Summer 2026 Natural Gas Market Outlook

Executive Summary

Prepared for Natural Gas Supply Association

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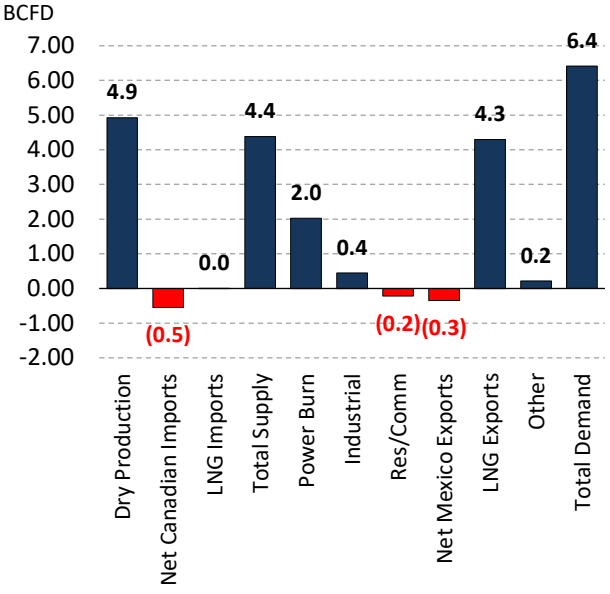
Demand And Supply Poised To Grow, With LNG Exports Leading The Charge And Continued Pipeline Expansion

Natural Gas Supply And Demand, 2026 Summer Vs 2025 Summer



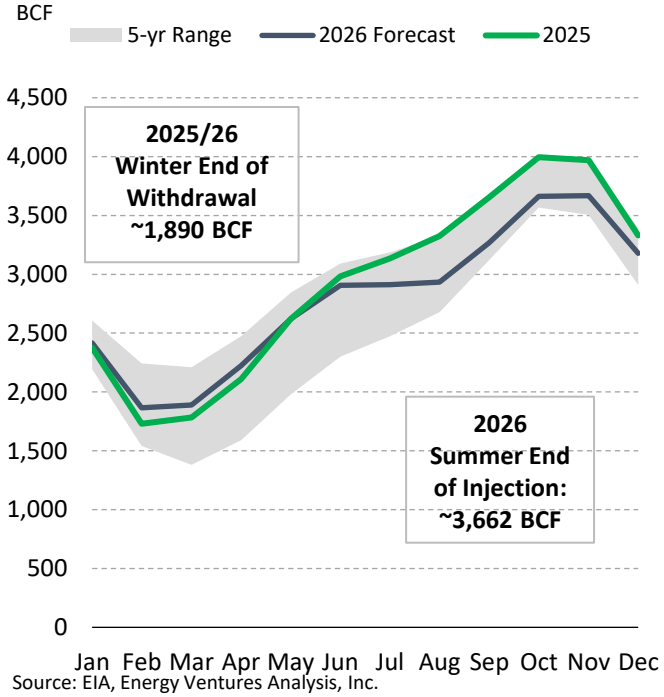
Source: Energy Ventures Analysis, Inc.

- Supply is expected to rise 4.4 BCFD to 117 BCFD in Summer 2026, driven entirely by production growth of 4.9 BCFD from mainly Permian and Marcellus basins.
- On the demand side, LNG exports lead growth at 4.3 BCFD to ~20 BCFD as new liquefaction capacity comes online, while power burn and industrial demand contribute an additional 2.47 BCFD. RESCOMM demand is expected to drop incrementally compared to last year. Power generation continues to represent the largest demand sector, driven by broader power sector growth and incremental data center load pushing the stack higher through the summer.
- Storage is forecast to enter summer near 1.9 TCF, almost 5% above the five-year average. End of Summer injection inventories are projected to finish near 3.7 TCF, slightly below the historical range, assuming normal weather. Net Canadian imports remain slightly weak, dropping by 0.5 BCFD from last summer.

Summer Natural Gas Supply and Demand Summary	2026 Summer	2025 Summer	Difference vs Last Summer	Difference vs Last Three Summers
Supply (BCFD)				
Dry Production	111.7	106.8	4.9	8.4
Net Canadian Imports	5.2	5.7	(0.5)	(0.5)
LNG Imports	0.1	0.1	0.0	0.0
Total Supply	117.0	112.6	4.4	7.9
Demand (BCFD)				
Power Burn	40.3	38.3	2.0	2.0
Industrial	23.0	22.5	0.4	0.2
Res/Comm	11.6	11.8	(0.2)	0.2
Net Mexico Exports	6.8	7.1	(0.3)	(0.0)
LNG Exports	19.9	15.6	4.3	6.3
Other	7.1	6.9	0.2	0.1
Total Demand	108.7	102.3	6.4	8.7
Average Injection (BCFD)	8.3	10.3	(2.0)	(0.8)
Total Injection (BCF)	1,772	2,210	(438.8)	(172.1)
CDDs	1,256	1,320	(64.0)	(48.7)

Source: Energy Ventures Analysis, Inc.

