

# Eagle Forum Report

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## AI: Neither Artificial Nor Intelligent

### THE VERY HUNGRY COMPUTER

by Kayla Guo, *Texas Tribune*

The rise of artificial intelligence, the digitization of the economy, and everyday life's growing computing needs have turbocharged the expansion of data centers, driving up a surge in electricity demand in Texas and across the country.

Texas' main grid operator predicts power demand will nearly double by 2030, in part due to more requests to plug into the grid from large users like data centers, crypto mining facilities, hydrogen production plants, and oil and gas companies.

Last January, President Donald Trump announced Stargate, a joint venture between OpenAI, SoftBank, and Oracle that will invest up to \$500 billion in AI-related infrastructure.

Texas will serve as ground zero, with 10 data centers by the venture already under construction in the state, 10 more on the way, and the first project based in Abilene, Oracle CEO Larry Ellison said. Each building will occupy half a million square feet.

The announcement reflected the hunger for data centers across industries and a years long push to increase data capacity. Ellison noted that the partnership had been in the works for years. He said the new data centers could offer services like maintaining electronic health care records

and helping hospitals share medical knowledge.

"The demand for digital services continues to increase and continues to be necessary to build out our capabilities for the 21st-century economy," Dan Diorio, senior director of state policy at the Data Center Coalition, an industry trade group.



That expansion — in addition to other large energy users and factors such as population growth and extreme weather — will stretch the grid over the next decade, raising questions about how Texas can meet the skyrocketing demand for power while ensuring affordability and reliability for everyday consumers.

#### Data Centers in Texas

Data centers — which house servers that provide computing power and the fans and cooling units needed to keep the equipment from overheating — are energy-intensive facilities that operate 24/7.

Large data centers can require 100 MW or more each, consuming the same amount of power per year as 350,000 to 400,000 electric cars, according to the International Energy Agency. A larger facility can use as much electricity as a medium-sized power plant, the U.S. Energy Information Administration estimates.

Texas has seen a rapid increase in data capacity thanks to the state's

relatively cheap energy prices, the ease with which facilities can connect to the grid, and its overall business-friendly tax and regulatory environment.

Companies generally employ around 50 to 150 employees in each data center, in addition to an array of building and maintenance contractors, according to the Data Center Coalition, which estimates that each job in a data center supported six jobs elsewhere in the economy.

The state had 279 data centers as of September, according to the Texas

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Comptroller. The Dallas-Fort Worth area has about 141 data centers, which used 591 MW of power last year — the second most in the country — and nearly 190 MW in Austin and San Antonio, according to a CBRE report.

The Electric Reliability Council of Texas, the state's primary grid operator, estimates that 1 MW of electricity can power roughly 200 homes.

### Overtaxing the Grid

In Texas, the U.S. Energy Information Administration predicted that demand from large users — including but not limited to data centers — would grow by 60% this year, making up around 10% of the total forecast demand on the state's main grid.

Large users requiring 5,496 MW of power have been approved by ERCOT to connect to the grid, according to a September report. The EIA expects that by the end of this year, ERCOT will have approved 9,500 MW in total large-user demand — a 73% increase.

Large users also include crypto mining facilities, which are the biggest large users who want to connect to the grid, according to ERCOT.

Some large users, primarily crypto mining facilities, have committed to temporarily lowering their energy usage in periods of grid strain — an agreement that earned some crypto mining companies millions of dollars while many Texans saw their power bills surge.

Data centers, on the other hand, generally require an uninterrupted supply of power and typically do not participate in ERCOT's high-demand response programs, according to a recent report from the Texas Senate Business and Commerce Committee. Nationally, data centers are expected to consume between 11% and 12% of total U.S. power demand by 2030 — up from around 3% and 4% of demand today, according to McKinsey.

### Is the Grid Prepared?

Texas lawmakers have sought to boost the state's supply of natural gas through the Texas Energy Fund, which will offer companies up to \$10 billion in low-interest loans to build gas-fueled power plants. State regulators are currently vetting loan applications, but new plants will not be operational for years.

"Data centers are going to provide a very essential product for consumers that underpins the functions of our life," Mark Bell, president of the Association of Electric Companies of Texas, said.

ERCOT's demand forecast, which reflected a sharp increase from previous years, also raised questions among lawmakers about whether large users needed more state oversight.

"I think we need to rise to the challenge of getting the needed generation onto the grid," state Sen. Charles Schwertner, chair of the Business and Commerce Committee, told The Texas Tribune in June. "But there is eventually a prioritization that could be discussed, and obviously Texans — their families, their homes, their businesses — are the most important individuals, the most important clients for electricity."

