May 2026

ENERGY MARKET UPDATE

NATURAL GAS, POWER, AND SUMMER CAPACITY OUTLOOK

May Markets Pull Back

Energy markets softened in May as the forward curve repriced lower across natural gas and power, reflecting a more comfortable supply backdrop heading into summer. Henry Hub weakened materially, with the 12 month strip falling to $3.345/MMBtu, down $0.439 MoM, as storage entered injection season above both last year and the five year average. Power prices remained more resilient than gas, supported by expected summer cooling demand, continued load growth, and tighter reliability margins in the Northeast. While LNG exports and heat risk remain important upside drivers, May pricing suggests the market is placing greater weight on near term inventory strength and lower fuel costs than it did in April.

Natural Gas Summary

Natural gas forward prices moved sharply lower in May, as the market shifted from April's bullish summer setup toward a more storage-driven, supply-comfortable outlook.

• **Forward Pricing:** The 12-month Henry Hub strip settled at $3.345/MMBtu, down $0.439 MoM and $0.717 YoY. The Cal 2026 strip fell to $3.613, down $0.435 MoM, while Cal 2027 declined to $3.546, down $0.348 MoM.

• **Inventory & Production:** Storage is beginning injection season in a comfortable position. EIA reported 2,142 Bcf in storage as of April 24, up 79 Bcf on the week, 116 Bcf above last year, and 153 Bcf above the five-year average. This inventory cushion is limiting upside in the forward curve.

• **LNG Export Support:** Export demand remains the main bullish offset. EIA forecasts U.S. LNG exports at 17.0 Bcf/d in 2026, above the prior annual record of 15.1 Bcf/d in 2025. Reuters also reported U.S. LNG feedgas flows reached a record 18.8 Bcf/d in April, supported by strong global price spreads.

• **Regional Basis:** May regional strips moved lower versus April, but winter constraint risk remains elevated. The largest seasonal premiums are still concentrated in the Northeast, especially Algonquin Citygate, while western volatility remains most visible at NW Sumas, SoCal Citygate, and Rockies during winter peaks.

Power Summary

Forward on-peak power prices remain firm heading into summer, supported by cooling demand, load growth, and narrow Northeast reliability margins. While the May pullback in natural gas forwards has softened energy cost pressure, heat risk, rising demand, and narrow Northeast reliability margins continue to support summer forward power prices.

• **Forward Pricing:** May curves show summer premiums across PJM, NYISO, and ISO NE. PJM summer forwards are generally around $45 to $115/MWh, with higher levels in DOM, JCPL, PEPCO, and PSEG. NYISO premiums remain strongest in N.Y.C–J and Hudson Valley–G, while ISO–NE summer prices are mostly around $50 to $90/MWh.

• **Demand Outlook:** EIA expects U.S. electricity demand to peak during June through September, with both residential and commercial power demand up about 3% versus last summer. This supports stronger summer prices despite the May pullback in Henry Hub.

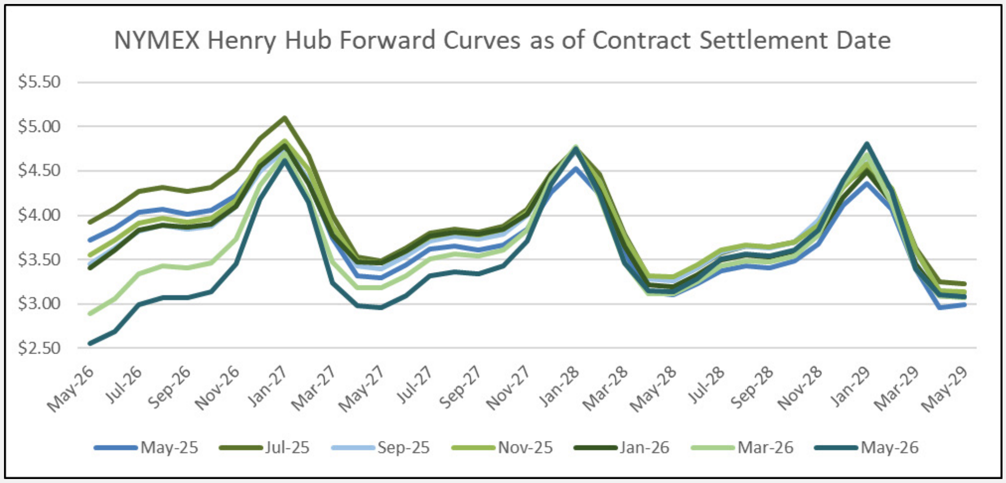
• **ISO Risks:** PJM remains exposed to fast load growth, with summer peak load projected to grow 3.6% per year over the next decade. NYISO looks tighter near term, with 34,615 MW of available resources against 31,578 MW of peak demand and only 417 MW of margin after reserves. ISO NE expects 25,228 MW of normal summer peak demand and 26,473 MW under hotter conditions, keeping the region sensitive to heat waves and gas generation costs.

