RISE ENERGY SERVICES

JUNE 2025

ENERGY MARKET UPDATE

NATURAL GAS, POWER, AND HURRICANE SEASON OUTLOOK

Summer Outlook: Stable Markets, Rising Risks

As summer begins, energy markets remain elevated but steady, with forward natural gas and power prices holding near recent highs. Tighter NG storage, rising PJM capacity charges, and strong and steady demand for power and gas are shaping he near-term outlook for commercial energy costs. NOAA's forecast for an above-normal Atlantic hurricane season adds a layer of uncertainty, with the potential to disrupt energy supply and introduce short-term price volatility later this summer.

Natural Gas Summary

Natural gas prices remain elevated entering summer, driven by strong early-season cooling demand and **tighter storage balances** compared to last year. Working gas in storage totaled 2,476 Bcf as of May 23, slightly above the 5-year average, but notably **11% below the same period last year.** This tightening trend can be observed on the **"Forward Natural Gas Prices " chart (refer to page 2) ,** which shows a price increase in forward contracts through summer months, highlighting market anticipation of **continued strong demand**.

Daily natural gas consumption has recently averaged 97.3 Bcf/day, driven primarily by rising power-sector consumption amid early heat waves. This **upward demand pressure**, combined with slightly lagging storage injections, suggests sustained bullish fundamentals into mid-summer. Regional differences are notable in the charts: **East locations** are trading in line with Henry Hub, occasionally a few cents under, whereas **West locations** price modestly higher, reflecting lingering pipeline constraints. Together, the forward curve and basis trends point to a market with stable, but tightening, fundamentals, where continued summer heat could drive further price swings by limiting storage injections.

Power Summary

The forward power market has experienced **price escalations** entering the peak summer season, as represented in the **"Forward On-Peak Power Prices" charts (refer to page 3)** for PJM, NYISO, and ISO-NE.

In PJM, while forward energy prices haven't shifted dramatically, **capacity charges became a more significant cost component** starting June 1, following the Base Residual Auction that cleared at $269.92/MW-day. This policy change increases costs for many commercial customers, even if the energy component of supply remains flat, as seen in the stable PJM curve for summer.

NYISO forward on-peak prices for July and August are trending between $60 and $80/MWh, holding firm since last month. In ISO-NE, summer forward prices remain somewhat lower, generally in the $70–$75/MWh range, with little movement month over month.

Overall, the EIA projects **average U.S. electricity bills to increase ~4% this summer** versus 2024, mainly due to higher natural gas input costs for power generation. This national trend aligns with what we see in the forward curves across PJM, NYISO, and ISO-NE.