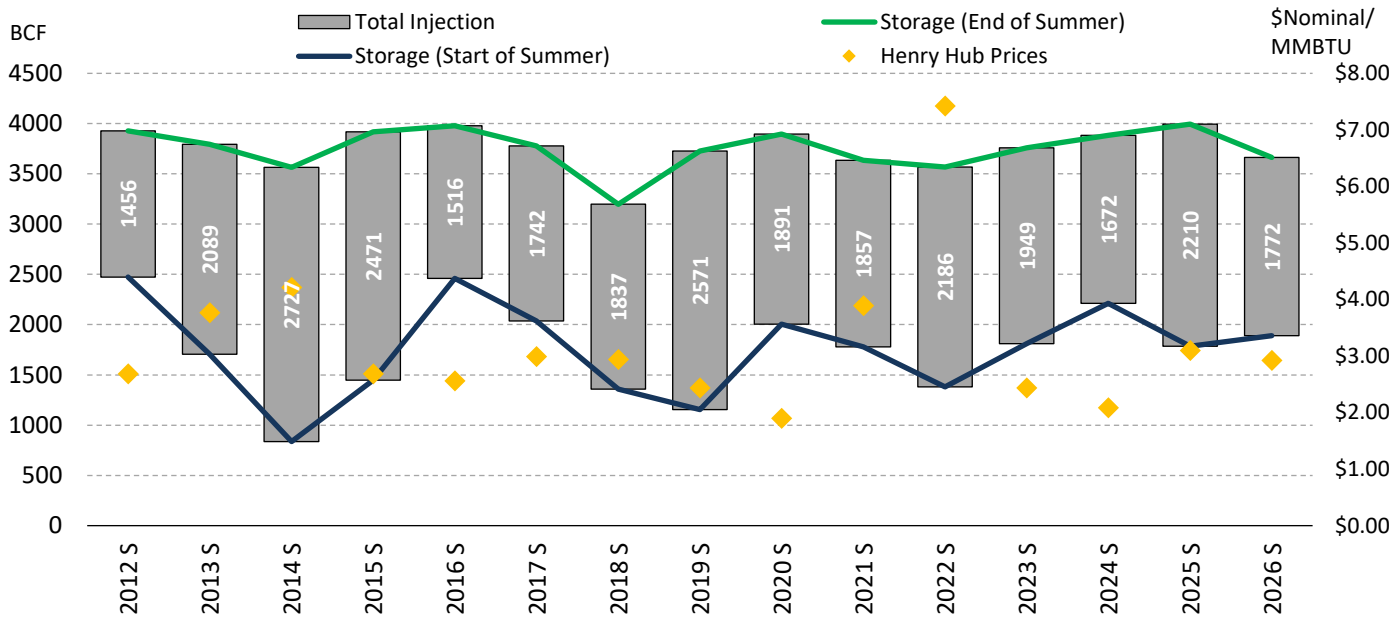
U.S. working gas in underground storage



Source: EIA, Energy Ventures Analysis, Inc.

Storage Expected To End Summer 2026 Slightly Below Historical Norms Amid Elevated Demand

U.S. L48 Summer Gas Storage Injection

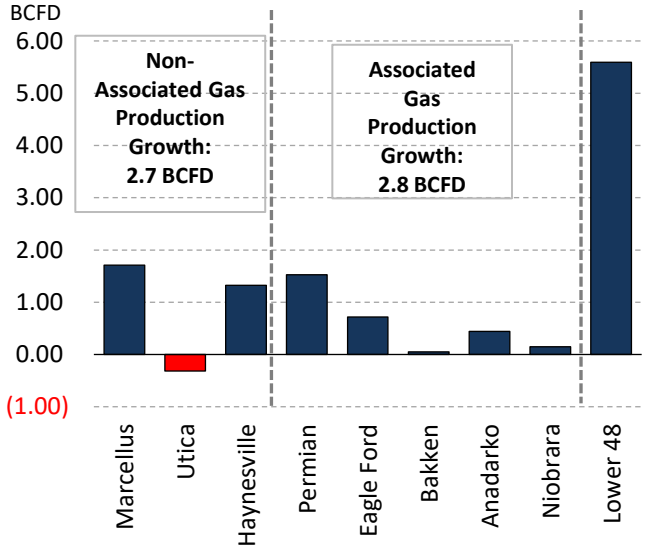


Source : Energy Ventures Analysis, Inc.
All data shown for summer seasons (April-October) for the year listed.
Henry Hub forward prices are ICE settlements as of 05/06/2026.

