

2026-2027 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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Agenda and Speakers



Introduction

Richard Meyer

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Market Fundamentals

Liz Pardue

DIRECTOR, ECONOMIC &
REGULATORY ANALYSIS



Gas Utility Planning and Readiness

Lauren Scott

SENIOR MARKET & REGULATORY
ANALYST



End-Use Consumer Analysis

Brendan O'Brien

SENIOR DIRECTOR, ENERGY
ANALYSIS

State of Play: Strong supply supports the winter outlook as demand grows



Strong Supply

- Record production
- Above-average storage
- Favorable starting point for winter



Growing Demand

- Industrial reshoring
- Growing electric power requirements
- LNG exports
- New consumers



Household Affordability

- Natural gas remains a budget-friendly heating option
- Weather and local rates will shape individual bills



Winter preparedness

- Met record sustained demand during Fern
- Underscores the value of planning, storage, and diverse supplies



Continued Investment

- Pipeline and storage must keep pace with customer needs and growth
- Permitting reform is key

Market Fundamentals

Strong supply provides a supportive starting point for winter

1

RECORD PRODUCTION

111.7 Bcf/d

2026 dry gas forecast

New annual production record

2

HIGH STORAGE

3,969 Bcf

End-October forecast

Highest pre-winter level since 2016,
and 5% above five-year end-of-
October average.

3

MODEST PRICES

Below \$3

Near-term Henry Hub

Expected until November

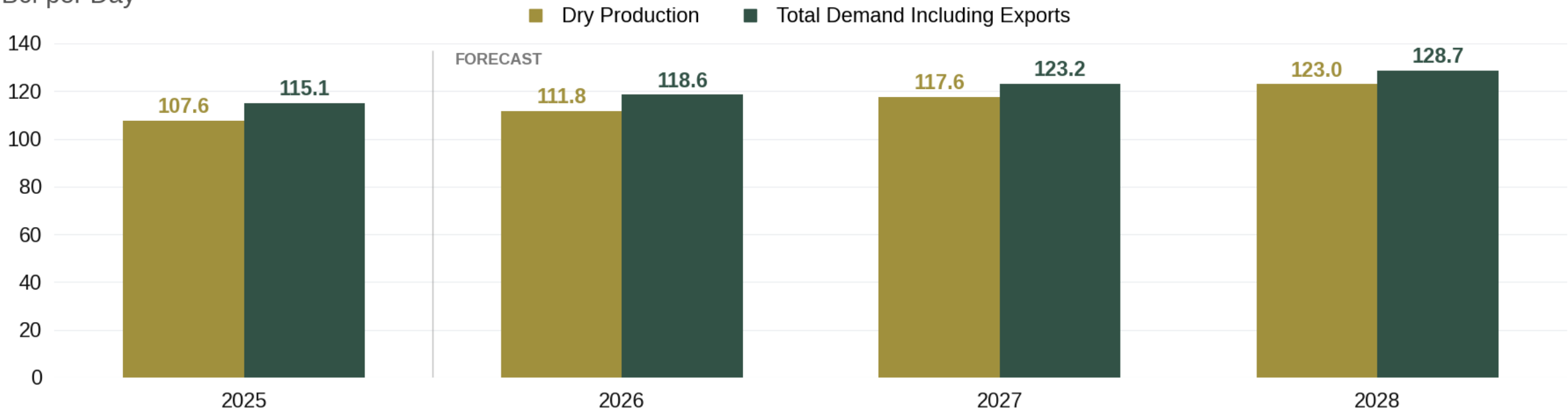
BOTTOM LINE

The natural gas market is poised to enter the heating season from a fundamentally strong position, supported by ample supply and growing demand.

Domestic production growth expected to outpace demand growth

U.S. Annual Average Dry Natural Gas Production and Total Demand

Bcf per Day



Year-over-Year Change

Series	2026	2027	2028
Production	+3.9%	+5.2%	+4.6%
Total Demand	+3.0%	+3.9%	+4.5%

2025–2028 Annual Growth Rate
Production: +4.6%
Total Demand: +3.8%

Source: Rystad Energy North American Gas Market Report, August 2026. Chart: American Gas Association. Subject to revision.

Winter temperatures create a dual call on the natural gas system

Cold Winter Weather

Higher heating needs across the energy system

Direct Natural Gas Use

Homes + Businesses

- Natural gas furnaces, boilers, etc.
- Water heating, cooking, and other end uses

Electric Power Demand

Higher Winter Electricity Load

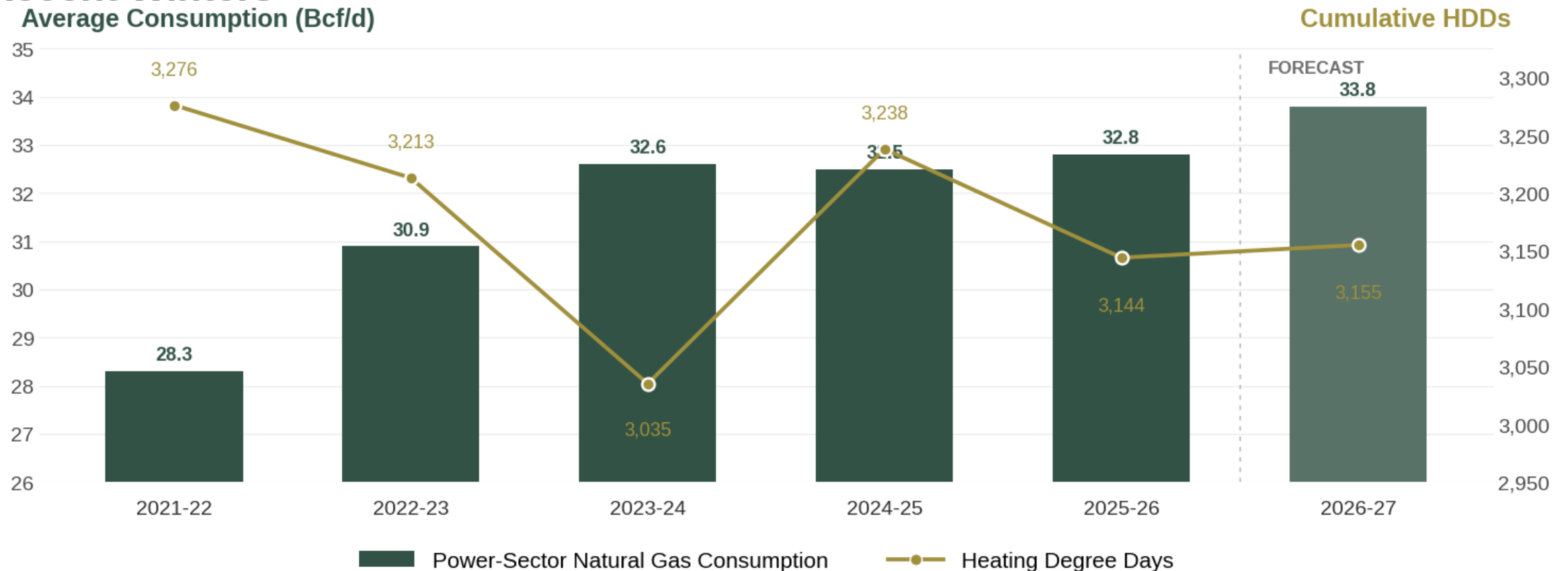
- Electric furnaces, heat pumps etc.
- Typical power demand continues

Greater Simultaneous Call on the Natural Gas System

During cold periods, natural gas serves heating demand directly and indirectly through electricity generation.

Winter power demand for natural gas is increasingly producing a meaningful winter peak

U.S. Power-Sector Natural Gas Demand and Heating Degree Days Across Recent Winters

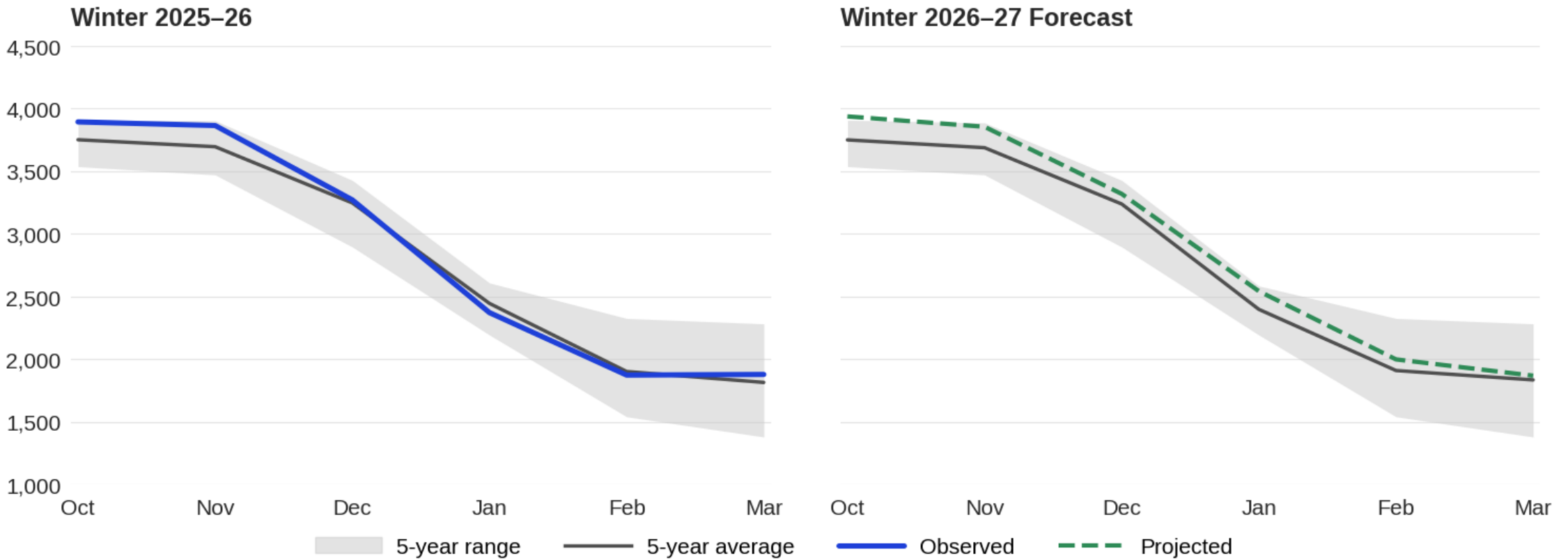


Source: U.S. Energy Information Administration Short-Term Energy Outlook. Chart: American Gas Association. Subject to revision. Winter is defined as November 1 through March 31.

