

U.S. Retail Electricity Price Trends

Factors Impact Power System Costs

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Electricity rates are suddenly an election-defining issue

“Over the past few years, millions of Americans have seen their electricity bills skyrocket.”

Washington Post, January 15, 2026

“Discontent over rising power bills has become a hot political issue that is expected to spill into the 2026 midterm elections.”

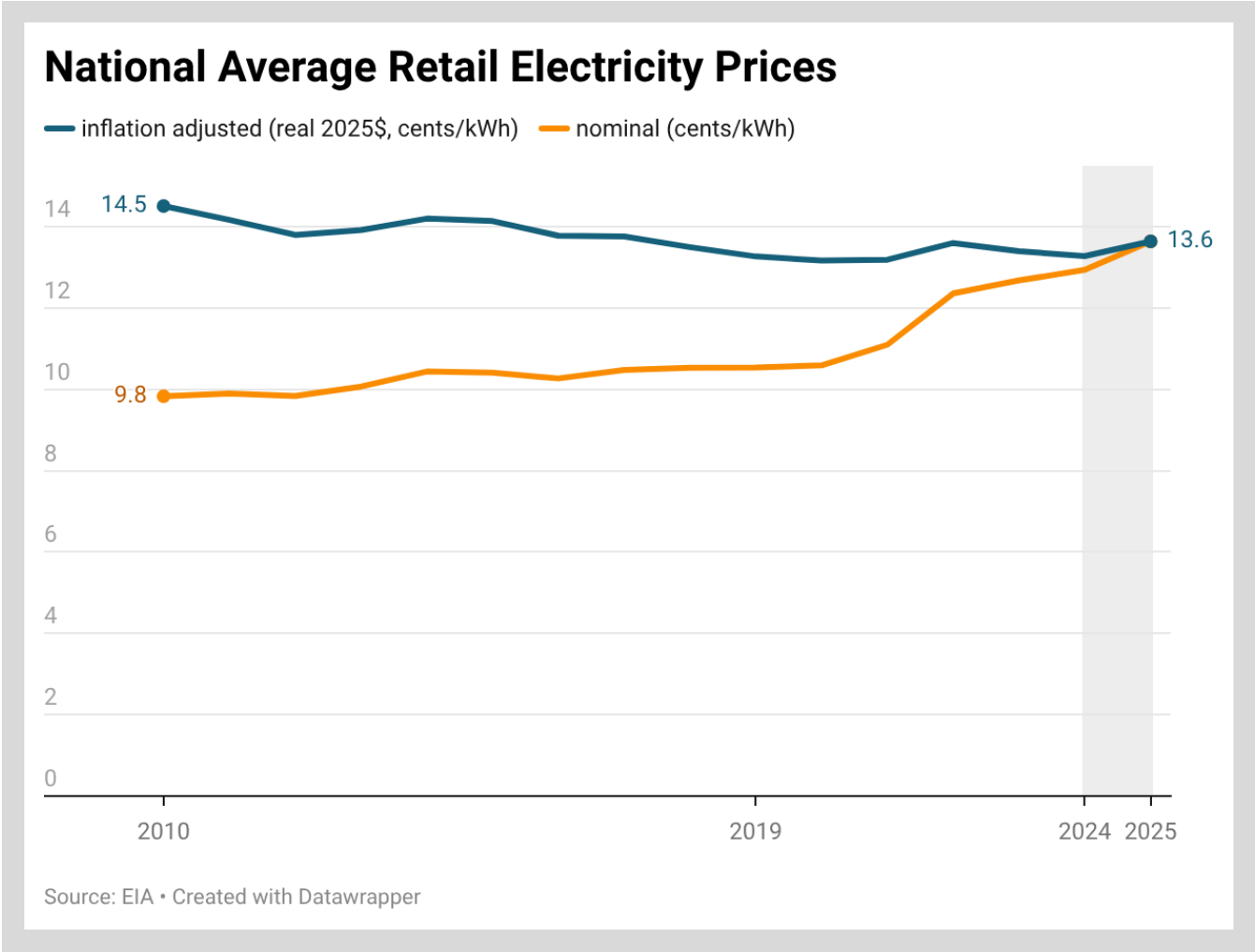
Wall Street Journal, December 29, 2025

“Concern about rising electricity rates has emerged as a leading economic and political issue. Rising electricity prices played a big role in recent elections, including statewide races in Georgia, New Jersey and Virginia.”

New York Times, December 16, 2025



Retail prices are up, but have tracked inflation (on average)

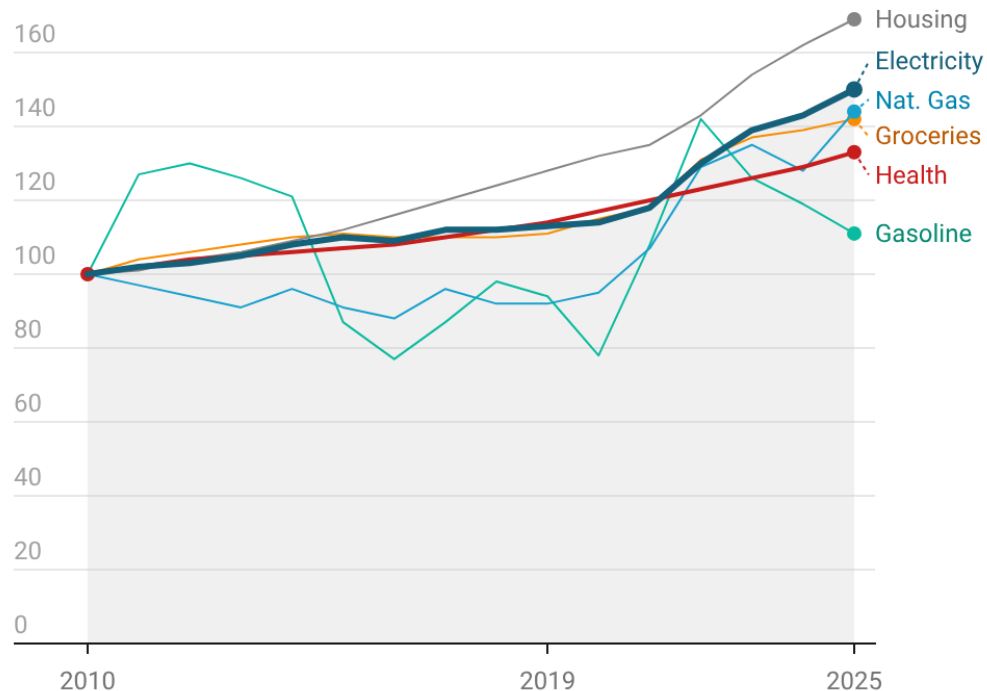


Notes: Represents the “all-in” price, equivalent to total customer bills (including volumetric, demand, and fixed charges) divided by total retail electricity sales, and covers all costs associated with the provision of retail service (generation + transmission + distribution).

