



CITIZENS UTILITY BOARD

Fighting for Illinois Consumers

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FOSSIL FUELS INCREASED ELECTRICITY COSTS IN U.S. EVEN BEFORE WAR IN UKRAINE, NEW ANALYSIS SUGGESTS

Link Between Fossil Fuels and Higher Energy Bills Were a “Fact of Life” for Consumers Prior to Russia’s Invasion of Ukraine, According to Data on 2020 Electricity Costs

While Russia’s invasion of Ukraine has been a chief factor in the staggering energy costs that plague Americans this year, dependence on fossil fuels was already inflating electricity bills in the U.S. before the strife in Europe squeezed supplies of those resources, a new report has found.

In a comprehensive analysis of 2020 and some 2021 data reported by the nation’s utilities, the Citizens Utility Board (CUB), an Illinois-based consumer advocate, found that the country’s most expensive electricity bills were concentrated in states with the largest share of energy harnessed from coal, oil and natural gas.

Consumers in the northeastern and southeastern regions of the U.S., where fossil fuels account for disproportionately large percentages of the electricity infused into the grid, tended to incur the highest costs to power their homes, the study found. The northeast has intense heating needs during the winter, and oil, propane and natural gas also help to ramp up energy costs in that region.

“The war in Ukraine has definitely exacerbated a problem that already existed, but higher consumer costs were endemic to fossil fuel use before that conflict began,” CUB Executive Director David Kolata said. “Policymakers should understand that it’s a fact of life that predates the war and will likely outlast it, and it’s all the more reason why we should expedite the shift to cleaner resources.”

The results were documented in CUB’s second annual report on the performance of electric utilities in the United States, [Electric Utility Performance: A State-by-State Data Review](#).

The research, which aggregated and synthesized data that American utilities submit annually to the federal Energy Information Administration (EIA) and the Environmental Protection Agency (EPA), ranked each of the 50 U.S. states and the District of Columbia on the performance of the utilities operating within their boundaries. Researchers studied affordability, reliability, and environmental benchmarks for electric utility service in each state – which advocates regard as core measures of consumer benefit -- to produce national rankings in each category. State rankings for cumulative performance were calculated according to the average score in the three categories.

Meanwhile, within each category, rankings for affordability, reliability, and environmental responsibility were dictated by a range of factors relevant to each subject.

By cross-referencing the environmental records of the utilities in the states that ranked poorly in affordability, CUB identified a correlation between higher consumer costs and greater dependence on natural gas and oil.

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Meanwhile, other notable outcomes to emerge from the research include:

- The state of Washington ranked first in the nation in overall utility performance, while West Virginia ranked last. The two states occupied the same spots in rankings of environmental performance as well.
- Utah topped rankings for affordable electric service, while Connecticut was mired at the bottom.
- Arizona captured the crown in rankings of utility reliability, while Louisiana languished in last place.
- Investments in energy efficiency appear to promote better rankings in the reliability and environmental impacts of electricity service. States that fared among the worst in both categories allocated comparatively fewer resources to efficiency.
- States with appreciable investments in so-called “firm” carbon-free energy infrastructure – a term that connotes resources, such as hydropower, geothermal and nuclear power, that are perpetually available to generate at full-capacity and not subject to fluctuations in weather – fared comparatively well in affordability rankings.

CUB’s national utility performance report is intended to provide elected officials, regulators, grid operators, consumer advocates and the public with a yearly reference point to ascertain where utilities are honoring their core commitments to customers and where additional scrutiny may be warranted.

“From the price volatility and supply fluctuations unleashed by the war in Ukraine to the increasingly urgent warnings about the pace of climate change, this year has been rife with reminders that the performance of the nation’s electric utilities looms large in both the immediate kitchen-table concerns gnawing at Americans today and in some of the most foreboding challenges brewing out of the horizon,” Kolata said. “We hope the data collected in this report help policymakers identify the actions needed to optimize that performance and protect consumers.”

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CUB is Illinois’ leading nonprofit utility watchdog group. Created by the Illinois Legislature, CUB opened its doors in 1984 to represent the interests of residential and small-business utility customers. Since then, CUB has saved consumers more than \$20 billion by helping to block rate hikes and secure refunds. For more information, call CUB’s Consumer Hotline at 1-800-669-5556 or visit CUB’s award-winning website, www.CitizensUtilityBoard.org.