Storage surplus expected to hold into March

End of Month U.S. Lower-48 Working Gas in Underground Storage, Winter Trends

Billion cubic feet



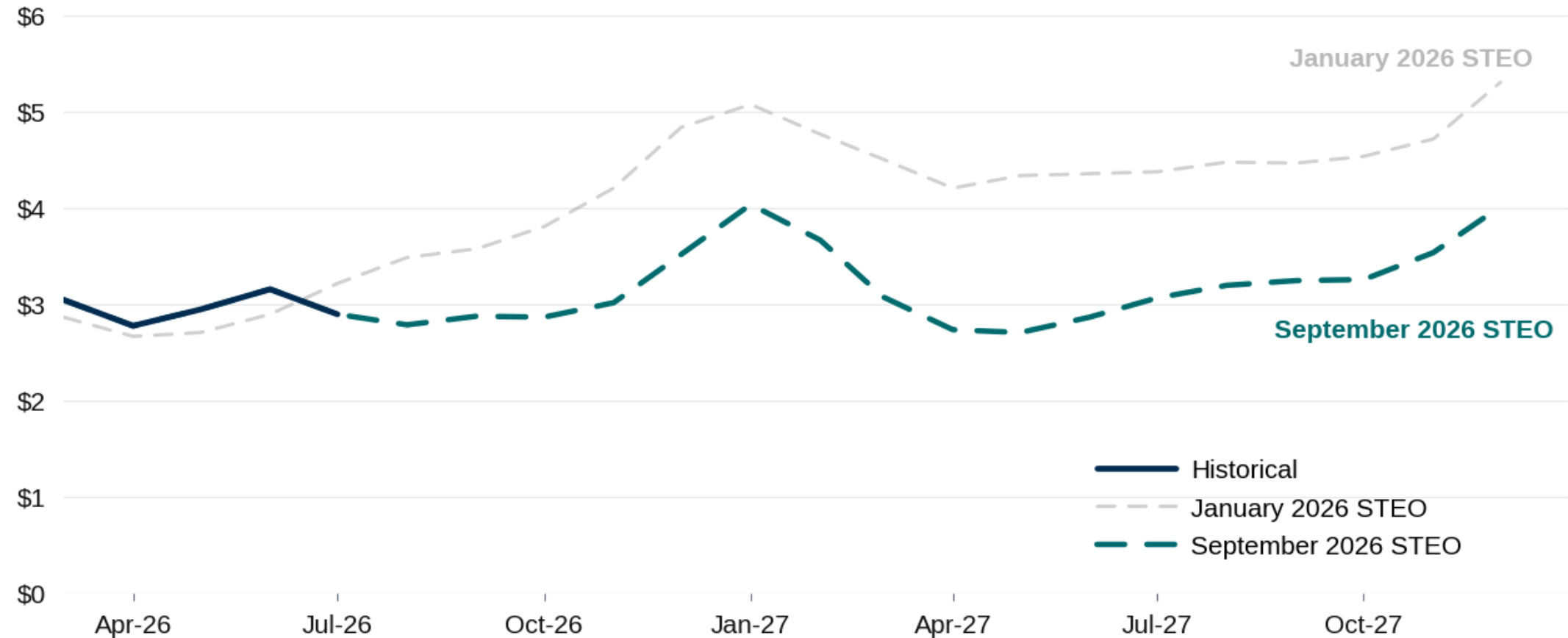
Source: U.S. Energy Information Administration, September 2026 Short-Term Energy Outlook. Chart: American Gas Association. Subject to revision.

Data reflects actual and projected end-of-month inventories. Shaded region shows the five-year range. Five-year statistics reflect the same calendar month during the five preceding years.

Strong supply fundamentals weigh on price expectations

Henry Hub Spot Price Forecast

\$/MMBtu

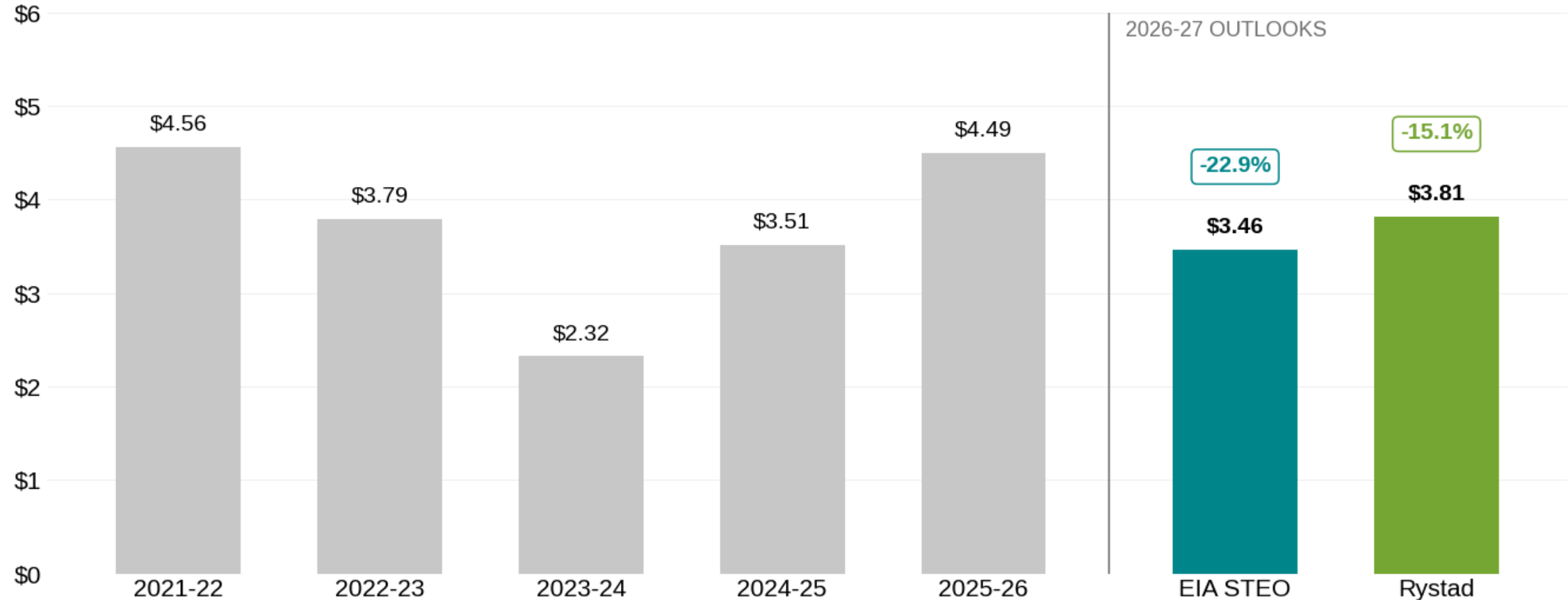


Source: U.S. Energy Information Administration, Short-Term Energy Outlook (January 2026, September 2026 editions). Chart: American Gas Association. Subject to revision. Historical prices reflect monthly average Henry Hub spot prices when included in the visible chart window. Forecast lines reflect monthly STEO forecast vintages.

Winter price expectations fall below 2025-26 levels

Average Henry Hub Spot Prices, Historical Winter Averages and Outlooks

\$/MMBtu

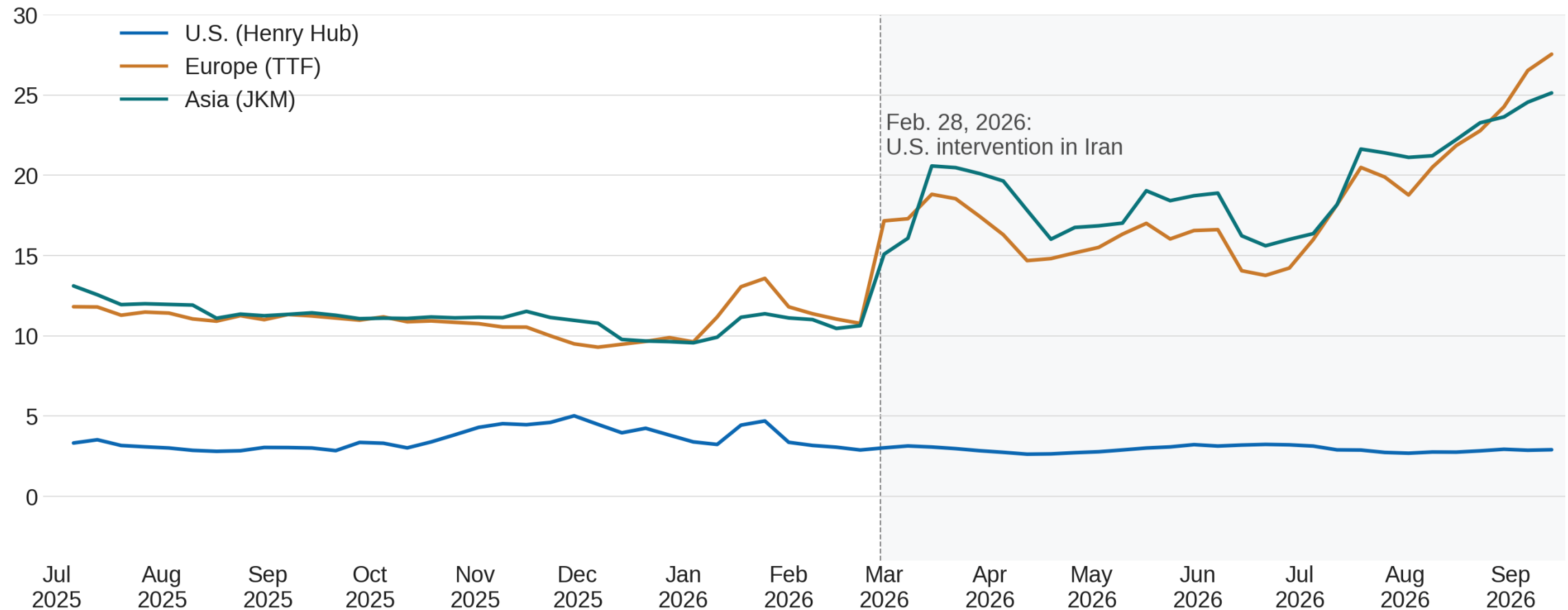


Source: U.S. Energy Information Administration Short-Term Energy Outlook, September 2026; Rystad Energy North American Gas Market Report, August 2026.
Chart: American Gas Association. Subject to revision. Winter is defined as November 1 through March 31. Percent labels show change from Winter 2025-26.

European and Asian prices remain elevated on LNG supply disruptions, U.S. pricing relatively unaffected

U.S., Asian, and European Weekly Natural Gas Futures Prices

\$/MMBtu



Source: Rystad Energy, ©2026 Rystad Energy. Chart: American Gas Association. Data as of Sep 13, 2026. Subject to revision.

