

2025-2026 Winter Heating Outlook

About AGA

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 79 million residential, commercial and industrial natural gas customers in the U.S., of which 94 percent — more than 74 million customers — receive their gas from AGA members. Today, natural gas meets more than one-third of the United States' energy needs.



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What We Will Discuss Today



Review of Market Fundamentals

- Supply, demand, & commodity prices



Gas Utility Planning and Readiness

- Winter supply portfolio planning



Consumer Winter Bills Outlook

- Weather, retail prices, & energy consumption

American Gas Association Team Presenting Today



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Director, Energy Analysis

State of Play



Record Gas Demand

Industrial reshoring, growing electric power requirements, LNG exports, new consumers



Record Gas Supply

Return to historical natural gas pricing trends



Affordability Front of Mind

Rising electricity prices, while natural gas remains an affordable solution



The Need to Build

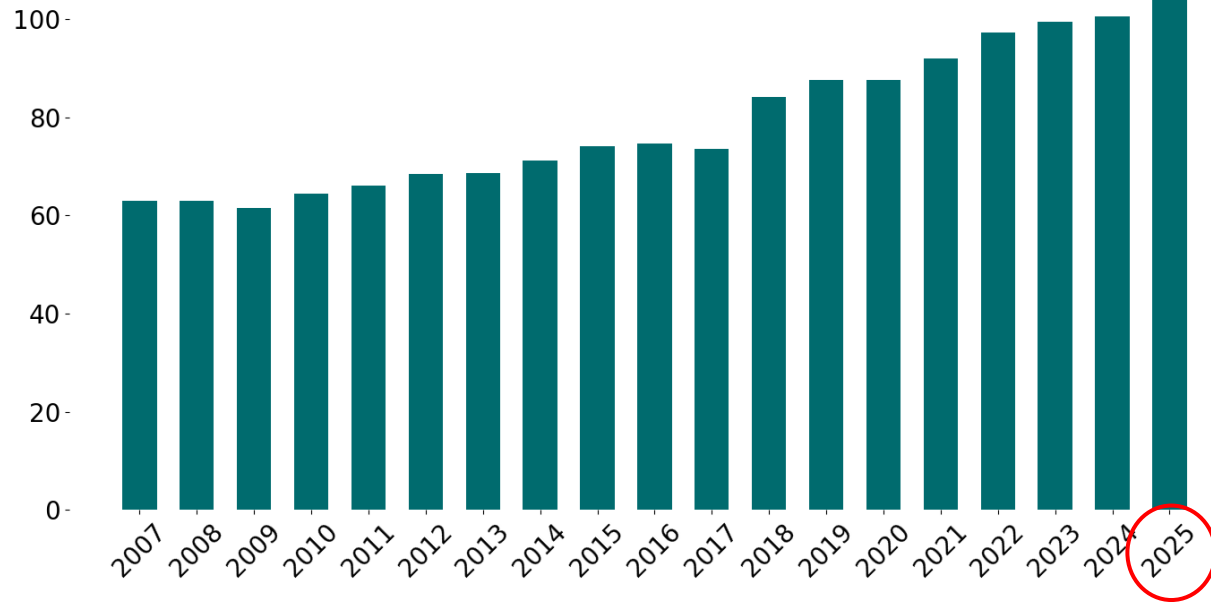
Infrastructure additions are needed, and permitting reform is key

Market Fundamentals

Natural gas demand and production are at a record high

Demand

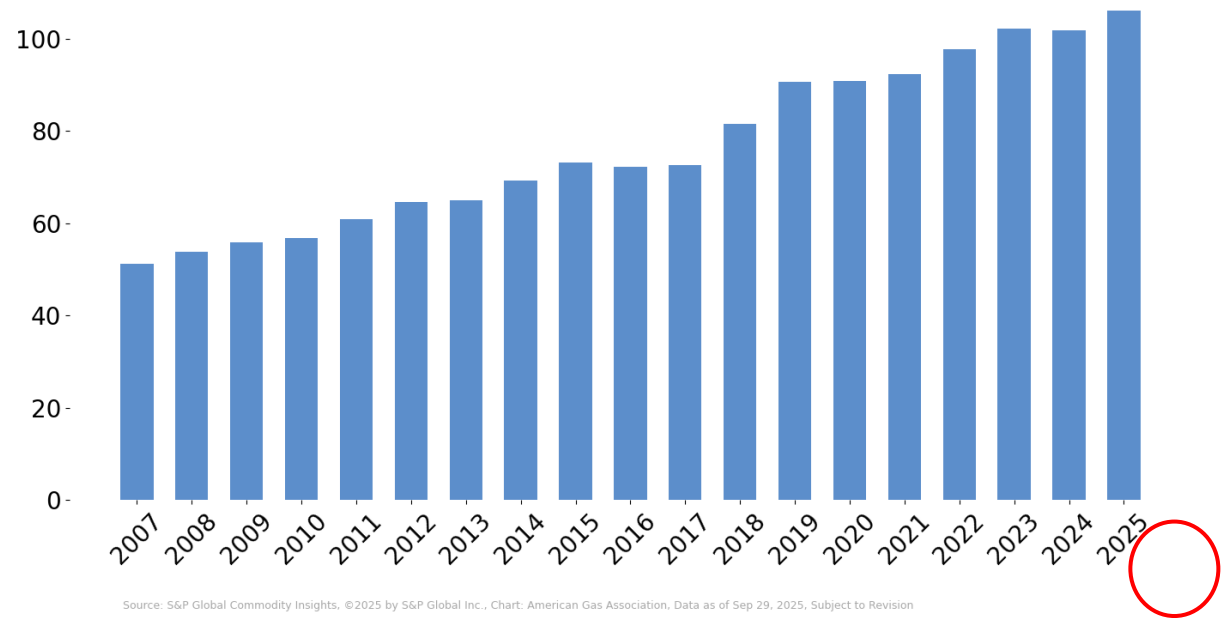
Total Natural Gas Demand, Lower-48 YTD thru Sep 29
Bcf per day



Source: S&P Global Commodity Insights, ©2025 by S&P Global Inc., Chart: American Gas Association, Data as of Sep 29, 2025, Subject to Revision

Production

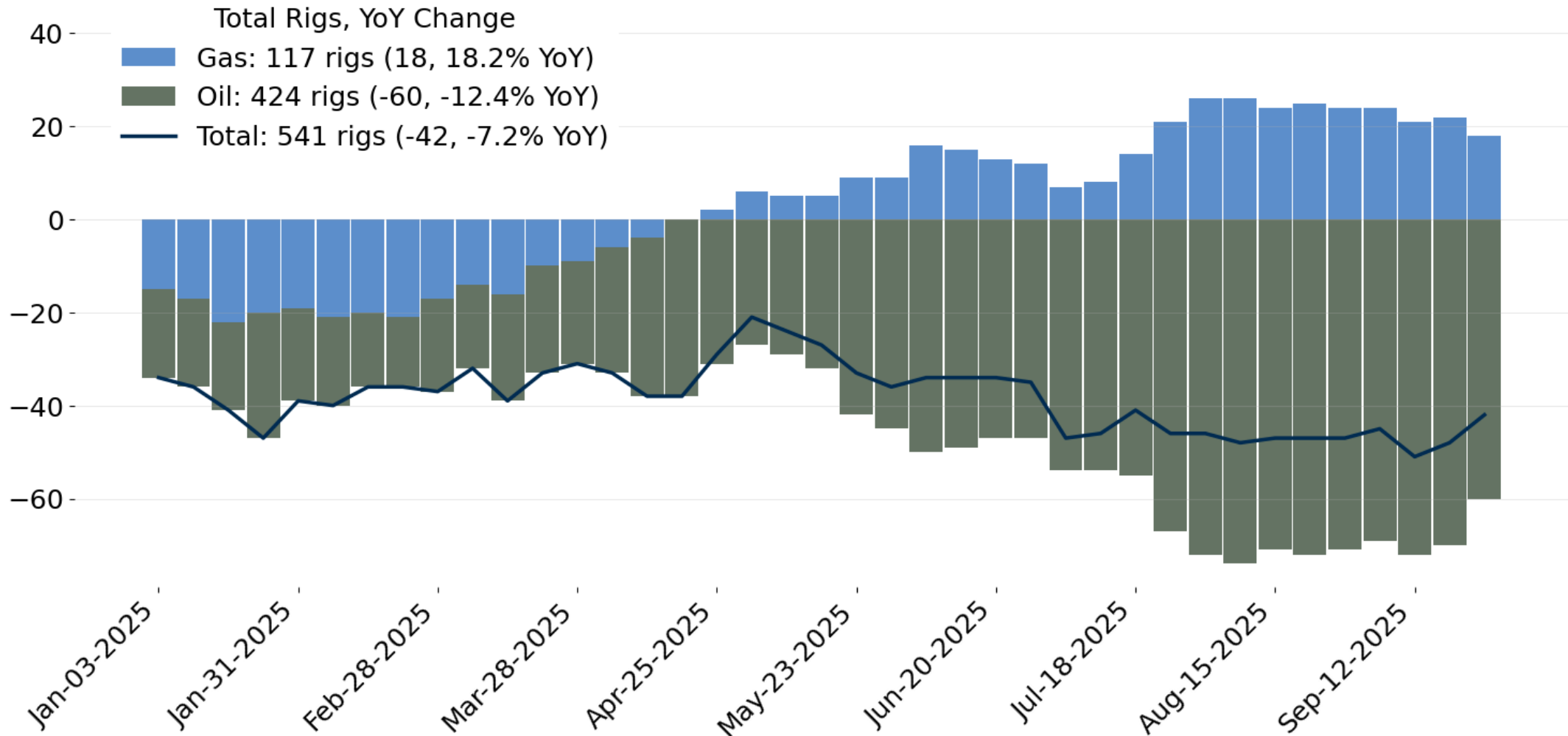
Natural Gas Production, Lower-48 YTD thru Sep 29
Bcf per day



Source: S&P Global Commodity Insights, ©2025 by S&P Global Inc., Chart: American Gas Association, Data as of Sep 29, 2025, Subject to Revision