Electricity cost as household expenditure is increasing, though decreasing as a share of personal expenditures

Indexed Prices of Household Expenditures

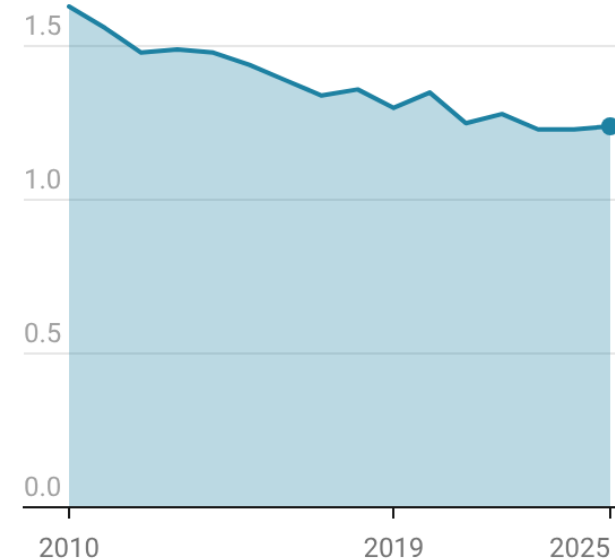
Nominal price index relative to prices and expenditures in 2010



Source: EIA, BEA • Created with Datawrapper

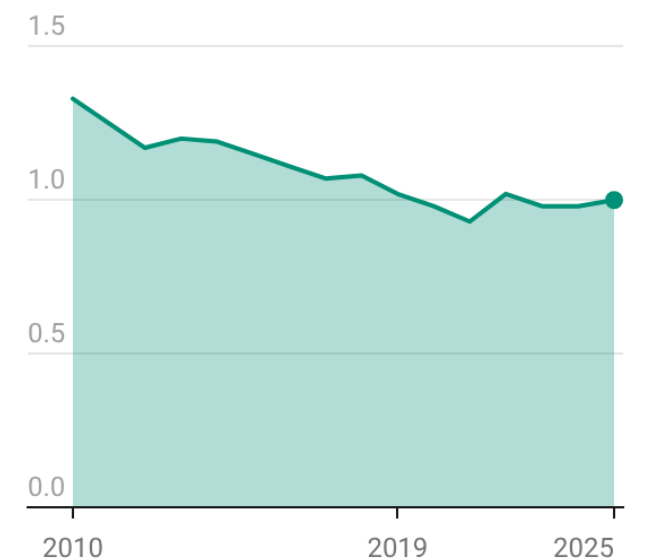
Residential Electricity Costs as a Fraction of Personal Consumption Expenditures and Personal Income

Residential Electricity Costs as a Percentage of Personal Consumption Expenditures

