Rethinking Load Growth: Integrating Large Flexible Loads in US Power Systems

Presentation to the Consumer Liaison Group

Tyler H. Norris

March 27, 2025

Duke NICHOLAS INSTITUTE *for* ENERGY, ENVIRONMENT & SUSTAINABILITY

Who we are

Duke | NICHOLAS INSTITUTE *for* ENERGY, ENVIRONMENT & SUSTAINABILITY

The Nicholas Institute at Duke University accelerates solutions to critical energy and environmental challenges, advancing a more just, resilient, and sustainable world.

The Nicholas Institute conducts and supports actionable research and undertakes sustained engagement with policymakers, businesses, and communities—in addition to delivering transformative educational experiences to equip future leaders. The Nicholas Institute's work is aligned with the Duke Climate Commitment (climate.duke.edu).

GRACE Lab

A Grid that is Risk-Aware for Clean Electricity

Duke | NICHOLAS SCHOOL *of the* ENVIRONMENT

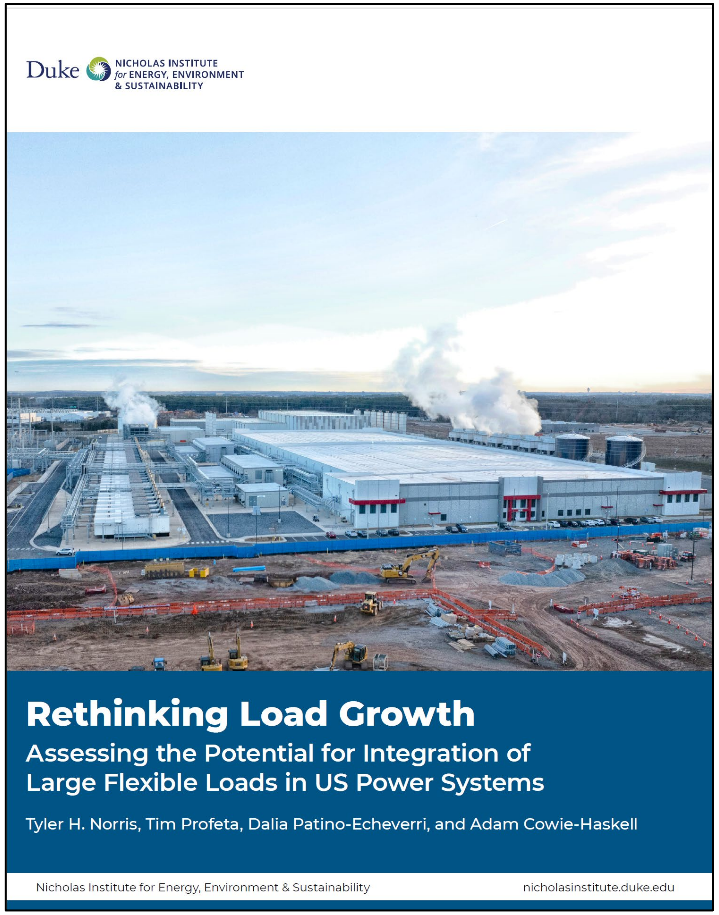
GRACE Lab's research explores, assesses, and proposes technological, policy, and market approaches to contribute to the pursuit of sustainability, affordability, reliability, and justice in the energy sector.

Primary research areas:

- Characterizing sources of uncertainty that increase the financial and reliability risk of power systems, and designing risk management strategies
- Examining the possibilities and advantages of designing flexible policy mechanisms
- Assessing the economic, environmental, and reliability potential of low-emissions energy technologies

Goals for *Rethinking Load Growth*

- Support regulators and stakeholders in identifying strategies to accommodate load growth without compromising reliability, affordability, or progress on decarbonization
- Provide informational resources and a first-order estimate of the potential for accommodating new loads while mitigating or deferring capacity expansion
- Motivate additional analysis to more precisely quantify headroom in each balancing authority