Lt. Gov. Dan Patrick said in June that the Legislature needed to "take a close look" at data centers and crypto mining facilities. "We want data centers, but it can't be the Wild Wild West of data centers and crypto miners crashing our grid and turning the lights off," he wrote.

Patrick said in a statement to The Texas Tribune that he supported Stargate and believed Texas should be the "world leader in AI, data center, and crypto. The key is to ensure they have the power they need without a major impact on our electrical grid."

Some companies are building generation locally or on-site to help

lessen their impact on the grid and lock in their own power supply. Building their facilities near existing generation sites can also help alleviate grid congestion. Lawmakers will likely consider whether companies should be forced to do so, with the Texas Senate Business and Commerce Committee recommending that large loads be required to "offset their impact on the grid by adding on-site power systems or participating in programs to curtail electricity usage during peak demand periods."

Companies looking to build data centers may submit requests in multiple prospective locations.

The Texas Senate Business and Commerce Committee recommended that the state ensure regulators have enough information about how large users might operate, such as by asking companies to submit more detailed information about their proposed projects.

The Public Utility Commission approved a rule in November requiring crypto mining facilities connected to the ERCOT grid to register their power usage with regulators.

The projected growth in usage also means the grid will need more transmission lines, ERCOT CEO Pablo Vegas said in April. "The forecasted pace of load growth could exceed the pace at which transmission capacity can be built to support it. A new era of transmission system planning is necessary to manage the large amount of prospective load," said Vegas.

Typically, the costs of building out transmission and distribution infrastructure are spread across a utility's customers. But who ought to pay for the major investments that are needed to support the huge demand driven by these large industrial users?


Lawmakers have signaled inter-

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est in limiting the costs passed onto small energy consumers “by ensuring that industries with significant electricity demands bear a fair portion of their actual costs.”

Diorio, of the Data Center Coalition, emphasized that the industry was “fully committed to paying our full cost of service. We do not want residential customers subsidizing

data centers,” he said.

American residential consumers should never have to pay the increased energy prices that would subsidize this new industrial behemoth. 

## DATA DEMAND EXCESSIVE ENERGY

by Andrew Thornebrooke, National Security Correspondent, The Epoch Times

**T**he data center boom, spurred on by the rise of services and technologies related to artificial intelligence, is anticipated to significantly raise the cost of electricity for many Americans.

Global electricity consumption by data centers is expected to increase by 15% per year, four times the rate of consumption by all other sectors, according to an April report by the International Energy Agency, an intergovernmental organization based in Paris.

China and the United States account for roughly 80% of that global increase. “AI will be the most significant driver of this increase, with electricity demand from AI-optimized data centers projected to more than quadruple by 2030,” the report states.

American consumers are already feeling the strain on their household finances as data centers consume an increasing portion of the available power wherever they sprout up. This extra demand encourages utilities to raise prices for all customers.

Energy providers may also need to invest in new generation infrastructure to meet the additional power needs, adding to the costs for consumers.

In the 12 months leading up to August, the average price of electricity for urban consumers in the U.S. rose by more than 6%, according to the Bureau of Labor Statistics, far higher than the historical average increase of a little more than 2% annually.

Americans’ electrical costs are expected to rise by as much as 18% on average in the next five years, accord-

ing to the U.S. Energy Information Administration, outpacing the cost of all other forms of consumer energy.

Some companies are positioning themselves to sell modular nuclear reactors as a possible solution. Oklo designs, builds, and operates small modular reactors for data centers.

Brian Gitt, a senior vice president for Oklo, said that SMRs are the only feasible way to generate enough power to satiate the massive energy consumption demands of AI-related data centers. “Most of the utilities are out of power around the country,” Gitt said. “So it’s a huge wake-up call for the [energy] industry to say the whole practice of just looking out for a couple of years ... is not going to work.”

To illustrate how quickly energy demands could increase, Gitt pointed to the proposed development of an 11-gigawatt data center in Texas. “New York City at total peak load is less than 11 gigawatts,” Gitt said. “And this is one data center campus.”

The Texas data center is behind-the-meter, meaning it will not run its energy through the grid.

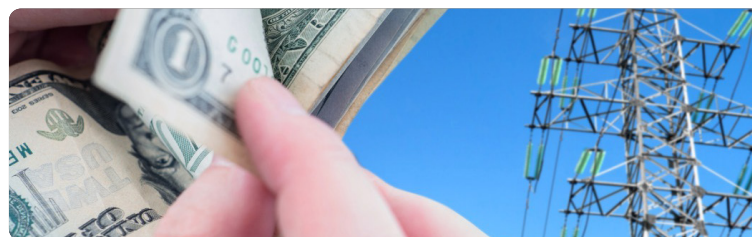
The nuclear facilities required to effectively power such facilities take years to permit and build, to say nothing of their up-front costs.

