NEW ENGLAND MARKET UPDATE

After the call summary

Compiled: Sept. 17, 2025

Important highlights at a glance

The following is an overview of some important elements of the New England Market Update presentation on Sept. 10, 2025.

Regulatory

Connecticut PURA's VRO Order

PURA's Voluntary Renewable Offers (VRO) Order that went into effect in February 2024 has made it difficult and more costly for retail suppliers to provide renewable energy to businesses in the state.

Federal actions impacting renewables

The Trump Administration's policy toward renewable energy, and offshore wind in particular, will impact the renewable energy goals of New England states, grid reliability, energy affordability, and the REC supply for RPS compliance and voluntary renewable offers.

Gas pipeline projects

- Williams, the company that owns the existing Constitution Pipeline, says it will file FERC, state, and U.S. Army Corps of Engineers applications this year to begin the new pipeline. Constitution will connect existing Williams pipelines in Pennsylvania to Iroquois and Tennessee Gas Pipelines, which supply the New England region.
- Enbridge is moving forward with a scaled-back pipeline expansion plan that is part of "Project Maple." They have secured contracts to help cover the cost to expand Algonquin pipeline into MA and RI however due to a lack of funding, materialization of the full expansion plan is uncertain.

Massachusetts energy affordability & consumer protection measures

Th effort to adopt new consumer protections for the residential retail electric market, which is part of the Governor's Energy Affordability Act, currently includes a number of provisions that impact energy brokers. serving *both* homes and businesses. This bill has a long way to go before it would become law (if it does go all the way through the legislative process) and stakeholder comments during this process could change the bill provisions—especially those adding requirements and costs for C&I brokers.

Maine new Clean Energy Standard

A new law accelerates Maine's 100% clean energy goal of 100% by 2040, which includes a 90% RPS targets and a new 10% carve-out for Class III resources. These new compliance standards will increase electricity supply costs from 2031 to 2040. Businesses that sign contracts that are in effect on or before Sept. 30, 2025 will be considered grandfathered and exempt from these increases but contracts must extend beyond 2031.

ISO New England updates

- In March 2025, ISO-NE implemented **additional ancillary services** products in the day-ahead market. The costs associated with these new ancillaries will fluctuate based on market signals and market participants.
- ISO-NE is developing a series of market design changes to the **capacity market** and the **Forward Capacity Auction (FCA)**, which include generator retirement rules, the auction format, and the timing of auctions (to potentially include both prompt and season auctions).

Current state of energy markets

Natural gas fundamentals

- Natural gas **production** hit a record of 108.6 Bcf/day on Aug. 24. Since then, production has bounced around between 105 and 107 Bcf/day.
- LNG **exports** reached an all-time high of 17.2 Bcf/day this past April. Exports have since dropped 2-3 Bcf/d due to scheduled maintenance at several of the facilities but are expected to grow quite a bit and expected to reach 25 Bcf/day by 2030.
- U.S. natural gas **demand** (including exports) is running near the top of the 5-yr. average, as it has for the past two years.
- Natural gas **storage** is expected to be in great shape for this winter, with the end-of-season levels projected to be 3.92 trillion cubic feet – just slightly under last year, but considerably higher than the 5-year average.

New England-specific gas fundamentals

- New England faces potential gas supply shortages every winter because peak load exceeds available pipeline supply via Algonquin and Tennessee pipelines.
- Alternative supplies are available via LNG and oil but must compete with international markets (demand and pricing).
- The correlation between global gas prices and Algonquin basis prices appears to be tighter going into this winter than last.

New England-specific power fundamentals

- **Demand:** Summer power demand is expected to grow 0.9%/year and winter peak demand is expected to grow 2.6%/year through 2034, with a summer/winter peak convergence possible. This is why the ISO is now considering a seasonal capacity market.
- **Supply:** Capacity resources are changing: from the forward capacity auction (FCA) 16 to FCA 18, imports declined significantly and demand response resources have continued to decline, while generation resources grew.

Power and gas historical pricing

- **NYMEX natural gas prices:** Calendar 2026 is trading at the median price seen over the last two years (9/1/23-9/1/25) while 2027 and 2028 are trading $0.30-0.40 below their respective median prices. Calendar strips 2028-2033 are backwardated—which presents a good opportunity for hedging.
- **Algonquin basis prices:** have recently shown strength after dropping this summer to the lowest prices seen over the last few years.
- **ATC power prices at Mass Hub:** Power prices have retained their strength through this past summer, with nearer-terms showing the most volatility. Power prices are also backwardated through 2030. Learn more about how often prices have been lower for various pricing terms.

Power and gas price correlation: in New England, power prices are very much driven by the delivered cost of natural gas, which is the NYMEX Henry Hub price plus the Algonquin basis cost at the gas delivery point in Boston.

Buying strategies

Natural gas considerations

New England gas basis is near multi-year lows: consider locking in to achieve long-term discounts. Although near-term NYMEX prices are near the median compared to the last two years, market uncertainty and longer-term price backwardation could provide an opportunity. Consider locking in basis and developing and implementing a NYMEX triggering strategy to balance risk and reward.

Power considerations

Regional power prices are within the 2-year range but also backwardated, which can provide the ability to achieve a lower price via a long-term contract. Index prices continue to deliver savings but have risen and continue to present risk.

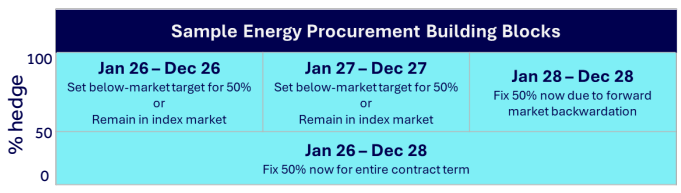
Forward Power Market Pricing

2026	2027	2028	2029	2030
$65.18	$62.66	$58.78	$57.67	$56.00

Day-ahead Index Market Pricing

2026	2027	2028	2029	2025 YTD
$65.18	$62.66	$58.78	$57.67	$56.00

- **Choose a flexible strategy:** that allows you to decide when and how much to buy, with a focus on cost control. The myriad of factors driving the current market make it difficult to pick a best time to buy, so consider a layering product that gives you more than one bite at the apple.



- **Focus on what you can control:** consider strategically managing when you use power to help lower capacity costs. NRG can help with load management services, like peak load alerts and demand response programs.

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