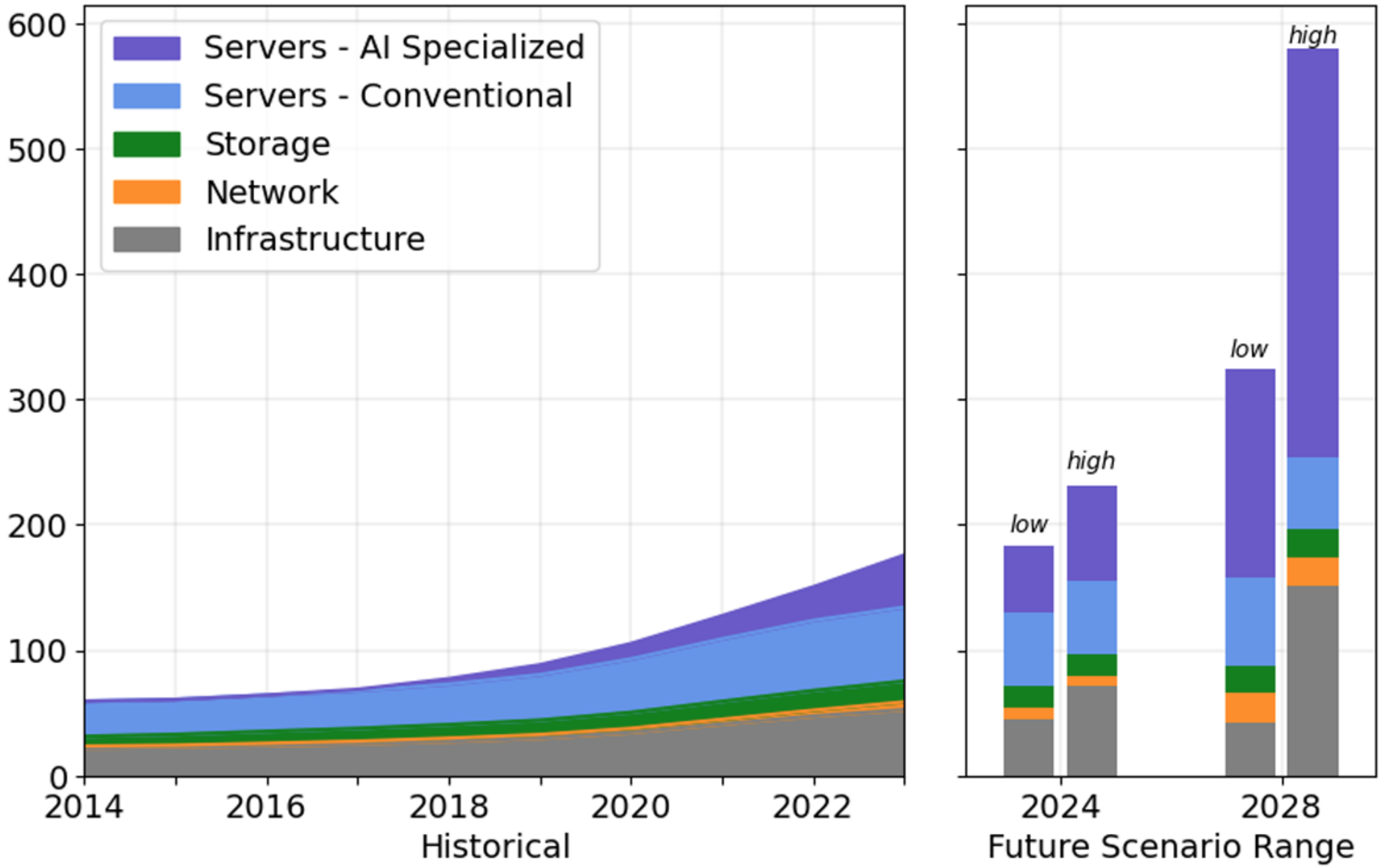


https://nicholasinstitute.duke.edu/publications/rethinking-load-growth

AI data centers lead US electricity load growth

- Data centers could account for up to 44% of US electricity load growth through 2028
- AI workloads are projected to represent 50% to 70% of data center demand by 2030
- Hyperscale and large-scale colocation data centers account for the vast majority of growth

