Energy Research Report 2026

Why many businesses are well-positioned to shop commercial electricity and natural gas supply in 2026

Prepared for: Business energy buyers and facility managers

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Bottom line: 2026 is shaping up as a high-leverage window to lock in supply terms before the next volatility cycle. Natural gas fundamentals point to steady-to-firmer prices, while power markets face rising reliability costs and tighter capacity conditions - making a disciplined procurement plan more valuable than ever.

Executive Summary

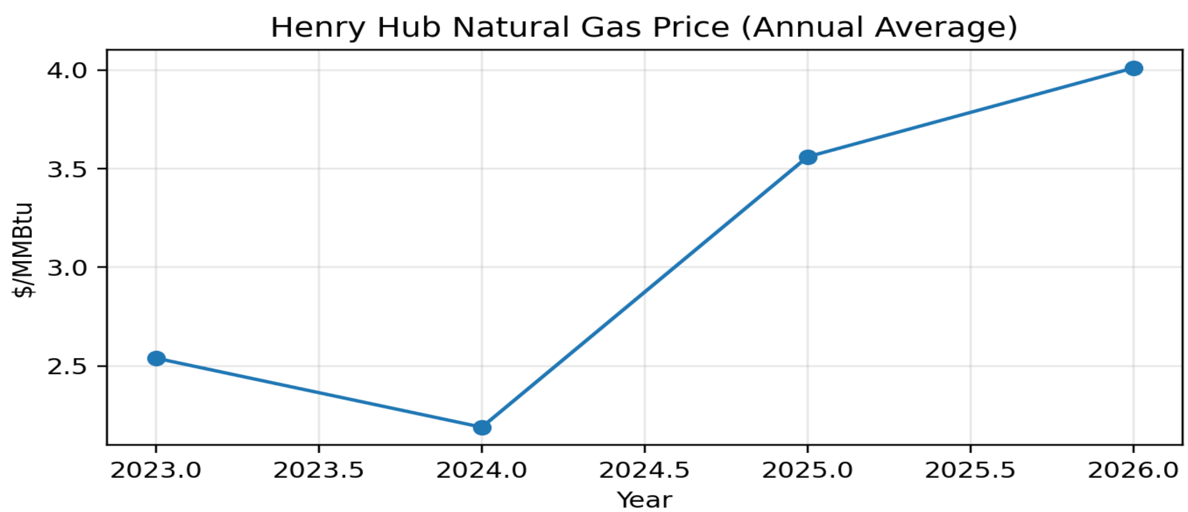
• Natural gas remains the primary marginal fuel in many U.S. power markets. That means gas fundamentals (production, storage, LNG exports, weather) heavily influence electricity supply pricing.

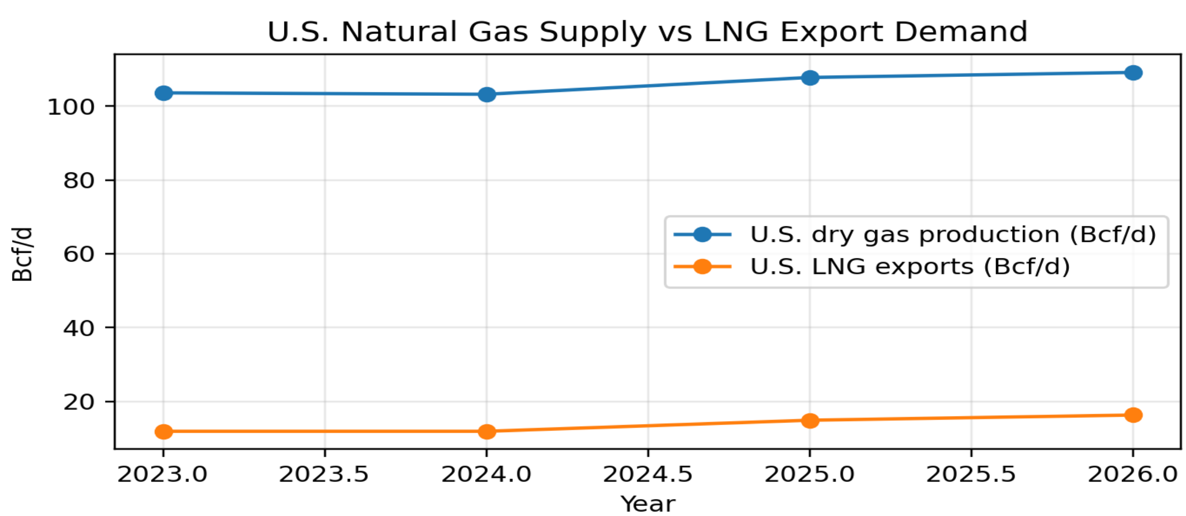
• EIA's Short-Term Energy Outlook (released Dec 9, 2025) projects U.S. dry gas production rising in 2026 while LNG exports also increase - supportive for gas demand but moderated by supply growth.