Market expected to enter 2026-27 winter with strong supply fundamentals and higher demand

SUPPORTIVE SUPPLY FORECAST

- 1 Record production
- 2 Above average starting inventories
- 3 Continued production growth

INCREASING CALL ON SUPPLY EXPECTED

- 1 LNG ramp-up
- 2 Higher winter power-sector demand
- 3 Storage drawdowns during winter heating season

Gas Utility Planning and Readiness

The natural gas system met sustained demand during Winter Storm Fern

TOTAL DEMAND

167+ Bcf/d

7-day average for L48 demand

Heating, industrial, and export loads caused the system to peak.

RES – COMM

60+ Bcf/d

sustained for 10 straight days

Homes and businesses stayed warm during the cold snap.

POWER GENERATION

~45 Bcf/d

peak power sector demand

Gas-fueled generation was a backstop for the electric grid.

The bottom line: Fern was not just a single-day, peak-demand event. It was a multi-day reliability stress test for the natural gas system, and **the system delivered.**

2025-26 WHS Performance Survey Overview

34

survey respondents

Total survey sample

36%

U.S. customer share

Gas utility market

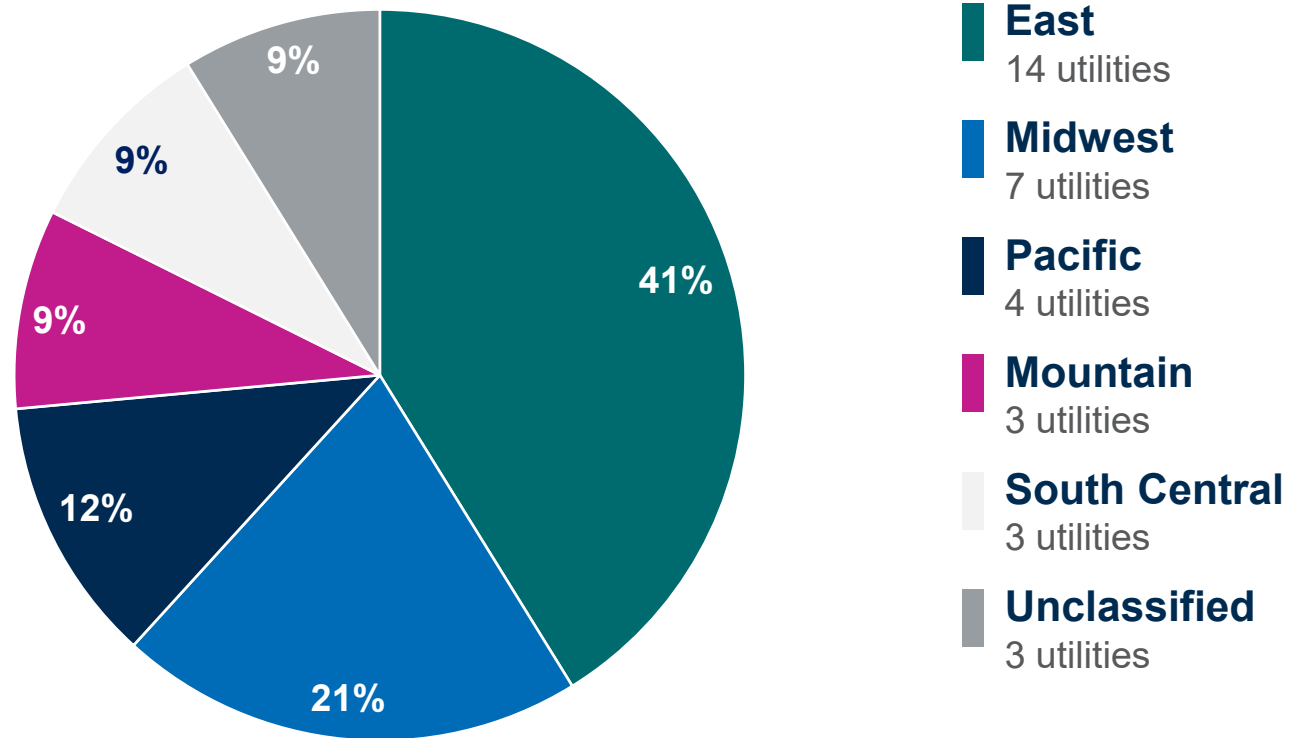
~2/3

peak day during Fern

20 of 32 respondents

Respondents by region

34 utilities across 29 states



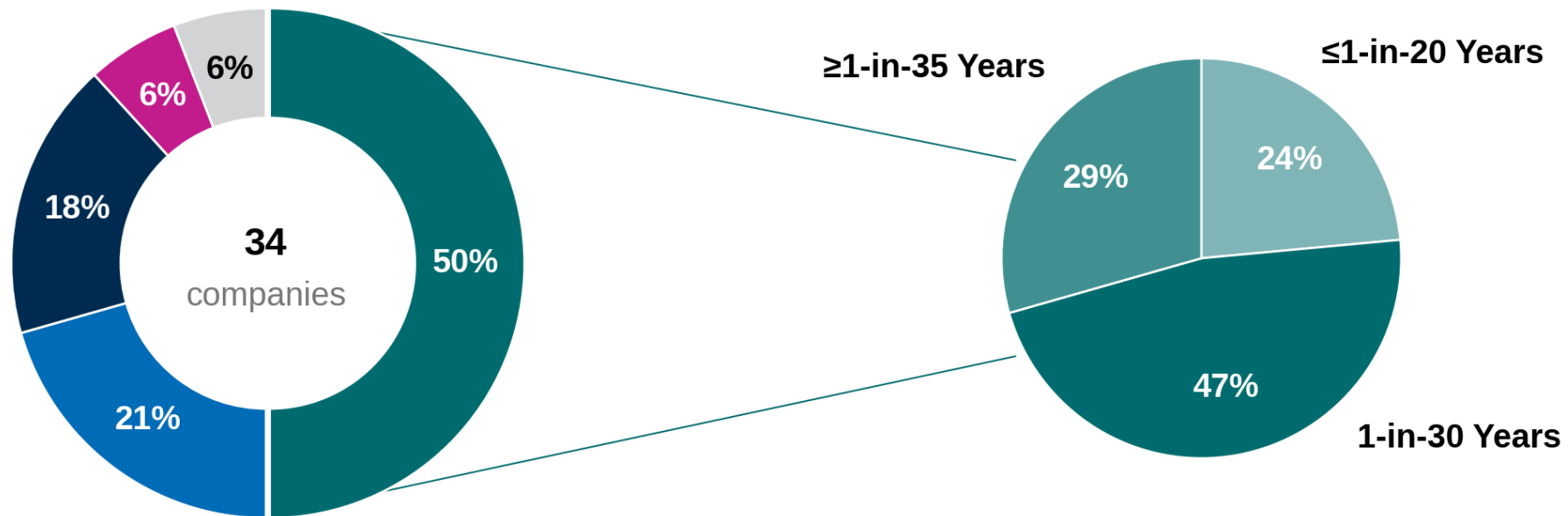
Fern window: Jan 23–Feb 1; Fern metric uses n=32.

Sources: 2025–2026 AGA Winter Heating Season Performance Survey; U.S. EIA Form EIA-176 data.

Gas utility winter planning is intentionally built around extreme conditions, not the expected or average winter day

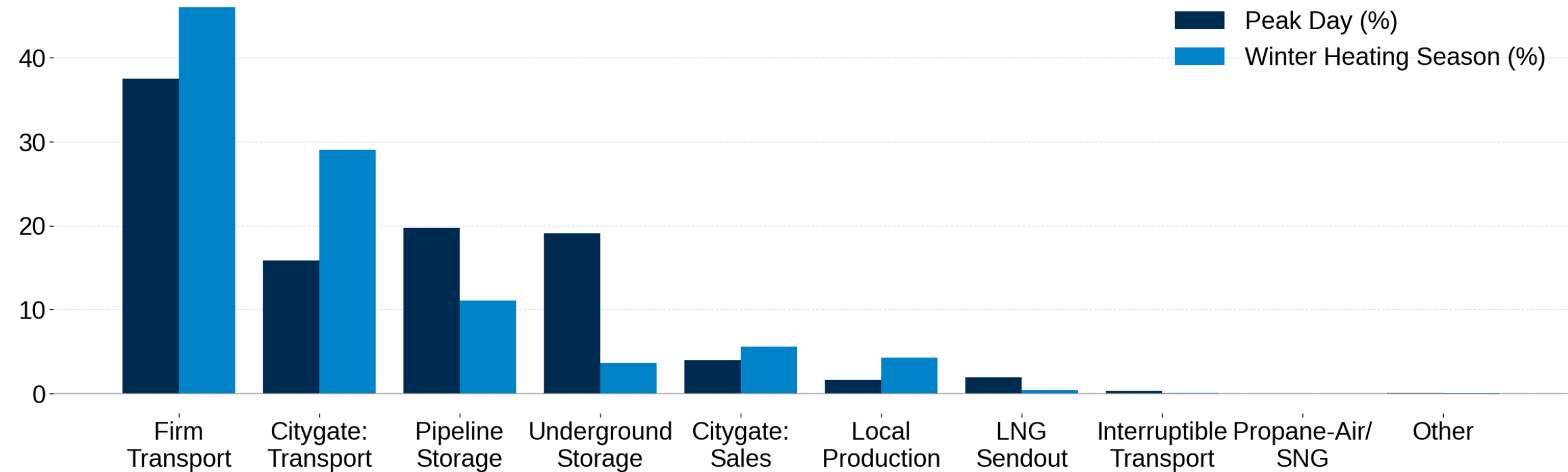
2025-2026 WHS Design Day Planning Peak Design Day Methodology by Distribution of Companies

■ Risk / Probability ■ Other ■ Service Area HDD Forecast ■ Monte Carlo Method ■ Blended / Hybrid



Local gas utilities build and manage diverse supply portfolios to meet demand requirements throughout the winter season