US data center electricity use by equipment type, 2014-2028

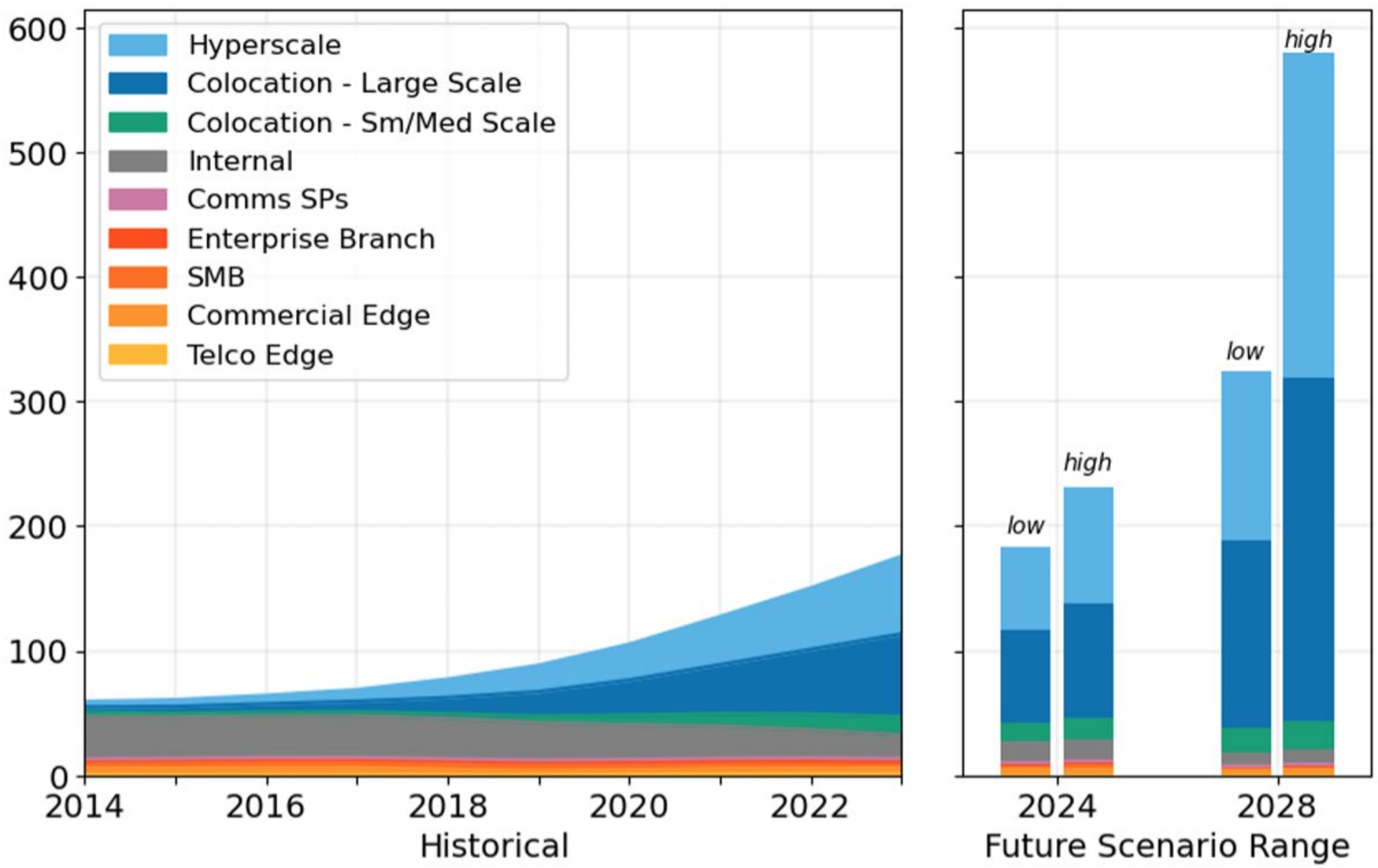


Source: Shehabi, A., et al. 2024 United States Data Center Energy Usage Report. Lawrence Berkeley National Laboratory, Berkeley, California. LBNL-2001637

AI data centers lead US electricity load growth

- Data centers could account for up to 44% of US electricity load growth through 2028
- AI workloads are projected to represent 50% to 70% of data center demand by 2030
- Hyperscale and large-scale colocation data centers account for the vast majority of growth

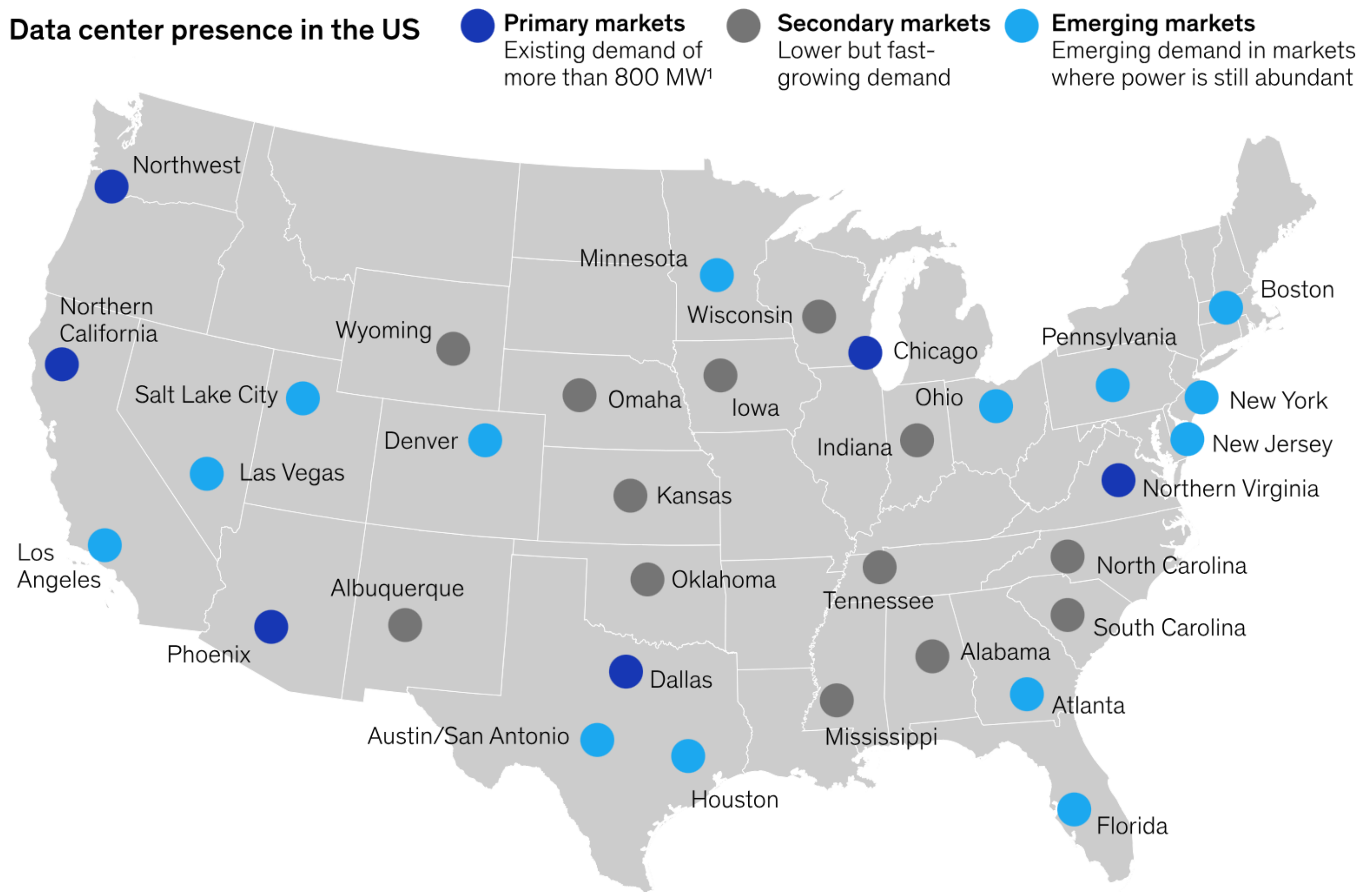
US data center electricity use by space type, 2014-2028



Source: Shehabi, A., et al. 2024 United States Data Center Energy Usage Report. Lawrence Berkeley National Laboratory, Berkeley, California. LBNL-2001637

