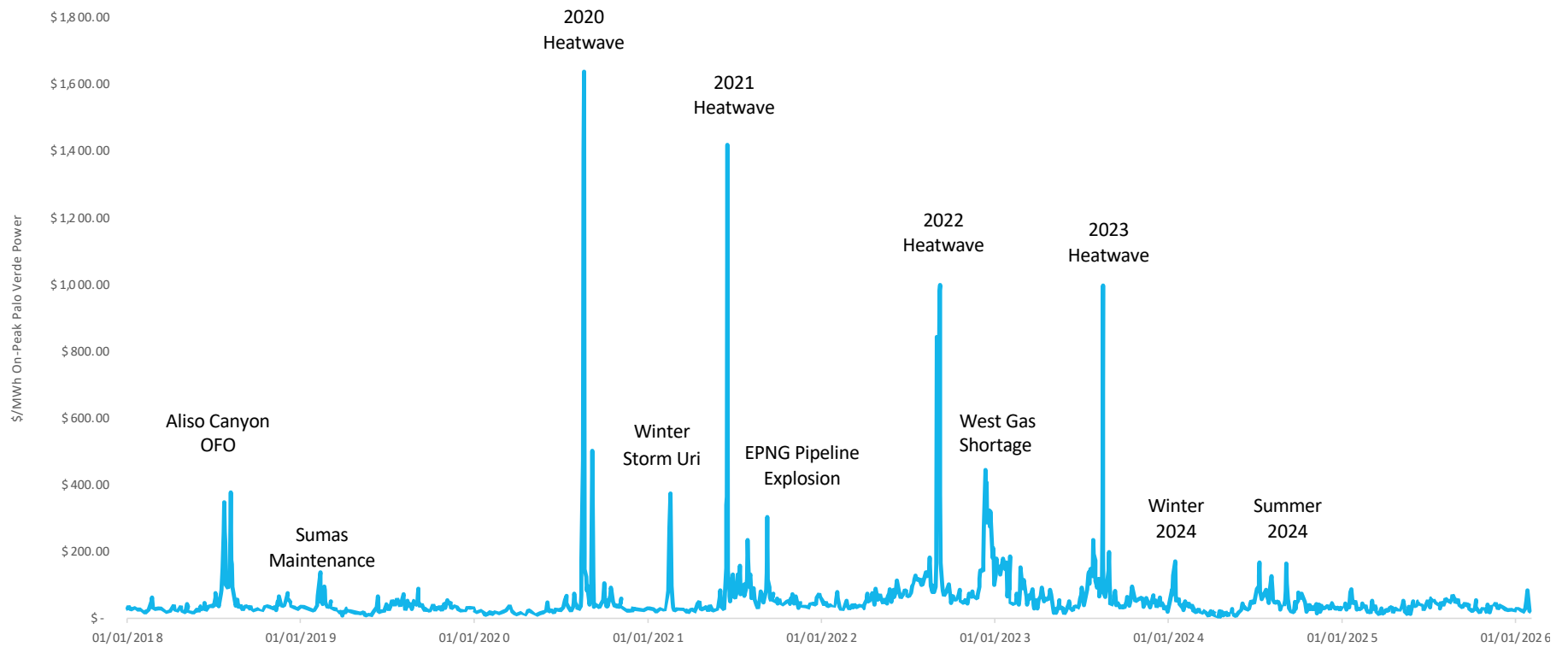


**ACES**<sup>®</sup>  
excellence in energy

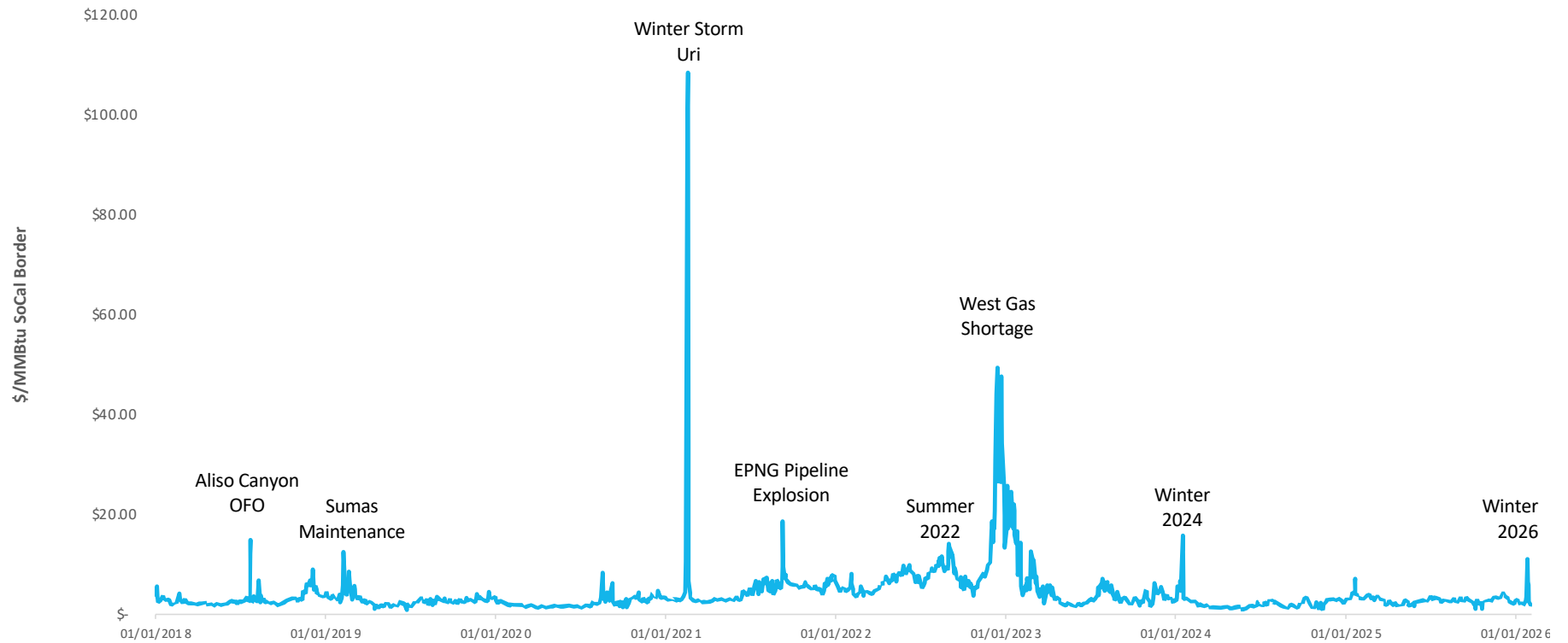
# Current State of the Natural Gas Market

