

# The Advisor

DATA-DRIVEN, HOLISTIC ENERGY CONSULTING

*In This Issue*

**MARKET MOMENT**

A brief look at the current state of the energy industry.

**SOLUTIONS CENTER**

Timely updates on new advances in sustainable energy and technologies.

**WHAT'S NEW?**

The latest (and greatest) updates at APPI Energy.

**CLIENT CORNER**

Client spotlights, feedback, milestones, and more!

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**MARKET MOMENT**

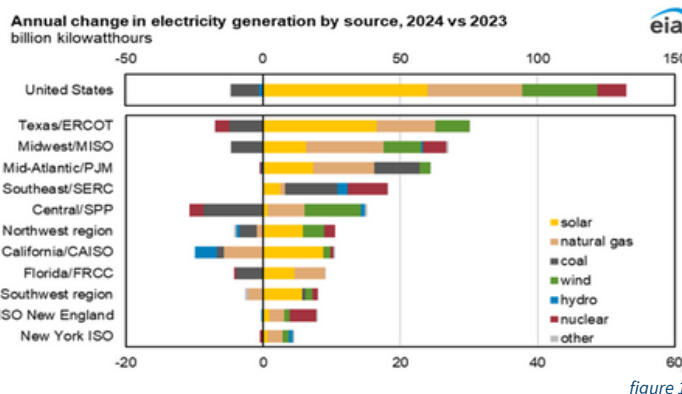
Natural gas forward strips have hit 12-month lows in trading. Contributing to these low prices is healthy storage levels, both domestically and abroad. However, gas demand for power generation is expected to increase in the coming years, so buyers should take advantage of lower gas prices now (*figure1*). Now that summer weather is ending, power prices have started falling in nearly every ISO. Now is a great time to close out 2025 positions, but there's still some room for 2026 and beyond strips to decrease. Especially with the new additions of solar, wind, and gas we've observed so far this year.

**Gas Outlook:**

- Injections lower than average, but storage still expected to remain above a 5 year average
- Power demand and LNG pushing demand higher and could raise prices in the future
- Recommending buying gas through at least 2026

**Power Outlook:**

- Renewable and gas generation continuing to increase
- 2025 strip prices have decreased, presenting a buying opportunity
- Beyond 2025, strips are decreasing but have more room to fall



**DRIVING PRICES HIGHER**

North American LNG export capacity is expected to double by 2028, with the majority of new facilities coming from the US. The US is currently exporting 12 Bcf/d, which is expected to jump to 14 Bcf/d in 2025 and 21 Bcf/d by 2028. This demand increase could place a lot of bullish pressure on the market if production does not remain high. Additionally, with gas prices reaching 12 month lows, producers aren't making much money, which incentivizes them to decrease their production levels to drive prices up. However, no production cut plans have been announced yet (*figure2*).

## DRIVING PRICES HIGHER

Although 2025 electric prices have decreased recently, 2026 and beyond prices are still elevated in most ISO's. These prices are less likely to see relief due to uncertainty in their markets. In NYISO, regulations like the Peaker Rule and Carbon Tax law are keeping prices elevated. In PJM, the interconnection backlog creates uncertainty as to when it will be cleared as well as if/when new demand will come online. Uncertainties like these cause a premium to be priced into the market, so it can be useful to wait until we have more information.

## DRIVING PRICES LOWER

There are many factors attributing to recent lows in the natural gas market. Production has remained relatively stable despite such low prices. Over the injection season, there have been lower injections than average, but storage levels remain well above the five year average. These market conditions likely won't last, so it's best to take advantage of such low prices through at least 2026.

Power prices have declined over the past month, mostly due to summer premiums being removed from the market. For example, ERCOT prices reached the lowest point they have since February. Other regions, like ISONE have also seen significant decreases in near term pricing in the last couple of weeks. Additionally, new renewable and gas generation coming online has assisted with handling summer demand. This showed the market that current generation capacity outweighs demand and helped place bearish pressure on the market.