AI data centers are siting in more remote locations

- Higher shares of AI training workloads enables siting in more remote locations
- More remote siting enables greater ability to co-locate with on-site generation
- Remote siting may also enable greater ability to permit and operate backup generators



Source: Datacenters.com; S&P Global Market Intelligence 451 Research; McKinsey Data Center Demand model

Load growth is colliding with resource constraints

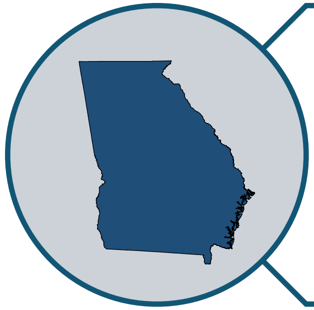
- Transformer order lead times have risen to 2-5 years—up from less than one year in 2020—while costs have surged by 80% (NIAC 2024)
- Lead times for high-voltage circuit breakers reached 151 weeks in late 2023, marking a 130% year-over-year increase (Wood Mackenzie 2024)
- Interconnection wait times have grown significantly, with some utilities reporting delays up to 7 to 10 years (Li et al. 2024; Saul 2024; WECC 2024)

Credit: IEEE

Data center growth is challenging regulators

Ohio

- After confirming 5 GW of new data centers and receiving 30 GW in requests, American Electric Power (AEP) issued a temporary moratorium on data center service requests in 2023
- Settlement between AEP and consumer advocates calls for longer contracts, load ramping schedules, min. demand charge, and collateral for service from data centers >25 MW



Georgia

- After 7.3 GW of large load customers committed to receive electric service from Georgia Power, the Georgia PSC implemented changes to customer contract provisions
- Changes mandate a GPSC review and allow the utility to seek longer contracts and minimum billing for cost recovery

Indiana

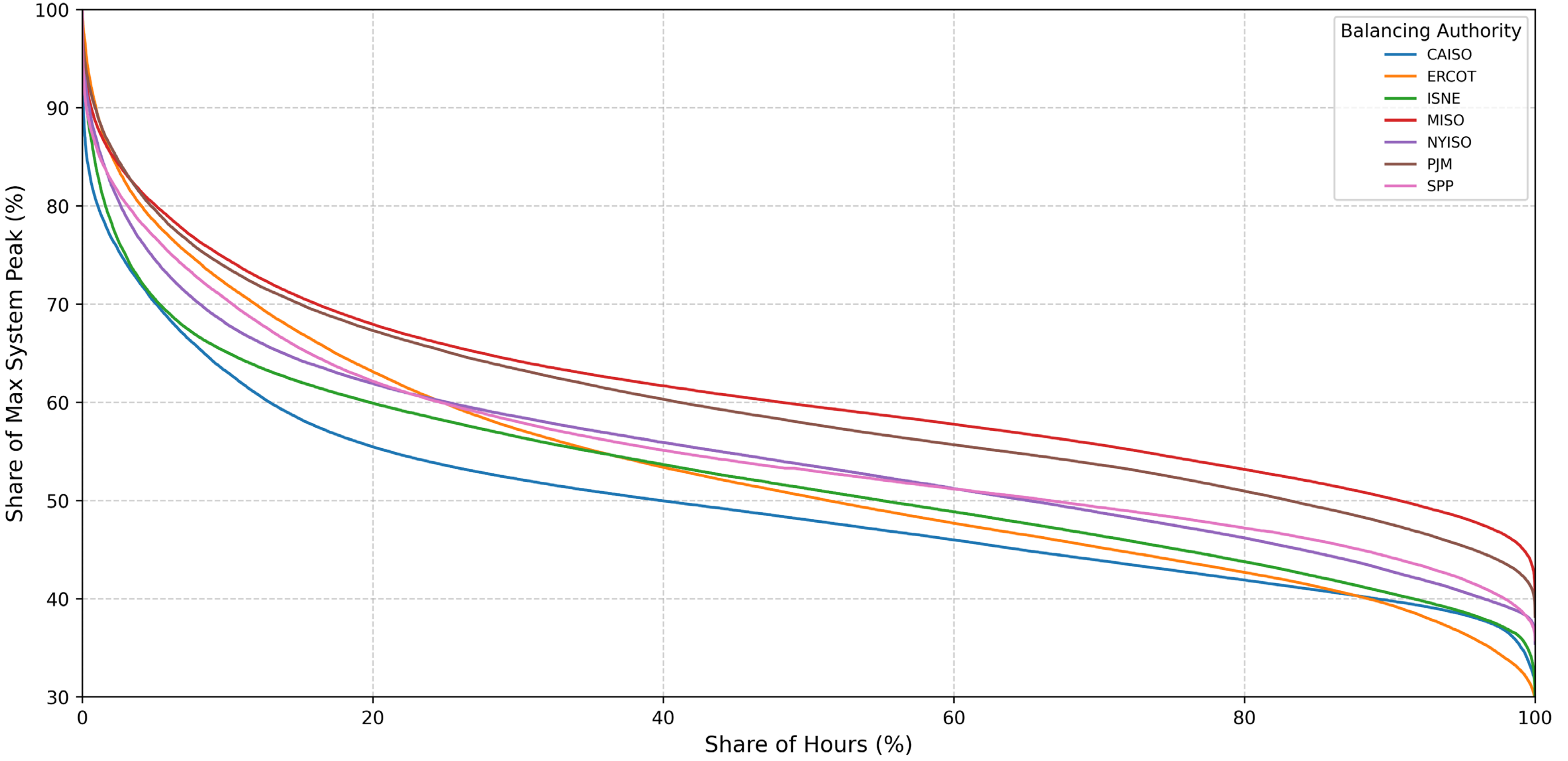
- Data center service requests represent a 157% increase in peak load for Indiana Michigan Power over the next six years
- Stakeholders there have proposed “firewalling” the associated cost of service for data centers from the rest of the rate base