- U.S. L48 gas storage is projected to end Summer 2026 at ~3,662 BCF, with total injections of 1,772 BCF — a 10% decline year-over-year — as demand growth outpaces record production above 110 BCFD. At 8.28 BCFD, average daily injection rates are notably tighter than Summer 2025's 9.91 BCFD. Despite starting the injection season 106 BCF above 2025 levels, end-of-summer inventories are expected to sit ~106 BCF below the 5-year average, a structural demand signal heading into Winter 2026.
- Winter Storm Fern earlier this year served as the defining stress test of this tighter market — driving Henry Hub spot prices to an all-time record of just north of $30/MMBtu and triggering the largest weekly storage withdrawal on record at 359 BCF — yet the system recovered rapidly, with production returning to pre-storm levels shortly after the cold subsided, demonstrating the resilience of U.S. supply.
- Henry Hub spot prices are entering shoulder season with April 2026 averaging ~$2.70/MMBtu. While this remains below the ~$3.10/MMBtu averaged in Summer 2025, the Summer 2026 strip is currently pricing near ~$2.92/MMBtu. This is a notable step-up from current spot levels, potentially reflecting market expectations that below-average storage builds and resilient demand could limit the seasonal surplus pressure that has weighed on prices in prior years.
- Unlike prior years where abundant storage weighed on prices, the forward curve's relative premium over current spot levels may suggest that market participants are beginning to position for a tighter injection season — potentially leaving less buffer for demand surprises and raising the possibility that forward prices could represent more of a floor than a ceiling.

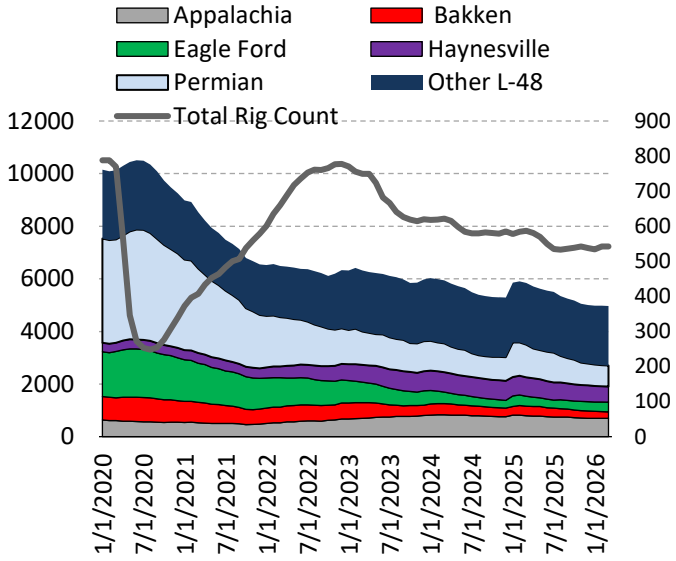
Production Momentum Supported By Improving Prices, Though Tightening DUC Inventories May Present Near-Term Supply Considerations

Year-over-year Production Change By Basin (Winter 24/25 Vs Winter 25/26)



Source: EIA, Energy Ventures Analysis, Inc.

Drilling But Uncompleted Wells Inventory In Major U.S. Producing Areas

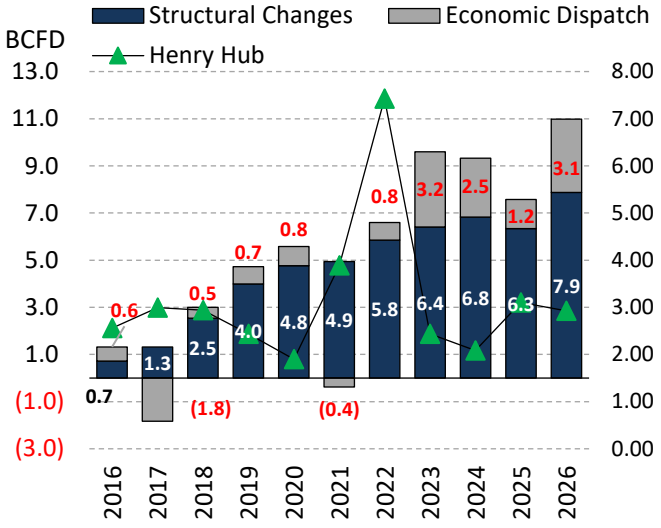


Source: Energy Ventures Analysis, Inc.

