NEW YORK ENERGY MARKET OUTLOOK

Important webinar highlights at a glance

June 26, 2026

Market Summary

The New York energy market is entering a period of **heightened volatility and structural price pressure**, driven by the convergence of **demand growth, supply constraints, global influences,** and **regulatory costs**.

Uncertainty and bullish market pressures for the region

Increased weather-driven volatility
Especially in the winter. The recent extreme winter storms reveal the fragility of the New York power and gas systems and the ability to yield extreme pricing risk.

Unprecedented demand growth
AI, data centers, and electrification are increasing demand and putting pressure on infrastructure, while sources of supply decrease and regional transmission constraints persist.

Global energy market correlation
Rising global demand for natural gas/LNG, increasing U.S. LNG export capabilities, and oil supply disruptions from geopolitical events, more closely tie New York/New England gas prices to global markets.

Regulatory/policy
Changing regulatory constructs and policy add new layers of risk and cost obligations: i.e. Clean Energy Standard and Regional Greenhouse Gas Initiative.

Together, these factors are expected to **increase upward pressure on prices and risk exposure for energy buyers in New York.**

Pricing recap

Natural Gas (NYMEX & Basis)

Observations:

- Winter saw **very high NYMEX settlements:** January settling just shy of $4.68 and February settling at $7.46.
- Prices have since dropped and stabilized.
- Forward curves (2027–2029) are near **3-year lows**.
- NY basis is at 3-year highs.

Key risks: growing LNG demand tied to the Iran conflict; drought in Canada, extreme winter weather.

Buying opportunity: Cal ’27 is almost at an all-time low; backwardation in basis still a value.

Power-Gas correlation

- Natural gas prices are down significantly since December.
- Power prices in Zone J are flat to up.
- Gas and power **are no longer moving together**, reducing the reliability of historical correlations.

Electricity

Observations:

- Forward prices in Zone J have **risen** and remain **backwardated** (i.e. the outer years cheaper).
- Day-ahead prices spiked during Winter Storm Fern (2026).
- Long-term planning helps avoid reacting to short-term noise.

Considerations

- Take advantage of low long-term NYMEX prices
- Manage NYMEX and Basis costs separately
- Consider a layered purchasing strategy
- Focus on long-term strategy rather than short-term volatility

Watch-outs for pricing components

Clean Energy Standard

- CES is about 4-6% of electricity costs.
- Current costs represent only a portion of what’s needed for 2030 goals.
- Uncertainty about future rules and pricing could increase premiums.

Capacity

- Tighter supply is driving Zone J capacity prices.
- CHPE is being commissioned and has helped to alleviate the higher in-city summer capacity rates.
- CHPE’s ability to contribute to winter capacity is limited therefore prices remain volatile.

Consider passing through CES and capacity costs, rather than hedging uncertainty. Consider strategically managing peak load by reducing or shifting during periods of peak demand.

Regulatory recap

Large loads & data centers

Public Service Commission
The PSC opened a proceeding to examine large loads; bring your own generation (BYOG) and energy affordability were key themes.

New York ISO
NYISO is developing more detailed load profiles (hourly, seasonal, ramping), defining curtailment capabilities, co-located generation modeling, and updated cost allocation methodologies for requests.

Federal (FERC)
FERC issued show-cause orders (June 18, 2026) to all major RTOs requiring justification or revision of large load interconnection tariffs within 60 days to encourage faster interconnection, fair cost allocation, and improved reliability requirements for large loads.

Natural gas phase-out or re-emergence?

Historical perspective
Starting in 2019, New York policy started moving the state aggressively away from natural gas, through the Climate Leadership and Community Protection Act (CLCPA) and state laws.

More recently
Gas pipeline approvals have been denied (Constitution and Northeast Supply Enhancement Project) and natural gas-fired generation facilities’ repowering permits were denied.

Current policy
With the focus on “affordability,” emissions targets have been softened and renewable development slowed due to the inability to meet system peaks. State looking to natural gas, along with other resources, to fill reliability gap.

Regional Greenhouse Gas Initiative (RGGI)

RGGI creates a carbon cost embedded in wholesale power prices to help curb emissions over time. Virginia recently rejoined the program, bringing total participation to 11 states. This has increased the total compliance obligation, which directly translates to upward pressure on the cost of wholesale power.

Strategy considerations

- **Choose a flexible procurement strategy:** like a layering product, that allows you to decide when and how much to buy. This gives you purchasing flexibility to better manage risk and adapt to market changes.
- **Consider your overall cost configuration:** and whether passing through and/or independently managing certain cost components will allow you to better control costs and/or capitalize on savings.
- **Focus on what you can control:** consider strategically and intentionally managing *when* you use power to help lower demand-based costs and improve resiliency.