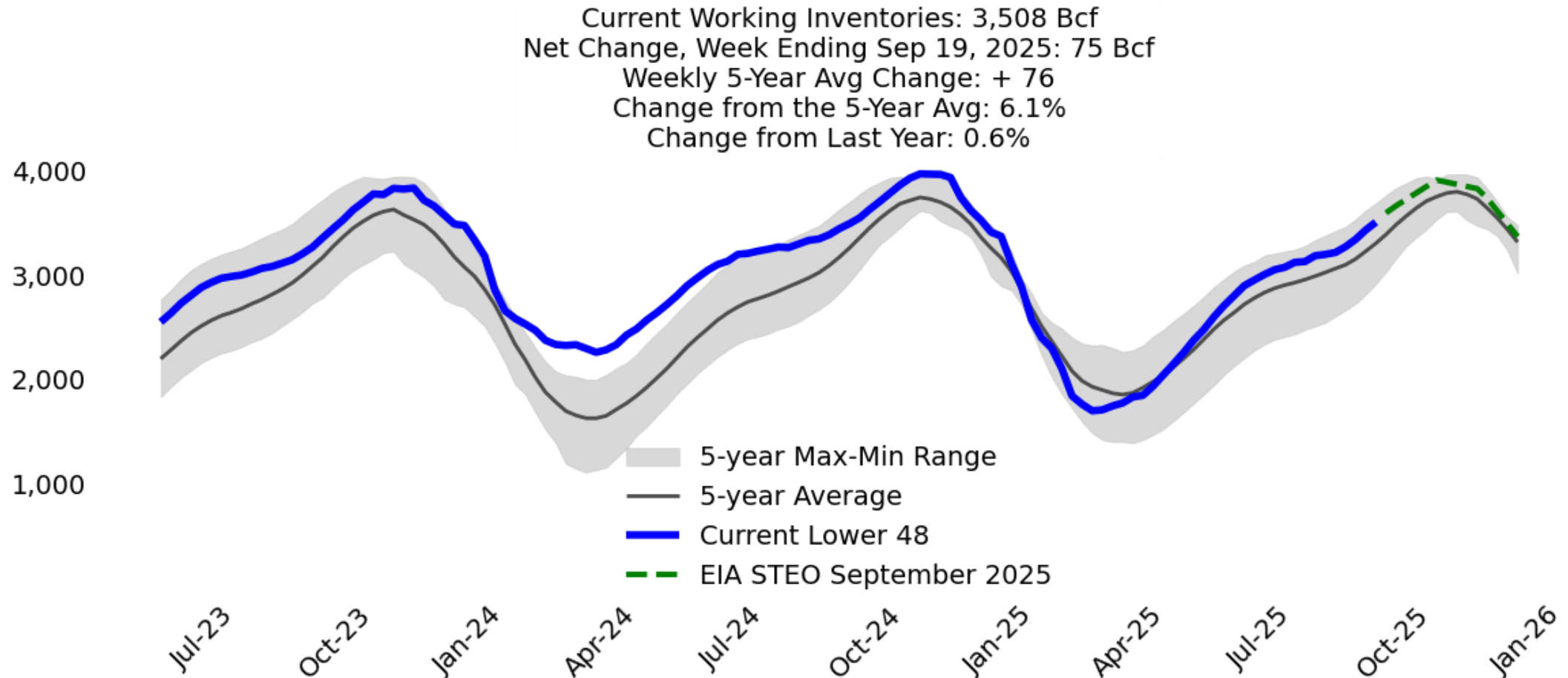
Natural gas drilling rig count up 18% as oil has declined

Year-over-Year Change in U.S. Operating Rigs



Inventories above five-year average as withdrawal season approaches

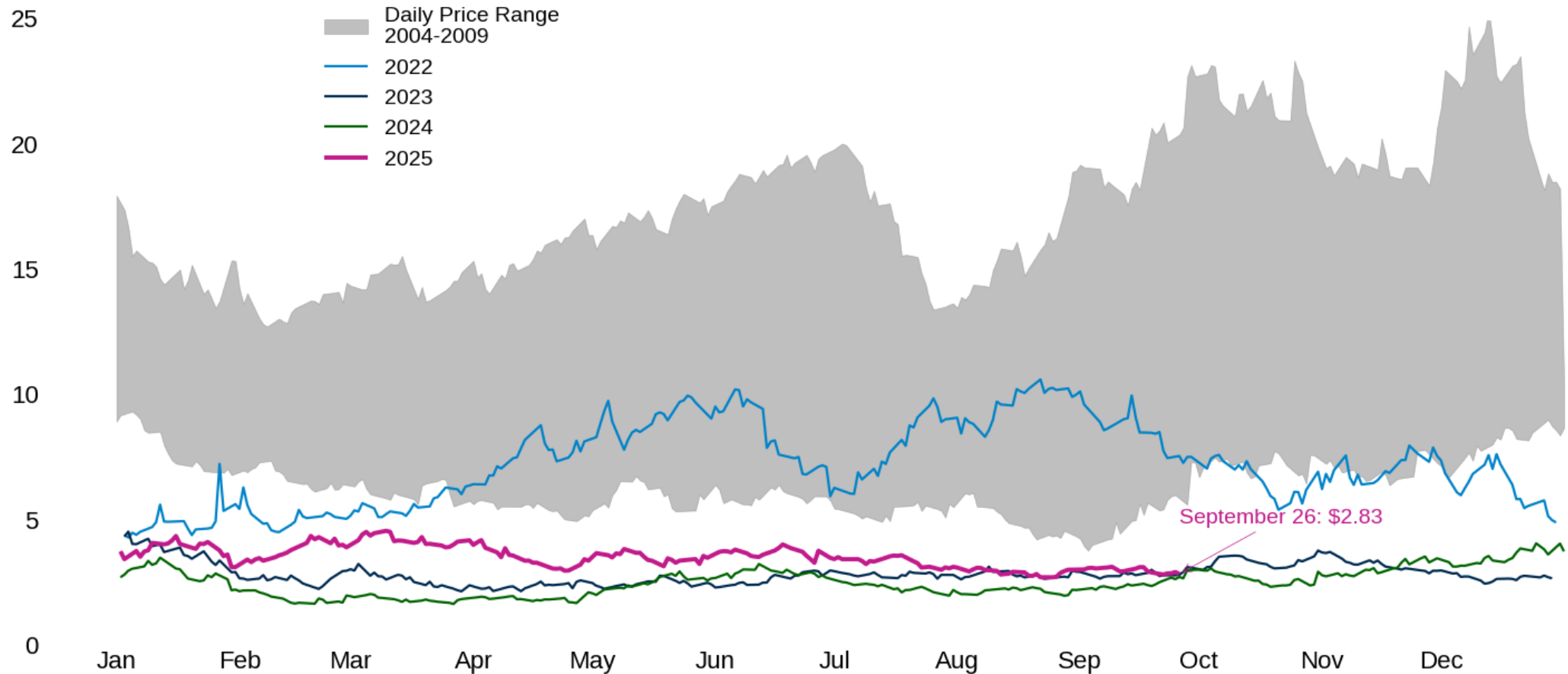
U.S. Working Gas in Underground Storage Compared with the Five-Year Minimum and Maximum
Billion cubic feet



Source: U.S. Energy Information Administration, Chart: American Gas Association, Data as of Sep 25, 2025, Subject to Revision
The shaded region represents the five-year range relative to the reporting period for the historical data. Projections utilize current five-year data available. EIA STEO Release: September 2025

Inflation-adjusted prices are much lower compared to history

Natural Gas Daily Prompt-Month Futures Prices, Henry Hub, Inflation Adjusted
Aug-2025 \$/MMBtu

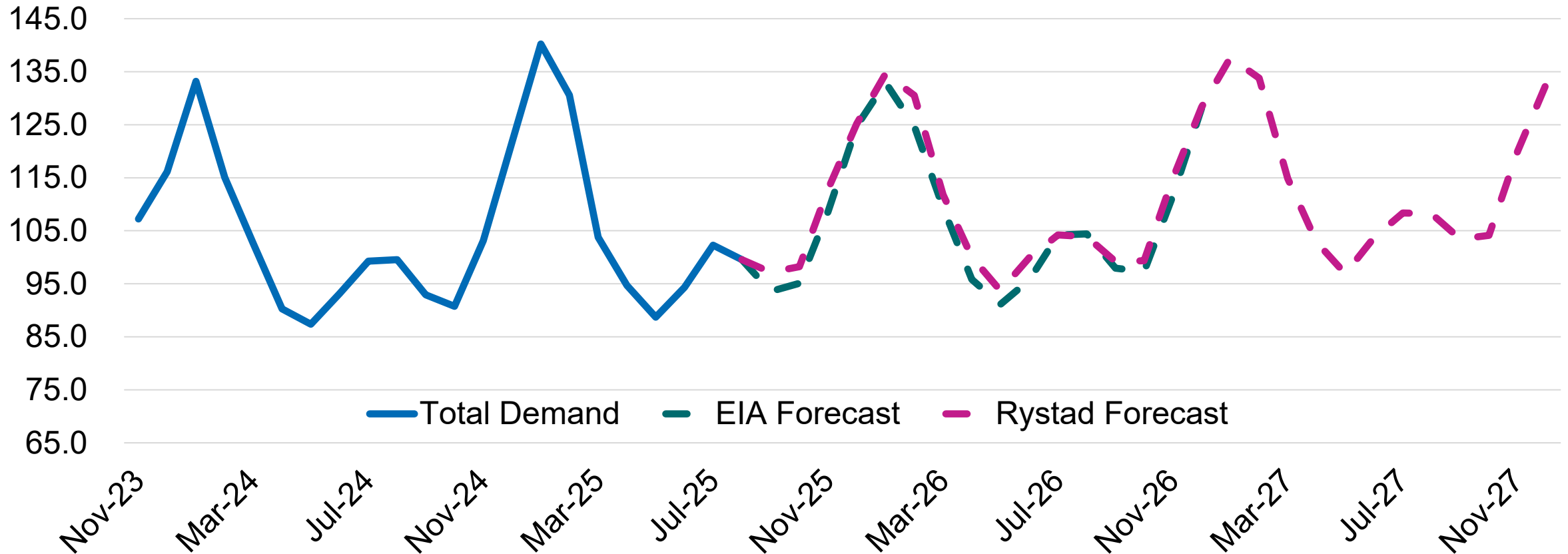


Source: S&P Global Market Intelligence, ©2025 by S&P Global Inc. / FRED | Chart: American Gas Association

Natural gas demand growth expectations between ~5 and 9% through 2026, driven by LNG export growth

Total Natural Gas Demand, Including LNG Exports, Nov. 2023-2027

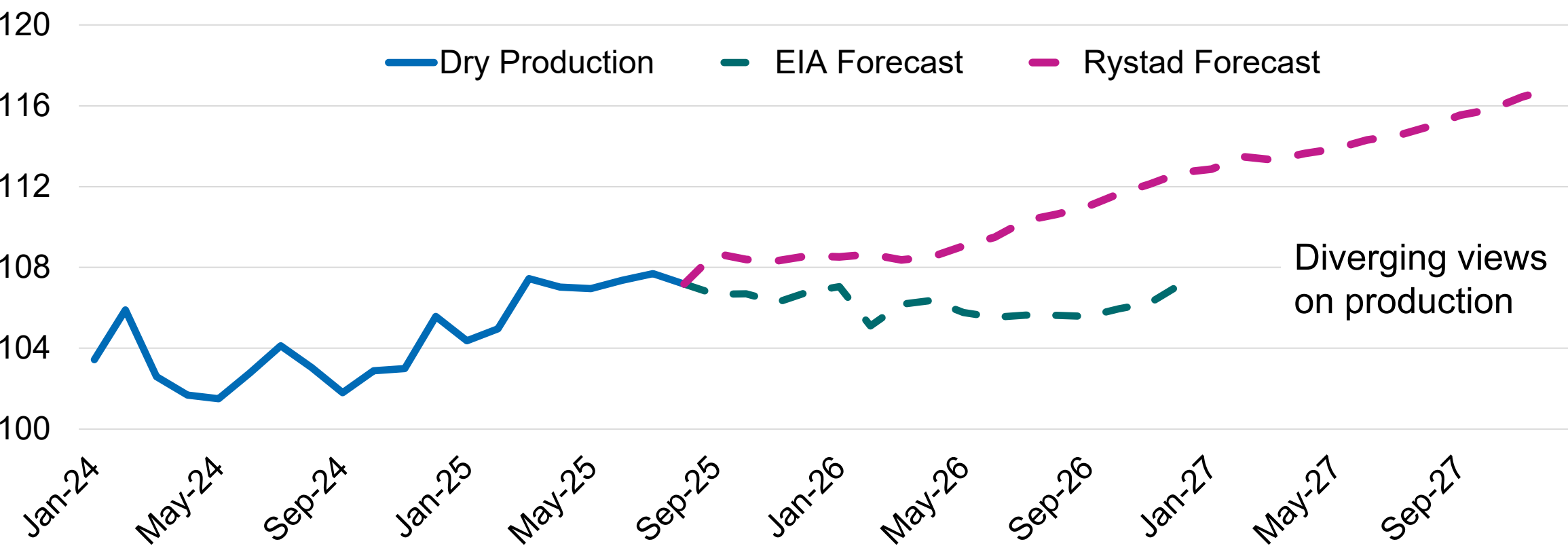
Bcf per day



Sources: Energy Information Administration, September 2025 Short-Term Energy Outlook; Rystad Energy Forecasts benchmarking from August 2025 demand data from EIA.

