U.S. Retail Electricity Price Trends

PRESENTED BY

Ryan Hledik

PNUCC BOARD MEETING

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Brattle

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

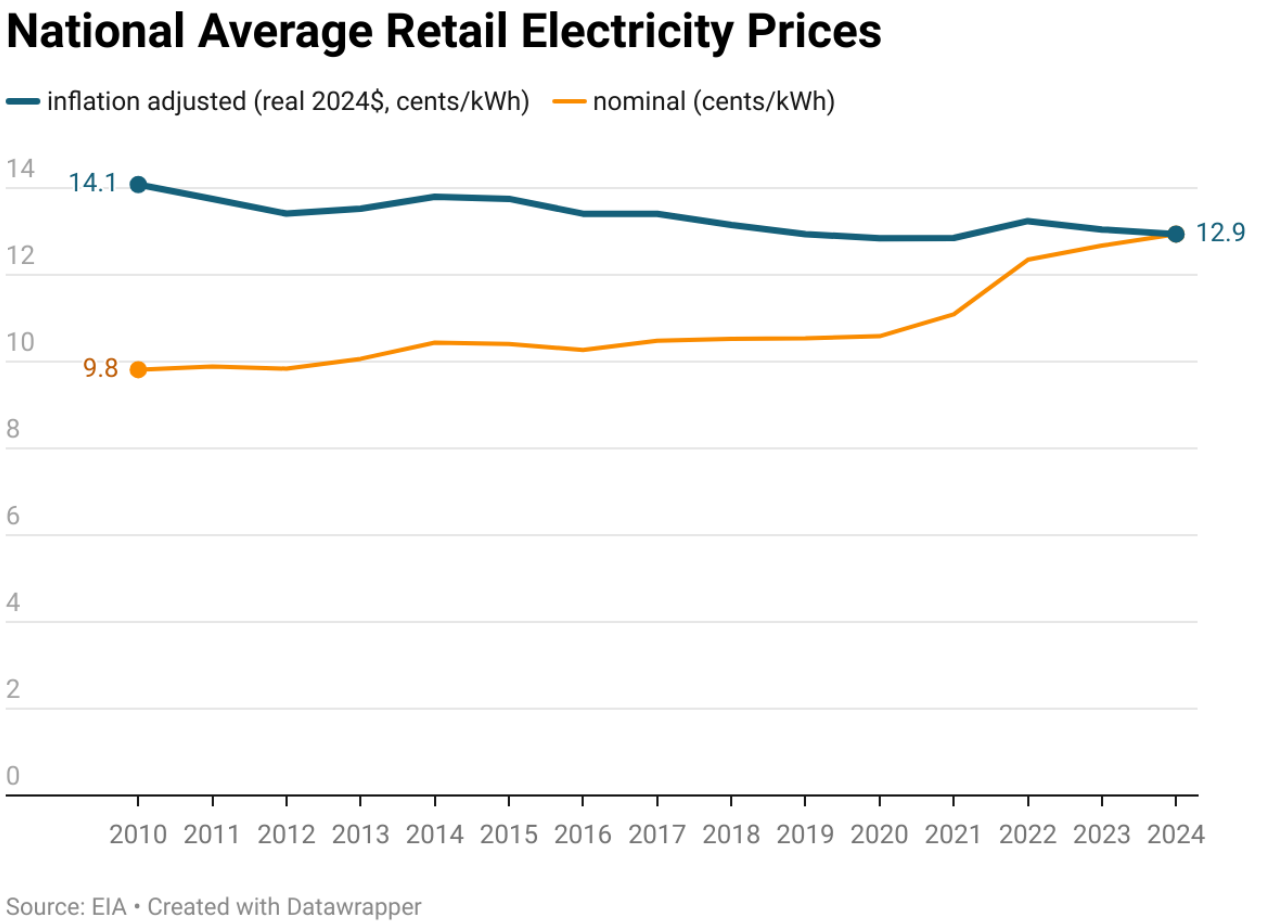
“Discontent over rising power bills has become a hot political issue that is expected to spill into the 2026 midterm elections.”

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

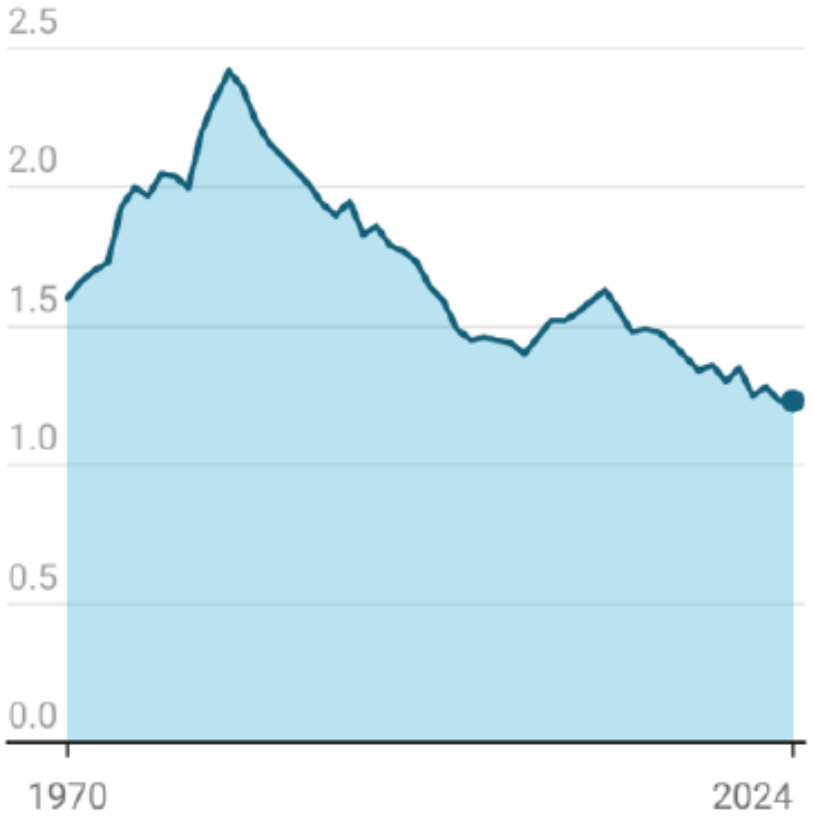
Retail prices are up, but have tracked inflation (on average)



