Energy Association
OF PENNSYLVANIA

The Voice of the Electric & Natural Gas Utility Industries in Pennsylvania

Annual Winter Reliability Assessment

Winter 2026-2027



Introduction

The **Energy Association of Pennsylvania** represents the interests of its

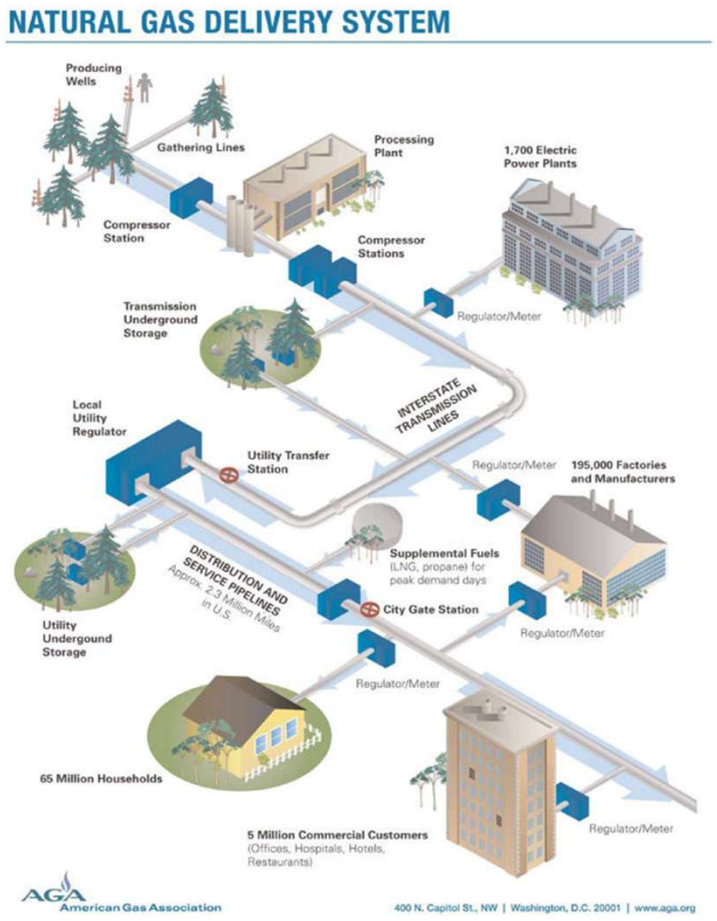
Member Natural Gas Distribution Companies:

Columbia Gas of Pennsylvania
Leatherstocking Gas Company, LLC
National Fuel Gas Distribution Corp.
PECO
Peoples Natural Gas Company LLC
Philadelphia Gas Works
Pike County Light & Power Company
UGI Utilities, Inc. - Gas Division
Valley Energy

Distributing natural gas to over three million residential, commercial and industrial customers in Pennsylvania

Introduction- How Gas is Delivered

- Extracted from wells and moved from collection point into gathering system for sale into the wholesale market
  - *Includes processing facility where natural gas is purified and useful by-products such as propane and butane are removed*
- Moved into transmission system using compressors
  - *counteracts friction that is created when gas is moved through steel pipe*
- Transported by midstream companies to utility's delivery point ("city gate") or to upstream storage
  - *Pressure reduced*
  - *Odorant added*
- Moved into utility's distribution pipeline and delivered through individual service lines to customer
  - *pressure further reduced for delivery*