February 6, 2026

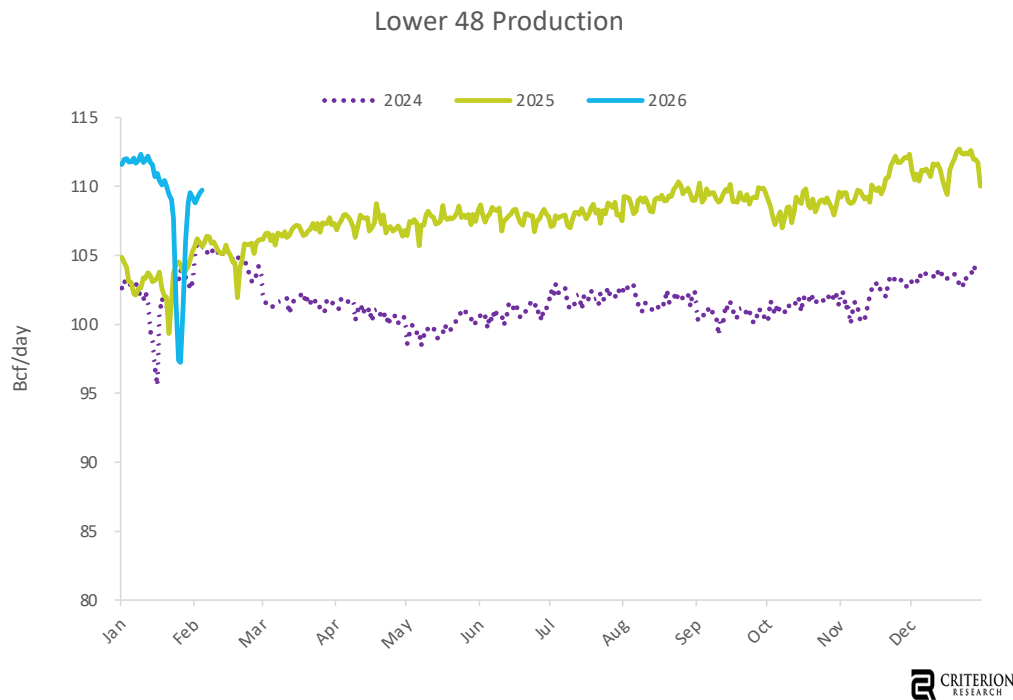
# A Look Back – Palo Verde On Peak Power



# A Look Back – SoCal Border Natural Gas

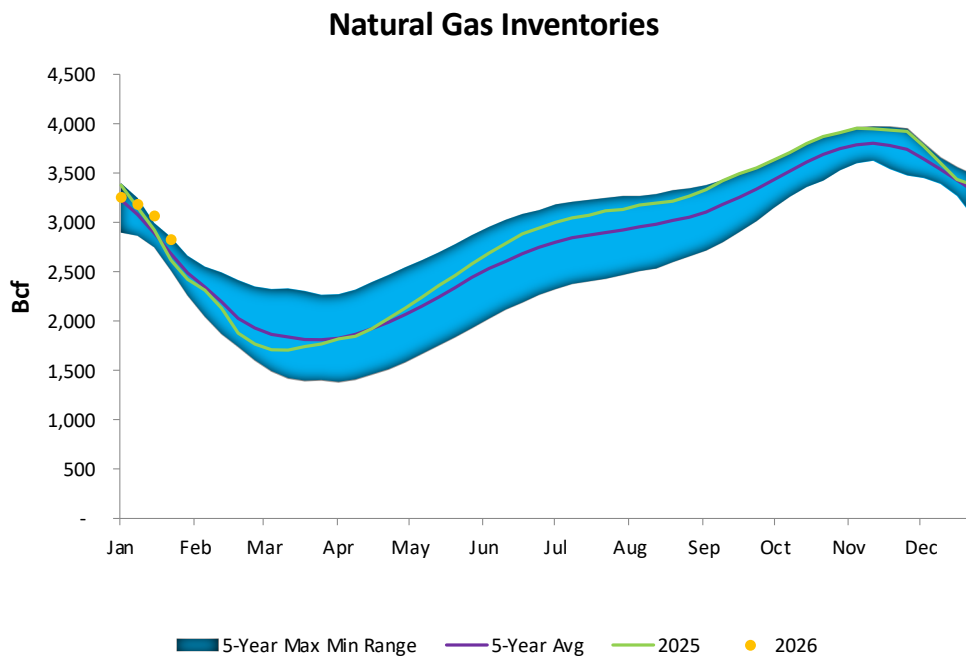


# Production Rebound Post Winter Storm Fern



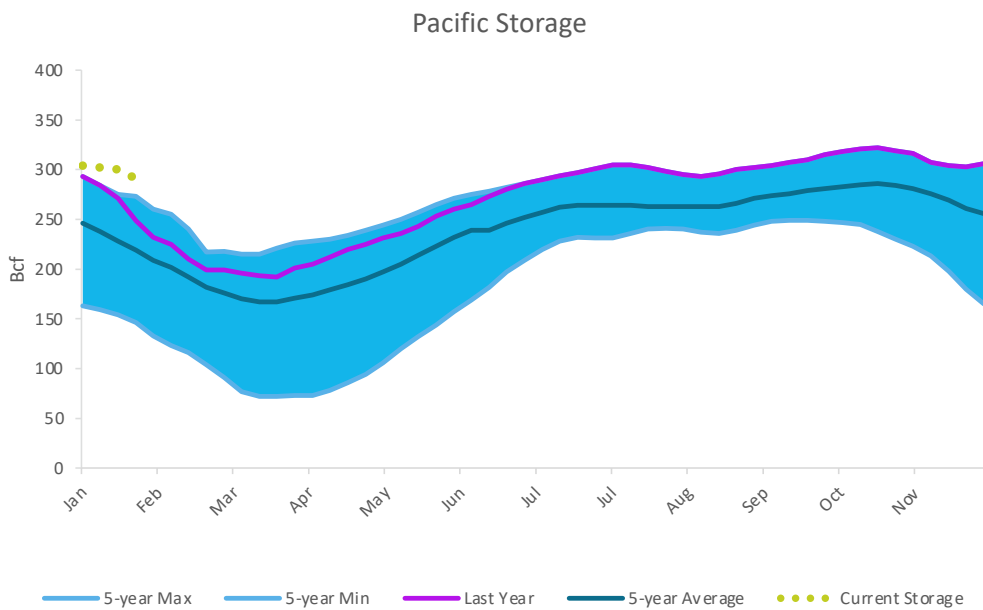
- 2025 gas production averaged 110.75 Bcf/d prior to Winter Storm Fern
- Output fell as low as ~ 96 Bcf/d on January 26
  - Permian dropped to 17.48 Bcf/d but rebounded to nearly 23 Bcf/d on January 29
  - Northeast held above 34 Bcf/d throughout cold outbreak
- In the most recent STEO, the EIA expects production to increase – led by the Permian region
  - Output in the region will grow as new takeaway capacity is added