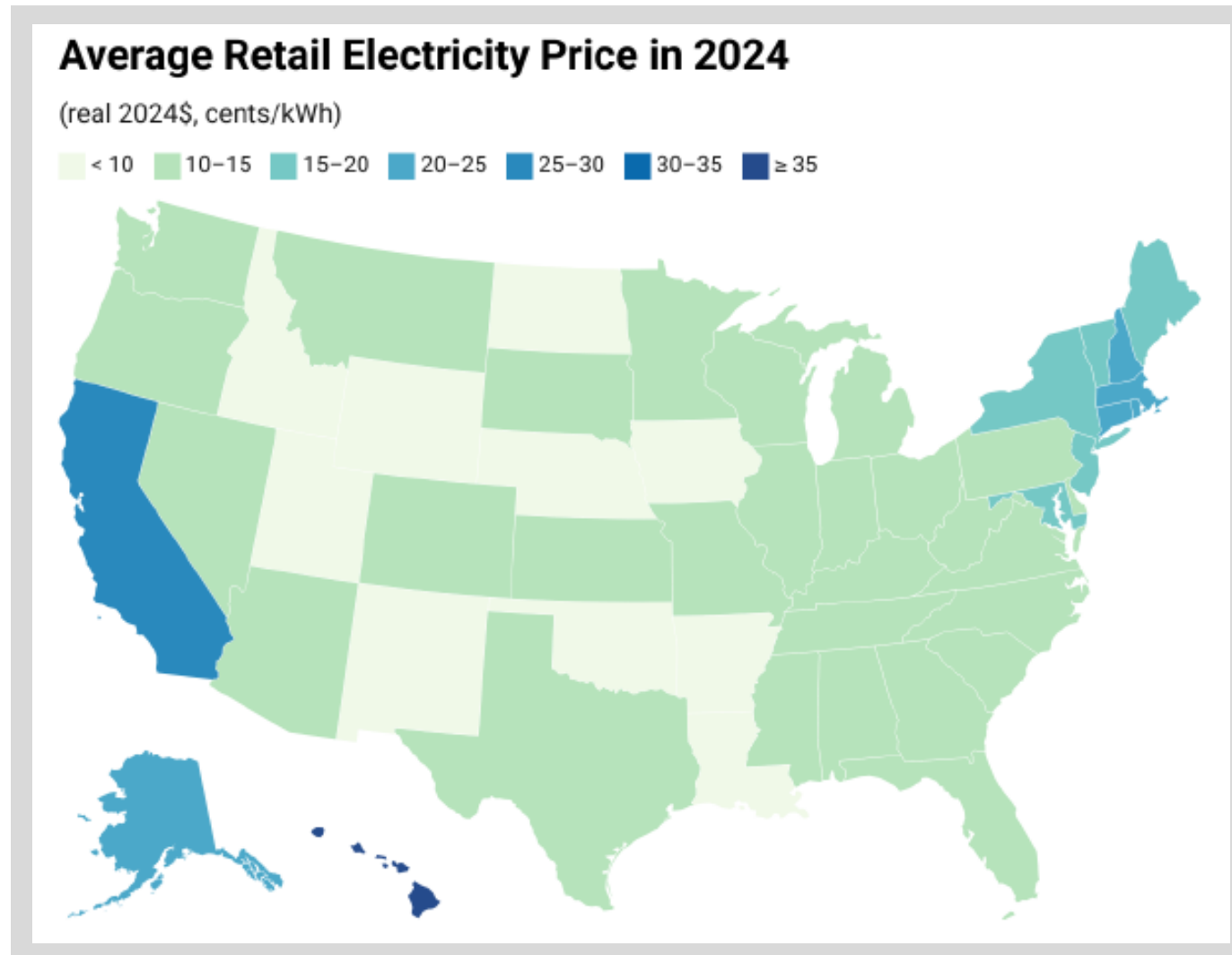


Source: EIA, BEA • Created with Datawrapper

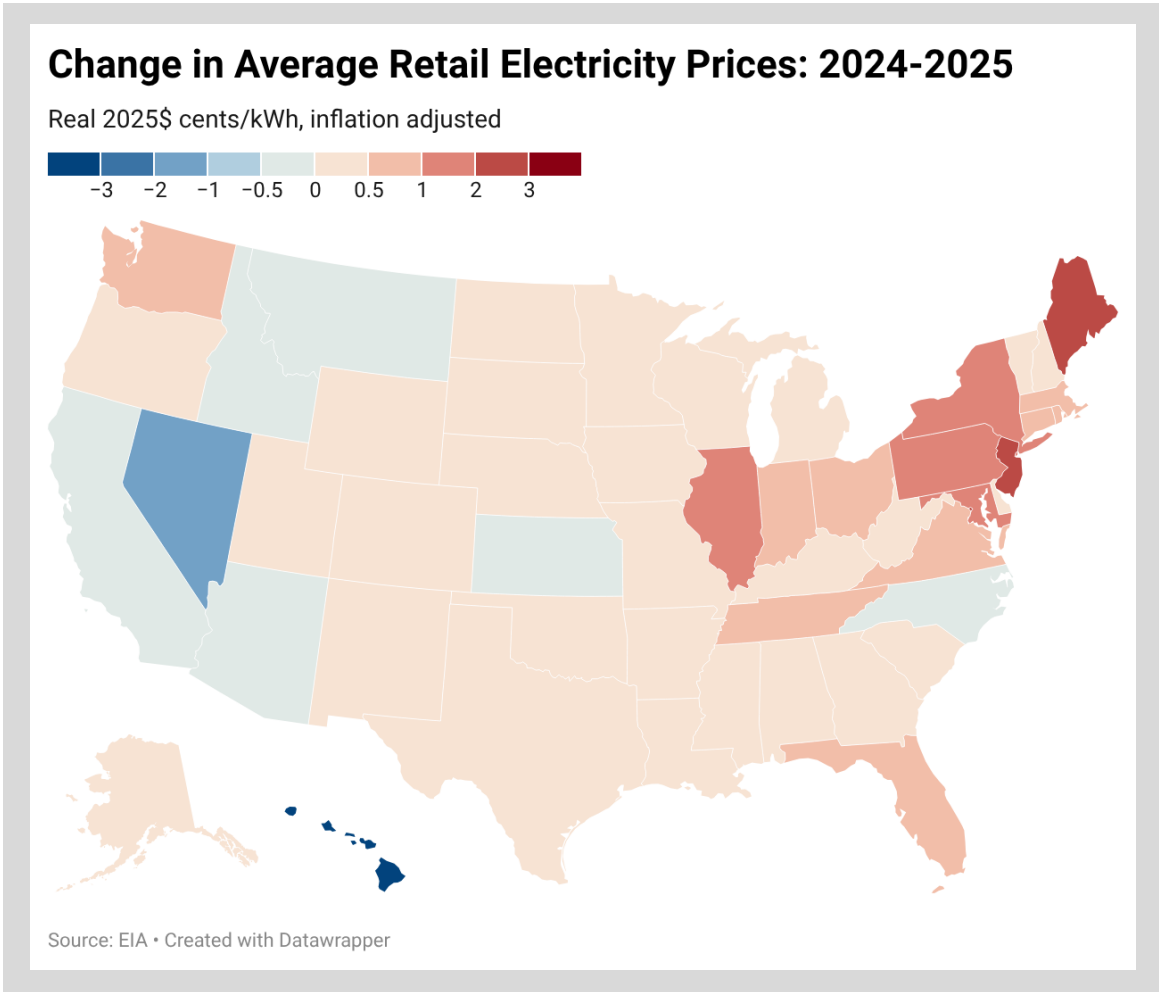
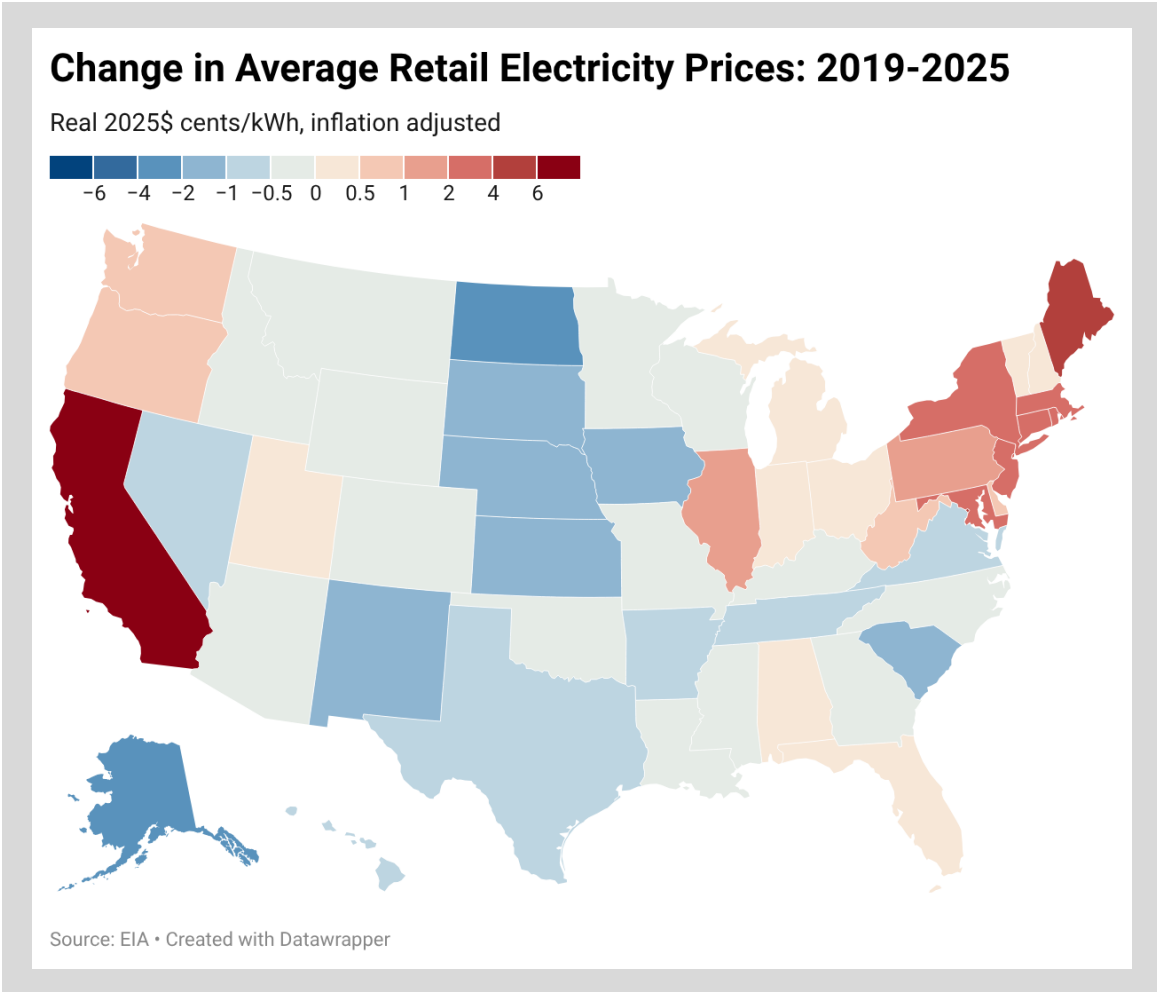
Residential Electricity Costs as a Percentage of Personal Income



