Pennsylvania Electricity Update

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In June, Pennsylvania utilities published an updated "price to compare" (PTC) to facilitate rate shopping by residential customers. The PTC is the default service rate to supply power during a six-month period, and the latest published rates apply to June through November 2026. The PTC rate only includes the generation and transmission costs to supply power and excludes other costs such as distribution and miscellaneous customer charges. The IFO utilizes published PTC rates, and the reported number of customers served by each utility, to calculate a weighted average PTC for residential customers statewide. **Table 1** displays the weighted PTC for the last four periods. The latest weighted PTC is 12.61 cents per kilowatt hour (kWh) for June to November 2026, an increase of 11.9% from the prior year, and 14.6% for the full year. This is the third consecutive period of double-digit growth in the PTC.

Table 1: Average Price to Compare (cents per kWh)

	Dec 2024 - May 2025	Jun 2025 - Nov 2025	Dec 2025 - May 2026	Jun 2026 - Nov 2026
Weighted PTC	10.11	11.27	11.92	12.61
YOY Growth	-3.9%	15.6%	17.9%	11.9%

Note: Excludes costs related to distribution and customer charges. YOY is year-over-year.

The generation and transmission components of the PTC are impacted by the wholesale price of power, which is the real-time price paid by utilities and retail electricity suppliers to purchase power from generators in the PJM grid. The wholesale price includes three main cost components: (1) energy/generation, (2) transmission and (3) capacity. **Table 2** shows the weighted average PJM wholesale power price and its components. Because the wholesale price applies to power purchased by utilities across the entire grid for all customers (not just residential), it is not directly comparable to the PTC. However, wholesale price trends provide insight into factors that drive changes in the PTC. According to Monitoring Analytics, the independent market monitor for PJM, the average wholesale price for power in the PJM grid was $82.3 per megawatt hour (MWh, or 1,000 kWh) for 2025, an increase of 48.3% from the prior year. The average price further surged in 2026 Q1 (+75.5%) compared to 2025 Q1.[1] The data show that wholesale price gains have been driven by energy and, to a lesser extent, capacity costs. Capacity reflects the costs associated with PJM capacity auctions, which have increased dramatically as regional demand is projected to outpace supply.

Table 2: Wholesale Price of Power in PJM Grid ($/MWh)

	Wholesale Price			YOY Growth	
	2024	2025	2026Q1	2025	2026Q1
Total	**$55.5**	**$82.3**	**$136.5**	**48.3%**	**75.5%**
Energy	$32.6	$48.9	$97.6	50.1%	78.5%
Transmission	$17.7	$18.5	$18.8	4.5%	5.3%
Capacity	$3.6	$13.1	$17.8	263.2%	398.0%
Other	$1.6	$1.8	$2.4	11.9%	42.3%

Note: Growth rate for 2026Q1 compares average prices in 2026 Q1 to 2025 Q1.
Source: State of the Market Report for PJM, Monitoring Analytics, LLC.

1 See: PJM State of the Market Report 2026 Q1 (Monitoring Analytics).

The U.S. Energy Information Administration (EIA) publishes the average retail electricity price paid by residential customers in Pennsylvania. **Table 3** shows the average residential price (top row) for the last four PTC periods. The residential price is then decomposed into two parts: Generate/Transmit (equal to the weighted PTC in Table 1), and Distribution/Other (residual). These data show that the weighted PTC accounts for roughly 57% of the residential price, while the residual 43% relates to distribution, customer charges and other fees. Since June 2025, the Generate/Transmit component has grown at a much faster rate than Distribution/Other. That outcome has largely been driven by the wholesale energy price trends shown in Table 2. Although capacity costs have increased dramatically, they comprise a much smaller share of total costs and have relatively less impact on retail prices. The Distribution/Other component primarily reflects costs to distribute electricity but also includes fixed customer charges. Distribution/Other cost trends are the result of infrastructure upgrades and subsequent rate increases and surcharges.

Table 3: Average Residential Price (cents per kWh)

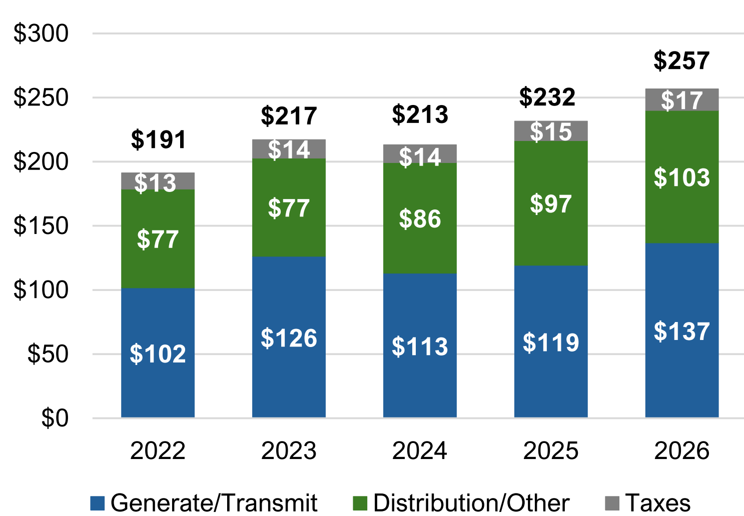
	Dec 2024 - May 2025	Jun 2025 - Nov 2025	Dec 2025 - May 2026	Jun 2026 - Nov 2026
Residential Average	**18.31**	**20.04**	**20.75**	**21.95**
YOY Growth	**4.0%**	**12.4%**	**13.4%**	**9.5%**
Generate/Transmit (PTC)	10.11	11.27	11.92	12.61
YOY Growth	-3.9%	15.6%	17.9%	11.9%
Distribution/Other	8.19	8.77	8.83	9.34
YOY Growth	15.8%	8.5%	7.8%	6.5%

Note: YOY is year-over-year.

Source: Average residential prices published by the EIA through May 2026, estimated by the IFO thereafter. Generate/transmit is equal to the weighted PTC calculated by the IFO. Distribution/other is the differential calculated by the IFO.

The **figure below** applies these estimated cost components to a typical level of monthly electricity consumption by a residential household (1,200 kWh) for the latest five years. The data are an illustrative example, but should reflect general trends for all residential customers. The example itemizes state taxes, which include the gross receipts tax (5.9% of the total bill) and sales and use tax (6.0% on transmission only). From 2022 to 2026, the monthly bill increases by $66 (+34.9%), more than twice the rate of regional inflation (+16.3%, Philadelphia CPI-U for June 2022 to June 2026). The total increase was driven by growth in Generate/Transmit (+$35, +34.5%), and Distribution/Other (+$26, +35.4%).

Monthly Electric Bill: Typical Household



Staff Contact

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