

and jet fuel prices up 72 percent, according to the U.S. Energy Information Administration.⁴ The average household has spent an extra \$396 on gasoline since the start of the war in Iran according to analysts at Brown University.⁵

Many American families and small businesses are struggling to keep up with the increasing costs. A recent survey found that while 80% of small business owners reported that their energy costs have increased over the past 3 years, an equal proportion state that energy costs significantly impact their business.⁶ These extra costs are forcing households to cut back on driving and other spending. A survey in June found that about two-thirds of Americans had tried to reduce their utility bills in the previous three months, while 58 percent changed the groceries they bought to stay within budget and 57 percent cut back on extras and entertainment to ease financial pressures.⁷ A survey in April found 44 percent of respondents have reduced their time on the road, 42 percent have cut back on other household expenses, and 34 percent have changed travel plans as a result of high gas prices.⁸ I will also note that the need to adapt household budgets and behaviors to afford rising energy costs is being compounded by increasingly extreme temperatures, with 81 percent of Americans saying extreme heat had an impact on their electricity bills over the past year.⁹

Why prices are rising

There are many reasons why energy prices are rising and likely will continue to rise without appropriate federal policy solutions. One is that the U.S. is facing growing repair costs for grid infrastructure that is both aging and increasingly vulnerable to extreme weather. Disaster-related recovery charges are showing up for customers across states, while grid-damaging events like hurricanes and wildfires have contributed to power outages costing an average of \$67 billion every year for residential and business customers between 2018 and 2024.¹⁰

⁴ Regular U.S. gasoline price on August 25, 2025 was about \$3.15 per gallon compared to about \$4.09 per gallon on August 24, 2026. U.S. diesel price on August 25, 2025 was about \$3.71 per gallon compared to about \$5.65 per gallon on August 24, 2026. U.S. Energy Information Administration, “Gasoline and Diesel Fuel Update,” August 25, 2026, available at <https://www.eia.gov/petroleum/gasdiesel/> (last accessed August 31, 2026); U.S. jet fuel price on August 25, 2025 was about \$2.10 compared to about \$3.62 per gallon on August 25, 2026. U.S. Energy Information Administration, “U.S. Gulf Coast Kerosene-Type Jet Fuel Spot Price FOB,” August 25, 2026, available at https://www.eia.gov/dnav/pet/hist/eer_epik_pf4_rcg_dpgD.htm (last accessed August 31, 2026).

⁵ Brown University, “Iran War Energy Cost Tracker,” available at <https://iranwarcost.watson.brown.edu/> (last accessed August 31, 2026).

⁶ Holly Wade, Peter Hansen and Madeleine Oldstone, “Small Business Energy Survey,” National Federation of Independent Business, February 2026, available at <https://www.nfib.com/wp-content/uploads/2026/02/NFIB-2026-Energy-Survey.pdf>.

⁷ Rutgers University, “Most New Jerseyans Share Nation’s Gloom on Economy, but Feel Better About Their Own Finances,” July 30, 2026, available at <https://www.rutgers.edu/news/most-new-jerseyans-share-nations-gloom-economy-feel-better-about-their-own-finances>.

⁸ ABS News, Washington Post, Ipsos, “April Poll Topline 5.6 release,” available at <https://www.ipsos.com/sites/default/files/ct/news/documents/2026-05/ABC%20News-Washington%20Post-Ipsos%20April%20Poll%20Topline%205.6%20release.pdf> (last accessed August 2026).

⁹ Associated Press–NORC Center for Public Affairs Research, “Most Americans have been affected by extreme heat this year,” August 6, 2026, available at <https://apnorc.org/projects/most-americans-have-been-affected-by-extreme-heat-this-year/>.

¹⁰ Jeva Lange, “How Extreme Weather Shows Up on Your Electricity Bill”, *Heatmap News*, April 2, 2026, available at <https://heatmap.news/energy/electricity-price-hub-extreme-weather>; Narayan Bhusal and others, “Analysis shows power outages cost US electricity customers billions”, Oak Ridge National Laboratory, March 4, 2026, available at <https://www.ornl.gov/news/analysis-shows-power-outages-cost-us-electricity-customers-billions>.