Significant price variation across states



Recent price changes varied significantly across states

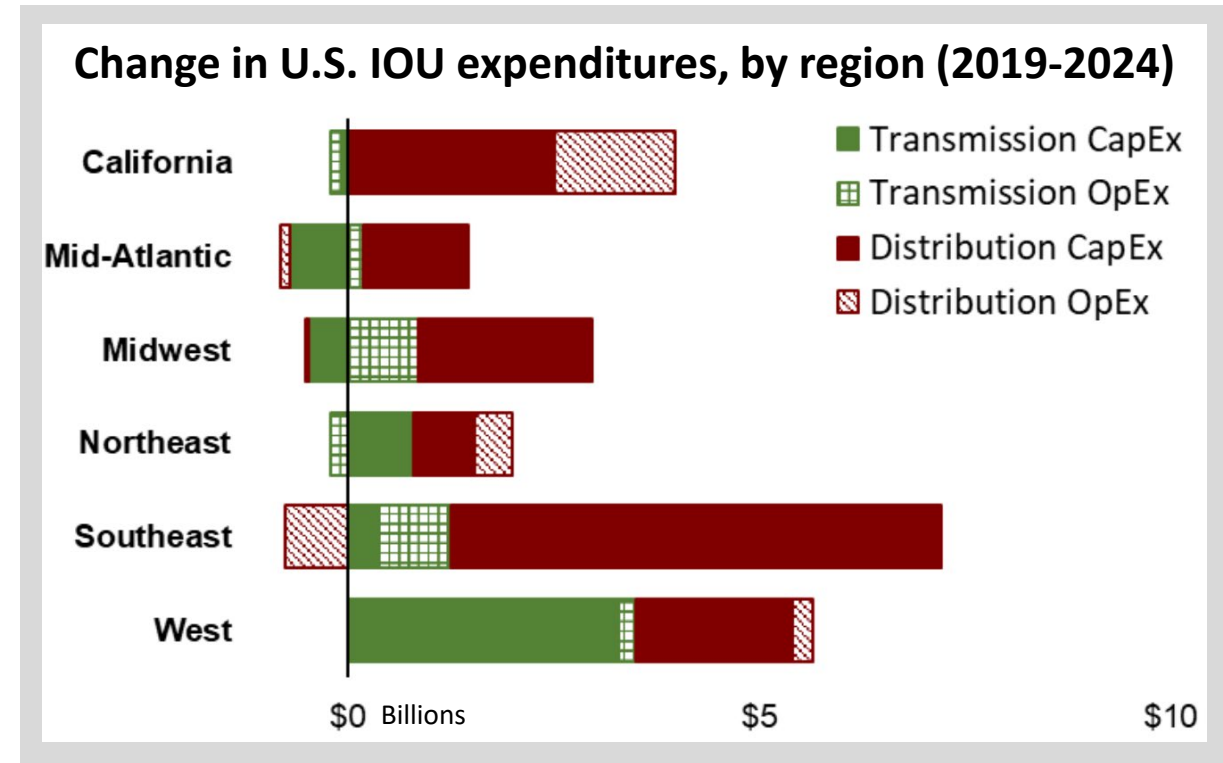
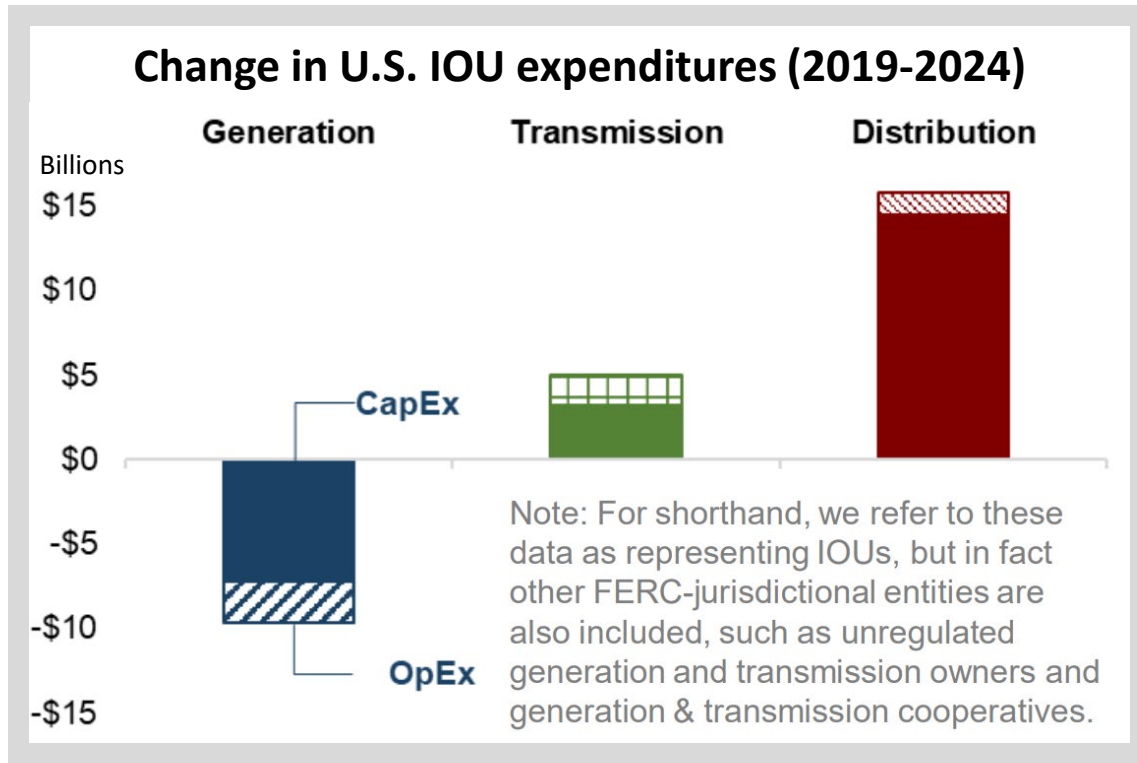