• Electricity buyers face an additional 2026 reality: capacity and reliability costs in some regions (notably PJM) have surged - raising the value of getting the contract structure right (fixed vs. pass-through adders, block-and-index, blend-and-extend).

• The strongest buying posture for 2026 is: **shop early, run multiple term scenarios, and lock when you have budget certainty** - especially if your current agreement expires in summer/winter or if you're exposed to index volatility.

Key Charts (at a glance)





What’s different in 2026 vs 2025

In 2025, many businesses benefited from a market that had cooled considerably from the 2022 price shock. In 2026, the opportunity shifts from “prices are falling” to “prices are still competitive vs prior highs, but the cost of getting timing and structure wrong is higher.” That’s because (1) natural gas is expected to stay in a moderate-to-firmer range, and (2) grid reliability and capacity constraints are re-pricing in several regions.

2026 opportunity drivers (electricity + gas)

• **Supplier competition + term flexibility:** Many suppliers are still actively pursuing multi-year C&I; load, especially for clean credit, stable usage, and electronic contracting.

• **Shoulder-season pricing windows:** For many accounts, shopping in late winter / spring can reduce exposure to summer risk premiums; similarly, late summer / early fall can reduce winter risk premiums.

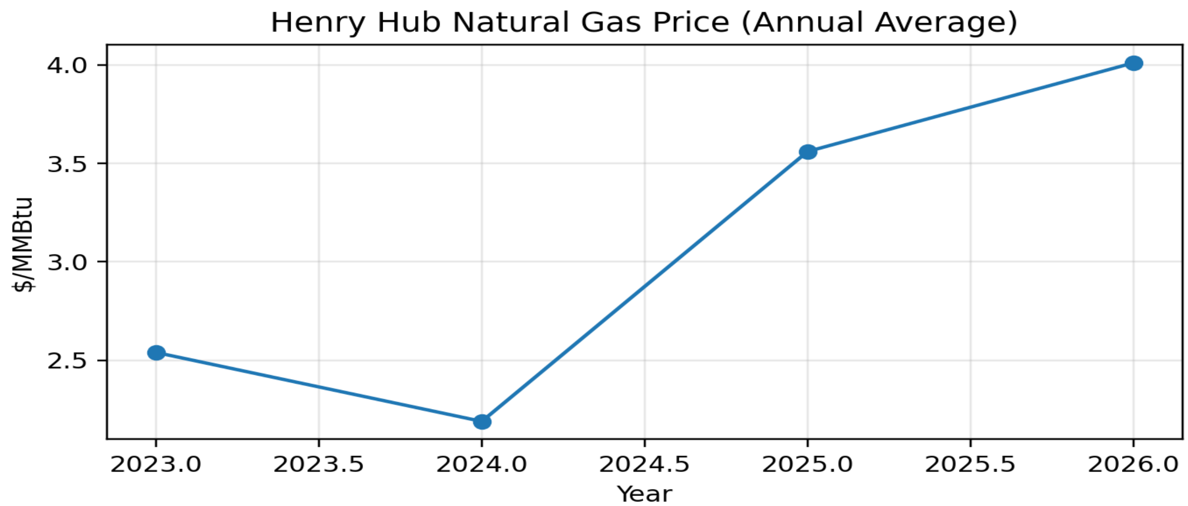
• **Budget value is higher:** When capacity and pass-through components rise, the value of a predictable commodity component (or a structured hedge) increases.

