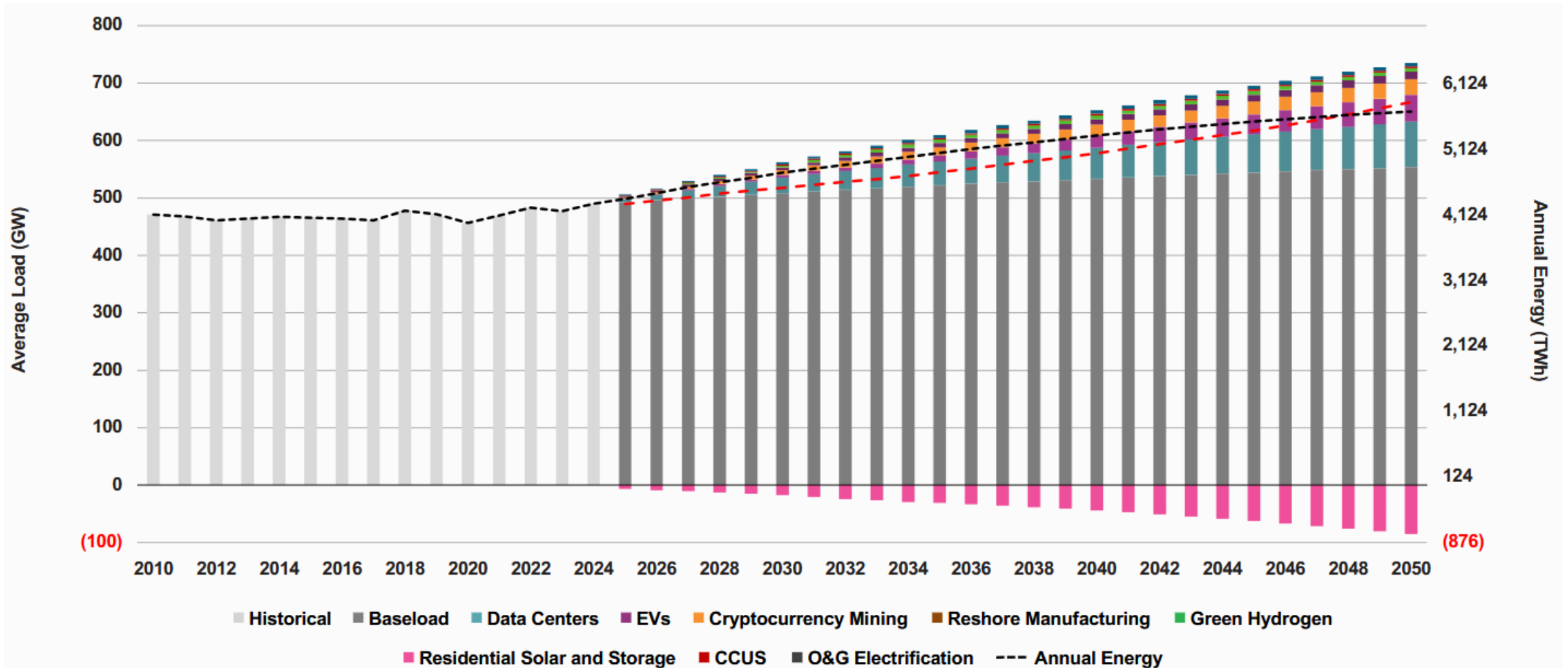


ACES<sup>®</sup>  
excellence in energy

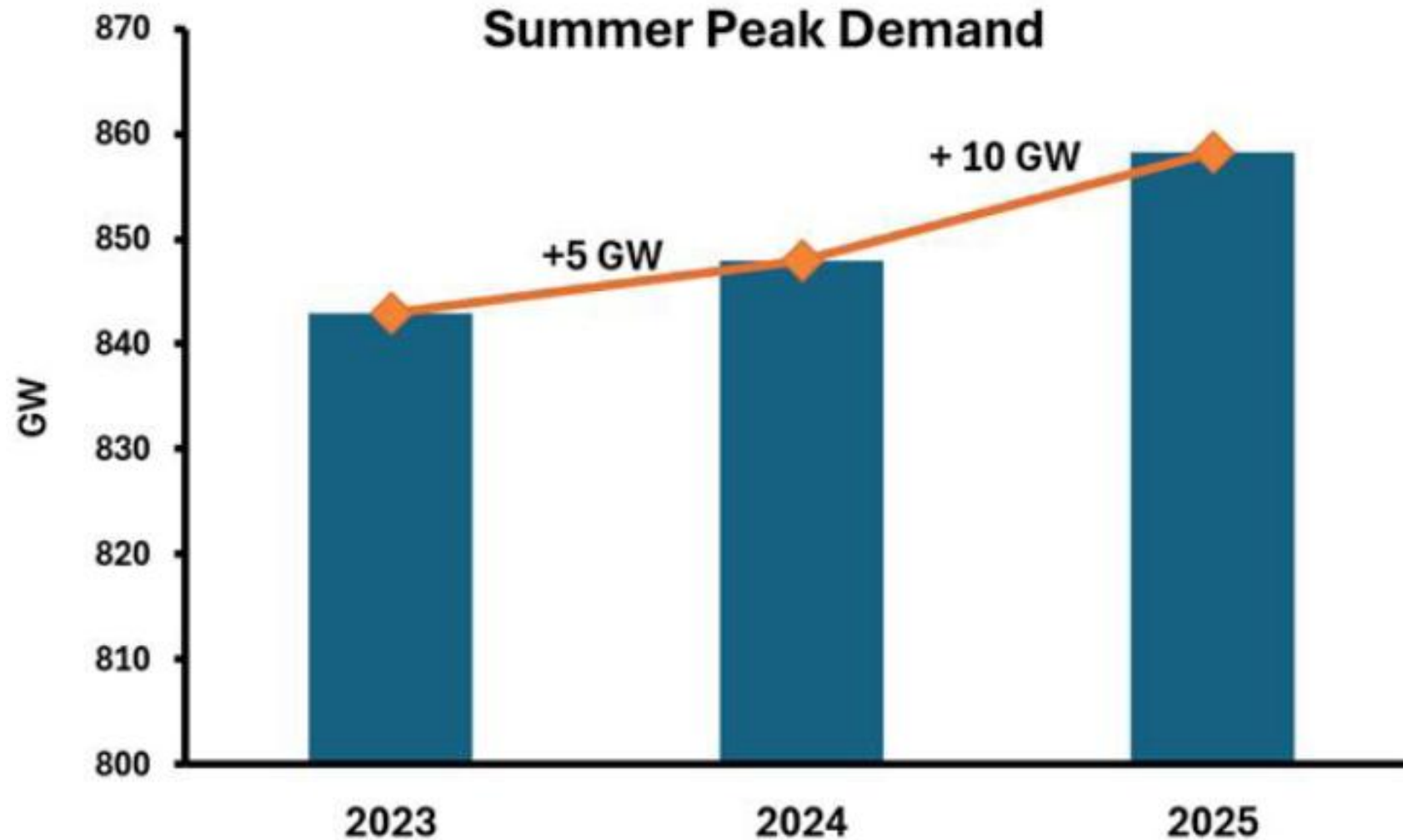
# State of the Market

June 24, 2025

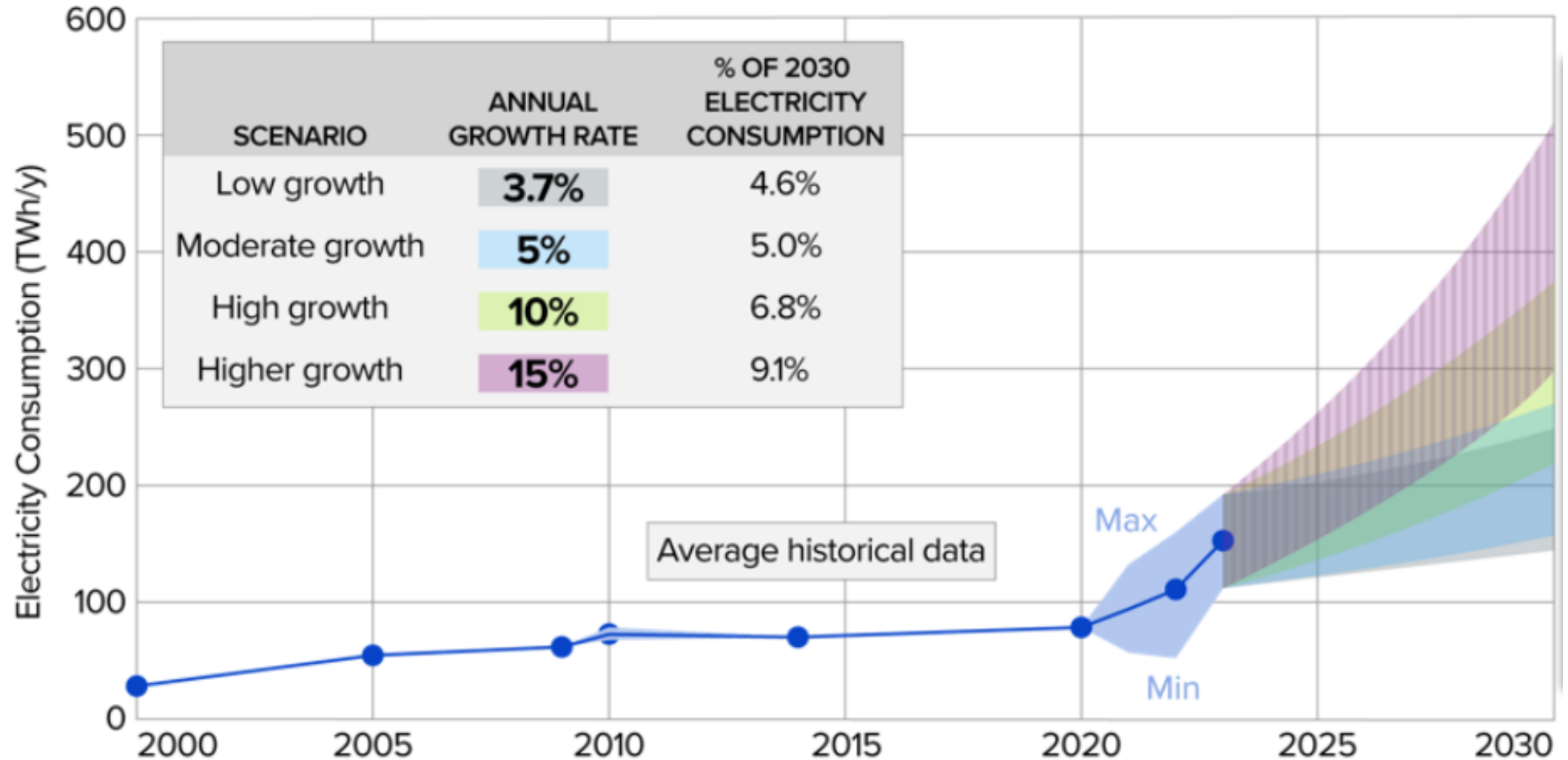
# Electricity Demand Growing for the First Time in Decades



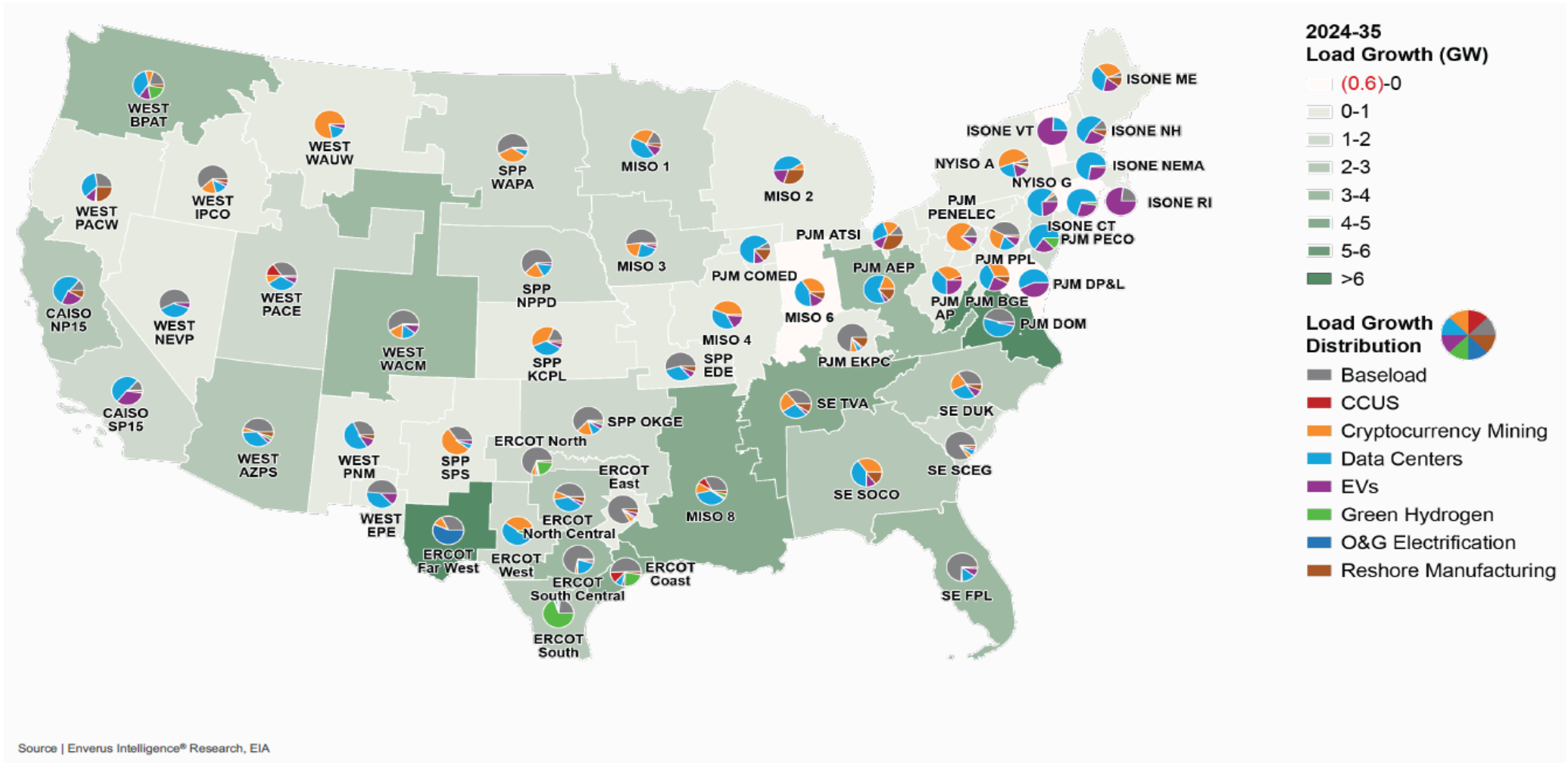
# Summer Peak Electric Demand Was Twice the Increase from 2023-2024



# There is Significant Uncertainty Over Data Center Demand



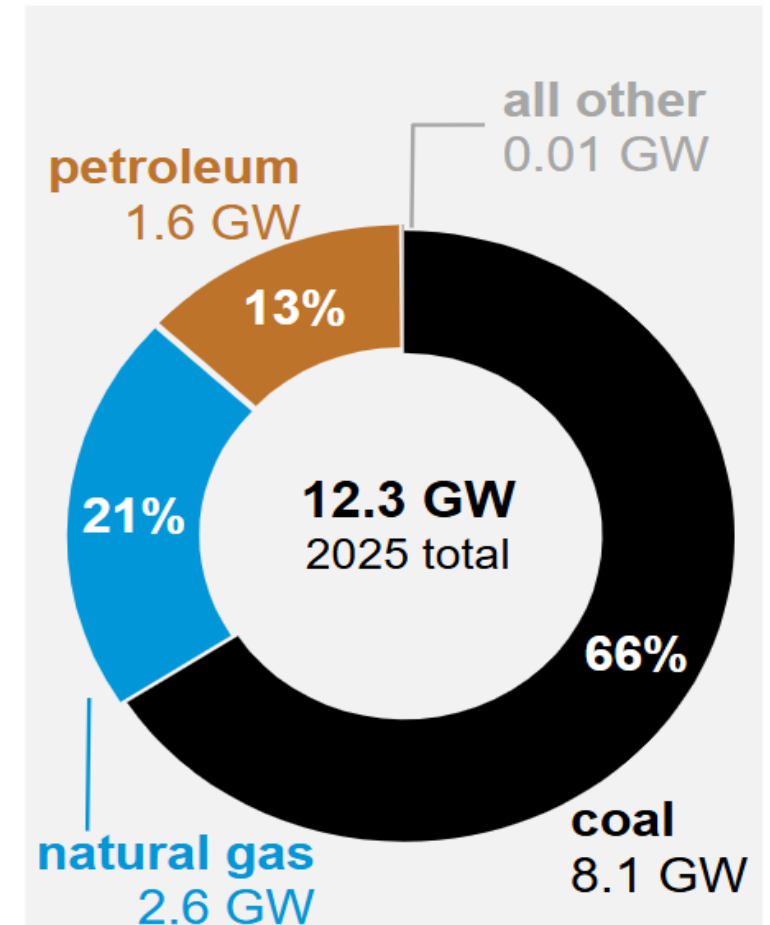
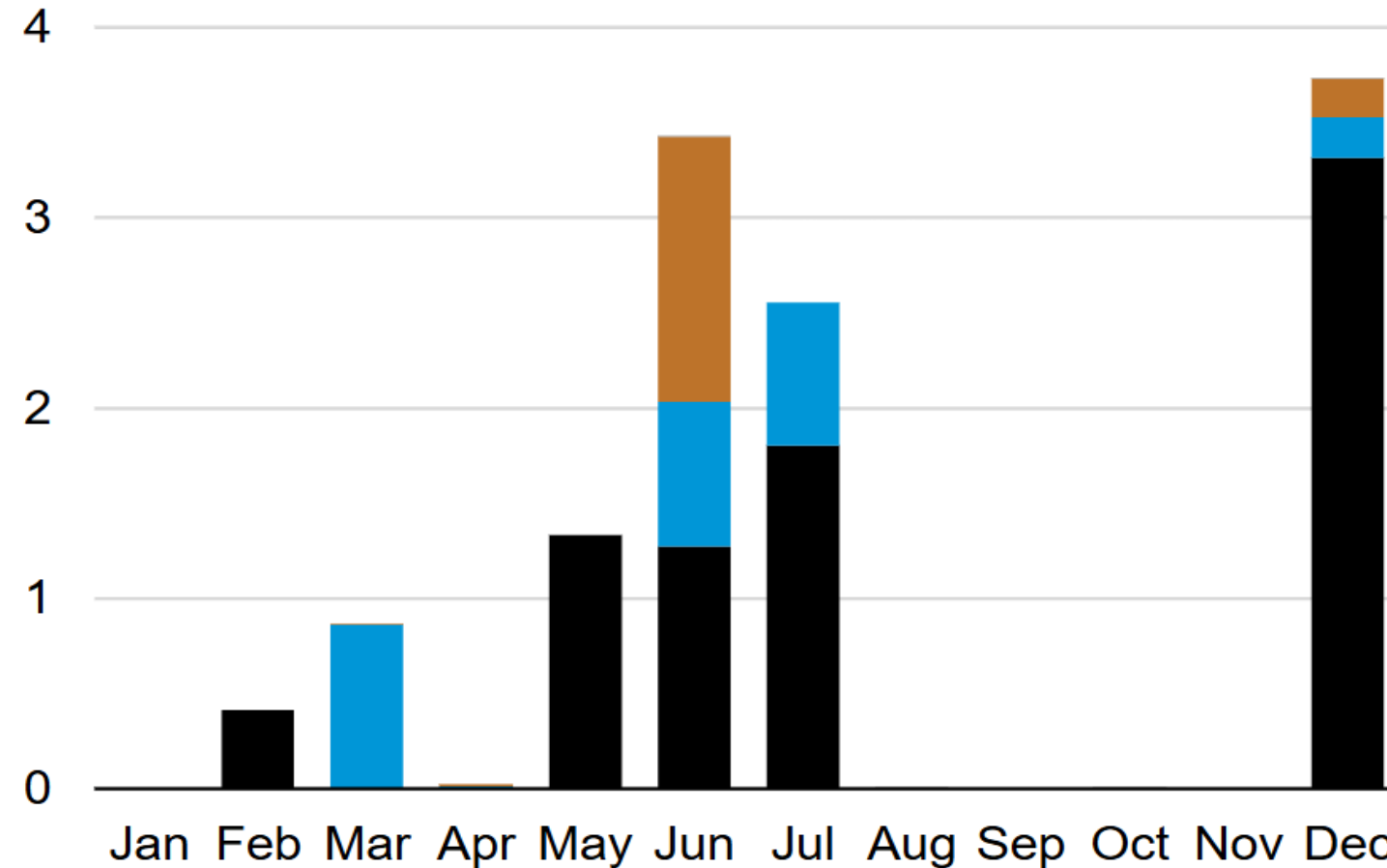
# And It's Not Just Data Centers