- Both non-associated and associated gas production led to meaningful supply growth in Winter 25/26, with non-associated gas rising 2.7 BCFD and associated gas adding 2.8 BCFD — a stark contrast to 2024 when non-associated gas declined 1.8 BCFD as weak forward price curves dampened drilling commitments across the Marcellus and Haynesville.
- Marcellus leads non-associated gas recovery with 1.71 BCFD of growth, supported by improved takeaway capacity via Mountain Valley Pipeline utilization gains, while Haynesville adds a further 1.32 BCFD as higher prices restore drilling momentum across the basin. Permian-associated gas continues its steady climb at 1.53 BCFD as oil-directed drilling sustains feedgas volumes for growing LNG export demand. Utica remains the sole exception, posting a modest decline of 0.32 BCFD reflecting structural productivity challenges rather than a price-driven response.
- From the Russia-Ukraine conflict-driven DUC inventory highs of 2022-2023, producers are projected to enter Summer 2026 with a diminished buffer to quickly ramp output without committing to new drilling. With Appalachia, Eagle Ford, and Haynesville all seeing sustained drawdowns, any meaningful supply response may increasingly require new drilling commitments and the higher capital expenditure that comes with them.
- With prices recovering and forward markets pointing to average at ~$2.92/MMBtu for Summer 2026, drilling economics appear to be gradually improving, though rig counts remain relatively modest compared to prior cycles. Steel tariff pressures could add further uncertainty to drilling cost assumptions, however, improving rig productivity may partially offset the need for large-scale rig additions to sustain output growth.

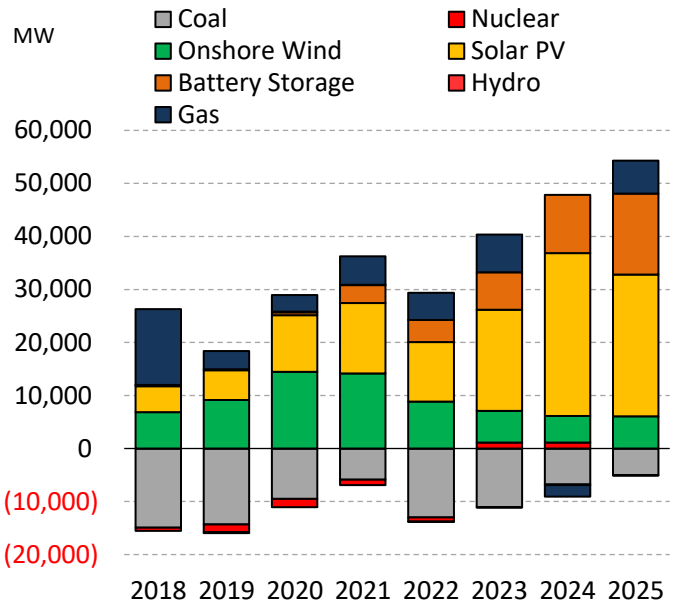
Slowing Renewable Penetration and Rising Baseload Demand Needs Position Structural Gas Burns for Sustained Growth in Summer 2026

Power Burn Increase From Base Year 2015 : Structural Growth Vs Economic Switching



All data shown for summer seasons (April-October) for the year listed.
Henry Hub settles as of 05/06/2026.
Source: Energy Ventures Analysis, Inc.

