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MAY 2025

ENERGY MARKET UPDATE

NATURAL GAS, POWER, AND COOLING DEGREE DAYS

Forward Markets Signal Steady Energy Pricing Into Summer

Forward markets are offering a brief shoulder-season reprieve: gas strips are down $0.60–$1.00 and power curves have not fully absorbed PJM's capacity spike. Clients with open summer or winter positions should capitalize on current softness, while keeping flexibility for upside LNG and weather risks later this year.

Fundamentals Driving the Curve

Natural Gas

Supply & storage: Working gas stocks rose to 1,934 Bcf as of April 18, keeping inventories ~5 Bcf above the five-year norm despite withdrawals earlier this winter . Production continues to average ~103 Bcf/d, holding the market in a mild surplus.

Demand: Shoulder-season weather has been benign, suppressing heating load. Industrial demand is flat, and LNG flows (~14.5 Bcf/d) are running at 90 % of nameplate capacity as spring maintenance concludes.

Power

Capacity price shock: PJM's latest Base Residual Auction cleared at $270 MW-day (vs $29 prior), effective June 2025, lifting forwards by roughly $7–10/MWh for Calendar 2026 .

Gas-linked heat rates: Stable Henry Hub forwards are anchoring generation costs; implied heat rates are slightly tighter MoM as power curves fell less than gas.

Key Takeaways

- Forward curves softened month-over-month (MoM) after the late-winter rally, yet remain above last year's levels (YoY) for most near-term strips.
- Storage overhang and resilient production are capping gas prices, while PJM's nine-fold jump in capacity prices is beginning to filter into forward power marks.
- Current conditions offer a tactical buying window for summer 2025 gas and power before cooling-load risk and hurricane season arrive.

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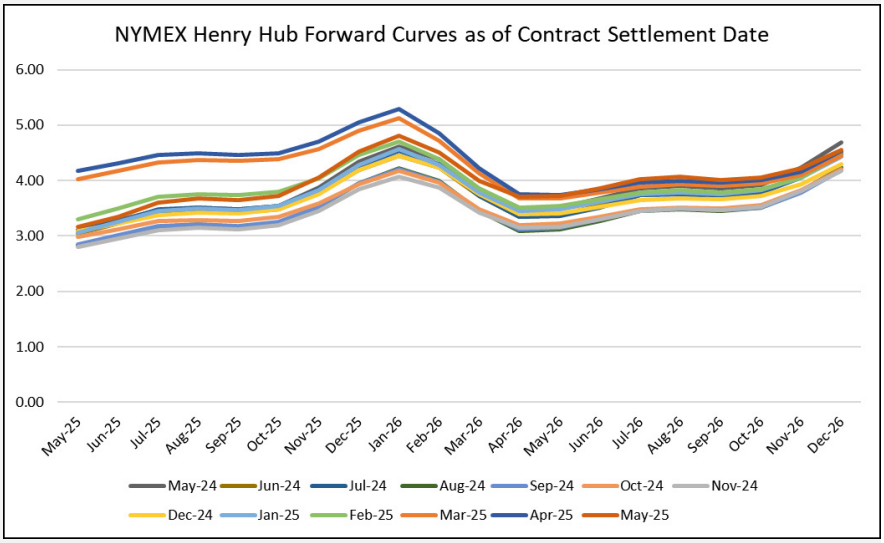
NATURAL GAS

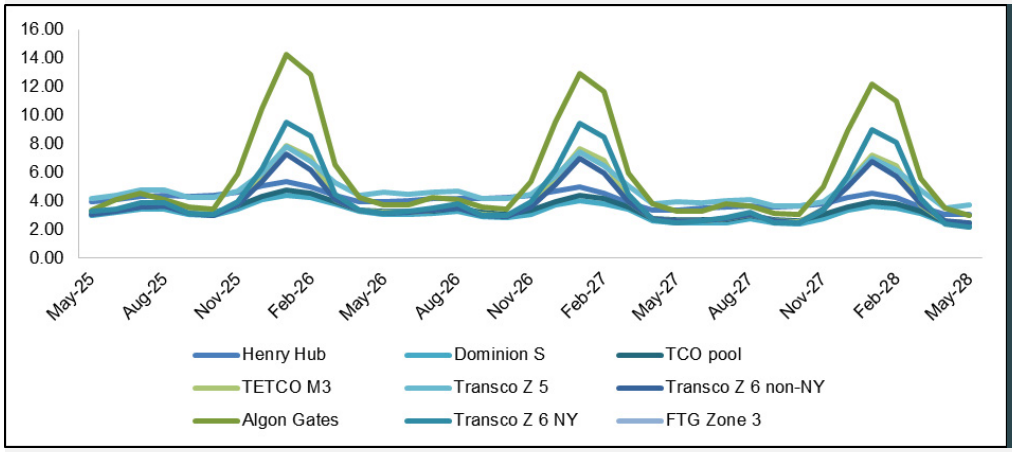
Forward Natural Gas Prices ($/MMBtu)

