

ENERGY MARKET UPDATE

Summer demand is supporting prices while regulators shift from generation queues to large-load interconnections.

Natural Gas, Power, and the Race to Connect New Load

After easing through the spring, natural gas turned higher in the July settlement. The 12-month Henry Hub strip firmed to \$3.424/MMBtu from \$3.316 last month, and every calendar strip moved up, reversing June's supply-driven softness. The prompt (Jul-26) settled at \$3.231, up \$0.136 on the month though still \$1.038 below a year ago, as summer cooling demand and near-record LNG feedgas began to offset another quarter of production growth. The larger story remains on the demand side: the unprecedented wave of data centers, advanced manufacturing, and other large loads has pushed FERC and the RTOs/ISOs from studying large-load growth to mandating concrete interconnection reforms, the regulatory thread most likely to shape power pricing and speed-to-power through the second half of 2026.



NATURAL GAS

Natural gas reversed course in July. After June's decline, when robust production and a building storage surplus overwhelmed record LNG demand, the curve firmed across the board, with the 12-month strip rising to \$3.424 from \$3.316 and Cal 2026 up to \$3.689. The move is modest and concentrated in the front and winter of the curve, consistent with the market beginning to price summer-heat and Northeast storage-refill risk rather than a structural shift higher.

- Curve firmed month-over-month: 12-month strip \$3.424 (vs. \$3.316 in June); Cal 2026 \$3.689 and Cal 2027 \$3.492, both higher after Cal 2027 had slipped last month.
- Winter still carries the premium: Jan-27 at \$4.432 and Dec-26 at \$4.028, up from \$4.346 and \$3.942 in June, a sign the market is not dismissing heat and early-draw tail risk.
- Prompt Jul-26 \$3.231 (+\$0.136 MoM, \$-1.038 YoY); supply stays ample, with 1Q26 output near 117 Bcf/d (+4% YoY) and storage about 6% above the five-year average, capping the rally.

POWER

Forward on-peak power stayed firm and, in the load-heavy zones, firmed further, continuing to price well above what the softer gas curve alone would imply. Capacity, transmission, and local-reliability premiums are increasingly setting power independently of fuel, and the clearest signal is in Dominion (DOM), where Cal 2027 on-peak rose to about \$102/MWh from roughly \$92/MWh last month as data-center load concentrates in northern Virginia.

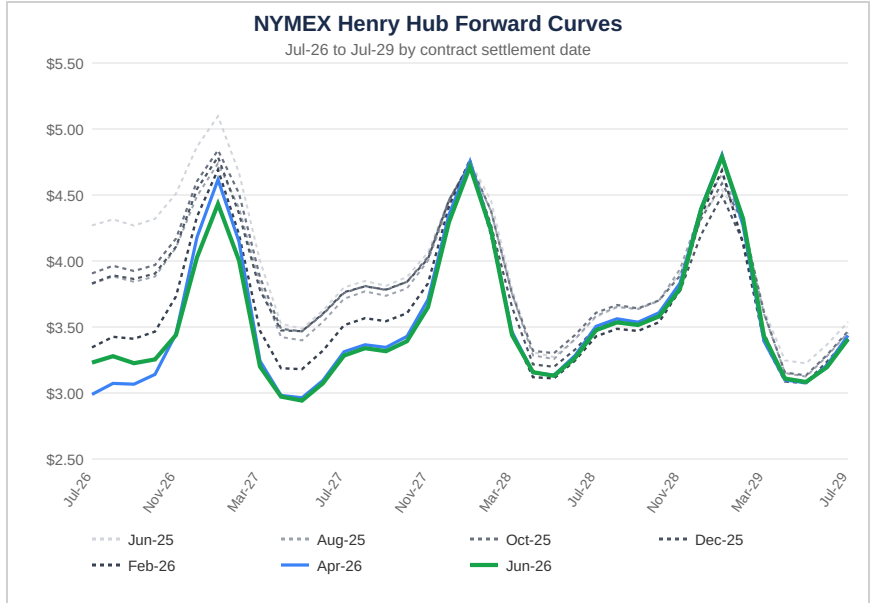
- PJM DOM Cal 2027 on-peak ~\$101.72/MWh, up from ~\$92 in June and far above COMED (~\$52), a locational spread that tracks where new load is landing.
- Northeast stays elevated: NYISO N.Y.C.-J ~\$84.72/MWh and ISO-NE Hub ~\$86.23 (Cal 2027), consistent with NERC's finding that New England runs ~559 MW short at extreme peak.
- Demand is the driver: EIA sees U.S. power demand +1.3% in 2026 and +3.1% in 2027, with gas-fired generation set for a summer record 46.1 Bcf/d in 2027, up 6% from 43.7 this summer.