# Current Look - Storage Inventories Remain Strong



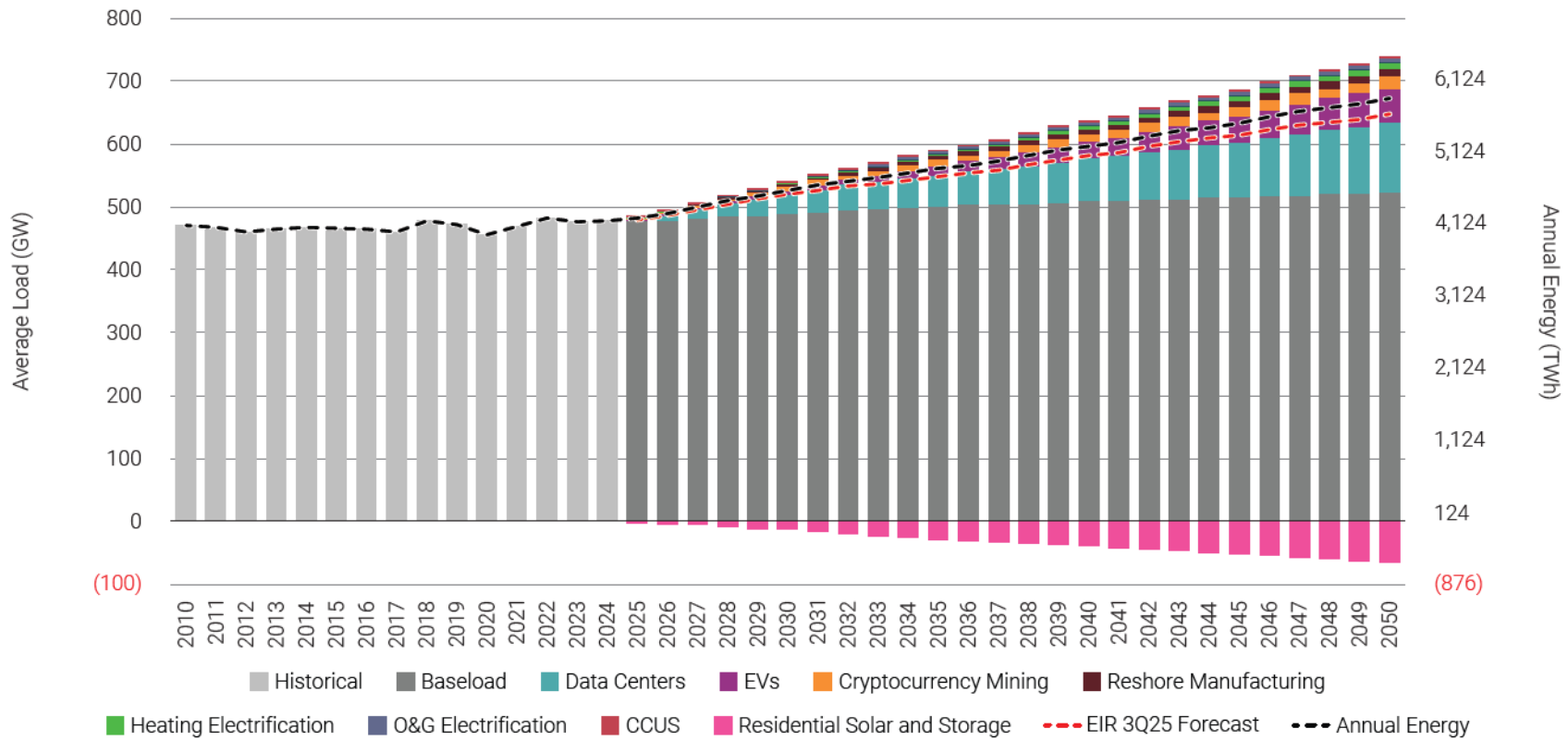
- EIA reported a withdraw of 242 Bcf for the week ending January 23
- Current gas in storage: 2,823 Bcf
  - Surplus of 206 Bcf to 2025
  - Surplus of 143 Bcf to five-year average
- Nearly 1,120 Bcf will be pulled from storage through late January/early February cold
- EOS storage estimate falling near 1.6 Tcf

# And West/Pacific Region Storage Above Normal



- EIA reported a withdraw of 9 Bcf for the week ending January 30
- Largest weekly pull to date in 2025-26 Winter Season
- Current gas in Pacific storage: 291Bcf
  - Surplus of 42 Bcf to 2025
  - Surplus of 72 Bcf to five-year average

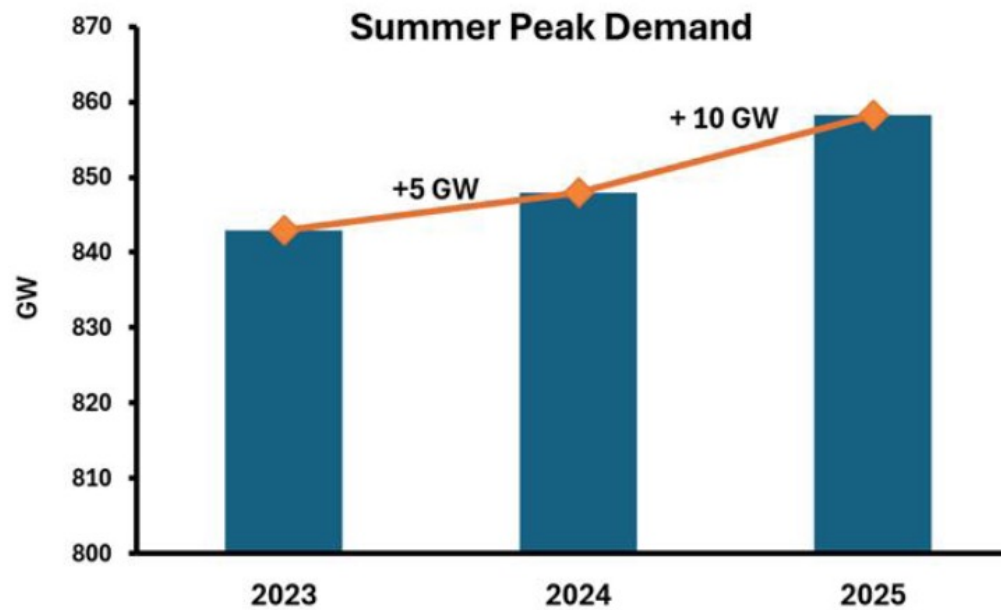
# Forward Look - Growing Demand



Source | Enverus Intelligence® Research, EIA, National Weather Service, Census Bureau