Historical Prices

2021	$	3.842
2022	$	6.645
2023	$	2.737
2024	$	2.269

	Current	MoM	YoY
May-25	$ 4.019	$ (1.01)	$ 0.07
Jun-25	$ 4.169	$ (0.97)	$ 0.06
Jul-25	$ 4.328	$ (0.86)	$ 0.13
Aug-25	$ 4.379	$ (0.82)	$ 0.16
Sep-25	$ 4.352	$ (0.80)	$ 0.17
Oct-25	$ 4.387	$ (0.77)	$ 0.18
Nov-25	$ 4.565	$ (0.64)	$ 0.18
Dec-25	$ 4.906	$ (0.53)	$ 0.18
Jan-26	$ 5.131	$ (0.48)	$ 0.20
Feb-26	$ 4.714	$ (0.35)	$ 0.12
Mar-26	$ 4.125	$ (0.22)	$ 0.16
Apr-26	$ 3.678	$ (0.04)	$ 0.23
12 month Strip	$ 4.396	$ (0.62)	$ 0.15
Cal 2026	$ 4.128	$ (0.07)	$ 0.13
Cal 2027	$ 3.801	$ (0.01)	$ (0.27)
Cal 2028	$ 3.609	$ (0.05)	$ (0.39)
Cal 2029	$ 3.505	$ (0.06)	$ (0.45)



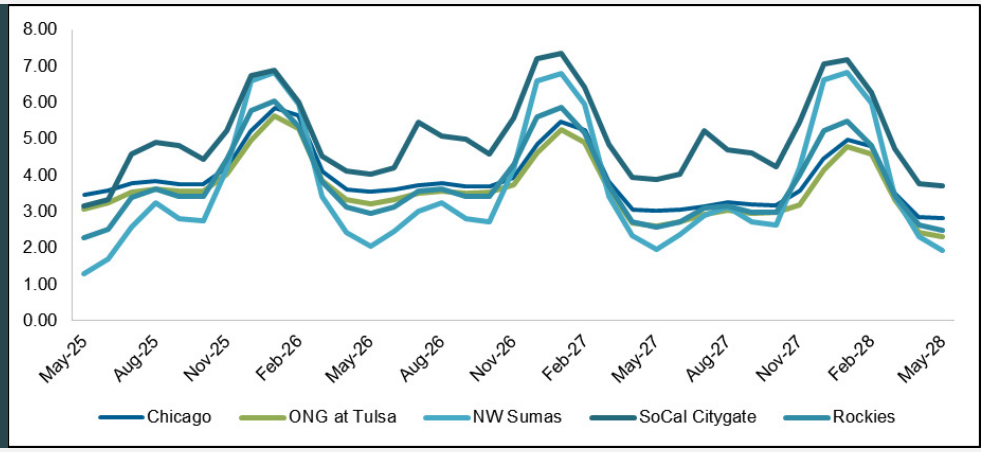


East Locations

Natural gas prices across the Northeast remain steady going into summer. While not spiking, they're still slightly elevated due to steady demand and limited pipeline flexibility in densely populated areas.

West Locations

Western gas markets continue to trade at lower levels. With mild weather and strong in-region supply, prices have stayed soft despite the upcoming summer season.