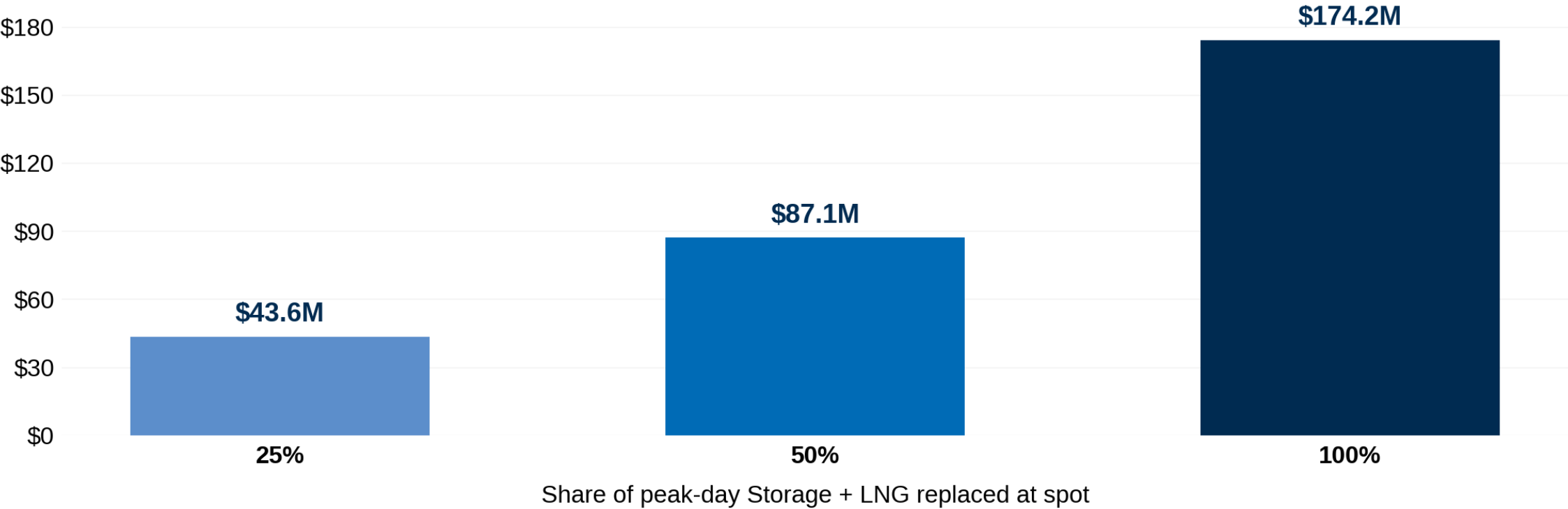
2025–2026 Supply Portfolio: Peak Day vs. Winter Heating Season
Aggregate percent of volumes



Source: 2025–2026 AGA Winter Heating Season Performance Survey | Chart: American Gas Association.
Note: Peak day n=32, WHS n=31.

Flexible supply helped mitigate potential spot-market exposure across peak days, with the largest impact during Fern

Illustrative Cost Premium if Flexible Peak Day Supply Were Replaced with Spot Purchases
Daily Million \$ | 2025–2026 WHS

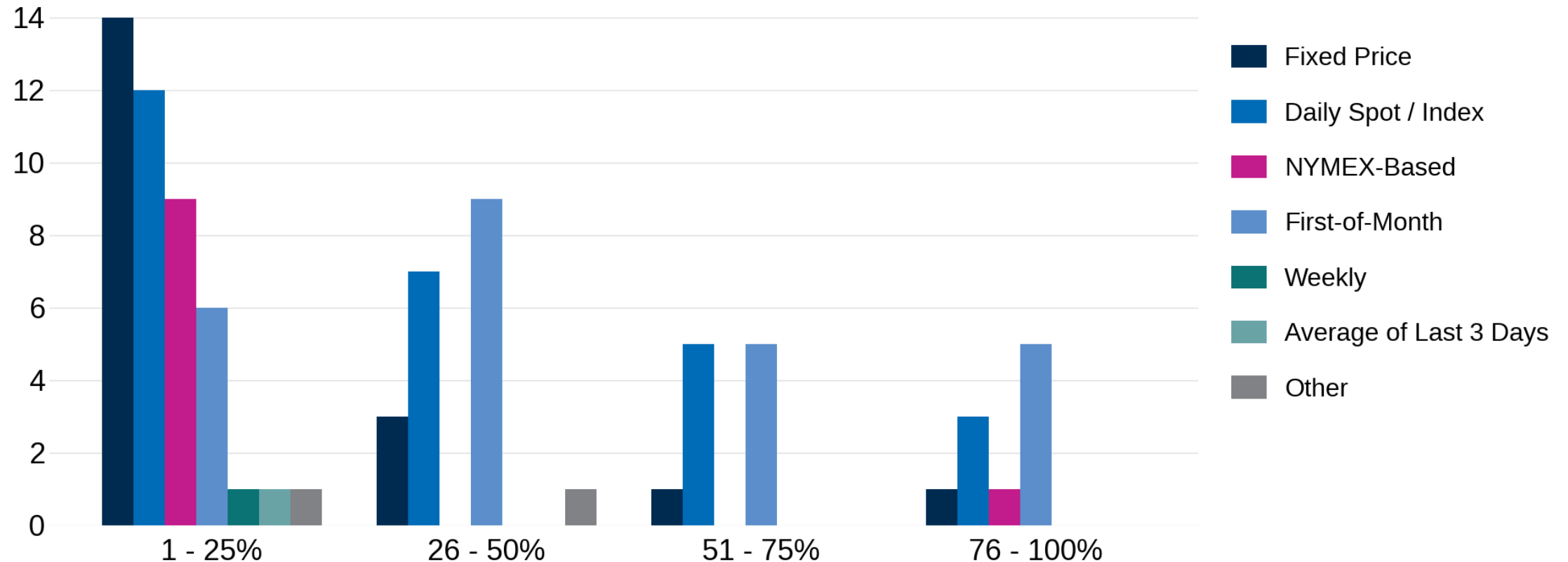


Source: 2025–2026 AGA Winter Heating Season Performance Survey; U.S. EIA Henry Hub Natural Gas Spot Price | Chart: American Gas Association.
Note: Illustrative premium equals peak-day Storage + LNG volume, converted from Mcf to MMBtu, multiplied by the difference between the contemporaneous Henry Hub spot price and the WHS-average Henry Hub price. Negative price differentials are retained. Results are illustrative and do not represent realized utility savings.

Utilities use a range of fixed and market-responsive pricing across winter supply portfolios

2025–2026 WHS Gas Supply Pricing Mechanisms

Number of companies by share of supply volume

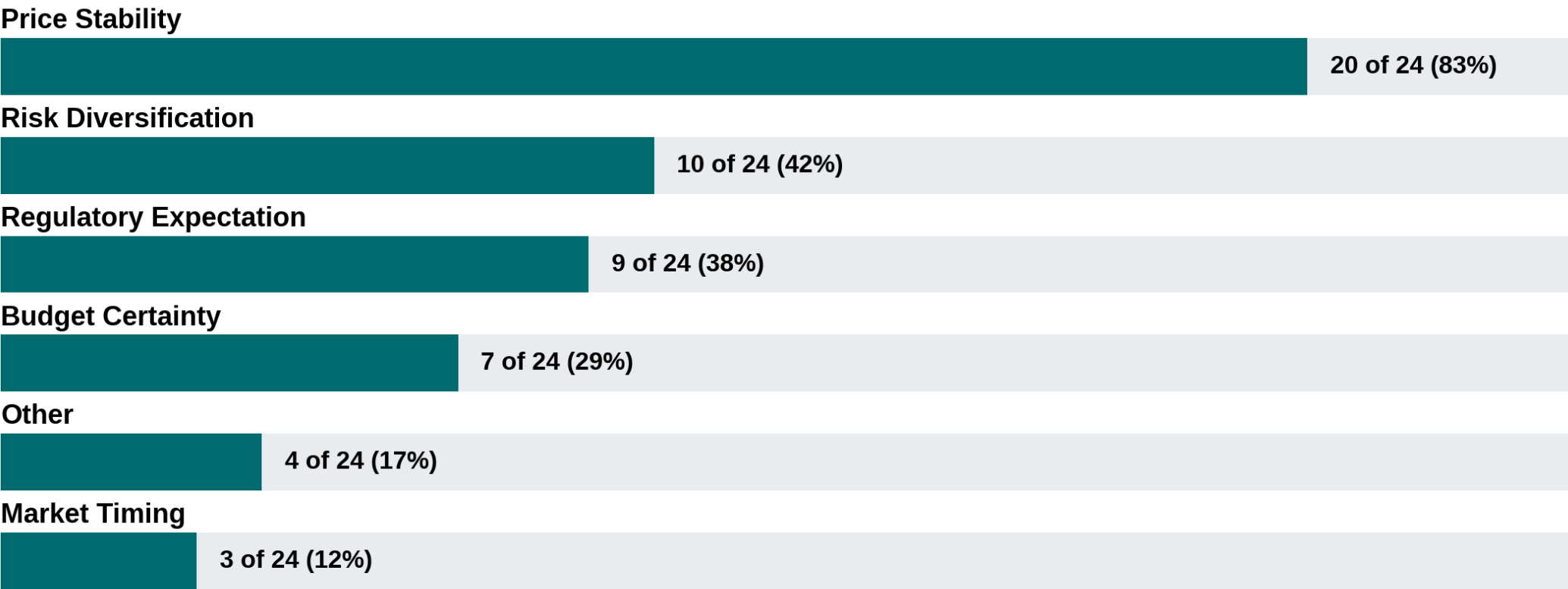


Price stability is the primary objective for utilities that hedge winter gas purchases

HEDGING PREVALENCE | 24 of 32 (75%) utilities reported hedging a portion of winter gas purchases

2025-2026 WHS Objectives of Hedging

Share of utilities that hedged reporting each objective



Source: 2025-2026 AGA Winter Heating Season Performance Survey | Chart: American Gas Association.

Load growth is influencing winter planning

LOAD GROWTH PREVALENCE | 22 of 32 (69%) utilities reported load growth in their service territory affecting WHS planning