Further straining the grid is data center energy demand, which grew almost 150% between 2014 and 2022 and could grow another 300% by 2030, according to an analysis by the Rhodium Group.¹¹ This would increase total electricity system costs roughly 15 percent, which ought to be paid for by the developers of the new data centers, not by existing businesses and households through higher electricity prices.¹² Unfortunately, this is not always the case under current policies. In the region served by the PJM transmission operator, for example, new data center demand increased the cost of the capacity auction for 2025-2026 delivery year by more than \$9 billion, increasing retail electricity bills for other PJM customers.¹³ While data center impacts have started out as regional, their projected growth is more widespread and could strain the grid, raising costs for ratepayers who may not even be in the same state as the data center being built.¹⁴

Federal policy should support solutions to address these rising challenges. Unfortunately, while Americans ask for relief from these high energy prices, the Trump administration is raising energy costs in several major ways.

1. The One Big Beautiful Bill Act limited new energy capacity added to our grid at a time we need more energy, not less. Repealing or restricting federal clean energy investment incentives is projected to have eliminated more than half of the new electricity generation capacity that would have been added to the grid over the decade through 2035, including up to 72% of all new clean energy additions.¹⁵ At a time when U.S. energy consumption is growing for the first time in over a decade, adding new clean energy capacity is the most affordable way to meet rising demand.¹⁶ Analysis from the research organization Energy Innovation estimates that the disinvestment enacted by the One Big Beautiful Bill will cause Americans' electricity bills to rise \$170 on average by 2035, while commercial customers can expect a 12% increase in electricity rates.¹⁷ In addition, cuts to electric vehicle investments made by the bill and its functional elimination of enforcement for vehicle fuel

¹¹ Data are from Rhodium Group, which surveyed other estimates in determining this range. Rhodium Group, "The Impacts of Rising Electricity Demand from Data Centers on US Energy and Emissions," April 7, 2026, available at <https://rhg.com/research/data-centers-electricity-demand/>

¹² Ibid.

¹³ Monitoring Analytics, "Analysis of the 2025/2026 RPM Base Residual Auction Part G" (Eagleview, PA: 2025), available at https://www.monitoringanalytics.com/reports/reports/2025/IMM_Analysis_of_the_20252026_RPM_Base_Residual_Auction_Part_G_20250603_Revised.pdf;

¹⁴ Rhodium Group, "The Impacts of Rising Electricity Demand from Data Centers on US Energy and Emissions," April 7, 2026, available at <https://rhg.com/research/data-centers-electricity-demand/>; Cathy Kunkel, "Projected Data Center Growth Spurs PJM Capacity Prices by Factor of 10," Institute for Energy Economics and Financial Analysis, July 30 2025, available at <https://ieefa.org/resources/projected-data-center-growth-spurs-pjm-capacity-prices-factor-10>.

¹⁵ Ben King and others, *Ways and Means Brings the Hammer Down on Energy Credits*, Rhodium Group, May 15, 2025, available at <https://rhg.com/research/ways-and-means-brings-the-hammer-down-on-energy-credits/>; Jasia Smith, Lucero Marquez, and Trevor Higgins, "The One Big Beautiful Bill Act Is Crushing America's Electricity System," Center for American Progress, June 12, 2025, available at <https://www.americanprogress.org/article/the-one-big-beautiful-bill-act-is-crushing-americas-electricity-system/>

¹⁶ "After More than a Decade of Little Change, U.S. Electricity Consumption Is Rising Again", US Energy Information Administration, May 13 2025, available at <https://www.eia.gov/todayinenergy/detail.php?id=65264>; Lazard, "Levelized Cost of Energy," July 2026, available at https://www.lazard.com/media/kecfonhf/lazards-lcoeplus_vf.pdf.

¹⁷ Robbie Orvis and others, "Final Analysis: Economic Impacts of U.S. "One Big Beautiful Bill Act" Energy Provisions", Energy Innovation, July 1, 2025, available at <https://energyinnovation.org/report/updated-economic-impacts-of-u-s-senate-passed-one-big-beautiful-bill-act-energy-provisions/>

economy standards are projected to increase gas prices between 25 and 37 cents per gallon by 2035.¹⁸

