



# Retail Electricity Prices: Trends and Drivers

Ryan Wiser, Galen Barbose, Will Gorman, Eric O'Shaughnessy, Sydney Forrester, Paul Donohoo-Vallett, Peter Cappers, Jeffrey Deason

**Lawrence Berkeley National Laboratory**

Ryan Hledik, Long Lam

**The Brattle Group**

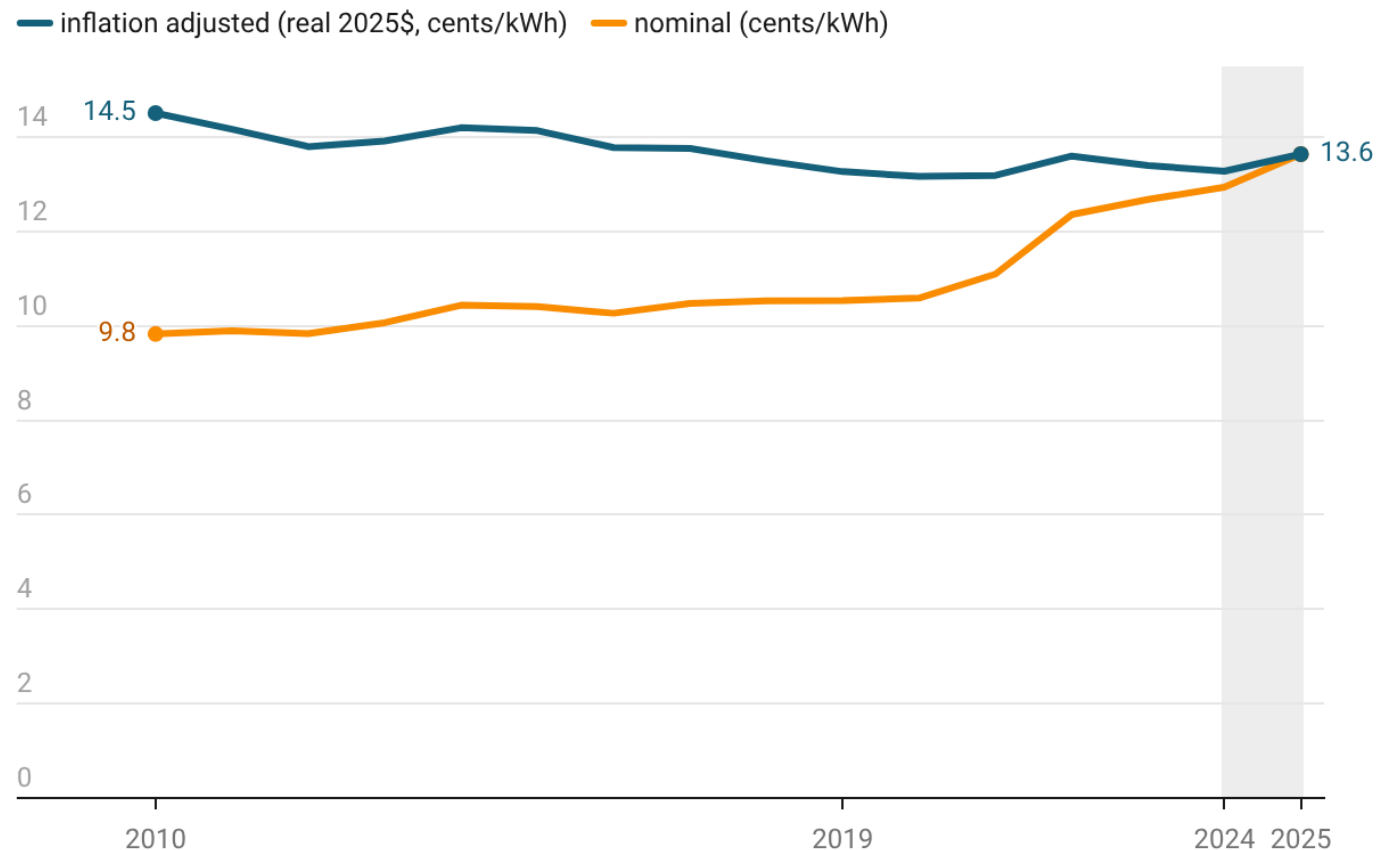
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## National-average nominal retail prices have spiked in recent years, though the increases have largely tracked inflation... but with a bump 2025

