

Important highlights at a glance

The following is an overview of some important elements of the U.S. Summer 2025 Market Update presentation.

Weather outlook

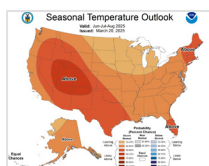
After La Niña peaked in January, the El Niño Southern Oscillation (ENSO) region has been weakening with a westward shift of the cooler surface temperature (SST) anomalies associated with La Niña. Modeled expectations are for SSTs to continue to warm through spring, moving from La Niña to near neutral conditions into the summer and fall months. The [NOAA ENSO Probabilities](#) is showing a moderate to high chance (60-70%) of remaining neutral through spring and into summer, with increasing risk for La Niña next fall and winter. See how [recent La Niña and negative neutral summers](#) have actualized.

What does this imply for summer?

ENSO correlations, while usually weaker for summer than for winter, are even weaker in neutral ENSO conditions. Aside from ENSO, there are still quite a few factors (climate models, climate trends, drought, SSTs in the Atlantic) that point in the direction of another overall warm summer.

To note, eight of the 9 summers that have had 1,000 or more population-weighted cooling degree days (PWCDDs) have occurred with a negative Pacific Decadal Oscillation and a positive Atlantic Multi-decadal Oscillation, which is the trend we're in now.

Check out the [NOAA summer seasonal temperature outlook](#).



Atlantic 2025 tropical forecast

Source	Named Tropical Systems	Hurricane s	Major Hurricanes (Cat 3+)
Colorado State	17	9	4
MAXAR	18	9	4
2024	18	11	5
10-yr. avg.	18	8	4
30-yr. avg.	14	7	3

Power and gas price review

Winter 2024/25 was colder than the previous winter across each month, with January standing out as a particularly cold month.

Power: When comparing real-time pricing trends from Dec. - Feb. for the last four winters, we saw the following for winter 2024/25:

- Prices in ISO-New England and New York ISO were relatively strong, mainly due to cold weather and volatile gas pricing in the region.
- ERCOT pricing was notably low this winter, as solar and storage assets performed well, combined with moderate temperatures in the region.
- In PJM, pricing showed volatility during a few cold snaps but overall, generators performed well during these periods of high demand, and gas pricing remained mostly stable.
- California pricing came in just below PJM and showed little change year over year.

Natural gas: Near-term pricing, including the 12-month strip and Cal 2026, have rallied so far this year, while years further out the curve (2027, 28, and 29) have remained relatively steady. The market is [currently backwardated](#), creating value in the outer years.

Market fundamentals

Power: power demand growth expectations—and whether supply can meet it—is the big story.

- Demand in ERCOT has increased 22% since 2020, with an additional 56 GW of load forecasted by ERCOT by the end of 2028. Over half of this forecasted growth is attributable to data centers.
- PJM is seeing similarly large growth expectations for the rest of the decade, with an additional 21 GW of demand growth from data centers by 2030. The largest concentration for data center buildout is expected to be in Virginia and Ohio.
- Concerns loom among industry leaders about the makeup of the current generation queues being heavily tilted toward renewables. An example: renewables and storage assets account for over 95% of PJM's queue, while thermal, dispatchable generation is only 4%.

Natural gas: this winter saw consistent periods of high demand conditions, which led to shrinking inventory storage levels, ending the withdrawal season 4% below the 5-year average benchmark. Due to moderating temperatures in March, storage levels have started to recover, providing some relief to near-term pricing.

Demand

- Res/C&I demand increased year-over-year due to relatively colder temps.
- Power burn demand for gas remains strong, accounting for almost 70% of the thermal generation stack.
- LNG exports continue to reach new peaks as the [Plaquemines](#) facility comes online. A new record of 17.2 Bcf for LNG feedgas was set April 9. *Feedgas is the natural gas supplied to an LNG facility, which is then cooled and liquefied for transport.*
- Corpus Christi Stage 3 expansion project has started producing LNG, with half completion this year and full completion in 2026. Golden Pass is expected to begin production at the end of this year.

Supply

- The majority of 2024 was impacted by cutbacks from the producer community due to the low pricing environment. As pricing improved toward the end of the year, production began to increase and set a daily record high of 107 Bcf to close 2024 and begin 2025.
- Rig counts also fell throughout most of 2024 but began to stabilize toward the back end of 2024 and into 2025.
- Appalachian gas production remained strong in March (when it typically dips going into the shoulder months), aided by new pipeline capacity in the region (Mountain Valley Pipeline) and pipeline enhancements (Transco Southside Reliability Enhancement project), allowing gas to flow to high-demand markets.

Supply/demand balance

- Demand levels began outpacing supply earlier this year, with that condition expected to persist throughout the year if fundamentals do not change.
- The latest EIA short-term forecast indicated production growth of 4.3 Bcf/day on average in 2026 versus 2024.
- The supply demand balance may be further stressed in the years to come amid LNG infrastructure buildout and will ultimately be dependent on production trends.

Regulatory policy to watch

Executive Order tariffs have contributed to near-term volatility in the gas forwards, even though energy imports from Canada and Mexico are excluded.

The Trump administration lifted the freeze of LNG export applications, which could accelerate the already aggressive buildout expectations in the coming years

PJM continues capacity market reforms and generation queue process. Note: [FERC recently approved](#) PJM's [Reliability Resource Initiative](#), which is aimed at bringing additional dispatchable generation online by 2030.

NYISO's latest [demand curve reset](#) has resulted in a large drop in capacity forwards (particularly for in-city). Capacity accreditation factors increased, signaling more supply for capacity and downward movement on prices.

ERCOT is [managing the entry of large loads](#), specifically from the anticipated datacenter load growth.

Regional considerations & buying strategies

Current value in NYMEX: Long-term gas prices are discounted to near-term (i.e. backwardated) and, in the past three years there have been very few instances where [Cal 2027, 28, and 29 have been lower than current prices](#). Hedging for the outer years now could provide value.

Current value in natural gas basis: [Regional basis prices are favorable](#). Consider a NYMEX Plus strategy, whereby you can lock in your basis for your contract term and manage your commodity separately through layered hedges with some index market participation.

Current value/risk in regional electricity prices:

- ERCOT prices [continue to increase YoY](#) driven by reliability concerns and perceived load growth.
- PJM forward prices in the ComEd (Illinois) Zone for Cal. 2026-30 are at their [lowest levels in almost 3 years](#).
- NYISO [forward prices](#) for Zones F (Albany) and J (NYC) are showing value, with Zone A at a near 2-year high, but below highs from last May.
- ISO-NE forward prices (Cal 2028-30) are [at 3-year lows](#).

Strategy considerations:

- **Layered purchasing strategy:** Provides a [customized risk management approach](#) that helps avoid trying to "time" market price fluctuations.
- **Load management:** Participate in [strategic load management](#) to actively help lower your capacity/transmission obligations. Consider demand response to assist with lowering peak demand while earning revenue for participation.