# But We Continue to Retire Coal and Natural Gas

## U.S. planned utility-scale electric-generating capacity retirements (2025)

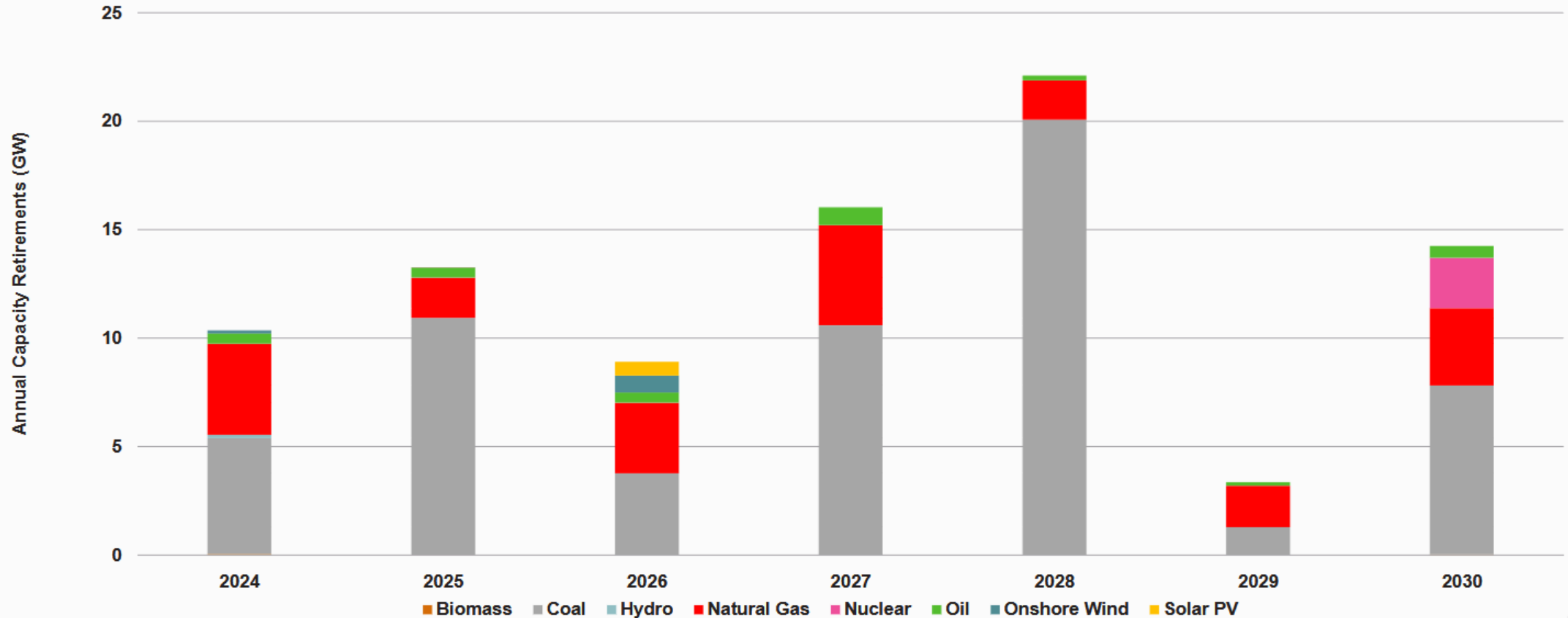
gigawatts (GW)



eia

# With Significant Retirements Announced Over the Next 5 Years

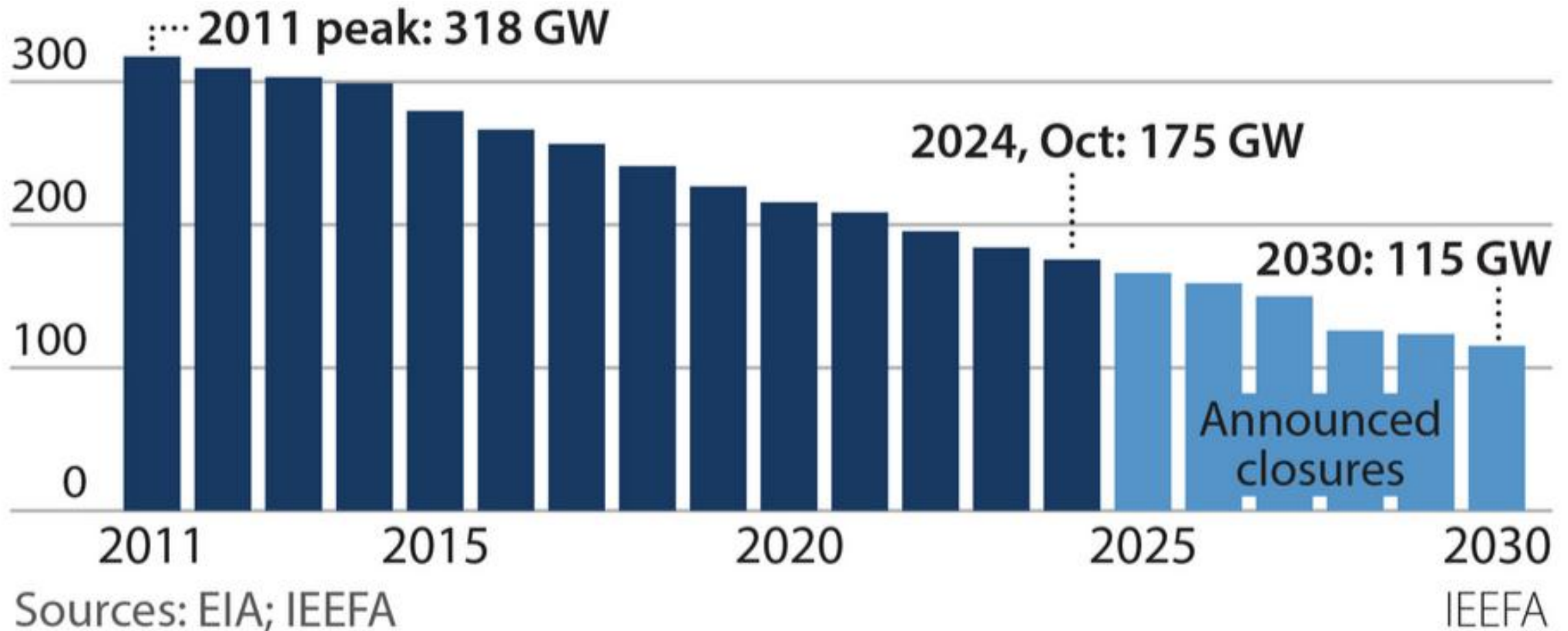
## Announced Retirements by Type (2025-30)



Source | Enverus Intelligence® Research, Enverus FOUNDATIONS® – Power & Renewables



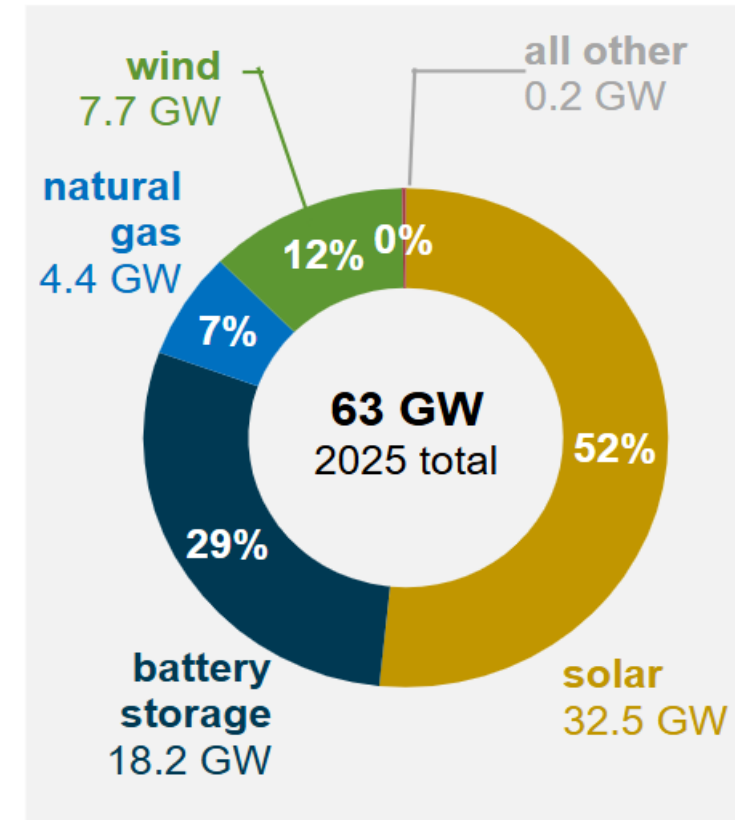
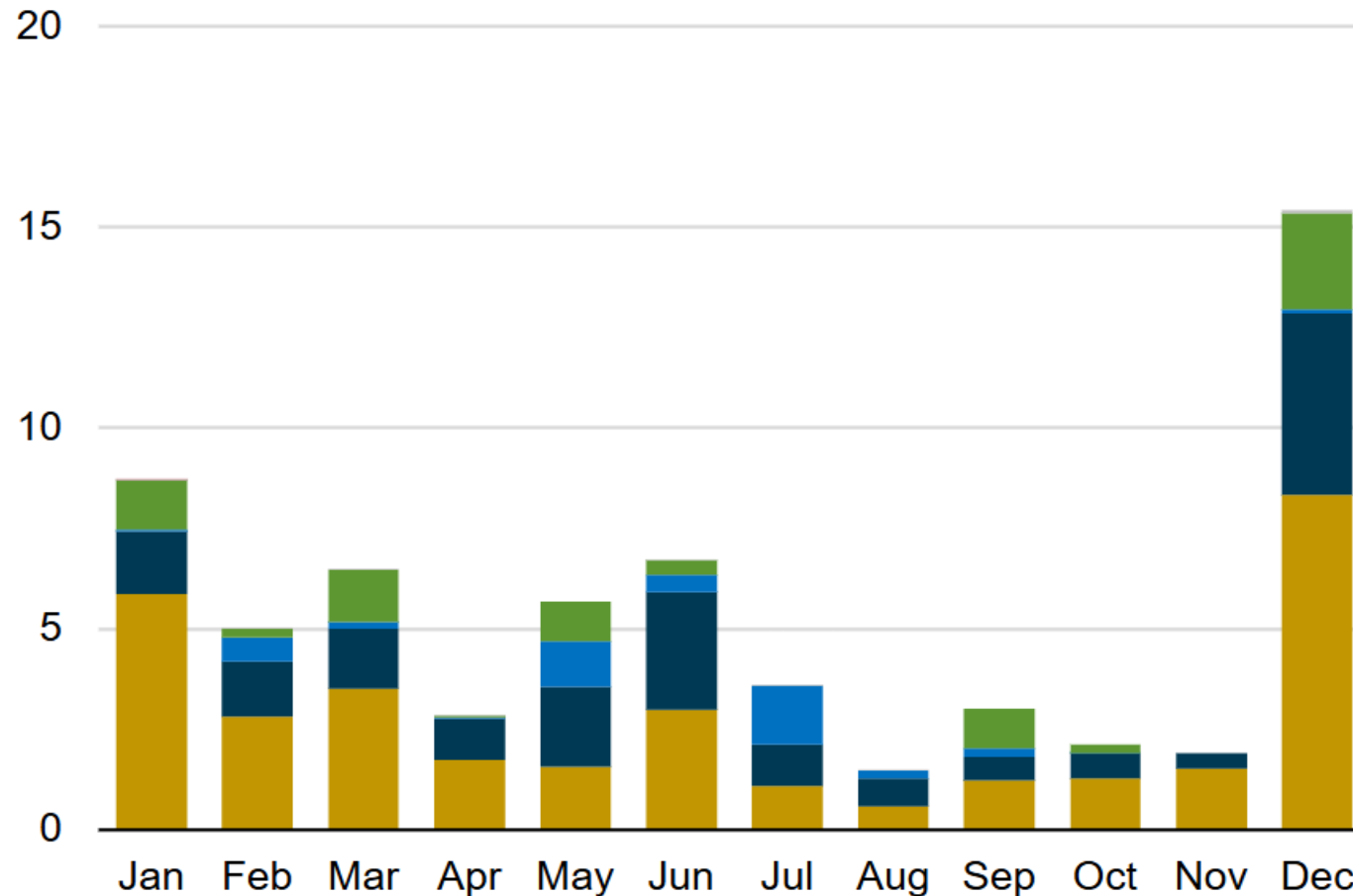
# Coal Capacity Will Drop to 115 GW by 2030



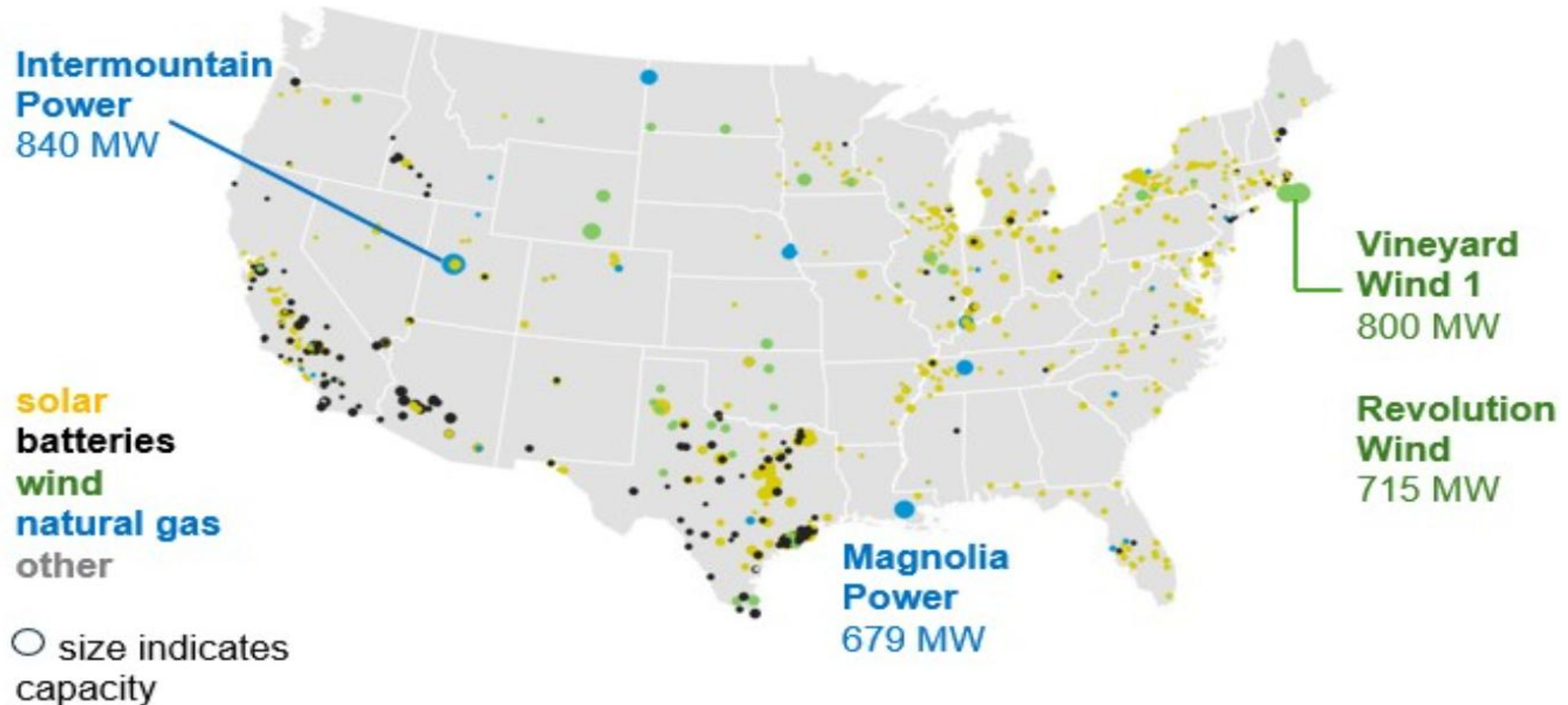


# A Noticeable Shift in Replacement Generation

**U.S. planned utility-scale electric-generating capacity additions (2025)**  
gigawatts (GW)

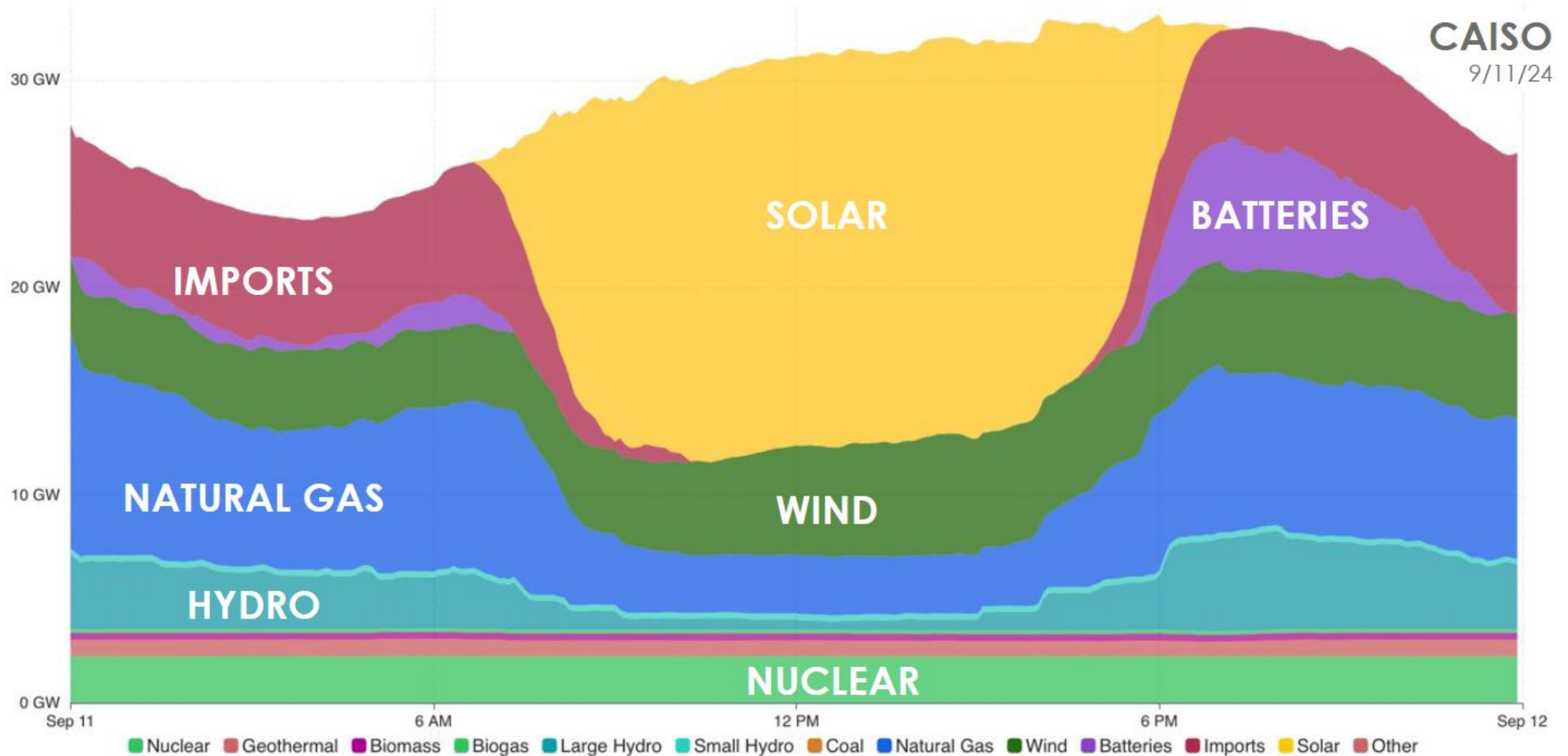


# Replacement Generation Renewables Heavy

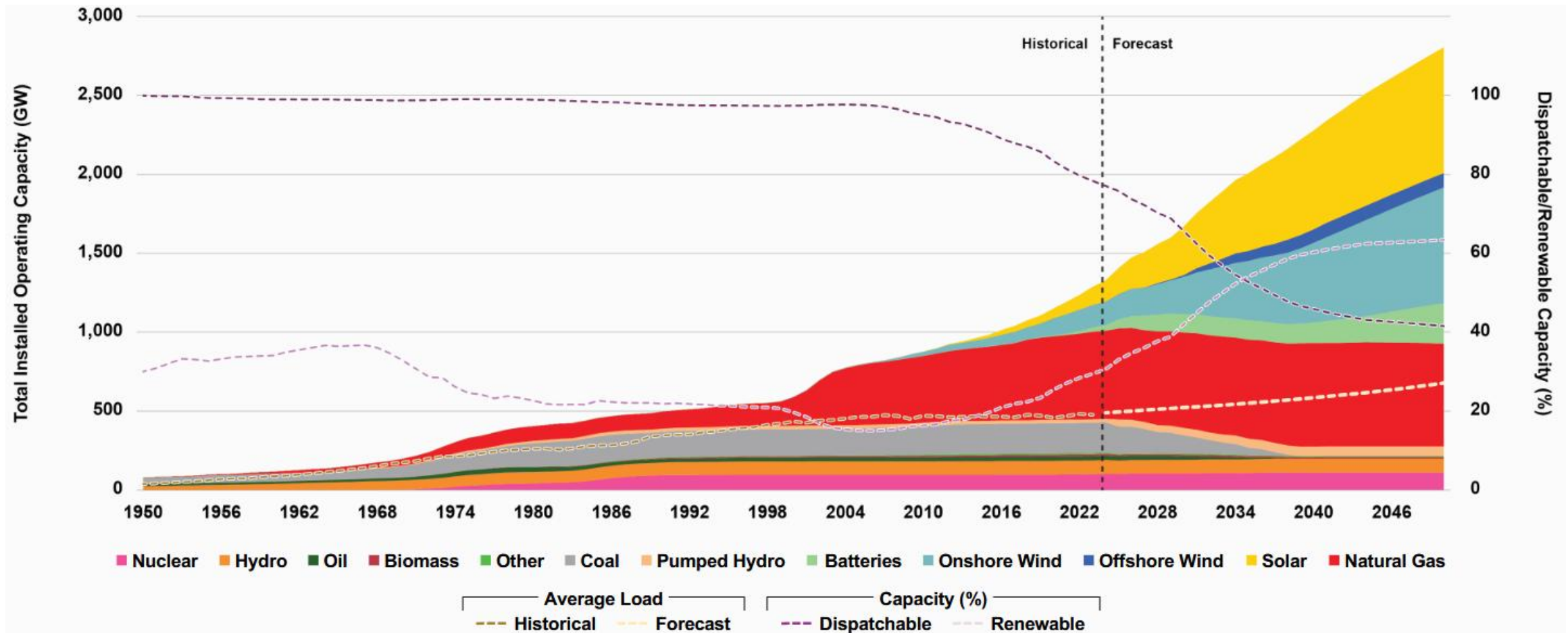


**Data source:** U.S. Energy Information Administration, *Preliminary Monthly Electric Generator Inventory*, December 2024  
**Note:** MW=megawatts