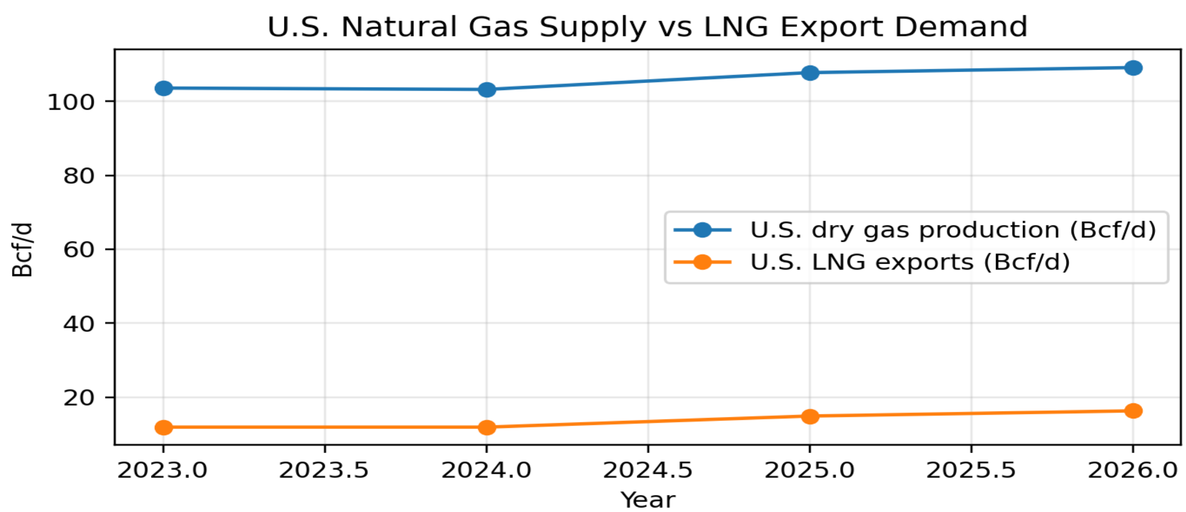
• **Gas fundamentals are balanced:** Forecasts show higher LNG exports and higher production - creating a market that can be “firm” but not necessarily “spiky,” depending on weather.

Natural Gas Outlook for 2026

EIA's Short-Term Energy Outlook (Dec 9, 2025 release) provides a clear 2026 baseline: Henry Hub prices are projected higher than 2025, while U.S. dry gas production and LNG exports also rise.

Metric (EIA STEO)	2023	2024	2025 (proj.)	2026 (proj.)
Henry Hub price ($/MMBtu)	2.54	2.19	3.56	4.01
U.S. dry gas production (Bcf/d)	103.57	103.19	107.74	109.11
U.S. LNG exports (Bcf/d)	11.9	11.9	14.9	16.3





How to use this as a buyer

• If you buy **natural gas supply**: run 12, 24, and 36-month scenarios and compare budget risk under a warm vs cold winter.

• If you buy **electricity supply**: treat Henry Hub as a proxy for the direction of marginal power in many regions; if gas is firming, shop earlier and consider partial hedges (blocks) rather than waiting for “the perfect low.”

• For larger loads: consider **block-and-index** or layered hedging so you are not forced to pick a single entry point.