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).
Source: Wiser et al, "Factors Influencing Recent Trends in Retail Electricity Prices in the United States, October 2025.

Electricity costs have decreased as a share of personal expenditures

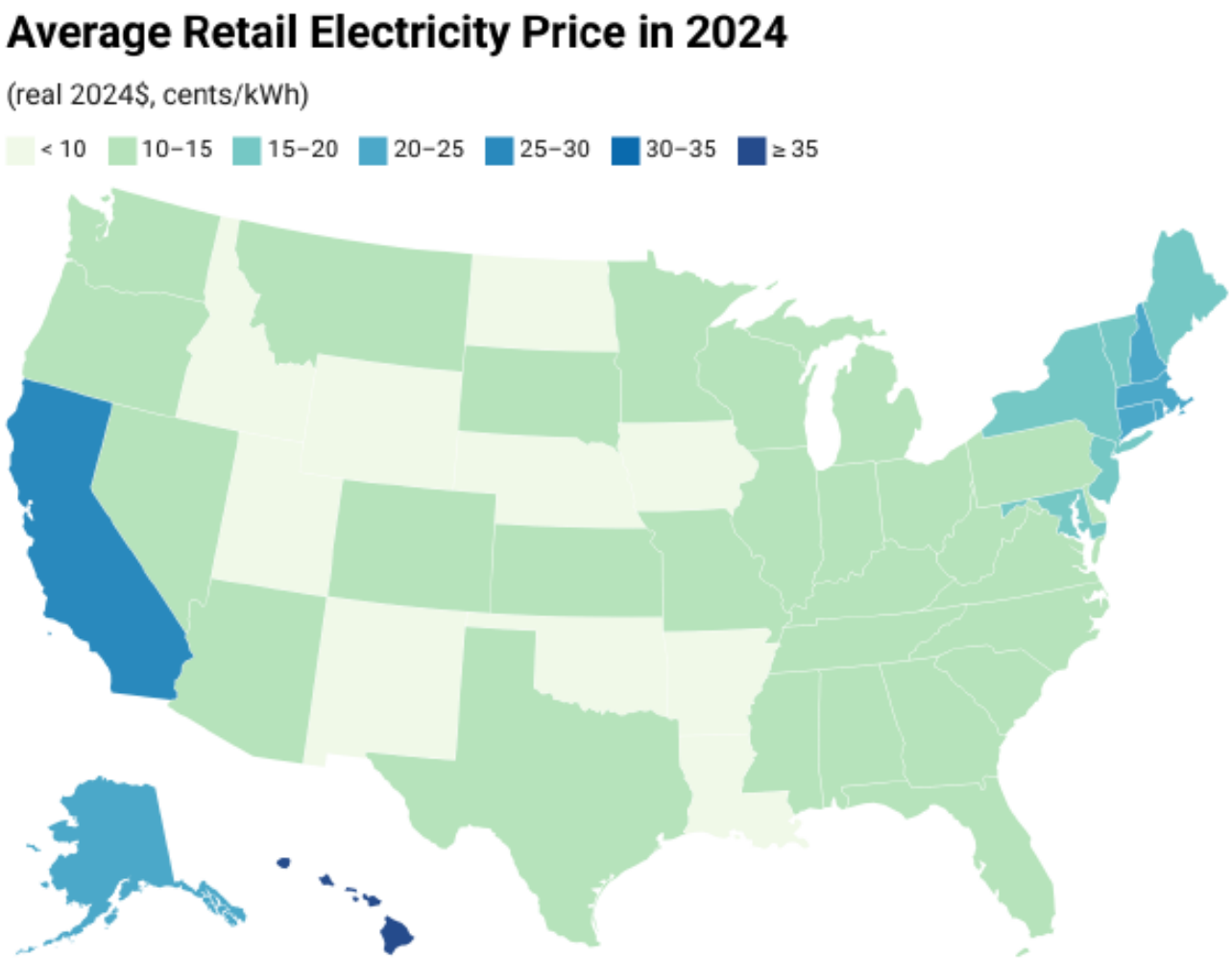
Residential electricity costs as a percentage of personal consumption expenditures



Source: Wiser et al, "Factors Influencing Recent Trends in Retail Electricity Prices in the United States, October 2025.