Power systems are designed to meet occasional peaks

- The load duration curve illustrates system utilization by ranking demand from highest to lowest over a given period

- A steep LDC suggests high demand variability, with peaks significantly exceeding typical loads, while a flatter LDC indicates more consistent usage

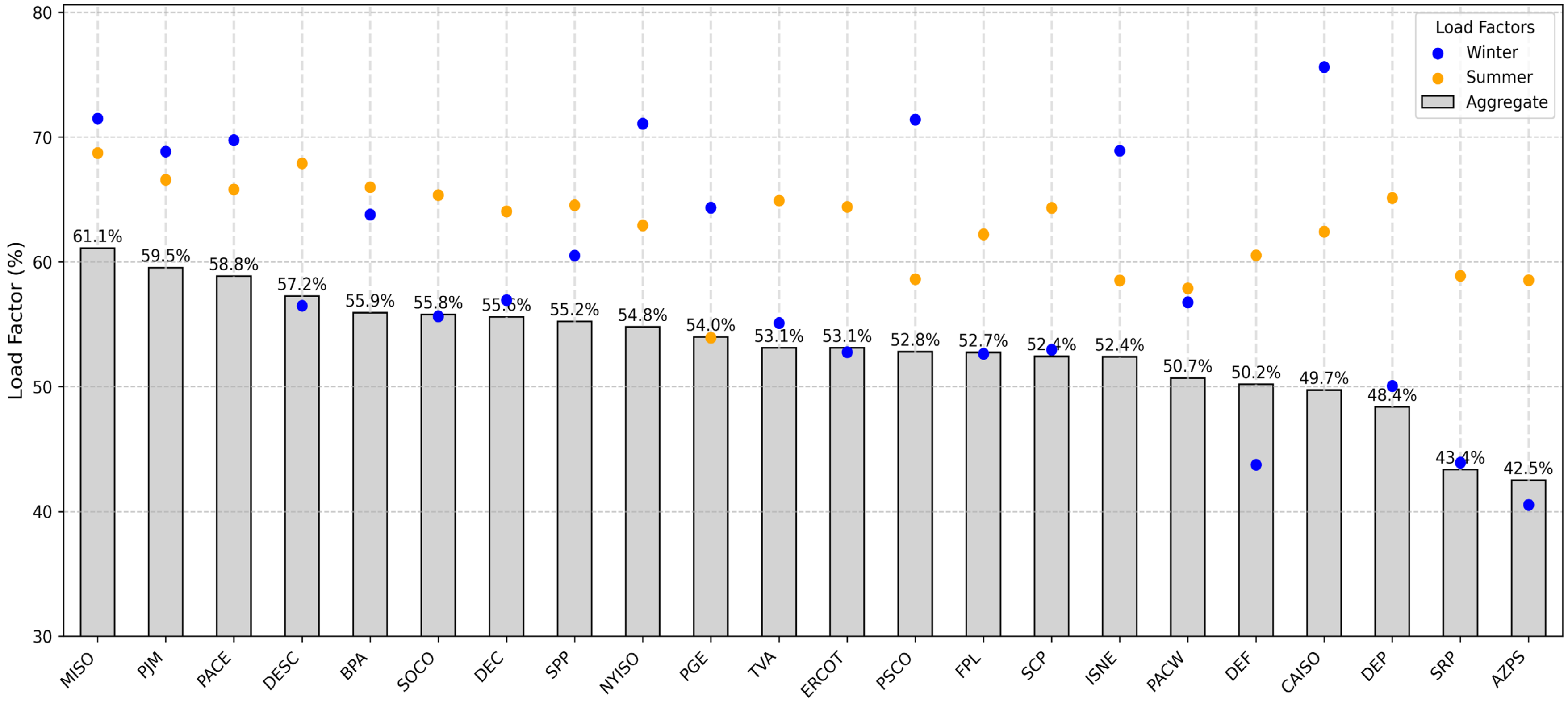
Load Duration Curve for US RTO/ISOs, 2016–2024



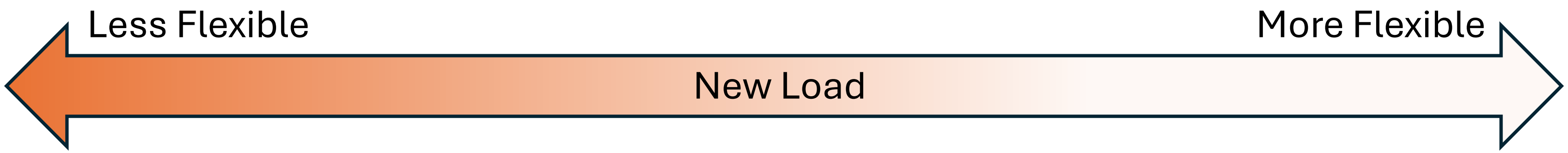
US power systems operate at 53% avg. load factor

- Load factor is the ratio of average demand to peak demand and is an indication of system utilization
- Aggregate load factors range between 43% to 61%, with an average and median value of 53%
- Winter load factors were notably lower than summer (59% vs. 63% average)