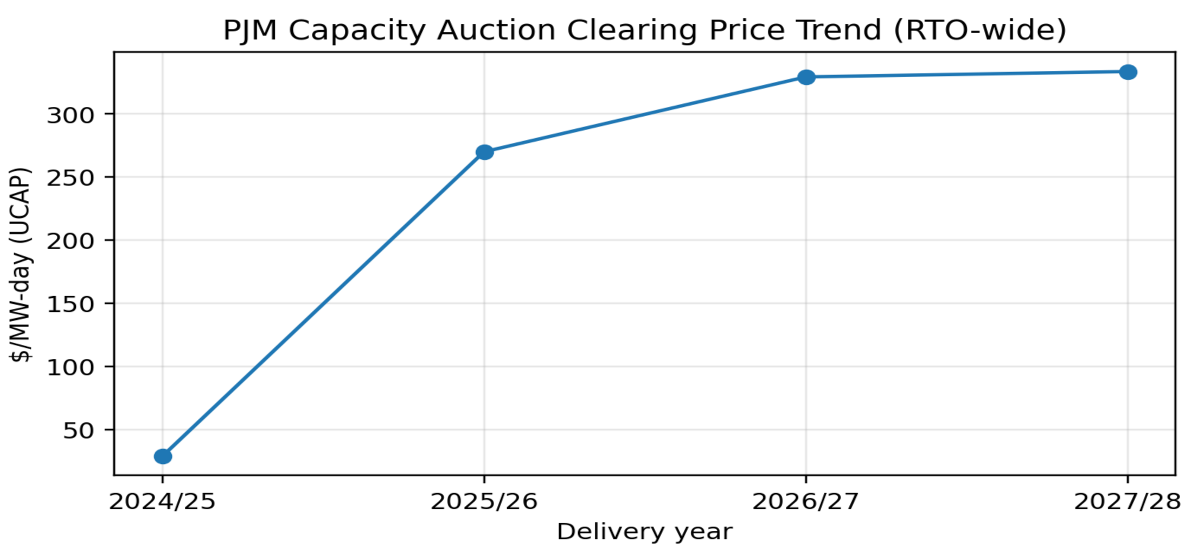
Electricity Outlook for 2026: Commodity vs Capacity Risk

In deregulated power markets, your delivered bill includes commodity energy plus several non-commodity components (capacity, transmission, ancillary services, and utility delivery). In 2026, many buyers will see the biggest surprises not from the energy commodity itself, but from capacity and reliability charges - especially in PJM.

PJM capacity market signal

PJM’s Base Residual Auction prices have reset dramatically higher in recent years, with recent auctions clearing at or near the price cap. These outcomes reflect a tighter supply-demand balance and fast-growing load (including data centers).

Delivery year	Clearing price ($/MW-day, UCAP)
2024/25	28.92
2025/26	269.92
2026/27	329.17
2027/28	333.44



Why this matters for 2026 supply decisions

• If your supply offer is “energy-only,” clarify which charges remain pass-through (capacity, transmission, ancillary) and how they are settled.

• If you are offered “fixed all-in,” confirm what is included and how the supplier handles unexpected regulatory/ISO changes.

• For many mid-to-large accounts, a **structured approach** (fixed commodity + pass-through capacity, or block-and-index) can beat an “all-in” price if capacity is volatile.

2026 Buying Playbook (Practical Steps)

• **1) Start early:** If your contract ends in summer or winter, shop 90-180 days ahead to avoid peak-season risk premiums.

• **2) Compare multiple structures:** Fixed, fixed-with-pass-through, block-and-index, and blend-and-extend each solve a different risk problem.

• **3) Run a “budget stress test”:** Ask for scenario pricing under higher peak usage and under weather extremes; don’t rely on a single average.

• **4) Validate your usage:** Confirm annual kWh/therms, peak demand (kW), and load factor. Pricing improves when usage data is clean.

• **5) Build an internal decision rule:** Example: lock if the 24-month fixed price is within X% of your budget target and the supplier’s contract language is acceptable.

• **6) Don’t ignore non-commodity charges:** Transmission and capacity can move independently of commodity - ask what is included.

Quick checklist to request quotes

• Most recent utility bill(s) for each meter/account

• Preferred contract start date and term options (12/24/36/48/60 months)

• Any sustainability preference (REC/green content, emission reporting)

• Operational changes planned in 2026 (new equipment, shifts, EV charging, expansion)

• Credit / payment preferences (deposit vs no-deposit options, autopay)

Sources (public)

• U.S. Energy Information Administration (EIA), Short-Term Energy Outlook, Natural gas section. Release date Dec 9, 2025 (forecast completed Dec 4, 2025).

• PJM Interconnection: 2025/2026 Base Residual Auction Report (published Jul 30, 2024).

• PJM Interconnection: 2026/2027 Base Residual Auction results announcement (published Jul 22, 2025).

• PJM Interconnection: Auction procures 134,479 MW of generation resources; 2027/2028 BRA cleared at $333.44/MW-day (published Dec 17, 2025).

• Reuters reporting on PJM capacity auctions and demand growth drivers (selected articles, 2024-2025).

Need supplier quotes for 2026?

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