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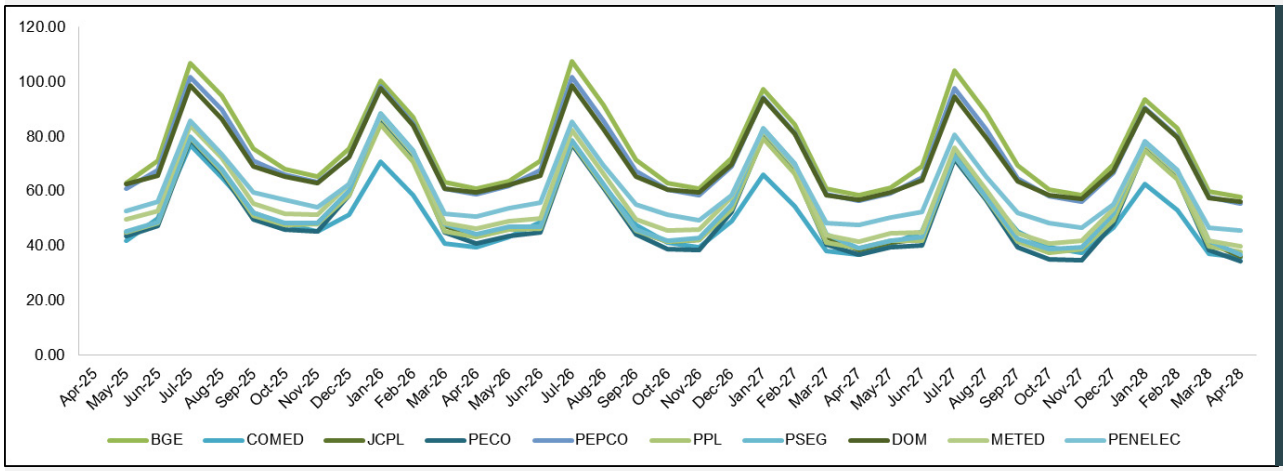
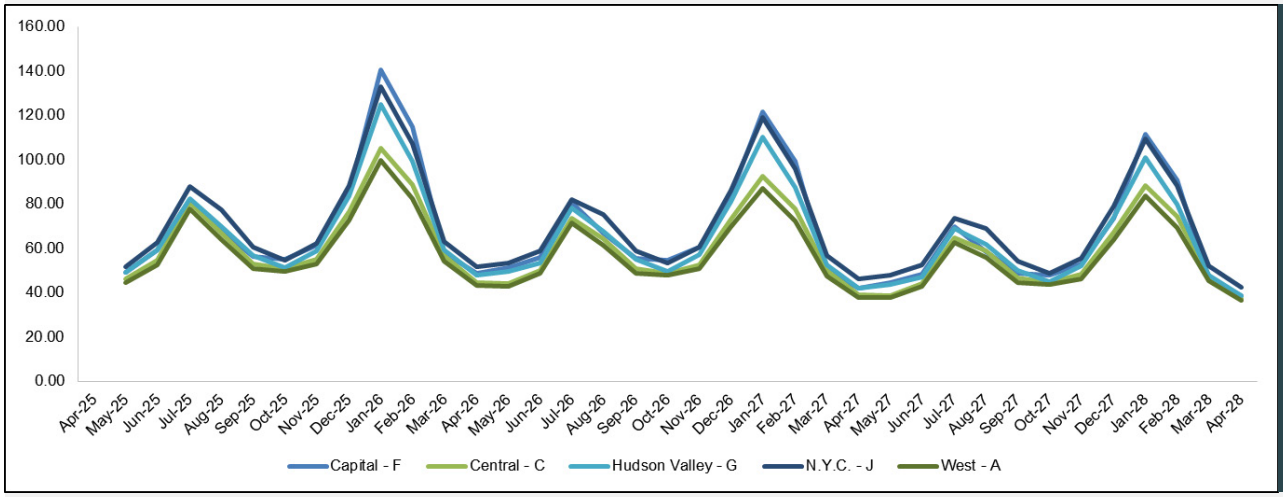
POWER

Forward On-Peak Power Prices ($/MWh)