2025-2026 WHS Areas of Winter Planning Affected by Load Growth

Share of utilities reporting an impact from load growth

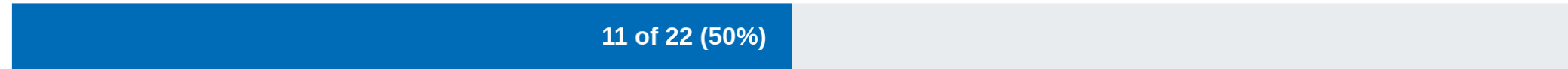
Peak-Day Forecasting



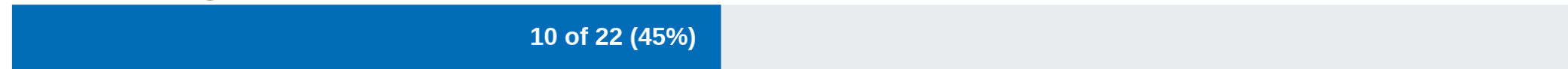
Infrastructure Planning



Contracting



Portfolio Management



Storage Strategy



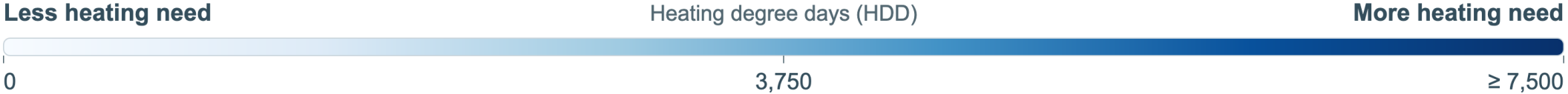
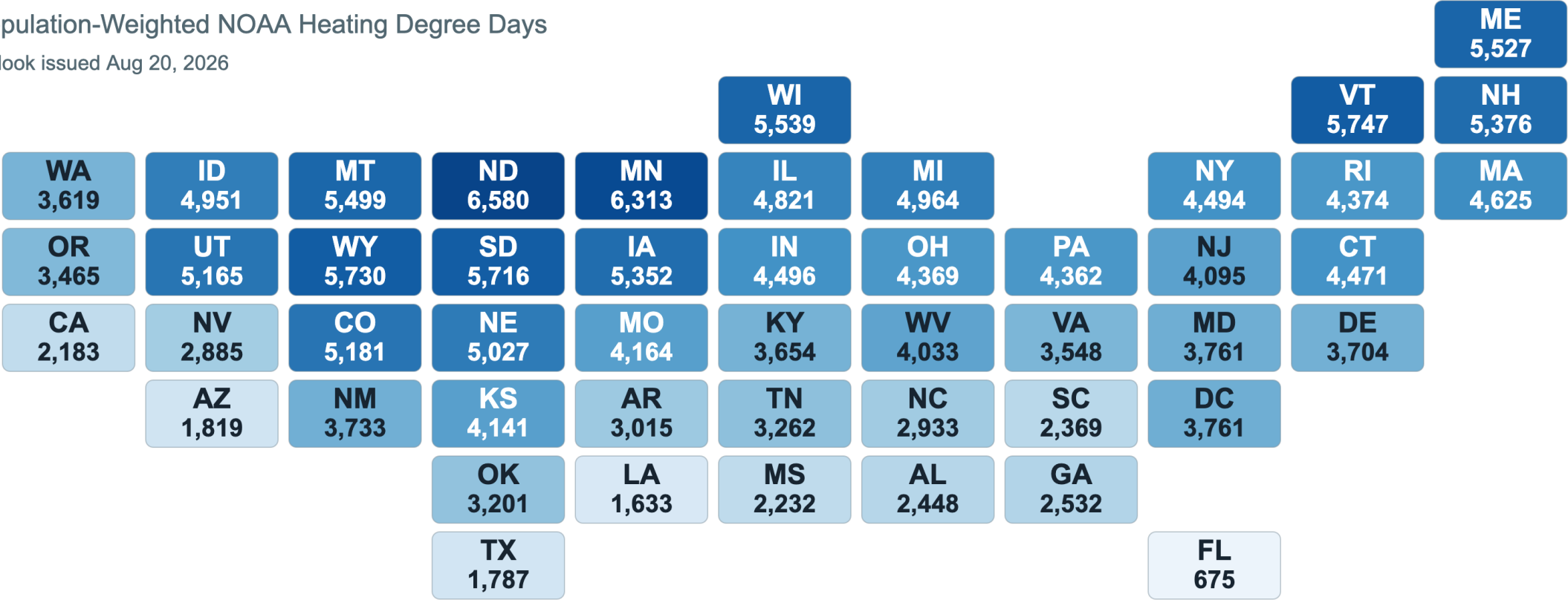
Source: 2025-2026 AGA Winter Heating Season Performance Survey | Chart: American Gas Association.

End-Use Consumer Analysis

2026-2027 Winter Heating Demand

Population-Weighted NOAA Heating Degree Days

outlook issued Aug 20, 2026



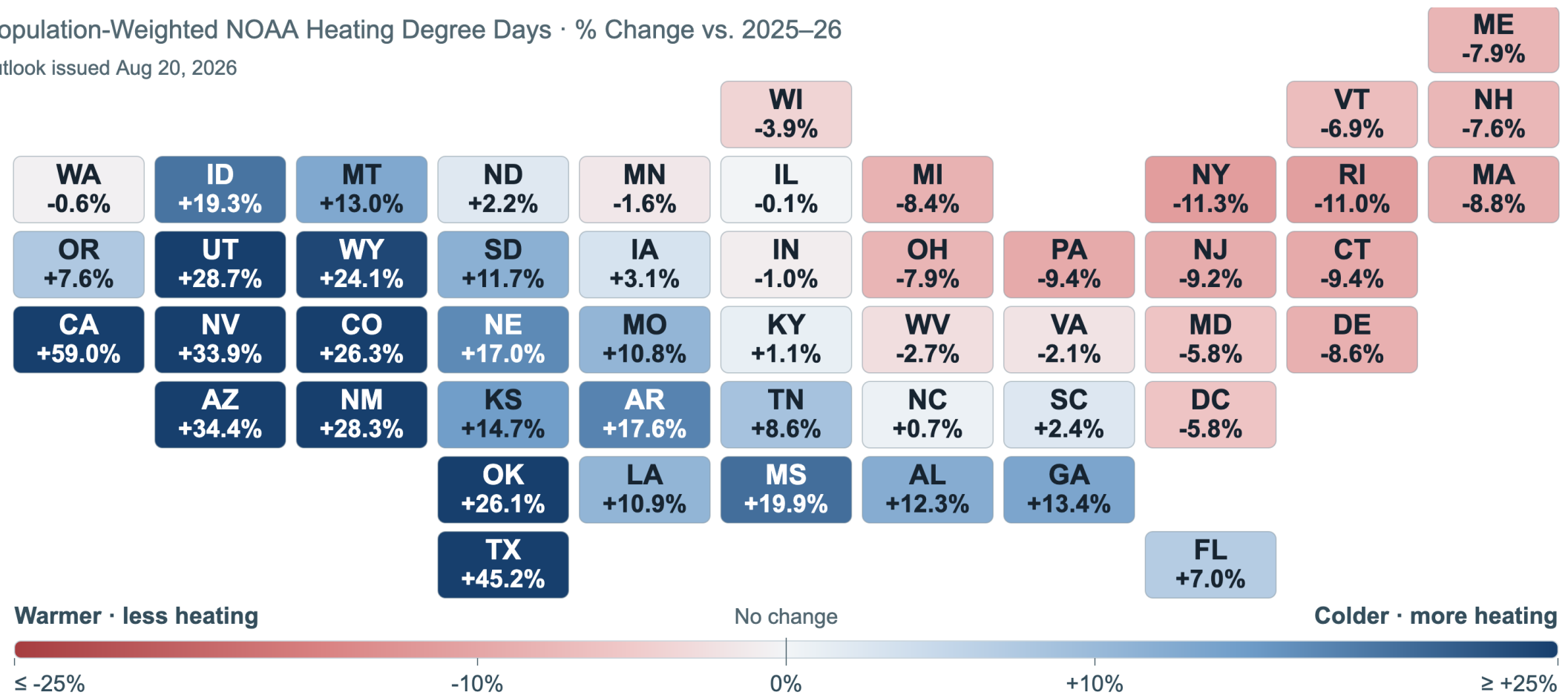
Source: NOAA CPC state degree days, NDFD 7-day forecasts & monthly degree-day outlook; 1981–2010 daily normals.

Fixed scale across seasons; end colors include values beyond limits. — No data. DC uses MD; AK/HI excluded. Retrieved Sep 8, 2026.

A weather shift to El Niño winter could lead to colder weather out West

Population-Weighted NOAA Heating Degree Days · % Change vs. 2025–26

outlook issued Aug 20, 2026



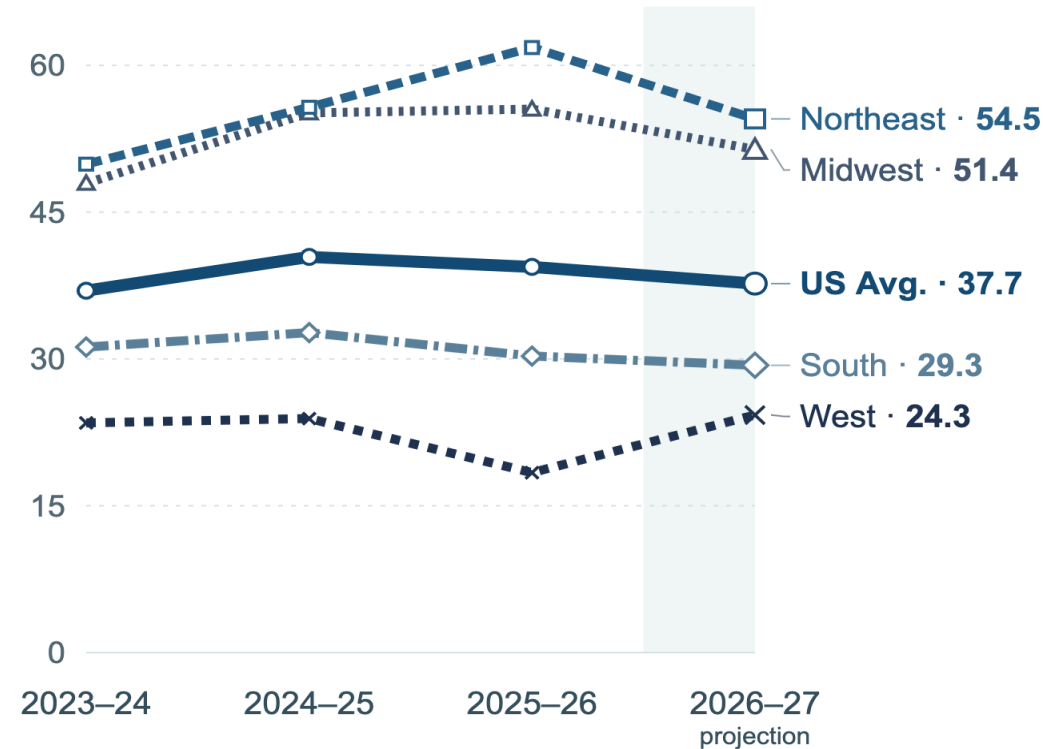
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Fixed scale across seasons; end colors include values beyond limits. — No data. DC uses MD; AK/HI excluded. Retrieved Sep 8, 2026.