# Solar Additions Require Storage and Flexible Generation

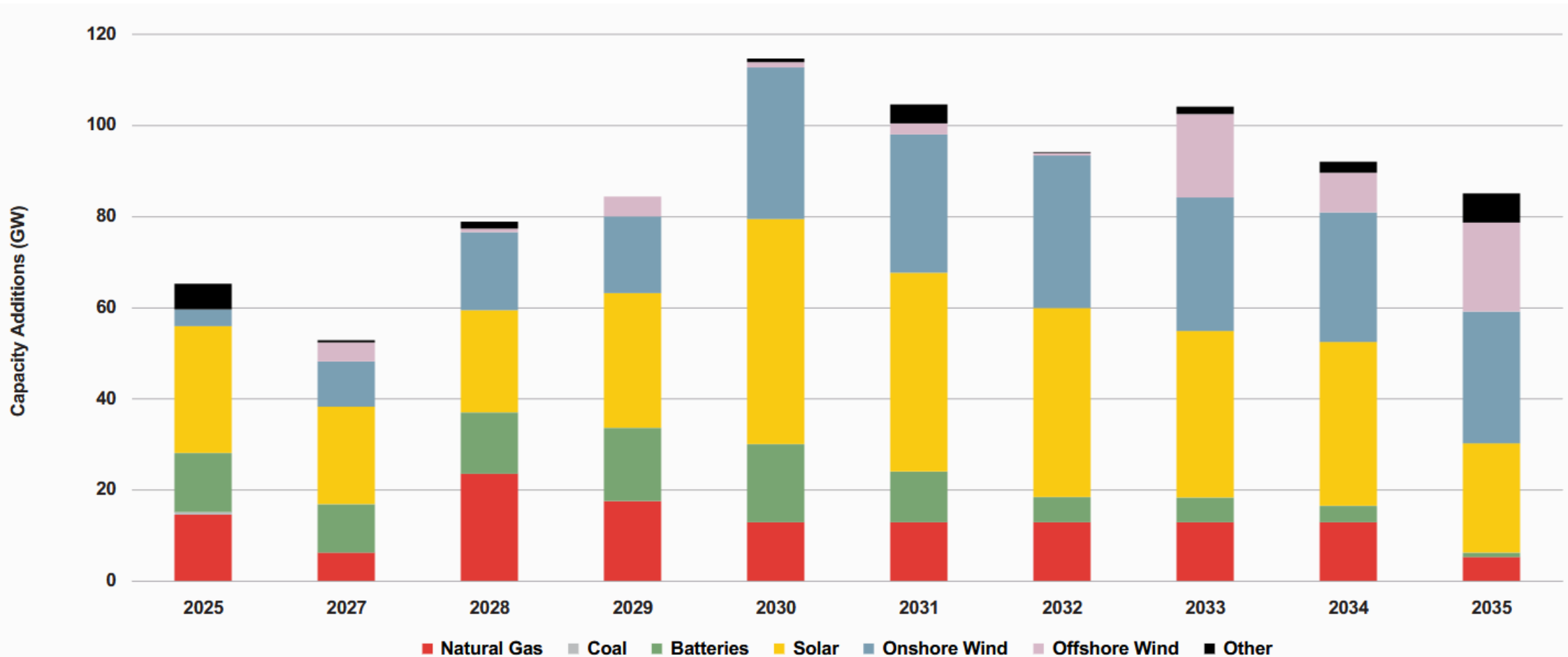


# Intermittent Supply Growth Requires Natural Gas Support



Source | Enverus Intelligence® Research

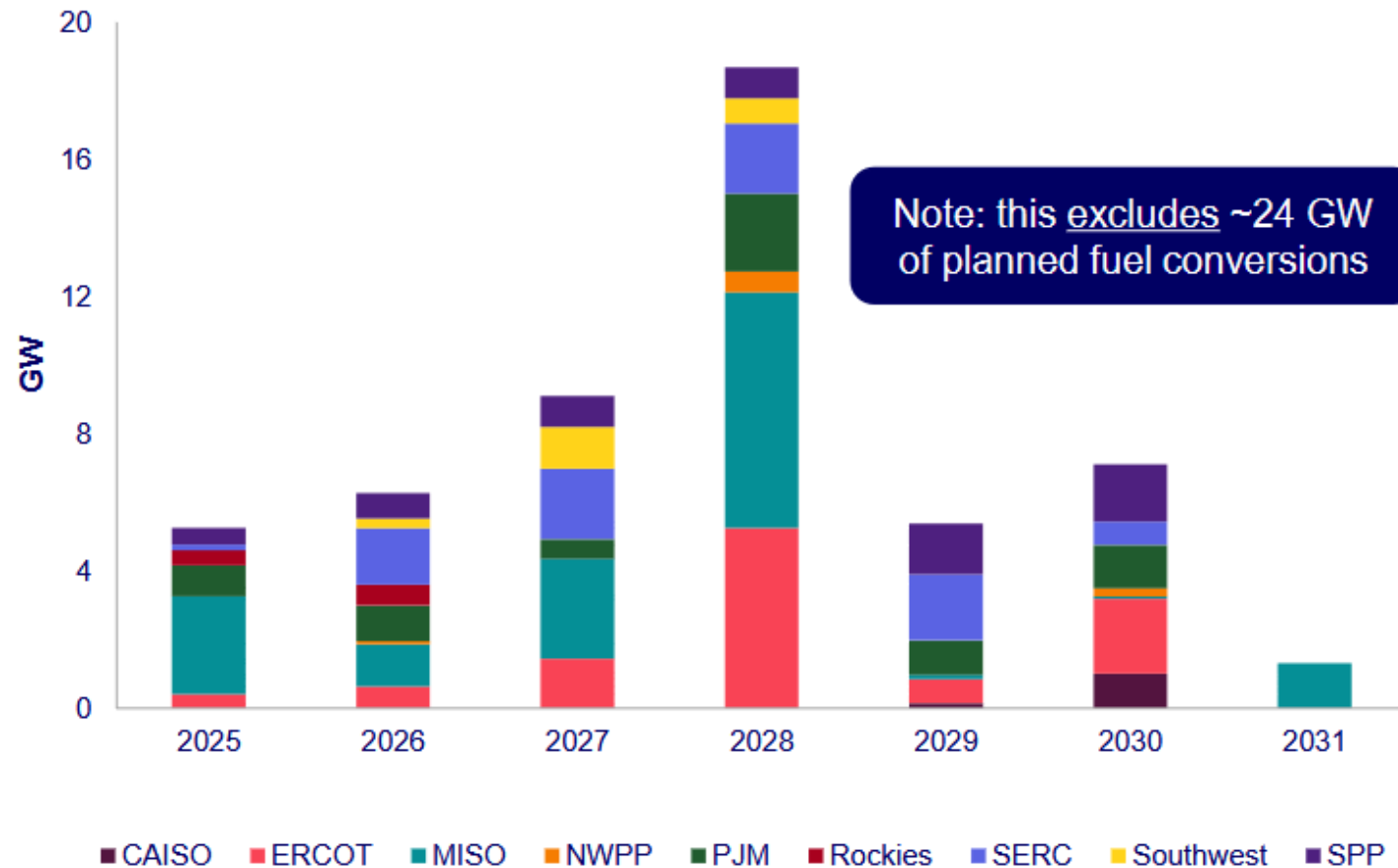
# Over 150 GW of New Natural Gas Capacity Required



Source | Enverus Intelligence® Research

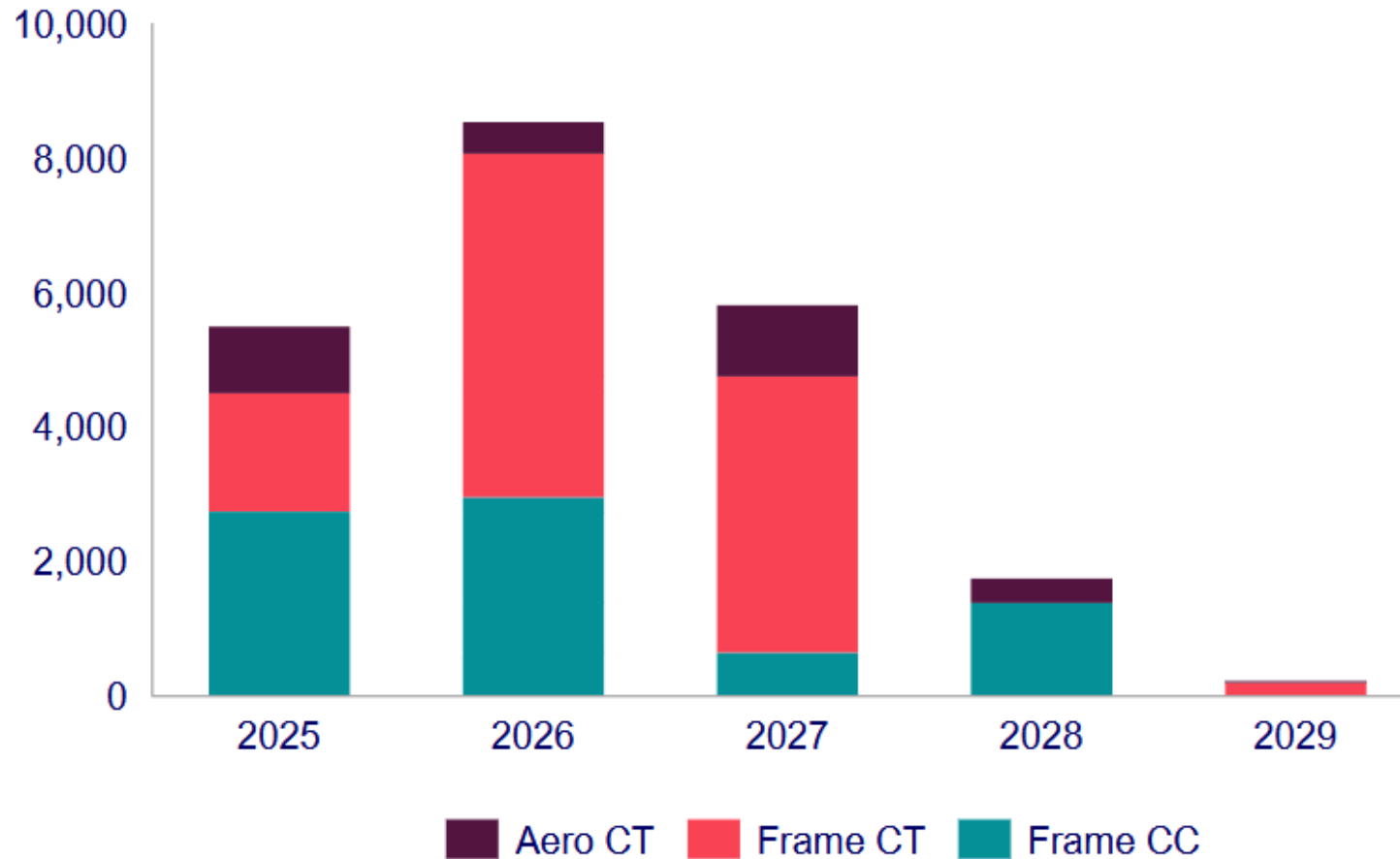
# Natural Gas Generation Boom is Occurring Across Multiple Markets

## Current gas pipeline by market and announced COD



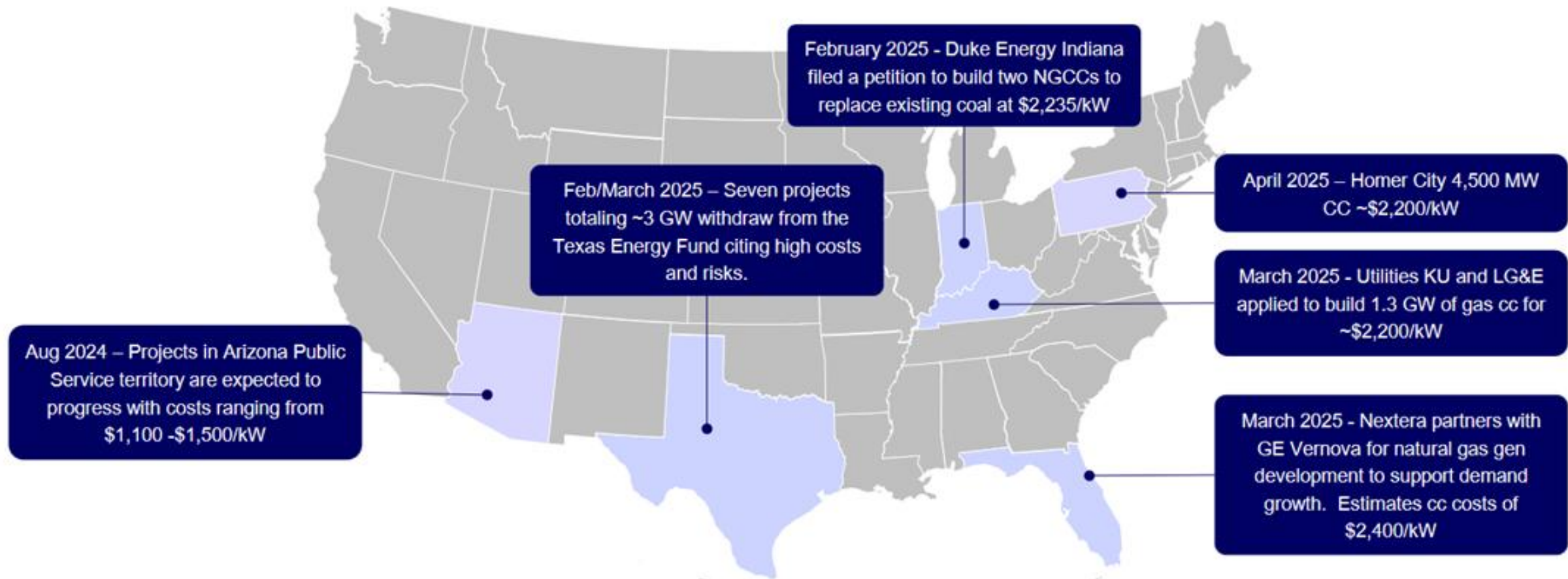
# Most Natural Gas Plant Additions Focused on Peaking/Flexible Generation