- In **nominal** terms (not inflation-adjusted), national-average prices increased **29%** from 2010 to 2025, **39%** since 2019
- **Adjusted for inflation**, average retail electricity prices in 2025 were **3% higher** than 2019, and were **6% lower** than 2010
- And total residential electricity costs as a fraction of personal expenditure or income are close to all-time lows, though a tad higher in 2025 vs. 2024

### National Average Retail Electricity Prices



Source: EIA • Created with Datawrapper

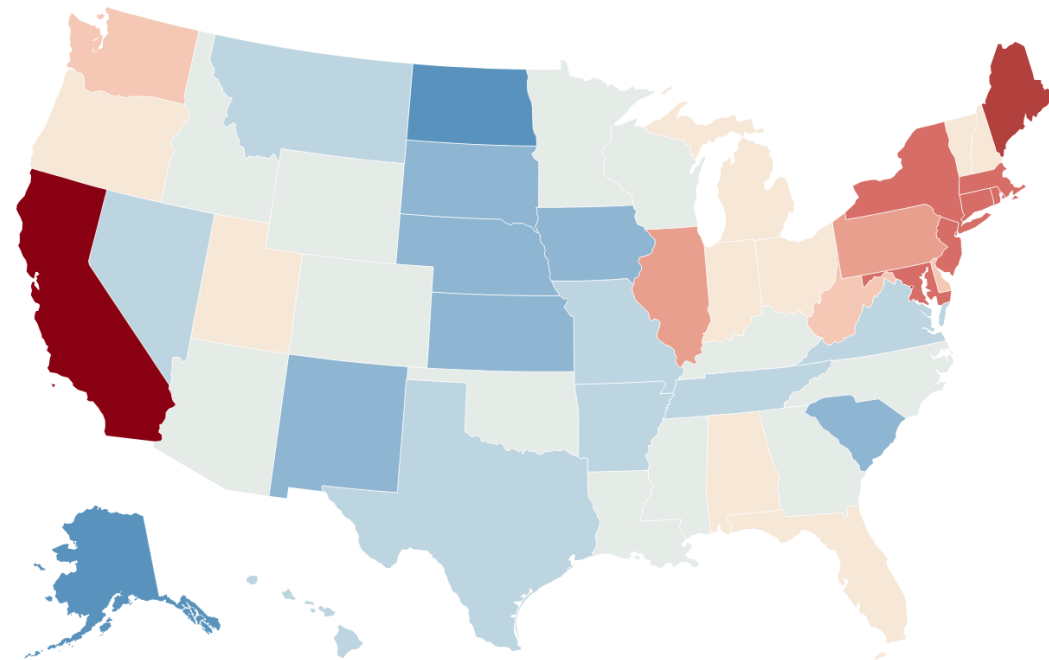
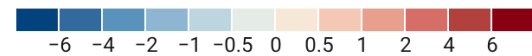
# Recent changes in state-level average retail electricity prices vary widely; electricity burdens have grown for low-income customers in some regions

