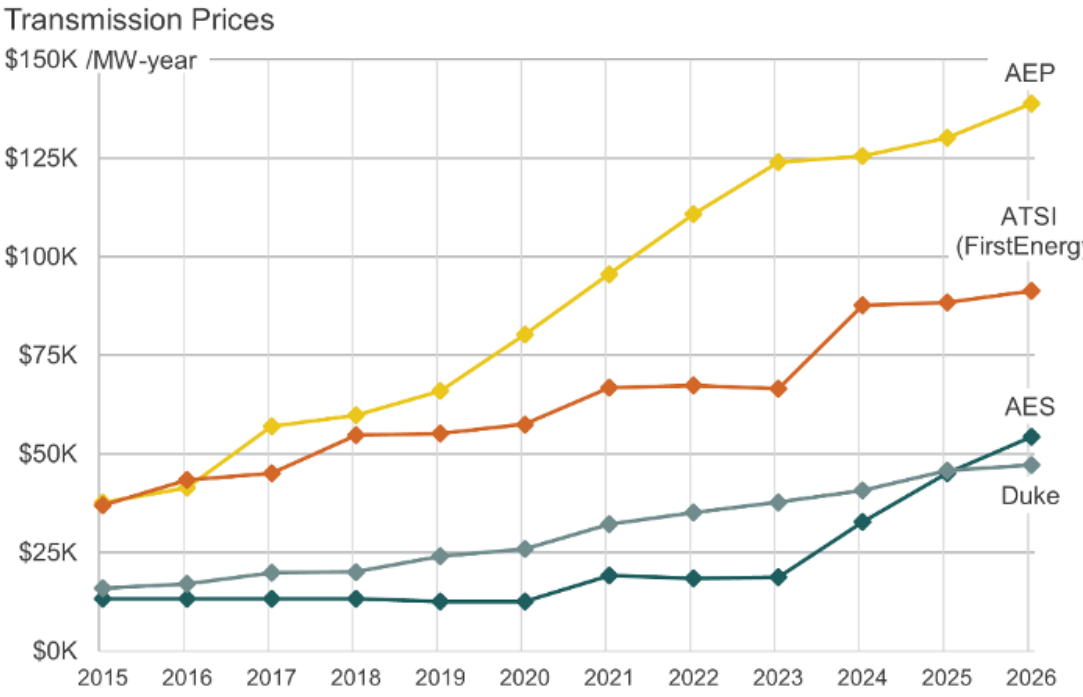
The OMA has highlighted the obvious problem of over-forecasting to state regulators, who have declined to investigate. The OMA has written PJM cautioning over process changes allowing greater over-forecasting. Those cautions have gone unheeded.

STRENGTHEN OHIO'S ECONOMY: CHOOSE COMPETITIVE ENERGY OVER ENTRENCHED INTERESTS

Manufacturers trust properly functioning markets to solve problems over government intervention picking winners and losers for political reasons. As demand increases competitive markets can be harnessed to attract new generation. Beware of proposals to allow electric distribution utilities to dial back the clock and allow electric utilities to own and operate power plants of any type.

Infrastructure investment remains a monopoly activity whereby captive customers are at the mercy of utility spending plans. Recently, the Ohio General Assembly acted to approve House Bill 15 that will require utility owners to publish a heat map to depict where the electric system has room for new load and reduces red tape for customers so they can assess economic development opportunities quickly. These provisions should be given time to work.

Meanwhile, customers continue to see significant increases in their electric transmission costs, which are embedded in retail electric rates. The driver of this is unfettered "supplemental" transmission project investment from AEP Transmission. Supplemental projects have minimal review or regulations by PJM or the FERC, since such projects are not needed for system reliability. The OMA's energy engineering consultant, RunnerStone LLC, produced the below graph showing that Ohio utilities continue to pour hundreds of millions of dollars into supplemental transmission projects at the expense of customers.



Ohio customers are set to pay over $3 billion for electrical transmission in 2026.

AEP transmission costs have soared, tripling over the past 10 years.

SOLUTIONS ARE NEEDED

The Ohio Manufacturers' Association has outlined fixes to promote forecast accountability. Inaccurate load forecasts are fleecing captive customers while lining utilities' pockets. See recommendations to protect customers from costly over-building of transmission and continued market inflation of generation. Follow the money. Stay the course on competitive generation.

BOTTOM LINE

Utilities like AEP are overstating future electricity demand — especially from data centers — and benefit financially from doing so. Overestimating future electricity demand generates more revenue, which in turn drives greater profit for utilities. For customers, higher forecasts justified by utility monopolies lead to overbuilding infrastructure and higher customer bills to pay for it. OMA-produced research should prompt skepticism of current forecasts. Policymakers on behalf of Ohio customers and on behalf of the Ohio economy should demand greater transparency and accountability starting with an investigation into AEP's forecasts. Subsequent customer safeguards and policies should be enacted to narrow the opportunity for electric companies to game the system and unfairly increase costs for consumers.

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