Weather remains the biggest influence on space heating consumption

November–March · natural gas and electric heating use

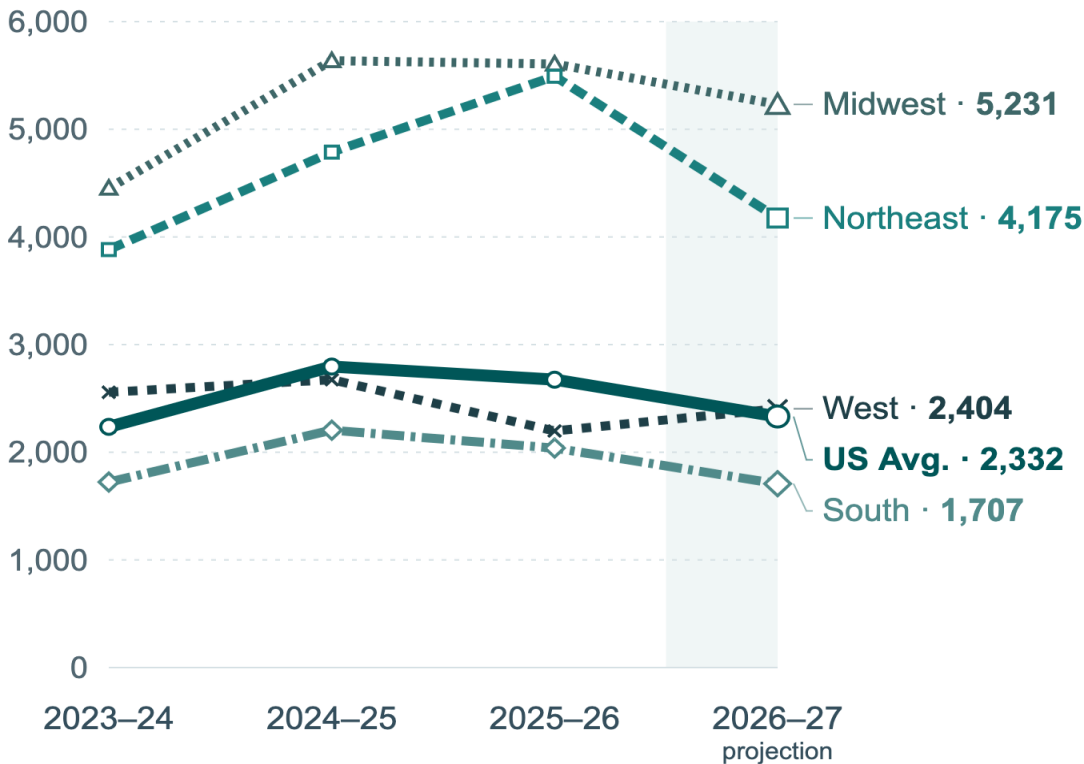
Natural Gas · Mcf

U.S. change vs prior winter: **-4.3%**
Mcf per household



Electricity · kWh

U.S. change vs prior winter: **-12.8%**
kWh per household

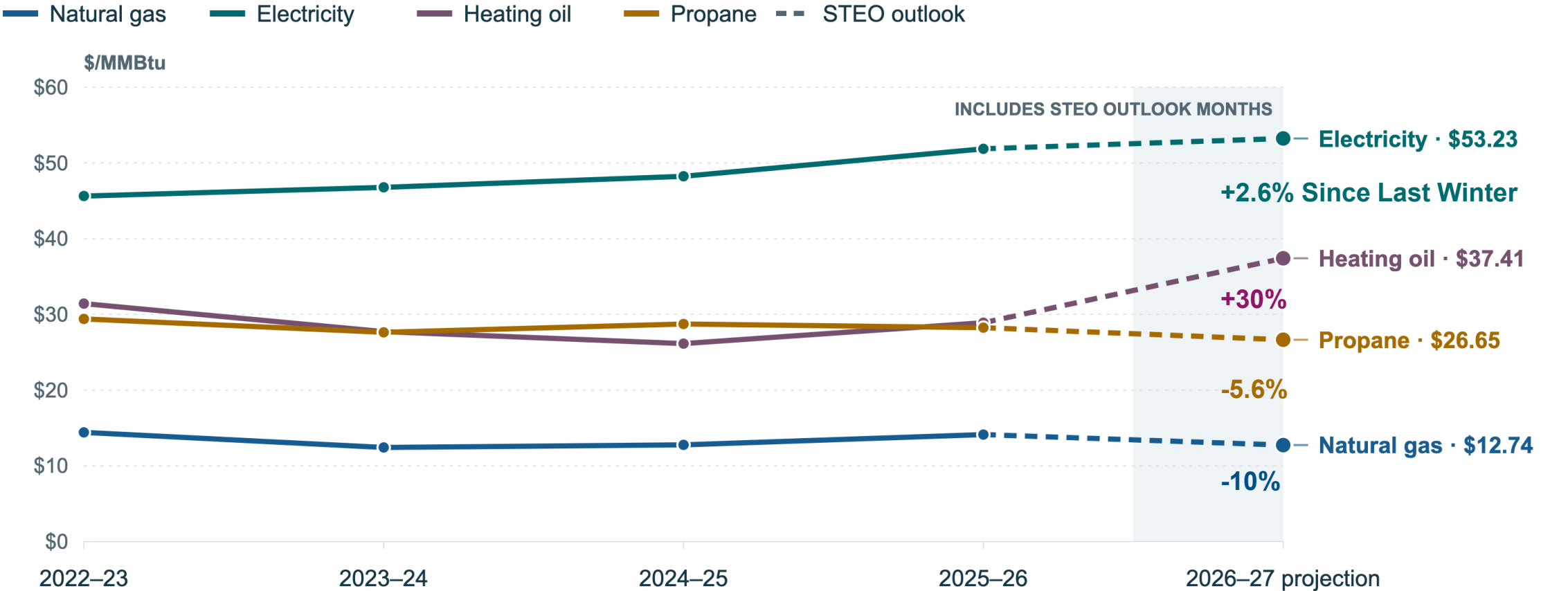


Source: EIA STEO and RECS 2020. Retrieved Sep 15, 2026.

Method: Electric: single lowest monthly use in the latest five complete years, held fixed across winters; no averaging. Gas unchanged.
Electric estimates are adjusted for the RECS share of homes with electric heat.

Electricity prices are projected to be 4.2x more than natural gas this winter

U.S. Average Prices for November–March · dollars per MMBtu



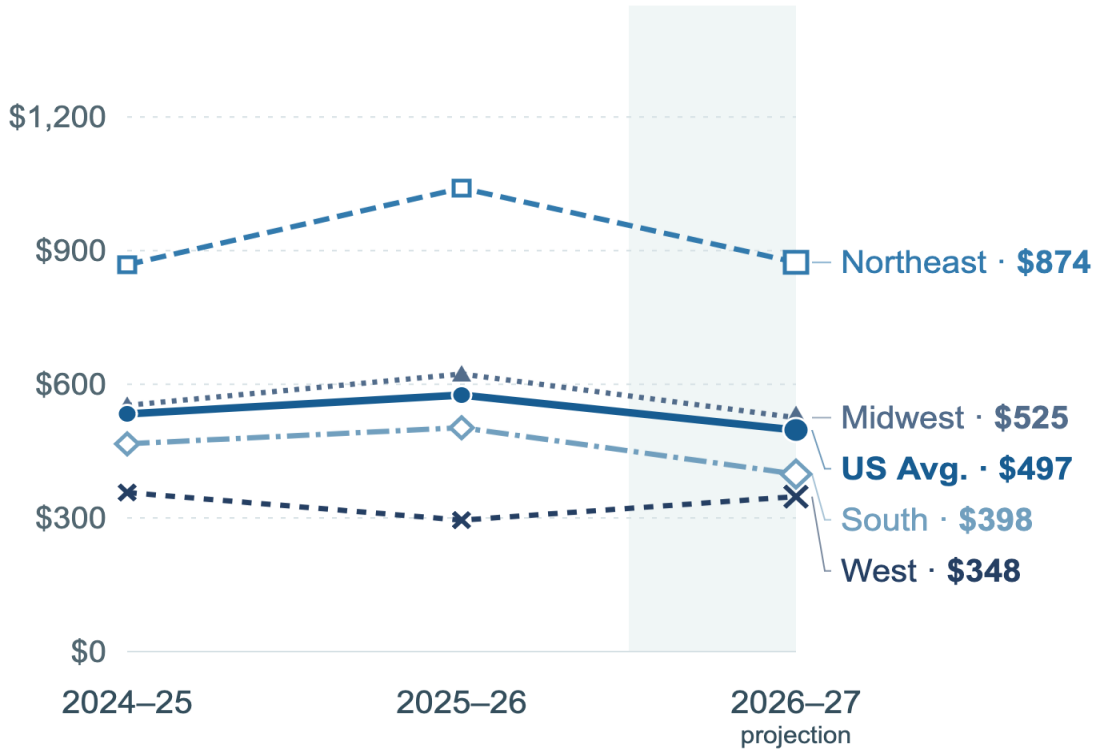
Source: EIA Short-Term Energy Outlook.
Retrieved 9/9/2026 · Gas and electricity are consumption weighted; liquid fuels are calendar-day weighted.

Winter space heating costs (unadjusted household characteristics)