Historical Averages

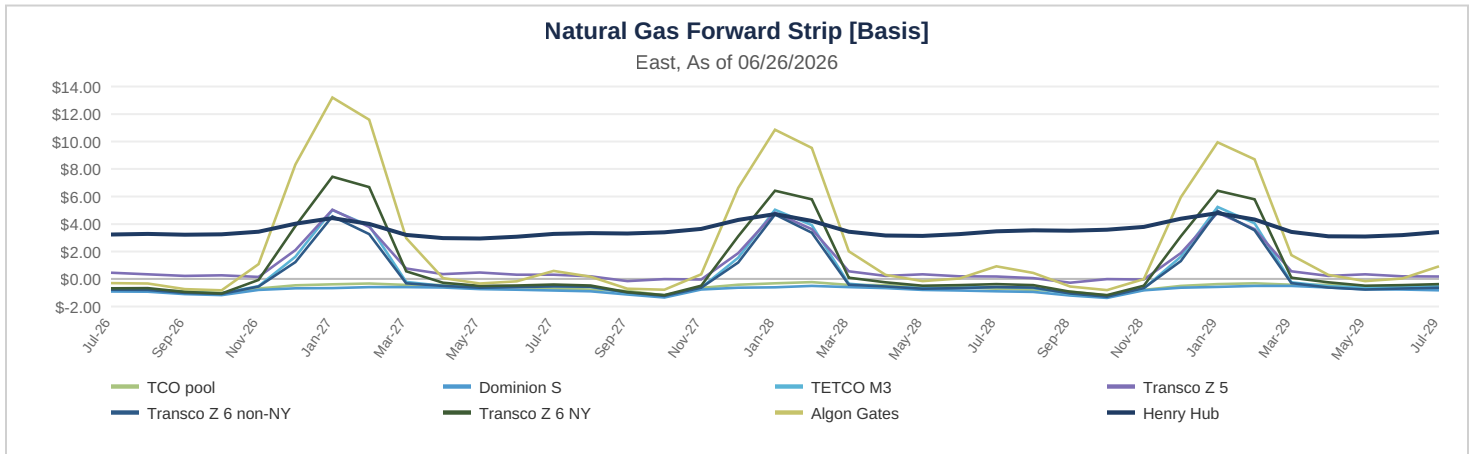
2022	\$6.645
2023	\$2.737
2024	\$2.269
2025	\$3.427

Forward Pricing: Henry Hub (\$/MMBtu)

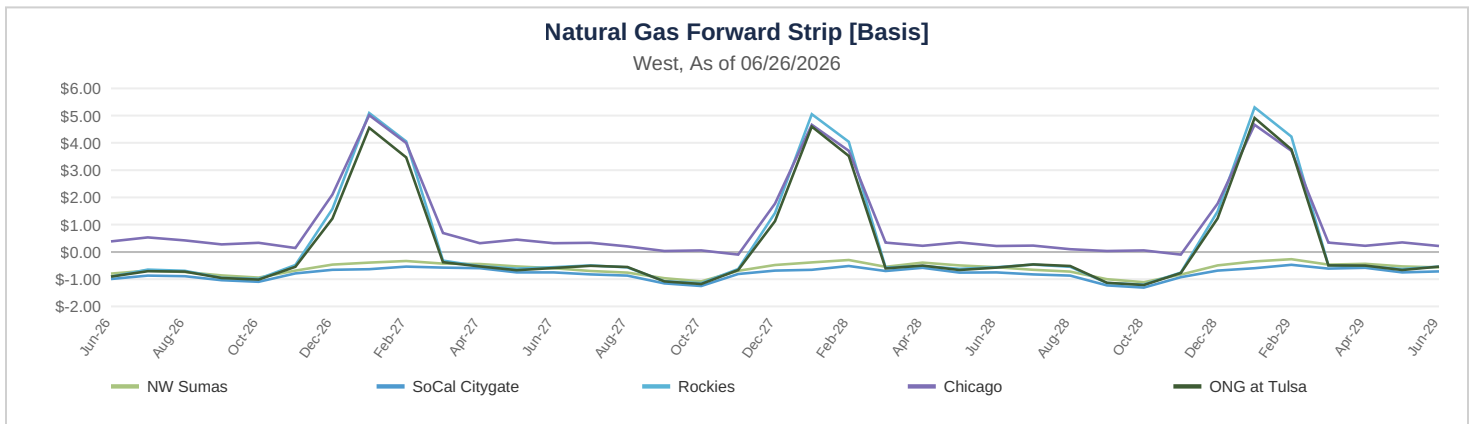
Contract	Current	MoM	YoY
Jul-26	\$3.231	+0.136	(\$1.038)
Aug-26	\$3.279	+0.162	(\$1.036)
Sep-26	\$3.226	+0.149	(\$1.042)
Oct-26	\$3.255	+0.133	(\$1.064)
Nov-26	\$3.439	+0.098	(\$1.072)
Dec-26	\$4.028	+0.086	(\$0.838)
Jan-27	\$4.432	+0.086	(\$0.665)
Feb-27	\$4.005	+0.087	(\$0.663)
Mar-27	\$3.200	+0.114	(\$0.800)
Apr-27	\$2.973	+0.110	(\$0.553)
May-27	\$2.943	+0.100	(\$0.543)
Jun-27	\$3.074	+0.088	(\$0.552)
12-Month Strip	\$3.424	+0.112	(\$0.822)
Cal 2026	\$3.689	+0.127	(\$1.015)
Cal 2027	\$3.492	+0.090	(\$0.531)
Cal 2028	\$3.685	+0.005	(\$0.132)
Cal 2029	\$3.648	(\$0.048)	(\$0.087)



