



BY THE NUMBERS:

ELECTRICITY COSTS JUMP

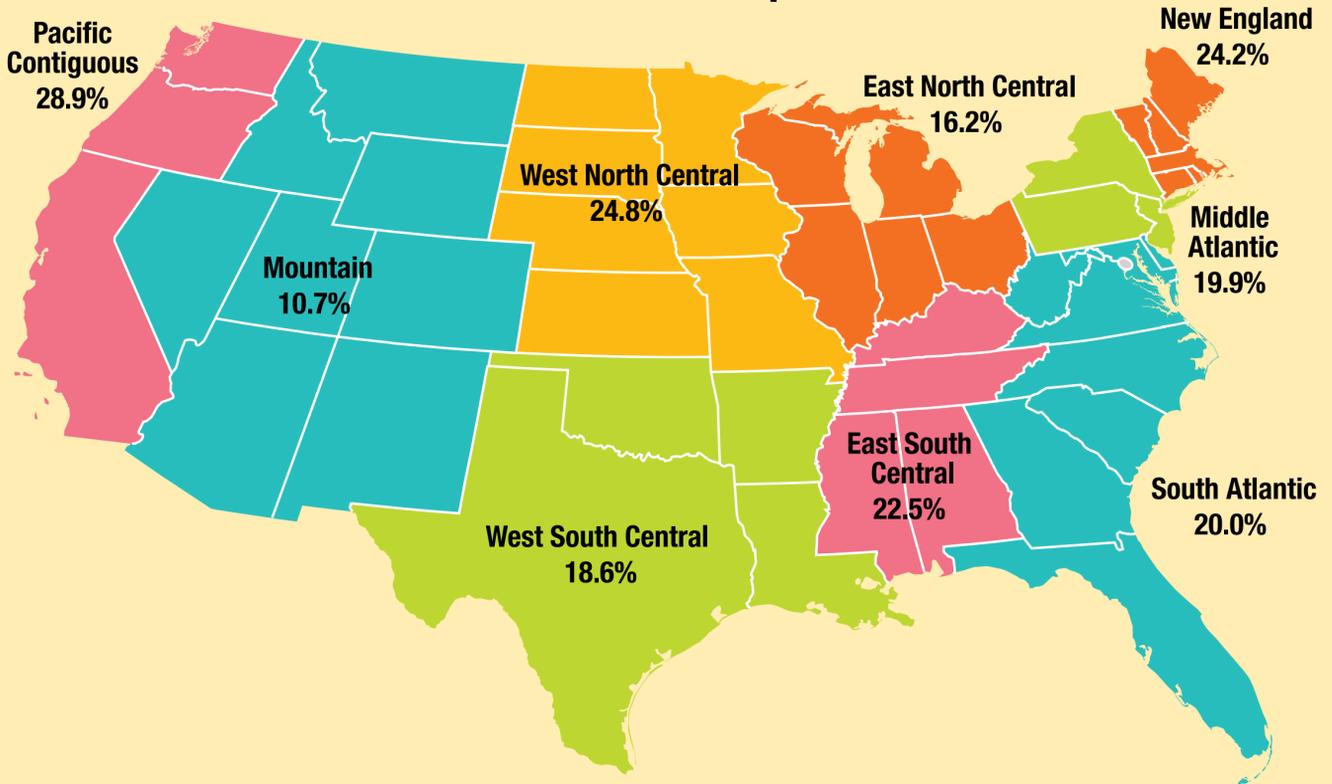
For more than a decade, shale gas helped put a cap on electricity costs. Then came 2022. **BY JEFFREY WINTERS**

In 2022 and early 2023, electricity had an inflationary run. In nominal terms, electric prices as calculated by the Bureau of Labor Statistics, which tracks the consumer price index for the U.S. government, went up by 14.4 percent in the 12 months ending in December 2022. When adjusted against overall inflation, which reached startling levels last year, the U.S. residential electricity bills increased by 5 percent.

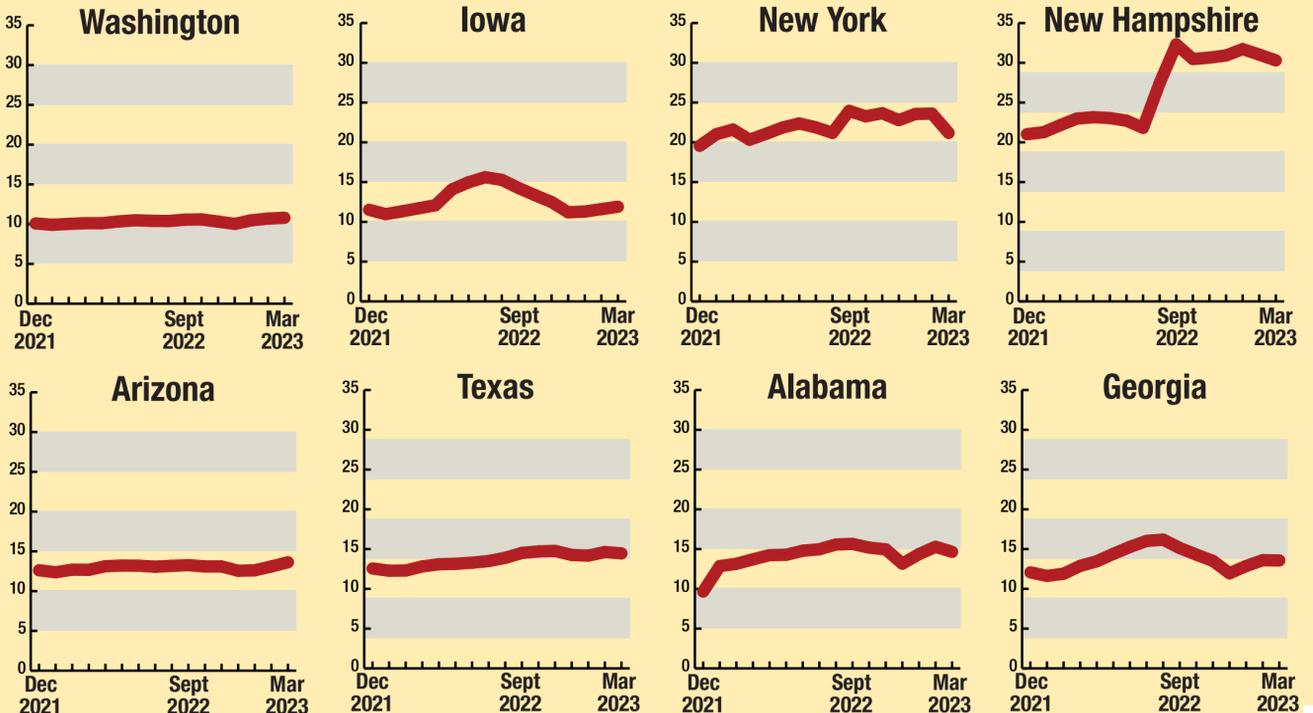
The cause was a price increase in natural gas, which fuels around 40 percent of the national generating output. After averaging less than \$3.70 per million Btus in the mid-2010s due to production from shale formations, gas prices jumped from \$5.57 per million Btus in December 2021 to \$9.12 a year later.

Natural gas prices have come down from their 2022 highs. If those price cuts get passed along to consumers it will go a long way toward reducing the pinch of inflation in all sectors.

Increase in average retail price of electricity December 2021 to September 2022



Average retail price of electricity (cents/kWh)



Source: Bureau of Labor Statistics, <https://www.bls.gov/productivity/>