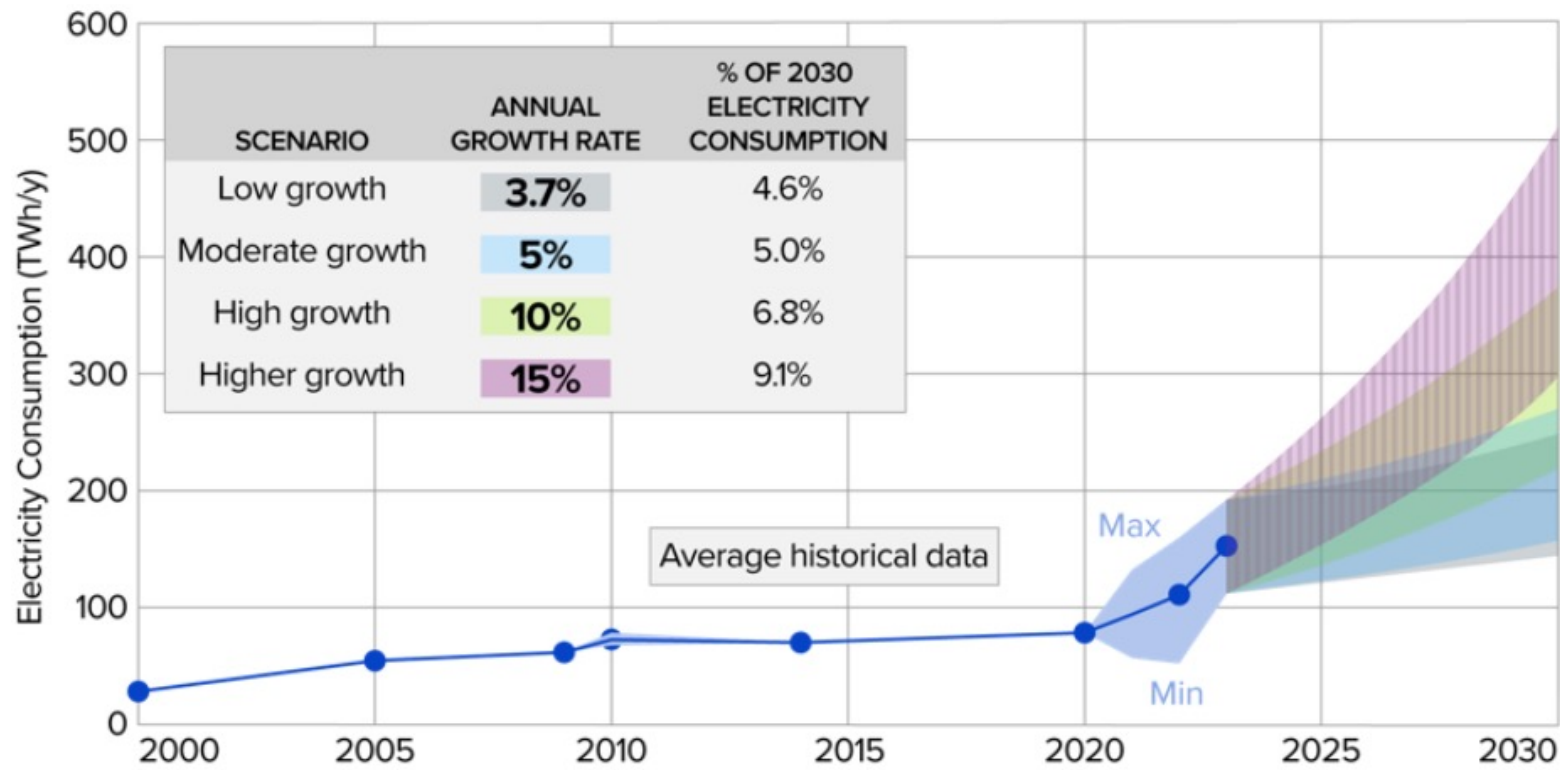


# Summer Peak Electric Demand Increase



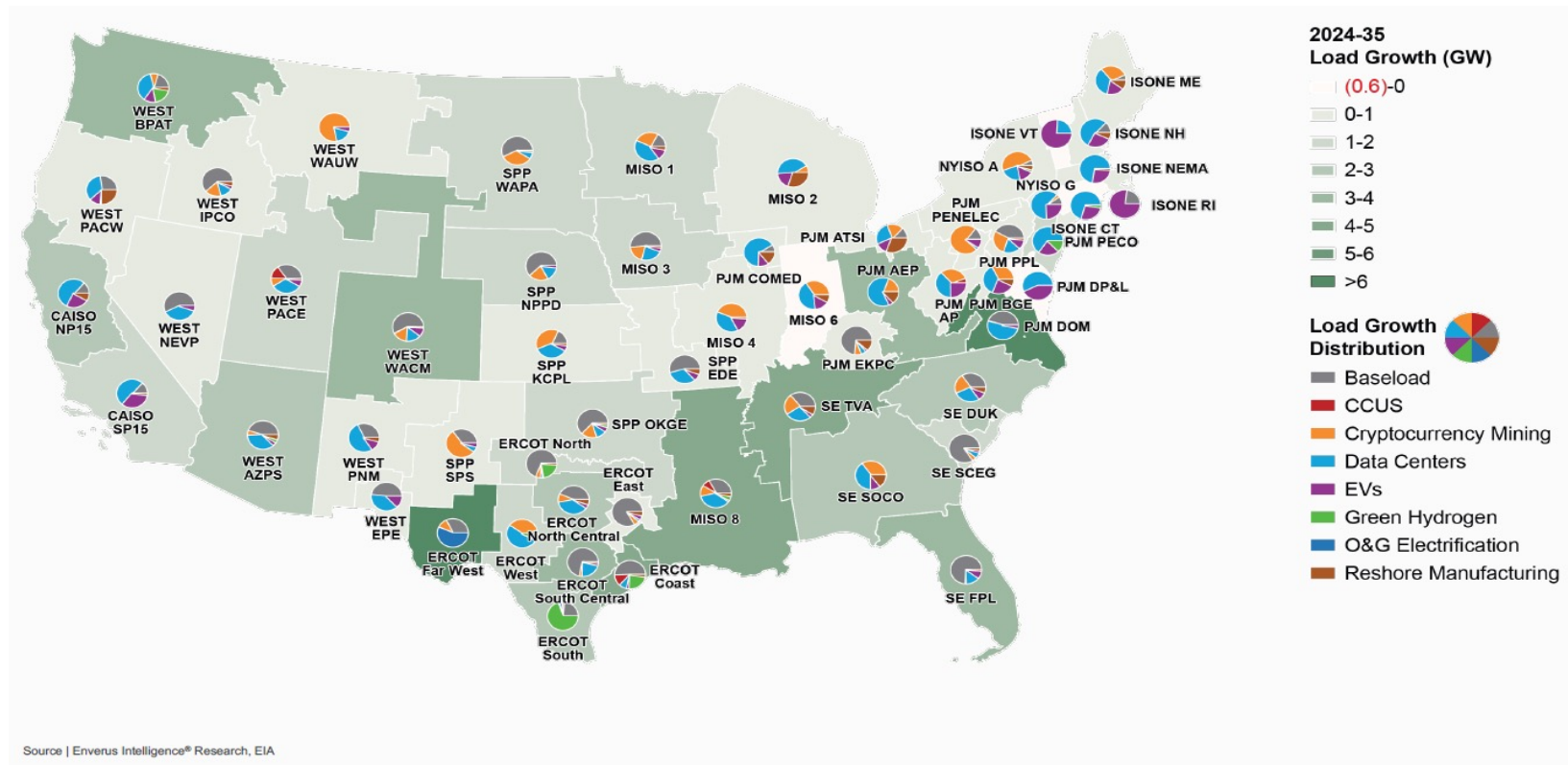
2025 Summer Reliability Assessment

# Significant Uncertainty Over Data Center Demand



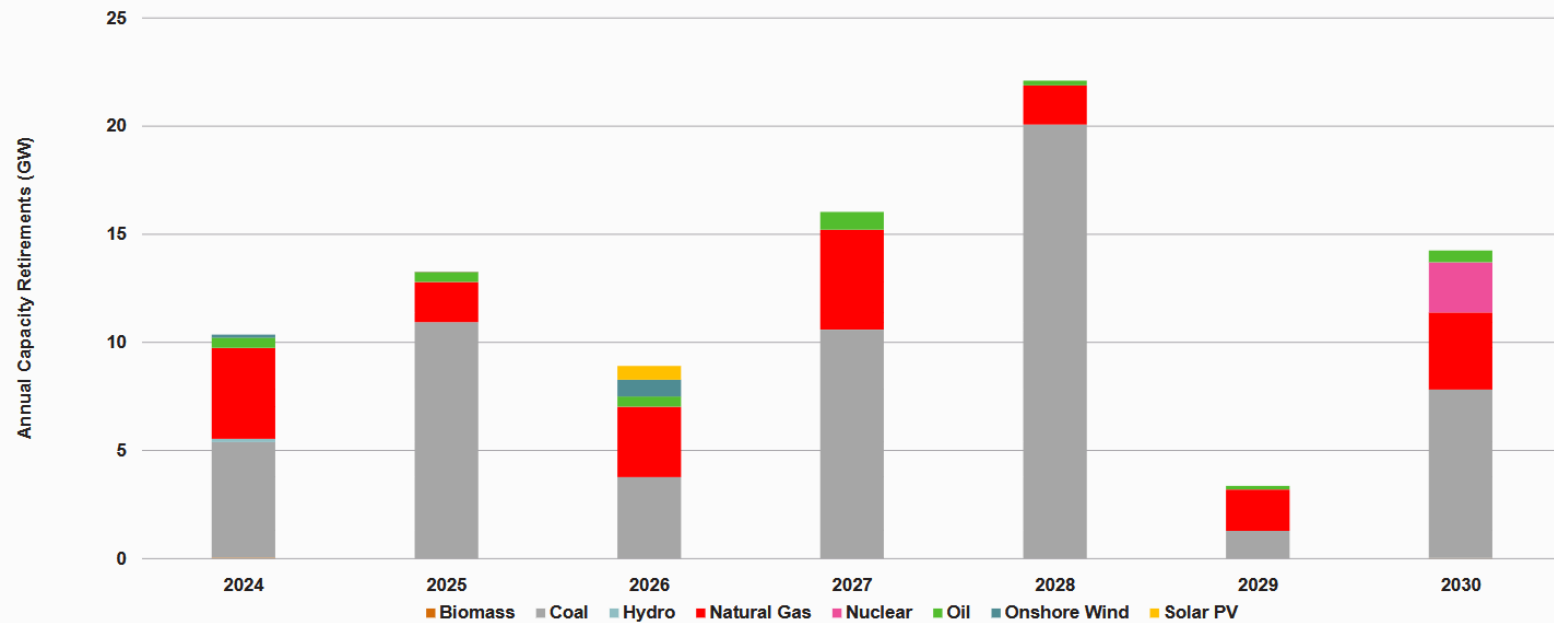
