2026 U.S. WINTER MARKET OUTLOOK

Your top questions answered

Are there any factors that could offset the impact of the El Niño ?
This is likely to be the strongest El Niño on record and it will be difficult to offset the entirety of the impacts from it. Keep an eye on the strong East Coast storm track later in the winter. Given the right setup, we could see a scenario or two that allows for a brief colder period.

Because this El Niño is so strong, could there be some unexpected weather trends than can't be foreseen at this point ?
There is always a level of uncertainty whenever pattern influences exceed record values. This goes for any pattern influences, not just a record El Niño. Logic says that the impacts should not change, but the truth is we don't know the outcome because we have not been here before. What we do know is that this is shaping up to be one of the warmest winters on record.

If we have a warm winter, do you expect Cal '28 and Cal '29 natural gas prices to move lower?
Moderate temperatures, especially during the winter, can provide softening to natural gas forwards. It's important to keep in mind though that even brief, isolated winter weather events can cause market volatility. This risk is becoming increasingly important in the Northeast where demand continues to grow without corresponding growth in storage capacity. This could cause even a less-severe winter weather event to have a greater market impact than we've historically seen.

It's also important to remember that any dips resulting from moderate temperatures can be short-lived, and there are several other factors that impact pricing trends as well. Natural gas production, LNG growth, and geopolitics can all drive longer-term prices regardless of weather patterns.

How should current market conditions influence customers coming out of a contract in the next 6 to 12 months?
If your contract ends in the next 6 to 12 months, the most important thing to know is that **your buying window is already open**. Don't let your contract end date become your only buying date. That's the single-execution-date risk we always caution buyers about.

Here's why it matters right now: The market moves fast in both directions. Even in a market that's been trending higher, like Mass Hub, there was a $9.90 pullback earlier this year. Windows like that don't last long, and they only help you if you're ready to execute when they open.

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Your top questions answered (con't)

How should current market conditions influence customers coming out of contract in the next 6 to 12 months? (con't)

So, with 6 to 12 months of runway, you still have time to layer. Set a target price for each layer, and set a time stop well ahead of your end date. That way, if your target never hits, you still make a decision on your terms, without waiting until the last few weeks of your current contract.

Right now, it's also important not to use your last contract price as your benchmark. Depending on where you sit, costs may look very different this time around. Start that conversation now while you still have choices.

What is an OFO and what impact does it have on my energy costs?

During **cold weather**, **when everyone is burning large amounts of gas,** utilities/pipelines may call operational flow orders (OFOs) or high-flow constraint events to help align gas deliveries with actual usage before system integrity is compromised.

When an OFO is in effect, **normal balancing rules** are temporarily replaced with **more stringent balancing requirements**. These events **could result in additional costs** or **increases in costs**, depending on your product structure/contract language.

When talking about winter planning , these are some practical things to check before the cold arrives:

- know your tolerance rules
- confirm who handles your nominations
- look at what your usage does on the coldest days, not just the average day
- know who to communicate to (i.e. your supplier, local utility, or energy broker) when you have expected changes in operations/consumption deviations to report

Being prepared and knowing who in your organization will be responsible for reacting to these events can help protect your business from unexpected costs. Be sure to reach out to your NRG Account Executive or energy broker to learn more about how we can support your business during winter constraint events.