The drivers of price changes are diverse

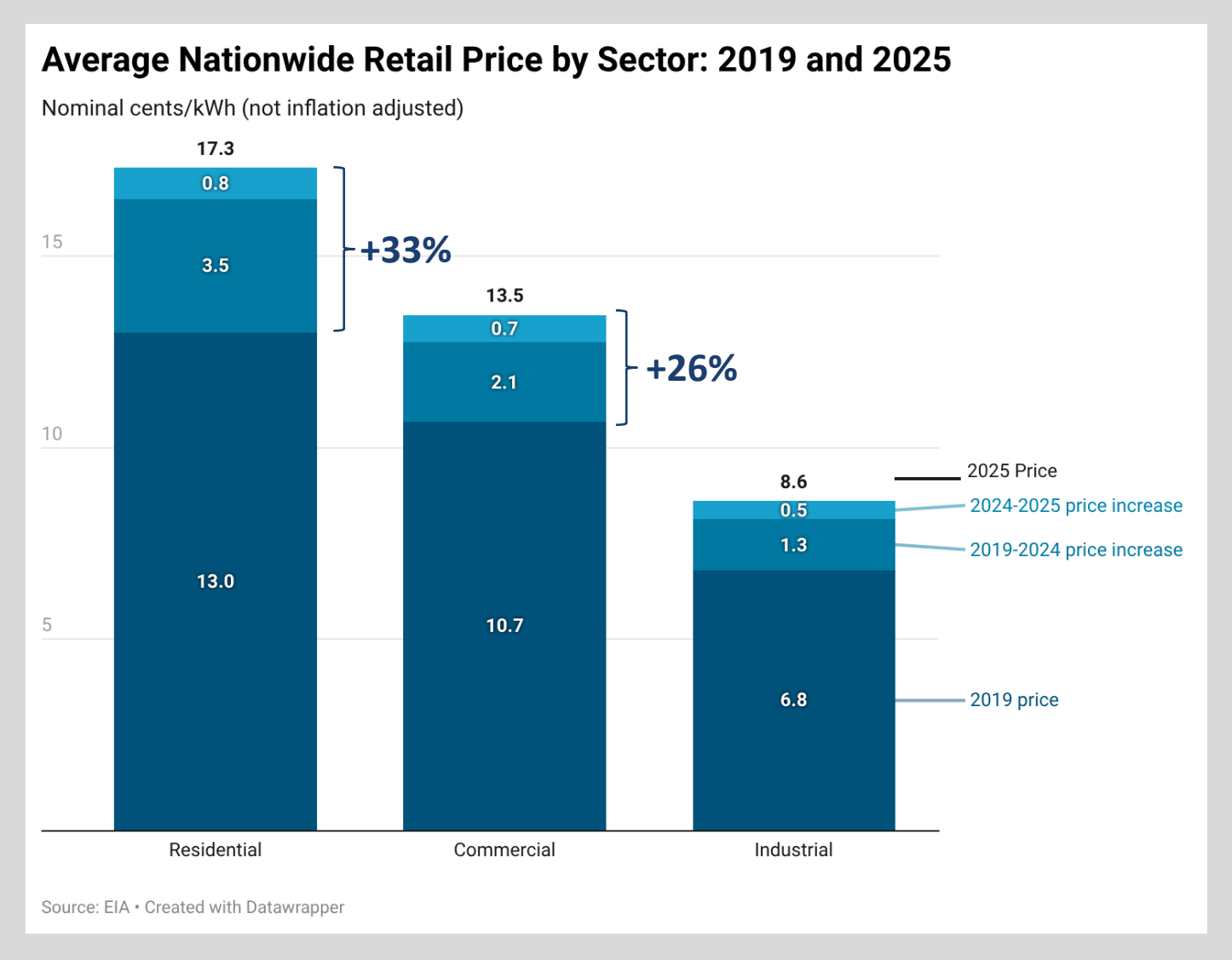
	Impact	Geographic Breadth
Replacement & hardening of aging distribution (and transmission)	 medium	Large
Extreme weather & wildfires: recovery and mitigation	 larger	Medium
Natural gas price variability	  larger	Large
Customer load growth	 medium	Medium
Utility-scale wind & solar (market based)	 medium	Medium
State Renewable Portfolio Standard policies	 medium	Medium
Net energy metered solar	 larger	Small

Source: Wiser et al, [“Factors Influencing Recent Trends in Retail Electricity Prices in the United States”](#), October 2025.

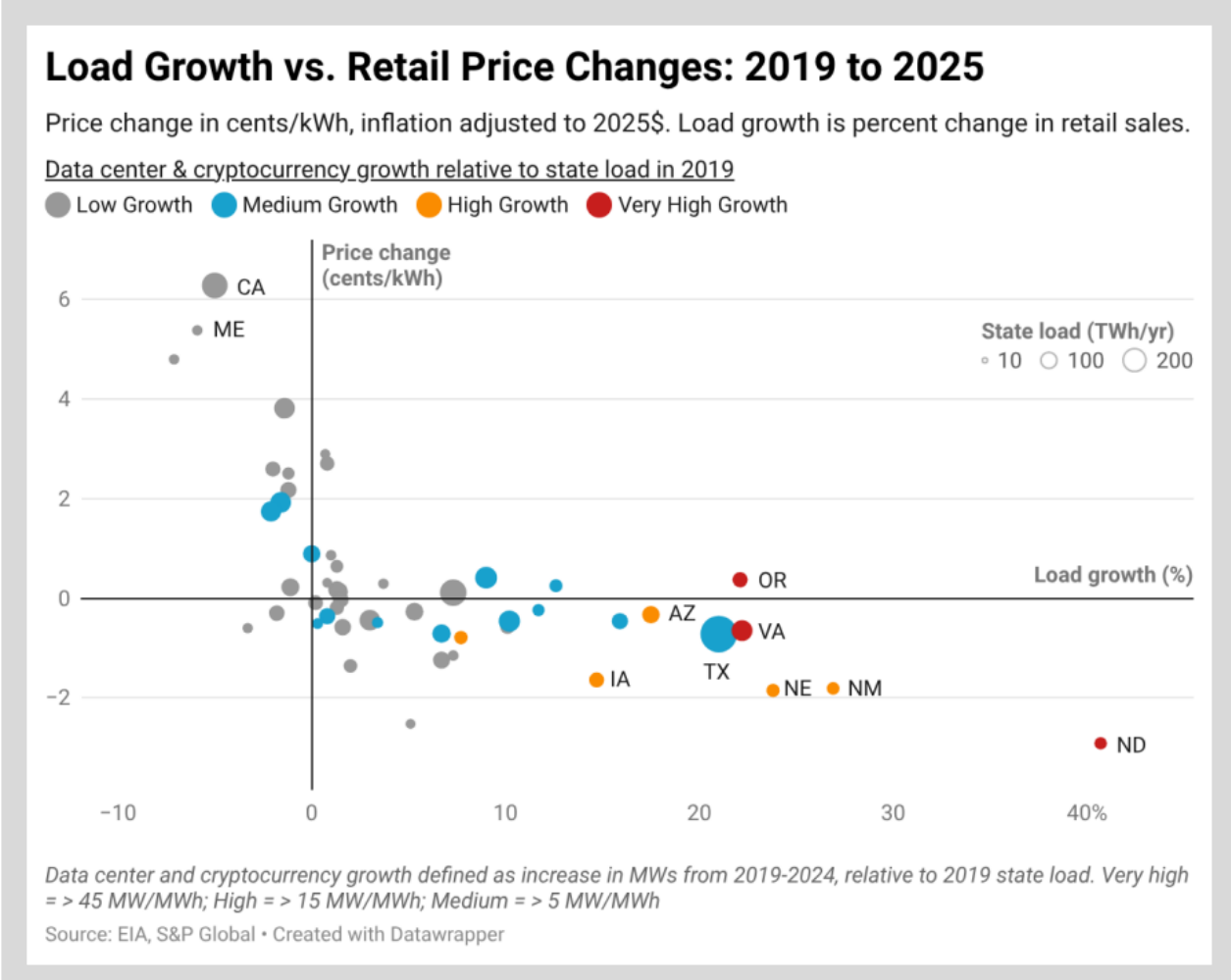
There's no way around it - the grid is aging