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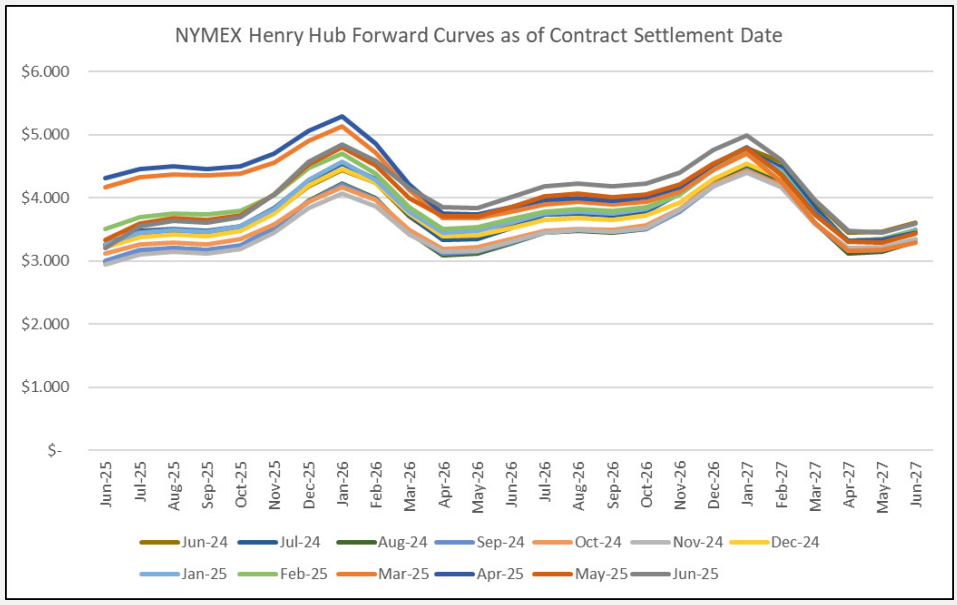
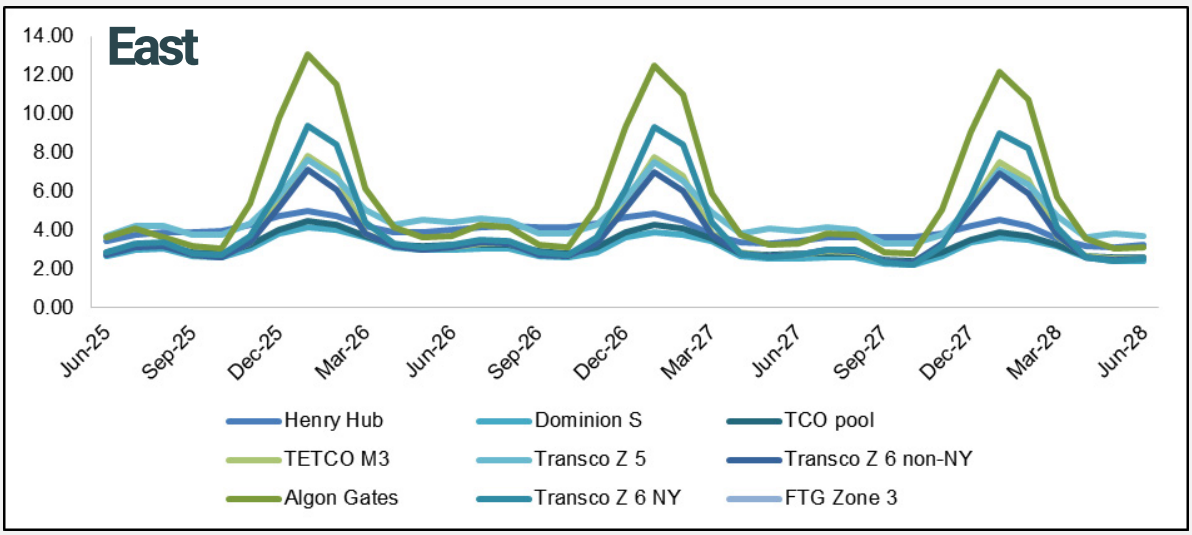
NATURAL GAS

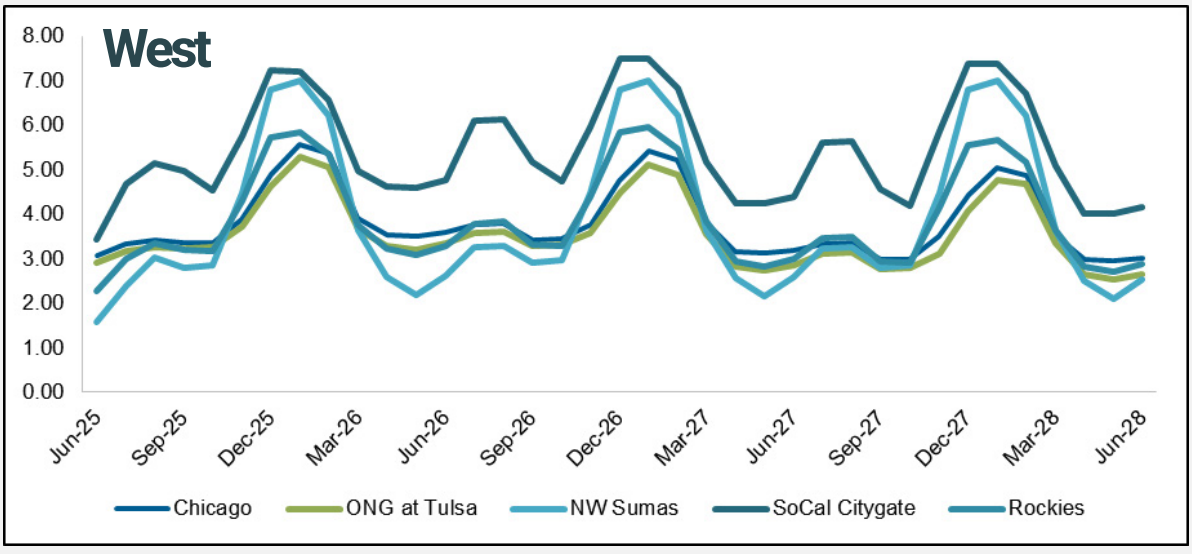
Forward Natural Gas Prices ($/MMBtu)