**Estimated COD for confirmed turbine orders**



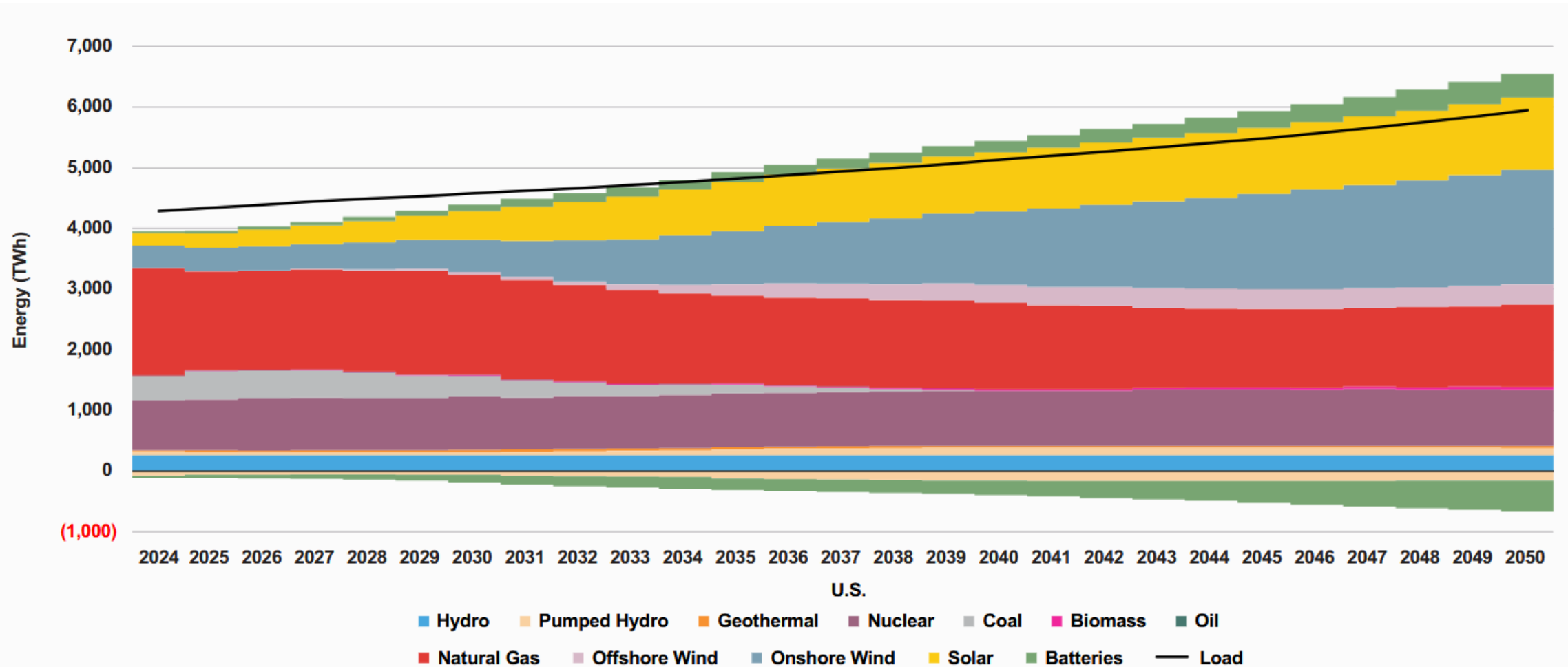


# Costs for New Natural Gas Combined Cycle Plants Have Increased Significantly



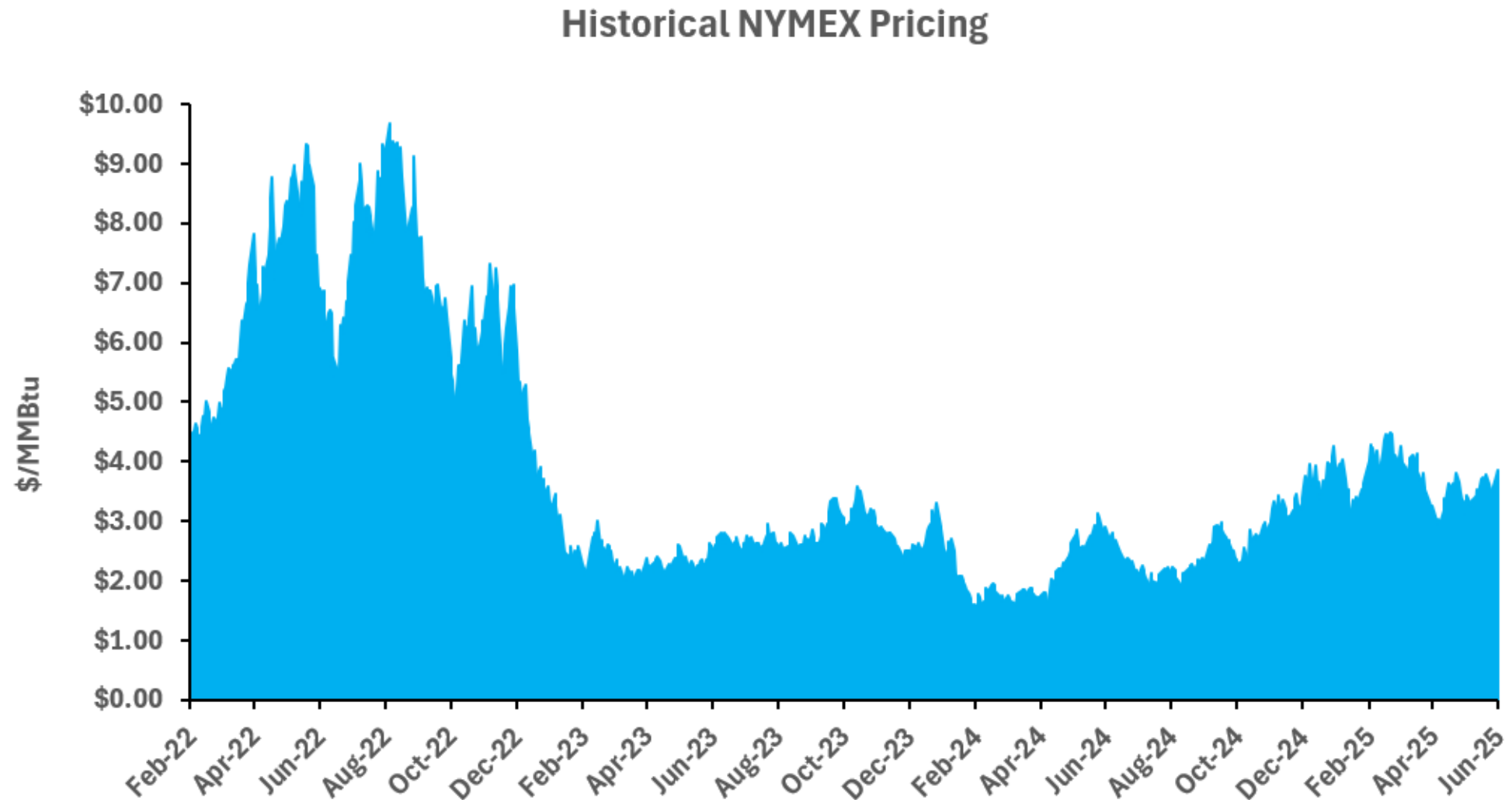
Source: Wood Mackenzie

# Natural Gas Remains a Critical Part of the Mix

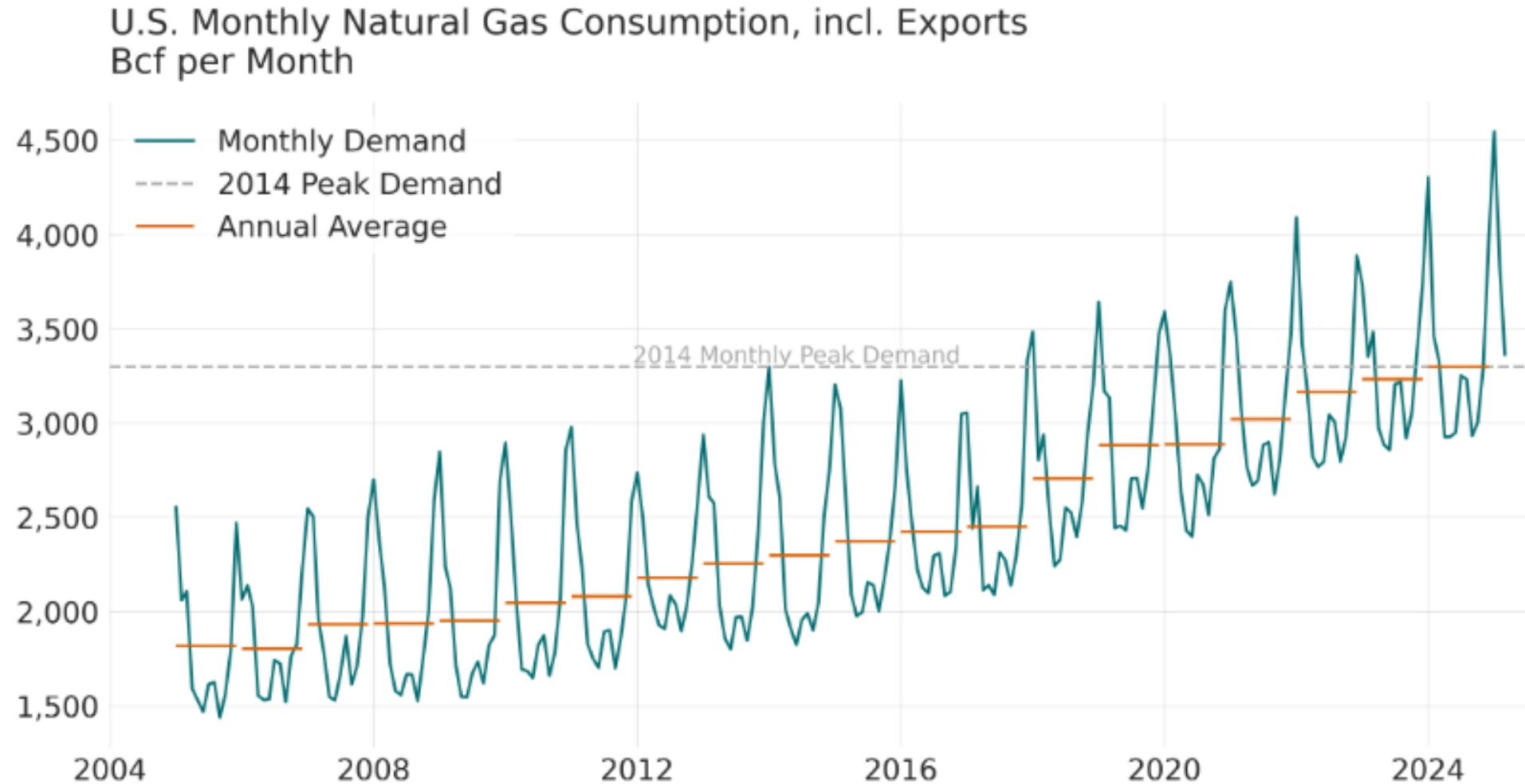


Source | Enverus Intelligence® Research

# NYMEX Finally Gets Back Above \$4.00/MMBtu

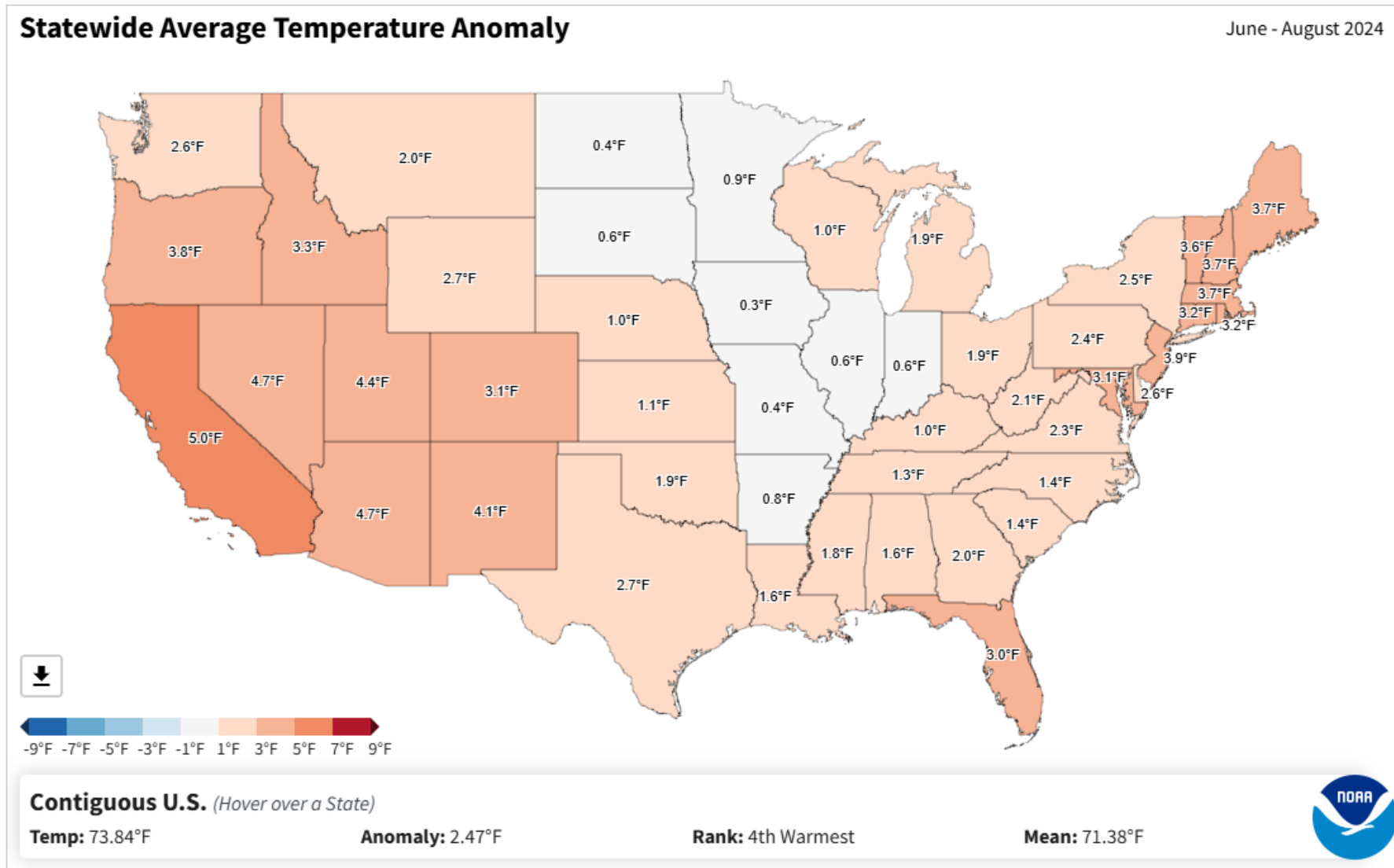


# As Natural Gas Consumption Sets a New Record



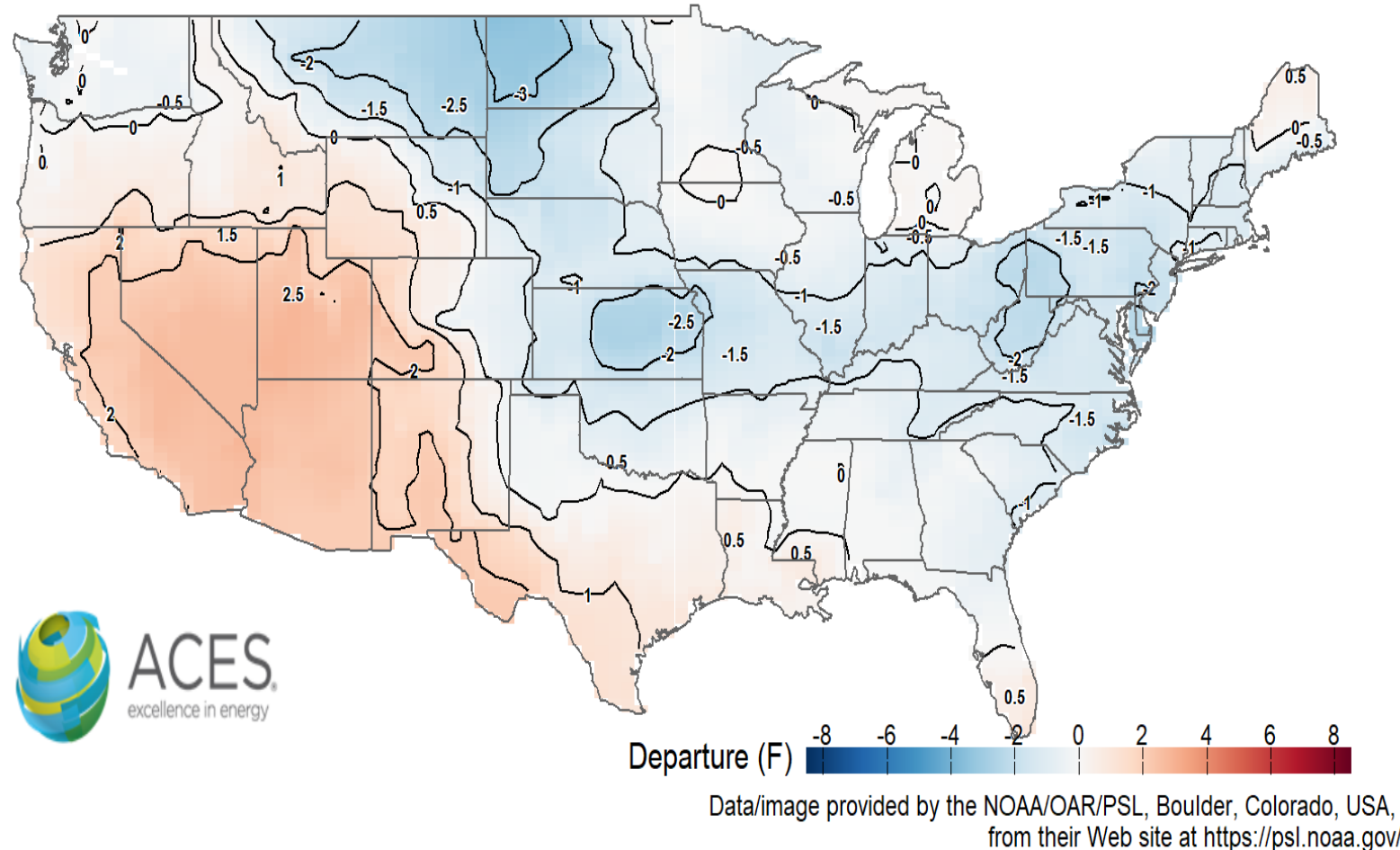
Source: S&P Global Commodity Insights, ©2025 by S&P Global Inc., Chart: American Gas Association