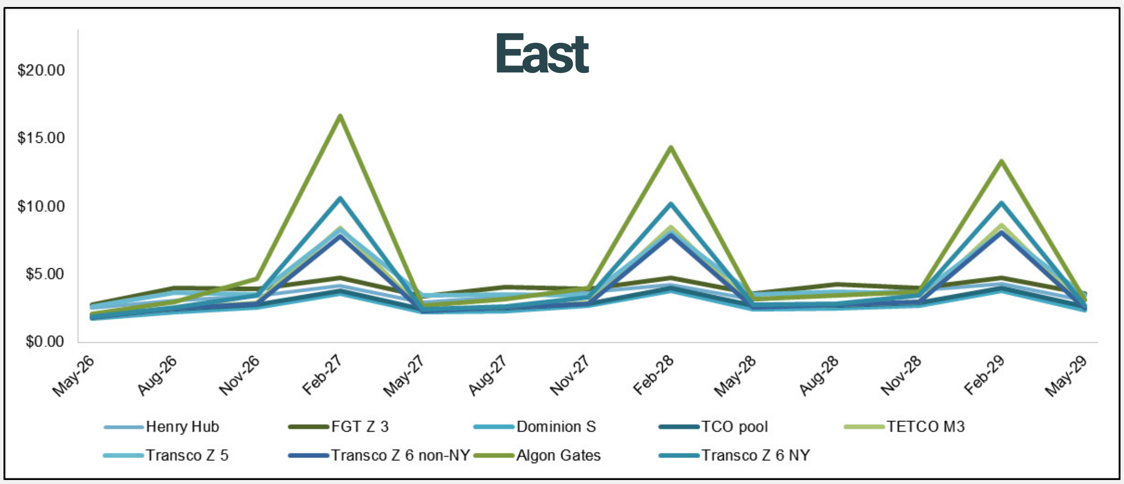
NATURAL GAS

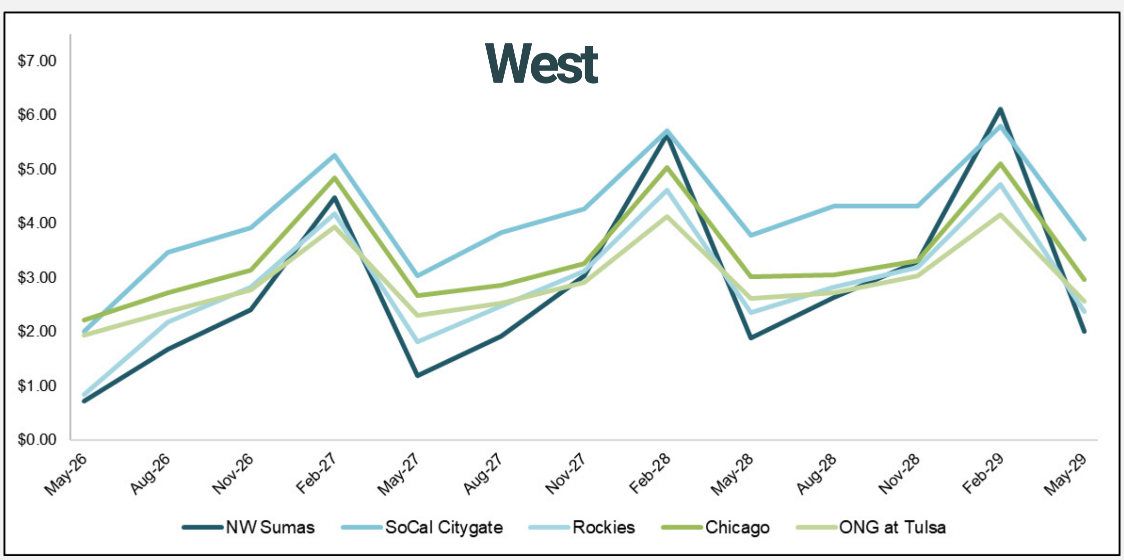
Forward Natural Gas Prices ($/MMBtu)

