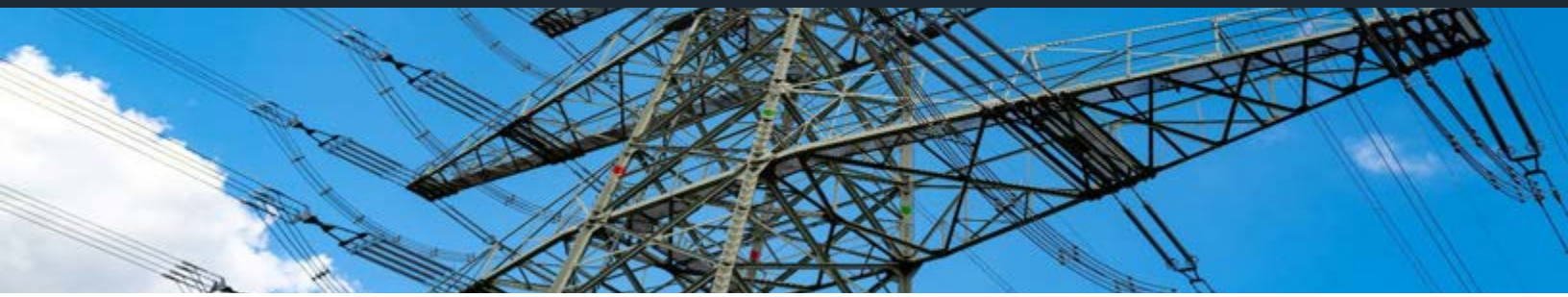
Financial, economic risks of the NextEra-Dominion merger

IEEFA comments to the Virginia State Corporation Commission



KEY FINDINGS

Misaligned incentives. Projected data center load growth is driving the proposed NextEra-Dominion merger. The merged company will reap the profit from more data center-related infrastructure buildout, while ratepayers bear the financial risks of overbuilding.

Higher electricity costs. The expansion of data centers is already contributing to higher PJM capacity market prices and the need for new regional transmission infrastructure. The costs are being borne by ratepayers.

Exposure to natural gas prices. Dominion's plans to build more gas-fired generation and related infrastructure expose ratepayers to higher fuel costs and increased price volatility as U.S. markets become more tightly linked to global liquefied natural gas markets.

AI sector instability. Circular financing, increased debt, and speculative developments raise investor concerns about the sustainability of current AI spending levels. A sudden or even gradual decline in AI investment could leave utilities with underused or stranded power plants, transmission lines, and pipeline infrastructure.

WHAT THE COMMISSION SHOULD WEIGH

IEEFA urges the State Corporation Commission to consider:

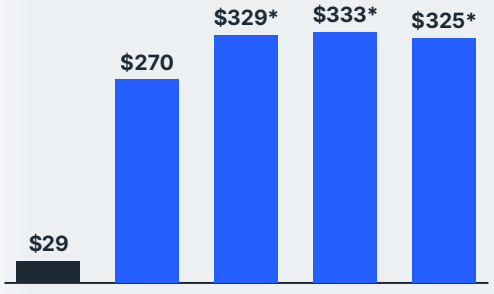
- **Whether faster infrastructure development justifies the added risks to electricity customers**
- **Whether the risk of stranded utility assets has been adequately addressed**
- **The uncertainty inherent in data center demand forecasts**

Dominion's large-load tariff offers some protection, but its 14-year contracts cover infrastructure with a 30- to 40-year life. If AI demand falls short, ratepayers could be left paying for assets they never needed.

> **In short:** *The merger would encourage additional data center development in Virginia at a time when both electricity prices and doubts about future AI demand are rising.*

DATA CENTERS ARE ALREADY COSTING RATEPAYERS

PJM capacity prices, five most recent auctions



Delivery year · $/MW-day · *capped

$63.6B
Cost of the last four PJM auctions

$34.3B
Estimated cost without data center load

Sources: PJM; Monitoring Analytics.