Natural gas production expected to rise; different views on timing

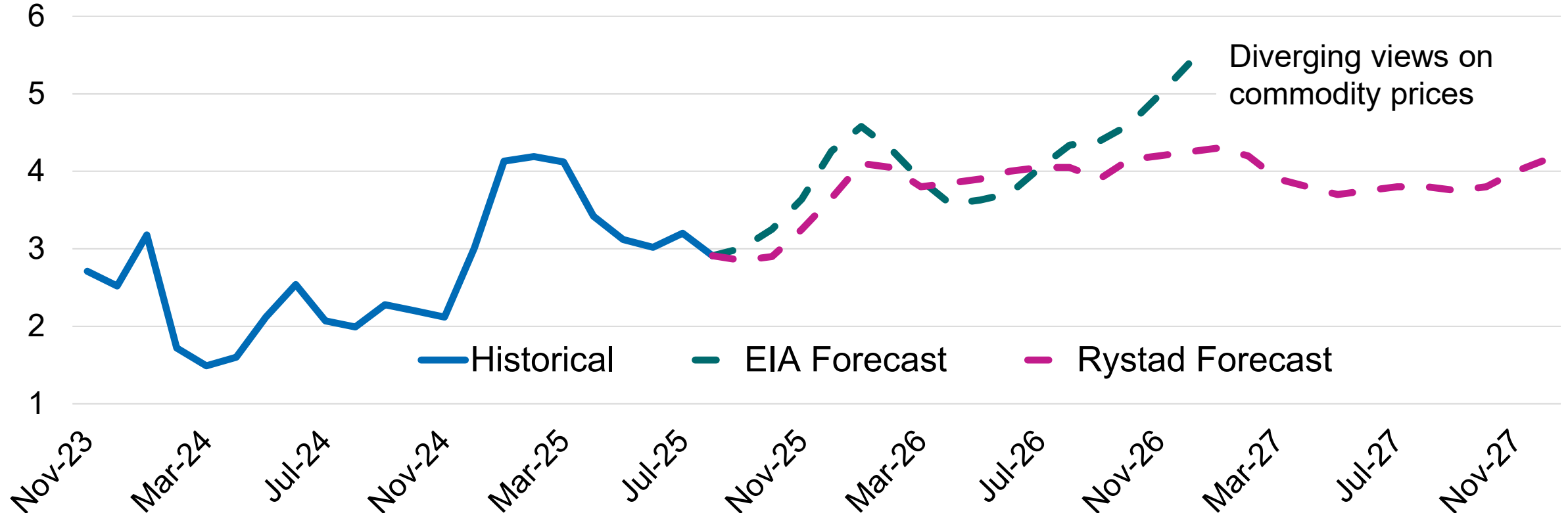
Total Dry Natural Gas Production, 2024-2027
Bcf per day



Sources: Energy Information Administration, September 2025 Short-Term Energy Outlook; Rystad Energy
Forecasts benchmarking from August 2025 production data from EIA.

Outlooks for natural gas prices into 2026-2027 differ due to production outlooks; pricing is still low relative to history.

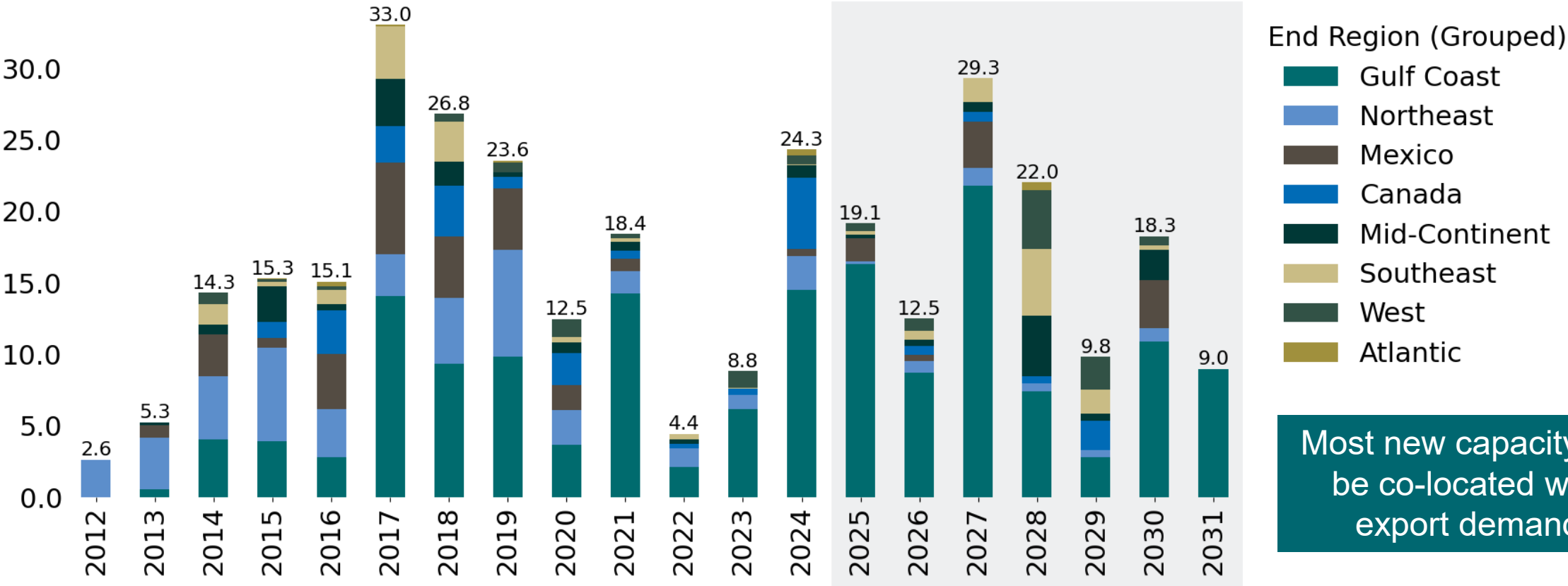
Henry Hub Spot Prices, Monthly Average, 2024-2027
\$/MMBtu



Sources: Energy Information Administration, September 2025 Short-Term Energy Outlook; Rystad Energy
Forecasts benchmarking from August 2025 price data from EIA.

New pipeline capacity is expected, largely intrastate projects located in the Gulf Coast. Interstate projects remain a challenge.

North American Natural Gas Pipeline Capacity Expansions by End Region (Grouped)
Billion Cubic Feet per Day (Bcf/d)



Source: S&P Global Commodity Insights, ©2025 by S&P Global Inc., Chart: American Gas Association

Gas Utility Planning and Readiness

Homes are selecting natural gas

- The U.S. added 609,000 residential natural gas consumers in 2023.
- **One new natural gas consumer is added every minute**

**NATURAL GAS FUELS THE LIVES OF
189 MILLION
AMERICANS**

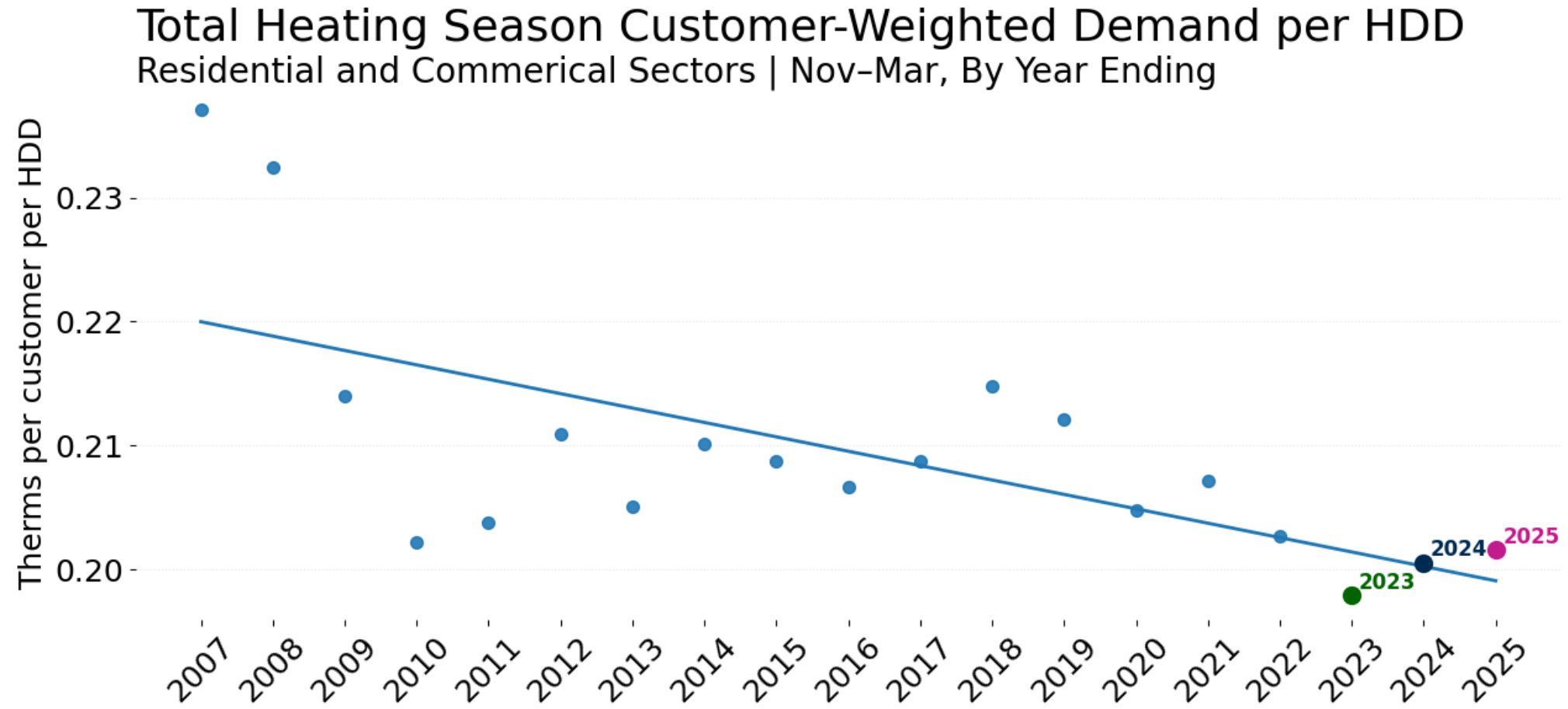


Residential Customer Additions by State in 2023

Thousands

Rank	State	Additions
1	Texas	101
2	California	75
3	New Jersey	29
4	Ohio	26
5	South Carolina	25
6	North Carolina	25
7	Utah	25
8	Colorado	23
9	Wisconsin	21
10	Minnesota	20
11	Arizona	18
12	Michigan	18
13	Mississippi	17
14	Indiana	16
15	Florida	15
16	Nevada	15
17	Massachusetts	12
18	New York	12
19	Georgia	12
20	Idaho	11

