RISE ENERGY SERVICES

SEPTEMBER 2025

ENERGY MARKET UPDATE

NATURAL GAS, POWER, AND CURRENT MARKET FUNDAMENTALS

Gas and Power Prices Retreat as Fall Nears

Energy markets are softening in September, with natural gas forwards moving lower across the curve and power prices in PJM, NYISO, and ISO-NE following suit. The pullback reflects easing summer demand and shifting seasonal dynamics, yet year-over-year comparisons remain higher, highlighting that structural tightness persists. Winter premiums continue to stand out, underscoring ongoing supply concerns. With heating demand around the corner, risks of renewed volatility remain firmly on the table.

Natural Gas Summary

Henry Hub forward prices moved lower in September versus August, with month-over-month declines across all contract months through August 2026. The pullback reflects softer near-term fundamentals, including increased storage injections and waning summer power burn. Still, the curve remains elevated for March - August 2026 relative to last year, signaling that underlying structural tightness and seasonal risk have not gone away.

- **Regional basis adjustments-** Basis spreads moderated slightly but remain a key factor in regional dynamics. In the West, SoCal Citygate and NW Sumas both dipped by $0.25–0.50/MMBtu, though winter premiums continue to exceed $2.00/MMBtu above Henry Hub. Chicago and Rockies were flat to marginally lower. In the East, Algonquin Citygate's peak winter spread narrowed from $8–9 to $7–8 above Henry Hub, while Transco Z6 NY eased back toward ~$3.

- **Key drivers to watch:**
  - Storage trajectory – Rebuilding continues, but injections lag seasonal averages.
  - Transition into heating season – Focus shifts from cooling load to winter heating demand risks.
  - Hurricane activity – September remains the peak of Atlantic storm season, with above-normal forecasts keeping Gulf production and LNG exports at risk.

Power Summary

Forward power prices also declined in September across most major eastern markets, reflecting easing natural gas prices and the seasonal transition into fall.

- **Year-over-Year context-** Despite September's retreat, forwards in PJM, NYISO, and ISO-NE remain elevated compared to September 2024. Winter 2025–26 strips are still above year-ago levels, consistent with firmer natural gas benchmarks and lingering reliability concerns.

- **Regional trends-**
  - **PJM** forward prices eased modestly, particularly in winter peak months, but still reflect premiums tied to fuel cost volatility and expected strong heating load.
  - **NYISO** also saw forward curves decline, with NYC and Hudson Valley pricing down month-over-month. However, congestion and winter reliability concerns keep winter peaks well above Henry Hub-linked costs.
  - **ISO-NE** experienced the sharpest softening from August to September, though the region remains the highest-priced due to fuel supply risks and limited pipeline capacity. Forward winter peaks remain deeply premiumed to PJM and NYISO, with January 2026 strips still north of $100/MWh.

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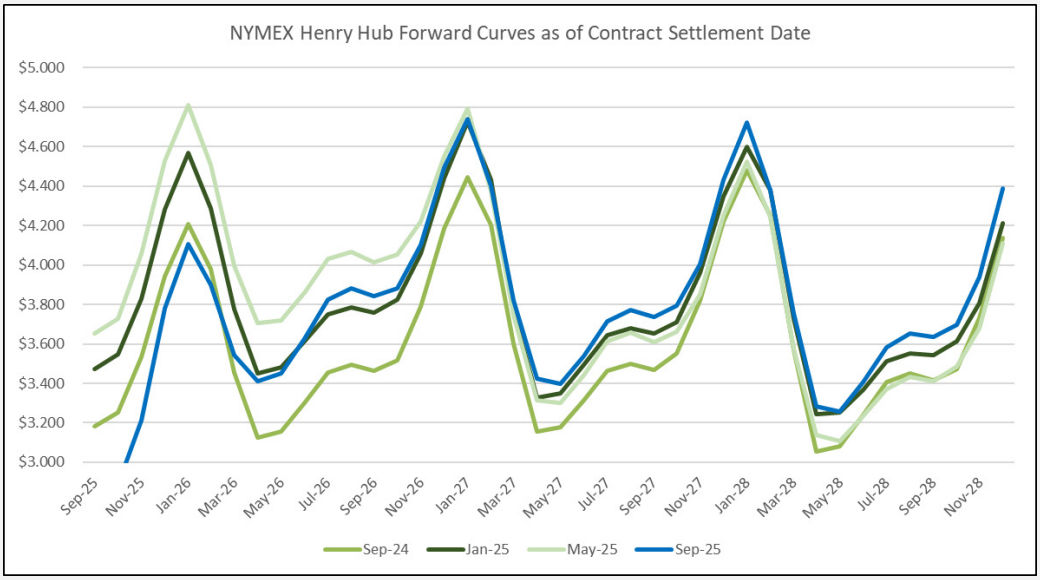
NATURAL GAS