## Change in prices: 2019 to 2025

## Electricity burden

### Change in Average Retail Electricity Prices: 2019 to 2025

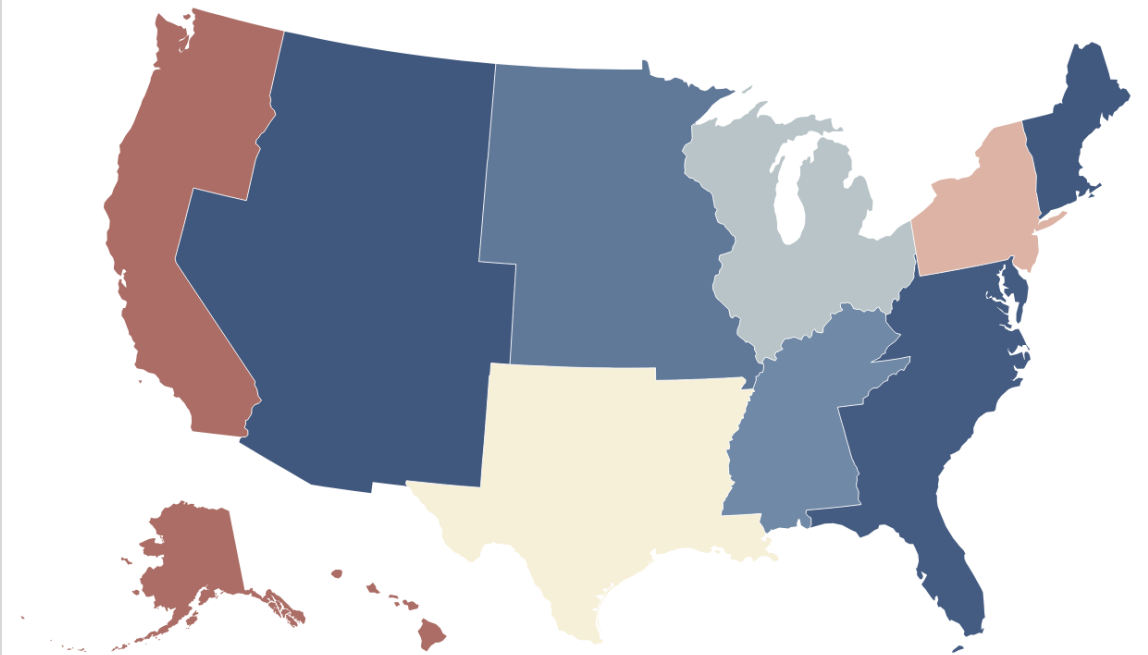
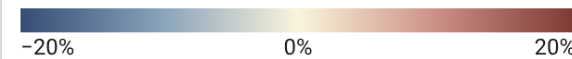
Real cents/kWh (inflation adjusted, 2025\$)



Source: EIA • Created with Datawrapper

### Change in Electricity Burden for Households with Incomes Below 80% of Regional Medians: 2019 to 2024

Percentage change in electricity costs vs. income for lower-income households



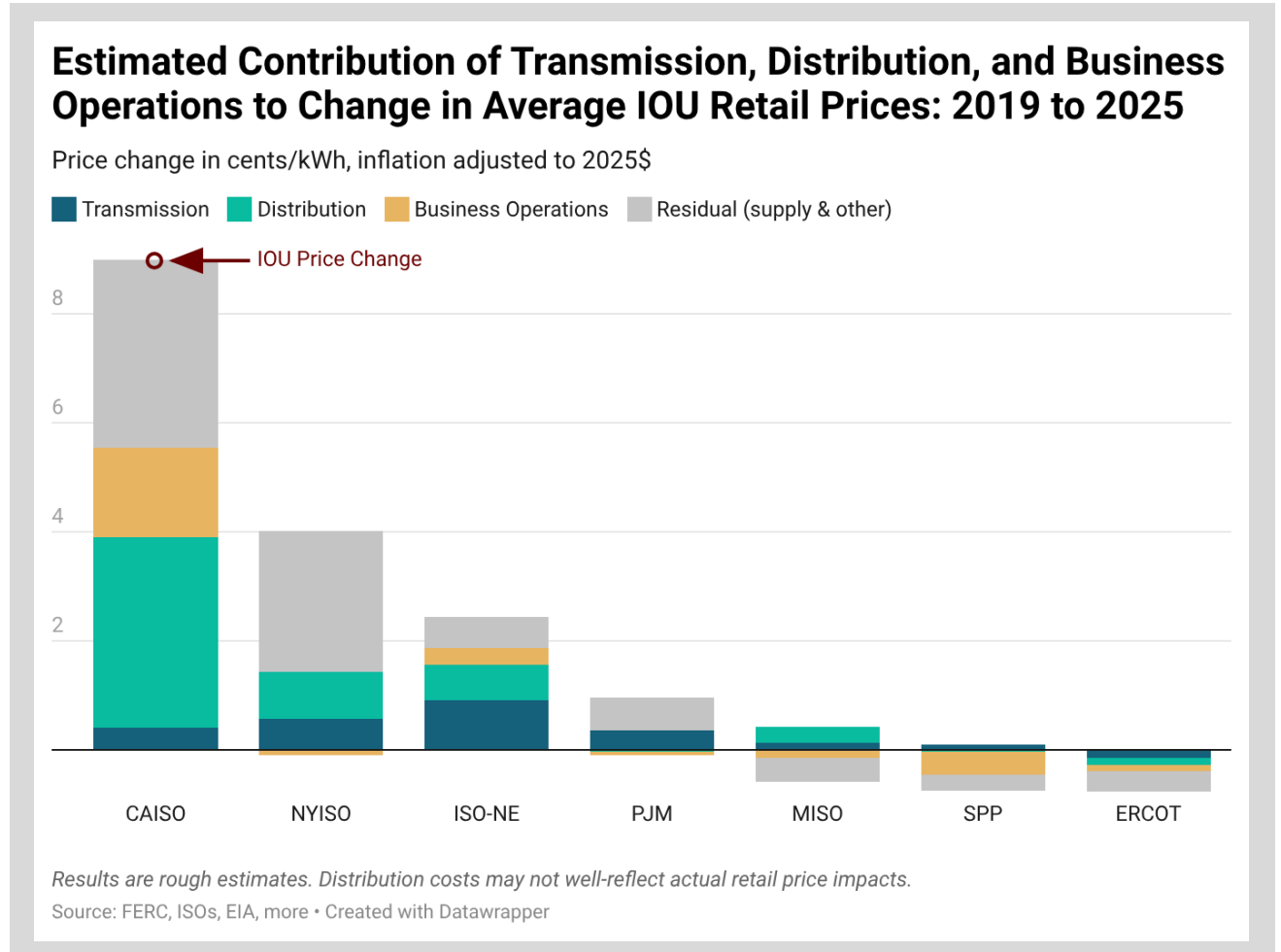
# Distribution and transmission expenditures were significant contributors to retail price increases in the regions that experienced those increases