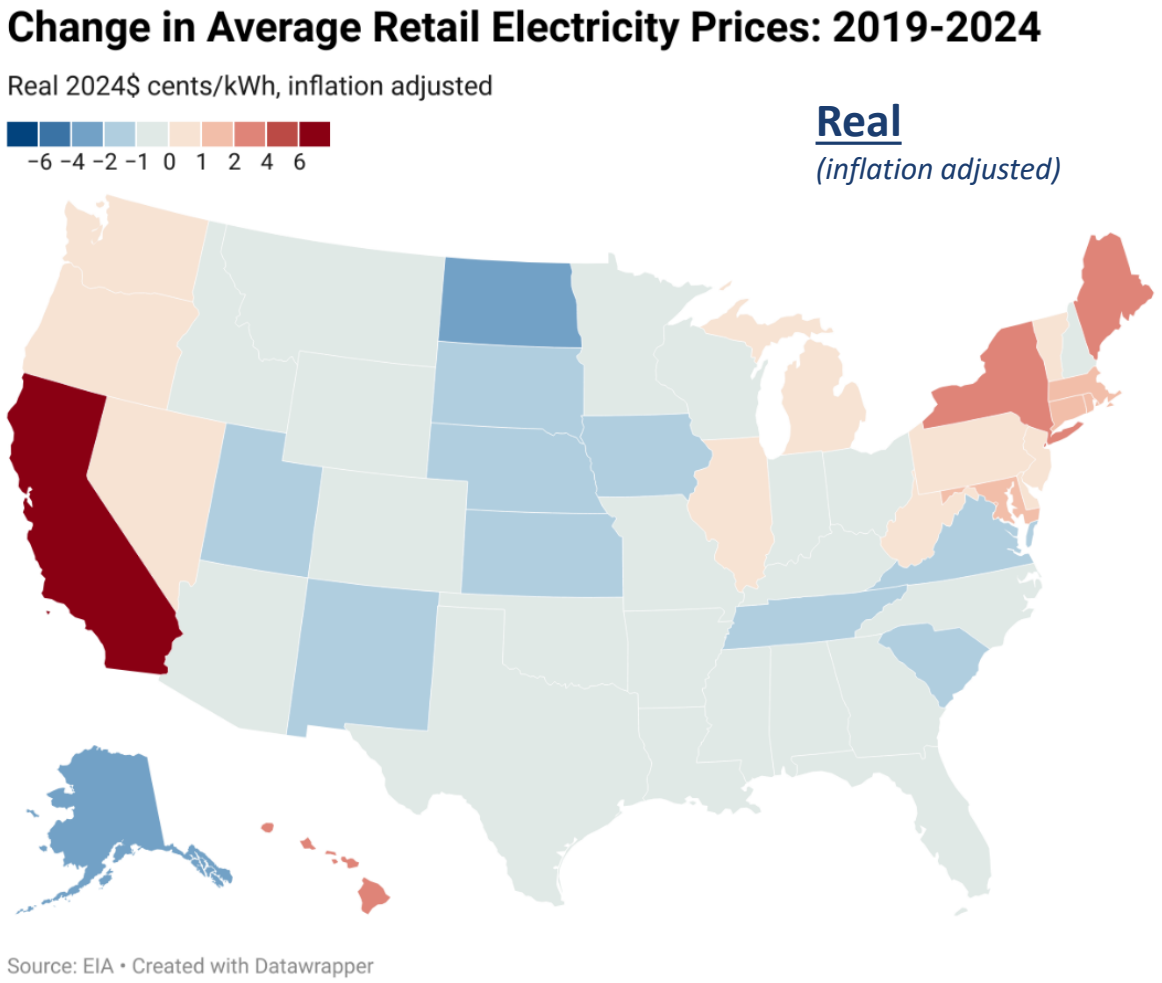
However, some metrics indicate that energy affordability concerns have increased for a portion of the population.

Rates in the Pacific Northwest are still competitive



Recent price changes varied significantly across states

Northwest prices growing faster than national average



Source: Wiser et al, "Factors Influencing Recent Trends in Retail Electricity Prices in the United States, October 2025.

