National Energy Assistance Directors Association

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Six Months Into the Iran War, American Families Are Paying More for Energy

Gasoline costs have already added hundreds of dollars to household budgets. Higher oil prices could make this winter even more expensive, just as federal energy assistance faces a funding crisis.

WASHINGTON, D.C.: August 28 marks six months after the United States and Israel launched military action against Iran, the impact of the war is being felt far from the battlefield in the household budgets of American families. The most visible impact is at the gasoline pump. The national average price of regular gasoline is now about $4.10 a gallon. But looking only at today's price misses the bigger picture. Gasoline prices have been highly volatile throughout the six months of the conflict.

Using a representative household that purchases 500 gallons of gasoline over six months, the average price over that period was approximately $3.98 a gallon. That translates into an estimated $1,990 in gasoline spending about $520 more than the approximately $2.94 pre-war price. And prices are likely to remain volatile until the war ends and then months more until the damage done to the refinery and delivery systems are repaired.

The following table compares the average price of gasoline prior to the start of the war, to the six month average price after the beginning of the war and then at several higher price points if the war continues and there is continued pricing volatility. The $100, $110 and $120 crude-oil figures below are illustrative scenarios, not forecasts.

Crude oil scenario	**Estimated gasoline price**	**Six-month gasoline cost**	**Additional gasoline cost**
Pre-war	$2.94/gal.	$1,470	—
Six-month actual average price	$3.98/gal.	$1,990	+ $520
$100/barrel oil	$4.25/gal.	$2,125	+ $655
$110/barrel oil	$4.55/gal.	$2,275	+ $805
$120/barrel oil	$4.85/gal.	$2,425	+ $955

And the pressure may not end at the gas pump. As winter approaches, millions of households will have to pay for home heating oil. Last winter, residential heating-oil prices averaged about $3.98 a gallon. Retail heating-oil prices averaged about 1.02 times the retail diesel price over the same period. With retail diesel now at $5.45 a gallon, that relationship suggests a current heating-oil price of about $5.55 a gallon. For a representative oil-heated household using 450 gallons during the winter, that would mean a heating bill of about $2,497.

Crude oil scenario	Estimated heating-oil price	Winter heating cost	Additional cost as compared to 2025-26
Winter 2025-26	$3.98/gal.	$1,790	—
Current estimated price	$5.55/gal.	$2,497	+ $707
$100/barrel oil	$4.83/gal.	$2,175	+ $385
$110/barrel oil	$5.34/gal.	$2,404	+ $614
$120/barrel oil	$5.85/gal.	$2,633	+ $842

The 450-gallon figure is a working assumption for a representative oil-heated household. Actual consumption varies with home size, weather, insulation and heating-system efficiency. The estimated current heating-oil price is based on the observed retail heating-oil-to-retail-diesel price relationship during the 2025-26 heating season, applied to the current national retail diesel price. It is an estimate, not an official August residential heating-oil quote, because EIA's residential heating-oil series is seasonal.

The Low Income Home Energy Assistance Program (LIHEAP), helps low-income households pay their heating and cooling bills. The administration's FY 2027 budget proposal called for eliminating federal LIHEAP funding. The National Energy Assistance Directors Association has called for an additional $3 billion in emergency LIHEAP assistance in response to the energy price shock. The timing matters. Families are heading into the winter heating season at a time when energy prices remain elevated and the outlook is uncertain.

What six months of war means for a family: For a representative household using 500 gallons of gasoline, the six-month increase is approximately $543. For a household that also heats with oil, the estimated additional winter cost at the current heating-oil price could be about $707. That means a representative family could face approximately $1,250 in additional gasoline and heating costs compared with the pre-war and prior-winter baselines used in this analysis.

These figures are not meant to suggest that every family will experience the same costs. They are intended to show what the energy shock can mean in household terms. For families living paycheck to paycheck, several hundred dollars is not a rounding error. It can mean choosing between filling the gas tank, paying the heating bill, buying groceries or paying another household bill. Six months into the war, that is the part of the energy crisis that deserves more attention.

Notes on the estimates: The gasoline analysis uses a 500 gallon six-month household assumption and an approximately $4.03 six-month average. The heating-oil analysis uses a 450-gallon winter assumption and an approximately $3.98 average residential heating-oil price for the 2025-26 heating season. Retail heating oil averaged approximately 1.02 times retail diesel over that period. Applying that ratio to the current $5.45 national retail diesel price produces an estimated current heating-oil price of approximately $5.55 per gallon. For the crude-oil scenario rows, the report's existing illustrative diesel-price assumptions of $4.75, $5.25 and $5.75 are converted to estimated heating-oil prices using the same historical ratio. These scenarios are illustrative, not forecasts.

Sources: U.S. Energy Information Administration; AAA; National Energy Assistance Directors Association; and the underlying household gasoline and heating-oil scenario analyses.