

ENERGY MARKET UPDATE

NATURAL GAS, LNG AND POWER



MARKET INSIGHTS

Natural gas and electricity markets remain in flux heading into Q2 2025. A cold start to the year drove up heating demand and prices across key U.S. regions, but milder temperatures in March and April have since eased market pressure. LNG exports are forecasted to grow significantly this year, tightening domestic gas supply and contributing to a bullish outlook for prices. Meanwhile, rising demand from sectors like data centers and manufacturing continues to strain grid capacity, but a wave of new solar, wind, and natural gas projects expected to come online this year could help stabilize power prices over the long term.



Natural Gas

U.S. natural gas prices are forecasted to rise significantly due to increased LNG export demand and new tariffs imposed on foreign LNG imports. Natural gas spot prices are projected to jump from an average of \$2.20/MMBtu in 2024 to \$4.30/MMBtu in 2025, reflecting tighter domestic supplies and robust international demand.

LNG

U.S. LNG exports continue to grow strongly, driven by expanding export facilities and geopolitical dynamics that favor American LNG. Exports are set to rise from 12.0 Bcf/d in 2024 to 15.0 Bcf/d in 2025, and further to 16.0 Bcf/d by 2026. This steady increase positions the U.S. as a critical global supplier, particularly amid ongoing uncertainties in European and Asian markets.

Power

Electricity prices in the U.S. are expected to rise moderately in 2025 due to higher natural gas prices and growing power demand from sectors like AI data centers, manufacturing, and transportation electrification. Renewable energy continues to gain share, accounting for more than 24% of total U.S. power generation in early 2025, marking a shift in the nation's energy mix away from fossil fuels.

Bullish and Bearish Scenarios for U.S. Natural Gas and LNG Markets:

Bullish

The U.S. government's April 2025 decision to impose tariffs on imported LNG signals a strong political commitment to supporting domestic energy production. Although the U.S. is already a net exporter, this move could further boost international demand for American LNG, ultimately tightening domestic supply. In parallel, if the U.S. imposes tariffs or renegotiates energy trade terms with Canada or Mexico, it could reduce Canadian imports and drive greater domestic consumption or exports, both of which support a bullish outlook for U.S. natural gas prices.

Bearish

If political leadership renews or expands restrictions on LNG export approvals, it could stall future export growth and lead to oversupply in the domestic market. Additionally, while the recent tariffs on imported LNG may offer short-term support to U.S. gas producers, they carry geopolitical risks. Retaliatory actions or disruptions in trade relationships could negatively impact long-term LNG export volumes, creating downward pressure on U.S. natural gas prices.

NATURAL GAS AND LNG

As reflected by the upward pressure on natural gas prices that has been sustained since the beginning of the year, U.S. natural gas and LNG markets face bullish conditions through 2025 and 2026. This is driven by rising international demand and domestic policy support for LNG exports. Increased tariffs on imported LNG further underpin domestic market strength by incentivizing greater use and exports of U.S. produced gas.



