U.S. Energy Information Administration

Today in Energy

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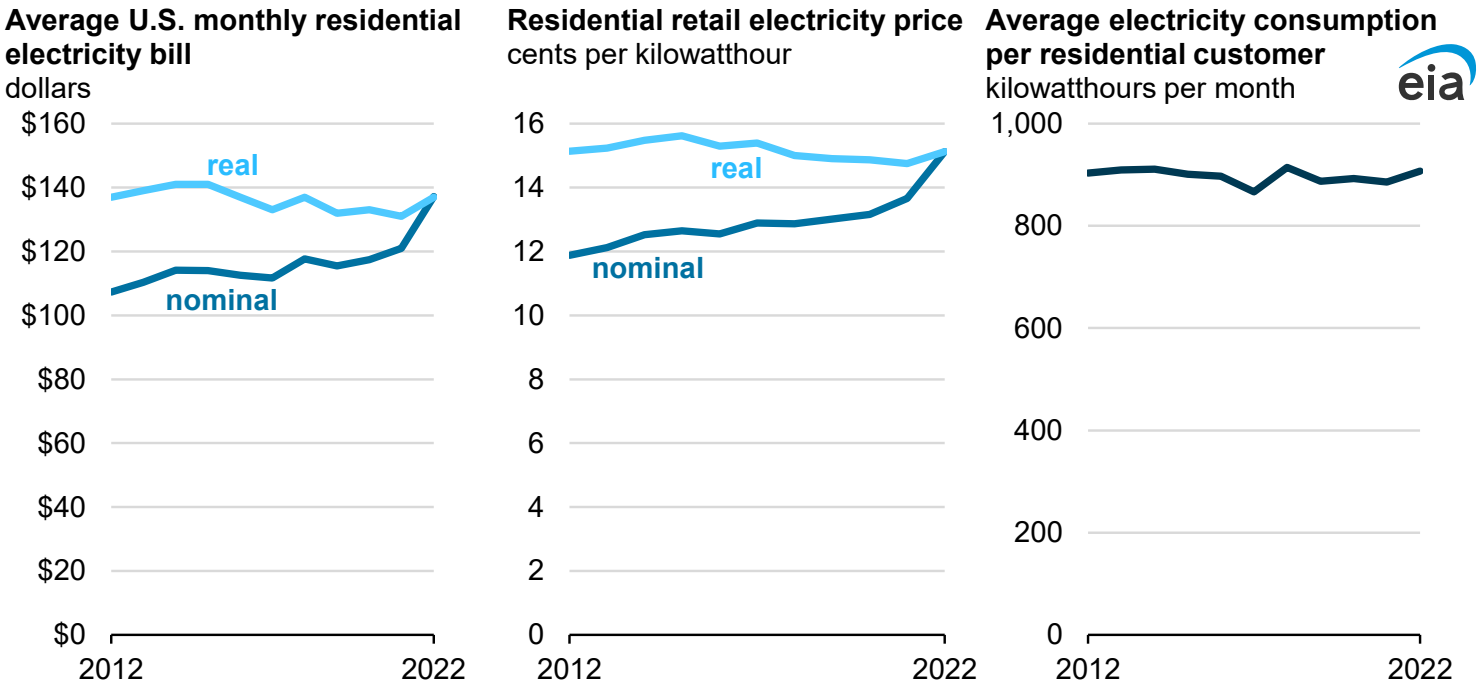
U.S. residential electricity bills increased 5% in 2022, after adjusting for inflation



Data source: U.S. Energy Information Administration, *Monthly Electric Power Industry Report* and *Annual Electric Power Industry Report*

Note: *Real* prices are adjusted for inflation.

In nominal terms, the average monthly electricity bill for residential customers in the United States increased 13% from 2021 to 2022, rising from $121 a month to $137 a month. After adjusting for inflation—which reached 8% in 2022, a 40-year high—electricity bills increased 5%. Last year had the largest annual increase in average residential electricity spending since we began calculating it in 1984. The increase was driven by a combination of more extreme temperatures, which increased U.S. consumption of electricity for both heating and cooling, and higher fuel costs for power plants, which drove up retail electricity prices.

Residential electricity customers' monthly electricity bills are based on the amount of electricity consumed and the retail electricity price. Average U.S. monthly electricity consumption per residential customer increased from 886 kilowatthours (kWh) in 2021 to 907 kWh in 2022. Both a colder winter and a hotter summer contributed to the 2% increase in average monthly electricity consumption per residential customer in 2022 because customers used more space heating during the winter and more air conditioning during the summer.

Although we don't directly collect retail electricity prices, we do collect revenues from electricity providers that allow us to determine prices by dividing by consumption. In 2022, the average U.S. residential retail electricity price was 15.12 cents/kWh, an 11% increase from 13.66 cents/kWh in 2021. After adjusting for inflation, U.S. residential electricity prices went up by 2.5%.

Higher fuel costs for power plants drove the increase in residential retail electricity prices. The cost of fossil fuels—natural gas, coal, and petroleum—delivered to U.S. power plants increased 34%, from $3.82 per million British thermal units (MMBtu) in 2021 to $5.13/MMBtu in 2022. The higher fuel costs were passed along to residential customers and contributed to higher retail electricity prices.

In the first three months of 2023, the average U.S. residential monthly electricity bill was $133, or 5% higher than for the same time last year, according to data from our *Electric Power Monthly*. The increase was driven by a 13% increase in the average U.S. residential retail electricity price, which was partly offset by a 7% decrease in average monthly electricity consumption per residential customer. This summer, we expect that typical household electricity bills will be similar to last year's, with customers paying about 2% more on average. The slight increase in electricity costs forecast for this summer stems from higher retail electricity prices but similar consumption levels as last summer.

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