U.S. Energy Information Administration - EIA - Independent Statistics And Analysis. [www.eia.gov/state](http://www.eia.gov/state)

# And It's Not Just Data Centers



# Significant Retirements Announced Over the Next 5 Years

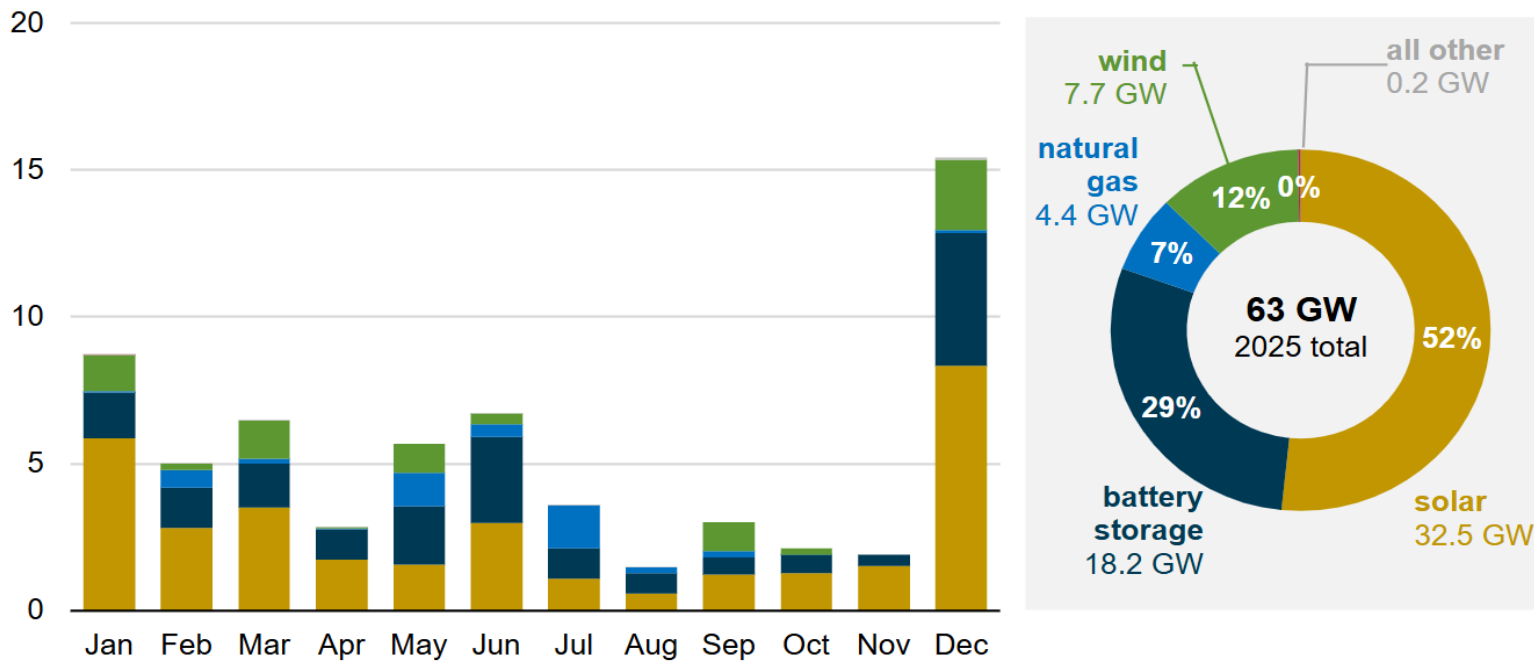
Announced Retirements by Type (2025-30)