November–March Space Heating Use Only

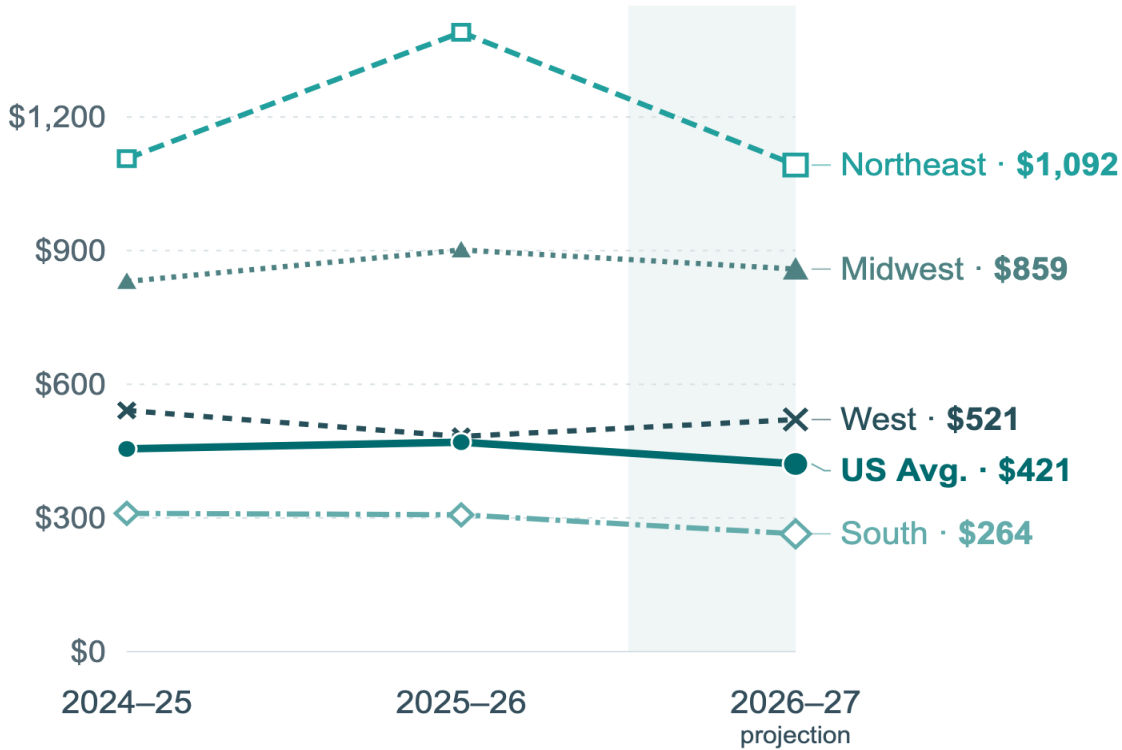
Natural Gas

U.S. change vs prior season: **-13.6%**



Electricity

U.S. change vs prior season: **-10.3%**



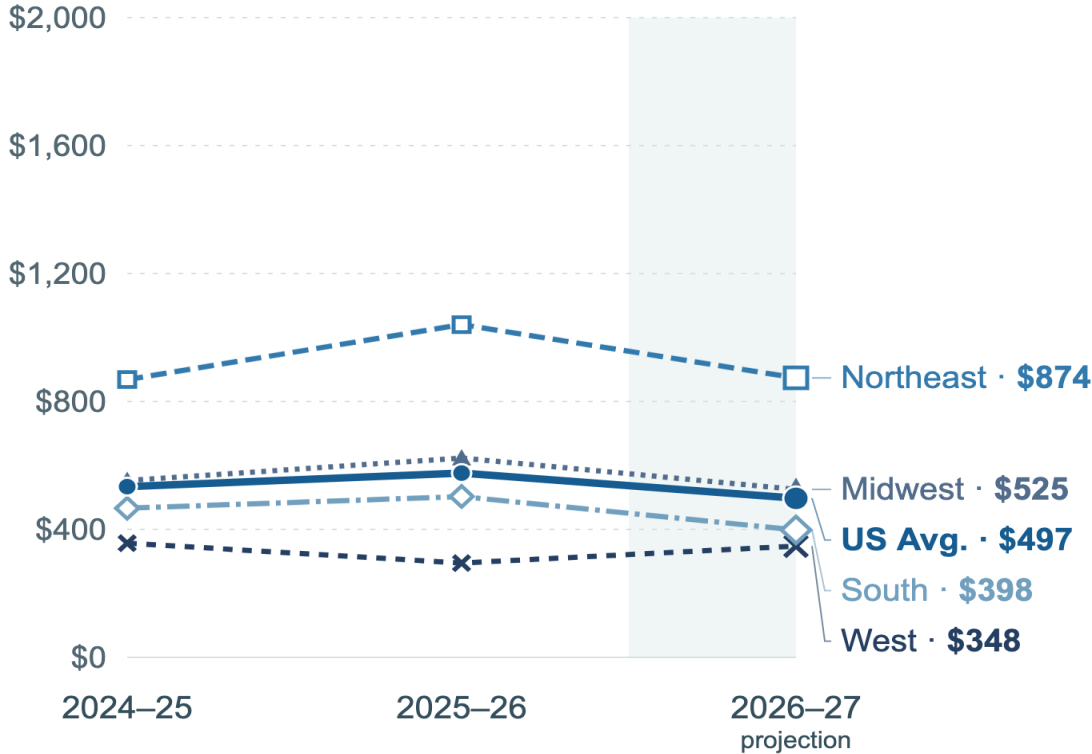
Source: EIA STEO and RECS 2020. Retrieved Sep 15, 2026.

Method: Electric: single lowest monthly use in the latest five complete years, held fixed across winters; no averaging. Gas unchanged.
Electric estimates are adjusted for the RECS share of homes with electric heat. Winter bills equal projected regional price × estimated space-heating use.

Winter heating costs adjusted to match average natural gas household

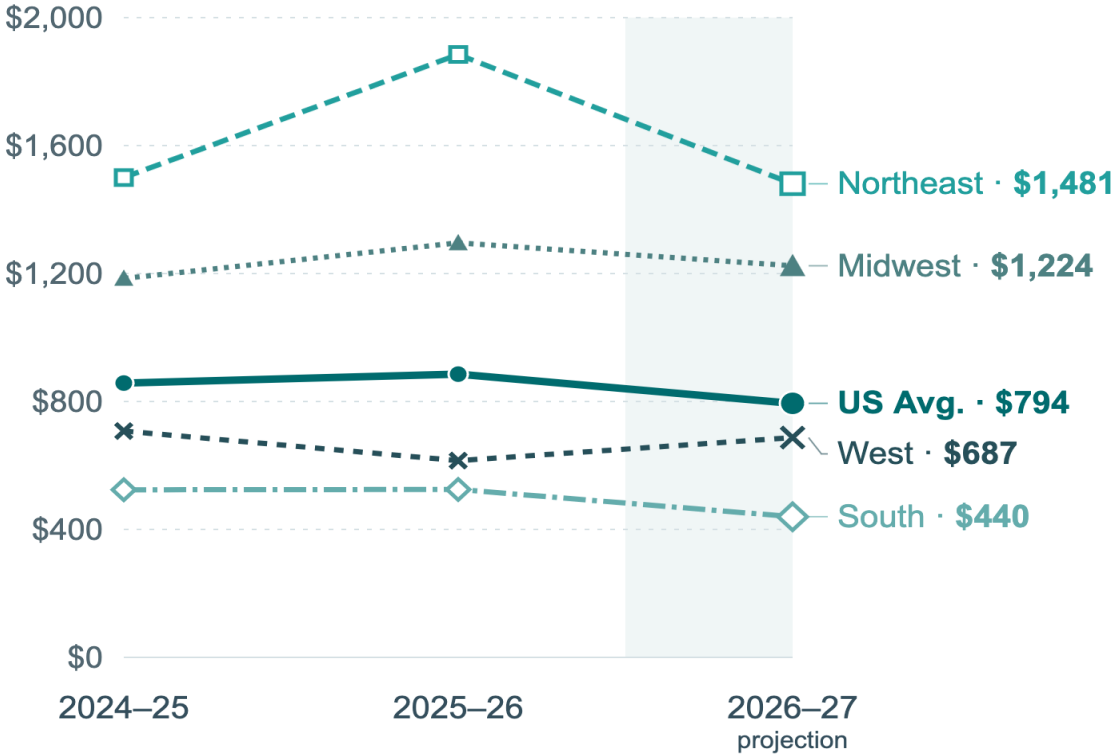
November–March Space Heating Use Only

Natural Gas



Gas Comparable Electricity

Bills adjusted to match the climate and heated square footage of the regional average natural gas home

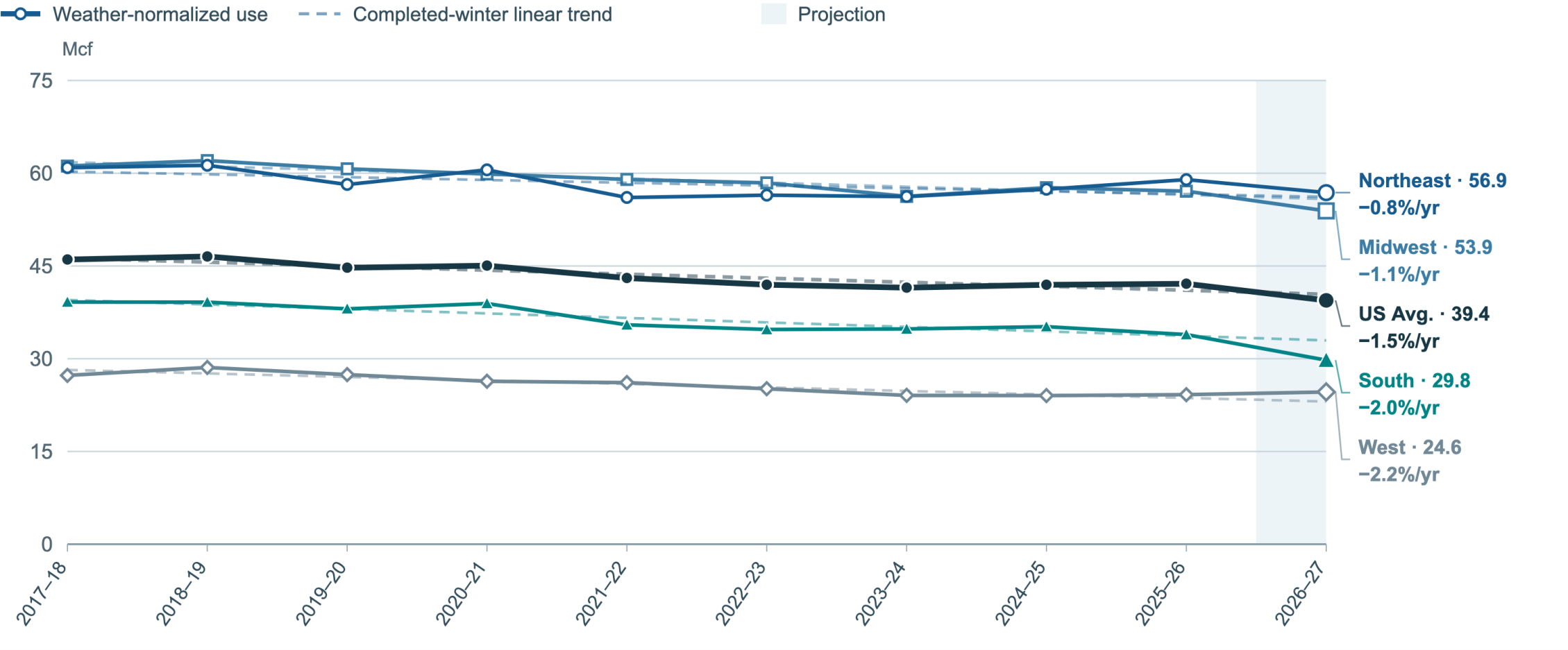


Source: EIA STEO and RECS 2020. Retrieved Sep 15, 2026.

