NRG BUSINESS WEBINAR

Mid-Atlantic Energy Market Outlook: What's Ahead for PA, NJ & DE

CONNECT WITH YOUR LOCAL EXPERTS



Cory Barber
Associate Account Executive
Territory: MD, DE & NJ
Cory.Barber@nrg.com
Cory Barber | LinkedIn



Mark Tavares
Account Executive
Territory: PA & NJ
Mark.Tavares@nrg.com
Mark Tavares | LinkedIn



Joseph Bonanno
Account Executive
Territory: Eastern PA
Joseph.Bonanno@nrg.com
Joseph Bonanno | LinkedIn



Matthew Burke
Senior Account Executive
Territory: Northeast PA
Matthew.Burke@nrg.com
Matthew Burke | LinkedIn



Chris Pietrowski
Senior Account Executive
Territory: Eastern PA
Christopher.Pietrowski@nrg.com
Christopher Pietrowski | LinkedIn

KEY TAKEAWAYS

1. **Gas is tightening in basin, adding winter price risk**
   Regional gas demand is growing, and the projected 2027 regional natural gas price difference has increased by about $0.80 since January 2024. With limited storage growth, a cold snap like Winter Storm Fern can drive prices up quickly.

2. **Eastern PJM forwards are relatively stable, but data centers add long-term risk**
   PECO's Sept–Oct index was just $24.76, while BGE (MD), near Virginia's data center hub, hit $87.09 over the same period.

3. **Layering manages the risk without timing the market**
   Blending fixed and index purchases over time helps you avoid buying at a peak.

QUESTIONS & ANSWERS

1 What impact will the November 3 elections have on the regional energy market?

The results largely reinforce the policy direction already underway in Eastern PJM. Forward prices barely moved, a sign the market saw few surprises.

The bigger question is how future policy affects data center growth. If stricter requirements slow development or lower PJM's large-load forecast, longer-dated power prices could face downward pressure.

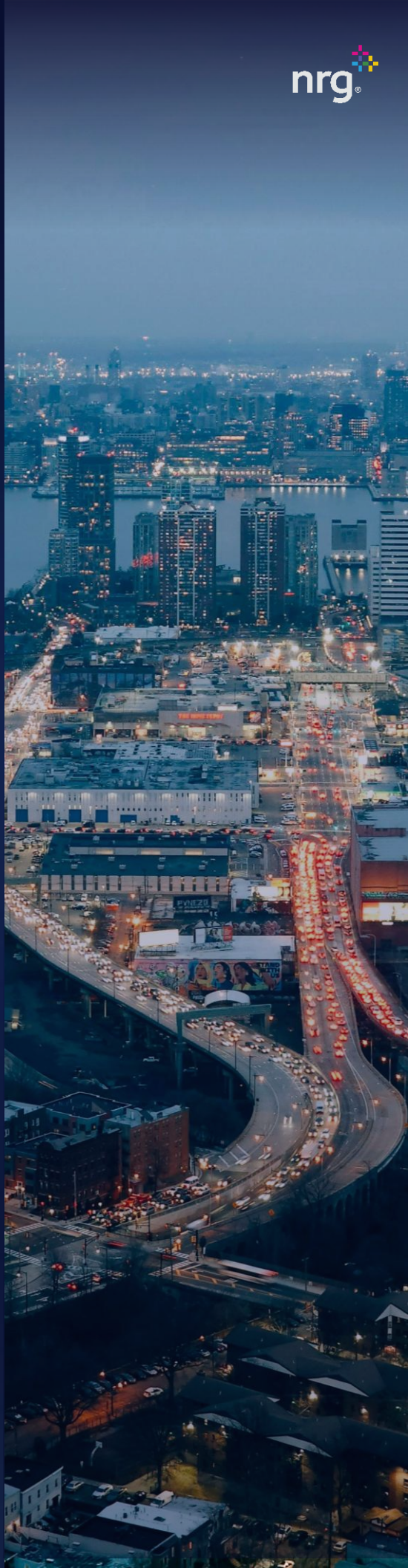
On the other hand, if more data centers bring their own gas-fired generation, Mid-Atlantic gas demand could rise. Higher regional basis prices would raise generation costs and could push Eastern PJM power prices up.

2 Are capacity costs becoming as important as energy prices for future budgets?

Absolutely. Customers used to primarily focus on energy prices, since that's where most of the volatility was. Today, rising capacity costs can significantly affect total cost, even when energy prices look attractive.

Each risk has its own tools. Layered purchasing over time helps manage energy price risk, while proactive peak-load management can help reduce capacity and transmission costs.

The goal is managing total cost, not just finding the lowest price, and that means procurement strategy and demand management working together.



3 What are the biggest risks to Mid-Atlantic energy prices over the next 12 to 24 months?

We're watching four main risks:

Natural gas basis. Growing demand for Appalachian gas is pushing local basis prices higher, which flows directly into power prices.

Regulatory uncertainty. Data center generation requirements, PJM's Reliability Backstop Procurement, and possible changes to the capacity market are all in motion.

Global events. The situations in Iran and Russia–Ukraine, plus growing LNG exports, can all affect gas prices here at home.

Weather. Winter Storm Fern showed how quickly extreme weather can drive prices up.

None of these risks are guaranteed to play out, but they are possible. This is a good reason to have a plan, rather than leaving your budget fully exposed.

4 Will Transco Zone 6 Non-NY basis be negative again?

It’s unlikely in the near future. No one can predict the market with certainty, and the full answer depends on factors specific to your business and timing. Your NRG Account Executive can walk you through what's driving Transco Z6 Non-NY basis and what it could mean for your energy strategy.



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