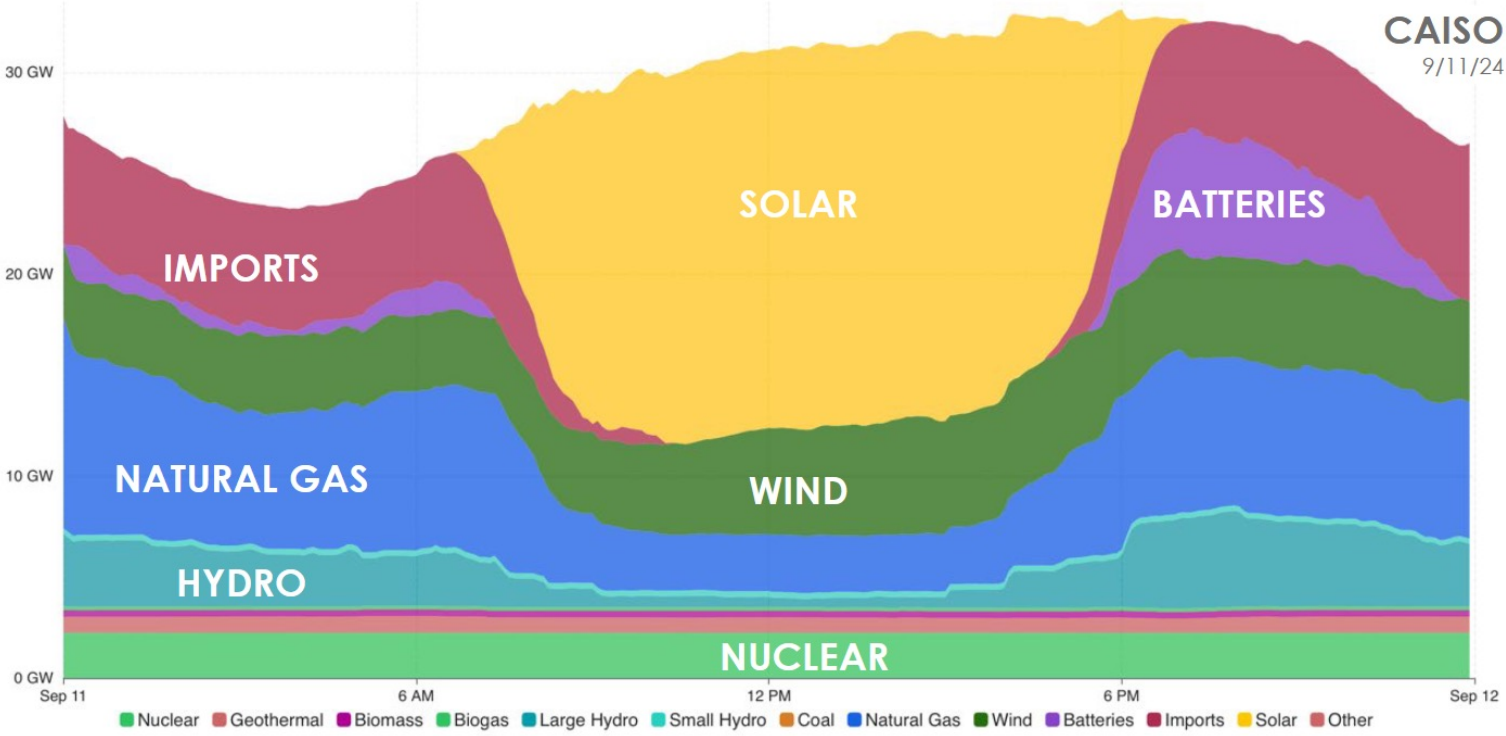
Source | Enverus Intelligence® Research, Enverus FOUNDATIONS® – Power & Renewables

# A Noticeable Shift in Replacement Generation

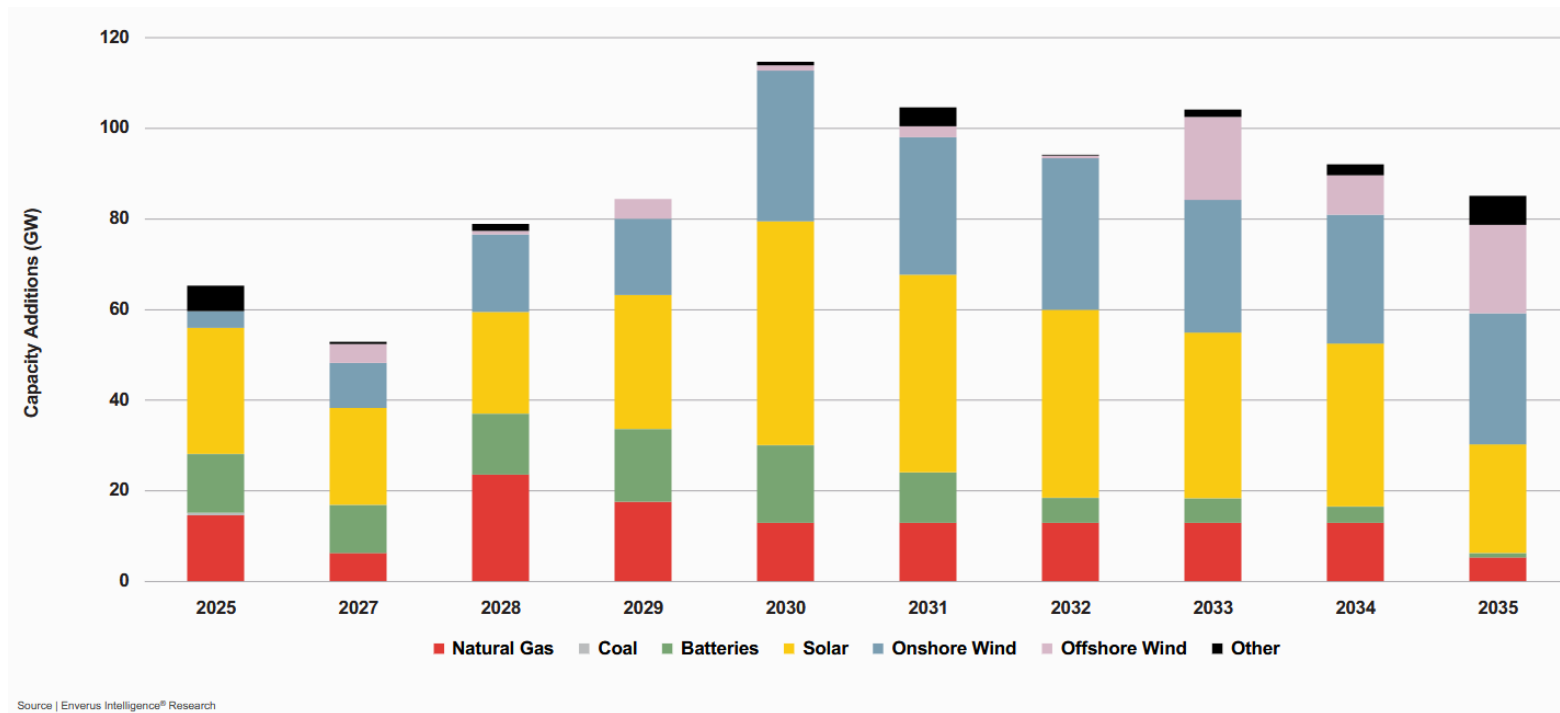
U.S. planned utility-scale electric-generating capacity additions (2025)  
gigawatts (GW)