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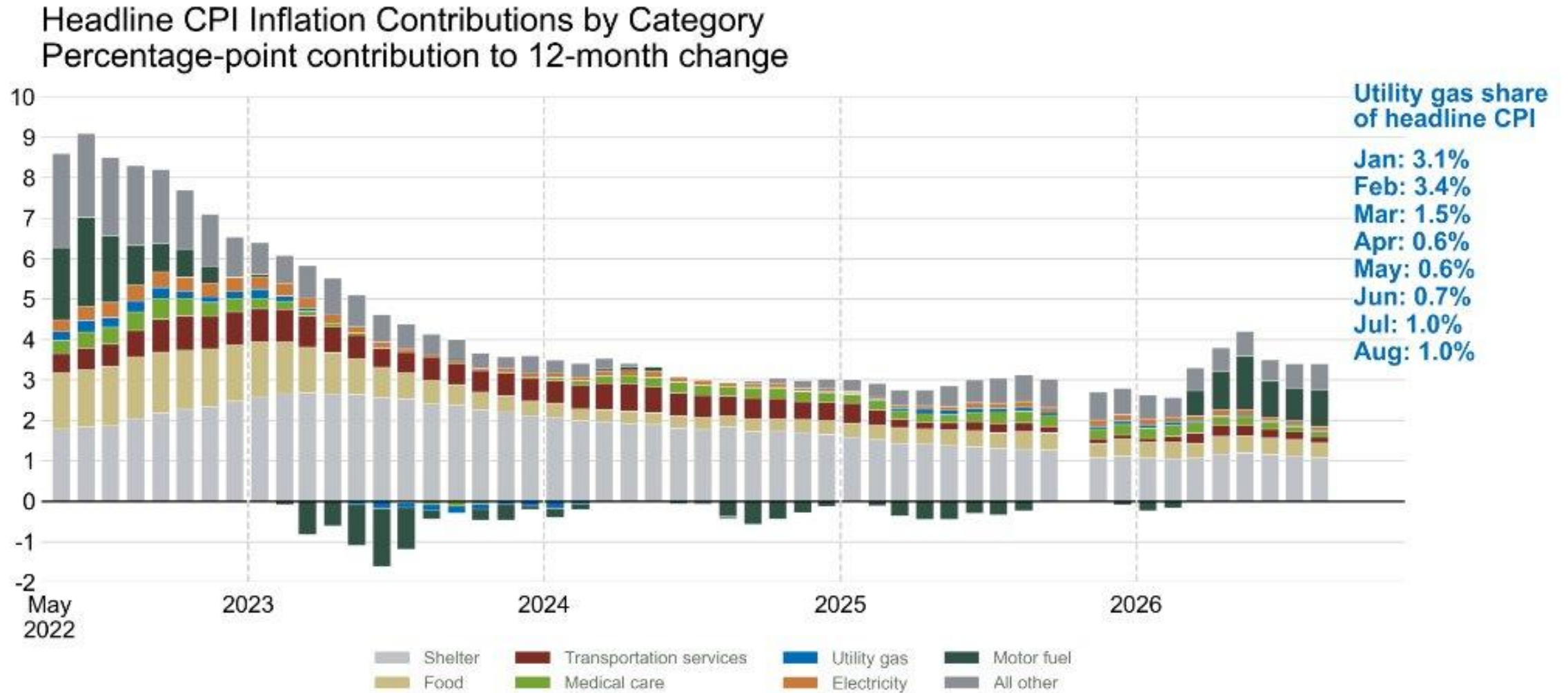
Natural gas winter heating use has declined 1.5% per year since 2017

Natural Gas · Mcf per customer



Sources: U.S. Energy Information Administration; National Oceanic and Atmospheric Administration
NOAA fuel-weighted normal (1981–2010) · Annual change excludes projections · Retrieved 9/9/2026

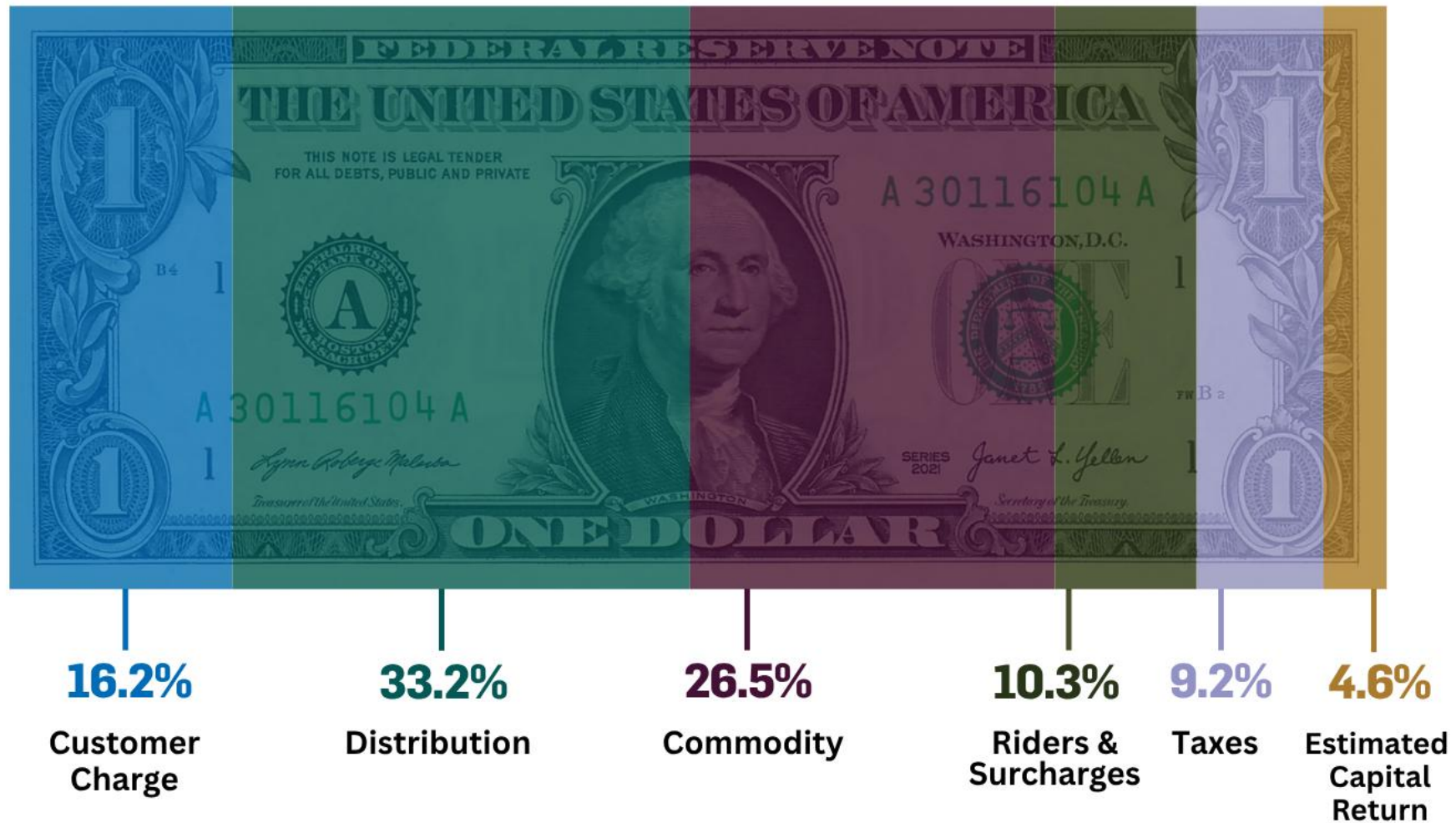
Utility gas is a small driver of inflation, which is dominated by housing, food, and other factors.



Source: U.S. Bureau of Labor Statistics, CPI-U Public Data API

Method: BLS 12 Month Effect on All Items | Chart: American Gas Association | Data through August 2026 | Updated 2026-09-14 | Subject to Revision

How a Typical Household Natural Gas Utility Bill Is Split

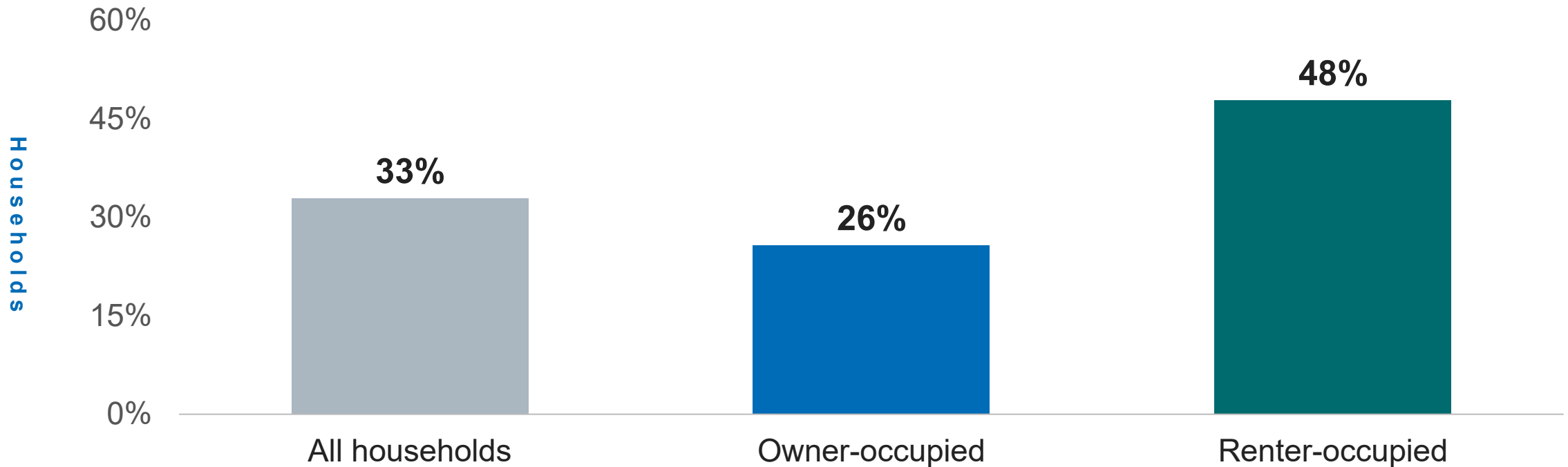


Estimated average monthly natural gas utility bill: \$106.15

Note: Residential utility bill components by region are estimated from tariffed rates for a sample of natural gas utilities from each jurisdiction and weighted by the share of revenues. In jurisdictions with separate residential heating and non-heating tariffs, the analysis used the tariff for residential heating customers. Collectively, the sample accounts for 85% of U.S. natural gas utility residential deliveries revenue in 2023. Estimated Capital Return represents the estimated average utility rate of return recovered through residential customer bills. The estimated average utility rate of return is based on each region's revenue-weighted average authorized return on equity, a 5% cost of debt, and an assumed capital structure of 55% equity and 45% debt.

Energy insecurity affects one in three households

Households reporting at least one energy insecurity condition | 2024 RECS



Source: U.S. Energy Information Administration, 2024 Residential Energy Consumption Survey (RECS).
All fuels and the full year; not specific to gas-heated homes or winter.

Energy assistance programs are available to help consumers in need

5

WAYS UTILITIES HELP CONSUMERS

Flexible support spans bill assistance, payment options, and winter readiness.

- | | | |
|---|--|---|
| 1 | LIHEAP, state & local funds | Energy-cost assistance for low-income households |
| 2 | Budget billing | Costs spread equally across 12 months, prepaying part of heating-season bills during the cooling season |
| 3 | Weatherization assistance | Helps qualifying households prepare for winter |
| 4 | Payment plans | High bills may be spread over several months |
| 5 | Winter non-termination policies | Pausing service disconnections during the heating season |

Final Thoughts



Strong supply provides a solid starting point for this winter.



Preparation and infrastructure investment support reliable services.



Natural gas provides budget-friendly and cost-effective home heating services.

Contact Us



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