## Major drivers:

- Aging assets
- Equipment hardening
- Wildfire mitigation
- Storm cost recovery
- Expansion

## Price impact exacerbated by:

- Elevated equipment costs
- Load contraction

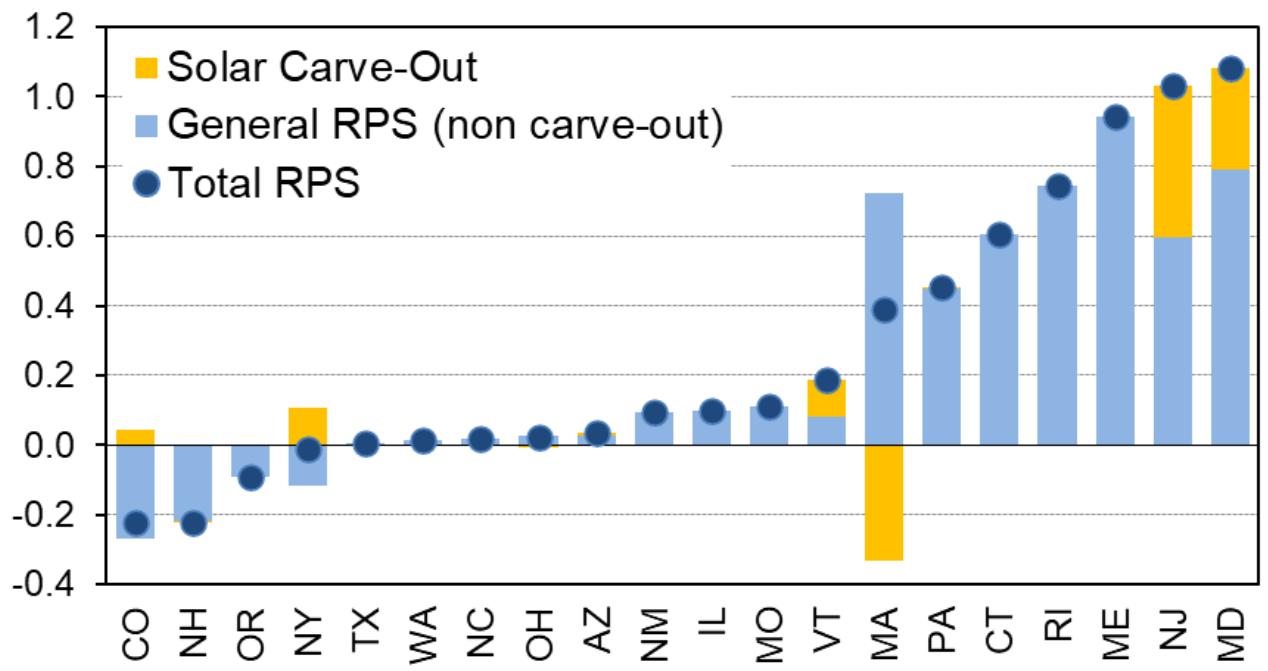


# State policies to require or encourage wind and solar deployment above what the competitive market would deliver have often increased prices