# Renewable Additions Require Flexible Generation For Firming

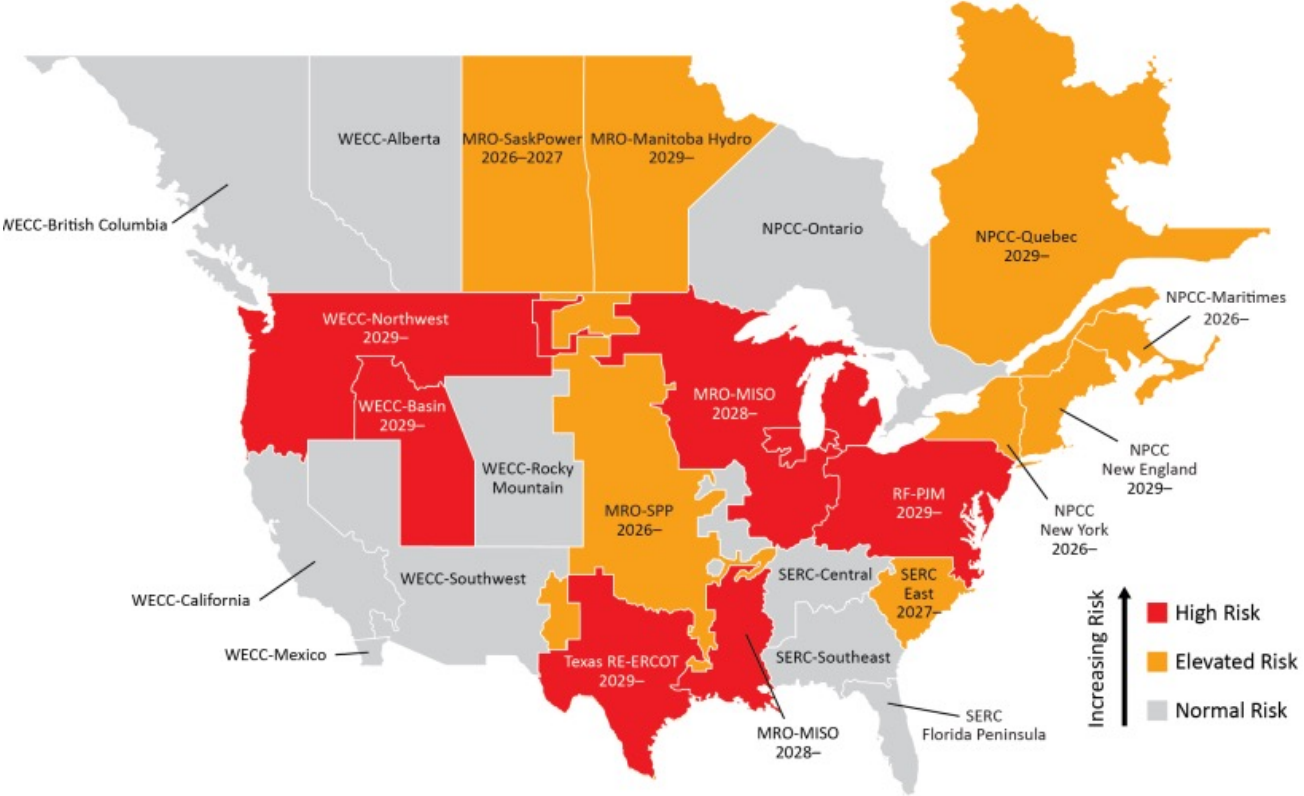


# Over 150 GW of New NG Capacity Required



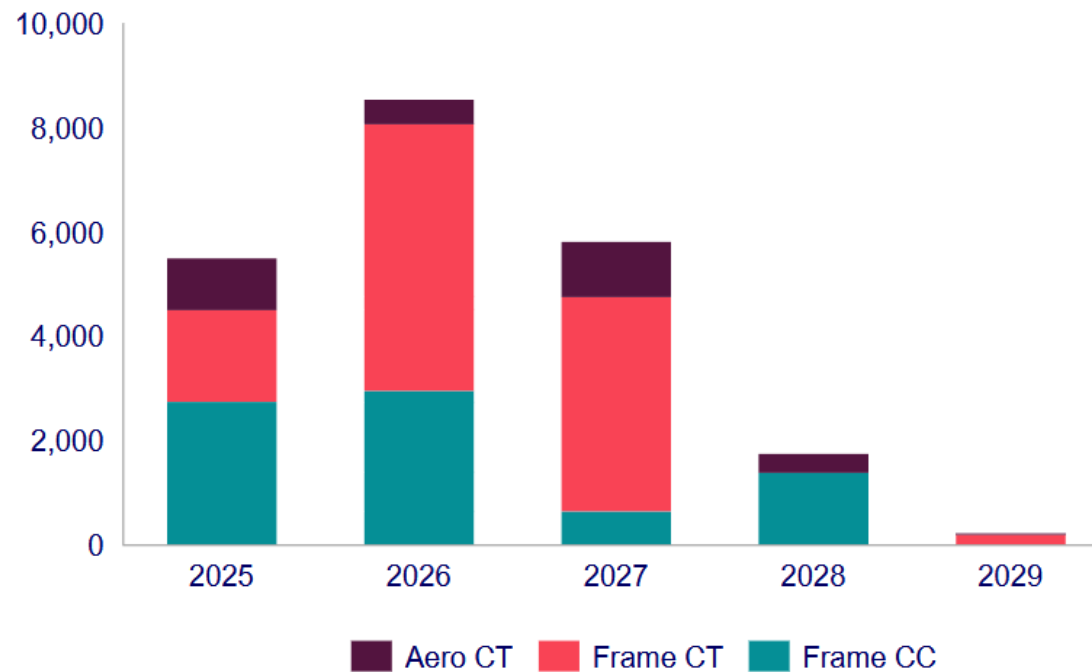
Source | Enverus Intelligence® Research

# Regional Capacity Concern – 5 Year Outlook



