

Why Are Utility Bills So High? What Can New York State Government Do?

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To most New Yorkers who see their utility bills constantly rising, it's hard to understand why.

Consumers are rightly frustrated, not only by their high bills for energy but also by how complicated and technical it all is. To reduce these frustrations and to address costs, our leaders should be honest, clear, and direct with ratepayers on cost drivers and what is being done to reduce them.

In New York State electricity is generated by three principal sources:

- Natural gas ~ 55%
- Hydroelectric ~ 20%
- Nuclear ~ 20%

In 2026, imports from Canada and other states as well as renewables such as solar, offshore wind, etc. are supposed to provide the balance.

Since I left the Public Service Commission, the price of natural gas has skyrocketed. So much so that in recent years, from 2020 to 2025 electric prices driven by natural gas costs have risen over 100% far outpacing New York's rate of inflation of 21% during the same period. Following this weekend's extreme cold temperatures, these costs continued to rise over \$600 per MW hour from a lower price of \$108 during normal seasonal temperatures.

Who makes the most money from your electric bill?

The electricity suppliers using natural gas. Your utility passes through to you the cost charged to it – without taking any profit. So, it's NOT your utility that delivers the energy that gets too much profit. Utilities are responsible for the local delivery portion of your bill – the costs of bringing electricity to your home and business. That includes utility poles, electric wires, transformers, substations, bucket trucks, line crews and much more. Your utility charges a fee (which is regulated) to get the electricity to your home.

Same is true for the natural gas that goes into your home – again the suppliers of natural gas reap the profits, not the utility delivering it.

These electricity suppliers are companies you've probably never heard of. And prices are continuing to go up – not down anytime soon. These are massive companies,

always charging whatever the market can bear. NY's top four suppliers had income from all sources of over \$80 billion dollars and their stock price has gone up over 100% from the start of 2023 to the end of 2025.

And do not forget, there has been a great deal of political interference in New York's natural gas supply:

- Governor Cuomo banned fracking for natural gas in NY and stopped new natural gas pipelines from entering the state. Both decisions shrunk the supply of natural gas, making it more expensive in NY; and,
- He also forced the closing of nuclear generation at Indian Point which provided 25% of New York City's electricity. Natural gas generation has had to fill that gap;

There are other factors making bills climb:

- Well-meaning legislators passed laws that require reaching specific environmental goals to be reached by certain dates that include the goal of achieving 100% zero emission electricity by 2040 (New York's Climate Leadership and Community Protection Act) which passes on the cost of implementing the law onto ratepayers. Just recently Governor Hochul acknowledged most of these targets are unachievable, but... the laws have not yet been changed. And these laws must be obeyed by the industry. Result: costs are added to your bill to comply with the laws the legislature hasn't yet erased;
- Natural gas supply is influenced by market drivers just like the gas you buy for your car, and more than half of charges on a typical customer's bill are made of these plus state government programs and taxes. When temperatures are low, it causes customers to use more energy, which results in higher bills.
- New opportunities for electricity like widespread electric vehicle adoption, artificial intelligence creation, etc. have yet to fully ramp up in NY. And we face storms of increasing frequency and severity (like Fern) so demands to increase electric generating capacity using natural gas continues to grow.

What to do NOW to better manage costs?

For starters, the legislature and Governor have to cancel laws about goals that cannot be reached without the massive expenditures that are already and will continue to be on your bill.

They can also hold hearings on why natural gas prices, including those baked into electric charges, are so high. There are many more adjustments that can be made in how the grid is managed in NY that can help to reduce costs which can follow this good start.