English articles

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*This page will be updated on **Mondays**. The first article is aimed at a B1 and upwards level and the second article is aimed at a B2 and upwards level*

Articles of the week

European Central Bank leaves rates unchanged as economy weathers Trump's tariffs

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By DAVID McHUGH AP Business Writer

FRANKFURT, Germany (AP) — The European Central Bank left interest rates unchanged Thursday with inflation back under control and the economy weathering Trump's tariff onslaught better than expected.

The bank's rate-setting council left its benchmark deposit rate unchanged at 2% at a meeting at its skyscraper headquarters in Frankfurt.

The focus in Europe has shifted to the fiscal crisis in France and any possible role for the ECB in containing potential market turmoil that could erupt from the country's out-of-control deficit and political logjam.

Bank President Christine Lagarde said after the rate decision that monetary policy was “in a good place” and that decisions are being made “meeting by meeting,” She gave no hint of future moves, saying the bank is “not on a predetermined path.”

The ECB is standing pat on interest rates even as the US Federal Reserve has held the door open for a possible cut at its Sept. 17 meeting.

The 20 countries that use the euro currency — and where the ECB sets rate policy — showed 0.1% growth in the second quarter over the quarter before, not great but not sliding into outright recession either despite the disruption from U.S. President Donald Trump's new and higher tariffs. The S&P Global survey of purchasing managers, a key indicator of economic activity, came in at 51 in August, with readings over 50 indicating expansion.

The EU's executive commission calmed the mood somewhat by negotiating a 15% ceiling on US tariffs, or import taxes, on European goods brought into the US. While that's far higher than pre-Trump tariff levels, Trump had threatened even higher rates and the deal gives some certainty that trade will continue, albeit with higher costs.

“Trade uncertainty has clearly diminished,” Lagarde said.

The ECB's deposit rate influences borrowing costs throughout the economy. The ECB raised rates sharply to combat a burst of inflation in 2021-23, and has since lowered them as inflation came back under control and concerns grew about growth. Higher rates fight inflation but can slow growth, while lower rates can stimulate economic activity by making borrowing cheaper for purchases.

Eurozone inflation was 2.1% in August, roughly in line with the bank's target of 2%. With growth holding up, that means there was no great pressure to move rates Thursday. Analysts think another cut is possible in coming months.

Lagarde was asked several times about the French government's fiscal crisis. The French government's bond-market borrowing costs have risen somewhat due to the inability of a divided parliament to tackle the large deficit, which was 5.8% of GDP last year. In case of a full-blown market panic that sends rates higher, the ECB could intervene to purchase French bonds and drive down borrowing costs. But that's only possible for countries that are obeying the EU's rules on limiting debt or are moving to comply, which France at this point is not.

Lagarde said the ECB's emergency bond market backstop, dubbed the transmission protection instrument, was not discussed at the meeting and that the broader European bond market was functioning normally.

“I'm not commenting on any particular country, but suffice to say that we always monitor market developments and euro area sovereign bonds are orderly and are functioning smoothly with good liquidity,” she said.

Analysts say the challenge for Lagarde is to avoid suggesting the ECB would bail out politicians who won't manage the government's finances properly, while not taking such a hard line that she

unsettles bond markets.

US electric grids under pressure from energy-hungry data centers are changing strategy

By MARC LEVY Associated Press

HARRISBURG, Pa. (AP) — With the explosive growth of Big Tech's data centers threatening to overload U.S. electricity grids, policymakers are taking a hard look at a tough-love solution: bumping the energy-hungry data centers off grids during power emergencies.

Texas moved first, as state lawmakers try to protect residents in the data-center hotspot from another deadly blackout, like the winter storm in 2021 when dozens died.

Now the concept is emerging in the 13-state mid-Atlantic grid and elsewhere as massive data centers are coming online faster than power plants can be built and connected to grids. That has elicited pushback from data centers and Big Tech, for whom a steady power supply is vital.

Like many other states, Texas wants to attract data centers as an economic boon, but it faces the challenge of meeting the huge volumes of electricity the centers demand. Lawmakers there passed a bill in June that, among other things, orders up standards for power emergencies when utilities must disconnect big electric users.

That, in theory, would save enough electricity to avoid a broad blackout on the handful of days during the year when it is hottest or coldest and power consumption pushes grids to their limits or beyond.