# 2024 Second Hottest Summer on Record

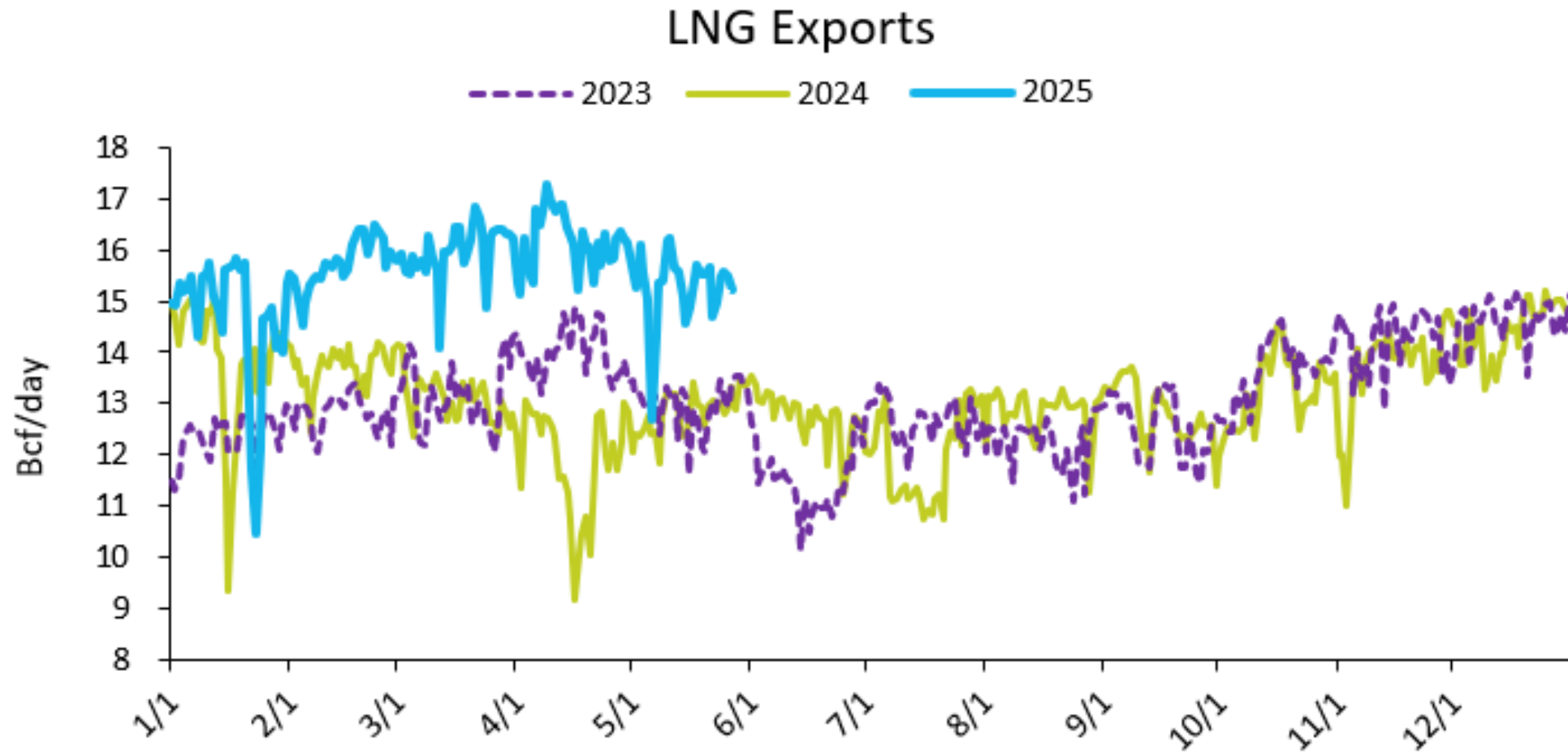


# Followed by a Cold Winter for Most of the U.S.

Temperature Anomalies (F) for December 2024 to February 2025

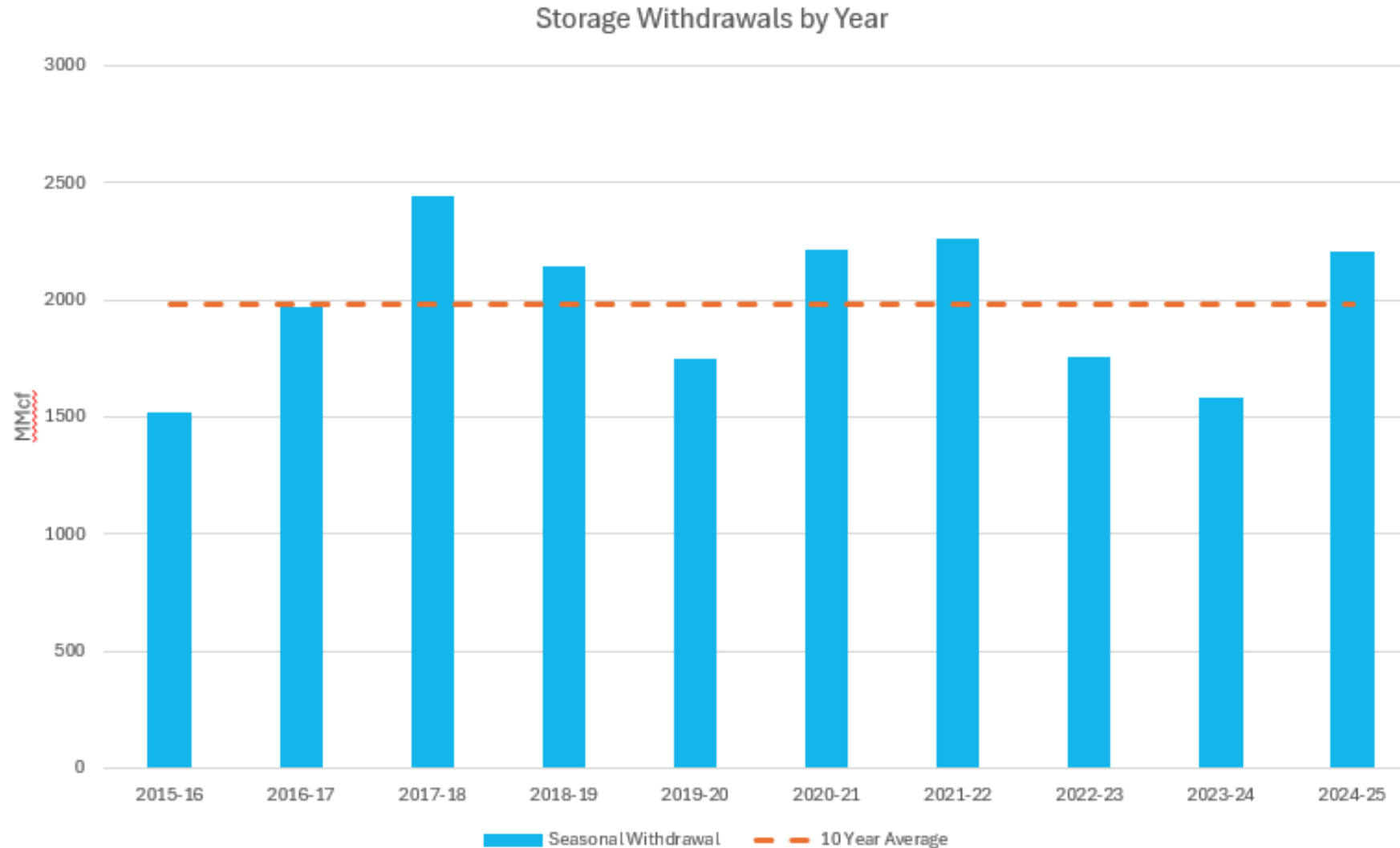


# U.S. Liquefied Natural Gas (LNG) Exports Continue to Increase

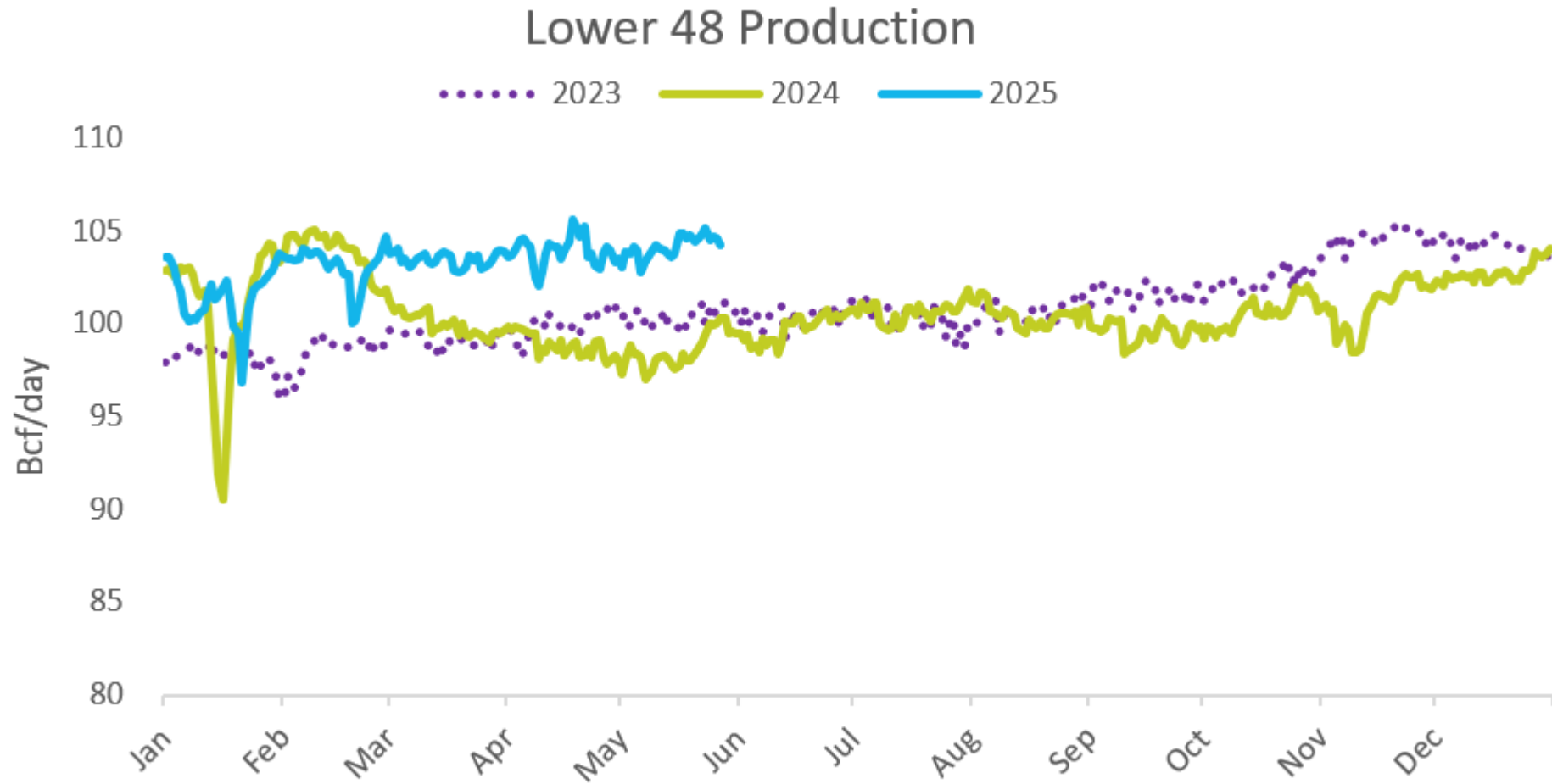




# Resulting in a Larger Than Normal Storage Withdrawal Season

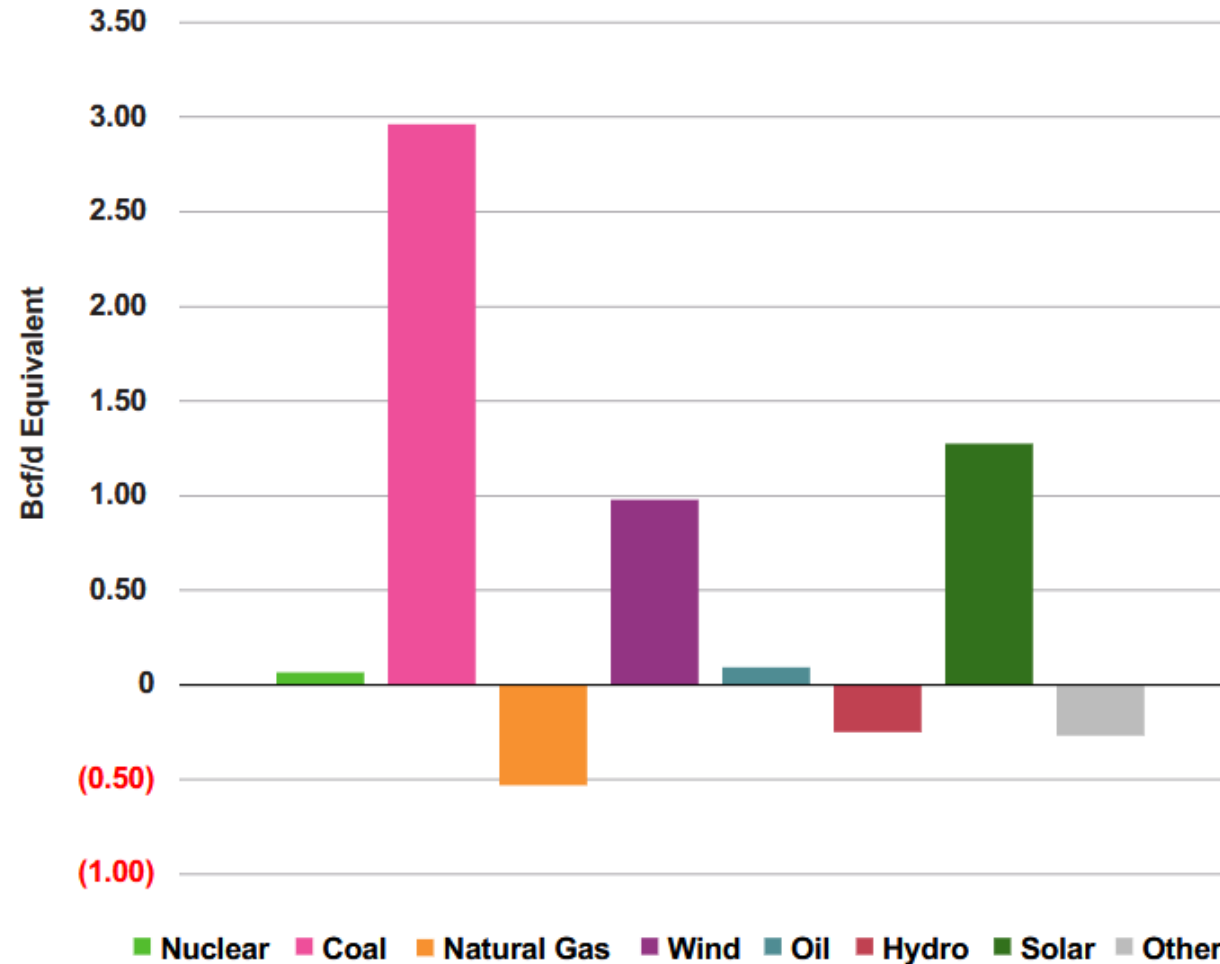


# Production Responded to Higher Natural Gas Prices

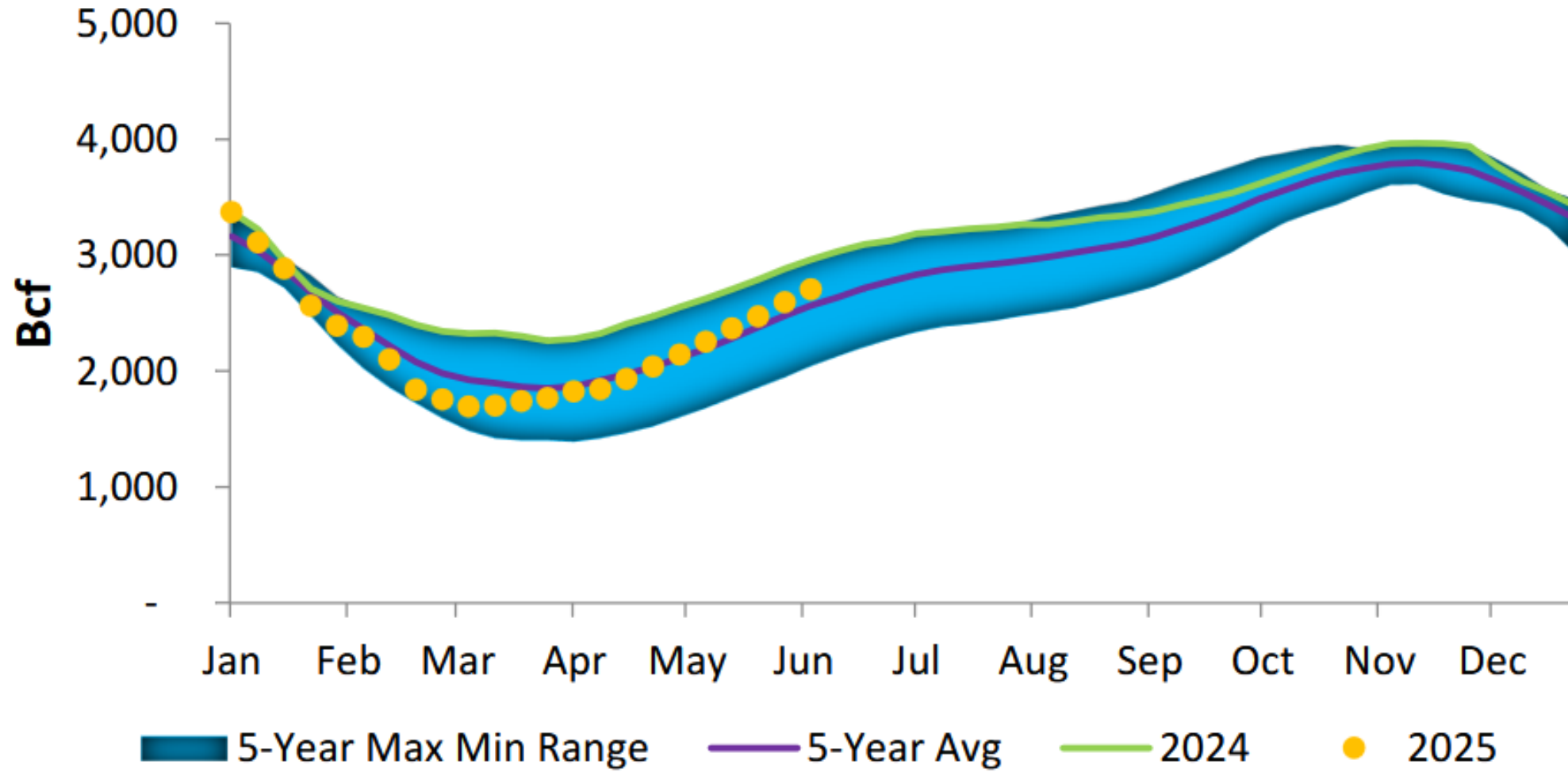


# Coal Helping to Keep Natural Gas Supply and Demand in Balance

YTD Average Gains by Fuel Type

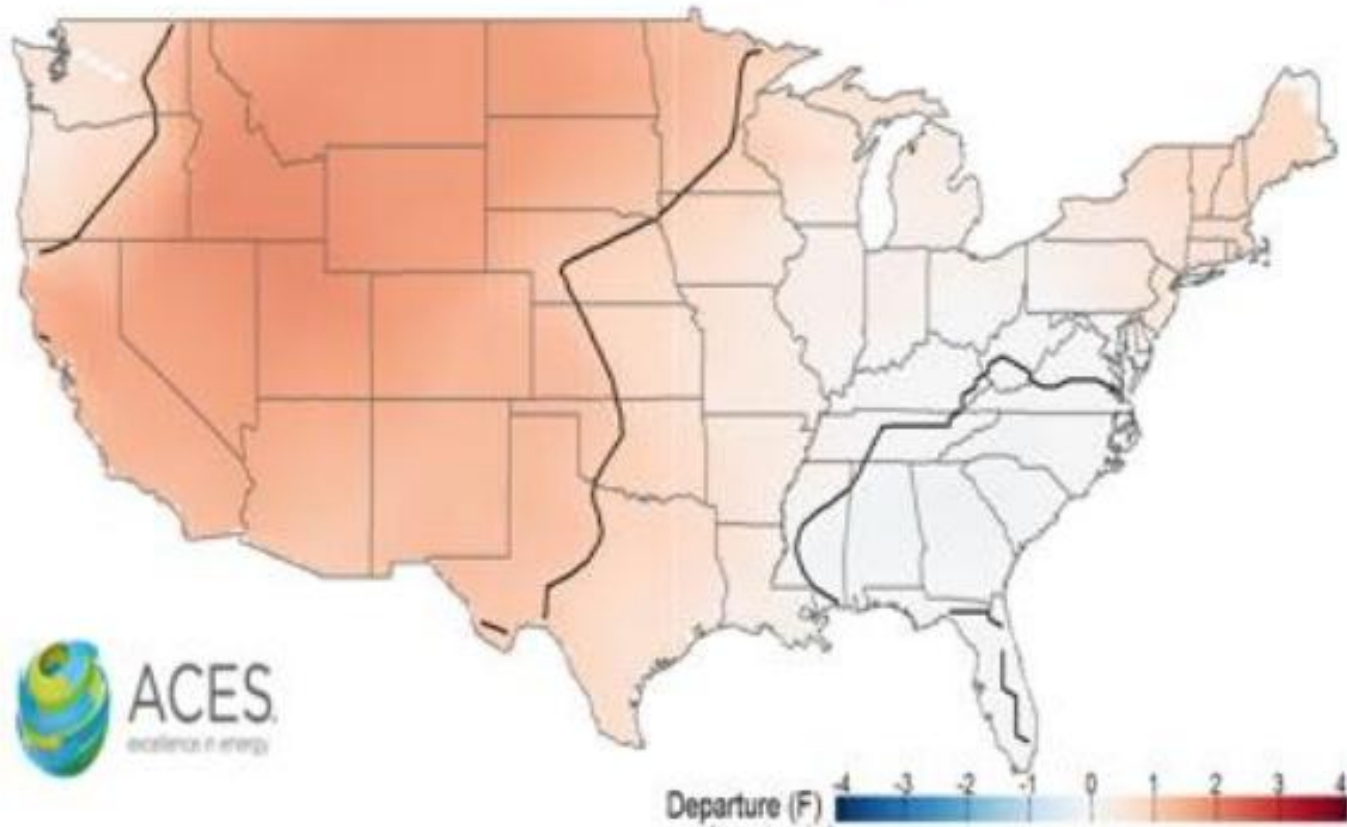


# Resulting in a Rebound in Natural Gas Inventories



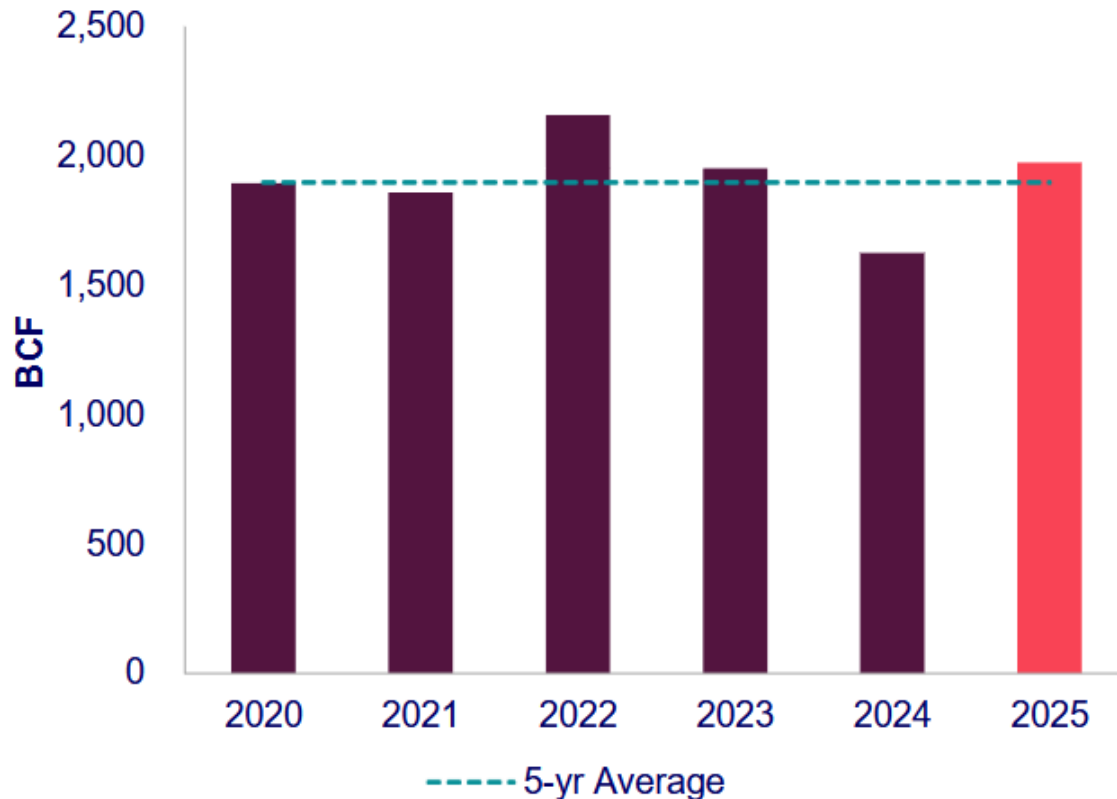
# Upcoming Summer Expected to Be Hot

## June-August 2025 Forecasted Temperature Anomalies

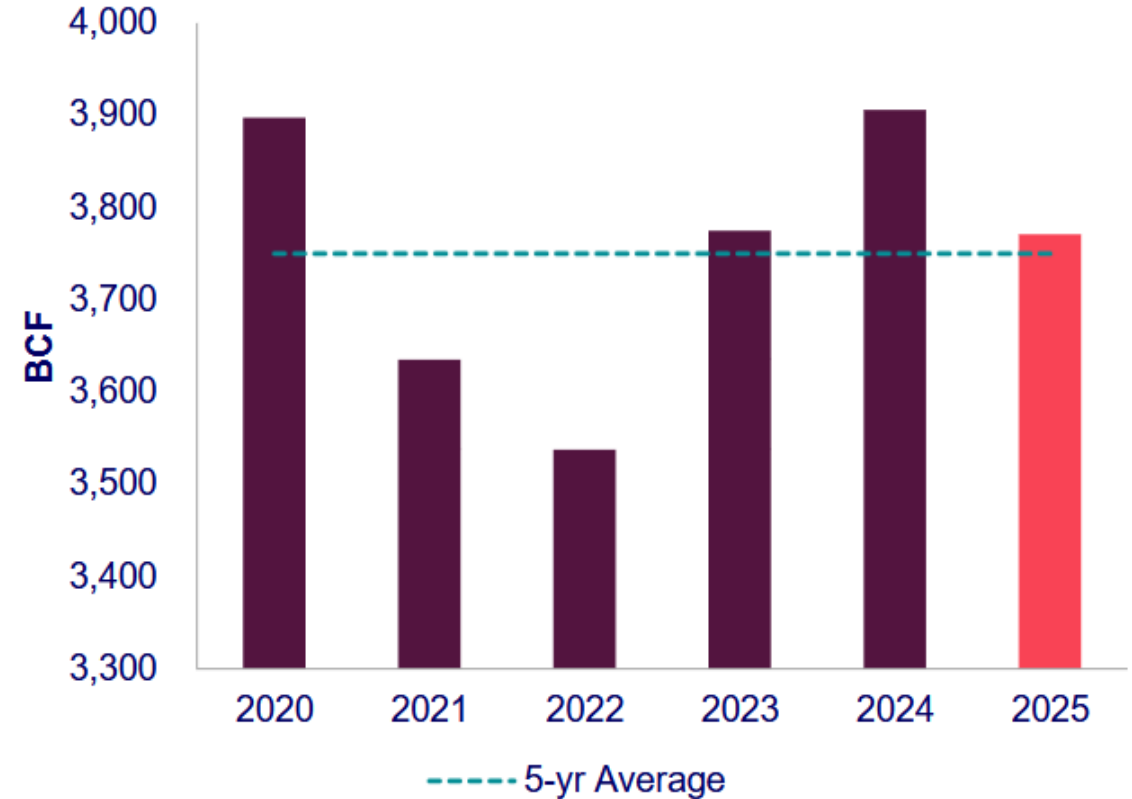


# Summer Storage to End Above 5-Year Average, But Will it Be Enough?

Summer injection totals (BCF)

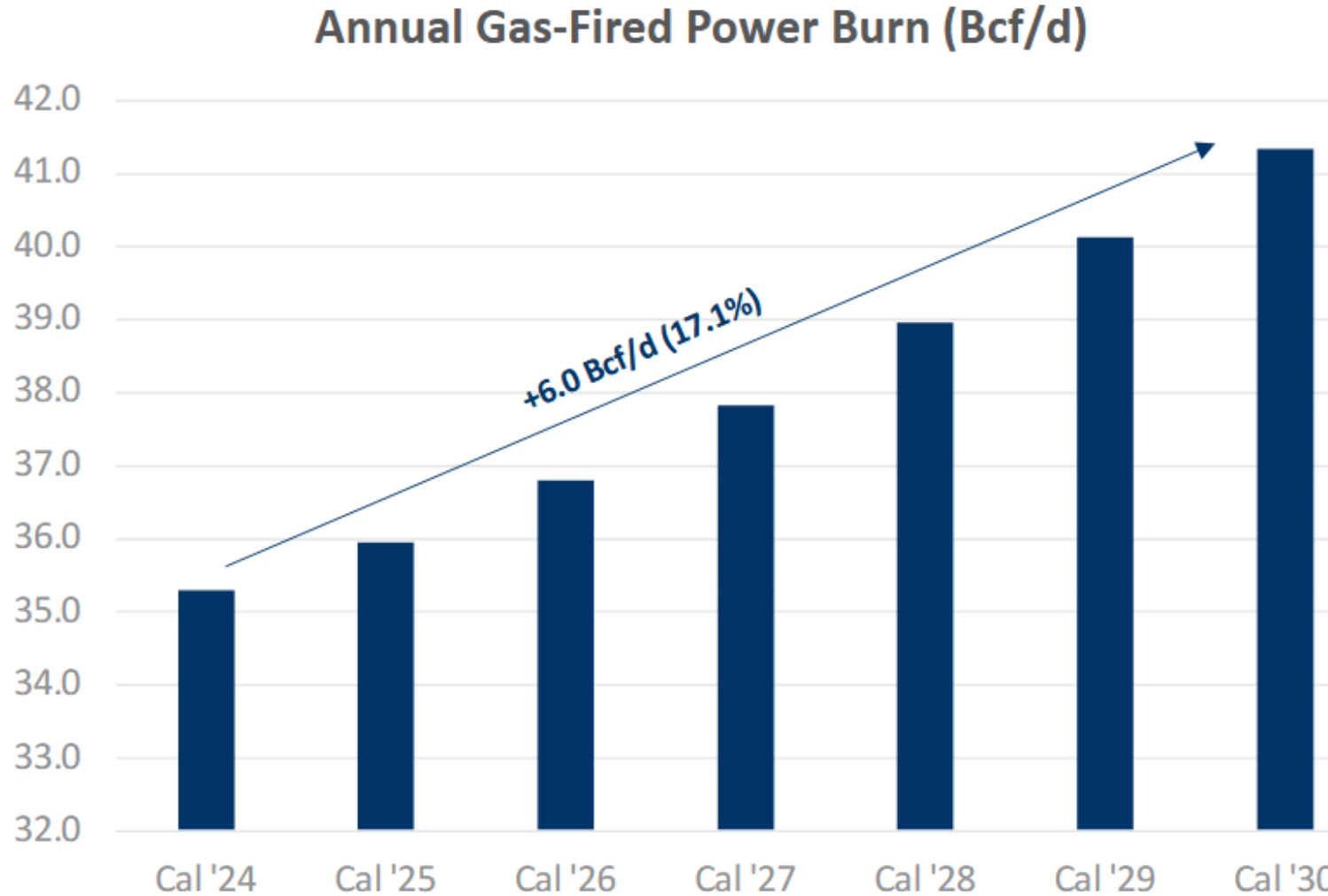


End of summer inventory levels (BCF)



Source: Wood Mackenzie North America Forward S&D

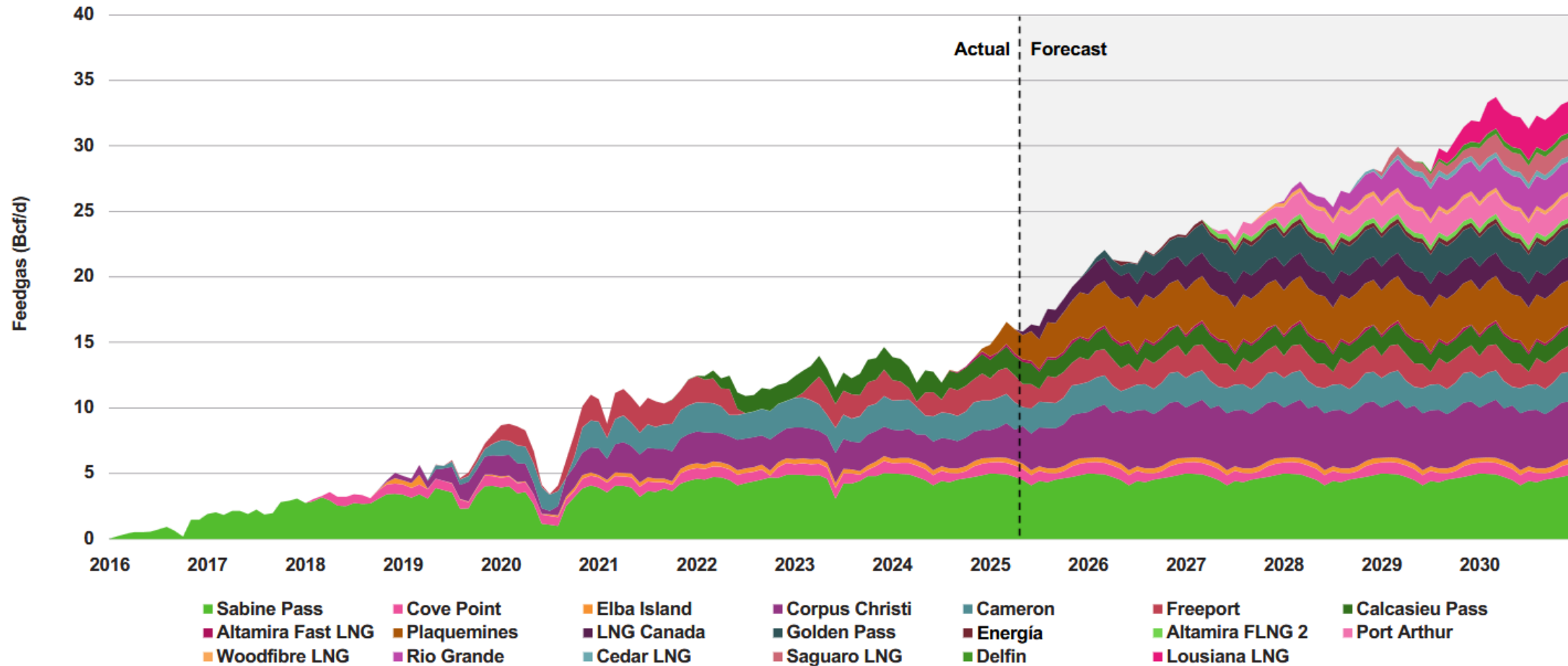
# Looking Ahead, Natural Gas for Power Demand Expected to Increase