Load Factor by Balancing Authority and Season, 2016–2024



Implications for system planning and interconnection



Inflexible Loads

- More burden on system peaks
- More likely to trigger need for additional generation and transmission capacity
- More likely to require longer interconnection

Flexible Loads

- Less burden on system peaks
- Less likely to trigger need for additional generation and transmission capacity
- Potential for accelerated grid interconnection

Types of load flexibility

On-site power and storage
Utilizing co-located storage, renewables, or other generators

Temporal flexibility
Scheduling computational loads before or after periods of high system stress

Spatial flexibility
Distributing workloads across one or multiple data centers in different geographic locations

Reduced operations
Planning for reduced workload during defined periods

Trends enabling flexibility

Category	Legacy Computational Loads	Future Computational Loads
Load profile	• Majority real-time, delay-intolerant processing (e.g., cloud services)	• Greater portion of delay-tolerant and scheduled machine learning workloads (model training, non-interactive services)
Operational capabilities	• Minimal workload shifting (spatial or temporal) • On-site power typically Tier 2 diesel and restricted due to pollution concerns	• Commercial adoption of temporal workload shifting • Development in spatial workload migration and other flexible processes • On-site power diversified with cleaner resources
Market Conditions	• Minimal load growth and generally high available capacity • Standard interconnection queues and supply chain readiness	• High load growth and tight available capacity • Long interconnection queues and costly supply chain bottlenecks • Lower cost of cleaner, on-site power • Data center operations concentrating in large-scale operators

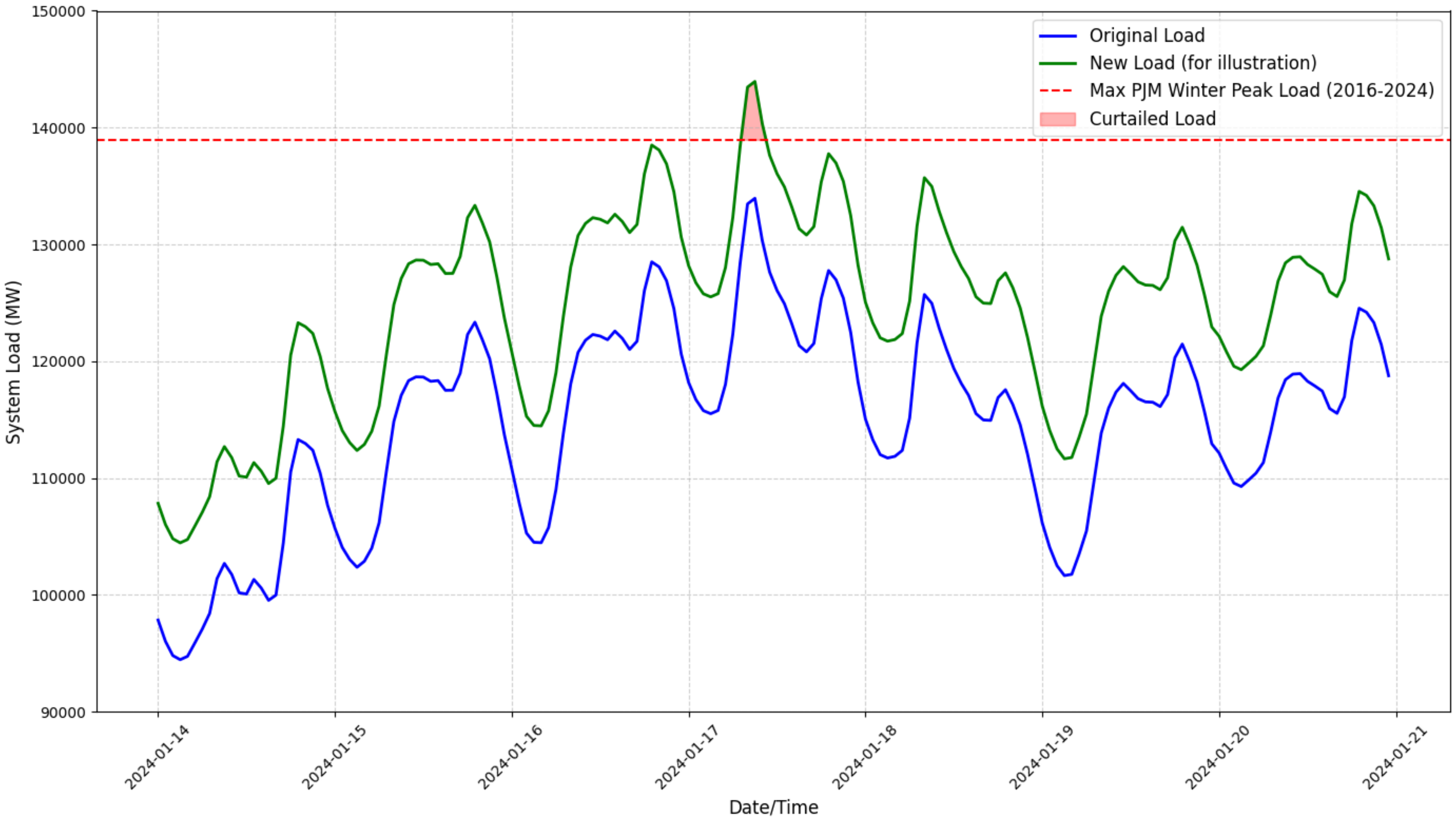
Select examples of implementation

Market Participants	System Operators and Utilities
• **Google** data centers have participated in demand response, "carbon aware" temporal workload-shifting, and geospatial workload shifting • **Enel X** supports data center demand response participation, including use of on-site batteries and generators to enable islanding within minutes • **Verrus** is developing flexible data centers with different electrical and cooling systems architecture with distributed energy resources • **Enchanted Rock** supported Microsoft to install on-site natural gas generators for a data center in San Jose, CA • Startups like **Emerald AI** are developing software for advanced computational resource management	• **ERCOT** established a Large Flexible Task Force and implemented an interim interconnection process proposing to allow loads to be studied as flexible, "Controllable Load Resources" to interconnect within a two-year timeframe • **PG&E** debuted Flex Connect, a pilot that provides quicker interconnection to large loads in return for flexibility when the system is constrained

