

As utilities we have a duty to ensure that people, communities, and businesses, regardless of type, have access to reliable electricity at the lowest cost possible.

Data centers have received a lot of attention recently due to several proposed projects in Minnesota. It's understandable that many landowners and stakeholders are interested in the overlap between data center proposals and the PowerOn Midwest projects.

PowerOn Midwest is designed to support reliable electric service for all energy users – from agriculture and manufacturing to healthcare, homes, and growing industries. The projects help ensure the grid can deliver safe, around-the-clock power as electricity demand increases, regardless of how individual sectors, like data centers or other large energy users, develop in Minnesota.

The electricity demand forecast that determined the need for PowerOn Midwest did not include energy demand from new data centers or other industrial demands beyond what was committed¹ in 2023 via a signed agreement with a local energy company. Put simply, the need for the PowerOn Midwest projects was studied and identified as needed to serve customers regardless of whether the projected data center build out occurs. None of the current proposed data centers in the region, including Project Skyway in Pine Island, were firmly committed in 2023, and are not driving the need for PowerOn Midwest.

Should data centers or other large energy users choose to interconnect to the grid, separate studies would be performed to determine if there is adequate transmission system capacity to serve those facilities at their proposed location. The PowerOn Midwest projects are designed to meet expected regional demand, based on the MISO forecast. The projects also provide additional capacity to support future growth, including new residential, commercial, or industrial demand.²

Reliability of the transmission grid is assessed and measured using National Electric Reliability Corporation (NERC) standards. NERC reliability analysis is performed using models which include generation and demand future forecasts. This forecast determines the need for potential transmission upgrades. NERC standards require utilities to develop upgrades if the transmission grid cannot reliably meet energy needs (does not meet NERC standards – referred to as a “violation”). The studies identified 1,313 reliability issues across 102 facilities. The PowerOn Midwest projects are designed to address these issues and improve system reliability.



Frequently asked questions

Q: Was the North Rochester Substation termination for PowerOn Midwest driven by the proposed data center in Pine Island?

A: No. The PowerOn Midwest transmission line connections at the North Rochester Substation would be needed regardless of the Pine Island data center project.

The North Rochester Substation is a critical component in serving the region with reliable electric service, and is essentially an electric hub connecting much of southern Minnesota and beyond, including Rochester, the Twin Cities, Mankato, and Western Wisconsin. The substation is an 'on and off ramp' for power to flow to and from destinations well beyond North Rochester.

Several regional transmission projects, going back to the early 2000s, have connected to the North Rochester Substation due to its critical location in serving customers throughout Minnesota and the surrounding region.

Q: Will data centers increase my electricity rates?

A: The Minnesota Public Utilities Commission recently approved a new tariff for Xcel Energy that is specifically for large load customers, like data centers. The new tariff requires that all incremental costs, including transmission improvements and additional generation resources, caused by adding a new large load to the company's system, are paid for by the new large load customer. Xcel Energy is the only one of the three Applicants that directly serves retail customers. Great River Energy and ITC Midwest do not serve end customers and therefore do not have retail rates.

Q: Why didn't MISO's demand forecast include data centers?

A: Planning models are extremely detailed and take many years to build and analyze. The demand forecast used in the PowerOn Midwest analysis was finalized in 2023.³ The 2023 MISO demand forecast included significant growth due primarily to electrification in homes and businesses, and advanced manufacturing. Demand growth from data centers was not included because during that analysis, the scope of data center expansion was not clear. Data center discussions were just beginning and the PowerOn Midwest projects, and others in the region, were determined to be needed regardless of whether data center development occurred.

Additionally, there is uncertainty on how much data centers will be served by their own on-site generation versus pulling power from the grid. Today, there's more clarity into data center potential. MISO's next round of models which are expected to be released in late 2026, forecast that the expansion of data center load will raise MISO's energy demand by 149-241 TWh by 2044 – for context, MISO's current demand is 656 TWh.⁴

Endnotes

- ¹ E.g., a signed electric service agreement or equivalent.
- ² Section 6.6.1 CON
- ³ https://cdn.misoenergy.org/Series1A_Futures_Report630735.pdf
- ⁴ Futures Redesign Assumptions Book – May 2026 Update756695.pdf – Page 5 – Referenced on May 16, 2026