U.S. SUMMER ENERGY MARKET OUTLOOK

Important webinar highlights at a glance

April 28, 2026

Weather

2025 Summer/Winter Recap

Summer started off hot then moved to cooler

- June was the 4th warmest, July was the 8th warmest, and August was the 28th warmest, making 2025 the 10th warmest since 1950.
- June-July consistently warm for the Midwest/East; August ended up below-normal from the Plains to the East Coast.

Expectations for La Niña materialized

- Cold Northeast; Central Plains and West were above normal. Ranked 25th warmest winter; January was 35th coldest since 1950.
- Cold shot mid- to late-January extended from the north down to Texas, bringing some record lows.
- Precipitation was below normal from the Rockies to the East Coast.

What's ahead

- All forecasts show a **move toward El Niño** by late spring or early summer, then continued warming throughout the summer, with the potential for a strong/super El Niño by late summer or early fall. There haven't been a lot of El Niño summers but recent years for comparison: 2023 and 2015; 2015 was the last moderate to strong El Niño. *Which means?* These conditions typically result in a cooler, or "not as hot" summer. Although 17 of the top 20 warmest summers have all occurred in the 2000s, five of the last seven El Niño summers have fallen below that trend.
- Atlantic Tropical Season is expected to be quieter due to some expected suppression from El Nino conditions. Most estimates are calling for 9-13 named systems and 5-8 hurricanes.

Fundamentals

Natural Gas Demand

Key drivers have been:

- Short-term extreme weather, like Winter Storm Fern.
- LNG exports: ongoing buildout pulls supply to global markets
- Power burn demand will become a focus with summer

Natural Gas Supply

- Production remains strong, hitting new record highs in late 2025.
- A cold December and an aggressive January/February eroded the surplus we held through most of 2025.
- A near-record warm March brought an early start to injection season.

Pricing (NYMEX)

- **High monthly settlements** in January ($4.68) and February ($7.46), which we haven't seen since the Russia-Ukraine-driven volatility (2022)
- **Recent reductions in near-term pricing** due to a very warm March, loosening fundamentals
- **2027 and 2028 showed minimal movement** during January rally

LNG update

New record for LNG exports set: **19.5 Bcf** on1/12/2026

Golden Pass and Corpus Christi Stage III LNG facilities to be fully online in **early 2027**

Impact of Iran war
Global LNG prices have seen significant volatility in recent weeks amid the war in Iran and the disruption to global markets. With increased focus on U.S. LNG exports, feedgas demand could become **more stable** and mitigate the seasonal fluctuations in LNG exports, which have impacted natural gas forwards in the past.

Short-term event, concentrated impact: Winter Storm Fern
Check out our snapshot overview of the impact of the January storm and extreme cold temps on energy markets.

The data centers story

U.S. power demand from data centers is expected to more than double from current levels by 2030. Growth is particularly high in PJM, followed by ERCOT. However, new load is moving into secondary markets like Columbus, OH and San Antonio. Between now and 2035, demand from data centers is expected to increase 25 GW in PJM. *Which means?* Higher demand and tightening supply would result in higher capacity costs and more price volatility over time. Get answers to FAQs.

Regional fundamentals to consider

NYISO/ISO-NE

- Impact of war in Iran on LNG prices
- Dual fuel capabilities gap exposing load to gas price volatility
- Canadian drought reducing hydro imports
- Gas pipeline constraints limiting supply flexibility

PJM/MISO

- Unprecedented load growth from data centers and electrification
- Plant retirements outpacing new generation
- Capacity costs rising sharply after last several RPM auctions

ERCOT

- Transmission and 4CP exposure driving cost increases
- Summer peak pricing remains supported
- Large load interconnection sustains volatility

CAISO

- Solar and batter capacity growth
- Drought/low snowpack lowering hydro output and also causing import reliability issues

Pricing trends

NYMEX: where the value currently lies

- Winter volatility and load growth have supported near-term prices
- NYMEX pricing for 2027-2030 is trading closer to historical lows.

Exploring a longer-term strategy that involves forward purchases may offer value, especially given long-term fundamentals like LNG and geopolitical events.

Regional basis trends

- **New England:** severely impacted by Iran conflict, global LNG markets, and pipeline constraints.
- **Midcontinent:** after winter highs, currently sitting at multi-year lows due to increased flow from Appalachia and injection season economics.

Consider a strategy that allows independent and strategic management of NYMEX and basis costs.

Regional forward power prices: quick analysis

PJM West Hub: Cal '27-'30 are at the top of their 2-year price range, with slight backwardation shown by a $3/MWh discounted price between Cal '27-'30. *Why? Expected demand growth/data center buildout.*

ERCOT North Hub: Cal '27 is at the low end of the 2-year range and down $7/MWh from Dec. 2025; Cal '28-30 is near the middle of the 2-year range. *Why? Easing of near-term scarcity risk versus later years when more AI infrastructure/data centers is/are expected.*

ISO-NE Mass Hub: Forward prices remain significantly backwardated, with LNG prices pushing up the front end of the forward curve. Cal '30 is showing a $15/MWh discount over Cal '27.