- 2. Blocking clean energy projects raises costs.** Although the termination of federal investment incentives requires ratepayers to shoulder a greater share of the costs of new generating capacity, wind and solar projects remain the least expensive sources of new electricity generating capacity to meet the demands of a growing grid.¹⁹ However, the administration has sought to block new clean energy development on many fronts.²⁰ Through executive order on the first day, the administration banned permits for new offshore wind projects.²¹ The administration has since attempted to issue stop work orders on projects already under construction.²² In recent deals, the administration has spent nearly 4 billion of taxpayer dollars to encourage private developers to abandon clean energy projects.²³ Onshore, the administration's permitting blockade has delayed routine permits for more than 150 new clean energy projects on private lands that would add 30 GW of additional electricity capacity to the grid.²⁴ Blocking new energy resources from reaching the grid requires utilities to fall back on older power plants that cost more to fuel and cannot ultimately meet the growth in electricity demand. The latest analysis from Energy Innovation estimates that the combination of disinvestment through the One Big Beautiful Bill, regulatory rollbacks, and clean energy permitting obstacles together will cost the average household \$460 annually by 2035.²⁵
- 3. Economic uncertainty caused by announcing new and ever-changing tariffs makes the supplies we need for our grid more expensive.** The Trump Administration's broad and ever-changing tariffs have contributed to increased costs, raising input prices for critical equipment and potentially slowing efforts to build and repair grid infrastructure. As far back as April 2025, the administration's tariffs were anticipated to increase the cost of key grid components between 3 and 9 percent, and since then, the Trump administration has repeated added and altered tariffs on the imported materials needed to manufacture these

¹⁸ Trevor Higgins, "The House Republican Plan to Increase Gas and Electricity Prices," Center for American Progress, May 16, 2025, available at <https://www.americanprogress.org/article/the-house-republican-plan-to-increase-gas-and-electricity-prices/>.

¹⁹ Lazard, "Levelized Cost of Energy," July 2026, available at https://www.lazard.com/media/kefconhf/lazards-lcoeplus_vf.pdf

²⁰ Lucero Marquez, Akshay Thyagarajan, Shannon Baker-Branstetter, "10 Trump Administration Actions That Could Lead to Higher Electricity Prices," April 28, 2025, available at

<https://www.americanprogress.org/article/10-trump-administration-actions-that-could-lead-to-higher-electricity-prices/>

²¹ The White House, "Temporary Withdrawal of All Areas on the Outer Continental Shelf from Offshore Wind Leasing and Review of the Federal Government's Leasing and Permitting Practices for Wind Projects," January 20, 2025, available at <https://www.whitehouse.gov/presidential-actions/2025/01/temporary-withdrawal-of-all-areas-on-the-outer-continental-shelf-from-offshore-wind-leasing-and-review-of-the-federal-governments-leasing-and-permitting-practices-for-wind-projects/>.

²² Mariel Lutz, "The Trump Administration's Attack on Offshore Wind Threatens To Raise Electricity Prices for Millions of Americans," Center for American Progress, February 25, 2026, available at <https://www.americanprogress.org/article/the-trump-administrations-attack-on-offshore-wind-threatens-to-raise-electricity-prices-for-millions-of-americans/>

²³ BlueGreen Alliance, "Tracking Trump's Wasteful Offshore Wind Buyouts," August 24, 2026, available at <https://www.bluegreenalliance.org/site/tracking-trumps-wasteful-offshore-wind-buyouts/>

²⁴ Brad Plumer, "More Than 150 Wind Projects Stall as Pentagon Delays Reviews," The New York Times, May 4, 2026, available at <https://www.nytimes.com/2026/05/04/climate/wind-power-delays-trump-pentagon.html>.

²⁵ Robbie Orvis and Daniel O'Brien, "The Economic, Consumer Cost, and Pollution Impacts of Recent Federal Energy Policy Changes," Energy Innovation, July 2026, available at <https://energyinnovation.org/wp-content/uploads/The-Economic-Consumer-Cost-and-Pollution-Impacts-of-Federal-Energy-Policy-Changes.pdf>

components.²⁶ The incessant whipsaw of tariff levels since then has mired investment decisions in uncertainty.