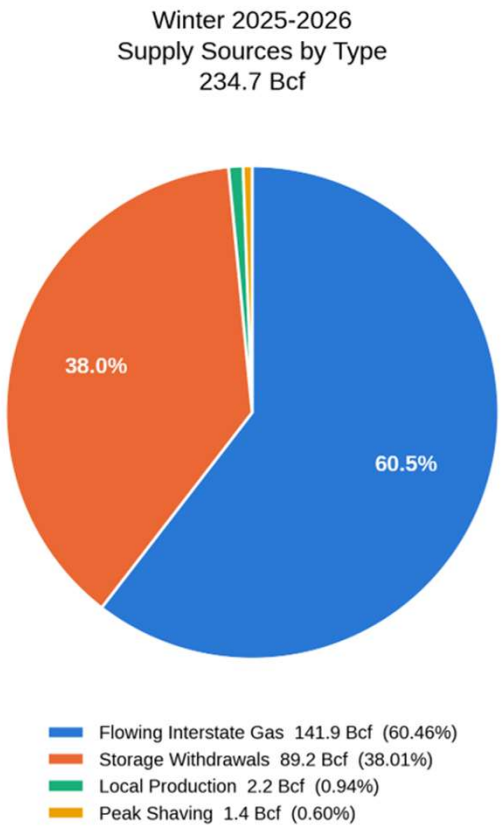


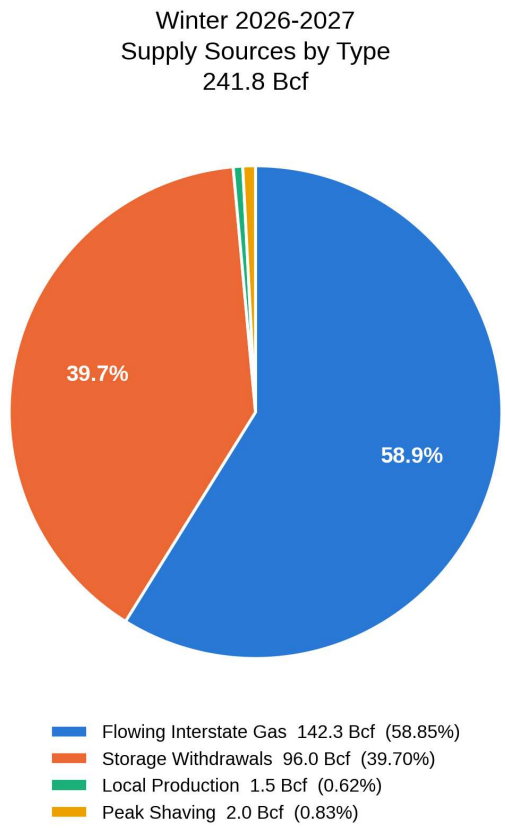
Supply and Demand
Winter 2026-2027

(all natural gas volumes in billions of cubic feet)

Expected Demand		**241.8** Bcf
Expected Supply		
Flowing Interstate Gas		142.3
Storage Withdrawals	96.0	
Local Production	1.5	
Peak Shaving	2.0	
TOTAL	**241.8**	

Comparison of Forecasts
Last Year and This Year





System Planning Strategies

Objective: To identify supply resources (including upstream transportation and storage capacity) that will be necessary to preserve service reliability at anticipated levels of firm demand.

Capacity and Supply Assets: Natural Gas Distribution Companies (NGDCs) commit to capacity and supply assets as necessary to meet firm customer needs, including operational swings. Commitments may include a reserve, but do not include service to interruptible customers. These assets include:

- Pipeline deliveries per firm transportation agreements
- Underground storage withdrawals (on-system, off-system)
- Pennsylvania local production (where available)
- Peak shaving facilities

System Planning Strategies - Production

- The U.S. Energy Information Administration (EIA) reports that 2024 U.S. dry natural gas production averaged 103.07 billion cubic feet per day (Bcf/d). Production increased to a record 107.64 Bcf/d in 2025. EIA forecasts that U.S. production of natural gas will rise to 112.2 Bcf/d in 2026 and 116.13 Bcf/d in 2027, surpassing previous production records.

- Consumption also increased, setting a record high in 2025, averaging 92.0 Bcf/d. For the ninth consecutive year, the United States was a natural gas net exporter, exporting approximately 5,802 Bcf (15.9 Bcf/d) more natural gas than it imported for the year. The increasing demand is cementing natural gas as an increasingly critical resource for electric generation in the coming years.

- Dry natural gas production from shale formations in the Appalachian Basin that spans Pennsylvania, West Virginia, and Ohio has been growing since 2008. In 2025, the Appalachian region accounted for 31% of all U.S. marketed natural gas production, producing approximately 36.6 Bcf/d and making it the largest natural gas-producing region in the country. Production has increased in part because of widespread adoption of technologies that allow operators to produce shale gas economically.