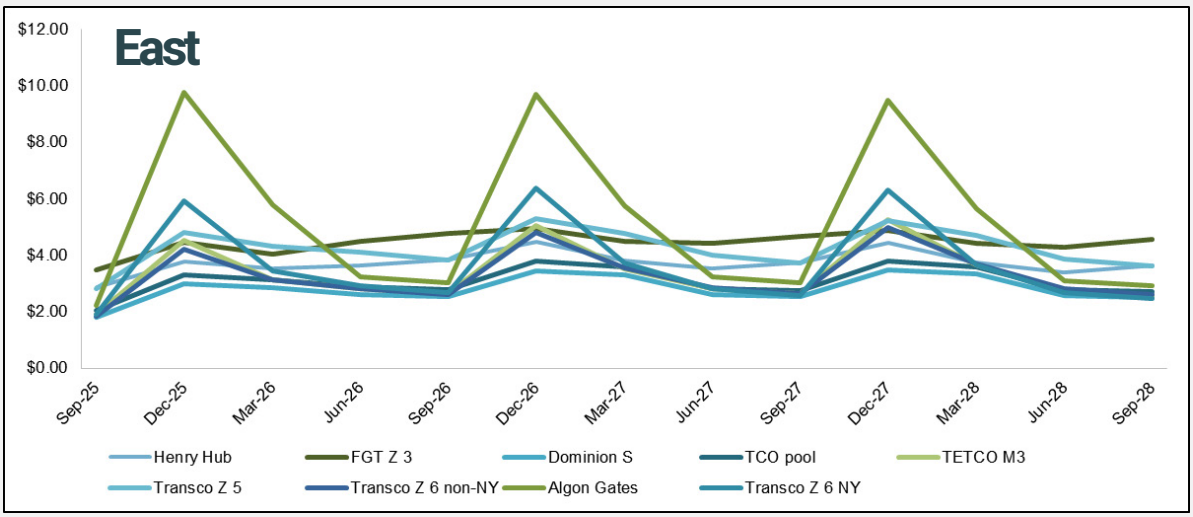
Forward Natural Gas Prices ($/MMBtu)