FORECASTS

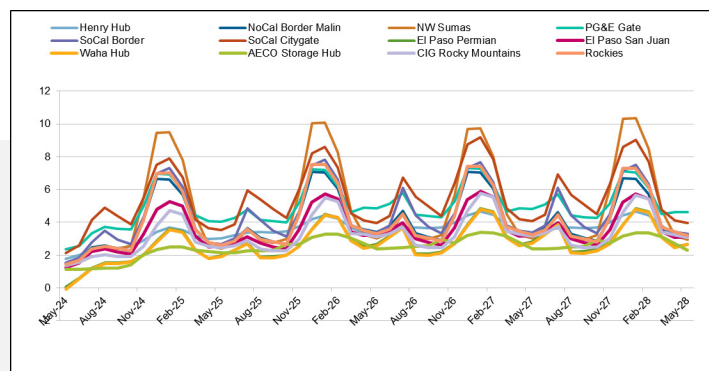
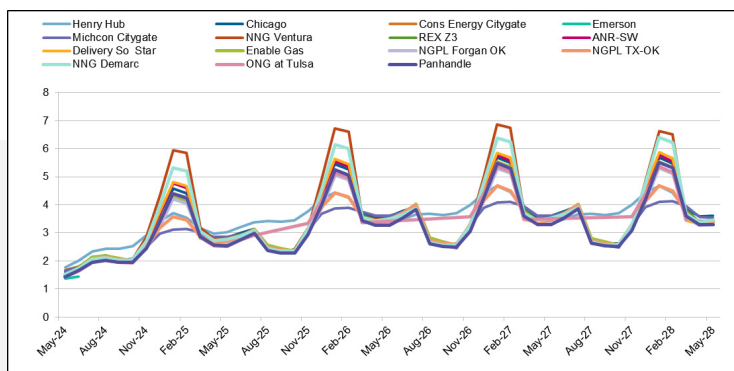
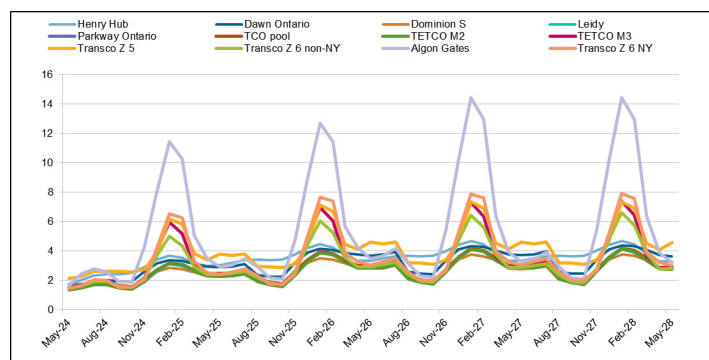
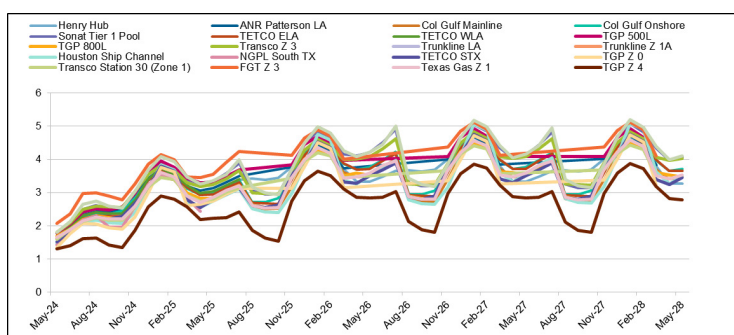
	2023	2024	2025	2026
Natural gas spot price (dollars per million BTU)	2.50	2.20	4.30	4.60
U.S. LNG exports (billion cubic feet per day)	12.00	12.00	15.00	16.00

Natural Gas Spot Price:
2024 to 2025: Increase of **~95.5%**.
2025 to 2026: Increase of **~7.0%**.

U.S. LNG Exports:
2024 to 2025: Increase of **25.0%**.
2025 to 2026: Increase of **~6.7%**.