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

	Current	MoM	YoY
Jun-25	$ 3.204	$ (0.14)	$ (0.03)
Jul-25	$ 3.557	$ (0.04)	$ 0.13
Aug-25	$ 3.632	$ (0.04)	$ 0.18
Sep-25	$ 3.611	$ (0.04)	$ 0.20
Oct-25	$ 3.700	$ (0.03)	$ 0.21
Nov-25	$ 4.062	$ 0.00	$ 0.29
Dec-25	$ 4.574	$ 0.04	$ 0.39
Jan-26	$ 4.851	$ 0.04	$ 0.40
Feb-26	$ 4.581	$ 0.07	$ 0.34
Mar-26	$ 4.150	$ 0.15	$ 0.43
Apr-26	$ 3.848	$ 0.14	$ 0.50
May-26	$ 3.846	$ 0.13	$ 0.47
12 month Strip	$ 3.968	$ 0.02	$ 0.29
Cal 2026	$ 4.273	$ 0.15	$ 0.41
Cal 2027	$ 3.975	$ 0.17	$ 0.00
Cal 2028	$ 3.609	$ 0.18	$ (0.13)
Cal 2029	$ 3.505	$ 0.18	$ (0.22)

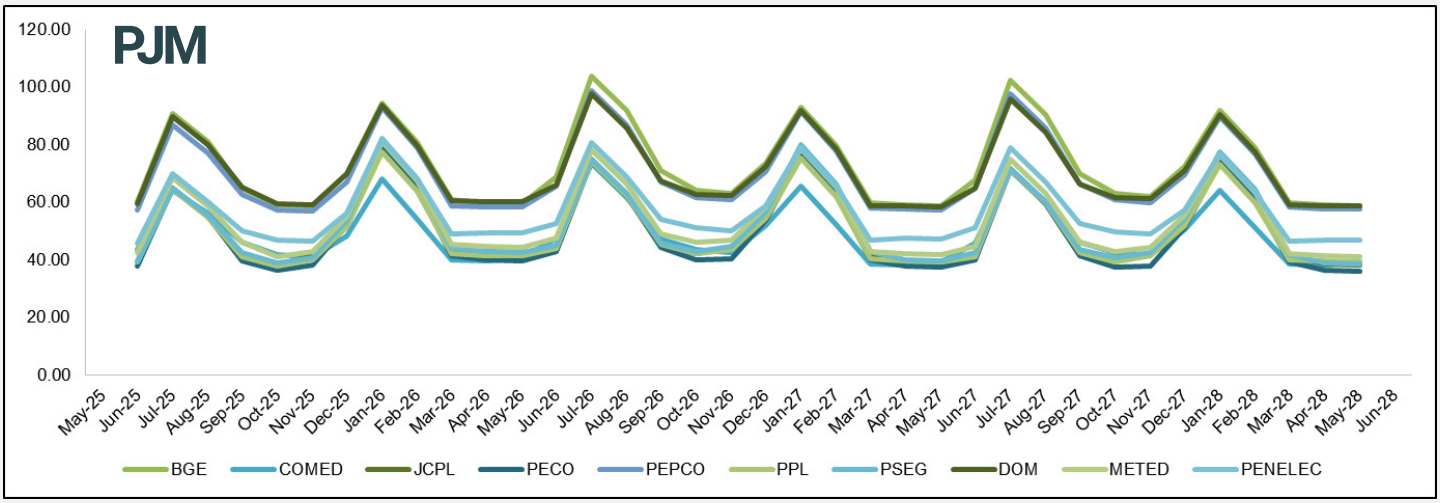


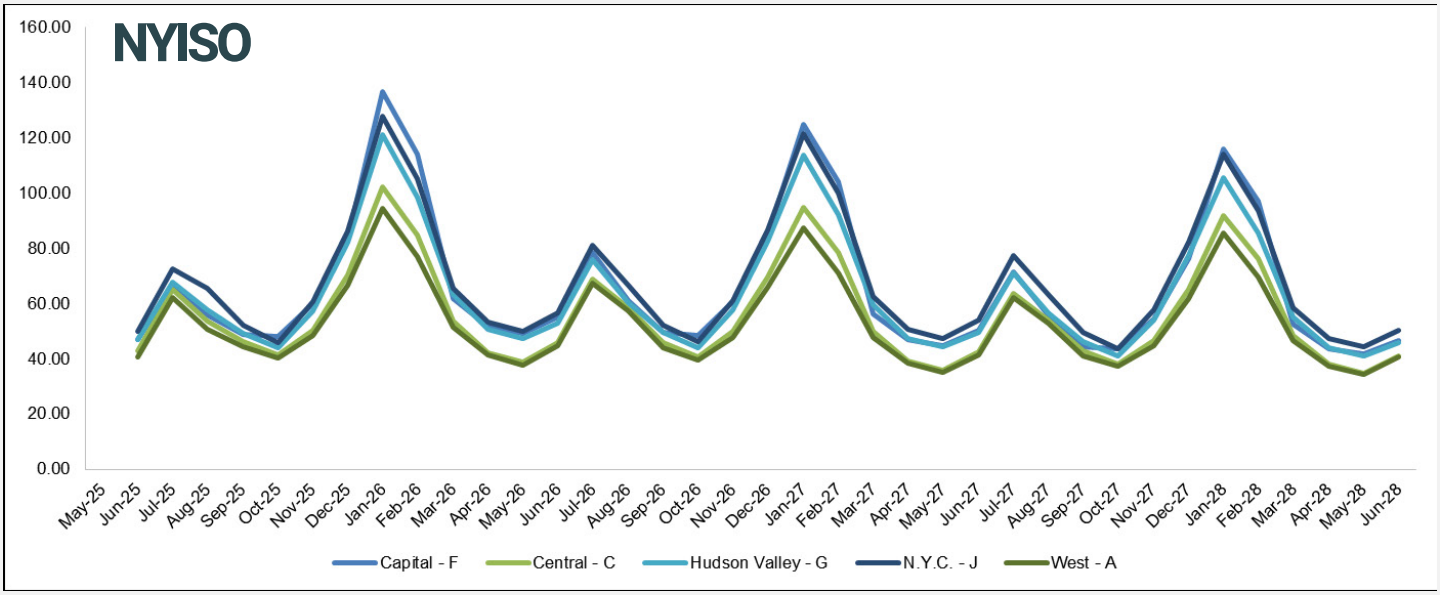


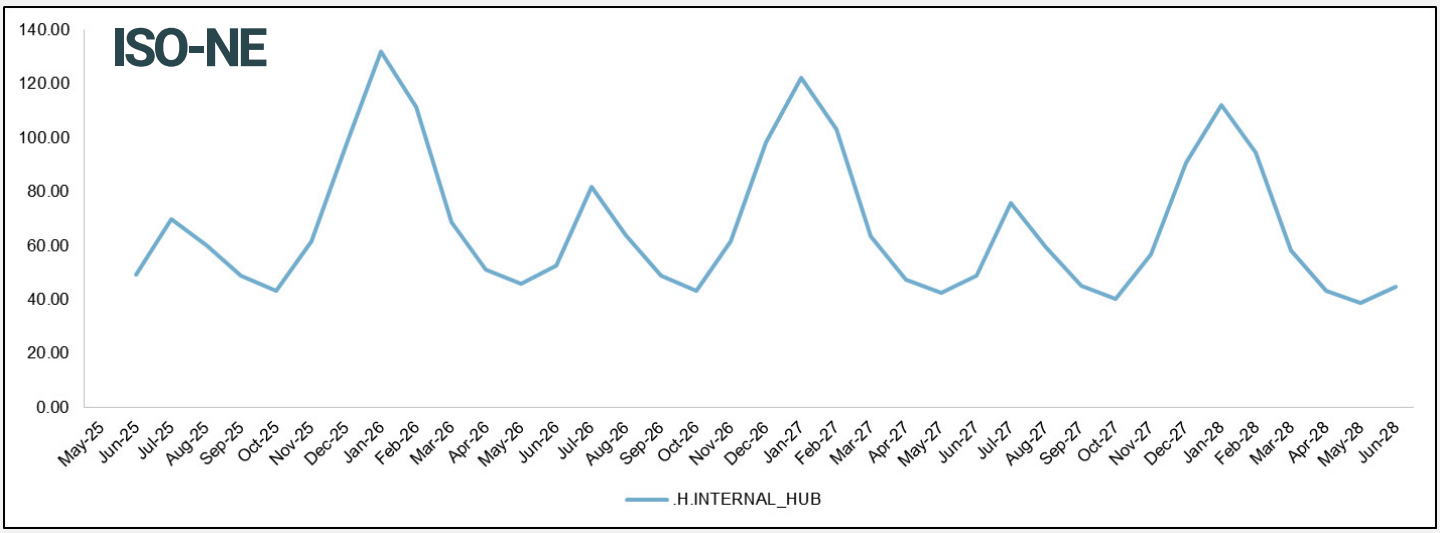


POWER

Forward On-Peak Power Prices ($/MWh)