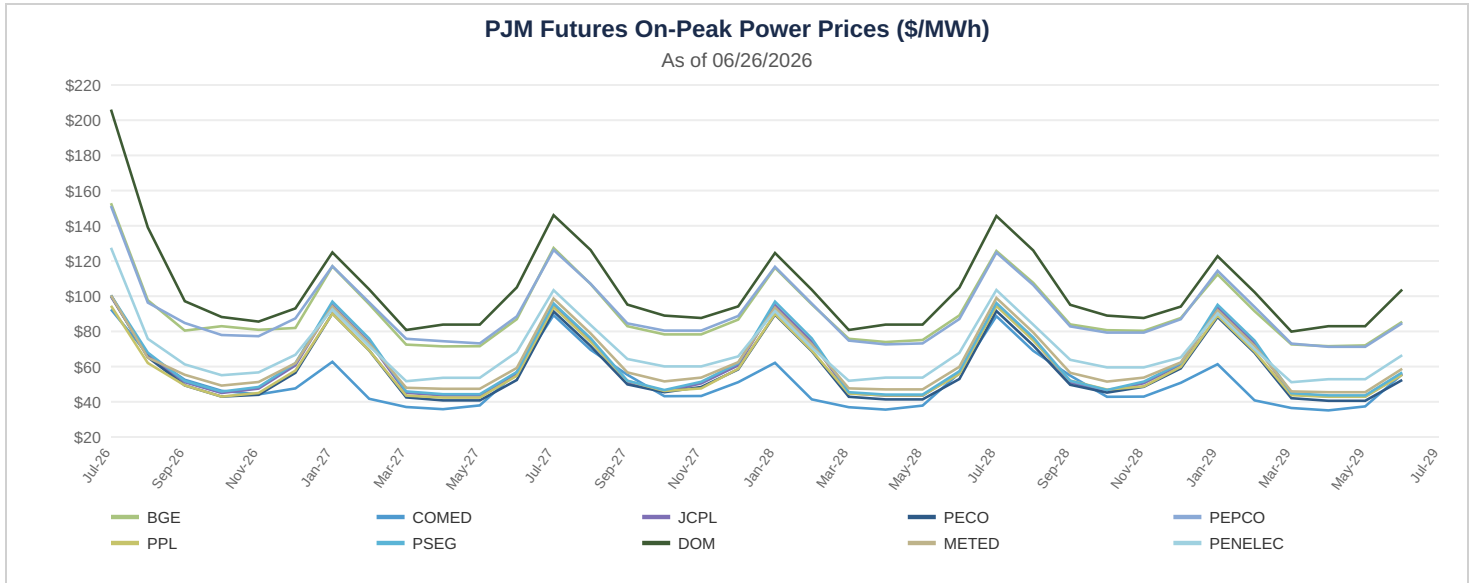
Prompt month highlighted. Cal 2026 and Cal 2027 are full 12-month (Jan to Dec) calendar-year averages. Cal 2028 and Cal 2029 shown current-only.