Net Change In U.S. Generating Capacity

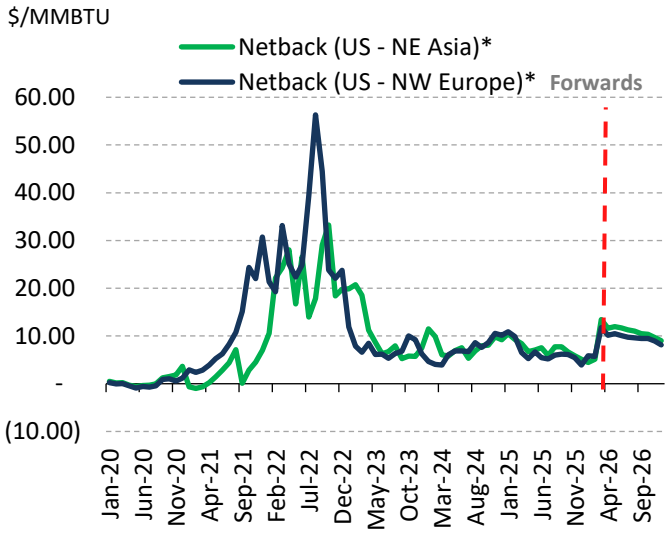


Source: Energy Ventures Analysis,Inc., U.S. EIA

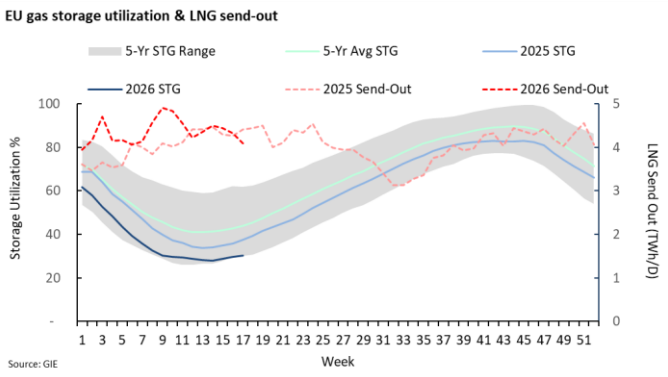
- Summer 2026 power burns are forecast to reach 11 BCFD above 2015 base levels, with 7.9 BCFD from structural growth and 3.1 BCFD from economic dispatch — the highest combined total in the forecast period. Structural demand continues its uninterrupted climb since 2016, reflecting the permanent embedding of gas into the generation stack as coal retirements and rising baseload needs outpace renewable additions.
- The projected rebound in economic dispatch to 3.1 BCFD, a sharp swing from 2025's 1.2 BCFD, reflects moderating U.S. natural gas prices, creating renewed coal-to-gas switching opportunities. This is more a price-driven recovery than a structural shift, underscoring gas's unique dual role as both the structural backbone and the flexible swing fuel of the U.S. generation stack heading into Summer 2026.
- While utility-scale solar PV additions remain the leading new capacity source at 26.8 GW in 2025, gas has added over 42 GW net since 2018, with cumulative coal retirements topping 80 GW, structurally widening the reliability gap. With scheduled retirements and slowing renewable penetration unable to keep pace with rising baseload demand, gas is uniquely positioned to capture a greater dispatch share.
- The Trump administration's executive push to slow coal retirements, combined with the OBBBA's rollback of Biden-era IRA incentives, introduces a new variable into the capacity outlook — while structural constraints limit a major coal resurgence, a deceleration in retirement timelines and rising gas prices could modestly boost gas-to-coal switching at the margin, tempering economic dispatch gains heading into Summer 2026.

Strong Global Demand And Widening Netbacks Continue To Support U.S. LNG Export Demand For Summer 2026

Netbacks for U.S. LNG exports



Source: Energy Ventures Analysis, Inc.
Historical netbacks are based on cash settlements. Future netbacks are based on 05/06/2026 forward curves.



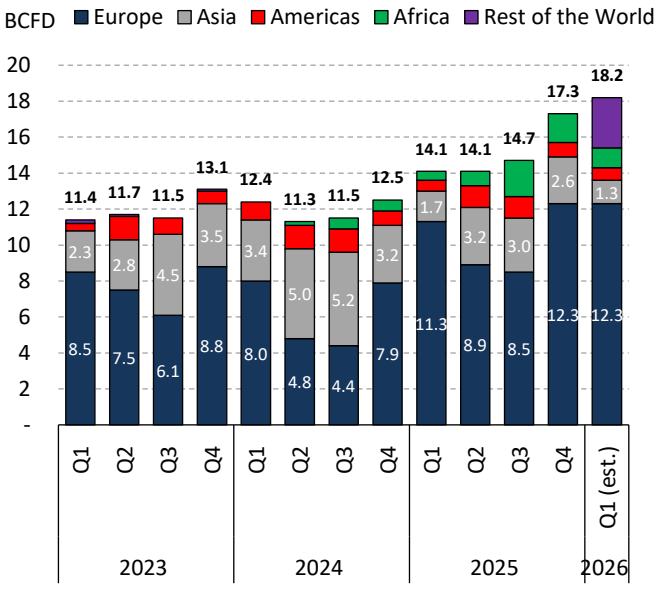
STG refers to gas storage utilization, expressed as a percentage.
Source: GIE