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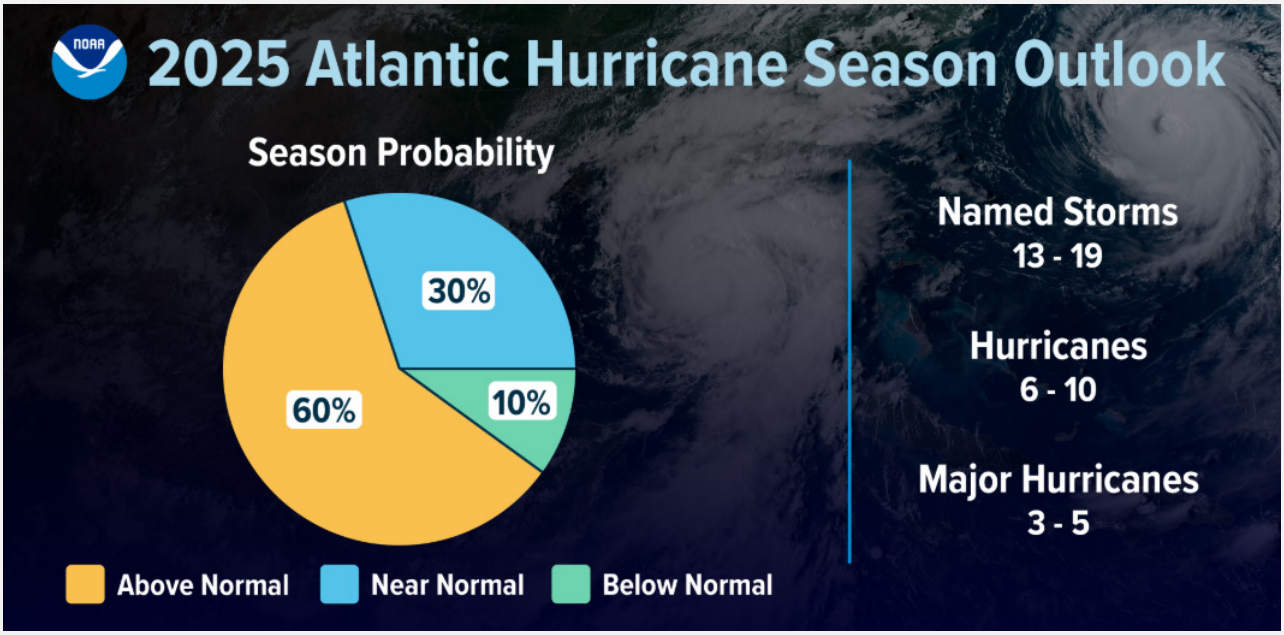
HURRICANE SEASON OUTLOOK

NOAA Forecasts



The National Oceanic and Atmospheric Administration (NOAA) predicts a **60% chance of an above-normal Atlantic hurricane season** in 2025, with expectations of 13 to 19 named storms, 6 to 10 hurricanes, and 3 to 5 major hurricanes (Category 3 or higher). This outlook is driven by factors such as warmer-than-average Atlantic sea surface temperatures, reduced wind shear, and a neutral El Niño–Southern Oscillation (ENSO) phase, all of which are conducive to **increased storm activity**.

For energy markets, this heightened hurricane activity poses **significant risks,** particularly to **natural gas and power infrastructures along the Gulf Coast and Eastern Seaboard**. Potential disruptions to offshore drilling operations, LNG export facilities, and coastal power plants could lead to **supply constraints and price volatility**. Additionally, inland impacts from storms can affect transmission lines and demand patterns, further influencing market dynamics.

Key Takeaways

- **Secure forward contracts while the market is stable**
  - Locking in fixed gas and electricity rates ahead of peak storm season (August–October) can help insulate your business from reactive market surges.

- **Implement risk management**
  - During storm-driven price volatility, demand flexibility becomes a strategic asset. Participating in demand response programs or investing in backup generation can help offset price exposure and maintain operational continuity.

- **Assess supply and delivery risk**
  - Even if your operations aren't in a coastal region, hurricane-related outages can ripple across PJM, NYISO, and ISO-NE via fuel delivery disruptions and transmission congestion. Work with your energy advisor to review delivery risk and explore index-plus products to limit upside volatility.