figure 2

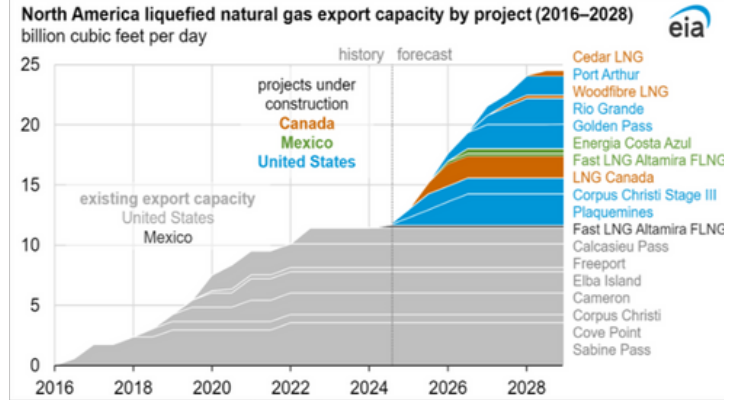
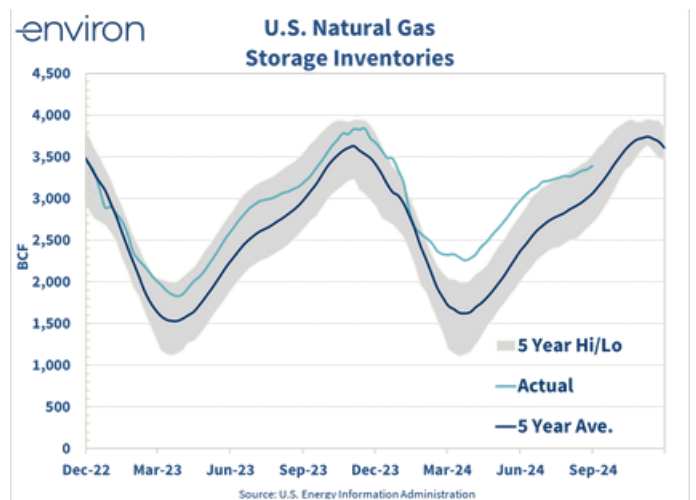


figure 3



## DID YOU KNOW?

Late last year, multiple offshore wind projects, like Ocean Wind 1 and 2, were cancelled due to higher costs caused by inflation. At the time, these cancellations made New York question whether it could reach its goal of adding 9,000 MW of offshore wind to their generation mix by 2035. The developers who cancelled their projects stated they were planning to rebid into a later auction with higher costs to adjust for inflation (figure 4).

Many developers kept their word and rebid in New York's most recent offshore wind auction. Large developers like Copenhagen Infrastructure Partners and TotalEnergies bid in gigawatt scale projects. However, many of these developers bid with costs higher than they were before, which may affect line items like RPS in the future. There have also been talks of NY developing an Offshore Renewable Energy Credit (OREC) market. As these projects get approved, start developing, and come online, we may see this OREC market come to life, which could benefit anyone looking for location specific RECs.



figure 4



## 8 STEPS TO BEGIN YOUR DECARBONIZATION JOURNEY

Sustainability is essential for businesses that want to make a positive impact and offers both environmental and financial benefits. By implementing a decarbonization strategy, institutions can improve employee satisfaction, enhance their ESG scores, and gain recognition in the competitive market. Want to know how to get started? Our guide provides insights into the importance of sustainability and offer practical steps to help you navigate this path.

[Read More>>](#)

## WHAT'S NEW?

### PJM CAPACITY PRICES SET FOR A SUBSTANTIAL INCREASE NEXT YEAR

The PJM Interconnection has announced a significant increase in capacity costs for most of its utilities, effective June 2025. This hike, from \$28.92/MW-day to \$269.92/MW-day, is due to a decline in power plant supply and rising demand within the region. What exactly does this mean for PJM customers and how can you prepare?

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## CLIENT CORNER



"Working with APPI Energy on our borough's electricity procurement has been simple and efficient. APPI Energy provides competitive electricity rates from multiple suppliers and term length, allowing us to make the best decision for our budget. Through their relationship with many suppliers, we know we are doing our due diligence via APPI Energy to get the best price available. Our consultant also made sure we received tax exemption status. Their endorsement through the PSAB gives us peace of mind that they understand and are familiar with the energy needs of boroughs and we would recommend other PSAB members to utilize the APPI Energy procurement program."

### **Diane M. Schaefer, CMC, CBO, CGS**

Borough Manager  
Borough of Youngwood

*\*All market data above is at the national level, but regional and local energy market conditions can vary widely. For an in-depth review of current energy market conditions impacting your organization, please contact our team of dedicated, expert Energy Consultants: 800-520-6685 or [info@appienergy.com](mailto:info@appienergy.com).*