CAISO NP15: Forward prices across all Cal strips remain lower than what we saw 6 to 12 months ago. Cal '27 is $5 MWh discount from the highs in January, while Cal '27-'29 is at 2-year lows.

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 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

If the war in Iran would come to an end, how fast would New England gas and power prices decline?

While some LNG flows would be restored by an end to the war that reopens the Strait of Hormuz, a full restoration of Qatari LNG flows may take years due to extensive damage they sustained from Iranian bombing. Therefore, some decline would be expected quite quickly, but not to pre-war levels.

The bigger issue putting pressure on New England energy prices: NYMEX isn't really where New England's pricing challenge lives: it's the basis component. Algonquin basis (which is the key basis pricing point for New England) has been elevated not just because of the war, but also because of Winter Strom Fern and the same pipeline constraints that have existed in this region for years.

Considering the structural floor on basis prices, the Algonquin bottlenecks, and the lack of new pipeline capacity in the region, none of that changes with a ceasefire. The power side would likely react similarly, since New York/New England power is tied directly to the global LNG market (although New York impact is less). Overall, pricing may fall with an end to the Iran war, but there will still be a premium baked into forward prices that existed prior to the war.

Geopolitical events and their impact on U.S. energy markets
Check out our snapshot overview of the impact of geopolitical and global events, including the Iran conflict.

Energy connections and impacts from the war

Strait of Hormuz
~20% of global oil and LNG flows thru this region: when it's closed or there's risk to tankers traveling thru it, supply can't reach markets or the cost to insure cargoes increase.

Damage to infrastructure
Attacks have hit , damaged, or threatened LNG export terminals, processing facilities, and gas fields.

Qatari LNG
Qatar supplies ~20% of global LNG so disruptions to its supply have exponential impacts on global prices.

Oil to natural gas correlation
Oil and gas markets are linked: when oil prices spike, countries may switch fuels or hedge risk, increasing demand for natural gas and linking gas prices more closely to oil.

How does weather risk compare to structural demand growth as a pricing driver?

The way we typically frame these is: if weather is the primary short-term pricing driver, and demand growth is the long-term driver, then the two compound each other.

On the weather side, we experienced it this past winter. Winter Storm Fern generated significant volatility in day-ahead prices across several regions, showing how quickly a single event can create significant cost exposure. Extreme winter and summer weather-driven volatility will very quickly drive up heating or cooling demand and thus increase price volatility.

Longer term, demand growth is being driven by various factors, but all eyes are on data center build-out right now. As demand grows and reserve margins tighten, weather events have an even greater impact because there is less "cushion" in the system for unexpected spikes in demand.

What impact will a Super El Niño have on power prices?

A "super" El Niño is essentially just a fancy buzzword for an "anomalously strong El Niño." Current forecasts bring El Niño Southern Oscillation (ENSO) to "moderate" levels this summer, with the potential of reaching "strong" levels late in the summer at the earliest—but more likely not until the fall months.

A stronger El Niño in the summer months has an overall bearish impact, even though the word "super" gives off bullish vibes. The last two strong summer/fall El Niños occurred in 1997 and 2015, both of which materialized as a cool East/warm West. It's important to note that the impacts of a "super" El Niño are more pronounced during the winter months but still bearish: a warm/dry North and a cool/wet South.

From an energy price perspective, a bearish weather outlook for summer could help alleviate some of the upside risk in the index market, since a strong El Niño should soften cooling demands. This could also remove strain from the grid at large. Even with this, it's important to consider the short-term extreme weather events when managing risk, since even short-lived events can have a large impact on your energy budget.

What are the deadlines to participate in demand response (DR) in PJM for the upcoming 2026–27 season and are there any significant program changes for the upcoming season?

Deadlines
The 2026–27 PJM capacity market delivery year runs June 1, 2026, through May 31, 2027, which aligns directly with the Demand Response Emergency Load Response Program (ELRP).

The deadline for registration and submission of paperwork is the **end of May every year**. Please note that all internal paperwork, contracts, and meter requests would need to be completed ASAP, therefore we cannot guarantee registration due to the tight timeline.

2026/27 Program Changes
There are some notable changes to the program this year. PJM reduced the Effective Load Carrying Capability (ELCC) for '26-27, which slightly lowers the accredited MW value for this year's DR program. The '26-27 decrease is more than offset by the significantly higher capacity prices that cleared for the 2026–27 planning year, so the overall economics of DR participation remain very comparable to last year. It's important to note that he ELCC is increasing for '27-28.

Get the conversation started today

With NRG's recent acquisition of CPower, our program participants now have access to one of the largest demand response platforms in the country and the most experienced team of individuals supporting it. If you're interested in participating this year—or you're deliberating whether you can—we strongly encourage you to connect with your NRG Account Executive soon so we can evaluate your eligibility, provide guidance on "how," and get the enrollment process moving forward to meet the deadlines.