East Daley Analytics

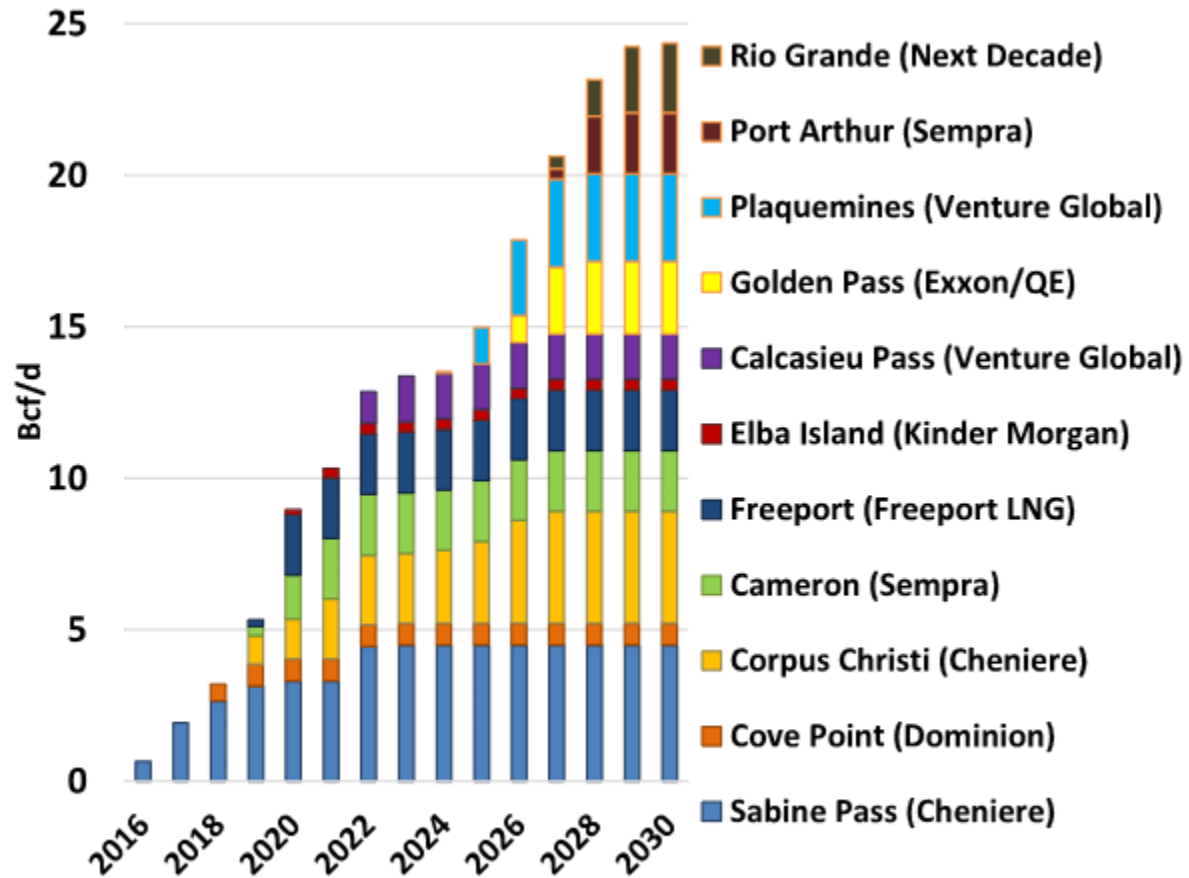


# While LNG Export Capacity Grows to 30 Bcf/d by 2030



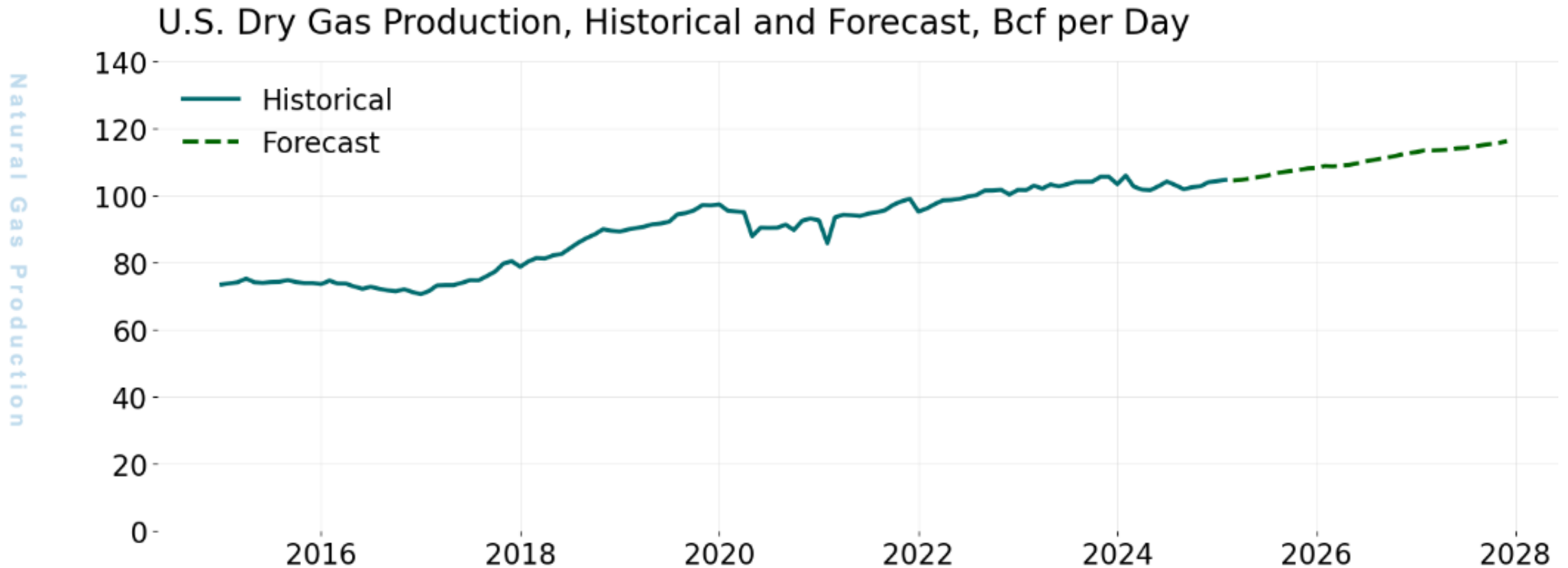
Source | Enverus Intelligence® Research, EIA, company disclosures

# New LNG Export Demand Focused on Gulf Coast



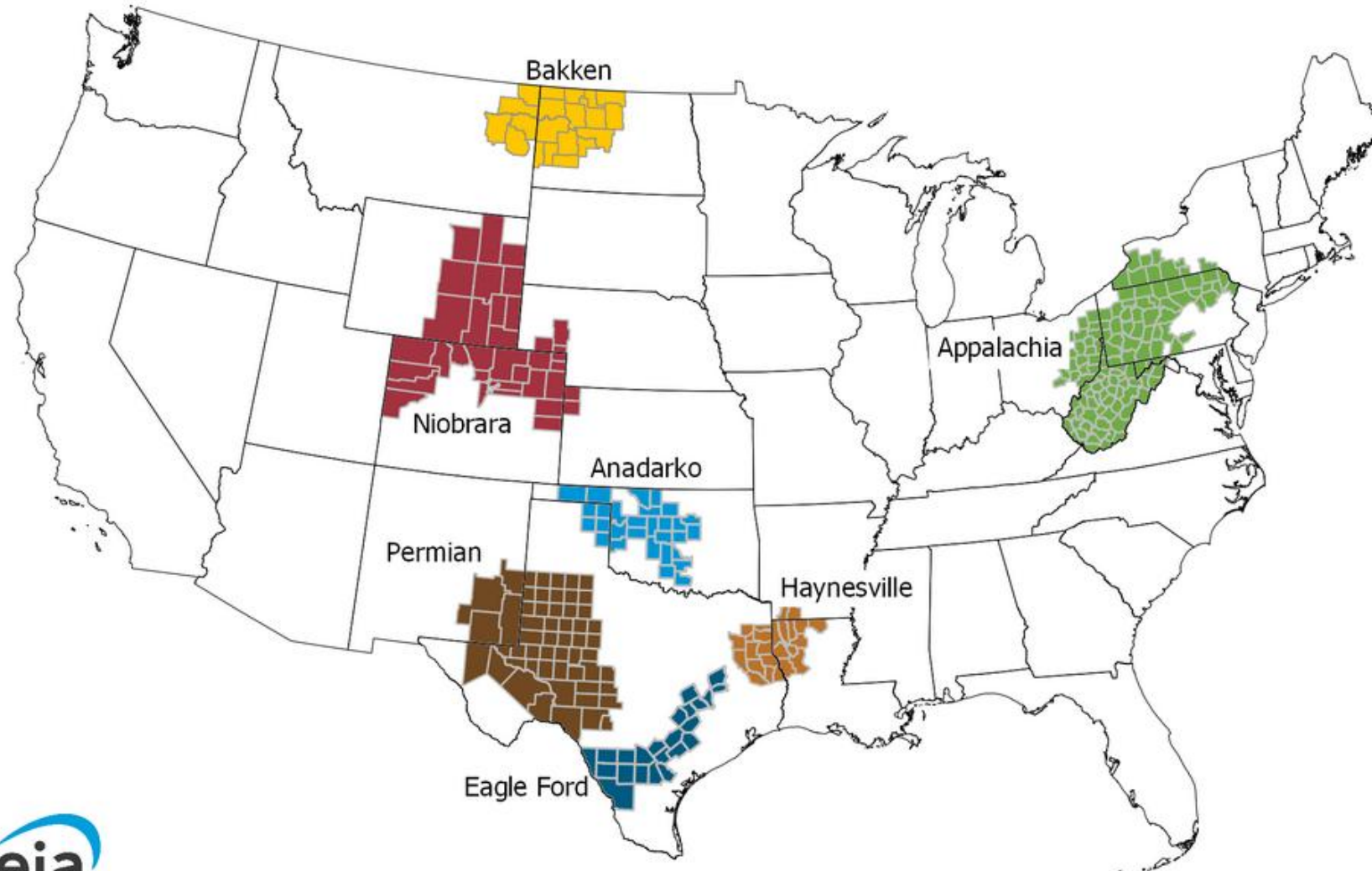
# Natural Gas Production Remains Strong as Prices Increase

Natural gas production forecast, Rystad Energy



Source: Rystad Energy, ©2025 by Rystad Energy, Chart: American Gas Association, Data as of Mar 01, 2025, Subject to Revision

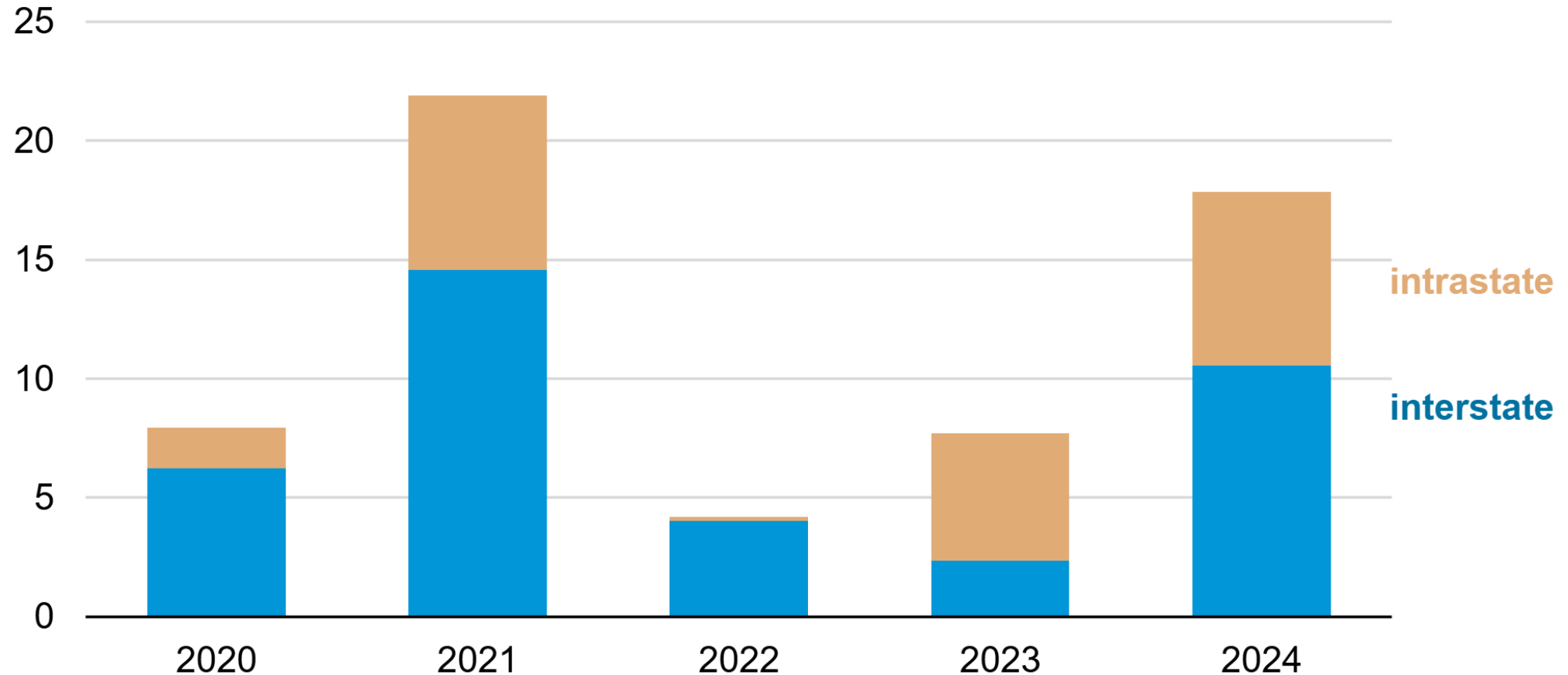
# With Most Natural Gas Production Growth Concentrated in Texas and Louisiana



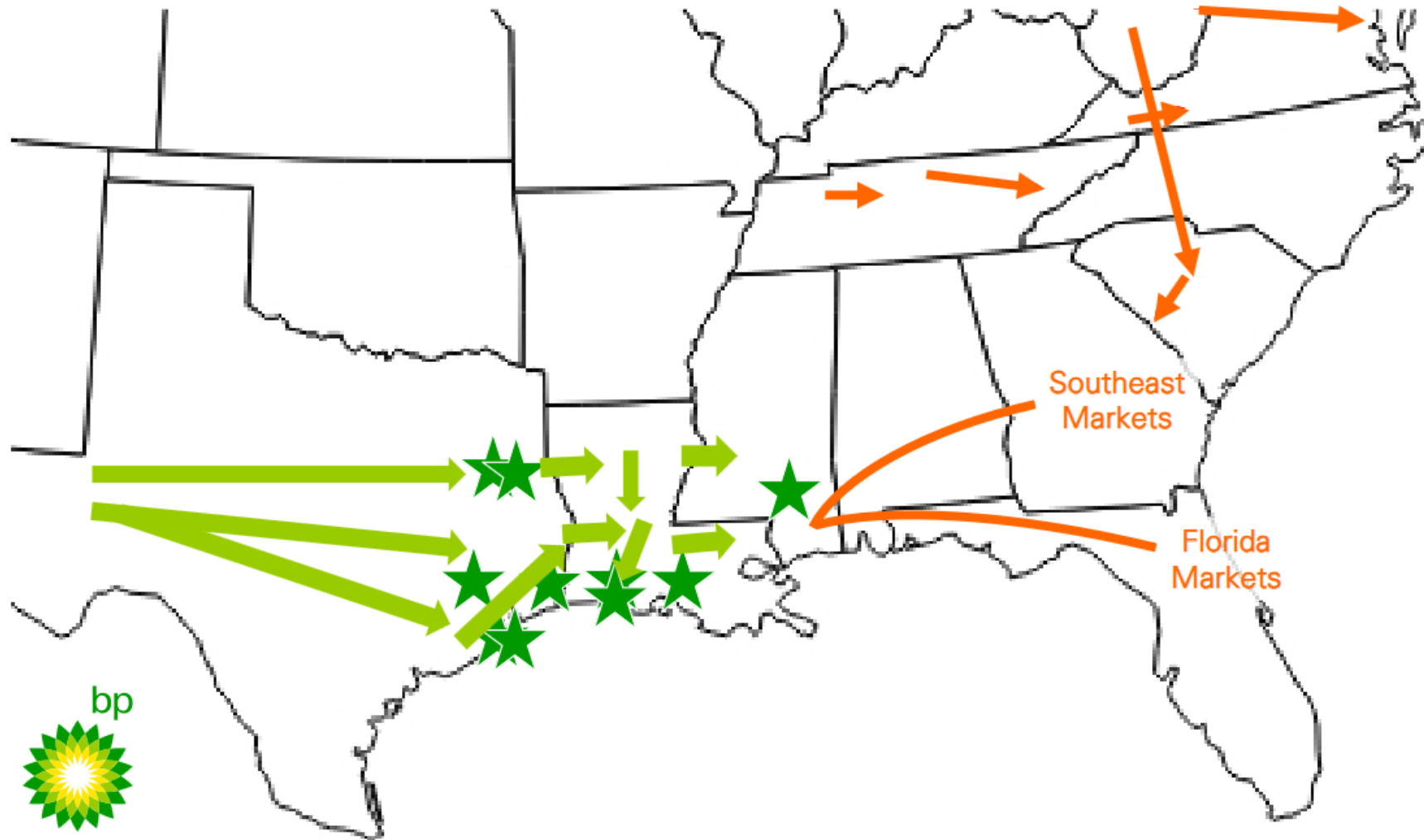
Data source: U.S. Energy Information Administration