REGIONAL NATURAL GAS FORWARDS

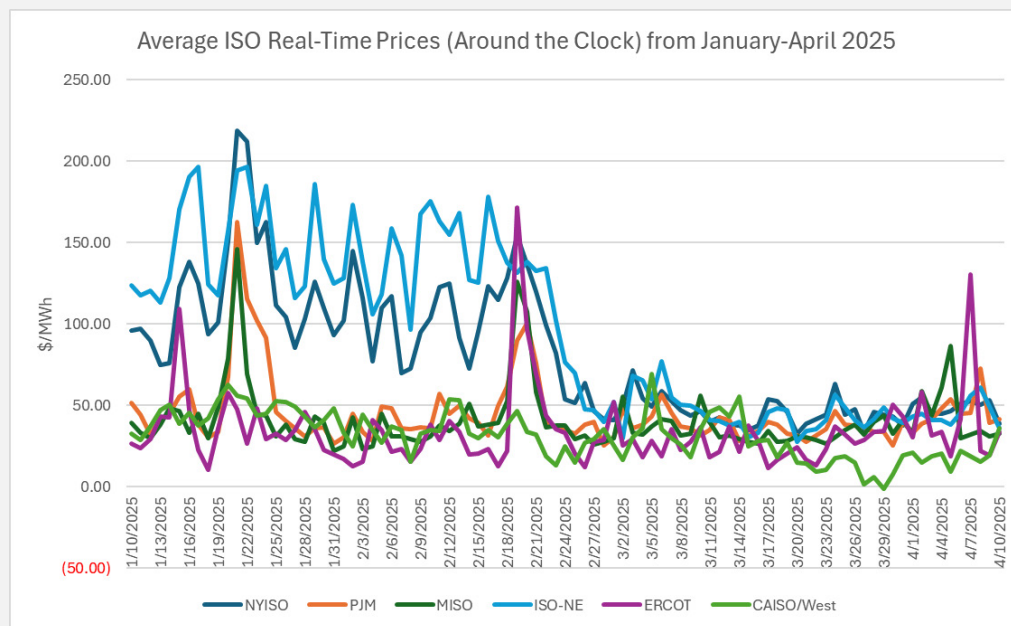
Natural gas forwards as of April 5, 2025 show an increase in natural gas prices in all regions of the U.S. Region from left to right: Gulf Coast, North East, Mid Continent, West.



POWER

Wholesale power prices saw sharp spikes in January and February due to extreme cold in the Northeast and Midwest, but have since settled as spring temperatures brought demand down. However, looking ahead, the EIA projects a 7% increase in average U.S. wholesale electricity prices in 2025, with the highest increases expected in the Southwest and California. Regional supply is expected to improve as new utility-scale generation, particularly solar, comes online throughout the year. These additions aim to meet growing electricity demand and could help moderate price volatility as the grid balances growth with reliability.

ISO REAL-TIME PRICES IN 2025

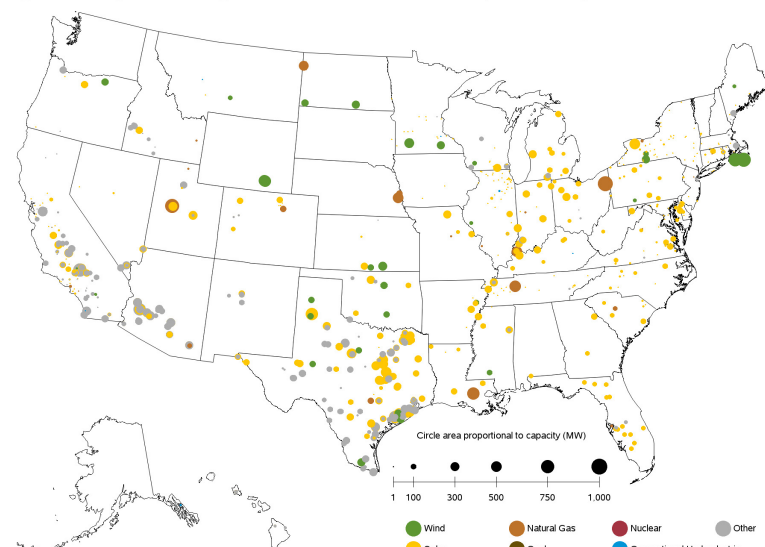


The data shows how weather-driven demand remains a key driver of power prices, especially in regions that rely heavily on natural gas for heating and electricity generation. While January and February saw winter volatility, April's more moderate temperatures have helped stabilize real-time prices nationwide. The flatter, lower trends in March and April reflect a mild early spring across much of the country.

NEW GENERATION TO MEET DEMAND

From February 2025 to January 2026, new solar, wind, and natural gas projects are set to come online across the U.S. These additions aim to meet rising electricity demand, driven by data centers, electrification, etc., may help ease supply constraints to keep power prices more stable. Natural gas additions will play a key role in balancing intermittent renewables and ensuring grid reliability.

Figure 6.1.C. Utility-Scale Generating Units Planned to Come Online from February 2025 to January 2026



Sources: U.S. Energy Information Administration, Form EIA-860, 'Annual Electric Generator Report' and Form EIA-860M, 'Monthly Update to the