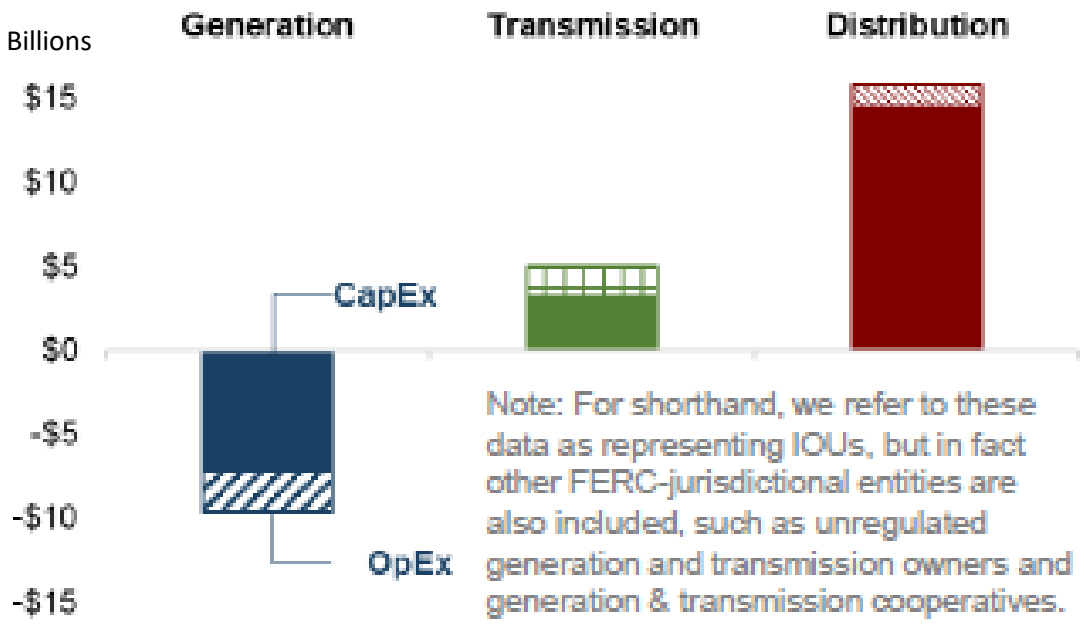
The drivers of price changes are diverse

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

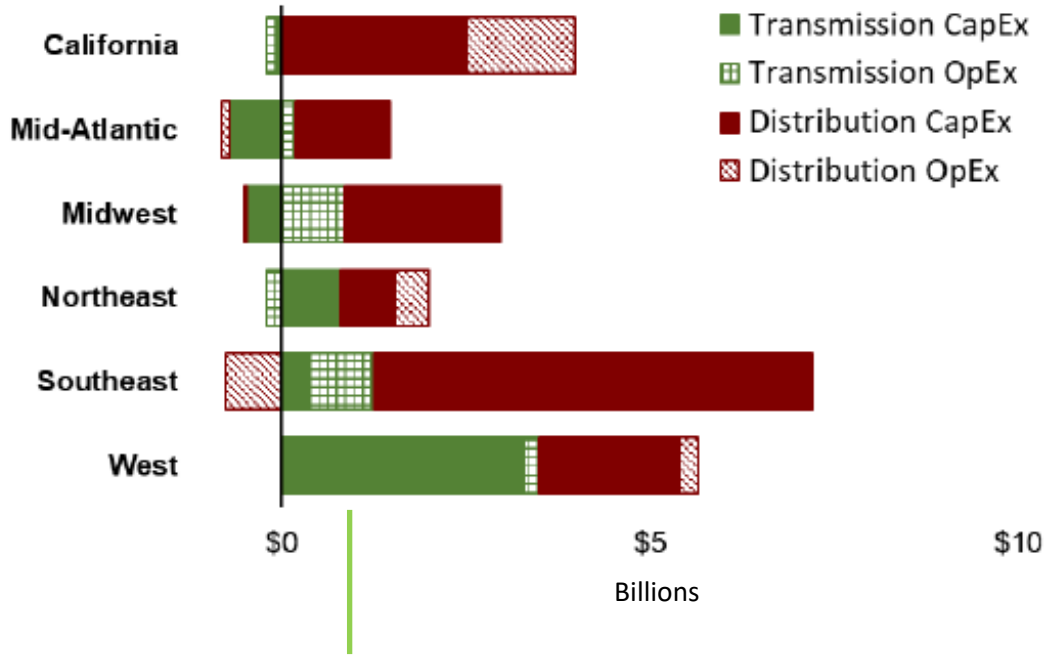
Source: Wiser et al, "Factors Influencing Recent Trends in Retail Electricity Prices in the United States, October 2025.

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

Change in U.S. IOU expenditures (2019-2024)