- U.S. LNG netbacks to Europe and Asia are holding in the $9–$12/MMBtu range for NW Europe and $10–$14/MMBtu for NE Asia — more than sufficient to support healthy exports and a constructive spread over Henry Hub. The March 2026 spike to ~$13–$14/MMBtu has since retraced, with fundamentals remaining intact. Feedgas demand continues to run near record levels, driven by structural capacity additions rather than any tightening in the underlying market.
- Notably, during Winter Storm Fern, LNG feedgas flows rolled back as domestic spot prices spiked above export netbacks — a dynamic the industry has flagged as evidence that U.S. LNG exports have a limited direct impact on Henry Hub prices, with the domestic market largely self-correcting through supply and storage responses rather than export-driven tightening.

- European storage utilization is tracking below 2025 levels heading into Summer 2026, signaling a more challenged injection season than last year and supporting demand for spot LNG imports — with 2026 LNG send-out running above 2025 levels as Europe draws more heavily on LNG to offset its storage deficit.
- With Plaquemines LNG now fully operating just under 4 BCFD, Corpus Christi Stage 3's final two trains completing through year-end 2026, and Golden Pass Train 1 expected to enter energy service in mid 2026, total U.S. export nameplate capacity pushes above 19 BCFD by year-end — structurally anchoring feedgas demand at record levels. However, should supply route uncertainties persist, European and Asian buyers may look to further diversify their LNG sourcing — potentially providing an additional avenue for U.S. LNG offtake.

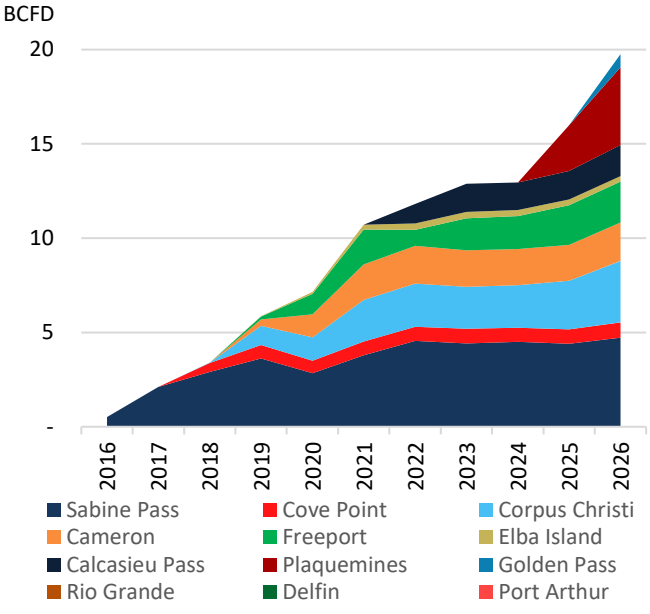
Geopolitical Tensions And Trade Policy Poised To Reshape U.S. LNG Destination Flows As Export Capacity Hits Record Levels

LNG Exports By Region (BCFD)



Source: Energy Ventures Analysis, Inc., Kpler

U.S. LNG Project Development (BCFD)

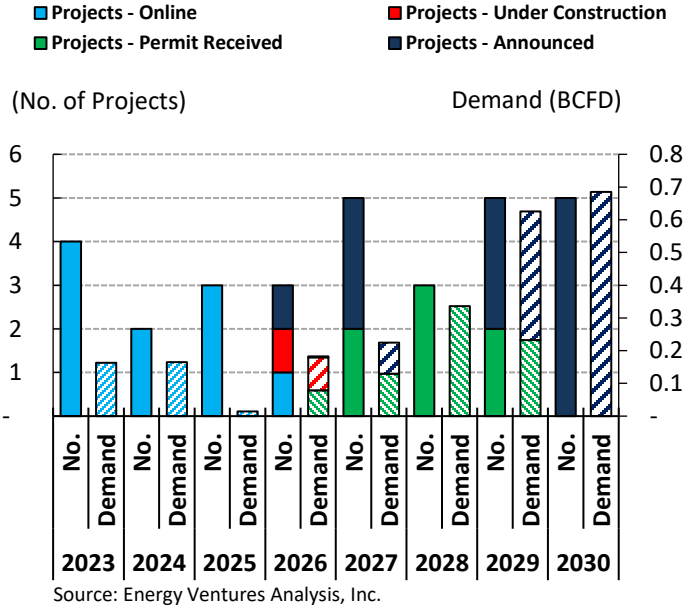


Source: Energy Ventures Analysis, Inc.