Historical Prices		
2022	$	6.645
2023	$	2.737
2024	$	2.269
2025	$	3.427

		Current		MoM		YoY
May-26	$	2.559	$	(0.466)	$	(1.158)
Jun-26	$	2.691	$	(0.471)	$	(1.168)
Jul-26	$	2.990	$	(0.419)	$	(1.042)
Aug-26	$	3.073	$	(0.416)	$	(0.994)
Sep-26	$	3.066	$	(0.401)	$	(0.946)
Oct-26	$	3.141	$	(0.386)	$	(0.911)
Nov-26	$	3.448	$	(0.388)	$	(0.772)
Dec-26	$	4.181	$	(0.535)	$	(0.369)
Jan-27	$	4.617	$	(0.562)	$	(0.177)
Feb-27	$	4.147	$	(0.474)	$	(0.229)
Mar-27	$	3.243	$	(0.418)	$	(0.502)
Apr-27	$	2.982	$	(0.330)	$	(0.331)
12 month Strip	$	3.345	$	(0.439)	$	(0.717)
Cal 2026	$	3.613	$	(0.435)	$	(0.920)
Cal 2027	$	3.546	$	(0.348)	$	(0.255)
Cal 2028	$	3.706	$	(0.143)	$	0.096
Cal 2029	$	3.666	$	(0.029)	$	0.161