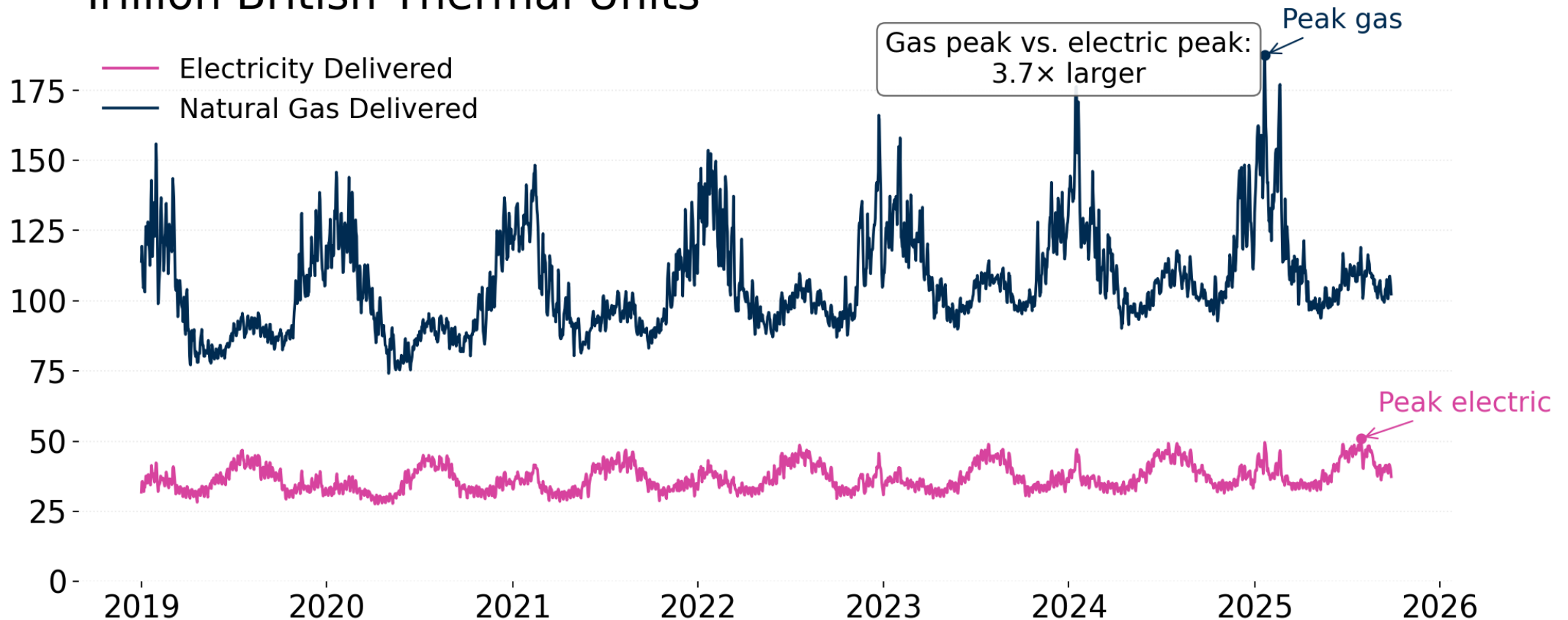
Energy efficiency has reduced consumption per customer, regardless of winter temperature



Source: S&P Global Commodity Insights, 2025 S&P Global Inc., National Oceanic and Atmospheric Administration, U.S. Energy Information Administration, | Chart: American Gas Association | Gas-utility weighted HDDs | Regression p-value: 0.000156

Natural gas delivers nearly 4x more energy than the electric system on peak days

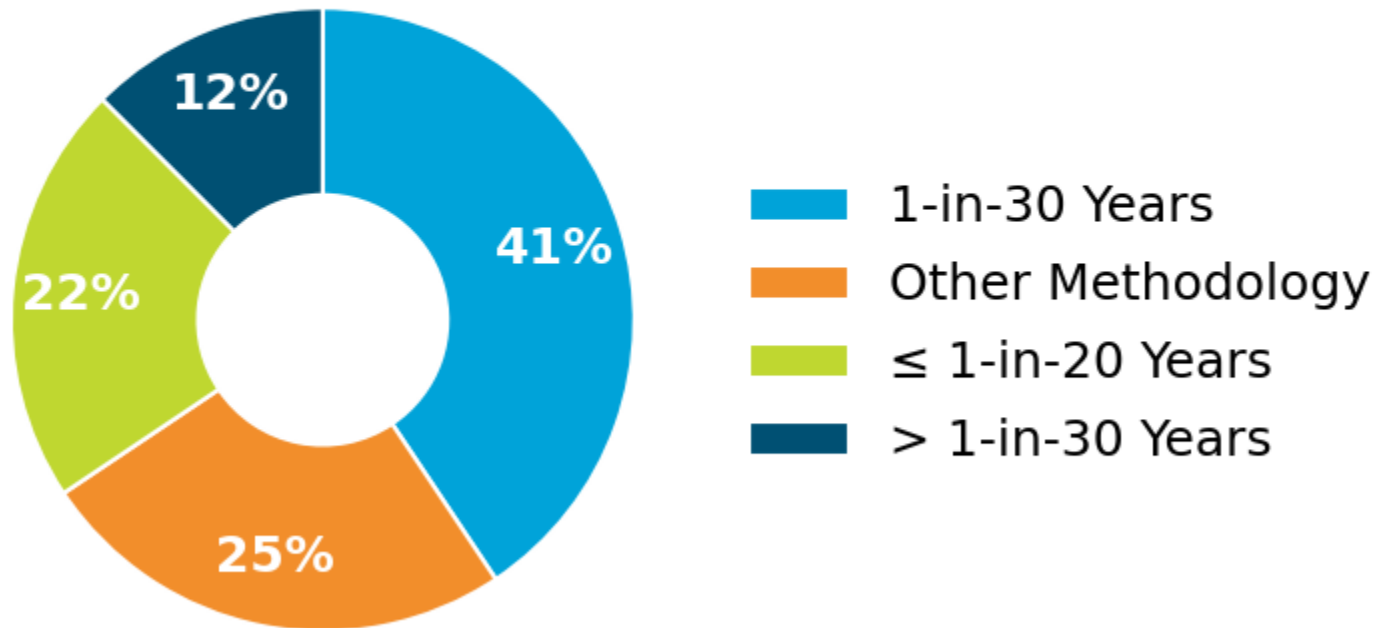
Daily Energy Delivered — Electric vs. Natural Gas
Trillion British Thermal Units



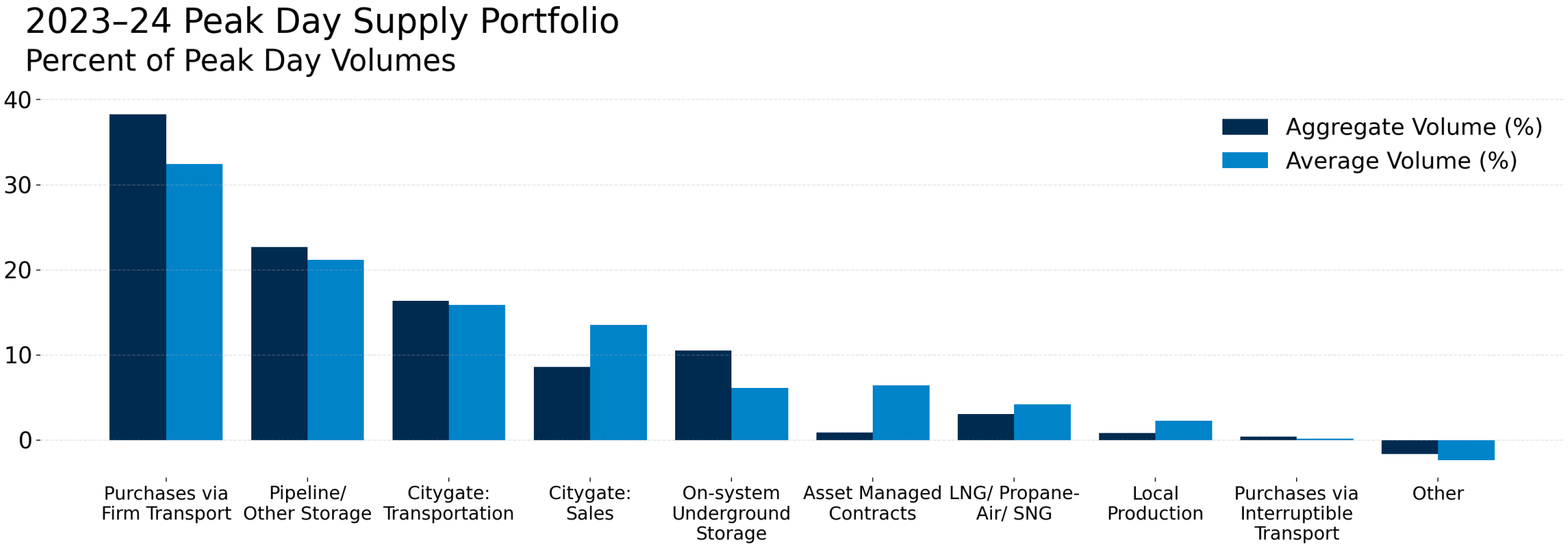
Source: Rystad Energy, S&P Global Commodity Insights, ©2025 S&P Global Inc., Chart: American Gas Association | Data subject to revision

To help ensure reliable winter service LDCs plan their supply portfolios around a design day

