

Soaring electricity rates become key issue in New Jersey governor's race

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31 October 2025

Rising electricity bills have emerged as a major issue in New Jersey's 2025 gubernatorial race between Representative Mikie Sherrill, a Democrat, and Republican Jack Ciattarelli. Workers in New Jersey are now confronting electricity prices that are 22 percent higher than they were one year ago.

Electricity bills are starting to climb nationally as well. The average monthly rate for US residents increased 5 percent and is expected to continue rising exponentially for the foreseeable future. As electricity rates rise, the Trump administration is sabotaging investments in renewable energy, the generation of which encompasses far lower costs than the generation of fossil fuel energy. This sabotage only benefits the fossil fuel industry.

The rise in utility prices is just one aspect of the affordability crisis facing workers across the country. The prices of meat, poultry, fish and eggs, for example, have risen by 5.2 percent over the last year. This affordability crisis stems from the debt-ridden corporate oligarchy's need for greater profits. As both major parties serve the interests of this oligarchy, they support efforts of the super-rich to bail themselves out at workers' expense. They are incapable of implementing rational and efficient energy policies.

The causes of the sudden electricity rate hikes are multifactorial but begin with the regional grid operator PJM (Pennsylvania-New Jersey-Maryland), which manages the power grid for 13 states and Washington D.C. The private, nonprofit organization is minimally overseen by the Federal Energy Regulatory Commission.

PJM's board of managers includes veterans of the fossil fuel and utility industries. Manu Asthana, PJM's current CEO and president, was previously president of Direct Energy Residential, a supplier of natural gas and

electricity. The organization's executive team also includes Frederick Bresler III, who concurrently serves as chair of the Association of Power Exchanges, an international organization of electricity and gas market operators. David E. Mills, former executive at Puget Sound Energy (a utility company providing electricity and natural gas), is a member of PJM's board of managers.

PJM manages the generation and transmission of electricity across the region. It also oversees the wholesale energy market and acts as a broker between power plants and the utility companies that distribute electricity to customers. In this role, it runs an annual auction whereby utility companies purchase energy from power plants in advance to meet predicted demand during peak times (such as days of intense heat waves or frigid temperatures). Power plants set the prices they are willing to accept from utility companies.

In July 2024, during PJM's auction for the 2025-26 delivery year, prices skyrocketed due to an unforeseen and unprecedented increase in predicted demand. The marginal price soared from around \$29 per megawatt day in the prior auction to about \$270 per megawatt day in the 2024 auction: over an 800 percent increase.

Supply is falling short of demand, but PJM, which also decides how and when new energy projects will connect to the grid, has delayed the review process for the construction of new energy projects. The extended backlog of applications awaiting PJM's approval (79 proposals in New Jersey alone) mostly comprises clean energy projects. On the other hand, PJM has accelerated the approval process for select fossil fuel projects through its Resource Reliability Initiative. This bias reflects the financial interests of PJM's board. If the shortfall in energy supply continues, not only will

electricity bills keep rising, but also blackouts and brownouts will become more frequent.

The supply-and-demand imbalance is further exacerbated by the July passage of the Republican “One Big Beautiful Bill Act,” which rolled back Biden-era tax credits and other incentives for the building of clean energy sources like solar and wind. The bill continues the Trump administration’s ruthless attacks on environmental regulations and consumer and worker protections, which are aimed at increasing corporate profits.

The sharp rise in electricity demand results from an explosion in the number of data centers in PJM’s region, which includes Northern Virginia’s “Data Center Alley,” the largest grouping of data centers in the world. Data centers are notoriously energy-hungry, with some consuming enough energy to power a large city or small state. This demand puts enormous strain on an already fragile electrical infrastructure.

According to PJM, 70 percent of the growth in demand, equivalent to \$9.6 billion in rising consumer costs, is attributable to data centers. The National Resources Defense Council predicts that “by 2028, an average family in the [PJM] region will be paying around \$70 a month extra on their electricity bills because of forecast data center growth.”

However, the proliferation of data centers is not just an issue for states in PJM’s region; Bloomberg determined that wholesale electricity costs skyrocketed by 267 percent over the past five years in areas of the US that are close to data centers.

Furthermore, the cost of connecting data centers to the grid through power lines and substations is imposed on all utility customers. Tech companies are not required to contribute funds that are proportionate to the tremendous energy demands their data centers place on the grid. Hence, the economic and environmental burdens of the AI boom are being placed on the backs of the working class.

Compounding the crisis of exorbitant energy costs are cuts and freezes to federal social programs, such as the Low Income Home Energy Assistance Program, which partially eases the burden of rising energy costs on low-income households and vulnerable populations.

The massive and frenzied growth of data centers throughout the country is driven by the push for global AI dominance by the Trump administration, which

represents the interests of the American corporate and financial oligarchy. For this social class, AI dominance is necessary to American economic and geopolitical hegemony. The US government is utilizing AI to boost its military and intelligence capabilities for war abroad and repression at home.

In New Jersey, both gubernatorial candidates propose ineffective reforms that fail to acknowledge, let alone address, the root causes of the price hikes.

Sherrill promises to freeze rates for one year, which will do nothing to stop the surge in prices. Industry experts predict that they will continue for at least a decade. She also vows to file lawsuits against the Trump administration’s rollback of federal clean energy programs, but dependence on the judicial system, headed by the far-right leaning U.S. Supreme Court, has already proven to be futile.

For his part, Ciattarelli blames the Democratic state government for the rising rates, backs Trump’s war against wind turbines and promises to implement an “Energy Master Plan” that lacks substantive detail.

The current spike in utility prices places a significant burden on the working class and underscores the chaos and irrationality of capitalism, which prioritizes profit above all other considerations. The crisis of energy prices and inadequate energy supply can be resolved only through workers’ control of the energy infrastructure and socialist planning.



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