- 4. Starting the war of choice in Iran has damaged energy security and increased prices for Americans.** Since the war began, Americans have paid more than \$1,200 per household as a result of higher energy prices, which influence everything from costs at the pump to groceries to air travel.²⁷ In the face of surging energy prices, the U.S. Strategic Petroleum Reserve has been depleted by 30 percent since the war started and has now fallen to the lowest level recorded in nearly a quarter of a century.²⁸ Even once the conflict ends, prices will likely be slow to recover, with the war's inflationary effects persisting.²⁹

There are solutions

Rather than blocking investment in new clean energy, the United States needs investment in grid infrastructure including transmission lines, distribution lines, transformers, and inverters; distributed energy resources like rooftop solar that deliver benefits directly to homes and businesses; least-cost electricity generation capacity like utility-scale wind and solar; firm generation resources like demand response, nuclear, geothermal, and batteries that can lower total system costs with little to no ongoing fuel costs; and much more to build a bigger, better power system. At the Center for American Progress, we have published a Plan for American Electricity Affordability recommending reforms and investments to make this happen, alongside a rate relief fund to deliver immediate relief to households.³⁰

Data center developers must be made to pay for costs of grid infrastructure improvements needed to serve the new loads they are building, which can require as much electricity as hundreds of thousands of households.³¹ This includes a grid interconnection fee that is sufficient to cover all upfront capital costs for grid infrastructure and electricity generation without imposing costs on

²⁶ Lucero Marquez, Akshay Thyagarajan, Shannon Baker-Branstetter, “10 Trump Administration Actions That Could Lead to Higher Electricity Prices,” April 28, 2025, available at

<https://www.americanprogress.org/article/10-trump-administration-actions-that-could-lead-to-higher-electricity-prices/>; Phil Neuffer, “Trump adjusts metal tariffs, sets 15% rate for some electrical grid equipment,” Utility Dive, April 3, 2026, available at <https://www.utilitydive.com/news/trump-steel-aluminum-copper-tariff-adjustments-grid-equipment-electric/816581/>; Erica York and Alex Durante, “Tracking the Impact of the Trump Tariffs and Trade War,” Tax Foundation, last updated August 20, 2026, available at <https://taxfoundation.org/research/federal-tax/trump-tariffs-trade-war/>

²⁷ Ryan Mulholland, Courtney Federico, Allison McManus, “Fact Sheet: Costs of Iran War,” Center for American Progress, August 20, 2026, available at <https://www.americanprogress.org/article/fact-sheet-costs-of-iran-war/>; Mark Zandi, “Iran War has cost your household \$1,000---and counting,” The Inquirer, June 24, 2026, available at

<https://www.inquirer.com/economy/iran-war-consumer-costs-grocery-gas-prices-20260624.html>; Steve Kopack and Christine Romans, “As gas prices and mortgage rates rise, the consumer affordability crisis returns,” NBC News, July 24, 2026, available at <https://www.nbcnews.com/business/consumer/iran-war-gas-prices-mortgage-rates-rcna588816>.

²⁸ U.S. Energy Information Administration, “Weekly U.S. Ending Stocks of Crude Oil in SPR,” last accessed August 31, 2026, available at <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WCSSTUS1&f=W>

²⁹ Emily Gee, Kyle Ross, and Akshay Thyagarajan, “Trump’s War May Be Over But the Economic Damage is Not,” Center for American Progress, April 8, 2026, available at <https://www.americanprogress.org/article/trumps-war-may-be-over-but-the-economic-damage-is-not/>

³⁰ Trevor Higgins and others, *A Plan for American Electricity Affordability*, available at <https://www.americanprogress.org/article/a-plan-for-american-electricity-affordability/>.

³¹ International Energy Agency, “Energy and AI” (Paris: 2025), available at <https://iea.blob.core.windows.net/assets/de9dea13-b07d-42c5-a398-d1b3ae17d866/EnergyandAI.pdf>.

the existing customer base, as well as a full-cost electricity rate so that data centers as a class are paying their fair share of ongoing system costs.

Electricity prices are but one of the impacts of data centers that policy must address. Many states are now taking action to govern development. In Texas, Gov. Greg Abbott (R) directed state energy regulators to complete a comprehensive audit of the fiscal, water usage, and electricity usage of data centers advancing through the grid interconnection process before any project moves forward.³² In Pennsylvania, Gov. Josh Shapiro (D) is requiring legally enforceable commitments to his Governor's Responsible Infrastructure Development (GRID) as a condition of permits.³³ In New York, Gov. Kathy Hochul (D) imposed a one-year pause on certain state environmental permits for new hyperscale data centers while New York develops a statewide environmental framework and rules for electricity costs.³⁴ In New Jersey, Gov. Mikie Sherrill (D) signed legislation creating a separate rate class for data centers to ensure they pay for their energy use and associated grid costs.³⁵ Oregon, Maryland, and Florida, among other states, have also acted to protect other ratepayers from infrastructure costs associated with data center development.³⁶ Particularly where states are part of regional transmission organizations, states need the support of federal policymakers and regulators.