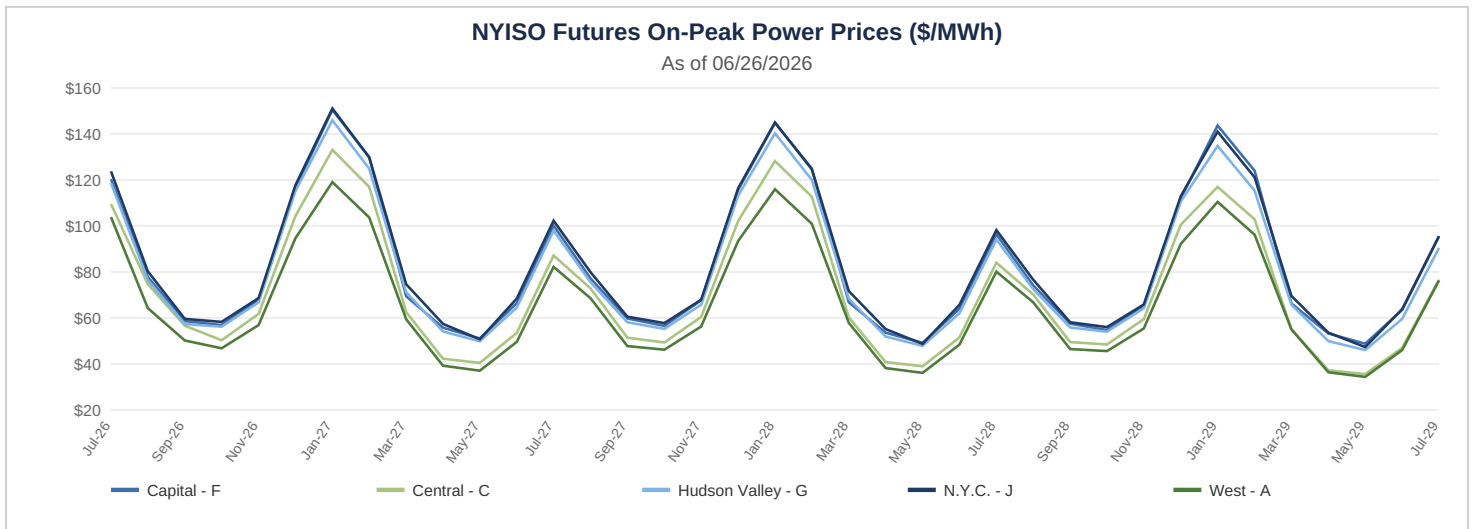
Monthly forward basis to Henry Hub (\$/MMBtu), Jul-26 through Jul-29. Henry Hub shown as its absolute forward price for reference; all other hubs are basis differentials.



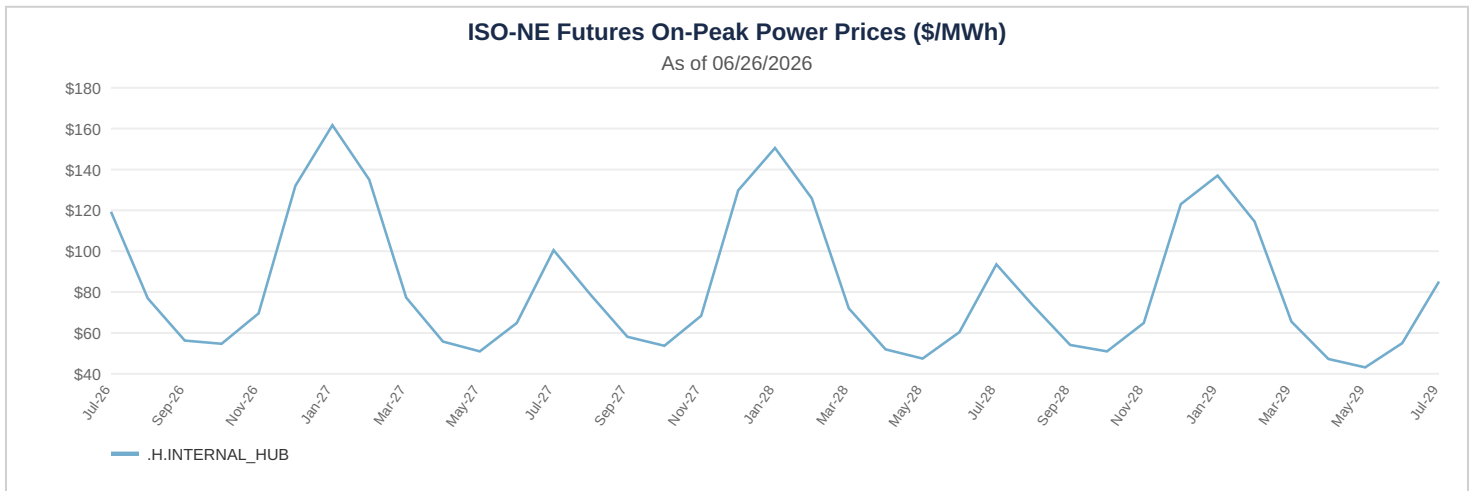
Monthly forward basis to Henry Hub (\$/MMBtu), Jun-26 through Jun-29.