Method: Calculate Load Additions for Curtailment Limits

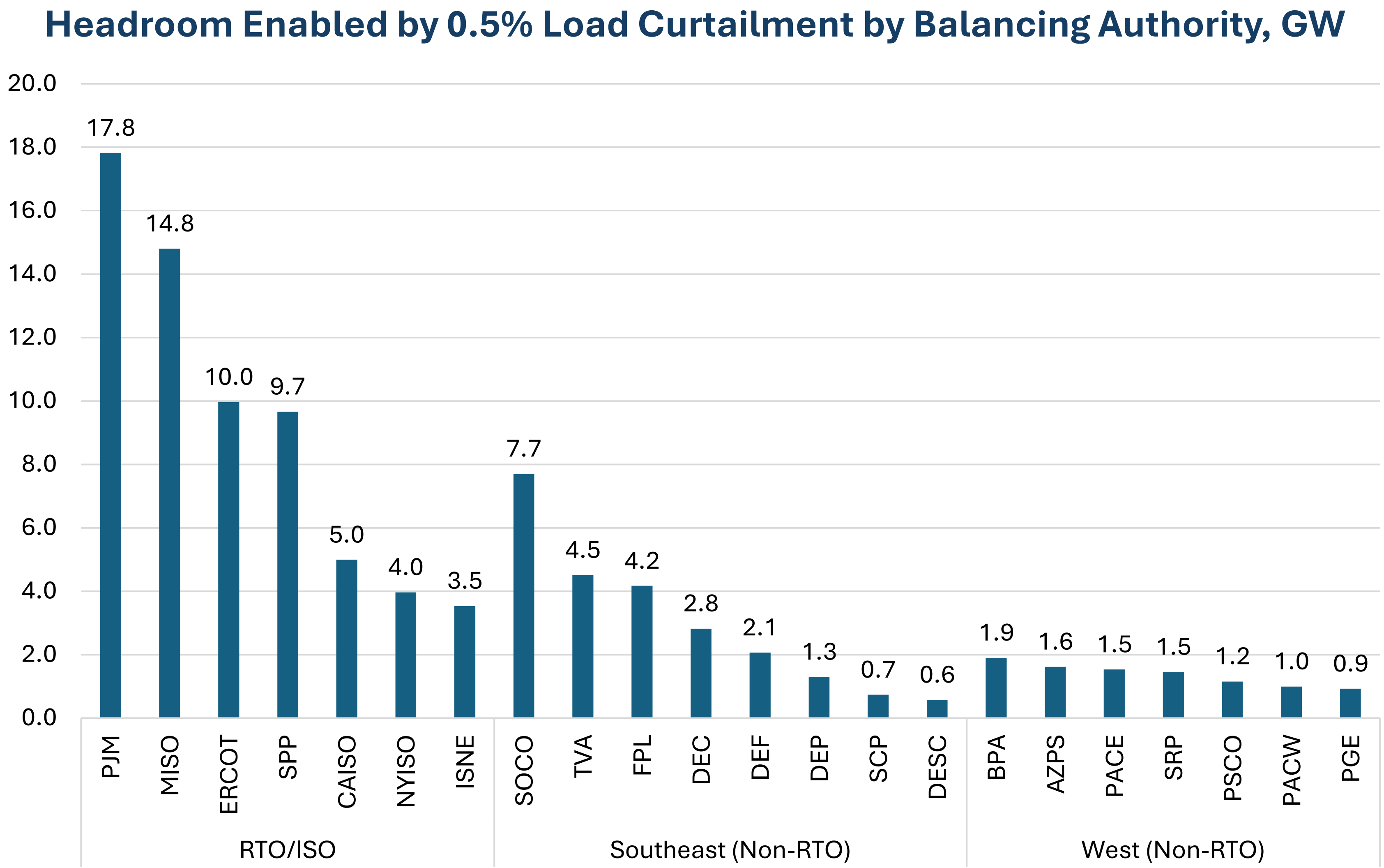
- New, constant load was added in all hours
- Curtailment was calculated as the difference between the new load and the seasonal peak threshold in each hour, summed across all hours in a year
- The curtailment rate for each load increment was defined as the total annual curtailed MWh divided by the new load's max potential annual consumption

Illustrative Load Curtailment in PJM (Jan. 14–21, 2024)