Texas was first, but it won't be the last, analysts say, now that the late 2022 debut of OpenAI's ChatGPT ignited worldwide demand for chatbots and other generative AI products that typically require large amounts of computing power to train and operate.

“We're going to see that kind of thing pop up everywhere,” said Michael Webber, a University of Texas engineering professor who specializes in energy. “Data center flexibility will be expected, required, encouraged, mandated, whatever it is.”

Data centers are threatening grids

That's because grids can't keep up with the fast-growing number of data center projects unfolding in Texas and perhaps 20 other states as the U.S. competes in a race against China for artificial

intelligence superiority.

Grid operators in Texas, the Great Plains states and the mid-Atlantic region have produced eye-popping projections showing that electricity demand in the coming years will spike, largely due to data centers.

A proposal similar to Texas' has emerged from the nation's biggest grid operator, PJM Interconnection, which runs the mid-Atlantic grid that serves 65 million people and data-center hotspots in Virginia, Ohio and Pennsylvania.

The CEO of the Southwest Power Pool, which operates the grid that serves 18 million people primarily in Kansas, Oklahoma and other Great Plains states, said it has no choice but to expand power-reduction programs — likely for the biggest power users — to meet growing demand.

The proposals are cropping up at a time when electricity bills nationally are rising fast — twice the rate of inflation, according to federal data — and growing evidence suggests that the bills of some regular Americans are rising to subsidize the gargantuan energy needs of Big Tech.

Analysts say power plant construction cannot keep up with the growth of data center demand, and that something must change.

“Data center load has the potential to overwhelm the grid, and I think it is on its way to doing that,” said Joe Bowring, who heads Monitoring Analytics, the independent market watchdog in the mid-Atlantic grid.

Data centers might have to adjust

Big Tech is trying to make their data centers more energy efficient. They are also installing backup generators, typically fueled by diesel, to ensure an uninterrupted power supply if there's a power outage.

Data center operators, however, say they hadn't anticipated needing that backup power supply to help grid operators meet demand and are closely watching how utility regulators in Texas write the regulations.

The Data Center Coalition, which represents Big Tech companies and data center developers, wants the standards to be flexible, since some data centers may not be able to switch to backup power as easily or as quickly as others.

The grid operator also should balance that system with financial rewards for data centers that voluntarily shut down during emergencies, said Dan Diorio of the Data Center Coalition.

Nation's largest grid operator has a proposal

PJM's just-released proposal revolves around a concept in which proposed data centers may not be guaranteed to receive electricity during a power emergency.

That's caused a stir among power plant owners and the tech industry.

Many questioned PJM's legal authority to enforce it or warned of destabilizing energy markets and states scaring off investors and developers with uncertainty and risk.

“This is particularly concerning given that states within PJM's footprint actively compete with other

U.S. regions for data center and digital infrastructure investment," the Digital Power Network, a group of Bitcoin miners and data center developers, said in written comments to PJM.

The governors of Pennsylvania, New Jersey, Illinois and Maryland said they worried that it's too unpredictable to provide a permanent solution and that it should at least be accompanied by incentives for data centers to build new power sources and voluntarily reduce electricity use.

Others, including consumer advocates, warned that it won't lower electric bills and that PJM should instead pursue a "bring your own generation" requirement for data centers to, in essence, build their own power source.

A deal is shrouded in secrecy

In Indiana, Google took a voluntary route.

Last month, the electric utility, Indiana & Michigan Power, and the tech giant filed a power-supply contract with Indiana regulators for a proposed $2 billion data center planned in Fort Wayne in which Google agreed to reduce electricity use there when the grid is stressed. The data center would, it said, reduce electricity use by delaying non-urgent tasks to when the electric grid is under less stress.

However, important details are being kept from the public and Ben Inskeep of the Citizens Action Coalition, a consumer advocacy group, said that leaves it unclear how valuable the arrangement really is, if at all.

A new way of thinking about electricity

To an extent, bumping big users off the grid during high-demand periods presents a new approach to electricity.

It could save money for regular ratepayers, since power is most expensive during peak usage periods.

Abe Silverman, an energy researcher at Johns Hopkins University, said that data centers can and do use all the electricity they want on most days.

But taking data centers off the grid for those handful of hours during the most extreme heat or cold would mean not having to spend billions of dollars to build a bunch of power plants, he said.

"And the question is, is that worth it? Is it worth it for society to build those 10 new power plants just to serve the data centers for five hours a year?" Silverman said. "Or is there a better way to do it?"

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