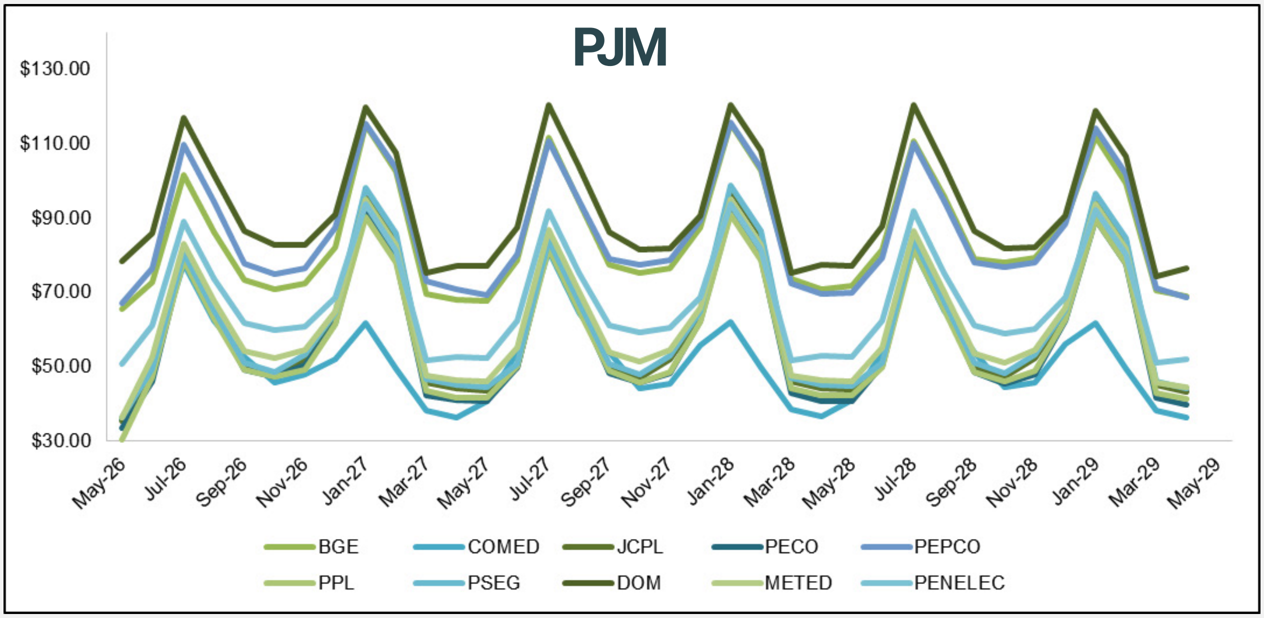


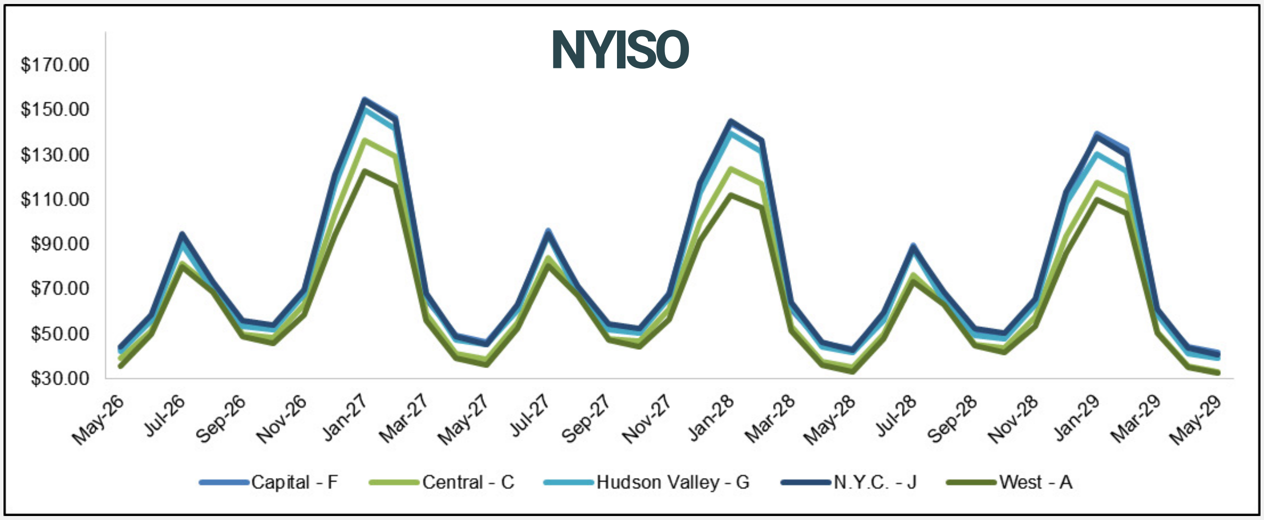


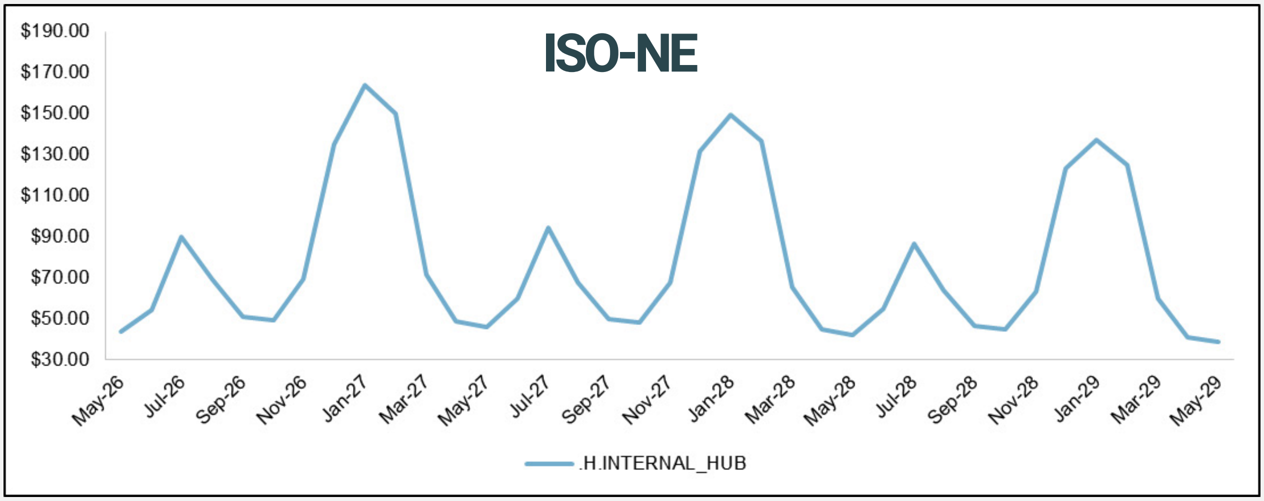
RISE ENERGY SERVICES

POWER

Forward On-Peak Power Prices ($/MWh)