# But Limited by Pipeline Transportation

**Annual U.S. natural gas pipeline capacity additions by type (2020–2024)**  
billion cubic feet per day

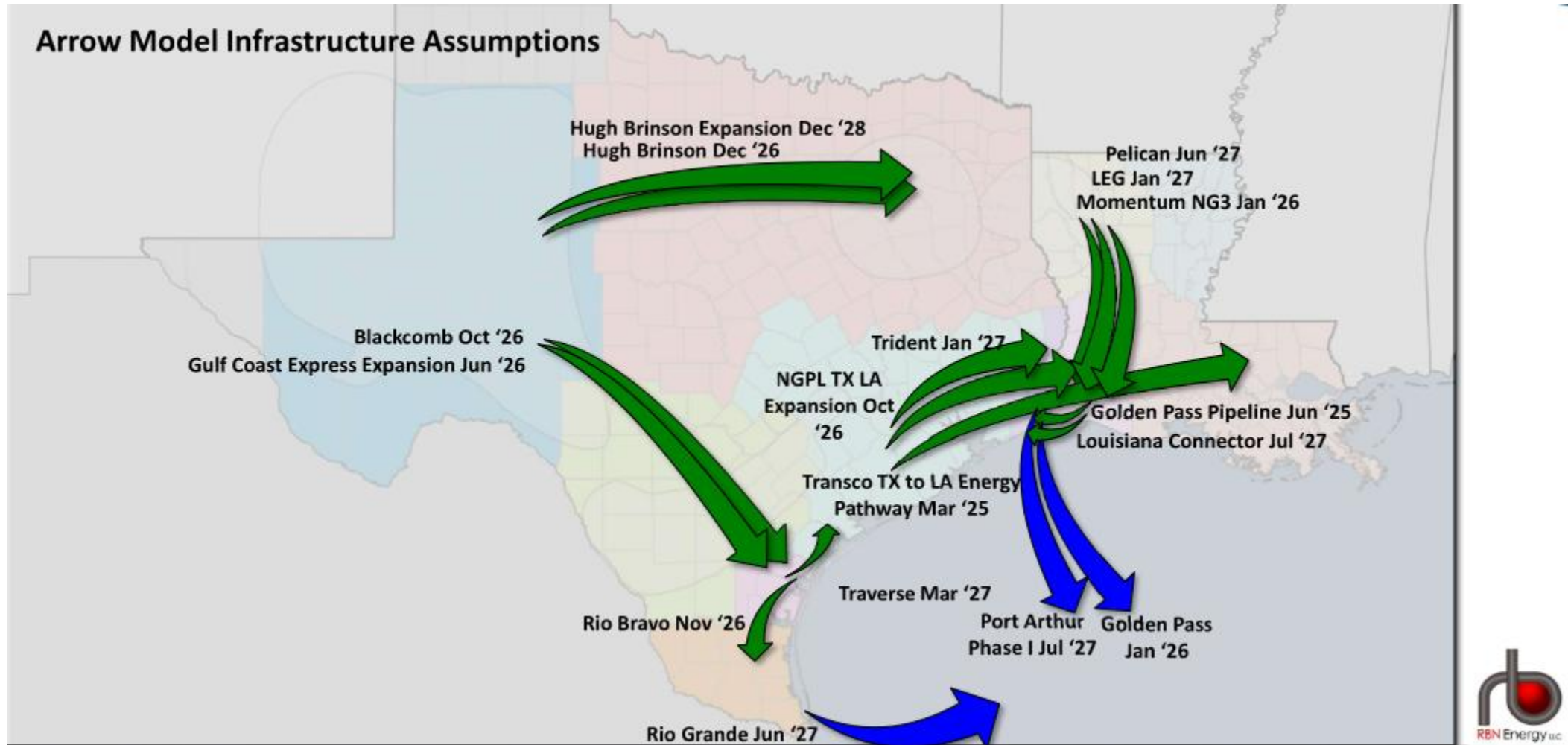


# Most Pipeline and Storage Projects Have Focused on the Gulf Coast and Southeast



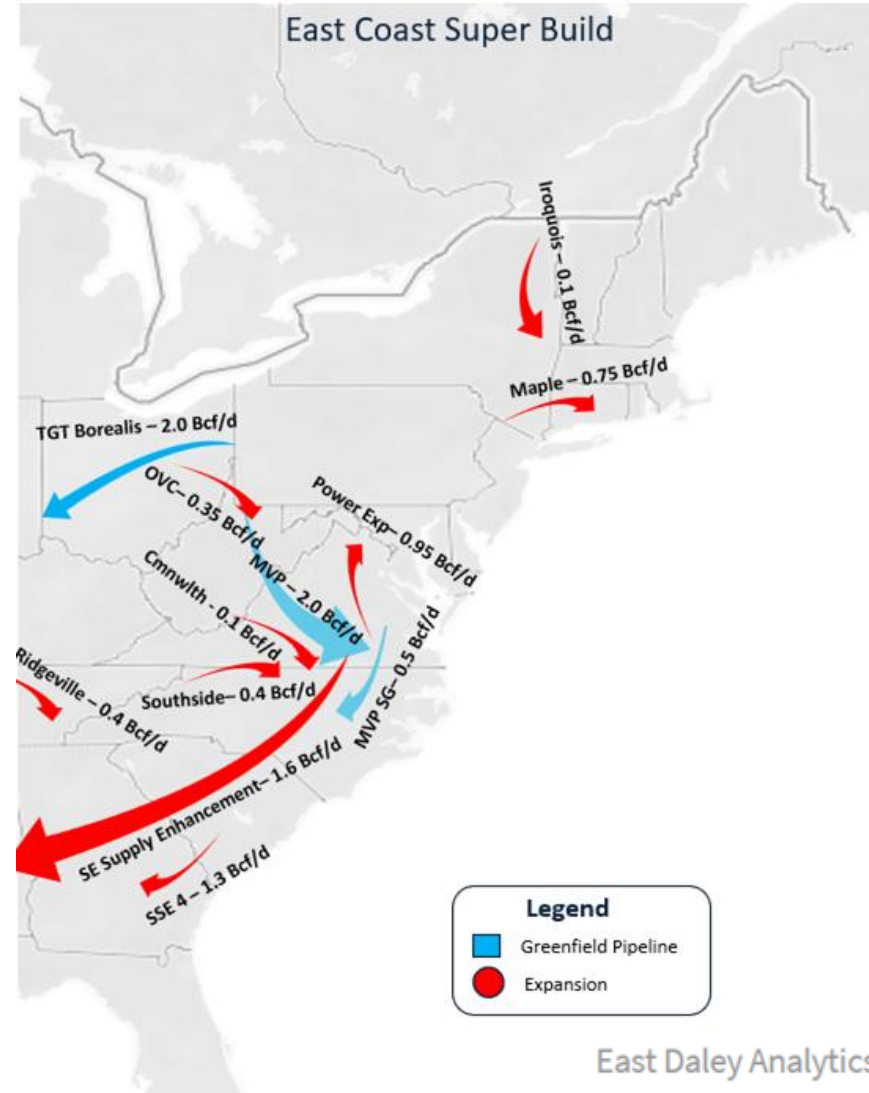


# Moving Natural Gas from Texas and Louisiana to Export Markets

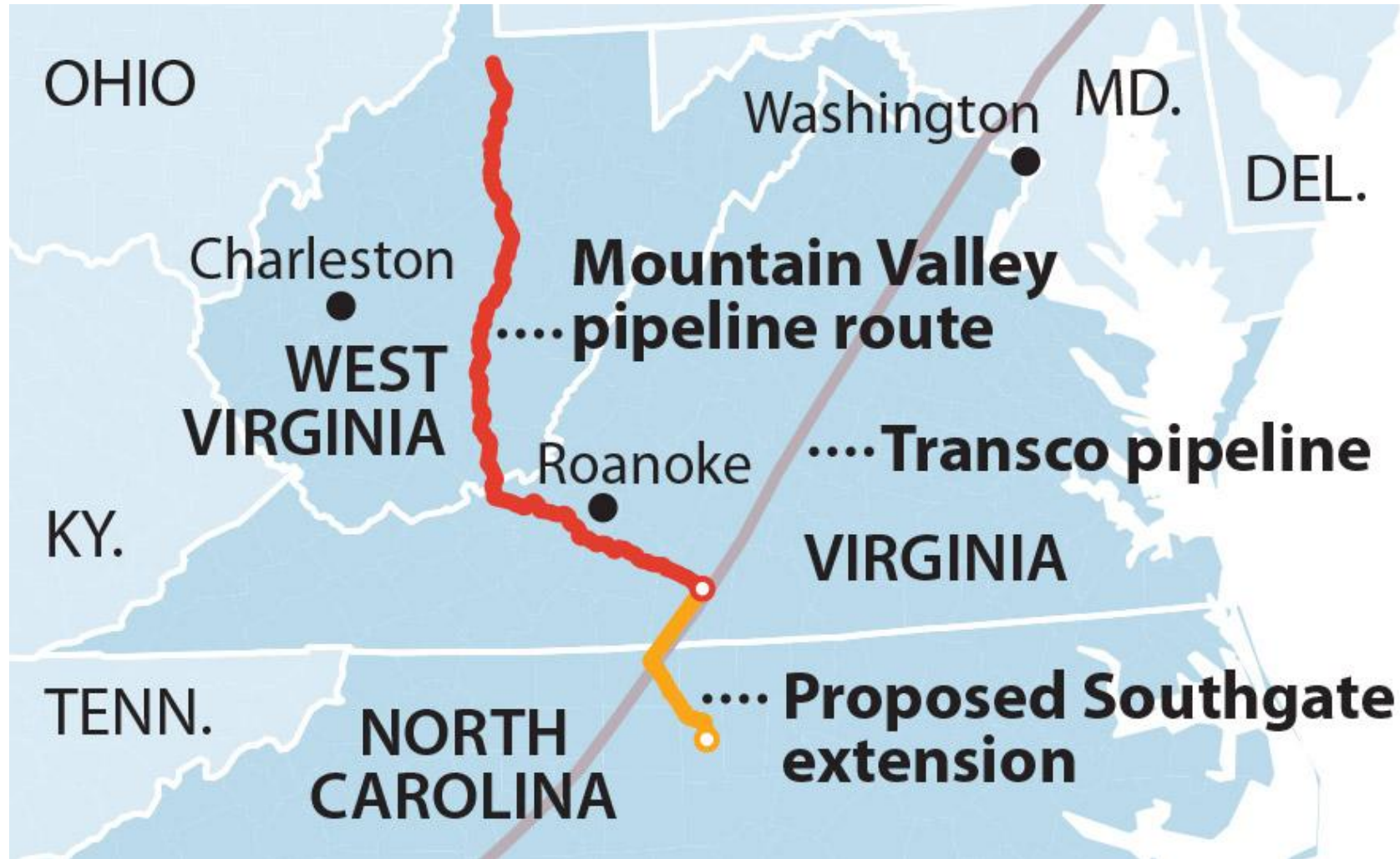




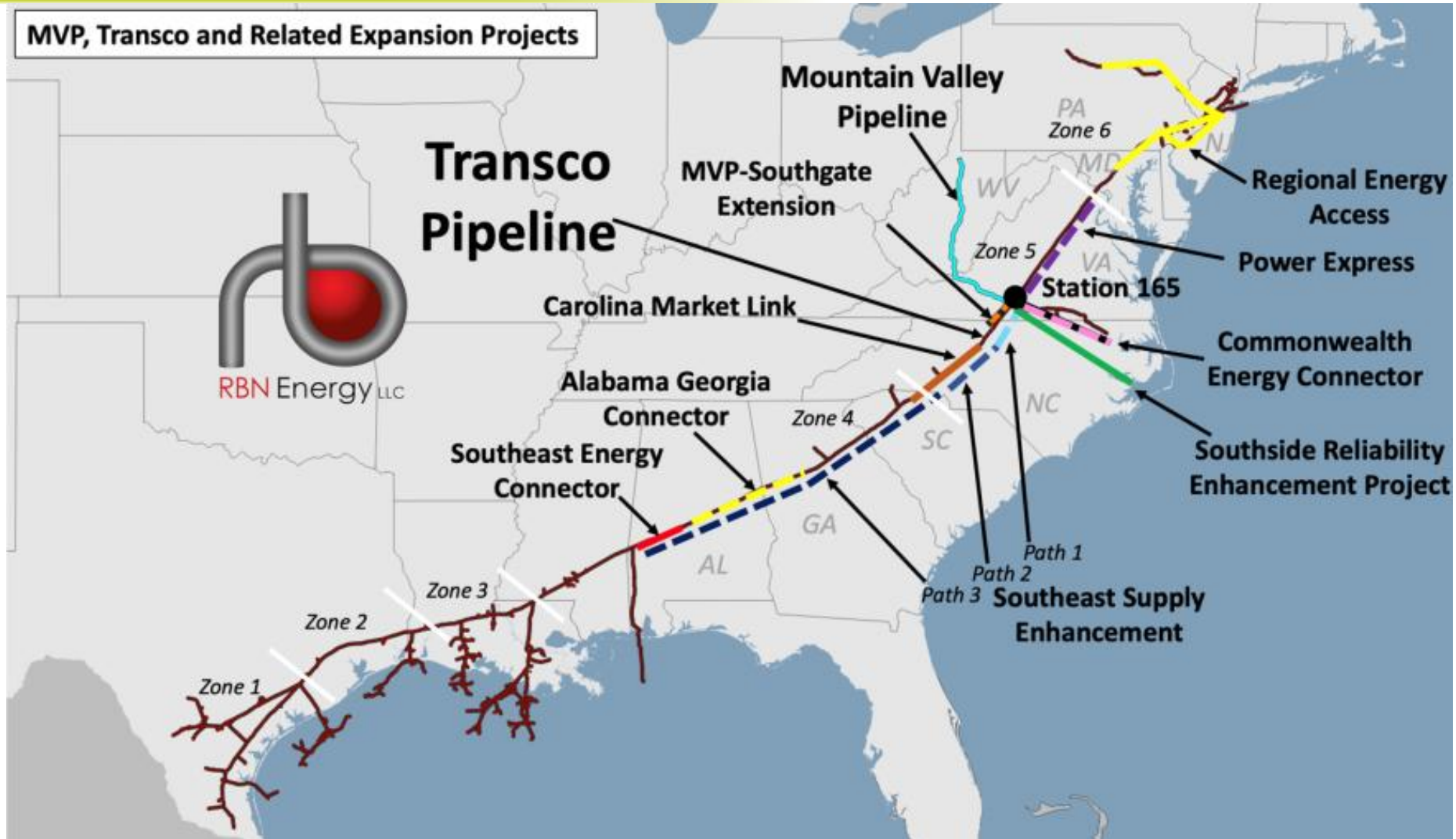
# More Recent Projects Focused on Southeast Power Generation



# Mountain Valley Pipeline Finally Complete



# Transco Moves Forward With Southeast Expansion

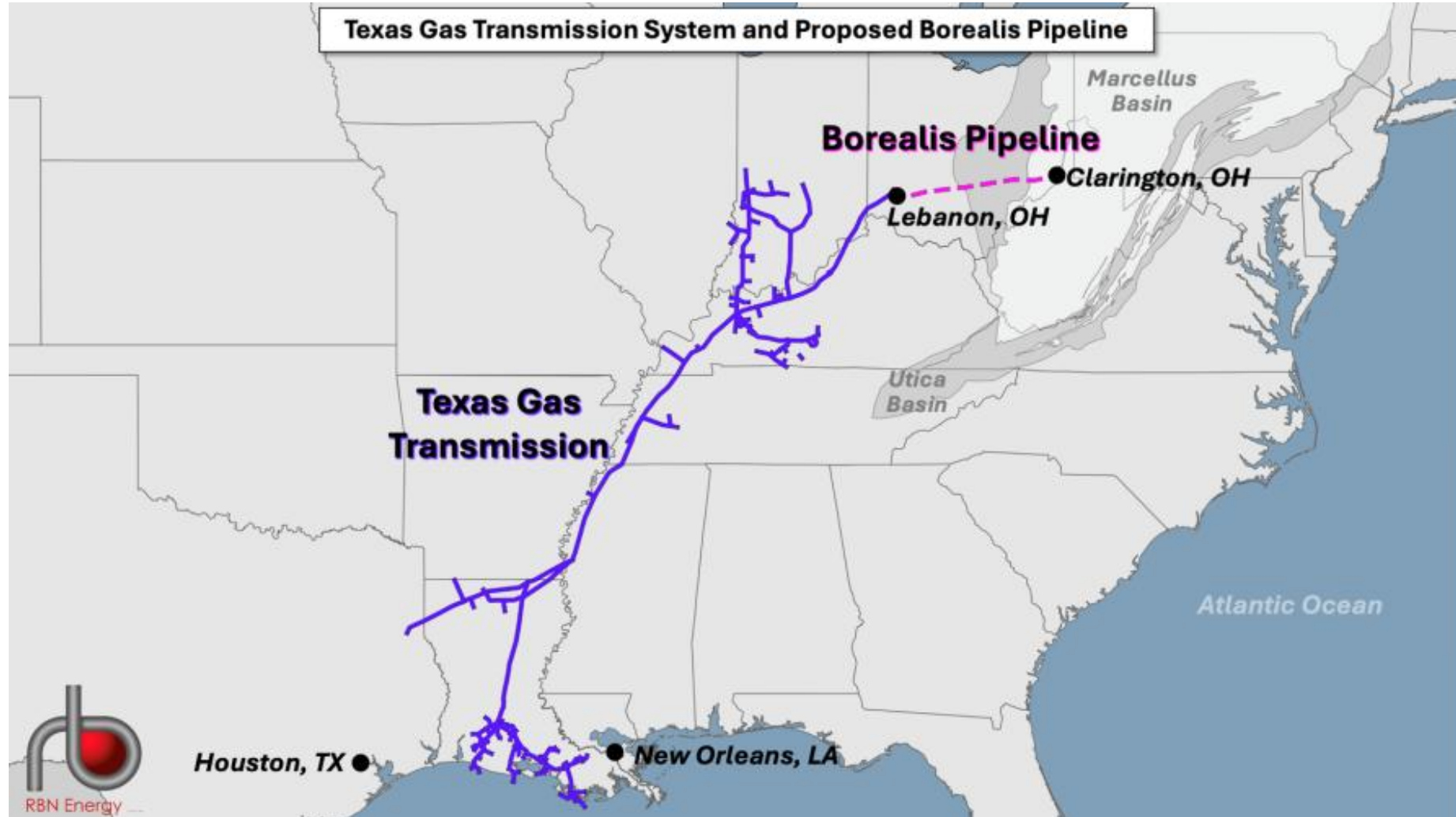




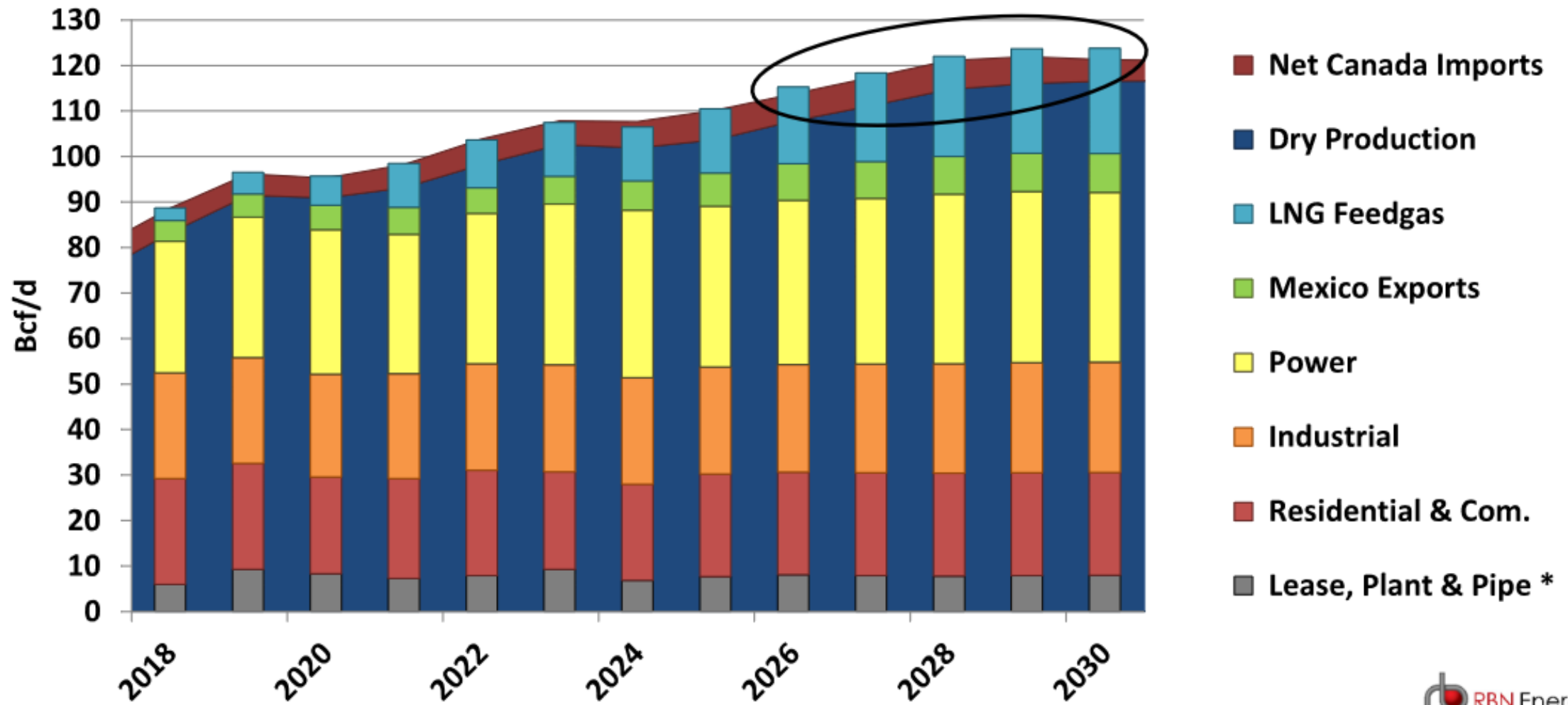
# Kinder Morgan Announces Southern Natural Gas Pipeline Expansion



