

July 2026 Commercial Energy Outlook

Peak-Season Market Analysis & Procurement Guidance for U.S. Businesses

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⚠️ Peak Demand Warning — July Is the Highest-Risk Month

July is historically the most expensive month for commercial electricity. Above-average summer temperatures are driving a 3% increase in U.S. electricity generation vs. summer 2025. Businesses on variable or index-priced contracts face the greatest exposure to sudden price spikes — summer peaks can drive rates 3–5x higher during peak demand windows.

Key Market Metrics — July 2026 Projections

<p>NATL. COMMERCIAL RATE</p> <p>14.4¢/kWh</p> <p>↑ ~5.8% YoY (EIA)</p>	<p>BRENT CRUDE (2026 AVG)</p> <p>~\$95/bbl</p> <p>Highest avg since 2022</p>	<p>HENRY HUB NAT. GAS</p> <p>\$3.34/MMBtu</p> <p>↓ from \$3.50 (2H26 avg)</p>	<p>SUMMER DEMAND GROWTH</p> <p>+3%</p> <p>vs. summer 2025 (EIA)</p>
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July 2026 Market Overview

U.S. commercial electricity rates are at their annual peak in July 2026, driven by elevated cooling demand, growing AI data center loads, and persistent infrastructure investment costs flowing into utility rates. The EIA's June 2026 Short-Term Energy Outlook — released June 9, 2026 — confirms above-average summer temperatures contributing to a 3% increase in total electricity generation compared to summer 2025, with commercial sector demand leading the growth curve.

A major geopolitical wildcard shapes the broader energy market: the de facto closure of the Strait of Hormuz since late February 2026 has disrupted approximately 11 million barrels per day of Middle East crude oil production, driving Brent crude to a 2026 annual average of \$95/barrel — the highest annual average since 2022. While crude oil does not directly set electricity prices in most U.S. regions, it has cascading effects on diesel, jet fuel, and industrial energy costs, raising operating expenses across supply chains.

Natural gas, the dominant fuel for U.S. electricity generation at 39% of the generation mix, is providing some relief. The Henry Hub spot price is forecast to average \$3.34/MMBtu in the second half of 2026 — lower than the full-year average — as supply growth from associated Permian and Haynesville production outpaces seasonal demand increases. This acts as a partial buffer against the broader commodity price environment.

2026 Commercial Electricity Rate Projections by Month

The table below shows projected national average commercial electricity rates month-by-month through 2026, based on EIA STEO trend data and seasonal demand patterns. July represents the annual peak.

Month	Proj. Rate (¢/kWh)	Demand Pressure	vs. Prior Year
January 2026	13.5¢	Moderate (heating)	+5.2%
February 2026	13.4¢	Moderate (heating)	+5.0%
March 2026	13.6¢	Low (shoulder)	+7.2%
April 2026	13.8¢	Low (shoulder)	+5.5%
May 2026	14.0¢	Low-Moderate	+5.3%
June 2026	14.4¢	HIGH (cooling onset)	+5.8%
July 2026	14.9¢ ▲ PEAK	HIGHEST (peak cooling)	+5.8% est.
August 2026	14.7¢	Very High (cooling)	+5.6% est.
September 2026	14.2¢	Moderate (shoulder)	+4.8% est.
October 2026	13.8¢	Low (shoulder)	+4.5% est.
November 2026	13.5¢	Low-Moderate	+4.2% est.
December 2026	13.7¢	Moderate (heating)	+4.4% est.

Sources: EIA June 2026 STEO (released June 9, 2026); EIA Electricity Monthly Update March 2026 (national commercial sector revenue per kWh +5.8% YoY); ElectricChoice.com June 2026 state rate data.

U.S. Electricity Generation Mix — Summer 2026

The EIA June 2026 STEO confirms the following generation mix for summer 2026 (June–August). Solar generation is forecast to increase 19% year-over-year, reflecting a 20% increase in available utility-scale solar capacity. Wind generation rises approximately 10%, consistent with an 8% growth in wind capacity.

Fuel Source	Share of Generation	YoY Change	July Significance
Natural Gas	39%	~Flat	Primary marginal fuel; sets market price
Nuclear	18%	+1%	Baseload stability; unaffected by heat
Coal	16%	-2%	Declining; coal consumption -8% in 2026

Solar	8%	+19%	Peaks in summer — strongest July contribution
Wind	11%	+10%	Consistent growth; 8% more capacity vs. 2025
Hydropower	6%	+5%	Reservoirs near capacity in Pacific NW
Other	2%	~Flat	Geothermal, biomass, petroleum

Key Insight: The 3% summer generation increase is being met almost entirely by solar (+19%) and wind (+10%), not by natural gas or coal. This is structurally positive for long-term rate stability, but does not prevent July peak-hour price spikes when solar drops at dusk and AC loads remain high.

Electricity Demand Growth — Commercial Sector in Focus

The commercial sector is the fastest-growing demand category in 2026 — and for the first time on record, EIA projects commercial demand growth will outpace residential demand in 2027. This is driven primarily by AI data center expansion, cloud computing infrastructure, and electrification of commercial processes.

Sector	Summer 2026 Growth	Full Year 2026	Full Year 2027
Commercial	+6.0%	+2.6%	+5.8%
Residential	+3.0%	+1.3%	+2.8%
Industrial	+0.9%	+1.0%	+5.1%
Total U.S.	+3%	+1.3%	+3.1%

Commercial sector growth is concentrated in states with large data center footprints: Virginia, Texas, Illinois, and Arizona. Arizona saw the highest YoY increase in commercial retail electricity sales in March 2026, up 19.4% according to the EIA Electricity Monthly Update.