Ultimately, any data centers that are built should be connected to the electricity grid. While building natural gas or diesel generation detached from the grid can avoid creating grid infrastructure costs that the developer would need to pay for, off-grid data centers raise other affordability concerns and significant pollution problems. Currently planned off-grid data center development could consume about 18 percent as much natural gas as the entire power sector did in 2025, according to my organization's estimates, which would drive up fuel prices for home heating and cooking, industry, and on-grid natural gas power plants.³⁷ If these data centers instead pay their fair share of connecting to the electricity grid, the addition of so much new power demand could actually lower average costs by spreading out the fixed costs of operating,

³² Office of the Texas Governor, "Governor Abbott Directs Comprehensive Data Center Audit," August 3, 2026, available at <https://gov.texas.gov/news/post/governor-abbott-directs-comprehensive-data-center-audit>

³³ Commonwealth of Pennsylvania, "Governor Shapiro Signs Executive Order on Data Center Development," March 10, 2026, available at <https://www.pa.gov/governor/newsroom/2026-press-releases/governor-shapiro-signs-executive-order-on-data-center-development>

³⁴ Grace Ashford, "New York Enacts Nation's First Statewide Moratorium on Data Centers," New York Times, July 14, 2026, available at <https://www.nytimes.com/2026/07/14/nyregion/new-york-data-center-moratorium-hochul.html>

³⁵ State of New Jersey, "Governor Sherrill Delivers All Four Pillars of Data Center Plan, Puts Power Back in the Hands of Communities," *Press Release*, August 27, 2026, available at <https://www.nj.gov/governor/news/2026/20260827a.shtml>.

³⁶ Monica Samayoa, "Oregon Legislature passes 'POWER Act,' targeting industrial energy users like data centers," Oregon Public Broadcasting, June 5, 2026, available at <https://www.opb.org/article/2025/06/05/oregon-data-centers-cryptocurrency-business-environment-power-electricity/>; State of Maryland, Office of People's Council, "2026 Utility RELIEF Act," available at <https://opc.maryland.gov/Publications/Legislative-Work/2026-Utility-RELIEF-Act> (last accessed August 31, 2026);

³⁷ Office of Governor Ron DeSantis, "Governor Ron DeSantis Signs Law to Protect Floridians from Subsidizing Data Centers," *Press Release*, May 7, 2026, available at <https://www.flgov.com/eog/news/press/2026/governor-ron-desantis-signs-law-protect-floridians-subsidizing-data-centers>; AI Laws by State, "Data Center AI Legislation Tracker," available at <https://www.aillawsbystate.com/tools/data-center-tracker> (last accessed August 31, 2026).

Trevor Higgins and others, A Plan for American Electricity Affordability, available at <https://www.americanprogress.org/article/a-plan-for-american-electricity-affordability/>.

maintaining, and amortizing the electricity system over a larger base of customers, particularly where there may be spare capacity.³⁸

Conclusion

Energy prices are rising and the current administration's policies are making the problem worse, not better. While many states are responding to the administration's attacks on clean energy investment and to the surge in data center development, federal policy change is needed. The United States needs to invest in new clean energy generation, ensure data centers are paying their fair share, and build a bigger, better electrical grid. A combination of immediate relief and long-term reforms are needed to deliver cost savings for small businesses and households alike while building a more resilient, capable, flexible, clean, and affordable electricity system.

³⁸ Ryan Wiser and others, "Factors Influencing Recent Trends in Retail Electricity Prices in the United States", *The Electricity Journal*, vol. 38, no. 4, Dec. 2025, p. 107516, *ScienceDirect*, available at <https://doi.org/10.1016/j.tej.2025.107516>; Doug Ducey and Jennifer Granholm, "Data Centers Can Drive Affordability," *Opinion*, Newsweek, January 6, 2026, available at <https://www.newsweek.com/data-centers-can-drive-affordability-opinion-11315929>.