# Texas Gas Transmission Proposes Borealis Pipeline

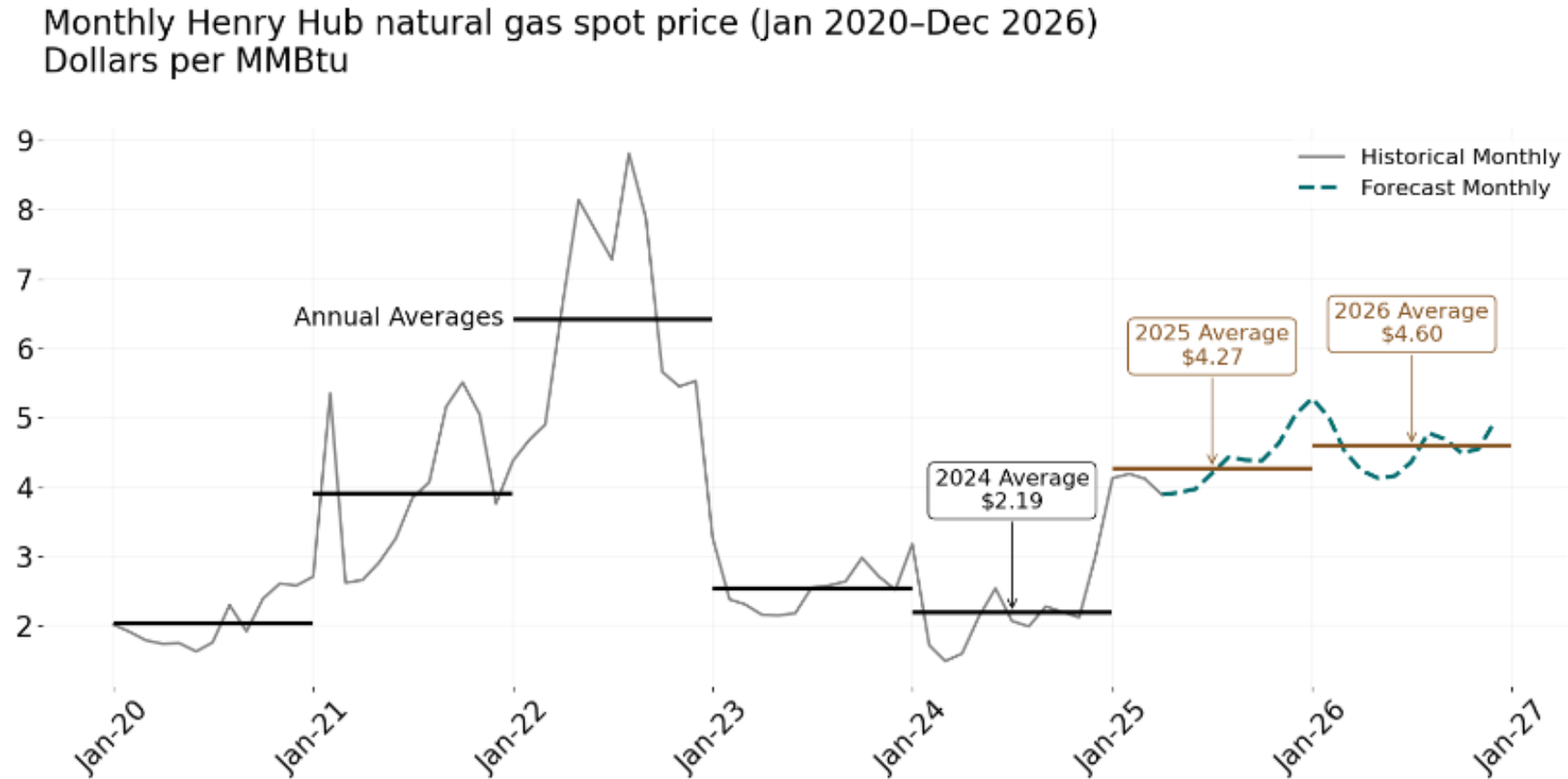


# Demand Expected to Outpace Supply Growth



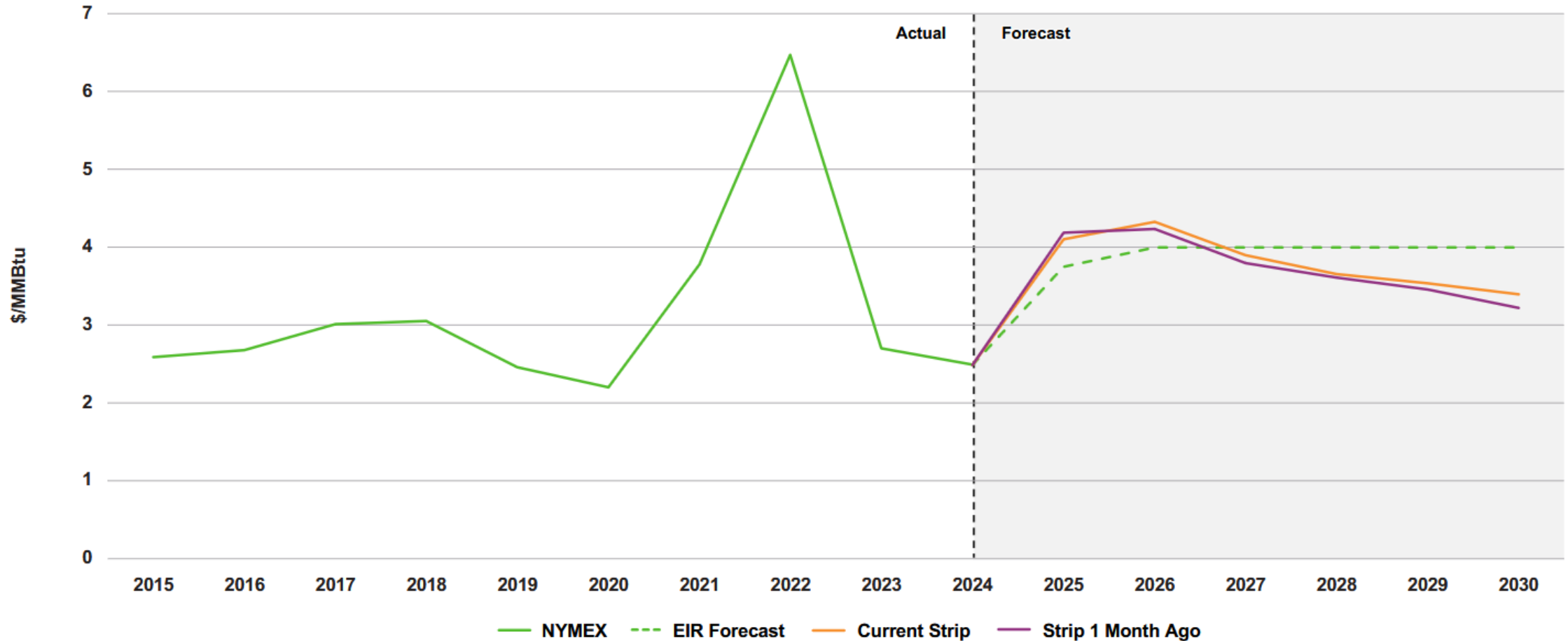
# Resulting in Higher Natural Gas Prices

Price forecast, U.S. Energy Information Administration, April 2025



Data: U.S. Energy Information Administration, Short-Term Energy Outlook, April 2025, Chart: American Gas Association

# Forecasts Call for Prices Above Current Forward Curve

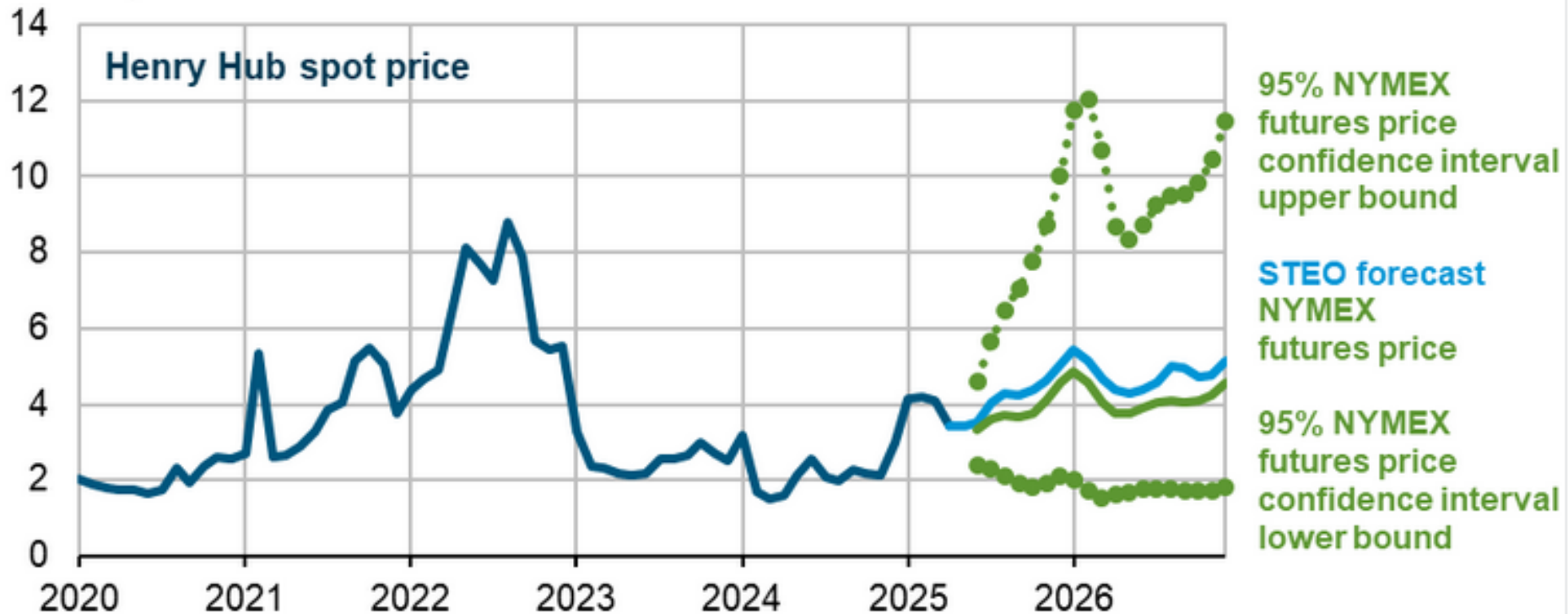


Source | Enverus Intelligence® Research, Refinitiv



# With Plenty of Risk to the Upside

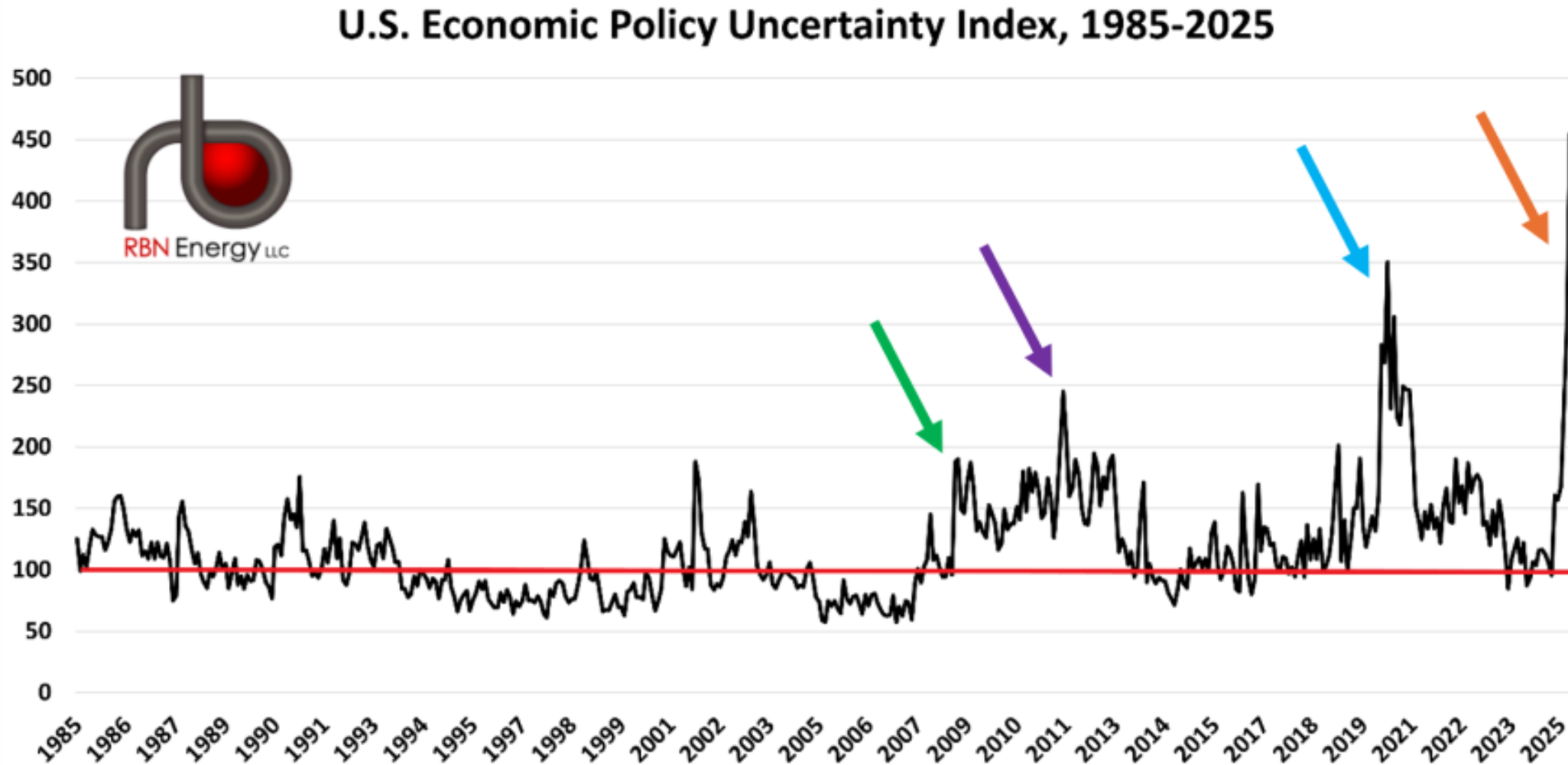
Henry Hub natural gas price and NYMEX confidence intervals  
dollars per million British thermal units



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, May 2025, CME Group, and Refinitiv an LSEG Business

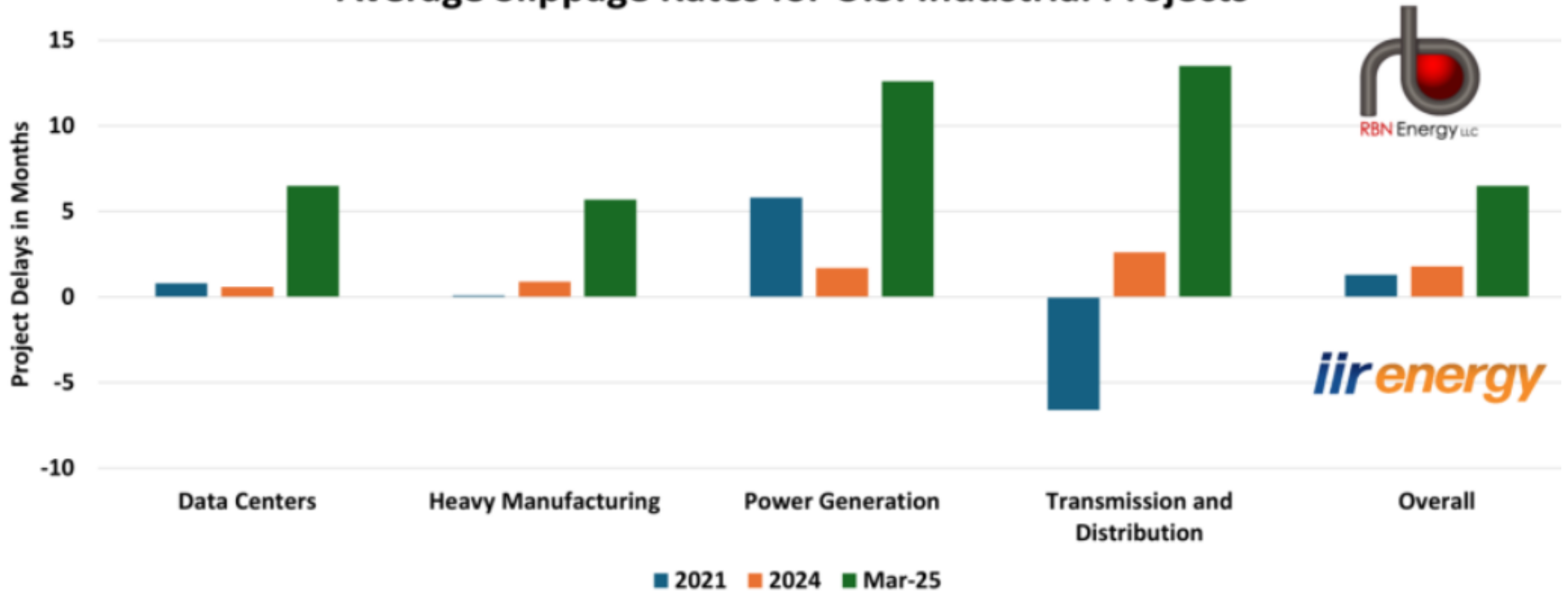
Note: Confidence interval derived from options market information for the five trading days ending May 1, 2025. Intervals not calculated for months with sparse trading in near-the-money options contracts.

# Adding Another Layer of Complexity



# Resulting in Numerous Project Delays

## Average Slippage Rates for U.S. Industrial Projects



# NERC Assessed Limited Risks for this Summer

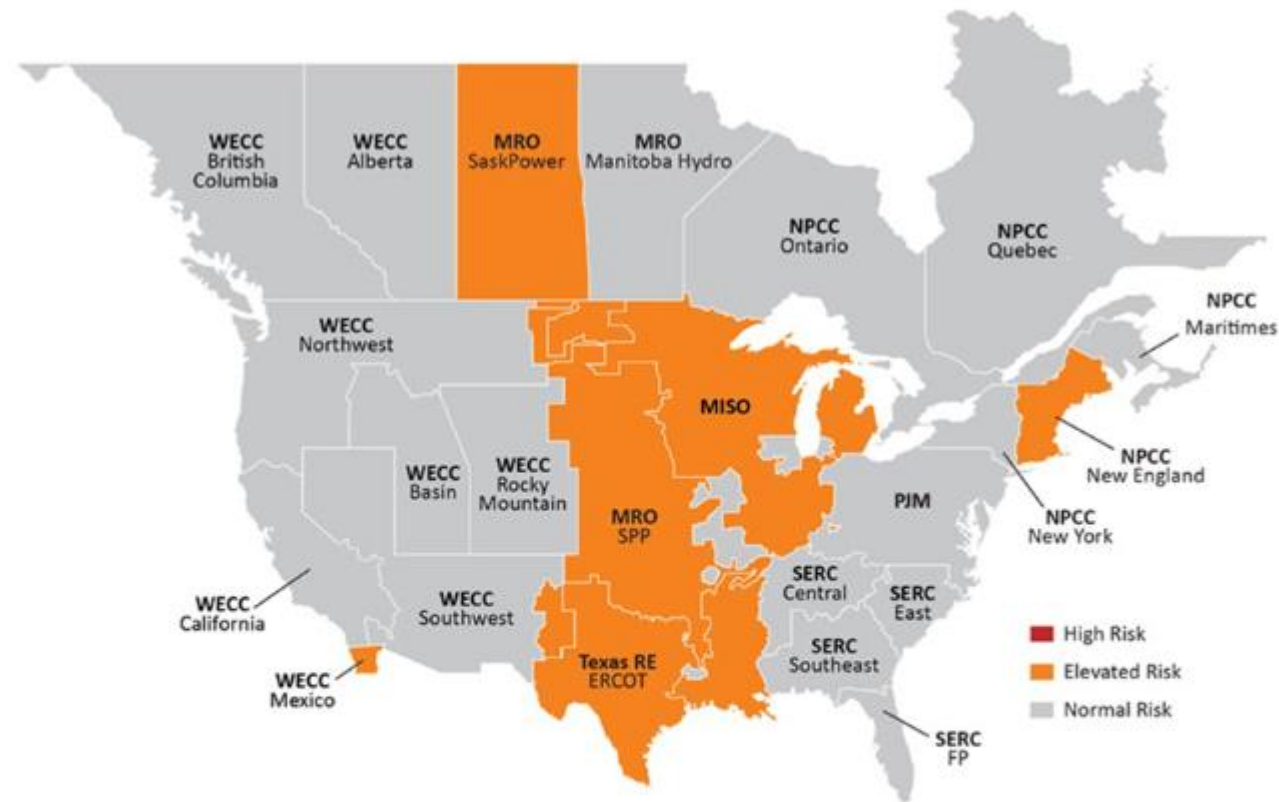
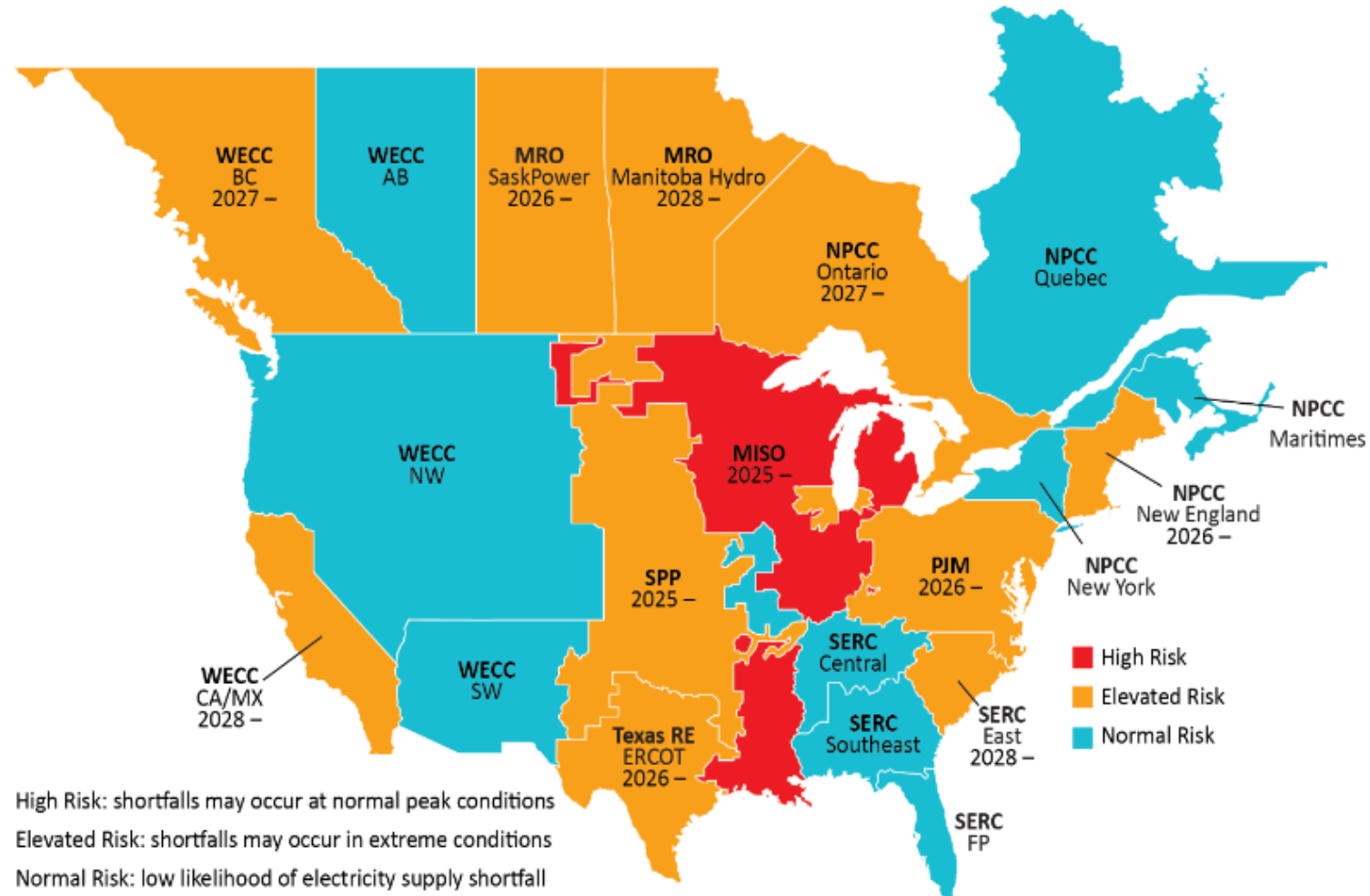


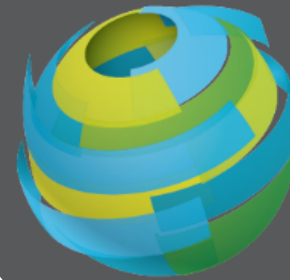
Figure 1: Summer Reliability Risk Area Summary

| Seasonal Risk Assessment Summary |  |
|----------------------------------|--|
| High                             | Potential for insufficient operating reserves in normal peak conditions  |
| Elevated                         | Potential for insufficient operating reserves in above-normal conditions |
| Normal                           | Sufficient operating reserves expected                                   |

# But Greater Concern Over Next 5 Years



**Figure 1: Risk Area Summary 2025–2029**



ACES<sup>®</sup>  
excellence in energy

Questions?