- According to the Potential Gas Committee's (PGC) 2024 biennial assessment, released in September 2025, the United States has an estimated 3,871 trillion cubic feet (Tcf) of technically recoverable natural gas resources. Combined with proven reserves, total future U.S. natural gas supply is estimated at a record 4,562 Tcf.

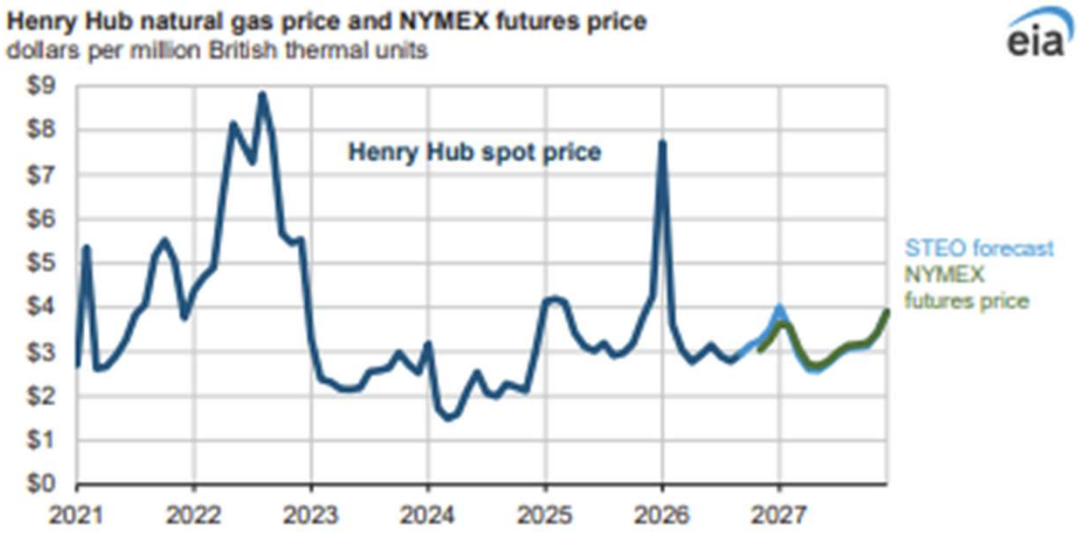
System Planning Strategies - Price

- The price of natural gas is determined by numerous market factors such as supply and demand, weather, imports and exports, underground storage levels, and natural gas production. Record high liquefied natural gas (LNG) exports have been a growing source of natural gas demand. The current market pricing is shaped by record year-to-date dry gas production, above average storage inventories, and the flexibility enabled by infrastructure connections within the U.S. and our neighbors to the North and the South.

- Serving as a national benchmark, the Henry Hub in southern Louisiana is the best known spot market for natural gas. As of November 3, 2026 the Henry Hub spot price was $2.63 per MMBtu. The U.S. Energy Information Administration (EIA) expects the Henry Hub price to be around $3.48/MMBtu on average in 2026 and $3.16/MMBtu in 2027 as liquefied natural gas exports, a component of total natural gas demand, increase with the addition of capacity.

- Although forecasting a colder winter, the U.S. Energy Information Administration (EIA) expects, in general, relatively little change in energy bills for most of the country this winter from last winter as lower energy prices mostly offset colder weather. Natural gas is the most common source of heat for U.S. households. According to EIA, U.S. households that heat with natural gas will spend approximately 9% less in heating costs this winter as compared to last winter.

System Planning Strategies - Price



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, October 2026, Bloomberg L.P., and LSEG Data

Note: Futures curve is the average settlement price for five trading days ending October 1, 2026.

System Planning Strategies - Pipeline Capacity Reliability

- Development of the national pipeline network infrastructure, comprised of interstate and intrastate transmission pipelines and underground natural gas storage facilities, helps meet the needs of the market and reach new customers within the U.S. and abroad.

- The pipeline infrastructure in the Northeastern US has not kept pace with soaring natural gas production. In addition to bidirectional pipeline projects, the industry is working to build transportation capacity to support this production growth. Pipeline expansion projects are helping to alleviate a supply glut in the region, but more must be done.

