Rising Natural Gas Prices Boost Financial Benefits of Home Electrification in New Jersey

A Look at Annual Energy Costs to Homeowners

The Future is Electric: How the Average New Jersey Household Can Save by Electrifying

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In February of 2022, Acadia Center released a report commissioned by the New Jersey Conservation Foundation titled **The Future is Electric: Helping New Jersey Live in Cleaner, Healthier and More Affordable Homes**. Using the winter 2021-2022 energy rates, the report demonstrated the energy bill savings associated with New Jersey homeowners transitioning off fossil fuels to highly efficient and affordable electric appliances like heat pumps. Heat pumps are proven to work in cold climates and simultaneously reduce emissions, improve indoor and outdoor air quality, and reduce health disparities in overburdened and underserved communities and communities of color.[1]

The Future is Electric report showed that when building electrification is paired with weatherization, the average household in New Jersey would see annual energy bill savings, with many households reducing energy bills more than 50%. **However, since the analysis in the report was completed, natural gas prices have soared. In New Jersey, the average residential natural gas rate this past winter was 31% above winter 2021-2022 levels and 51% above winter 2020-2021 levels.**[2] Simultaneously, average residential electricity prices have remained more stable with this past winter's rates rising only 3% above winter 2021-2022 levels and 5% above winter 2020-2021 levels.[3]

What are the implications of this recent rise in natural gas prices on annual energy bills for homes heated by natural gas versus homes that are fully electrified and weatherized? To answer this question, Acadia Center updated the analysis from the original The Future is Electric report to reflect the significantly higher gas rates and modestly higher electric rates of winter 2022-2023. Because both electric and gas rates vary significantly across utilities, Acadia Center honed in on households located within the service territory of three of New Jersey's natural gas utilities – Public Services Electric & Gas (PSE&G), New Jersey Natural Gas (NJNG), and South Jersey Gas (SJG).[4]

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