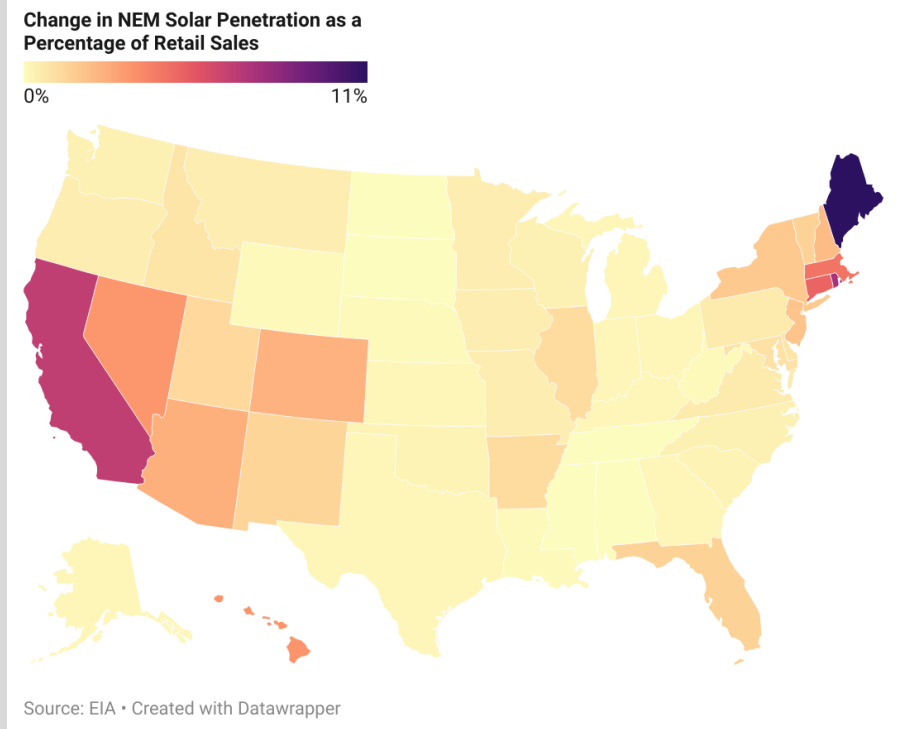
**State RPS:** Average impact ~0.25 ¢/kWh; in some states >1 ¢/kWh

