

How affordable is our energy? Here's what consumers say as of January 2016

Data from 10 Quarterly Samples, Oct 2013 - Jan 2016

March 2016

KEY FINDINGS

- ▶ In January 2016, the affordability index for home energy was 137 and the affordability index for gasoline was 152.
- ▶ Over the previous nine quarters (not including January 2016), the affordability indices were 127 (±4) for home energy and 87 (±2) for gasoline.
- ▶ The gasoline affordability index jumped by 40 points from October to January, at 152 this sets a new high (compared to 138 in January 2015).
- ▶ For two quarters running, Americans now view gasoline to be just as affordable as home energy, a marked change from their views through 2014.

As part of the U-M Energy Survey's ongoing reports regarding the affordability of energy, this brief focuses on the newest wave of data through January 2016. We measure American consumers' views of their energy costs with two affordability indices, one for home energy and the other for gasoline. Each index is based on the costs that consumers say they would find unaffordable compared to their actual energy costs—that is, their own home energy bills and the national average price of gasoline—during the month they were surveyed. (See the [Affordability Indices Overview](#) for further detail on how we compute each index.)

For home energy, little trend was found when comparing its affordability index in January to the previous nine quarters. In January 2016, consumers said that they spent an average of \$159 per month on home energy bills. They also responded, on average, that they would find a monthly energy bill of \$356 to be unaffordable. The January 2016 value of 137 (±11) was only marginally higher than the October 2015 home energy affordability index of 122 (±10).

Similar to the previous report (comparing October to July 2015), the affordability index for gasoline in January

2016 significantly increased from the previous quarter and was higher than the average of the previous nine quarters. There was a 40 point increase in the index from 112 (±7) in October 2015 to 152 (±9) in January, when the average per-gallon price of gasoline fell to \$2.06 compared to its value of \$2.41 in October. On average, consumers say that they would find gasoline to be unaffordable if it reached \$5.48 per gallon.

Over the prior two years, January 2015 held the highest gasoline affordability index value at 138 (±8), and this January's value is essentially the same statistically speaking. This makes for the second quarter in a row that consumers view gasoline to be just as affordable as home energy. That's a notable contrast to the situation through the end of 2014, when consumers felt that gasoline was much less affordable than home energy.

The average gasoline affordability index for January 2015 and January 2016 of 145 was 2.3 times higher than its average of 64 for October 2013 and October 2014, reflecting a notable jump in the perceived affordability of gasoline compared to the survey's first year.

