

HEAT OR EAT?



SKYROCKETING ENERGY PRICES TO COST CONSUMERS AT LEAST \$24.3 BILLION MORE THIS WINTER

Americans preparing for winter this year should set aside extra money to face a new financial shock: At least \$24.3 billion in higher energy bills during the winter heating season nationwide.

That's just the latest economic jolt coming for Americans already feeling the pain from rising inflation across the board, which has forced prices for things like bacon to double in cost. Then there are the highest gasoline prices in seven years with oil past \$80 a barrel and climbing. To top it all off, logistics supply chains snarled by the pandemic have prompted economists to forecast of higher holiday shopping prices – if consumers can even get what they can afford off of bare shelves.

Federal and state agencies have warned that utility bills will increase significantly for homeowners and renters who rely on electricity, natural gas, propane, and heating oil to provide warmth over the harsh winter months ahead. There are several reasons why this is happening.

These increases are due in part to rising demand as the world recovers from the COVID pandemic, a shock that upended the operation of global systems that don't turn back on with the flick of a switch – like distribution and supply chains. Equally, bad policy decisions have discouraged investment in energy development because of inconsistent or punitive regulations, while a rush to impose impractical solutions has put greater strain on our energy systems.

Those policy choices have eroded the strategic advantage the U.S. enjoyed after becoming the world's largest oil and natural gas producer and the second-largest of wind and solar. While we did not become totally immune to price shocks, the ability for the OPEC+ cartel and other nations to use energy as an economic weapon – as they had repeatedly for four decades – greatly diminished.

Not anymore. The Biden Administration has asked OPEC to increase output to protect Americans from higher prices, but the request has fallen on deaf ears.

And now, we enter a winter that the National Oceanic and

Atmospheric Administration [forecasts](#) to be slightly colder than last year. As a result of more severe weather and increasing energy demand, the Energy Information Administration has [estimated](#) natural gas prices will increase 30%, electricity prices will increase 6%, propane prices will increase 54% and heating oil prices will increase 43%.

What does this mean for American energy consumers? In real dollar terms, it means families across the country [will spend](#) at least \$24.3 billion more on home energy costs in the next six months, or roughly \$113 per household. However, the cost will vary widely by region, with those families most hard-hit in terms of fuel cost and heating demand bearing far greater financial burdens.

None of those amounts includes the [increased costs](#) at the gas pump of roughly \$17 more per fill-up than a year ago, based on an average 15-gallon tank of gas.

ENERGY SOURCE	INCREASED COST ON AMERICAN FAMILIES (OCT. 2021 - MAR. 2022)
NATURAL GAS	\$11,849,500,000
ELECTRICITY	\$5,644,900,170
No. 2 HEATING OIL	\$1,875,641,238
PROPANE	\$4,953,333,439
TOTAL	\$24,323,374,847

FOR HOME HEATING, ON AVERAGE, HOUSEHOLDS WILL SPEND:

- \$746 on natural gas, an increase of \$172 or 30% more
- \$1,268 on electricity, an increase of \$72 or 7% more
- \$631 on propane, an increase of \$221 or 54% more
- \$1,734 on heating oil, an increase of \$521 or 43% more

These numbers matter. Almost 29% of families [reported](#) to the U.S. Census Bureau in August they had to reduce or go without basic household necessities, such as medicine or food, to pay an energy bill. As a result, heating costs may become another necessity that struggling families and swaths of people living on fixed incomes simply cannot afford.