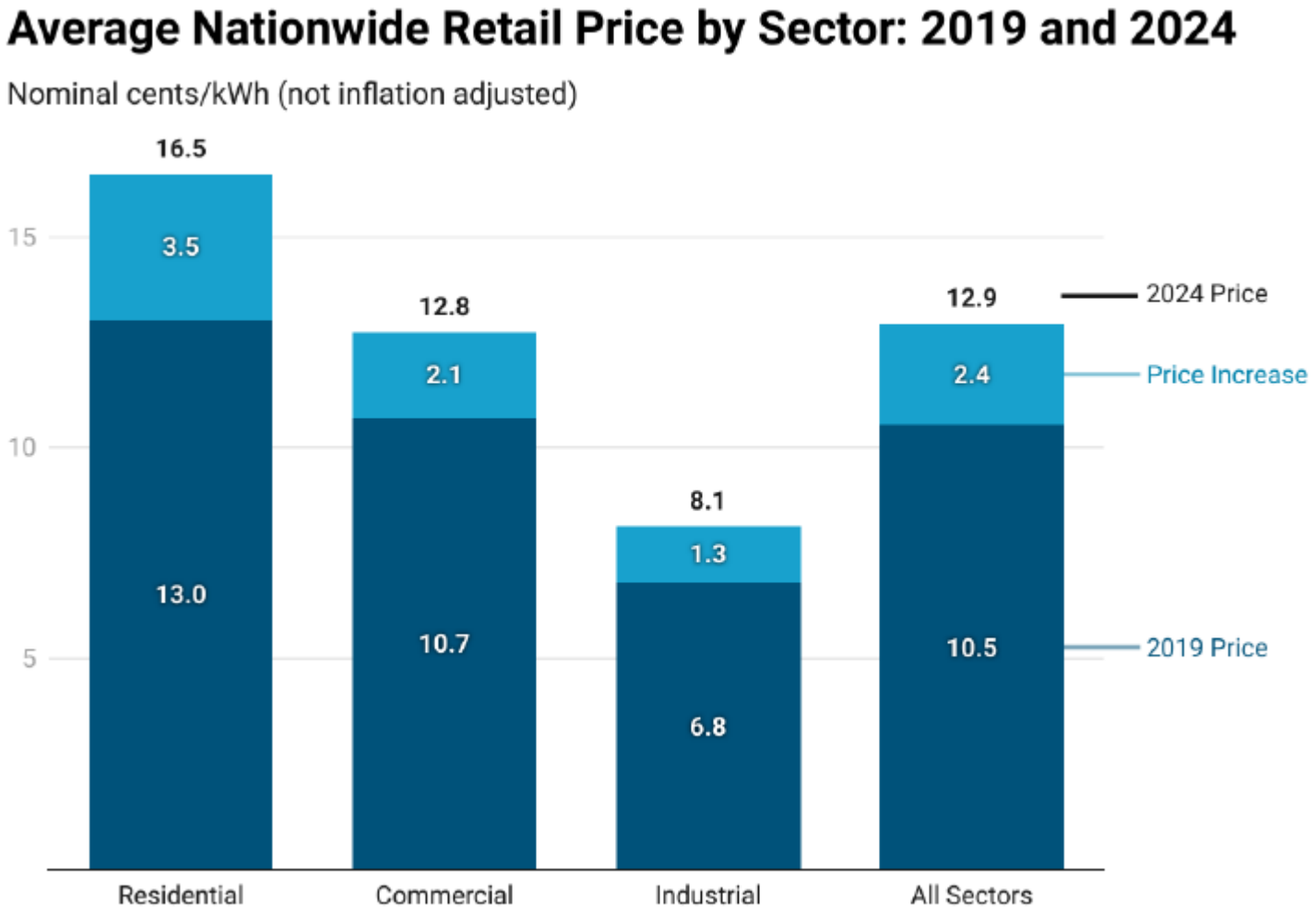
Change in U.S. IOU expenditures, by region (2019-2024)



Impact of significant PacifiCorp investment.

Residential customers may be disproportionately impacted by the rising distribution costs

27% growth, compared to 19% for C&I



The price impact of natural disasters comes in two flavors

Preparation…

Rate impacts of wildfire risk mitigation

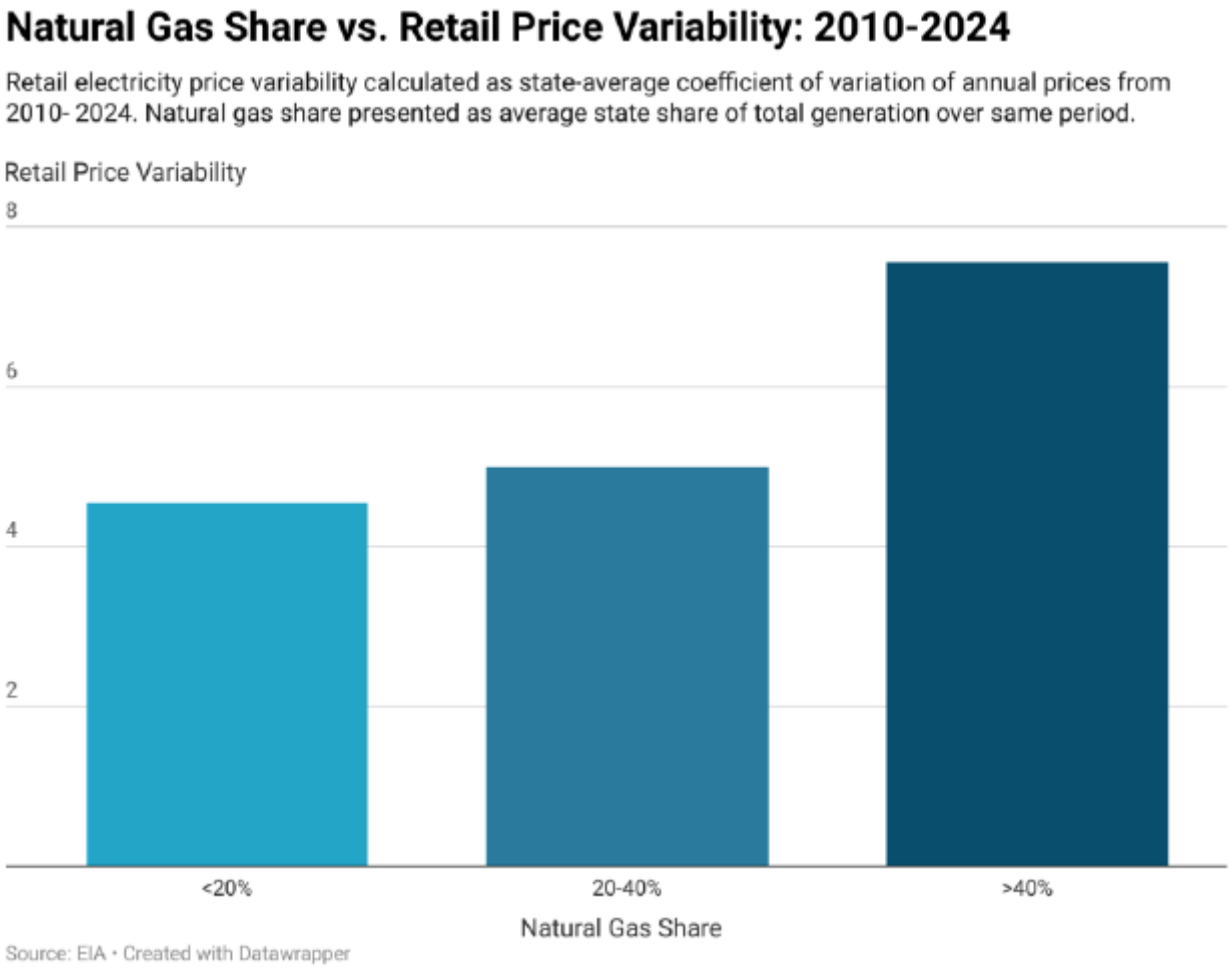
Utility	State	Equivalent cost impact (cents/kWh)
PG&E	CA	7.0
SDG&E	CA	3.0
SCE	CA	2.6
KIUC	HI	1.7
Hawaii Electric	HI	1.5
PSCo	CO	1.4
Rocky Mountain Power	UT	0.8
★ Pacific Power	OR	0.7
Rocky Mountain Power	WY	0.6
★ PGE	OR	0.6
AEP Texas	TX	0.5
★ Northwestern	MT	0.5
APS	AZ	0.4
★ Idaho Power	ID	0.3
★ Avista	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