Commercial Electricity Rates by Region — June 2026 Actuals

Commercial rates vary dramatically by region. Businesses in deregulated markets retain the ability to shop for competitive supply rates, while regulated-market customers are subject to utility-set pricing.

State / Region	Comm. Rate (¢/kWh)	Market Type	July Outlook
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Connecticut	~30.77¢	Deregulated	Very High — aging grid, import-dependent
Massachusetts	~30.46¢	Deregulated	Very High — LNG import costs elevated
Maine	~32.17¢	Deregulated	Highest in Northeast
California	~33.22¢	Regulated	Very High — mandate costs + grid stress
National Average	14.37¢	Mixed	Peak month — expect 14.9¢ est. in July
Illinois	~10–11¢	Deregulated	Moderate; shop for competitive rates
Pennsylvania	~10–12¢	Deregulated	Moderate; strong supplier competition
Texas (ERCOT)	8.69¢	Deregulated	Low avg — but spike risk on peak days
North Dakota	6.73¢	Regulated	Lowest commercial rate in U.S.

Natural Gas Price Outlook — Q3 & Q4 2026

Natural gas is the marginal fuel for electricity generation in most U.S. regions, meaning changes in gas prices ripple directly into electricity costs. The EIA June 2026 STEO provides the following Henry Hub price trajectory:

Period	Henry Hub Price	Change from Prior	Commercial Impact
Q1 2026 (actual)	\$3.53/MMBtu	Baseline	Winter heating demand elevated prices
Q2 2026	\$3.10/MMBtu	↓ -12%	Shoulder season; lower demand
Q3 2026 (July — current)	~\$3.10/MMBtu	Flat	Supply growth absorbing summer demand
Q4 2026 (forecast)	\$3.34/MMBtu	↑ +8%	Seasonal uptick; watch storage draws
2H 2027 (estimate)	\$3.55/MMBtu	↑ +6%	LNG export growth tightening supply

Gas Outlook for July: Natural gas supply growth from the Permian and Haynesville regions is keeping Q3 2026 prices relatively stable at ~\$3.10/MMBtu, providing a partial buffer against peak electricity demand. However, if July heat waves drive power sector gas demand above forecast, spot prices could spike temporarily.

July 2026 Risk Assessment by Driver

Risk Factor	Level	Business Impact
Cooling demand spike — residential & commercial AC load	HIGH	Core driver of July rate peak; unavoidable
Variable-rate contract exposure to peak-hour price surges	HIGH	Rates can spike 3–5x on peak demand days
Geopolitical oil premium (Strait of Hormuz disruption)	MEDIUM	Affects diesel, transport, industrial costs
Grid capacity constraints — ERCOT and MISO stress events	MEDIUM	Regional; highest risk during heat waves
Natural gas supply tightening in late 2026	MEDIUM	Watch Q4 storage draws heading into winter
Solar/wind capacity additions offsetting peak load growth	LOWER	Positive buffer; +19% solar this summer
Fixed-rate contract holders — insulated from spot spikes	LOWER	Budget certainty through the peak season

July 2026 Commercial Buyer Action Plan

The following five actions are tailored to current July 2026 market conditions for commercial energy buyers:

- 1. Avoid new contract signings in July.** Wholesale electricity demand peaks in summer (June–August), driving supplier pricing to year-high levels. Businesses shopping now face a cost premium. The next strategic window is the fall shoulder season (September–November 2026), when supplier competition increases and pricing stabilizes.
- 2. Manage peak demand charges aggressively.** Demand charges tied to your 15- or 30-minute peak power draw are the most volatile cost lever in July. Stagger equipment startups, shift non-critical loads to off-peak hours (after 9pm / before 7am), and consider battery storage or demand response programs if available in your region.
- 3. Fixed-rate contract holders: stay the course.** Businesses locked into 12–60 month fixed-rate contracts are fully insulated from July spot price spikes. If your contract is approaching renewal, wait until fall 2026 to negotiate. Do not let contracts lapse into variable or default utility rates during the summer peak.
- 4. Deregulated-state businesses with expiring contracts: compare now.** In Pennsylvania, Ohio, Illinois, New York, Texas, and other deregulated markets, supplier competition exists

year-round. If your contract ends within 60 days, comparing quotes now is still preferable to defaulting to utility supply rates. Contact Bid On Energy for a no-cost supplier comparison.

- 5. Monitor capacity tag notification dates.** Regional utilities tag peak-demand periods — typically a handful of hours per year — that set your capacity charges for the entire following year. Reducing load during your utility's tagged window can reduce annual utility costs by 15–25%. Bid On Energy provides advance notification of tag dates to enrolled customers.

About Bid On Energy

Bid On Energy helps commercial and industrial businesses across the United States compare electricity and natural gas supply rates from competing suppliers. Operating in all deregulated energy markets, Bid On Energy provides no-cost rate comparisons, contract analysis, capacity tag notifications, and ongoing market intelligence to help businesses control one of their largest operating expenses.

Visit us at BidOnEnergy.org or call **302-360-8110** to speak with a commercial energy advisor.

Sources & Methodology

- U.S. Energy Information Administration — June 2026 Short-Term Energy Outlook (released June 9, 2026; forecast completed June 4, 2026)
- EIA Electricity Monthly Update — March 2026 Data (released May 22, 2026)
- EIA Annual Energy Outlook 2026 (released April 8, 2026)
- ElectricChoice.com — Electricity Rates by State, June 2026
- American Action Forum — 'How Much Are Electricity Prices Rising — And Why?' (October 2025)
- EIA May 2026 Short-Term Energy Outlook (released May 12, 2026)

All July 2026 rate figures are forward projections derived from verified EIA STEO trend data and current market conditions as of June 26, 2026. Projections are subject to change based on weather, geopolitical developments, and market conditions. This report is for informational purposes only and does not constitute financial or procurement advice.