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Your Utility Bills Might Be About to Drop. Here's Why

Experts say natural gas and electric bills are likely to cool off after dramatic increases in the last couple of years.

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Feb. 20, 2023 1:00 p.m. PT 6 min read



Transmission towers near the CenterPoint Energy facility in Houston, Texas, last December. Brandon Bell/Getty Images

Some relief could be coming for your soaring energy costs.

The average American household is expected to see utility bills -- electric and gas -- hold steady or even drop in the next couple of years, according to the latest forecast by the [US Energy Information Administration](#). After a significant increase since 2020, electricity bills are expected to stay fairly flat in 2023 and 2024, with a drop in consumption offsetting a moderate rise in prices, a CNET analysis of EIA [data](#) found. Natural gas bills are expected to drop after surging last year following Russia's invasion of Ukraine.

So far this winter, energy savings can largely be attributed to lower heating costs due to the weather, according to [Chris Lafakis](#), a director at Moody's Analytics who oversees the firm's climate risk initiative.

"This has been one of the most mild winters on record," Lafakis said. "That has really, really taken a toll on natural gas prices." While the balmy winter has been the biggest driver of household energy savings, global factors affecting the natural gas supply chain and the war in Ukraine also play a role.

Energy costs soared in 2022, largely due to global factors. The [Consumer Price Index](#) showed electricity prices up 11.9% year over year in January, while utility gas service prices were up 26.7% year over year.

It's hard to say if or when you'll see savings on your energy bills since so much depends on your utility company and how you pay for energy -- plus, it can take time for macro-level changes in prices to filter down to customers. But you can get immediate savings by taking a few steps to reduce your energy usage now, including [unplugging specific appliances](#), [turning off lights when not home](#) and [adjusting your thermostat temperature](#). Below, you'll find what you need to know about upcoming changes in energy prices and some effective ways to directly [reduce your utility costs now](#).

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What are experts predicting about energy prices?

We used EIA [data](#) to calculate the average monthly electric bill based on the EIA's average residential consumption and retail prices. The average household power bill has risen significantly in recent years, from an average of \$117.51 a month in 2020 to \$136.34 in 2022. That figure is expected to vary just a little in 2023 and 2024 -- \$135.69 this year and \$138.24 next year.

We calculated natural gas bills using EIA data on retail prices and assumed an average monthly consumption of 5,000 cubic feet per month. Natural gas bills are expected to decline after having surged in 2022. The average monthly bill jumped from \$61.05 in 2021 to \$73.70 in 2022, but is expected to fall to \$67.10 in 2023 and \$62.55 in 2024 as gas prices decline.

Electric and natural gas monthly consumer cost*

*based on EIA data	2020	2021	2022	2023	2024
Electricity (average residential usage and retail cost)	\$117.51	\$121.03	\$136.34	\$135.69	\$138.24
Gas (average residential retail cost for 5,000 cu ft)	\$53.80	\$61.05	\$73.70	\$67.10	\$62.55

Keep in mind that the global energy market is volatile and that these are just predictions. Your bill could vary dramatically since energy prices range depending on the state, utility company and supplier. Your bill could also include fees and fixed costs not included in these prices.

"There is still a lot of uncertainty, including the possibility of extreme weather later this winter that could increase demand and temporarily slow down production, but those possibilities decrease as we approach spring," EIA Administrator Joe DeCarolis said in a [news release](#).

As for natural gas, Lafakis said one factor to keep an eye on is the reopening of the Freeport LNG facility, a major export facility for liquified natural gas in Texas that has been shut down since a [June explosion](#). The facility's closure has led to a glut of natural gas in the US because less could be exported, Lafakis said. Its reopening, which [could be in March](#), might increase demand for American fuel and raise prices.

Watch this: Easy Ways to Lower Your Utility Bills and Save Money 08:13

What global factors are affecting energy prices?

The last 12 months have been volatile for energy prices, which were a major driver of the highest inflation in 40 years. Natural gas prices surged in 2022, topping [\\$9 per million BTU](#) over the summer following Russia's invasion of Ukraine. As recently as mid-December, natural gas cost around \$7 per million BTU. At the end of January 2023, it was under \$3. When the wholesale price of natural gas goes up, it can have a significant effect on your heating bill -- and you can see some relief when it drops.

Natural gas prices also affect electricity prices, since it is the largest single source of electricity generation, accounting for [almost 40% of US power capacity](#), according to the EIA.

Unfortunately, the price change might not filter down too much into your gas and electric bills -- at least not yet. That's because the price you pay your utility company isn't directly tied to wholesale prices for energy, and it takes time for changes to filter through to customers. The bulk of the savings consumers are seeing right now is due to using less energy because it's not as cold, not to energy being cheaper.

"You're not going to enjoy as much of the windfall of a decline of natural gas prices, and you're not going to get hurt as much when the price of gas rises," Lafakis said.

How to save on energy costs

You have some power over your energy bills right now. Here are some ways to exercise it:

Shop around for your energy supplier

Depending on where you live, you may have a choice in who provides your energy. That means you can shop around for different providers and compare rates. In states with a deregulated energy market, you can select a supplier and enter a contract, which has either a fixed or variable rate.

Now might be a good time to lock in a longer-term fixed-rate contract if it's more affordable because of lower prices, Lafakis said. "Try to lock in rates while gas prices are still low because it's not going to last," he said.

Be careful with what contracts you sign. Some suppliers offer "teaser" rates that are low for a short period but rise quickly after you're already locked in.

Here Are 23 Ways to Save On Your Electric Bills Right Now



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Get a home energy audit

This can work in a few different ways. Your utility company might be able to send someone out to check and see how you can save energy. Or you can do an audit at home using instructions from the [US Department of Energy](#). You can also hire a professional service, which will likely give you a more detailed look than your utility.

Consider solar panels

One way to save on your power bill is to produce your energy right on your roof (or in your yard, or on top of your dog house). Solar panels can cut your electric bill dramatically or eliminate it entirely, depending on how much energy they produce and how you're compensated for the excess. Combined with other steps to electrify your home, they could go a long way toward supplying all of your energy needs. Check out our picks for [the best solar providers of 2023](#).

Key points

- Energy prices dropped at the start of 2023 because of a mild winter for much of the US.
- A government forecast anticipates better times ahead for power bills after a rough 2022.
- If you're facing high energy costs this winter, consider an energy audit to identify ways to make your home more efficient.

More tips for home energy savings:

- [This Ceiling Fan Trick Can Save You Big Money on Heating Costs This Winter](#)
- [Your Putting Thermostat in the Wrong Spot, and Watch Your Heat Bill Drop](#)
- [How You Save Money When You Switch to Energy Star Appliances](#)
- [Set Your Water Heater to This Exact Temperature to Save Money This Winter](#)