

NEW ENGLAND ENERGY MARKET OUTLOOK

Important webinar highlights at a glance

September 2026



Summary

During our webinar we discussed the various market drivers that are influencing energy costs and market structure in New England, including global events and economics, LNG exports, load growth, pipeline expansion and constraints, and regulatory policy.



Energy Policy

- **Energy affordability legislation:** MA has legislation that passed both houses in the 2026 session but convened a conference committee to negotiate the differences between the bills to produce a consensus; bill could reshape retail energy in the state, including additional fees for suppliers and brokers and prohibited commissions for sales agents/brokers.
- **Data center legislation:** Executive Order 658, issued by MA governor Healey, sets new rules for large data centers (25 MW+ peak demand), including 100% clean energy, local government veto power over projects, and large load rate design.
- **BERDO (Boston Emissions Reduction):** first year of emissions reduction compliance coming to a close; compliance report deadline extended, building owners can still buy RECs thru Oct. 31; compliance filing deadline extended to Oct. 15.
- **BEUDO (Building Energy Use – Cambridge):** 2026 is the first year for emissions reduction compliance for larger buildings; compliance filing deadline is May 1, 2027.
- **Gubernatorial candidate platforms:** every candidate is talking about “affordability” but with different recommendations for achieving it by candidate/state.



Market Drivers

- **Global risk:** geopolitics/global conflicts are driving up global natural gas and oil prices, which is pulling New England prices up across the curve. The best chance for price relief would be an end to the Iran conflict.

↑ **2027-2029 basis prices**

↑ **2028-2032 forward power prices**
Though prices remain backwardated

↓ **Day ahead power prices**
down this month

- **Load growth:** Electricity use is rising after two decades of decline. Winter peak load, heavily driven by the transition to electric heat pumps, is growing an average of 2.9% annually and severe winter weather could cause peaks to match or exceed summer peaks by the mid-2030s.

- **Pipeline expansion:**

Millennium expansion

- 70K Dth/day capacity
- Q12027 completion

Algonquin (AGT) enhancement

- 75K Dth/day capacity
- Late 2028 completion

Project Beacon (Enbridge)

- 300K Dth/day incremental capacity to Algonquin
- Late 2030 completion

Est.
\$700M
annual
savings
for New
England

- **Supply:** Peak load exceeds pipeline supply via AGT and TGP, so New England faces shortage risk every winter. Backup supply comes from LNG and oil, which must compete with international markets. Weather and end to conflicts are the wild cards.

Forecasts are calling for a strong El Niño heading into winter, which has the potential to result in a very warm New England winter.



Price Trends

Winter '26/27 is setting up to be tighter and pricier than last winter, especially given expanded global conflicts and New England's reliance on LNG and oil for winter peak demand.

Natural Gas (NYMEX & Basis)

- NYMEX prices are supported near-term by winter volatility and load growth expectations but Cals 2027 and 2028 remain closer to historical lows.
- Basis prices have rallied on global LNG and oil prices and could be exacerbated by extreme cold events.
- Basis value is in its backwardation, with longer terms significantly discounted to 2027 prices.

Electricity

- Forward power prices at Mass Hub (Cals 2027-2030) are backwardated, with a current difference between '27 and '30 of \$13/MWh.
- Index pricing has shown value, but seasonal elements raise risk during specific timeframes and price spikes can be steep.

Power-gas correlation: Mass Hub has risen dramatically along with international LNG prices since the start of the Iran conflict. Power prices are vulnerable to extreme winter weather due to ongoing reliance on LNG and oil for generation.



Strategy

Consider executing a **long-term power transaction** (whether for some/all of your consumption) to blend down high Cal 2027 prices and to lock in fair value for Calendars 2028–30.

Consider **locking in long-term natural gas basis** to smooth down high 2027 prices and lock in value for Calendars 2028-30; layer in NYMEX purchases to take advantage of **low 2027-28 prices** and to manage risk.

Consider a power and/or gas purchasing plan that incorporates a **layering strategy** that provides greater control over risk exposure and enables a long-term purchasing decision timeframe.

Focus on what you can control: consider **strategically and intentionally managing when you use power** to help lower demand-based costs and improve resiliency

Watch-outs for pricing components

ISO-NE CAPACITY

The ISO-NE forward capacity market (FCM) is [being redesigned](#) with some reforms already approved by FERC and additional filings coming later this year. The new design will be seasonal with prompt auctions and is expected to be in place by the 2028/29 capacity commitment period, so rates are only known through 2027/28.

Consider: there are multiple options, including capacity pass-through, bilateral adjustments, or fixing capacity costs. If you're actively managing peak load (or plan to), you should select a structure that passes capacity through or offers bilateral capacity adjustments.

ISO-NE ANCILLARIES (DASI)

On March 1 2025, ISO New England implemented the [Day-Ahead Ancillary Services Initiative](#) (DASI) which introduced two new ancillary services. We saw extreme price outcomes for the Dec. 2025-Feb. 2026 period and ISO-NE has received FERC approval to implement targeted reforms aimed at smoothing out price outcomes. The modeled impact is roughly 30% lower DASI costs.

Consider: protecting your business from volatile settlement periods, like we experienced December 2025-February 2026, by locking in DASI as part of your overall ancillary services charges.

RENEWABLE PORTFOLIO STANDARD (RPS)

RPS can comprise up to **more than 24%** of your total **electricity supply costs** (as in Massachusetts where requirements are more complex). These **costs are also rising for MA, RI, and ME** over the next five years.

Consider: a product structure that bundles RPS costs. In MA, NRG offers a bundled product that includes the Clean Peak Standard (CPS) costs, which can comprise 25-30% of overall RPS costs in that state, into your fixed rate.