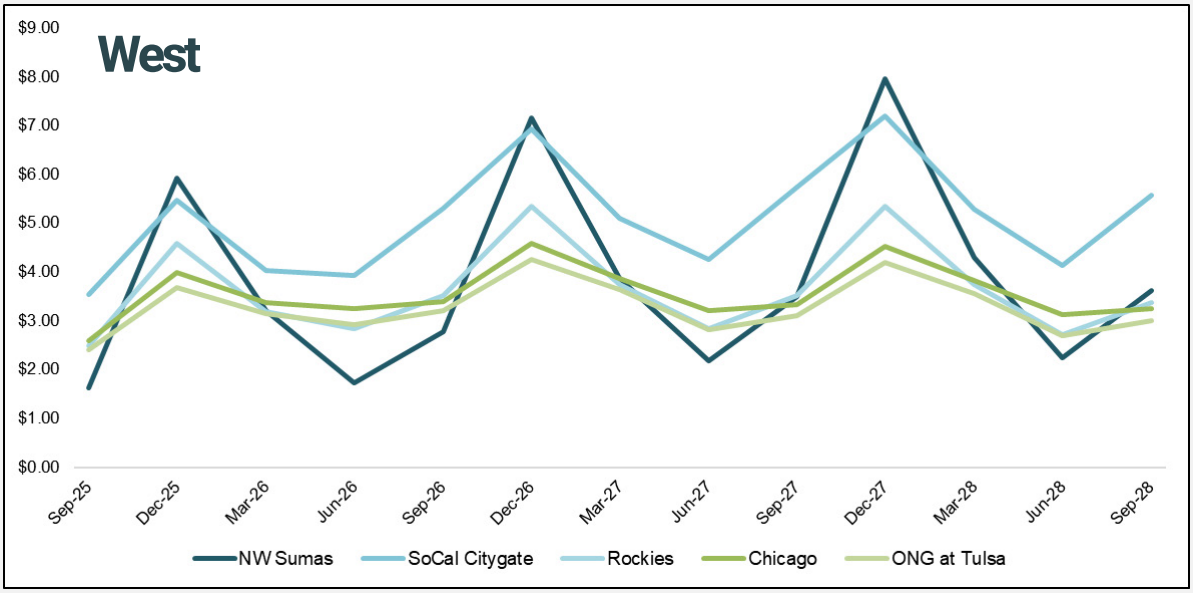
Historical Prices

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

	Current	MoM	YoY
Sep-25	$ 2.867	$ (0.275)	$ (0.317)
Oct-25	$ 2.886	$ (0.361)	$ (0.366)
Nov-25	$ 3.213	$ (0.394)	$ (0.321)
Dec-25	$ 3.781	$ (0.424)	$ (0.164)
Jan-26	$ 4.107	$ (0.414)	$ (0.101)
Feb-26	$ 3.898	$ (0.341)	$ (0.082)
Mar-26	$ 3.542	$ (0.248)	$ 0.086
Apr-26	$ 3.412	$ (0.161)	$ 0.289
May-26	$ 3.450	$ (0.130)	$ 0.295
Jun-26	$ 3.627	$ (0.090)	$ 0.328
Jul-26	$ 3.826	$ (0.073)	$ 0.369
Aug-26	$ 3.883	$ (0.076)	$ 0.390
12 month Strip	$ 3.541	$ (0.249)	$ 0.034
Cal 2026	$ 3.989	$ (0.150)	$ 0.245
Cal 2027	$ 3.876	$ 0.022	$ 0.238
Cal 2028	$ 3.784	$ 0.025	$ 0.202
Cal 2029	$ 3.669	$ 0.013	$ 0.107