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Q&A

Given that pipeline expansion that is in progress, how concerning is oil market volatility over the next 2–4 years??

Based on recent developments, it's pretty clear that oil pricing and volatility will continue to play a big role in how the New York market moves. The market still leans on oil as a fallback when natural gas supply tightens, especially during the winter months. Because of that dynamic, broader moves in global oil markets—whether it's pricing or volatility—tend to translate fairly quickly into power and gas pricing impacts in New York.

The underlying issue however hasn't really changed. New York is still dealing with infrastructure constraints and limited deliverability during peak periods, which keeps it in a "fuel-constrained" bucket. Looking ahead, unless there's a meaningful shift in supply capabilities, New York is likely going to remain a fuel-constrained market for the foreseeable future, with oil continuing to set the tone during periods of stress.

During the webinar we reviewed the status of current pipeline projects:

Northeast Supply Enhancement Project

- Expected to bring 400,000 Dth/day of capacity
- All permits secured and construction activities underway with in-water work scheduled to start in 2027
- Environmental groups challenged NYSDEC approval; case is before Second Circuit

Constitution Pipeline

- Expected to bring 650,000 Dth/day of capacity
- FERC approval pending before project can proceed
- Lawsuits already pending over NYSDEC jurisdiction and FERC's authority to reconsider pipeline

Algonquin Reliable Affordable Resilient Enhancement

- Proposed to bring 75,000 Dth/day of natural gas to Northeast
- In-service date: 2028, once approvals are received

Do we see any change in prices from zone to zone in New York?

When you compare upstate zones to downstate zones in New York, pricing has generally moved together over the last few years. That said, the scale of the move has been much more pronounced upstate, relative to where those markets were trading historically. On a percentile basis, most of the upstate zones now screen a lot higher, mainly because they were coming from a much lower baseline to begin with.

Downstate zones have also moved higher, especially with the recent risk premium being priced in related to the Iran conflict. It's not really an apples-to-apples comparison however when you line up the "rest of state" (ROS) versus Zone J. Because you're dealing with a different set of fundamentals, constraints, and demand drivers, the movement in each zone looks pretty different.

Are there any developments with Local Law 97 (LL97)?

As a reminder, the first compliance year for LL97 ended on Dec. 31, 2025, with a reporting deadline of May 1 2026. The department of buildings (DOB) did provide a filing extension to August 29, 2026, however buildings seeking an extension needed to apply for that extension via the BEAM portal no later than June 30, 2026. If you would like to discuss your building's specific situation, NRG can help. Reach out to your Account Executive for more information or check out our e-book.

Are there any legal requirements for energy brokers to work with commercial energy customers in New York?

Brokers and energy consultants are able to work with commercial energy customers in New York as long as they meet requirements. The New York Public Service Commission (PSC) requires energy brokers and energy consultants to register. The registration process requires:

- Completion of an annual registration package
- A $500 registration fee
- Demonstration of financial accountability

The rules also require disclosure of compensation by brokers and establish enforcement procedures. A broker or consultant will now be subject to an enforcement action for a violation of any law, rule, or regulation. For NRG to work with a broker in New York, that broker must be registered with the PSC.

How could the upcoming New York gubernatorial election impact energy policy, particularly around natural gas infrastructure and renewable development?

The two candidates have very different approaches to energy:

Bruce Blakeman (R)
His campaign emphasizes balancing energy needs with economic growth and reliability. He supports expanding natural gas infrastructure to secure affordable energy and has indicated a willingness to ease regulatory hurdles for new projects. Blakeman also advocates for a gradual transition to renewables, prioritizing the preservation of traditional energy sector jobs and ensuring grid reliability as cleaner sources are adopted. He believes that consumer energy bills are too high and a significant change in policy, mandates, and taxes could bring costs down.

Kathy Hochul (D)
She remains committed to New York's ambitious climate targets outlined in the Climate Leadership and Community Protection Act (CLCPA), though in the enacted state budget she did delay some of the targets. She continues to push for rapid development of wind and solar power, and has signaled an interest in nuclear energy returning, while scaling back fossil fuel infrastructure—including natural gas. Hochul's focus includes investing in clean energy jobs, modernizing the power grid, and supporting environmental justice communities as the state moves toward net-zero emissions.

Ultimately, the election's outcome could significantly influence energy policy: Blakeman's approach would likely favor natural gas expansion and a slower transition to renewables, while Hochul would maintain momentum for renewable energy initiatives and further regulate fossil fuel infrastructure.

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