**Net Metering:** Effects highly variable, as high as ~2 ¢/kWh in CA

**Change in RPS Compliance Costs from 2019-2024**  
(cents per kWh of retail sales)<sup>1</sup>

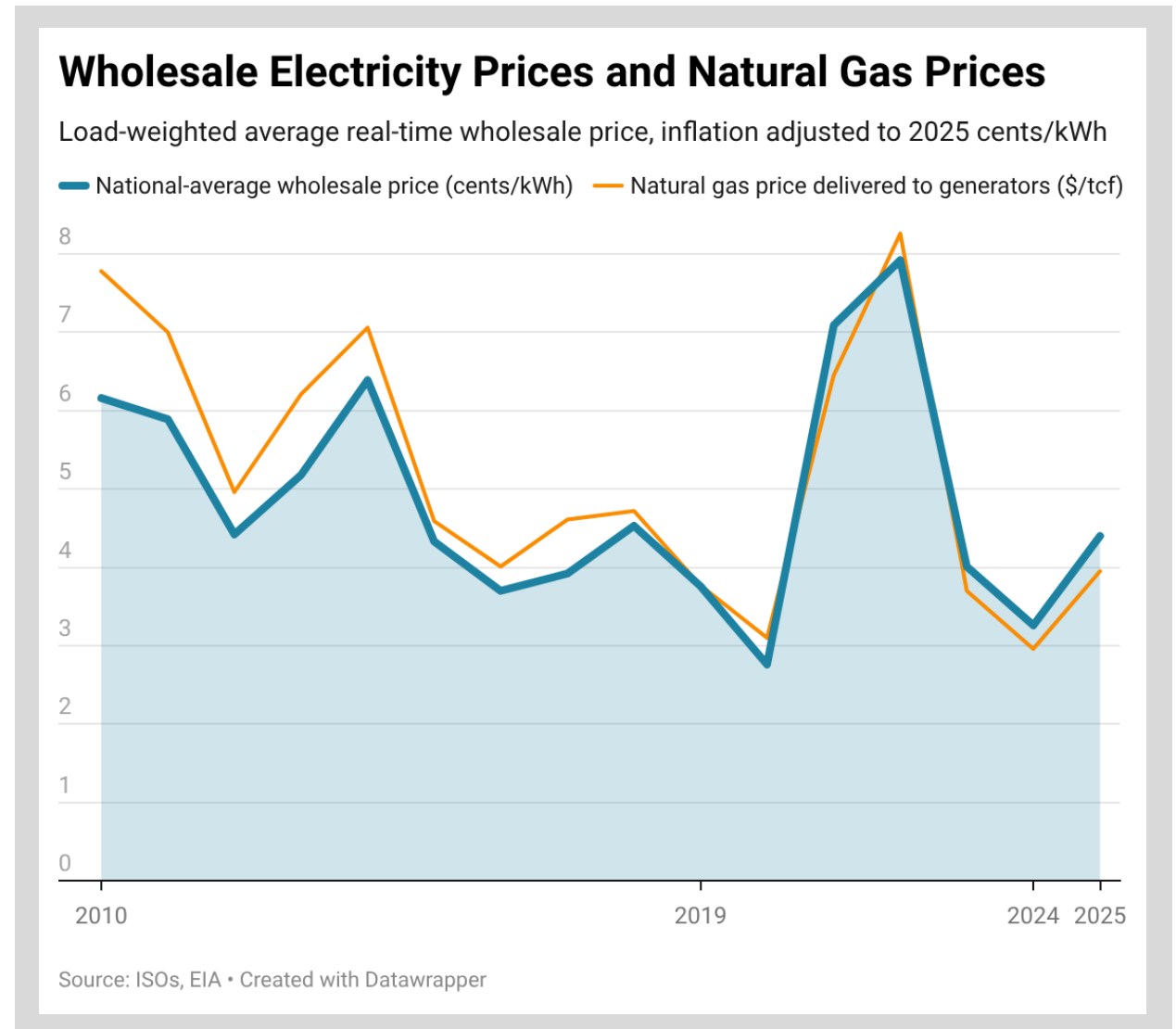


**Increase in NEM Solar Penetration from 2019-2024**



## The availability of low-cost natural gas has historically placed downward pressure retail rates – but greatly impacts price variability