Gitt said that traditional nuclear power plants can cost as much as \$10 billion up front, take as long as a decade to construct, and require hundreds of acres of land and access to

enormous water resources for cooling.

Oklo’s key offering is a 75-megawatt SMR that requires about three acres and minimal water and can be built in about three years, if permitting goes according to plan.

Tech companies can use the SMRs




to generate power for their campuses in a modular fashion, adding small reactors as the facilities expand, instead of investing in a giant facility.

Oklo’s first SMR has been in development since 2019, but is not expected to be brought online until 2028. That means it will be years before data centers stop pulling power from the grid and, all the while, the costs for consumers will continue to rise.

Google agreed last year that it would begin curbing electricity usage to free up grid space when requested by utilities in Tennessee. In exchange, however, the Tennessee Valley Authority will begin purchasing energy from Google’s Hermes 2 reactor when it comes online in 2030.

The Trump administration is accelerating nuclear development to support AI development. President Trump has signed several executive orders aimed at quadrupling the nation’s nuclear energy capacity by 2050, including licensing 10 new reactors by 2030.

Until those facilities are available, however, electricity prices are expected to continue to rise for millions of Americans. 

# THE REPLACEMENTS

by Tom Ozimek, a senior reporter for The Epoch Times, who has a background in journalism, deposit insurance, marketing, communications, and adult education.

**A**rificial intelligence and AI-powered robots are now capable of performing more than half of all work hours in the United States, according to a new report from the McKinsey Global Institute.

The report found that although the vast majority of human skills will remain relevant in an era of large-scale automation, the way people use those skills is expected to change.

McKinsey's analysis concludes that today's AI systems and workplace robots could automate 57% of U.S. work hours without any further breakthroughs in technology, provided companies redesign their workflows around automation. At current levels of capability, AI agents could perform tasks that occupy 44% of U.S. work hours today, and robots could account for 13%.

"Extending automation further would require technologies that can match a range of human capabilities currently unmatched," McKinsey analysts said in the report. "Agents would need to interpret intention and emotion. Robots would need to master fine motor control, such as grasping delicate objects or manipulating instruments in surgery."

The report shows that nearly 40% of U.S. jobs are occupations that involve daily tasks that could be automated by software alone, such as administrative support, paralegal work, office roles, and certain programming jobs.

"Tasks occupying more than half of current work hours could potentially be automated, primarily by agents," the analysts state.

U.S. government projections show flat or declining employment



in several tech-exposed fields — including administrative support occupations, paralegals and legal assistants, and computer programmers.

"Software innovations have automated many of the tasks performed by bookkeeping, accounting, and auditing clerks," reported the Bureau of Labor Statistics. "As a result, the same amount of work can be done with fewer employees, which is expected to lead to job losses over the projections decade."

Instead of replacing workers outright, AI is more likely to reshape jobs by absorbing routine or time-consuming tasks while leaving humans to perform higher-value work, McKinsey analysts said. Workers would spend less time gathering information or preparing documents and more time guiding AI tools, reviewing outputs, making decisions, and handling tasks that require judgment, empathy, or improvisation. "Yet, that does not mean half of all jobs would disappear; many would change as specific tasks are automated, shifting what people do rather than eliminating the work itself."

"A skills partnership is emerging: Machines handle routine tasks while people frame problems, provide guidance to AI agents and robots, interpret

results, and make decisions," the analysts stated. "The work blends collaboration and oversight, as humans bring judgment and contextual understanding that machines still lack."

McKinsey identifies a set of "people-centric" roles — such as nursing, caregiving, building repair, and front-line maintenance — that remain largely resistant to automation because they rely on physical presence, dexterity, and emotional intelligence.

The report estimates that about 70% of caregiving tasks still require hands-on human abilities that current AI agents and robots cannot replicate. Similarly, maintenance, construction, and other jobs carried out in unpredictable physical environments show low technical automatability; more than 80% of their hours involve physical tasks robots cannot yet replicate.

The report also found that AI could create significant economic gains if companies redesign entire workflows rather than automating individual tasks.

Other research suggests bumpy AI adoption and questionable benefits.

A September analysis by the *Harvard Business Review* found that many companies are seeing early declines in productivity as employees rely excessively on generative AI to produce "low-effort" drafts that require colleagues to redo or reinterpret the work, a pattern researchers labeled "workslop."

*Naveen Athrappully contributed to this report.* 

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