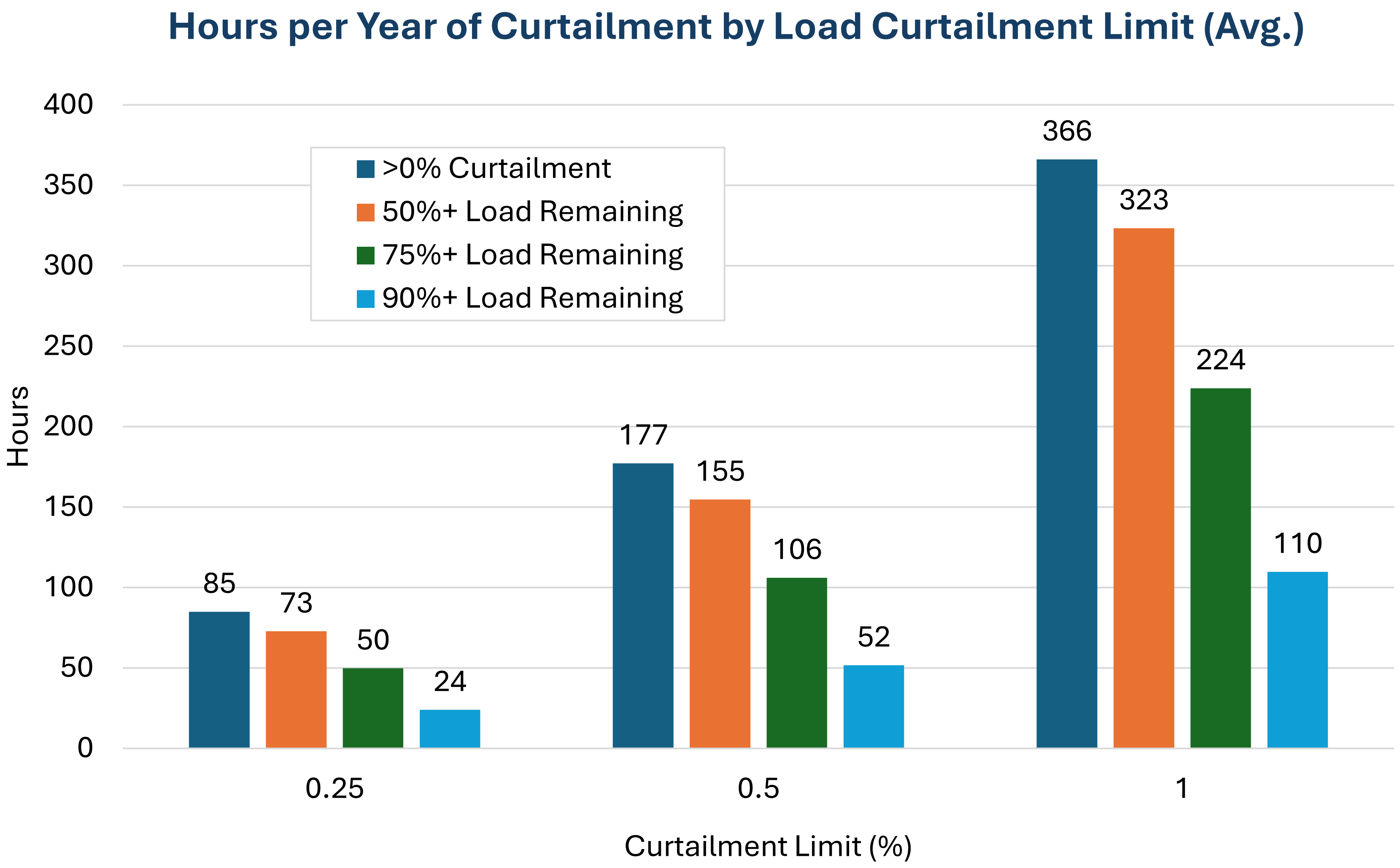
Results: Curtailment-Enabled Headroom

- Headroom across the 22 analyzed balancing authorities is between 76 to 215 GW, depending on the applicable load curtailment limit
- 76 GW of headroom is available at an expected load curtailment rate of 0.25%
- This headroom increases to 98 GW at 0.5% curtailment, 126 GW at 1.0%, and 215 GW at 5.0% curtailment



Results: Annual Hours of Curtailment

- A large majority of curtailment hours retain most of the new load
- 88% of hours during which load curtailment is required retain at least half of the new load
- 60% of the hours retain at least 75% of the load, and 29% retain at least 90% of the load



Next steps

Research plan

Address limitations of existing analysis and re-calculate *curtailment enabled headroom* by:

Simulating scheduling and dispatch of the following:

- Electrical Generating Units (EGUs)
- Flexible demands
- Energy Storage

Accounting for the following:

- EGU's technical and inter-temporal constraints
- Electric Power Transmission Network
- Scenarios of new load variability, uncertainty, and responsiveness/flexibility

State-level action to enable large load flexibility

Open a proceeding: State PUCs can open a proceeding and invite comments from stakeholders on what changes are needed in their jurisdiction to enable this capability

Conduct analysis: State-level stakeholders can extend this analysis to their jurisdiction to develop refined assessments of flexibility-enabled headroom

Create a flexible load service tier: State legislatures and stakeholders can encourage their PUCs to create a load service with faster interconnection in exchange for flexibility

Conclusions

1

New Load, Modest Curtailment

The existing US power system could accommodate significant new load additions with relatively modest load curtailment

2

Near-Term Strategy

Load flexibility offers a promising near-term strategy to bridge the gap until new transmission and clean firm generation are available

3

State-level Action Can Enable Capability

Given state jurisdiction over retail electric service, stakeholders can advance progress immediately in their own states

Duke NICHOLAS INSTITUTE *for* ENERGY, ENVIRONMENT & SUSTAINABILITY

Fueling ambitions. Powering networks. Accelerating solutions.

SIGN UP FOR EMAIL:
bit.ly/niemail

@NichInstitute

bit.ly/nilinkedin

@NichInstitute

@NichInstitute

@NicholasInstitute