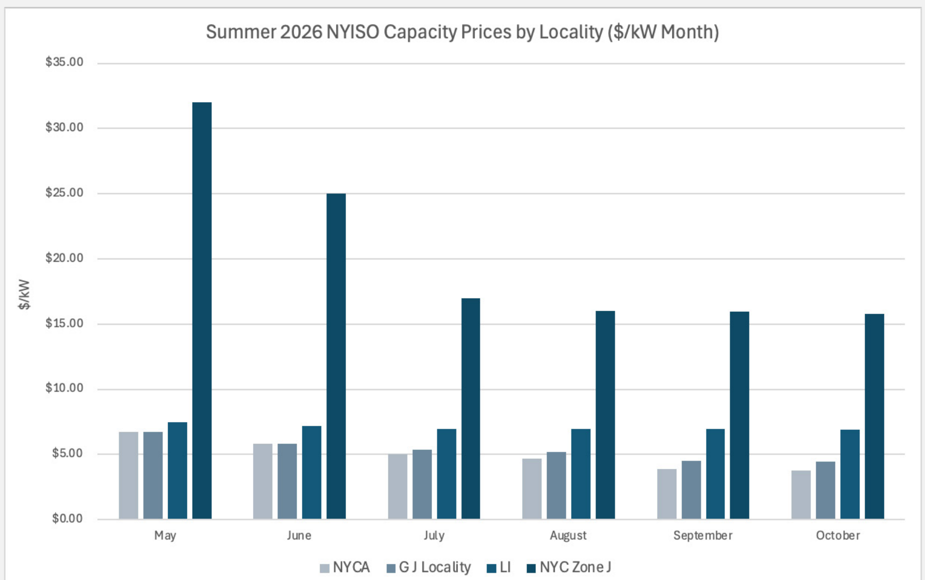
SUMMER CAPACITY OUTLOOK

Capacity Tightness Supports Summer Power Premiums

Summer power markets are increasingly being shaped by capacity and reliability risk, not just fuel costs. While lower natural gas forwards have softened the energy component of power pricing, capacity markets are signaling that local supply and deliverability remain tight in key regions. This is especially visible in New York City, where Zone J capacity prices are clearing at a substantial premium to the broader NYISO system.

For Summer 2026, NYISO monthly auction results show NYC Zone J clearing at $32.00/kW month in May and $25.02/kW month in June, compared with NYCA (New York Control Area) at $6.74 and $5.83/kW month over the same period. Zone J remains elevated through the rest of the summer, holding near $16 to $17/kW month from July through October, while NYCA falls below $5/kW month by August. This premium highlights continued downstate capacity scarcity and the higher cost of serving load in constrained areas.

The capacity signal is consistent with a narrower reliability backdrop. NYISO's 2026 summer assessment shows 34,615 MW of available resources against 31,578 MW of forecast peak demand, but after required reserves, the baseline reliability margin is only 417 MW. Under hotter weather conditions, NYISO projects the margin could turn negative before emergency actions, reinforcing why New York City capacity is pricing well above the statewide benchmark.



This is not isolated to New York. PJM's 2026/2027 capacity auction cleared at $329.17/MW day, the approved cap, with total cleared supply valued at about $16.1 billion. PJM cited tight supply and demand conditions, with rising load growth and resource adequacy needs continuing to support higher capacity costs across the broader eastern power market.

Key Takeaways

• NYC Zone J capacity prices are materially above the rest of NYISO, clearing at $32.00/kW month in May versus $6.74/kW month for NYCA.

• The Zone J premium persists through summer, staying near $16 to $17/kW month from July through October while broader NYCA pricing declines.

• NYISO's reliability margin is narrow, with only 417 MW of baseline margin after reserves, leaving the system more exposed to heat and forced outages.

• Capacity tightness is broader than NYISO, with PJM clearing at $329.17/MW day for the 2026/2027 delivery year.

• Lower gas prices may reduce energy costs, but capacity, load growth, and local reliability constraints continue to support summer power risk premiums.