- U.S. LNG export destinations are structurally shifting in 2026 as China's retaliatory tariffs redirect volumes toward Europe and Rest-of-World markets, coinciding with the EU's phased ban on Russian gas, creating durable demand pull. With exports expected to reach 18.2 BCFD in Q1 2026, the U.S. has absorbed this destination realignment without material volume loss, reinforcing its role as the world's most flexible large-scale LNG supplier.
- Near-term growth is an infrastructure execution story — Plaquemines ramping fully, Corpus Christi Stage 3 completing final trains, and Golden Pass Train 1 entering service in Q2 2026, pushing total capacity above 19 BCFD by year-end. With terminals already near maximum utilization, any acceleration in global demand is more likely to widen international netbacks than drive materially higher feedgas demand domestically.
- The U.S. LNG project development curve reflects a decade of sustained capacity investment, with total capacity approaching ~20 BCFD by the end of 2026 and projected to grow to ~26 BCFD by 2030, supported by the staged ramp-up of Golden Pass, Rio Grande, and Port Arthur beginning in 2026 and scaling through the end of the decade.
- Execution risk and trade policy remain key variables. Delays, evolving tariff regimes, and geopolitical disruptions could alter both the pace of capacity additions and the destination profile of U.S. cargoes. EVA expects volumes to hold at record levels through Summer 2026, though narrowing destination diversity warrants close monitoring as the next capacity wave approaches.

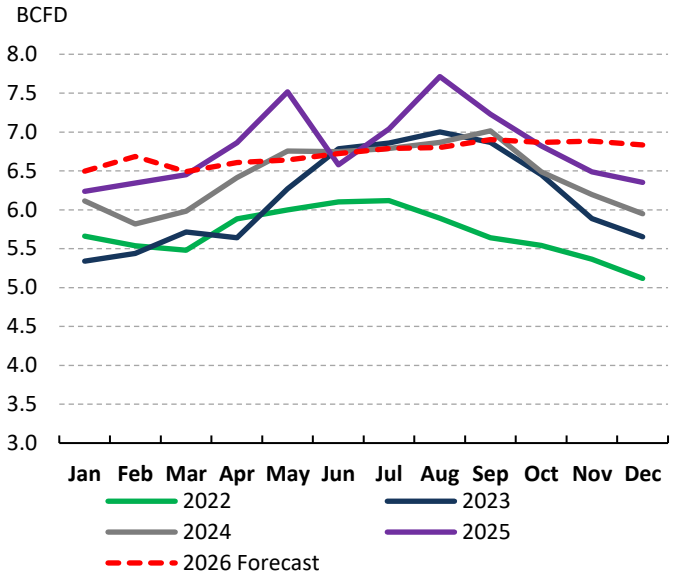
Industrial Project Expansion And Growing Mexico Export Volumes Add Upside To 2026 Natural Gas Demand

Industrial Projects Expansion And Estimated Gas Demand



Source: Energy Ventures Analysis, Inc.

U.S. Exports to Mexico



Source: Energy Ventures Analysis, Inc.

- Between 2017 and Q1 2026, 63 completed industrial projects collectively delivered ~1.99 BCFD of incremental gas demand and $104.3 billion in investment, with newly commissioned facilities contributing an additional 0.34 BCFD between 2023 and 2025. Favorable policy conditions under the Trump administration are creating a strong tailwind for energy-intensive industries, especially along the Gulf Coast.

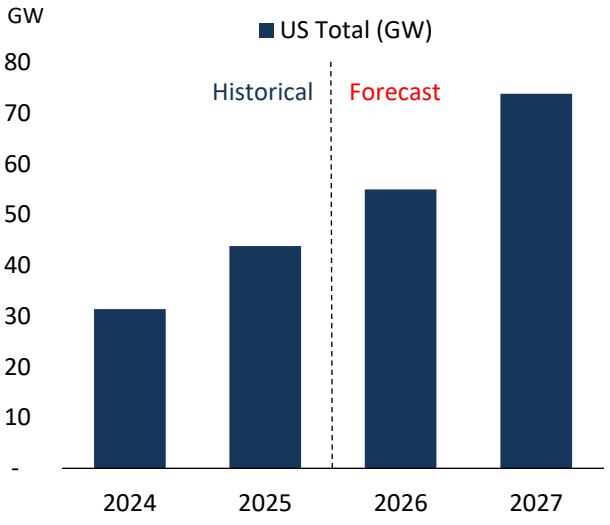
- The inventory of permitted and announced projects points to a structurally stronger demand environment ahead. Twenty projects slated to come online between Q2 2026 and 2030 are expected to deliver an additional 1.98 BCFD and $44.3 billion in capital investment, with 2027 and 2029 standing out as particularly active build years. Roughly 76% of the planned projects between 2026 and 2030 are situated in Louisiana or Texas, reflecting the concentration of Gulf Coast export terminals, with Adams Fork Energy's ammonia facility in West Virginia a notable exception that diversifies the demand base.