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

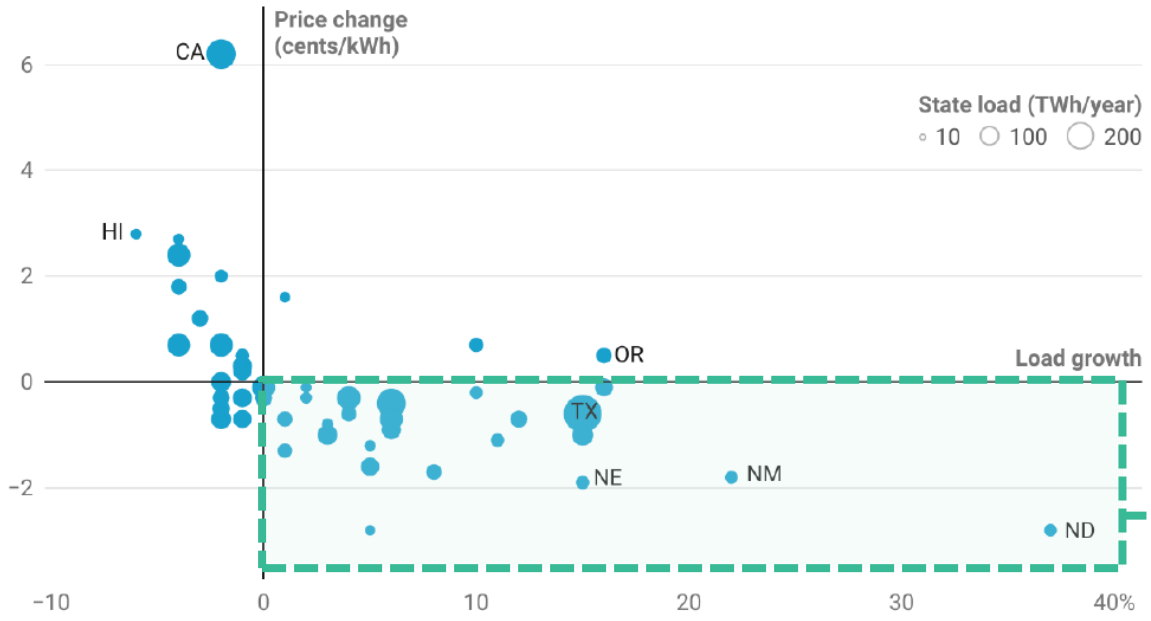
- Modest **upward** rate pressure due to cost premium of out-of-market purchases
- Deliberate investment to avoid greater cost of climate change
- Policy requirements can indirectly drive technology cost declines
- State variability depending on whether requirement is binding