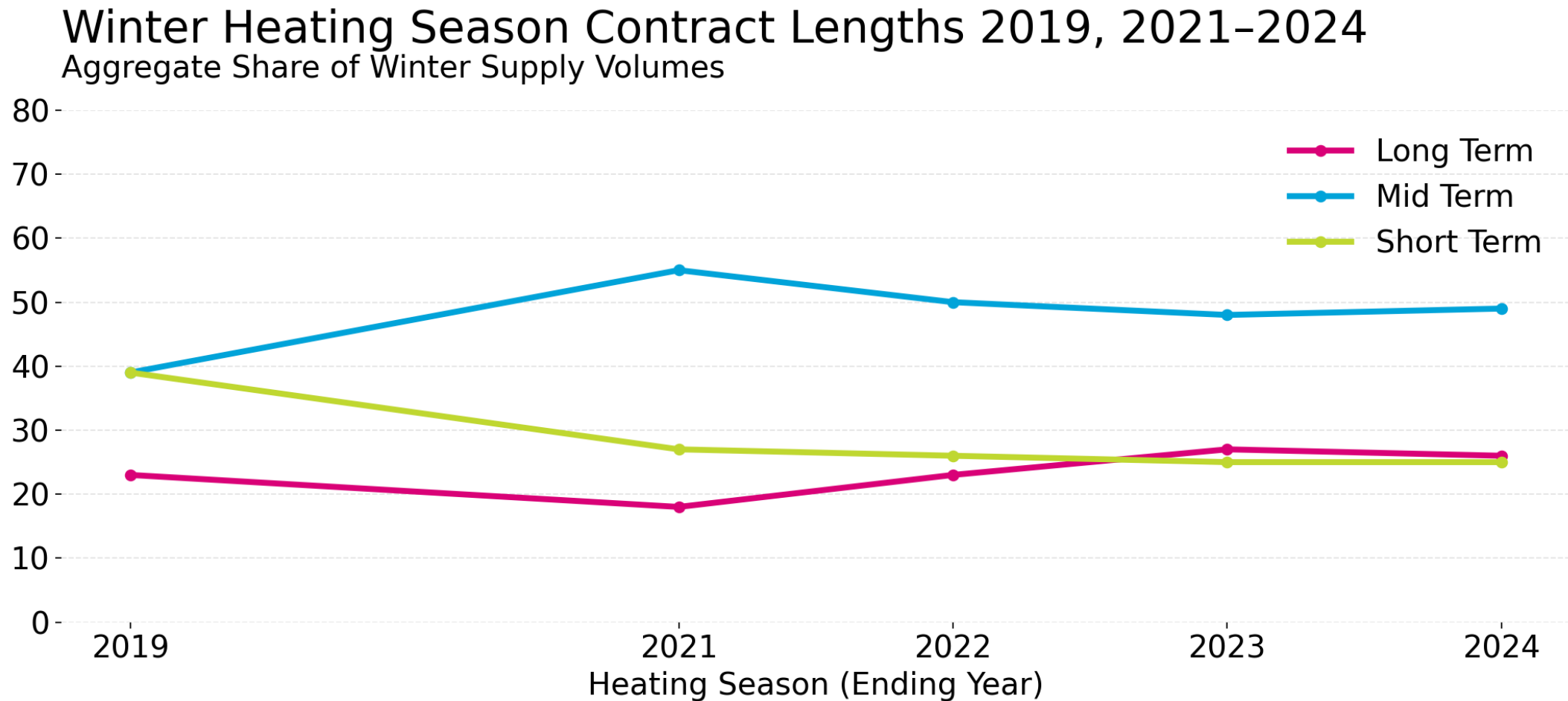
Peak Day Design Risk / Probability of Occurrence
2023-24 Winter Heating Season



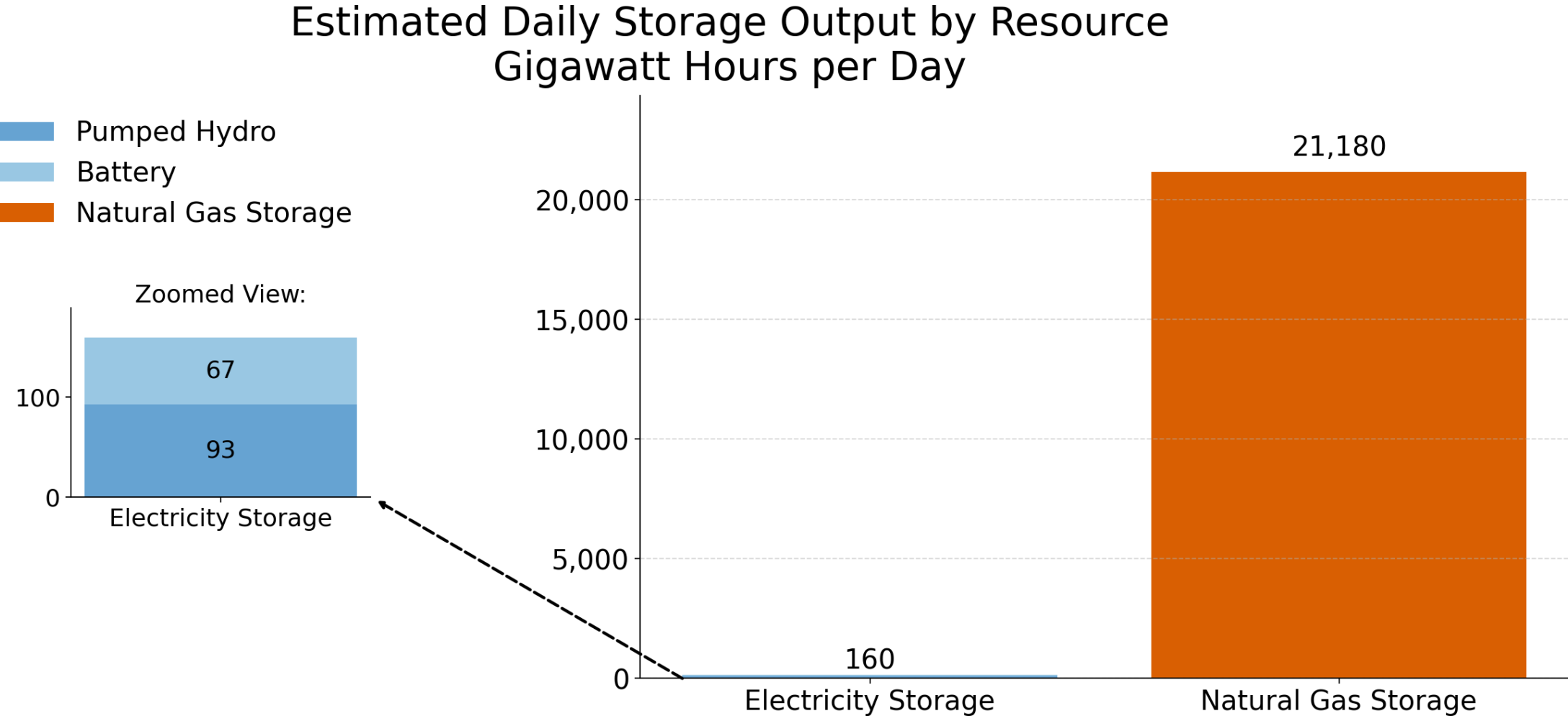
Local gas utilities build and manage diverse supply portfolios to meet demand requirements



Term contracts are one financial tool utilities use to secure supplies—mid- and long-term contracts are increasingly favored



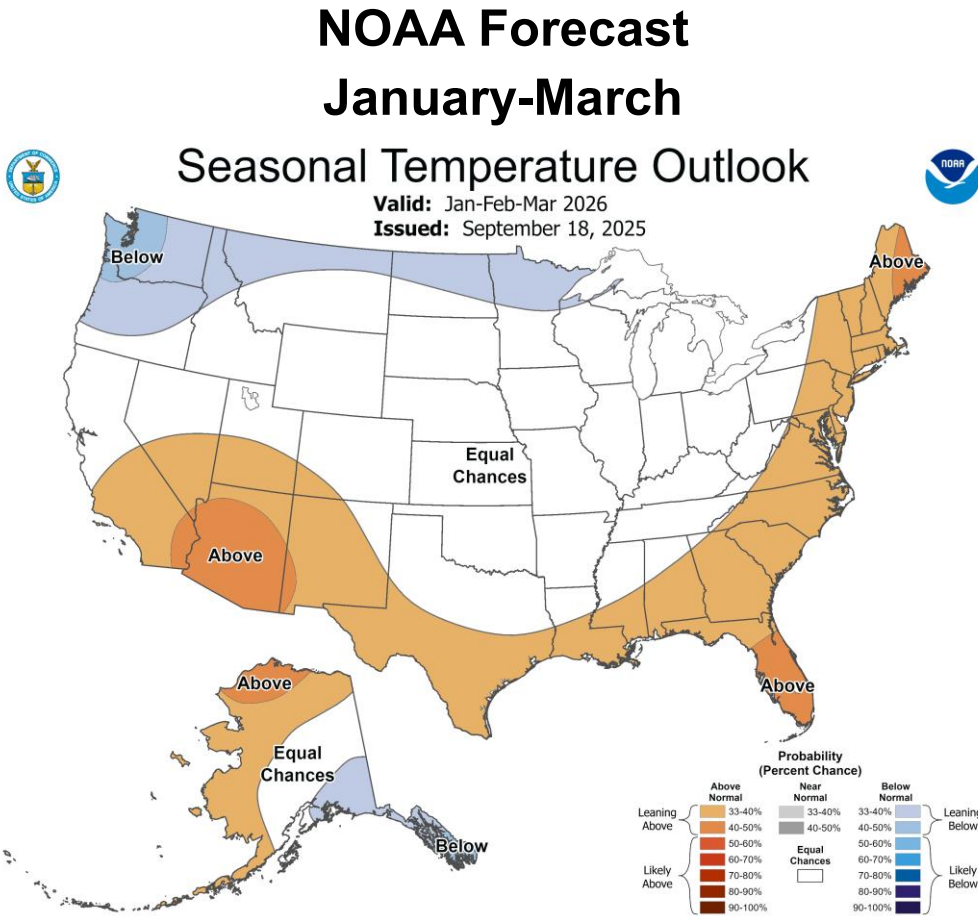
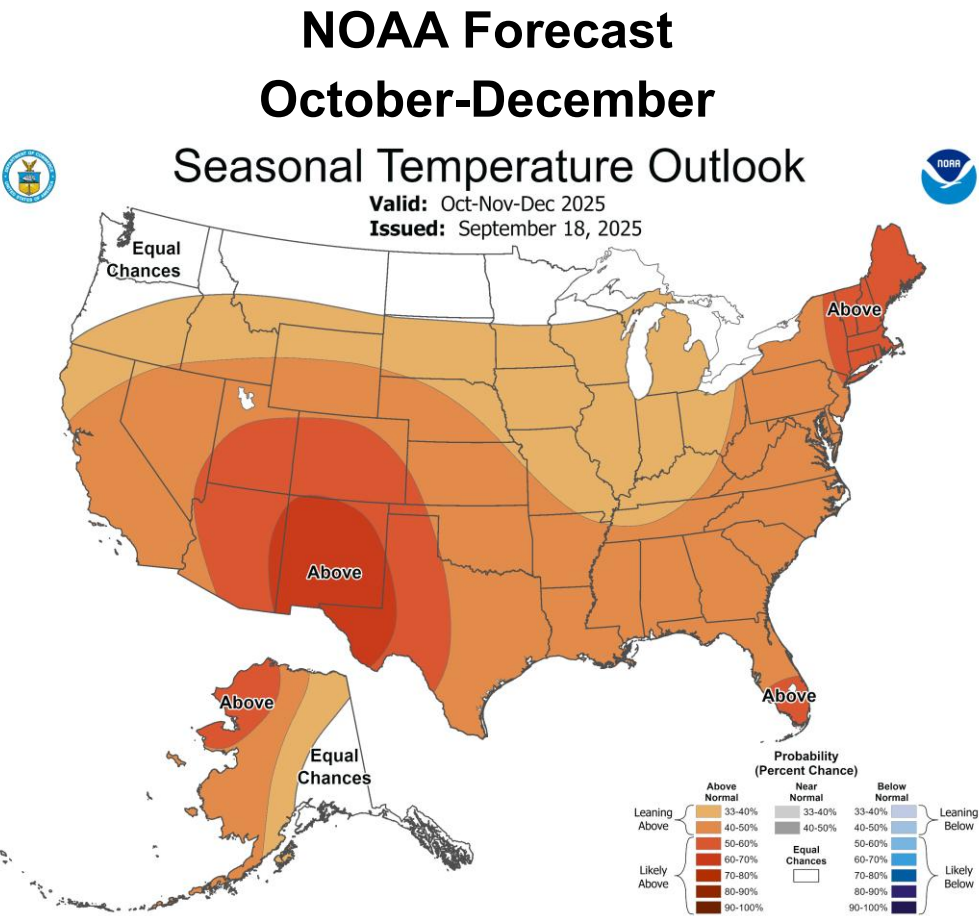
Storage is a critical balancing tool for natural gas utilities during the winter, with a daily dispatch capacity 130x greater than electric storage



Source: Energy Information Administration, S&P Global Commodity Insights, Data as of Sept 11, 2025. NG output on Jan 21, 2025. Electric output estimated using EIA June 2025 maximum nameplate capacity * maximum daily dispatch capacity.