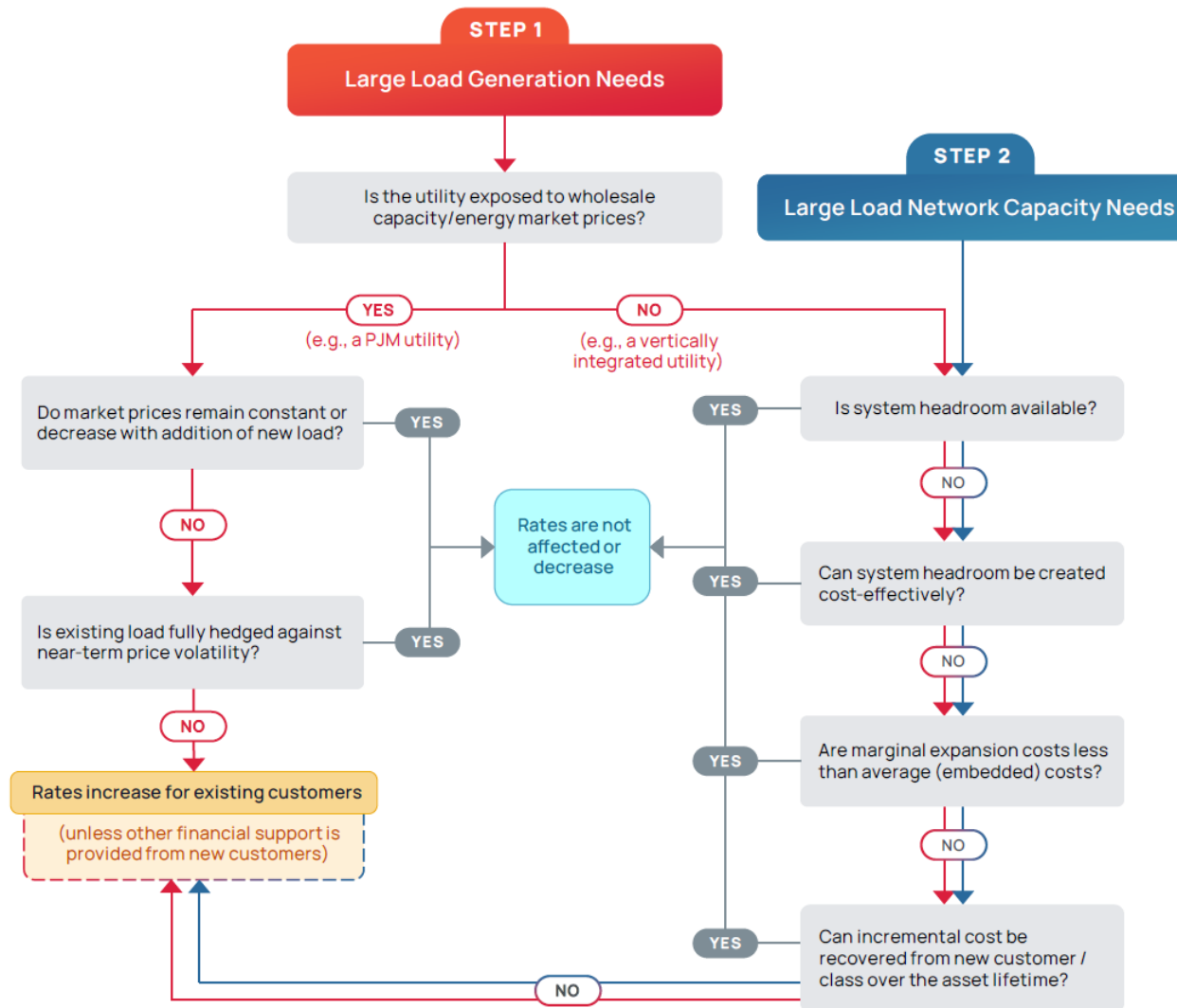
Residential customers may be disproportionately impacted by the rising distribution costs



Load growth *could* put downward pressure on prices



Exact rate impacts of load growth depend on market design, system conditions, and tariff design



Additional factors

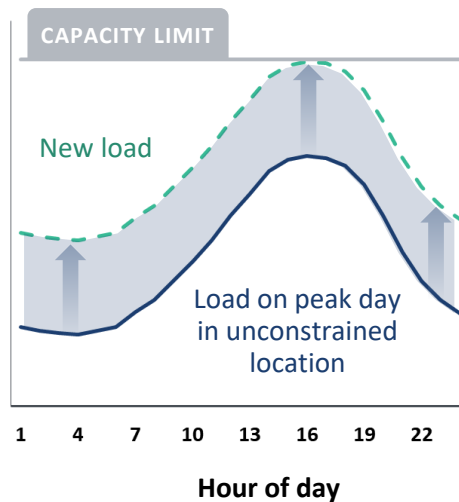
- Load forecast accuracy
- Large load tariffs
- Customer load profile
- Distribution system impacts
- Economic development rates
- Frequency of rate cases
- Multi-year rate plan
- Other load growth

The three ways to improve system utilization

System utilization can be improved by adding new load when and where there is spare capacity. System headroom can be created through flexibility, efficiency, and other cost-effective capacity solutions.

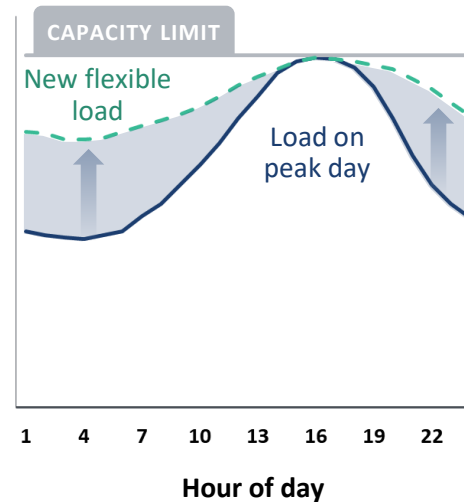
1

Add new load in **locations** where sufficient headroom already exists on the system.