Net Energy Metering

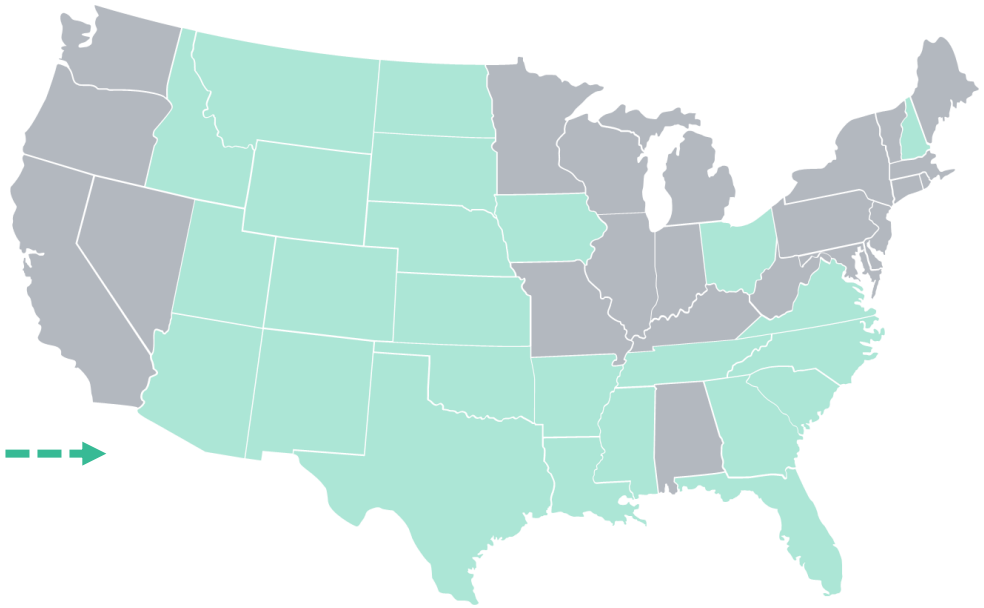
- Modest upward rate pressure due to recovering fixed costs over reduced sales base
- Mostly a factor in states with significant rooftop solar adoption
- NEM reform increasingly addressing this cost-shift

Load growth *could* put downward pressure on prices

Load Growth vs. Retail Electricity Price Changes, 2019-2024



States with Load Growth & Inflation-Adjusted Price Decrease, 2019-2024

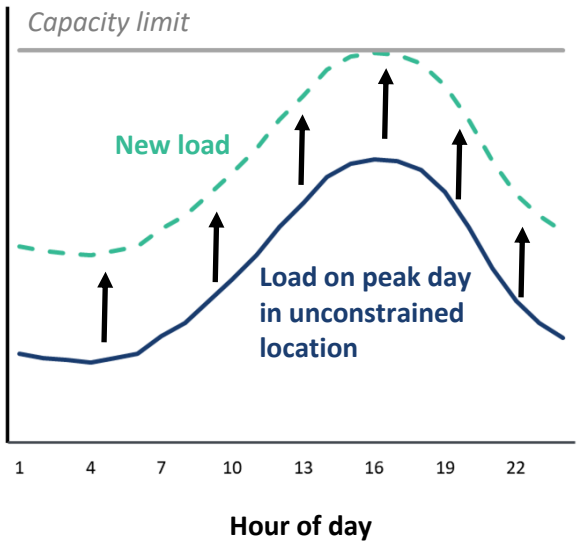


Source: Source: Wiser et al, "Factors Influencing Recent Trends in Retail Electricity Prices in the United States, October 2025.
Notes: Price change in cents/kWh, inflation adjusted to 2024$. Load growth in percentage terms from 2019 to 2024.

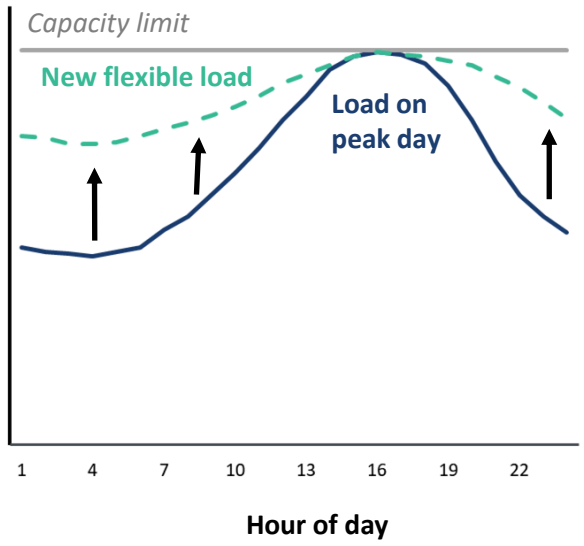
The three ways to improve system utilization

System utilization can be improved by adding new load when and where there is spare capacity. System headroom can be created through deployment of flexible distributed energy resources (DERs).

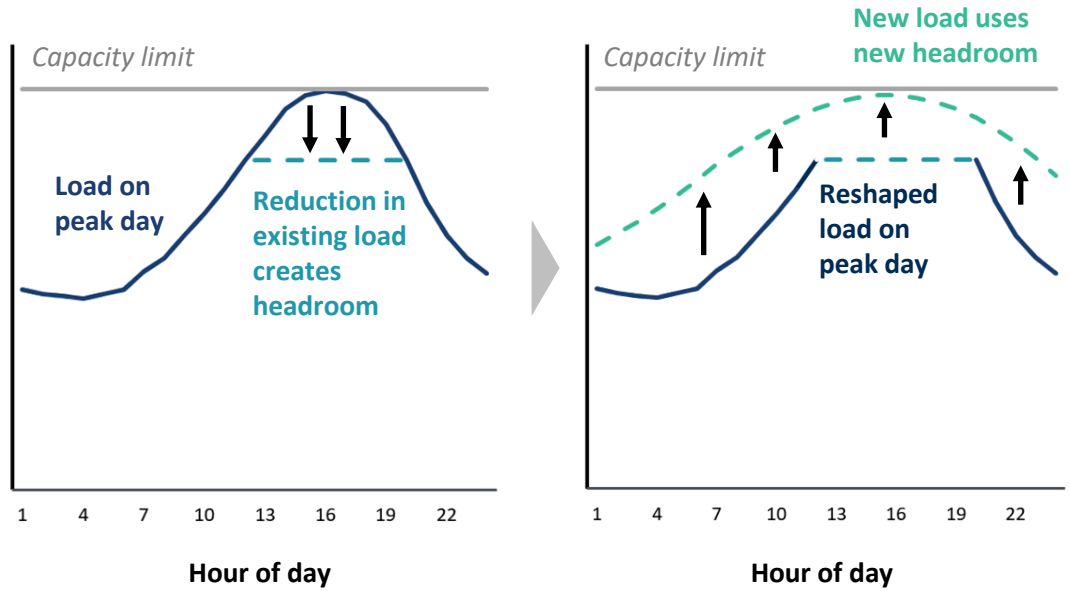
1. Add new load in locations where sufficient headroom already exists on the system.