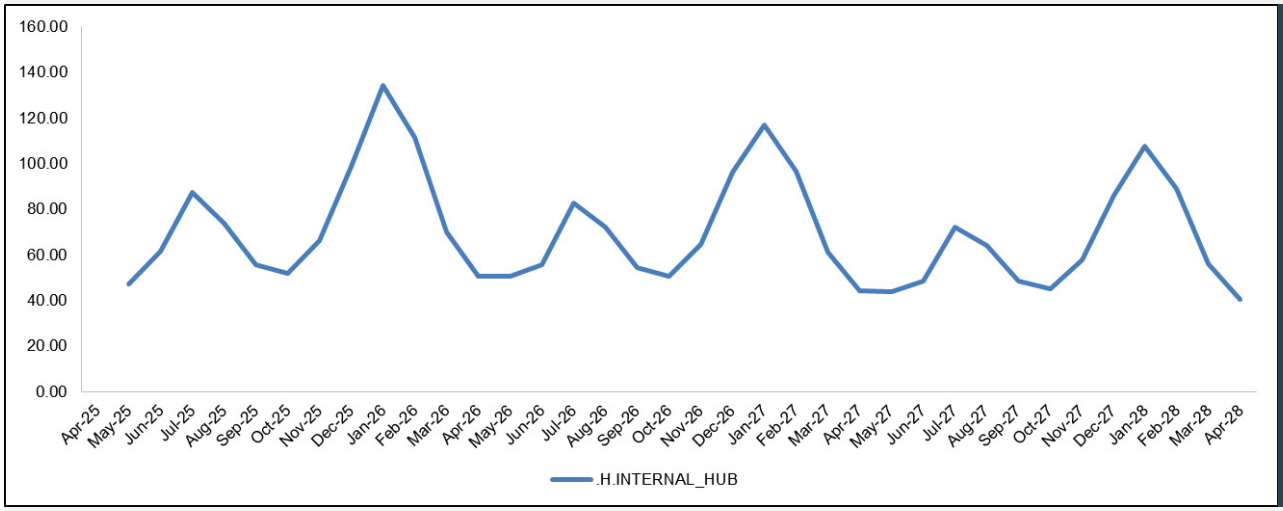
PJM

Summer power contracts for the Mid-Atlantic average in the mid-$60s per MWh. Cheaper natural gas is helping offset the extra electricity demand expected in July and August.



NYISO

In New York, on-peak power for summer averages just above $60/MWh. Prices have inched down as more generating capacity comes online and the weather outlook looks slightly milder.



ISO-NE

New England remains the priciest of the three Eastern markets, around $66/MWh. Limited pipeline capacity and reliance on imported LNG during hot spells keep a built-in cost premium.

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COOLING DEGREE DAYS ANALYSIS

National Cooling Demand Eases, but Still Remains High

Region	Cooling Degree Days 2025			
	Q1	Q2	Q3	Q4
United States Average	47	452	972	106
New England	-	100	516	1
Middle Atlantic	-	184	662	5
E.N. Central	-	246	599	7
W.N. Central	-	296	731	11
South Atlantic	130	727	1,292	261
E.S. Central	20	559	1,129	68
W.S. Central	105	967	1,664	216
Mountain	20	452	1,035	84
Pacific	26	198	712	78

A 3-4 % decline in total U.S. CDDs versus last year suggests slightly lighter cooling demand overall. However, 1,578 CDDs is still well above the long-term (30-yr) normal (~1,430), so utilities and grid operators should not expect a "cool" summer.

Region	Year		YoY
	2024	2025	
United States Average	1,635	1,578	-3.5%
New England	614	618	0.7%
Middle Atlantic	868	851	-2.0%
E.N. Central	900	852	-5.3%
W.N. Central	1,049	1,039	-1.0%
South Atlantic	2,433	2,410	-0.9%
E.S. Central	1,876	1,776	-5.3%
W.S. Central	3,140	2,951	-6.0%
Mountain	1,712	1,592	-7.0%
Pacific	1,057	1,014	-4.1%

Key Takeaways

- **Expect a still-hot, though not record-breaking, summer.** Peak load risk remains elevated, but marginally lower than 2024's extremes.
- **Storage trajectory will set the tone.** If injections keep pace despite early cooling demand, downward pressure on Henry Hub is likely.
- **Prepare for event-driven price swings.** Even with lower YoY CDDs, single heat-wave events can trigger scarcity pricing.