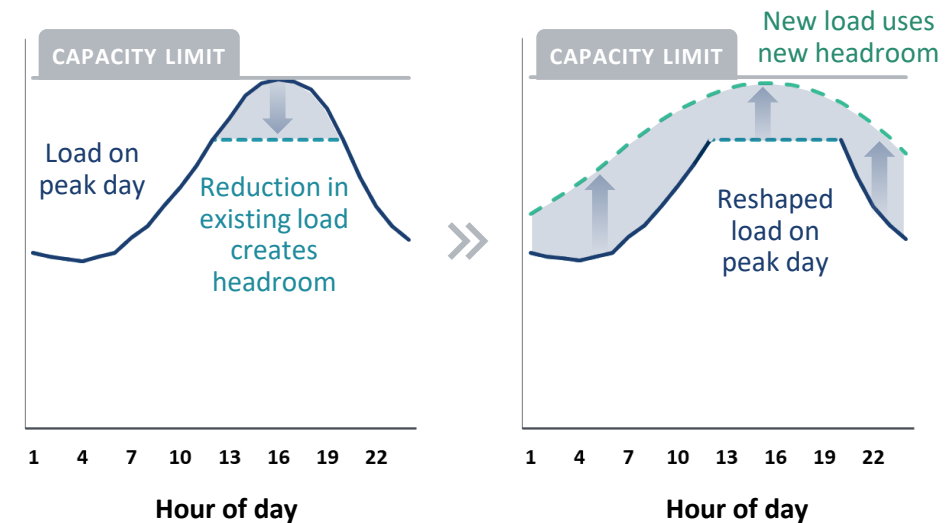
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Add new load at **times** when there is spare capacity. This is possible if the new customers are flexible and/or can self-supply during peak conditions.



3

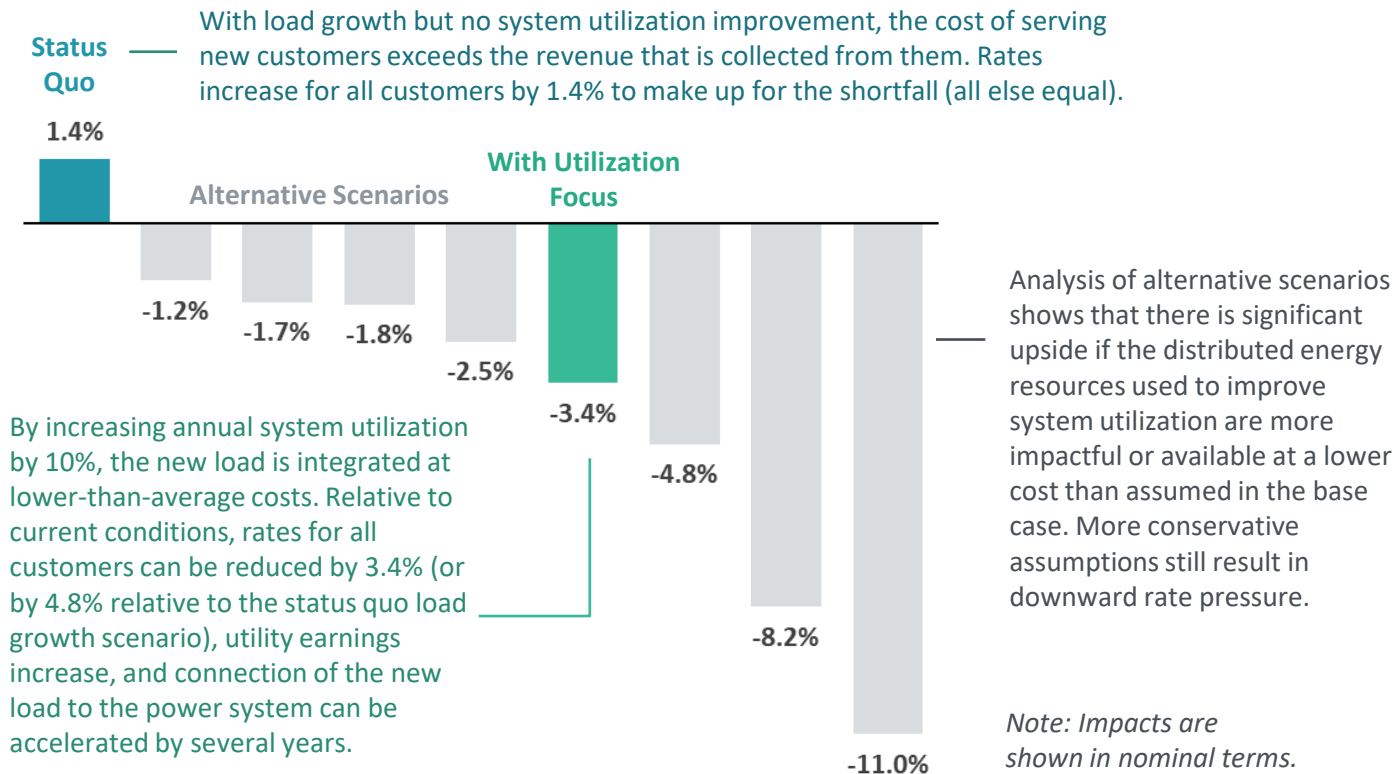
Incentivize technologies and behavioral changes that reduce peak demand of existing load. This creates new headroom on the system, which can then accommodate the addition of new load.



The rate impacts of improved system utilization

Improving system utilization can reduce customer bills and accelerate the connection of new load while still allowing utility earnings to grow relative to current levels, all else equal.

All-in Average Rate Impact Due to Load Growth For various characterizations of the power system



INTERPRETING THE RESULTS

Proof-of-concept. The analysis is a plausible illustration of the benefits of improved system utilization; it is not a comprehensive analysis of all possible utility or market conditions. Tailored, jurisdiction-specific analysis is needed to understand the opportunities for any given system.

Other rate impacts. This study focuses only on the rate impacts associated with load growth and improved system utilization. It does not analyze [other factors](#) that could independently drive rate changes, such as the replacement of aging transmission and distribution (T&D) infrastructure or fluctuations in natural gas prices.

Rate design. The “status quo” analysis assumes existing rates are insufficient to fully recover incremental cost from new load. In practice, [rate design](#) can also be an effective tool for mitigating cost shifts from new loads to existing customers.

Policy implications. This paper quantifies the impact of increased system utilization but does not propose specific policies or programs in this area.

There are tools to mitigate price increases

Solutions		Regulators	Utilities	Grid planners / operators	Governors and Legislators	Others
Maximize the Value of the Existing Power System (Section III)	A. Enable distributed and demand-side resources	✓	✓	✓		Third-party DER aggregators
	B. Enhance rate options	✓	✓		✓	
	C. Utilize GETs, ATTs, and RASs	✓	✓	✓	✓	
	D. Capitalize on transmission upsizing opportunities	✓	✓	✓		
	E. Facilitate interregional trade			✓	✓	
Cost-Effectively Accelerate the Grid Connection of New Loads (Section IV)	A. Enable customer-sponsored generation	✓	✓	✓	✓	
	B. Co-locate new generation and load	✓	✓	✓	✓	Energy park developers
	C. Streamline generator interconnection processes	✓	✓	✓		Transmission owners
Implement Proactive Planning and Procurement Processes to Accelerate the Necessary Investments (Section V)	A. Proactively plan generation and transmission	✓	✓	✓	✓	Power procurement authorities; State energy offices
	B. Reform generator procurement processes	✓	✓	✓	✓	Power procurement authorities; State energy offices
	C. Proactively plan distribution systems	✓	✓			
	D. Improve load interconnection processes	✓	✓		✓	State energy offices
Introduce Targeted Affordability Measures (Section VI)	A. Offer energy efficiency and bill assistance	✓	✓		✓	State energy offices
	B. Implement specialized rates for new large loads	✓	✓		✓	
	C. Explore alternative financing	✓	✓		✓	Private developers

For further discussion, a recent [Brattle report](#) highlights the importance of optimizing grid infrastructure and proactive planning.

