



U.S. WINTER ENERGY MARKET OUTLOOK

WEBINAR TOPICAL SUMMARY

Summary

Overall healthy near-term fundamentals coexist with longer-term cost pressures and region-specific risks. Weather is always the wildcard heading into winter.

Weather



Forecast: Super El Niño

A potentially record-strength El Niño is expected to dominate winter 2026–27, supporting a generally mild outlook.

Likely precipitation impacts of this weather pattern:

- A wetter winter across drought-affected areas from the Rockies through the Southern Plains and Southeast
- A drier North
- An active East Coast storm track could occasionally draw in colder northern air

Expected El Niño levels have no precedent in modern history however recent analog years for comparison:

2015/16
2nd warmest

1997/98
8th warmest

Historical Electricity Pricing Trends: What They’re Signaling

CAL ‘27 THROUGH CAL ‘30 ATC FORWARD CURVES FROM SEPT. 2024 TO SEPT. 2026			
PJM West Hub	NYISO Zone J	CAISO SP-15	ERCOT Houston Hub
<ul style="list-style-type: none">Forwards up from the high-\$40s to the low \$70s/MWh, with the sharpest leg in the last two quartersCalendar strips converging higher amid load growth expectationsDisparity between pricing hubs due to congestion	<ul style="list-style-type: none">Forwards: top of the stack in the mid-\$70s–\$80s/MWh, with wide swings and the largest spread being Cal ‘27 to Cal ‘30Steep backwardation, price pressure, and volatilityGeopolitical impacts in the Northeast	<ul style="list-style-type: none">A step down from the low-\$50s to the low-\$40s/MWh, then a flat, rangebound trendStrips fanned out rather than trending higherSuper El Niño supports a wet winter which is supportive of hydro	<ul style="list-style-type: none">After topping near \$60/MWh, moved back toward the high \$40sNear-dated strips falling fastestModest index pricing; strong renewables performanceData center uncertainty

Natural Gas Fundamentals & NYMEX Historical Pricing: Where’s The Value

- Natural gas production reached a record 113.5 Bcf/day on Sept. 17.
- Storage remains healthy despite a declining late-summer surplus.
- LNG export demand is progressing slower than expected due to delays at Golden Pass.
- Power burn demand is rising as large loads expand.
- Storage capacity is not keeping pace with increased structural natural gas production.
- Producer strategy, which is moving toward demand pull vs. producer push, is impacting basis trends in the Appalachian basin

- Forwards for 2027 are near 3-year lows after softening in recent months
 - NYMEX pricing for 2028-2030 is flat
 - Despite significant demand growth expectations, outer year NYMEX forwards remain within recent historical ranges
- Winter pricing trends (Nov. ’26 – Mar. ’27)
- Soft fundamentals and mild weather outlook presenting potential hedge opportunity for upcoming winter.
 - Next winter remains relatively elevated as additional LNG demand is expected and fundamentals are less certain.



GLOBAL RISK

Global conflicts create disruptions that impact U.S. energy markets

- Conflicts in Iran and the Gulf raise energy disruption risk; loss of Qatar supplies
- LNG supply tightens; Europe and Asia bid up prices and U.S. LNG exports are near max levels
- Since New England competes for global supplies (LNG and crude) during the winter, Algonquin basis and Mass Hub power prices rise in response



RISING DEMAND

Tighter supplier, higher capacity costs, more price volatility

- Data center demand is growing faster than overall load
- Growth is concentrated in PJM and ERCOT
- Recent state action creating restrictions/requirements related to data center development amid public pushback

Strategy

Control comes from structure, not prediction.

Regional electricity considerations:

NYISO	Layer energy; manage components separately
ISO-NE	Use more protection where winter fuel risk exists
PJM	Separate energy from demand-based charges
MISO	Sync purchasing and seasonal peak management
ERCOT	Capitalize on today and plan now for tomorrow
CAISO	Use on-peak coverage and layered timing to manage changing risk

Natural gas purchasing

Independently manage nationally-traded component and regionalized price differential for appropriate risk exposure.

NYMEX	Nationally traded component with U.S. fundamentals at play: production, storage, weather, and growing LNG output.
BASIS	Region-specific component moved by local pipeline infrastructure/constraints, storage, and demand.
HOW MUCH/ WHEN	Consider your usage variability and the timing of it, your nominations, your contract tolerance rules, and the potential impact of winter system events

SNAPSHOT

How a layered product structure can provide rewards in risky market conditions

BG&E look-back example/layered electricity purchases:

- 25% of load hedged across four different layers
- Layer 1: Dec. 2024; Layer 2: July 2025; Layer 3: Dec. 2025; Layer 4: July 2026

Average price over term: **\$69.38/MWh**
market range during the two years: **\$57.79-96.75**



THREE QUESTIONS FOR ENERGY PROCUREMENT MANAGERS

- How much of my winter exposure is covered today?
- What’s my target price — and my deadline?
- Who has the approval to act when the window opens?