End-Use Consumer Analysis

Continuation of last year’s “La Niña” weather pattern will shape the 2025-2026 winter, which may drive higher heating demand in second half of the season.

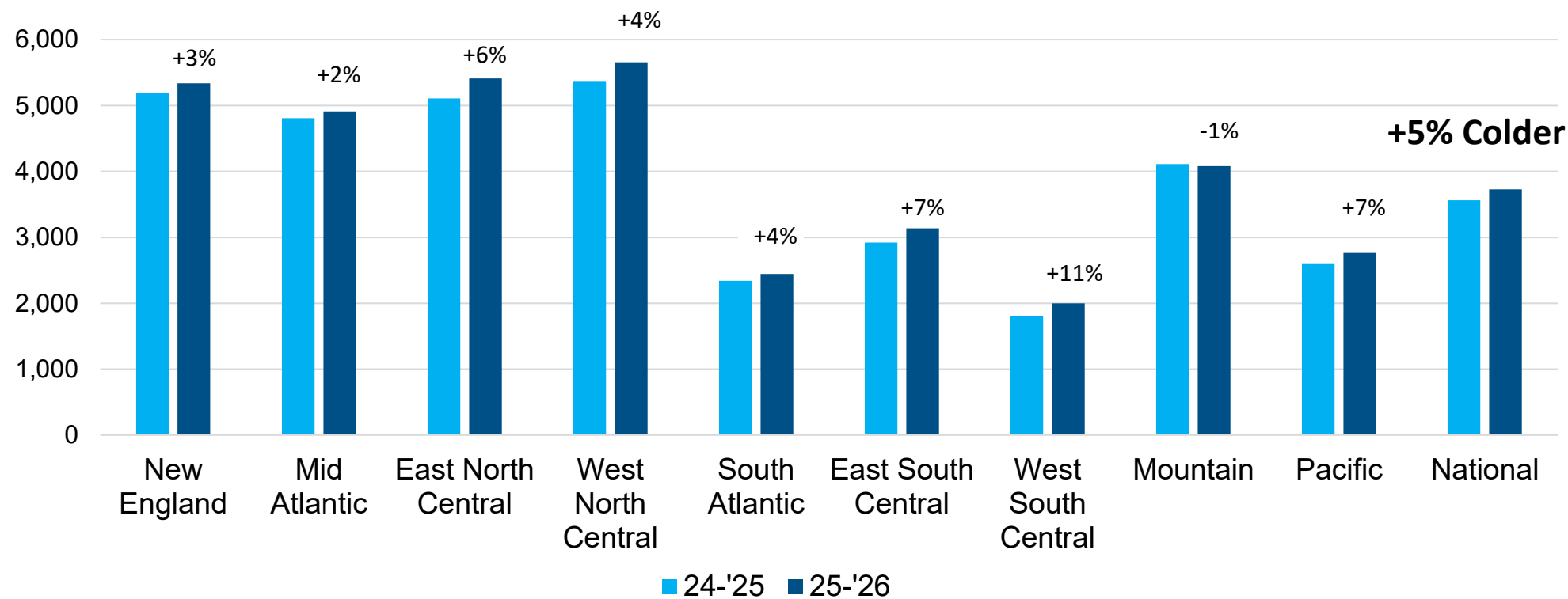


Source: National Weather Service Climate Prediction Center, September 18, 2025

Colder winter conditions expected across U.S. lower - 48

Regional Heating Degree Days November through March

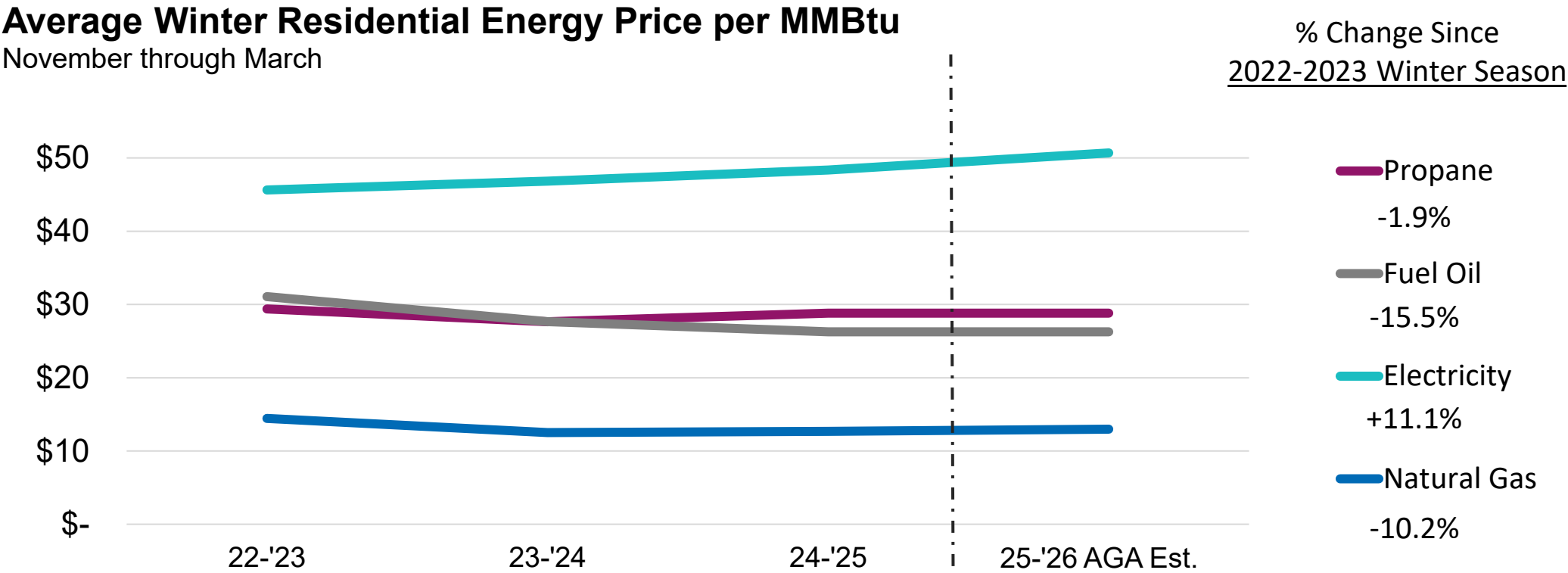
*Natural gas households historically 8-12% higher HDD than national population average



Source: Chart American Gas Association, NOAA Population Weighted HDD Data, Collected on September 22, 2025



EIA currently projects residential natural gas energy prices to be 10% lower than the recent high set in the 2022-2023 winter heating season

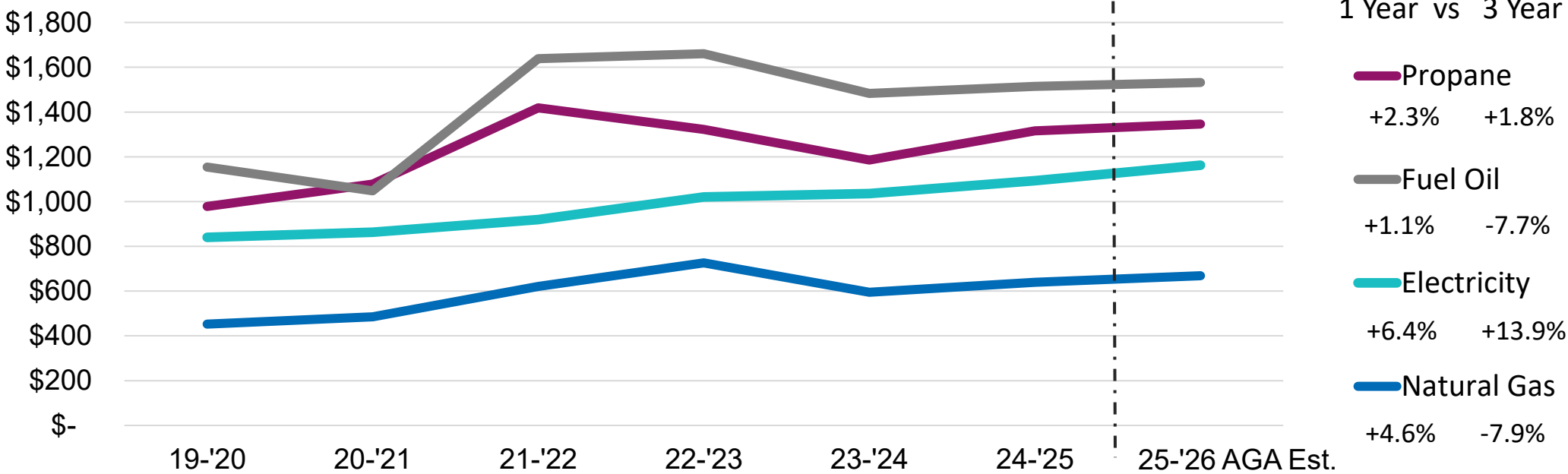


American Gas Association Modeling for 25-26' Winter Heating Season
EIA Winter Fuels Outlook 2024-2025 April 2025
EIA Short Term Energy Outlook September 9 2025

Natural gas bills are estimated to be ~8% lower than three years ago which had similar winter weather.

