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What's Driving Up New York's Electricity Bills?

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It's no wonder that 68% of New Yorkers described energy prices as 'out of control' in a recent poll. The typical New Yorker pays over 50% more for electricity than the average American—and in some rural counties it's even higher. If New York can't minimize its overreliance on natural gas and pivot to a cheaper, cleaner strategy, New Yorkers will continue to face exorbitant monthly bills and difficult choices between keeping the lights on and meeting other essential expenses.

Price Snapshot: How Much do New Yorkers Pay for Power?

Electricity bills across New York State averaged \$156 per month as of December 2025. That monthly total is only about \$11 more than the national average.

But, on a per-unit basis, New Yorkers pay significantly more than many other Americans. In New York, the per-kilowatt-hour (kWh) cost of electricity is 27.4 cents—more than 50% higher than the US average of 17.25 cents. New Yorkers pay the sixth-highest rates in the country, but you wouldn't know it if you just compared the average bill.

That's in large part a function of energy efficiency and smaller homes—just under half the state's population lives in New York City, and the vast majority of city-dwellers live in apartments. While downstate residents might not see inordinately high bills, upstate New Yorkers in single-family homes, including the state's most rural areas, feel the full impact of the state's high rates.

Two utilities tell the story of how and where prices are rising.

New York State Electric and Gas (NYSEG) serves more than 900,000 customers in the Capital Region and surrounding areas. National Grid, operating as Niagara Mohawk, serves over 1.7 million customers across upstate New York. Both utilities have increased rates in recent years, with significant further increases already approved or pending through 2027.

As of February, NYSEG customers are now paying 29 cents per kWh, or 70% more than the nationwide average. Niagara Mohawk customers are paying 27 cents per kWh, more than 50% higher than the national average. And every other component of the customer bill—not just the cost of electricity itself but of delivery and transmission and other fees—has also increased. That combination is driving bills to levels that strain household budgets across the region.

Power Sources: Where Does New York Get Its Power Supply?

The New York Independent System Operator (NYISO) is the market and grid operator for all of New York. In addition to ensuring the reliable transmission services, it manages the wholesale electricity market, which sets the supply charges customers see on their monthly bills.

In 2025, just under half the energy generation in NYISO comes from gas, with hydropower and nuclear comprising another 40% of the state's energy mix. Solar and wind generate just 9% of the state's energy, with only modest growth in production in recent years. The state's total clean energy generation made up a smaller share of total energy produced in 2025 than it did in 2020, following the closure of Indian Point in 2021. Bottom line: the state is still reliant on fossil fuels and isn't growing clean energy deployment fast enough.

Why Are Power Prices Rising?

Natural Gas: Just over half of New York's installed generation capacity are natural gas-fired plants. Wholesale electricity prices track the price of natural gas. And when natural gas prices go up—because of winter demand and infrastructure bottlenecks—so do the costs New Yorkers pay for power. Between 2024 and 2025, natural gas prices in New York increased by 120%. Energy bills climbed as a result: the price of electricity for NYSEG customers went from \$63.10/MWh in July 2024 to \$75.45/MWh in July 2025, and Mohawk customers went from paying \$59.34 to \$72.32 over the same period.

Not Enough Generation: New York has seen a net reduction in generation capacity, with roughly 4.3 GW coming offline and only about 2.3 GW of new generation added to replace it. While electricity demand has remained relatively stable over the past decade, growing load from electrification, electric vehicles, advanced manufacturing, and data centers is putting upward pressure on an already constrained supply—and driving up costs.

Delivery Costs: Delivery rates cover the costs of the poles and wires that move power to homes and businesses, including things like infrastructural repairs. Equipment costs for transmission and distribution have risen significantly since the pandemic and the supply chain disruptions that followed. That pressure is compounded by the fact that utilities are simultaneously increasing investment in response to storm recovery needs and rising demand forecasts—costs that ultimately land on customers' bills in the form of delivery costs.

Can Clean Energy Help Reduce Costs?

Reducing reliance on fossil fuels, integrating more clean energy, and establishing a more diverse portfolio of generation would provide stable, low-cost power that stabilizes wholesale electricity prices over time.

There is demand for and investor interest in clean energy in the state—NYISO has over 25 GW of renewable energy capacity seeking interconnection. Bringing these projects online reduces the need to rely on high-cost generation from fossil fuels during peak hours. Coupling new clean generation with investments in grid flexibility can further reduce costs for New Yorkers by shifting or reducing this demand and avoiding the need for costly infrastructure investments moving forward.

Unfortunately, current federal and regulatory policies are slowing clean energy deployment and threatening to push prices higher. Analysis from Energy Innovation shows that President Trump's "One Big Beautiful Bill Act" would significantly increase energy costs for New Yorkers, raising electricity rates by 20% by 2035 and increasing annual household energy bills by \$170.

Even more concerning is the current war being waged on offshore wind. In December of 2025, the Trump Administration halted the construction of 5 offshore wind farms along the East Coast. While the courts overturned these pauses, allowing construction to continue, the tampering from the federal government delayed the deployment of both Empire Wind (810 MW) and Sunrise Wind (924 MW) projects, set to power nearly 500,000 and 600,000 New York homes, respectively. Recent reports show that the Trump Administration is willing to go even further and pay offshore wind developers to stop building altogether. These delays and outright cancellations have imposed high daily costs on developers and slowed the addition of new supply when it is most needed.

Together, policies that constrain clean energy supply, delay critical infrastructure, and increase dependence on more expensive fossil fuels will result in higher and more volatile electricity prices for New Yorkers. Accelerating clean energy deployment will be essential to lowering costs, stabilizing prices, and ensuring long-term affordability across the state.