Appendix



The price impact of natural disasters comes in two flavors

Preparation...

Rate impacts of wildfire risk mitigation

Utility	State	Equivalent cost impact (cents/kWh)
PG&E	CA	7.0
SDG&E	CA	3.0
SCE	CA	2.6
KIUC	HI	1.7
Hawaii Electric	HI	1.5
PSCo	CO	1.4
Rocky Mountain Power	UT	0.8
Pacific Power	OR	0.7
Rocky Mountain Power	WY	0.6
PGE	OR	0.6
AEP Texas	TX	0.5
Northwestern	MT	0.5
APS	AZ	0.4
Idaho Power	ID	0.3
Avista	WA	0.2
Nevada Power-North	NV	0.2
Oncor	TX	0.2
Nevada Power-South	NV	0.2
PNM	NM	0.1
PSE	WA	0.1
SPS	TX	0.1

...and recovery

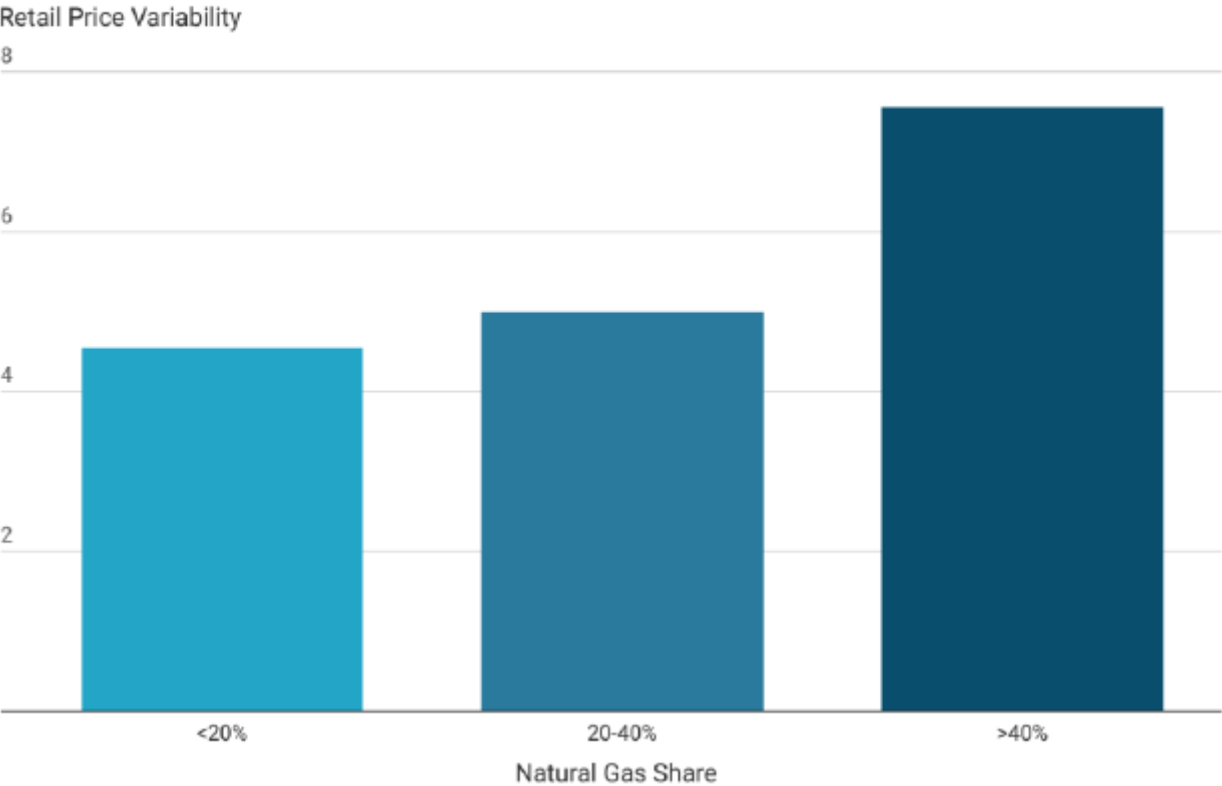
Rate impacts of storm recovery

Utility	State	Year	Duration	Price impact (cents/kWh)	Normalized 1-year cost (cents/kWh)
Duke Energy Florida	FL	2025	1-year	3.2	3.2
Central Maine Power	ME	2025	2-years	2.4	3.1
Tampa Electric Company	FL	2025	1.5-years	2.0	3.0
Entergy Louisiana	LA	2025	15-years	1.4	20.0
Florida Power & Light	FL	2025	1-year	1.2	1.2
Eversource	CT	proposed	6-years	1.1	6.4
NYSEG	NY	2025	6-11 years	1.1	9.6
Central Florida Electric Coop.	FL	2025	temporary	0.9	1.4
SWEPCO	LA	2025	14-years	0.6	9.0
Duke Energy Progress	SC	2025	20-years	0.5	10.0
Oncor	TX	proposed	long-term	0.5	0.6
Duke Energy Carolinas	LA	2022	9-20 years	0.5	7.6
Centerpoint	TX	2025/proposed	15-years	0.3	3.8
Duke Energy Progress	NC	2022	20-years	0.2	4.9
Entergy Texas	TX	2022	15-years	0.2	3.4
PSE&G	NJ	2025	long-term	0.2	0.4
Portland General Electric	OR	2023	7-years	0.1	0.8
Duke Energy Carolinas	NC	2022	20-years	0.1	1.0

Natural gas dependence drives price variability

Natural Gas Share vs. Retail Price Variability: 2010-2024

Retail electricity price variability calculated as state-average coefficient of variation of annual prices from 2010- 2024. Natural gas share presented as average state share of total generation over same period.



Source: EIA • Created with Datawrapper

Single largest driver of price increases nationally in past year.

How do customers perceive price variability?

The impact of renewables is multi-faceted

Market-based renewables procurement

- Slight **downward** rate pressure due to low-cost energy, resource diversity
- Integration costs do not appear to drive rate increases

RPS requirements

- Modest **upward** rate pressure due to cost premium of out-of-market purchases
- Deliberate investment to avoid greater cost of climate change
- Policy requirements can indirectly drive technology cost declines
- State variability depending on whether requirement is binding

Net Energy Metering

- Modest **upward** rate pressure due to recovering fixed costs over reduced sales base
- Mostly a factor in states with significant rooftop solar adoption
- NEM reform increasingly addressing this cost-shift