EIA Average Winter Energy Expenditures (Unadjusted)

By Primary Heating Fuel (November– March)

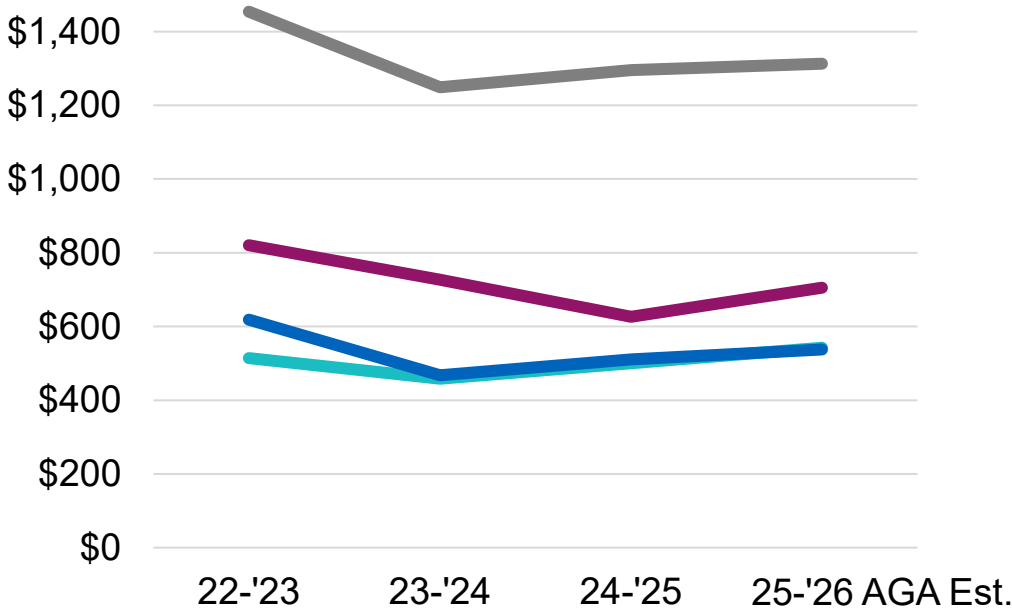


American Gas Association Modeling for 25-26' Winter Heating Season
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EIA Short Term Energy Outlook September 9TH 2025

Adjusting for home size and climate, households heating with natural gas can save an estimated \$415 compared to the same home using electricity.

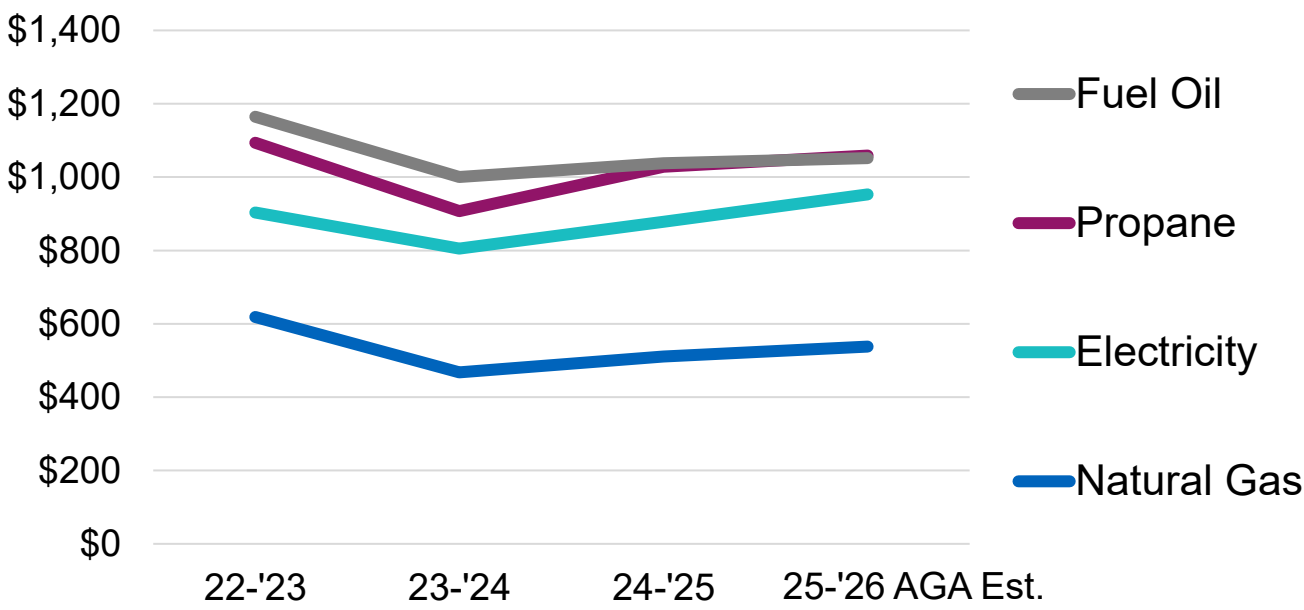
EIA Non-Adjusted Winter Heating Bills

By Primary Heating Fuel (November– March)



Adjusted Winter Heating Bills

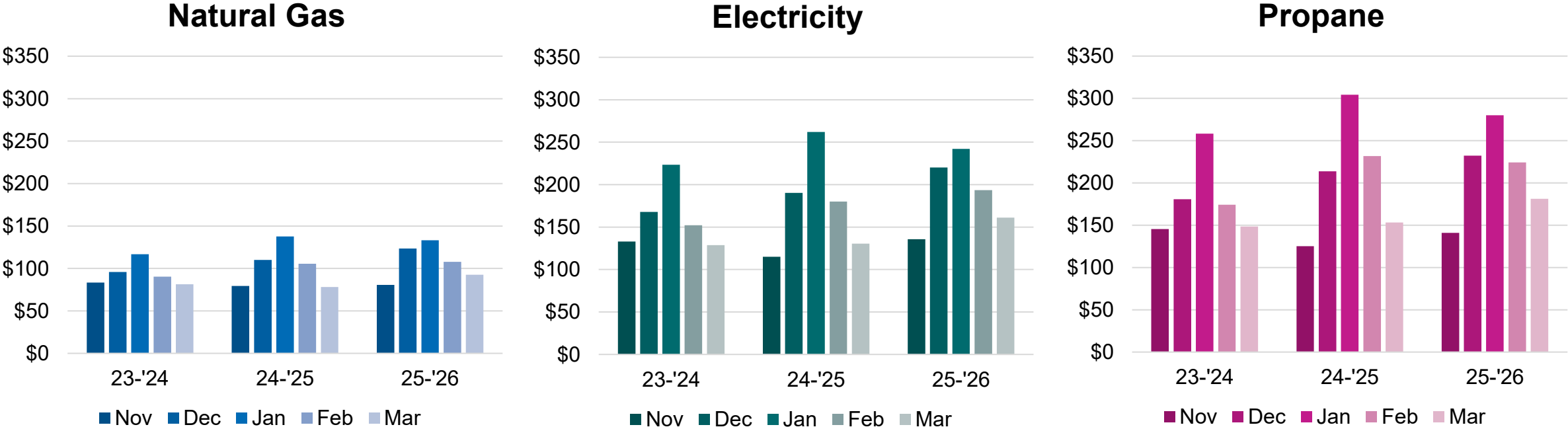
Adjusted for Natural Gas Household Characteristics
By Primary Heating Fuel (November– March)



American Gas Association Modeling for 25-26' Winter Heating Season
EIA Winter Fuels Outlook 2024-2025 April, 2025
EIA 2020 Residential Energy Consumption Survey, Weighted by Census Region
EIA Short Term Energy Outlook September 9 2025

*Adjusted EIA Winter Fuels Outlook to reflect the same average square footage and winter climate for each fuel

Households heating with natural gas generally show lower monthly bill volatility across the winter heating season