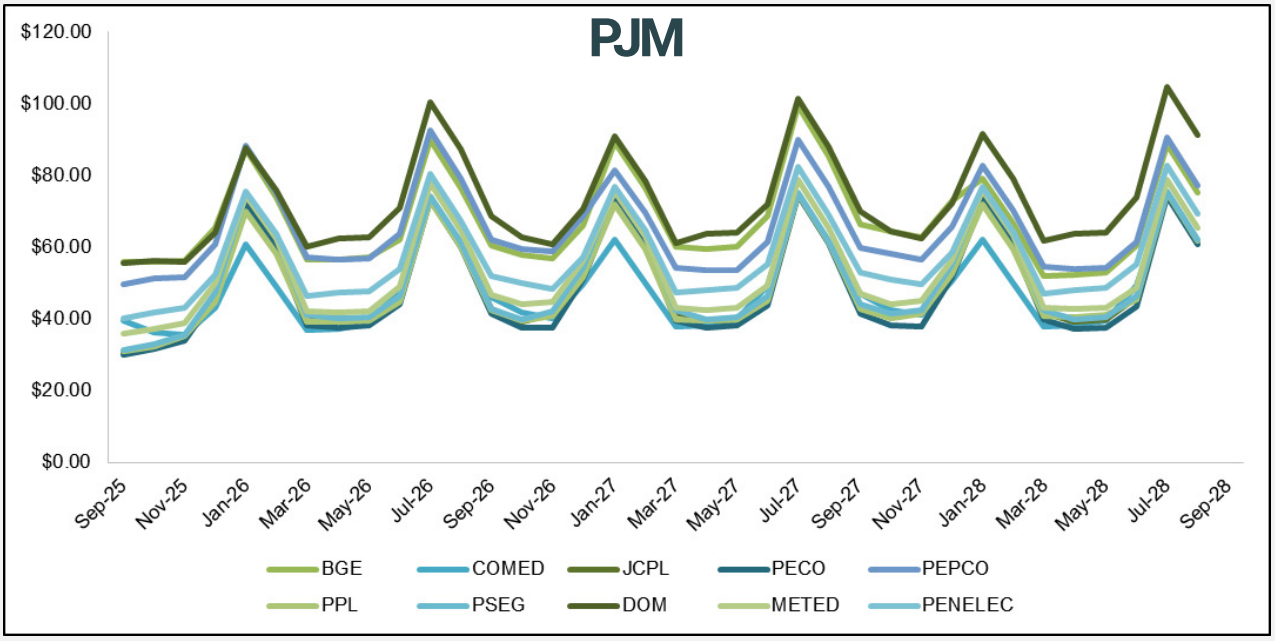


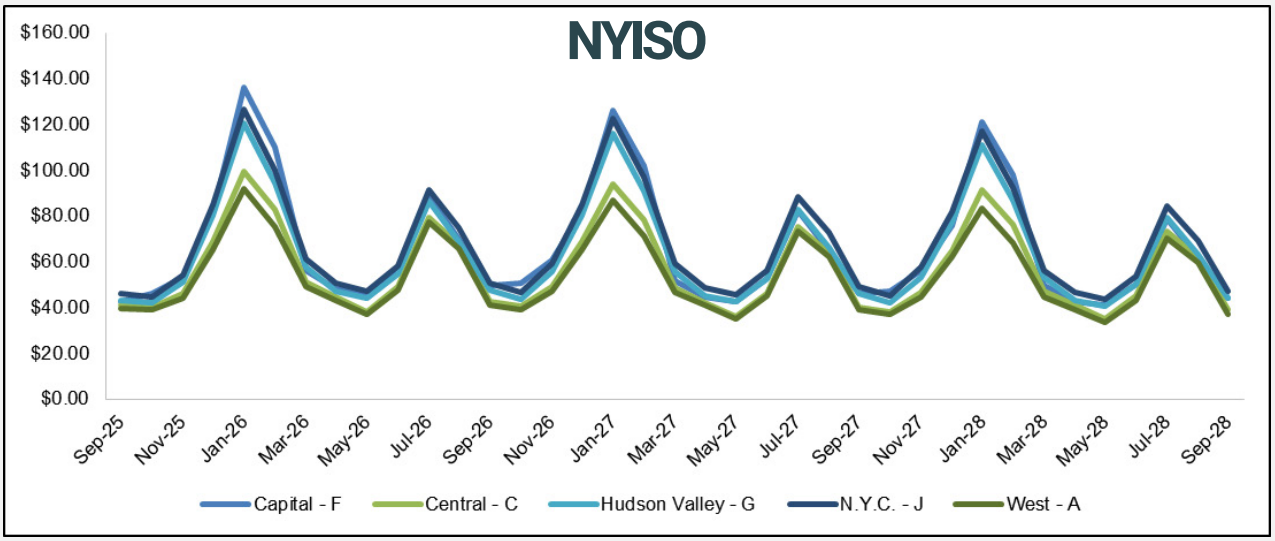


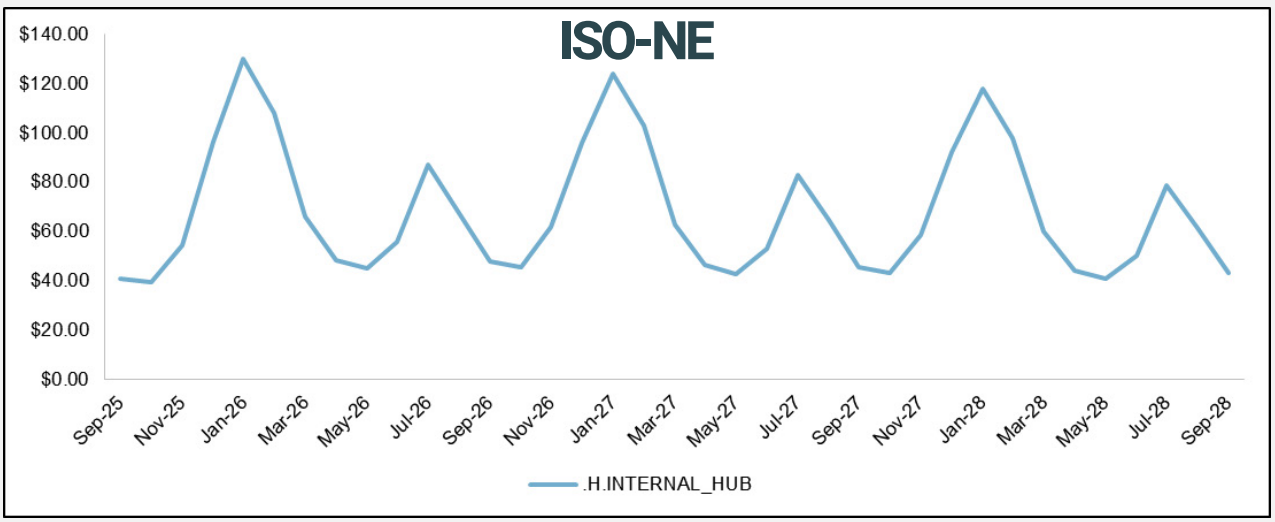


POWER

Forward On-Peak Power Prices ($/MWh)







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CURRENT MARKET FUNDAMENTALS

Natural Gas

- **Storage:** Working gas in storage rose by 18 Bcf for the week ending Aug. 22, but that build was well below the five-year average of 38 Bcf. Inventories now stand at 3,217 Bcf, which is 154 Bcf above the five-year average but 112 Bcf below last year.
- **Supply & production:** Total U.S. supply averaged 112.7 Bcf/d for the week ended August 27, virtually unchanged from the prior week. Dry gas production hit a record high at 107.8 Bcf/d.
- **Demand:** Overall consumption fell 5.8% last week (a drop of 4.4 Bcf/d), with power-sector demand down a notable 10.4% week-over-week. Total demand, including exports, dipped to 102.5 Bcf/d from 106.2 Bcf/d. Meanwhile, LNG feedgas deliveries slightly increased to 16.4 Bcf/d, and exports remained robust.

Power

- **Electricity demand growth:** U.S. power consumption is rising again after years of stagnation. Forecasts show power sales for 2025 will reach record highs: ~1,515 TWh residential, 1,476 TWh commercial, and 1,051 TWh industrial.
- **Power generation mix trends:** The gas share of generation is expected to edge down from 42% to 40% in 2025-26; coal may temporarily bounce back (~17%), while renewables rise to ~24% in 2025 and ~26% in 2026.

Key Takeaways & Implications for Fall/Winter

- **Back-to-normal storage, but still below normal-** Injections are ongoing, but weaker than seasonal norms. Although stocks are above the five-year average, the deficit to last year (−112 Bcf) could pressure winter prices if cold snaps strike early.
- **Production strong; power burn weakens-** Gas production held essentially flat week-over-week, providing a stable supply backdrop. Meanwhile, power-sector demand dropped sharply with cooler late-summer weather, easing overall consumption, a trend that will quickly reverse as heating load begins to build into fall.
- **LNG remains a demand pillar-** Rising LNG feedgas and strong export volumes are helping support demand, making gas balances more sensitive to international market shifts.
- **Electricity demand still climbing-** With power use reaching new highs, driven by electrification and data-center growth, tightness in power markets, especially regionally, may persist despite the ease off of summer highs.
- **Shifting generation mix building resilience-** Greater reliance on renewables and slight dip in gas share may lower fuel dependence, but winter's unpredictability favors dispatchable sources (gas, coal, storage) for reliability.