- According to the Federal Energy Regulatory Commission (FERC), interstate pipeline proposals totaled about 18.2 Bcf/d in 2025, the most since 2015, and FERC certificated roughly 7.3 Bcf/d of new capacity. However, FERC also notes that limited pipeline capacity into New York and New England continues to contribute to winter price spikes in the Northeast.

- In 2025, approximately 6.3 Bcf/d of new natural gas pipeline capacity was added nationwide, primarily in the South Central region.

Ability to Contract for Interstate Pipeline Capacity

- Firm capacity assets are used to transport supplies and manage storage to serve firm customers and operationally balance system requirements
- Members routinely review the interstate capacity market to try to obtain the optimum portfolio of assets to meet their needs
- The temperature sensitive loads of residential and human needs customers require dedicated, firm gas supply assets, including interstate transportation and storage services: There is no substitute
- Members do not report difficulty contracting for firm interstate capacity **when it is available**

Storage Management

- Inventories must be maintained at the levels necessary to fulfill obligations per planning criteria. Aggregate storage levels as of November 1, 2026 are sufficient to meet anticipated winter demand.

- Warmer than normal weather affects storage utilization, given the need to meet minimum turnover requirements for the integrity of fields and to comply with pipeline tariff provisions.

Storage Management

- Where contractually and operationally permissible, an NGDC may leave gas in storage if projected replacement costs exceed current prices, or an NGDC may use storage in lieu of firm transportation if replacement costs are favorable.

- Storage inventory is managed to prevent deliverability from being reduced before potential design day occurrence, and to prevent firm markets from going un-served for some part of the remainder of the season.

- Working natural gas inventories in the United States follow a seasonal pattern, generally increasing from April through October, which is considered the injection season, when natural gas consumption is relatively low. Inventories decrease from November through March, the withdrawal season, when natural gas consumption is relatively high.

- Working gas in storage was 3,724 billion cubic feet (Bcf) as of October 23, 2026, according to Energy Information Administration (EIA) estimates. Stocks were 147 Bcf lower than last year at this time and 38 Bcf above the five-year average of 3,686 Bcf. At 3,724 Bcf, total working gas is within the five-year historical range.

Injections into Liquefied Natural Gas (LNG) Facilities

- Two Association members own on-system liquefied natural gas (LNG) facilities, which provide a source of wintertime deliverability

- These facilities are also used to mitigate exposure to price volatility, especially during peak periods

- Total volume injected: 3.7 Bcf

  PECO anticipates using LNG to meet 1% of winter day requirements.
  PGW anticipates using LNG to meet 2% of winter day requirements.

- Management of LNG facilities is primarily a matter of preparedness

Gas Price Volatility: Hedging

- Based on a weighted average of the members, 59.47% of this winter's supplies are hedged.

- Supplies are considered hedged if they are
  - Already purchased and in storage
  - If they are contracted for delivery under:
    - Fixed-price contracts
    - Forward-priced contracts
    - Price caps

Conclusion: Supply

- Members are well prepared to accommodate the conditions forecasted in their winter season planning design.
- Underground storage and peak shaving inventories will be adequate to handle design conditions.

Thank you.

Sources

- **American Gas Association**
- Potential Supply of Natural Gas in the United States (accessed Oct. 2026), aga.org
- **Federal Energy Regulatory Commission**
- State of the Markets 2025 (Mar. 2026), ferc.gov
- **U.S. Energy Information Administration (eia.gov)**
- Short-Term Energy Outlook: Natural Gas (Oct. 2026)
- Winter Fuels Outlook 2026–27 (Oct. 2026)
- Henry Hub Natural Gas Spot Price (accessed Nov. 4, 2026)
- Weekly Natural Gas Storage Report (Oct. 29, 2026)
- U.S. Natural Gas Production to Reach Record Highs in 2026 and 2027 (Feb. 2026)
- Most Natural Gas Pipelines Built in 2025 Connect the South Central United States to Supply (Feb. 2026)
- U.S. Natural Gas Production Reached a New Record in 2025 (Mar. 2026)
- The United States Set Record Energy Production in 2025, Again (May 2026)