- After averaging 6.8 BCFD in 2025, U.S. natural gas exports to Mexico are forecast to dip modestly to approximately 6.73 BCFD on an annual average basis in 2026 — though summer exports are expected to recover near 6.8 BCFD as seasonal power burn drives incremental demand. The longer-term growth trajectory remains intact, underpinned by expanding cross-border pipeline capacity, new Mexican LNG export terminals, and more than 7 GW of gas-fired power generation coming online.

- On the Canadian side, the outlook is considerably more challenged. Tariff tensions, weak end-user demand, and a West storage running near 5-year highs— also, renewables continuing to displace fossil generation — leave little demand pull for Canadian volumes moving south. Border pricing remains depressed, reflecting limited near-term upside for Canadian export flows into the U.S.

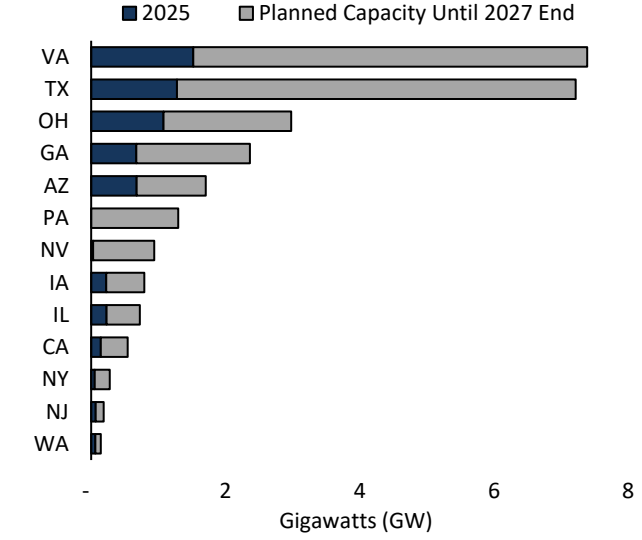
Data Centers To Continue Pushing The Demand Stack Despite Grid Constraints, Creating Upside For Thermal Generation

Cummulative Projected Data Center Demand



Source: Energy Ventures Analysis, Inc.

Top Datacenter Markets By Operating And Planned Capacity



Source: Energy Ventures Analysis, Inc.

- U.S. cumulative data center capacity is projected to grow from 44 GW in 2025 to 55 GW in 2026 — a 25% single-year increase — before reaching 74 GW by 2027, with PJM and ERCOT accounting for the largest share of incremental load growth.
- Virginia leads all states with 2 GW of operating data center capacity in 2025 and a planned capacity extending to 6 GW by the end of 2027 — more than double any other state. Texas follows with 1 GW operating and 6 GW planned, making it the fastest-growing market by incremental additions. Together, Virginia and Texas account for the majority of near-term data center power demand growth.
- Ohio, Georgia, and Arizona are emerging as the next tier, with planned capacity of 2 GW, 2 GW, and 1 GW, respectively, by 2027. This geographic diversification reflects growing grid constraints in primary markets and is spreading gas-generation requirements across PJM, MISO, and WECC.
- Demand growth is opening opportunities for gas-fired generation through both grid dispatch and behind-the-meter installations, with PJM and ERCOT emerging as the highest-concentration markets for new data center load.
- Oracle's 1.2 GW Stargate campus in Texas, Meta's 1 GW Prometheus facility in Ohio with 0.2 GW of dedicated on-site gas generation, and Google's $40 billion Texas commitment are anchoring near-term buildout and directly adding to firm gas demand.
- President Trump's July 2025 Executive Order streamlining federal permitting and opening DOE sites for co-located AI and energy infrastructure has been a meaningful accelerant for development. However, state-level resistance is growing in parallel — New York's Senate Bill S9144 proposes a three-year permit moratorium, Virginia is shifting transmission costs to developers, and over a dozen states have filed similar bills in 2026 — yet underlying demand pressure remains intact, extending reliance on gas-fired generation and strengthening the thermal outlook.