Monthly forward on-peak power (\$/MWh), PJM zones, Jul-26 through Jul-29.



Monthly forward on-peak power (\$/MWh), NYISO zones, Jul-26 through Jul-29.



Monthly forward on-peak power (\$/MWh), ISO-NE Internal Hub, Jul-26 through Jul-29.

THE RACE TO CONNECT NEW LOAD

How gigawatt-scale demand is reshaping interconnection rules, transmission investment, and forward power prices.

The month's headline was a change of direction. Through the spring, gas forwards fell as production growth and a building injection-season storage surplus outweighed record LNG demand; in July that trend reversed, with every Henry Hub calendar strip settling higher. The move was modest (the 12-month strip added roughly \$0.11 to \$3.424) but broad, and it landed alongside the market's other defining theme: a regulatory push to connect large new loads.

HOW THE MARKET MOVED SINCE JUNE

Metric	June 2026	July 2026	Change
Henry Hub natural gas (\$/MMBtu)			
12-Month Strip	\$3.316	\$3.424	▲ +0.108
Cal 2026	\$3.625	\$3.689	▲ +0.064
Cal 2027	\$3.403	\$3.492	▲ +0.089
Dec-26	\$3.942	\$4.028	▲ +0.086
Jan-27	\$4.346	\$4.432	▲ +0.086
Cal 2027 on-peak power (\$/MWh)			
PJM: DOM	\$92.00	\$101.72	▲ +9.717
ISO-NE: Internal Hub	\$87.00	\$86.23	▼ -0.766
NYISO: N.Y.C.-J	\$83.00	\$84.72	▲ +1.720

LARGE LOAD WATCH: INTERCONNECTION REFORM

In June, FERC issued one of its most consequential actions to date on large-load interconnection, directing all six jurisdictional RTOs and ISOs to justify or revise how they connect data centers, advanced manufacturing, and other major electricity users. The orders reach into queue transparency, cost allocation, the financial commitments large-load customers must make, and the treatment of co-located generation, the terms that will ultimately govern "speed-to-power" for gigawatt-scale projects. It is a clear signal that the commission has moved from studying large-load growth to requiring concrete tariff and interconnection reforms, making this the defining regulatory story of the second half of 2026.

The firming was concentrated where risk lives. Winter tightened, with Jan-27 rising to \$4.432 and Dec-26 to \$4.028 from \$4.346 and \$3.942 in June, as the market priced Northeast storage-refill needs and the chance that summer heat carries into the withdrawal season. Yet the back of the curve barely moved (Cal 2028 at \$3.685), and forecasts still see Henry Hub averaging near the low-\$3s through the second half of 2026 as production near 117 Bcf/d and storage roughly 6% above the five-year average cap any sustained rally.

The load-growth story shows up most clearly in power. DOM's Cal 2027 on-peak climbed to about \$102/MWh from roughly \$92/MWh in June, widening its premium over COMED (~\$52) to about \$50, a locational spread that tracks data-center concentration in northern Virginia far more than it tracks fuel. The Northeast held its structural premium, with NYISO N.Y.C.-J near \$85 and the ISO-NE Hub near \$86, consistent with NERC's finding that New England runs about 559 MW short at extreme peak. With EIA projecting power demand up 3.1% in 2027 and gas-fired generation set for a summer record, the pace at which new load can be connected, not weather, is likely to define the back half of the year.

KEY TAKEAWAYS

- **The gas curve turned higher.** The 12-month strip rose to \$3.424 from \$3.316, with Cal 2026 at \$3.689 and Cal 2027 at \$3.492, the first broad monthly gain after spring's slide. The move is modest and risk-driven, not a structural shift.
- **Winter carries the move.** Jan-27 at \$4.432 and Dec-26 at \$4.028 rose from \$4.346 and \$3.942 as heat and Northeast refill risk get priced, while the back of the curve (Cal 2028 \$3.685) barely budged.
- **Power keeps pricing load, not fuel.** DOM's Cal 2027 on-peak rose to ~\$102/MWh from ~\$92, about \$50 above COMED, while Northeast premiums held (N.Y.C.-J ~\$85, ISO-NE ~\$86) on reliability shortfalls.
- **FERC turned debate into mandate.** June's orders to all six RTOs/ISOs require concrete reforms on queue transparency, cost allocation, and co-located generation, making speed-to-power for gigawatt-scale load the defining regulatory story to watch through the second half of 2026.