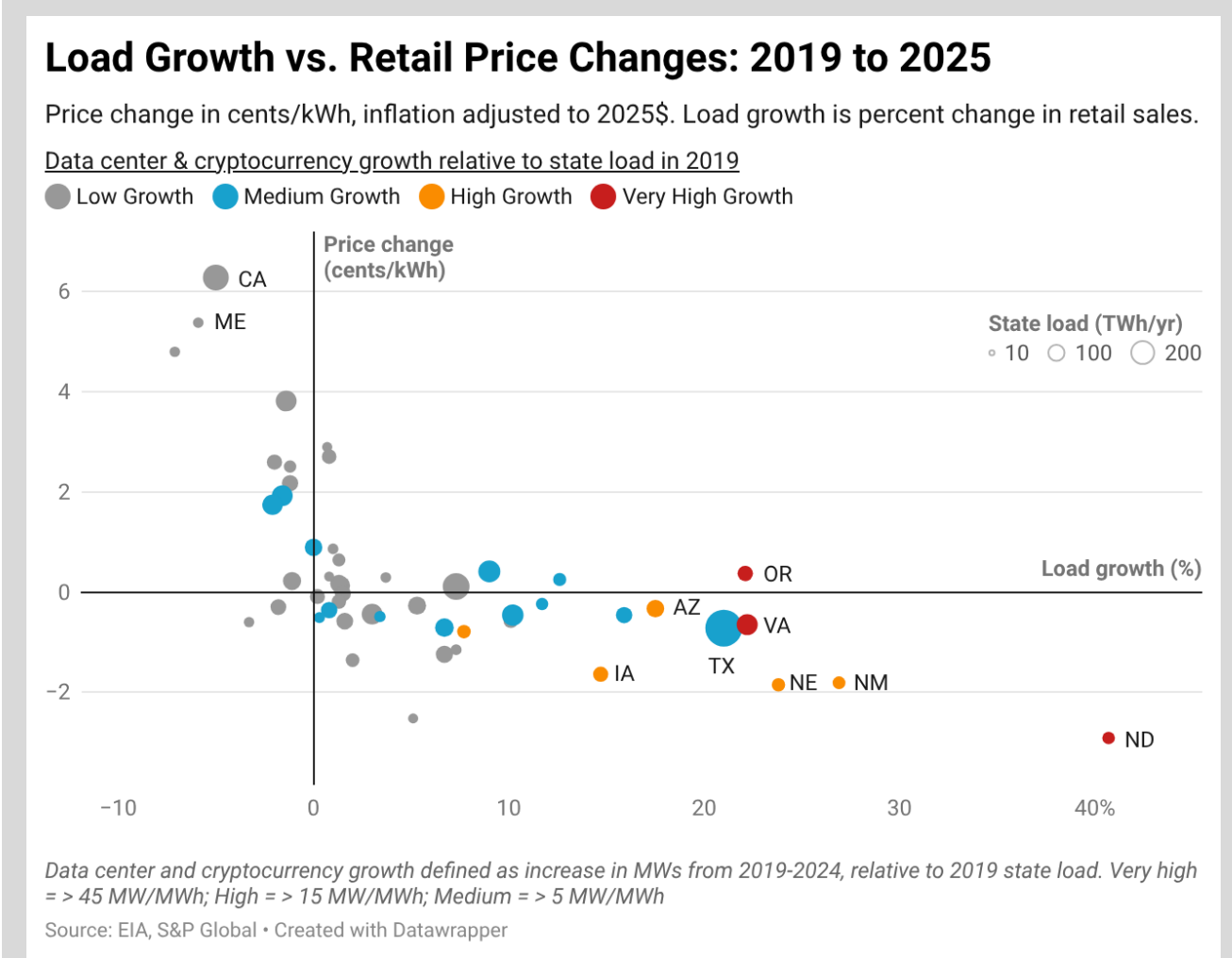
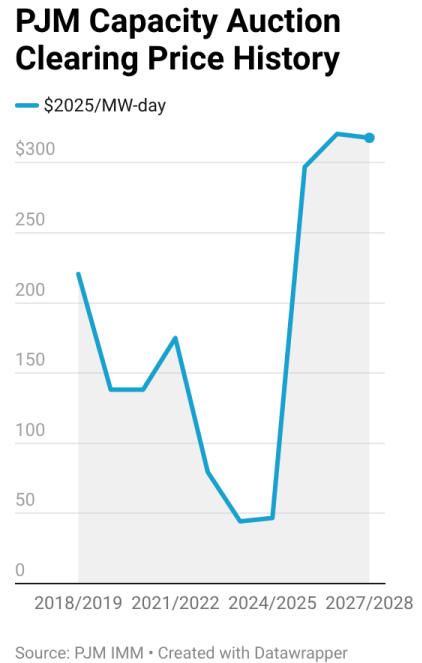
- Advancements have resulted in a long-term decline in inflation-adjusted natural gas prices, and therefore also wholesale prices
- Natural gas is also a driver of year-to-year volatility in wholesale (and retail), prices
- Examples: onset of Ukraine / Russia war, and increases in 2025 vs. 2024



# Load growth at the state level has (historically) been associated with decreased prices and load contraction with increased prices

- Cost growth mostly driven by T&D in recent years and incremental supply was relatively inexpensive

- But the past may not be a prelude, as exemplified by recent trends in PJM



Note: Presence of significant data center load does not appear to alter conclusions