2. 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.



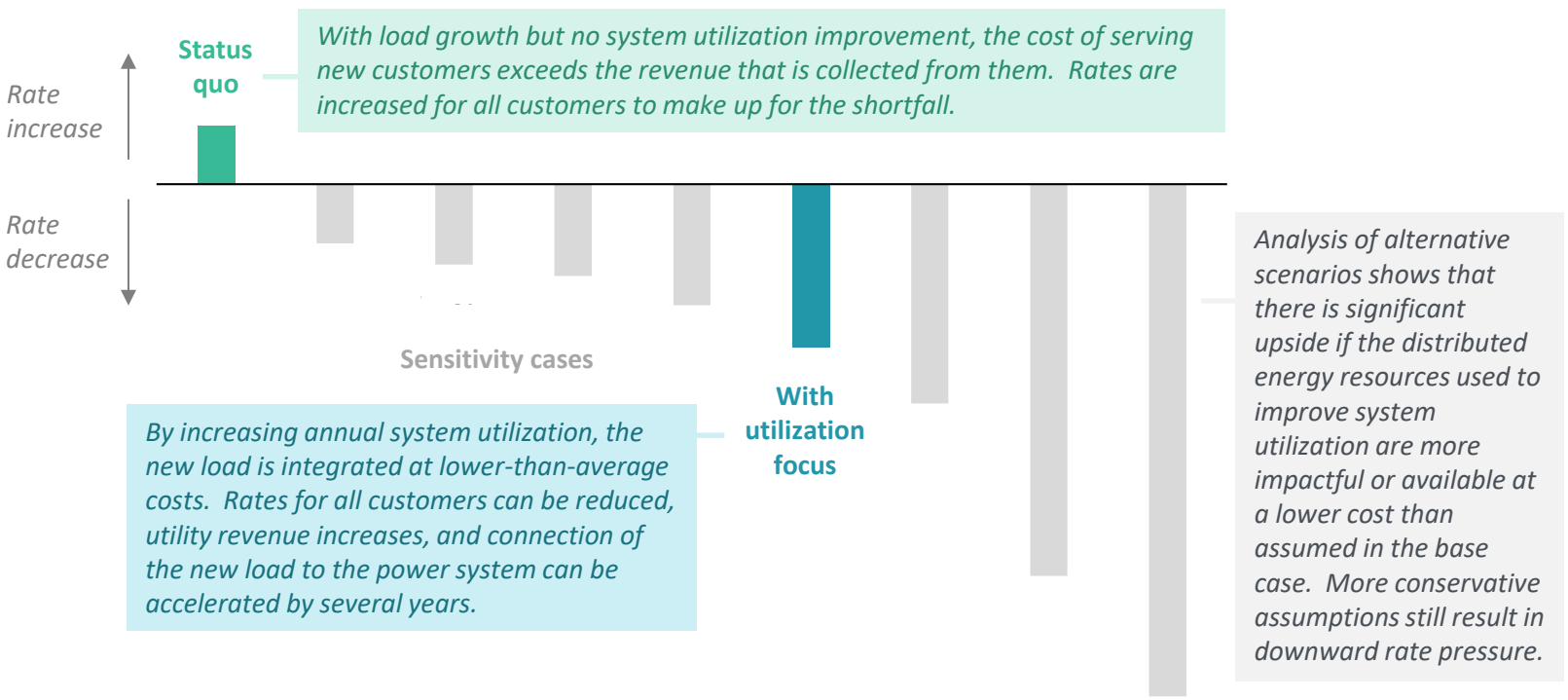
Note: These are highly simplified conceptual illustrations. The nuances of how improved system utilization would put downward pressure on rates are discussed in more detail throughout this report.

The rate impacts of improved system utilization

All else equal, improving system utilization offsets upward pressure on rates from load growth, resulting in lower customer bills while increasing utility revenues and accelerating the connection of new customers.

All-in Average Rate Impact Due to Load Growth

For various characterizations of the power system



More information in forthcoming Brattle report for GridLab and the Utilize Coalition.

Important considerations

- Exposure to wholesale market prices
- Rate design and cost allocation
- Differences between generation, transmission, and distribution
- Scale of flexibility opportunities
- Existing system characteristics, including current utilization level

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.