

Why Ohio's Electric Rates are Rising: The PJM Capacity Auction Explained

In June 2024, PJM Interconnection, which manages the electric grid for 13 states including Ohio, held a capacity auction that resulted in dramatically higher capacity prices. This means higher electric bills for all electric customers in Ohio and the other states PJM serves. ***These new prices will go into effect from June 2025 – May 2026.***

What is capacity?

- Capacity is a part of the generation charges on your electric bill. It is the fee that power companies charge to make sure their power plants are ready to produce electricity when there is a high demand for it, like on very hot or cold days.

Is this capacity price increase in NOPEC's control?

- NOPEC has no control over the PJM capacity auctions which set capacity prices that are passed through to all residential and commercial electric customers in PJM's footprint, including Ohio.

How will the results of this auction impact electricity bills?

- The PJM auction for the June 2025 – May 2026 period resulted in an 800% increase in capacity prices. For the average household in Ohio, this means electricity costs could go up by about 10-15%, which is around 2 cents more per kilowatt-hour (kWh).

What is causing the increase in capacity prices?

- The main reason for these higher prices is increased demand for electricity driven by economic and population growth, greater use of electronic devices, and more extreme weather patterns.

How long will rates be this high?

- The higher electricity prices are expected to last for the next 3-5 years until incremental electricity generation capacity is added.

What steps can households take to prepare for higher electricity costs?

- Invest in energy-efficient appliances and lighting. Look for ENERGY STAR-rated products that consume less energy.
- Install smart thermostats to reduce energy consumption when you're not at home.
- Improve home insulation and seal any drafts to maintain indoor temperatures more efficiently.
- Consider installing solar panels or other renewable energy sources to offset electricity costs.
- Conduct an energy audit to identify areas where you could reduce your energy usage.
- Simple changes like turning off lights when not in use, unplugging devices, and using energy-intensive appliances during off-peak hours can make a difference.
- Visit NOPEC's Energy Savings Center for more energy-saving tips and resources, www.nopec.org.