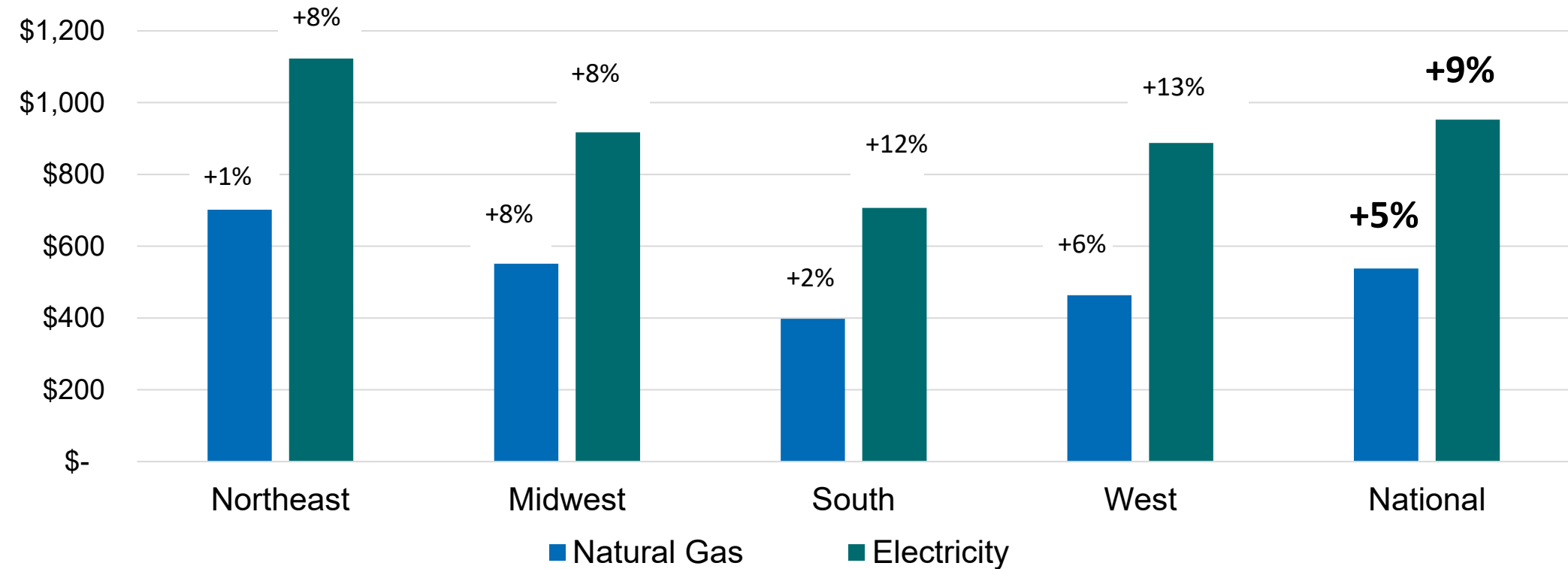


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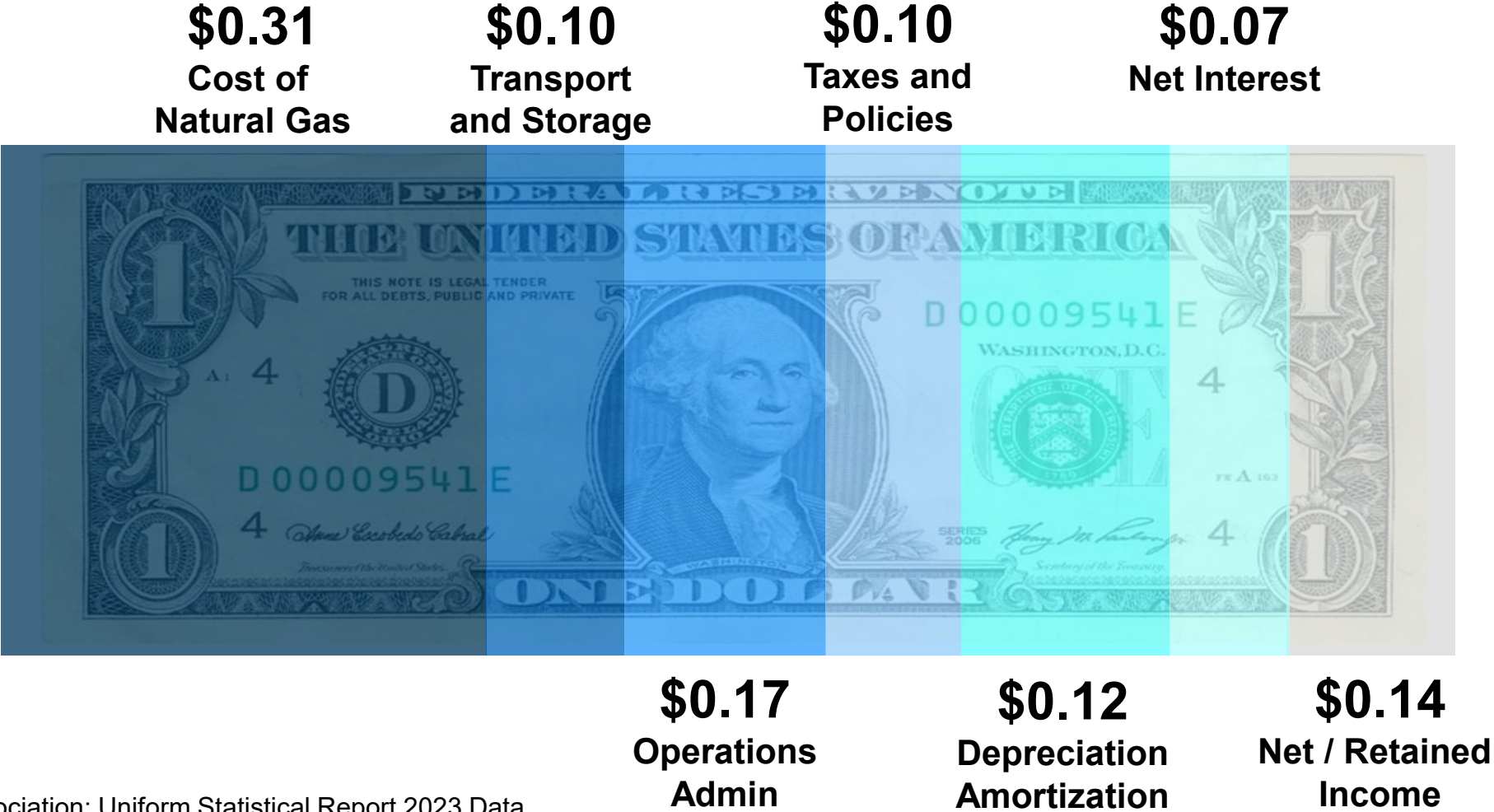
Colder winter expectations in the Midwest could result in higher space heating bills year over year. Overall natural gas households get more value for less.

Regional Winter Space Heating Bills (Nov 25 - Mar '26)
% Year over Year Change in Heating Bills



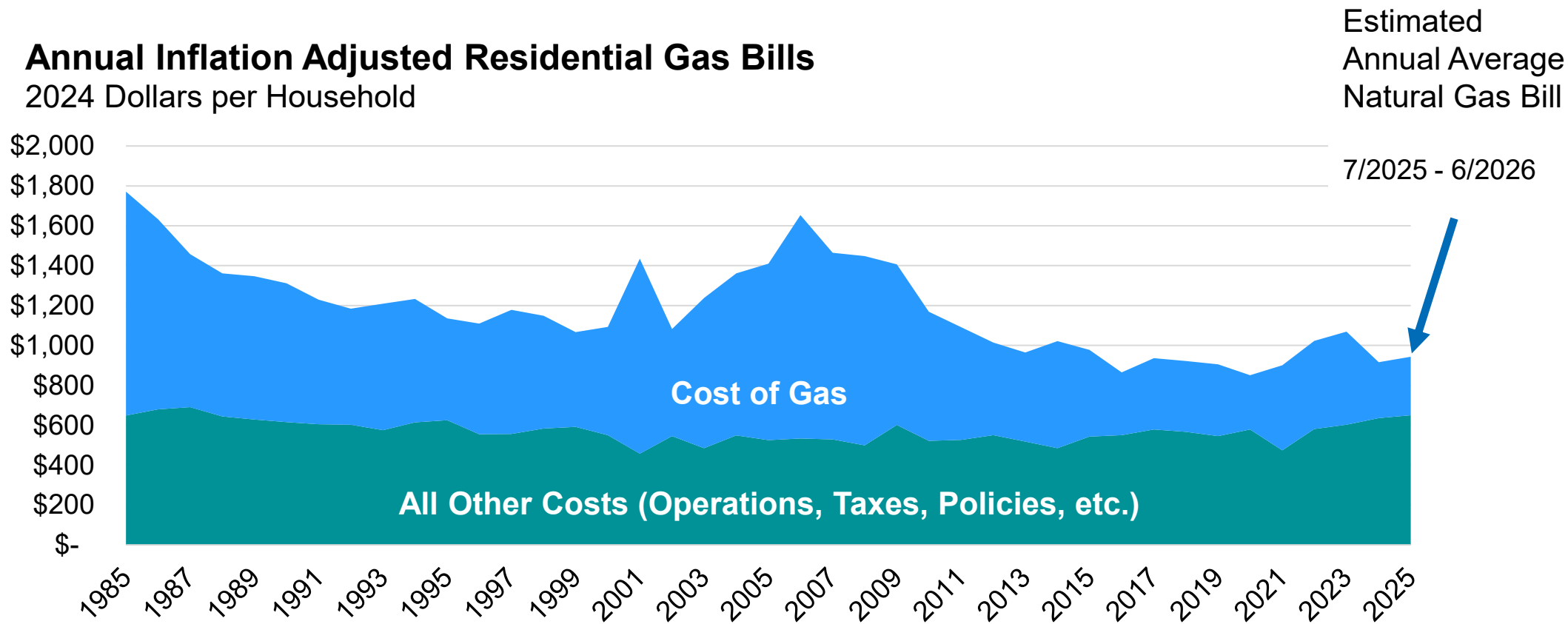
Source: Energy Information Administration, American Gas Association Modeling, Bills Adjusted for Natural Gas Household Characteristics

The cost of natural gas only impacts ~31% of the average consumer bill while the remaining portion of the bills is more predictable.



American Gas Association: Uniform Statistical Report 2023 Data

Historical look at inflation adjusted natural gas bills set current projected expenditures at near all-time lows



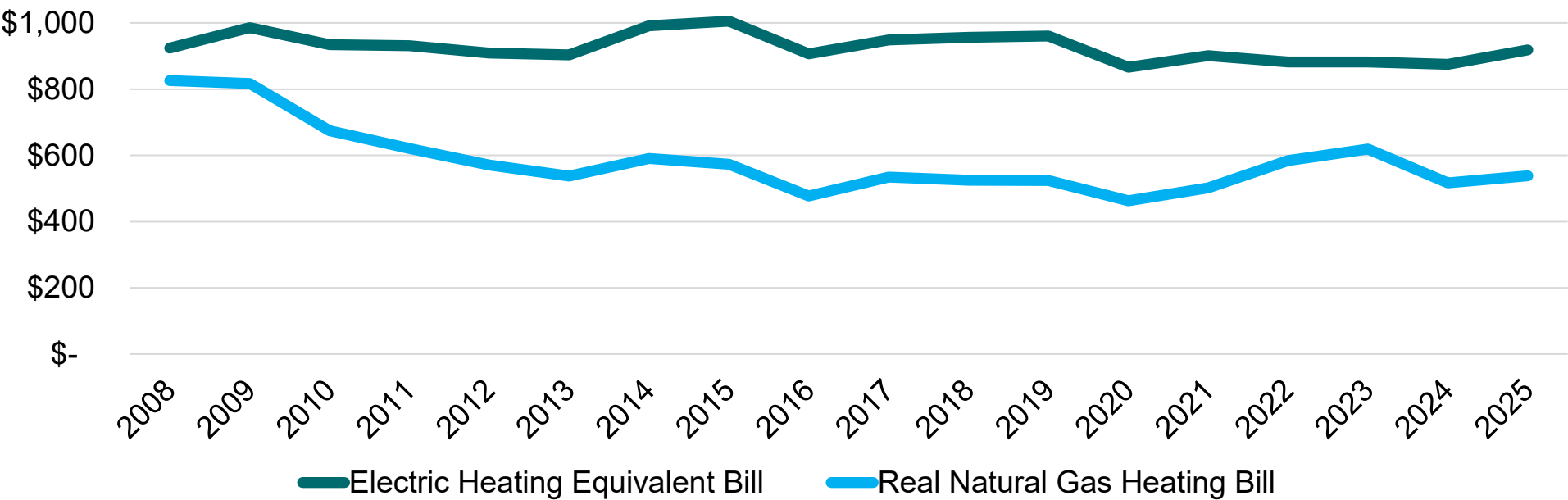
*Each year starts in July to capture the full impact of each winter heating season that year.

Source: Energy Information Administration, Bureau of Labor Statistics Monthly CPI, American Gas Association Modeling

Households heating with natural gas have seen inflation adjusted energy costs decline over time while an equivalent annual electric bill has remained flat.

Inflation Adjusted Residential Gas and Electric Heating Only Bill

Electric Bills Based on Equivalent Energy Consumption to Gas
2024 Dollars per Household



*Each year starts in Nov and ends in following March to capture the full impact of each winter heating season that year.

Source: Energy Information Administration, Bureau of Labor Statistics Monthly CPI, American Gas Association Modeling
Key Assumptions: Electric equivalent efficiency based on 2025 AEO nameplate ratings for electric space heating only which is an average of 200% COP for all electric heating. Past electric performance is fixed at 200% but adjust retroactively based on the overall efficiency of natural gas households.

Natural gas expenditures are 1.1% of all annual household expenses

Annual Expenses Compared to 2024 Average Household Consumption

Budget Category	Average Annual Expenditure	Share of Total Budget (~\$77,280)	Monthly Equivalent
Housing	\$25,436	~ 32.9%	≈ \$2,120
Food at Home (groceries)	\$6,053	~ 7.8%	≈ \$504
Food Away from Home (restaurants and take-out)	\$3,933	~ 5.1%	≈ \$328
Gasoline	\$2,449	~ 3.17%	≈ \$204
Electricity	\$1,763	~ 2.28%	≈ \$147
Cell Phone Service	\$1,270	~ 1.64%	≈ \$106
Natural Gas	\$867	~ 1.1%	≈ \$72

Source: Bureau of Labor and Statistics, EIA for Natural Gas and Electricity Expenses Averaged by Total Actual Customer Count and Not Total US Household Population.

Energy assistance programs are available to help consumers in need

Natural gas utilities offer and participate in several energy assistance programs

- **LIHEAP, State, and Local Funds** – Energy cost assistance for low-income households
- **Budget Billing** – Customers spread costs equally across 12 months, effectively prepaying a portion of heating season bills during the cooling season
- **Weatherization Assistance** – Provides qualifying customers with weatherization assistance to ensure a household is winter-ready
- **Payment plans** – Customers may spread high bills over several months
- **Voluntary Non-terminations** – Certain utilities do not terminate customers during the heating season

Final Thoughts



The gas utility sector is prepared to meet its customer obligations



The U.S. natural gas market is well-supplied with flowing production and storage



Natural gas provides among the most cost-effective home heating services.

Questions?