# U.S. WINTER MARKET UPDATE
## Q & A

*Compiled: Sept. 30, 2025*

**The following are answers to the questions our presenters received from participants during the U.S. Winter Market Update webinar on Sept. 23, 2025.**

## Weather

### What are winter forecasts calling for?

During the webinar we discussed how climate model forecasts are showing El Niño Southern Oscillation (ENSO) moving to a weak to moderate La Niña state by late fall. Since 2000, winters overall have been warmer (based on GWCDDs). Recent La Niña winters have fallen near or colder than the 2000s trend. Weak to moderate La Niña will offer increased cold volatility risks, while other factors (negative Pacific Decadal Oscillation, positive Atlantic Multi-decadal Oscillation) support an overall warm winter. Check out the current NOAA winter forecast.

### How could La Nina conditions impact Europe's winter?

La Niña conditions and a positive Atlantic Multi-decadal Oscillation (AMO) (warm Atlantic) support a warm southern Europe, with occasional cold periods across northern Europe into Russia. Analog years would support a winter that is similar to or slightly colder than last winter.

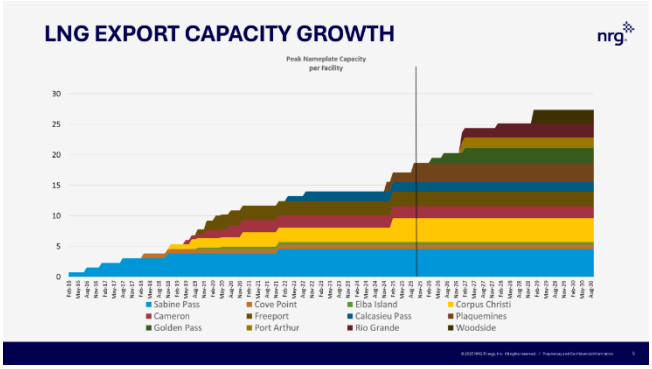
## Fundamentals & Pricing

### How will global gas markets like JKM & TTF impact Northeast basis values in future winters?

Japan Korea Marker (JKM) and Title Transfer Facility (TTF) are the Asian and European LNG price markets. New England is very different than some of the other U.S. markets due to the lack of pipeline capacity to move gas into the region during extreme or extended cold spells. During these critical times, New England relies on oil to generate electricity and imported LNG from the global markets to supplement any pipeline shortfalls. Because of this, New England basis prices are closely correlated with oil and global natural gas prices and future basis prices are likely to respond to supply and demand fundamentals impacting Asia and Europe — especially in the winter.

### What is the latest on LNG (Liquified Natural Gas) expansion?

Current LNG export capacity is roughly 18 Bcf/day but is expected to grow by an additional 10 Bcf/day by 2030. Notable additions (under construction) over the next four years include Golden Pass (TX), Port Arthur (TX), Rio Grande (TX), and Woodside (LA) LNG facilities. There are also several large-scale approved liquefaction facilities that are not yet under construction, totaling roughly 6-7 Bcf/day of export capacity.




*Source: https://www.eia.gov/naturalgas/data.php#imports*

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### What is the outlook on REC prices?

Currently all aspects of the renewables market have been impacted by federal action from the current administration. Overall, demand for renewables has decreased this year, leading to significant declines in the prices for national Green-e® renewable energy credits (RECs). For example, RECs for 2027-29 have declined from nearly $6/MWh to the $3-4/MWh range. But, there are concerns that slowdowns in the development of new projects will result in a diminished supply later this decade, which could be bullish for prices – especially for the regional RECs that are needed to comply with state renewable portfolio standards (RPS).

### We hear a lot about data centers but what does the impact of EV growth have on the markets?

Electric vehicle (EV) growth has been a stable part of load growth forecasts over the past decade, whereas the data center explosion has really come to light over the past two years—and it's taken the market by surprise in a way. A key point is that all of this load growth as currently forecast—whether from data centers or EVs—is already being priced into the forward market. Effectively, at this point, pricing volatility will be more contingent on *changes* to the load growth outlook, and not the actual current load growth forecast.

Based on the latest data from the Energy Information Administration (EIA), as of 2024, commercial computing, which includes data centers, accounted for approximately 8% of U.S. commercial sector electricity consumption. This share is projected to increase to 20% of commercial electricity consumption by 2050, surpassing other major end uses like lighting, space cooling, and ventilation within the commercial sector. Electric vehicles (EVs) currently represent about 1–2% of total U.S. electricity demand but are expected to account for 8–15% of total U.S. electricity demand by 2035, depending on adoption rates and infrastructure development

### Can you touch on Northeast basis pricing for natural gas?

During the presentation we covered basis pricing across several regional pricing points, while discussing the importance of considering a natural gas product structure that allows you to manage your NYMEX (commodity) and basis cost components separately in an effort to lower overall costs. Current trends indicate that near-term fixed price contracts have increased, driven by NYMEX, while basis prices have been less volatile. A key concern is that with the expected electric load increases and the need for more gas-fired power generation, in some pipelines it is possible that gas basis may not return to the historical lows we saw 18 months ago—and basis pricing may continue on the upward trend. NYMEX pricing is backwardated and therefore offers more value in the outer years. To more strategically align both NYMEX and basis purchases to market conditions and fundamentals, it can really benefit businesses to select a structure that supports independently hedging NYMEX and basis costs.

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### Why do utility rates change so often and why do they vary building to building?

The answer to this varies dramatically by commodity, state, and utility, so it is impossible to answer without knowing more specifics, but here are a few key points.

Rates are in two primary buckets:

- **The energy** i.e. the gas or power. This is generally a pass-through of the utility's costs and is driven by the market and the pre-set structure of how and when they procure that load/volume for their customers (i.e. seasonal auctions, how far in advance, etc.). Specifically for electric, some regions have in the upwards of 20 different cost components, some of which are demand-based. A specific building's cost obligation for those demand components is driven by what that building is consuming during peak grid hours. Buildings that consume more electric during those grid peak hours will have a higher cost than those buildings who are able to keep consumption lower during those peaks. The cost difference *can be* significant—especially if buildings willfully attempt to reduce consumption during those peaks.
- **The distribution of that energy** from source to your business (i.e. the wires and pipes). Distribution costs change on a less frequent and predictable timeframe and cover costs of maintaining and hopefully improving infrastructure.

In addition to these two primary cost categories, utility rates can also include a guaranteed rate of return embedded in the rate and utilities can often recoup unexpected costs via adjustments.

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