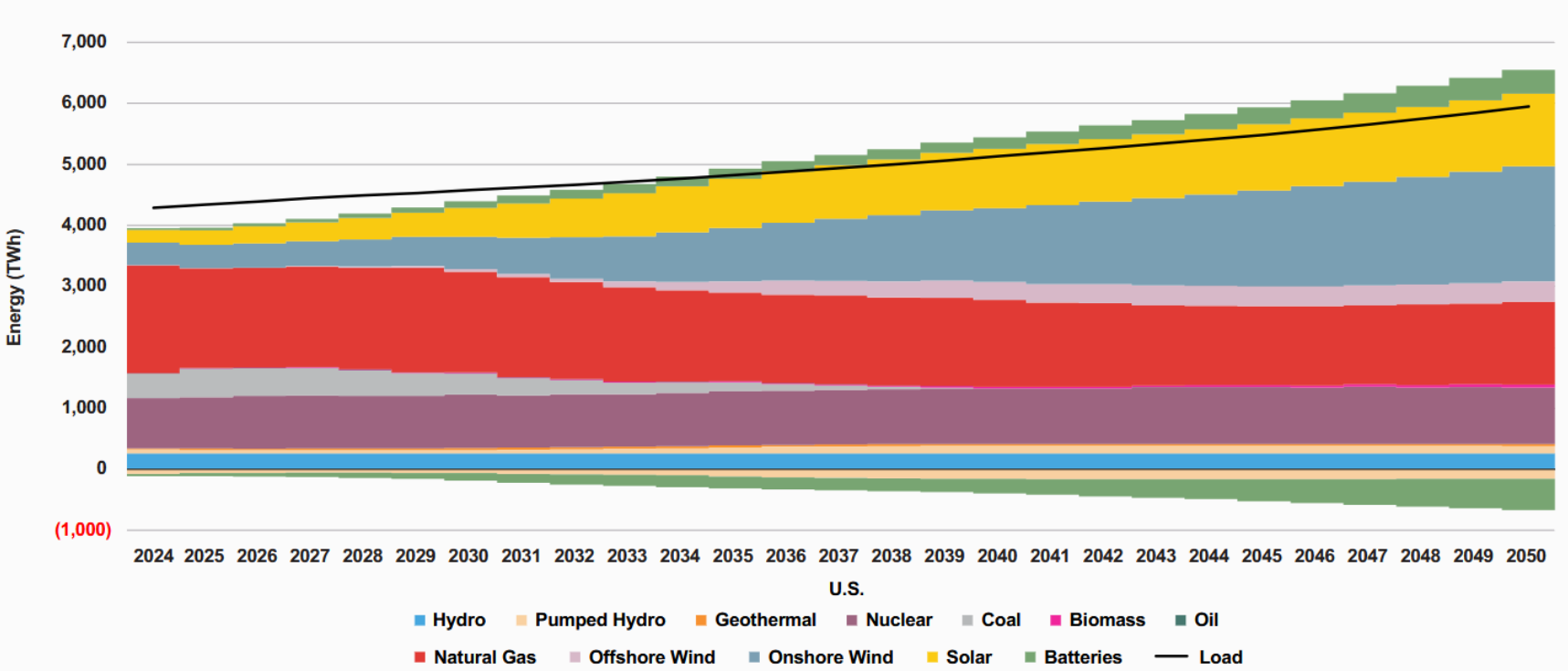
# Most NG Plant Additions Focused on Peaking/Flexible Generation

Estimated COD for confirmed turbine orders



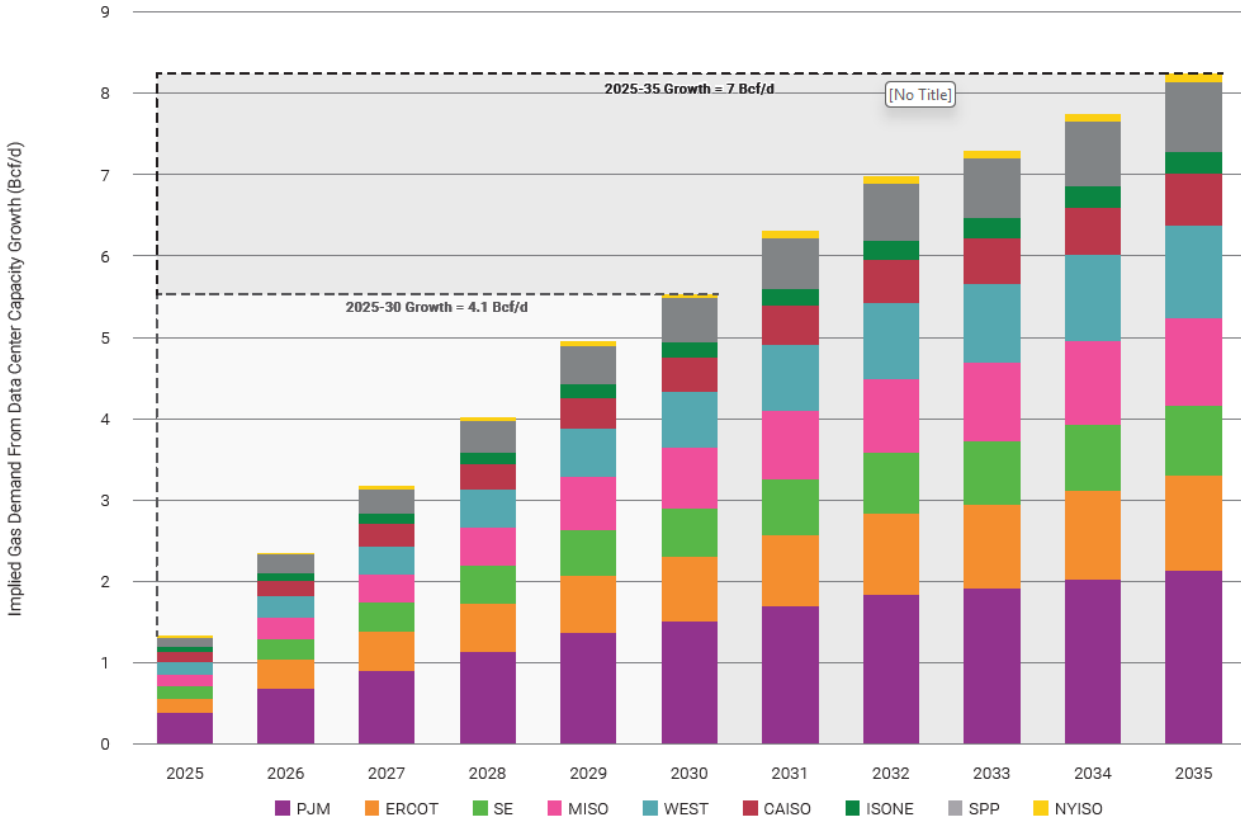
Source: McCoy Power Reports

# Natural Gas Remains a Critical Part of the Mix



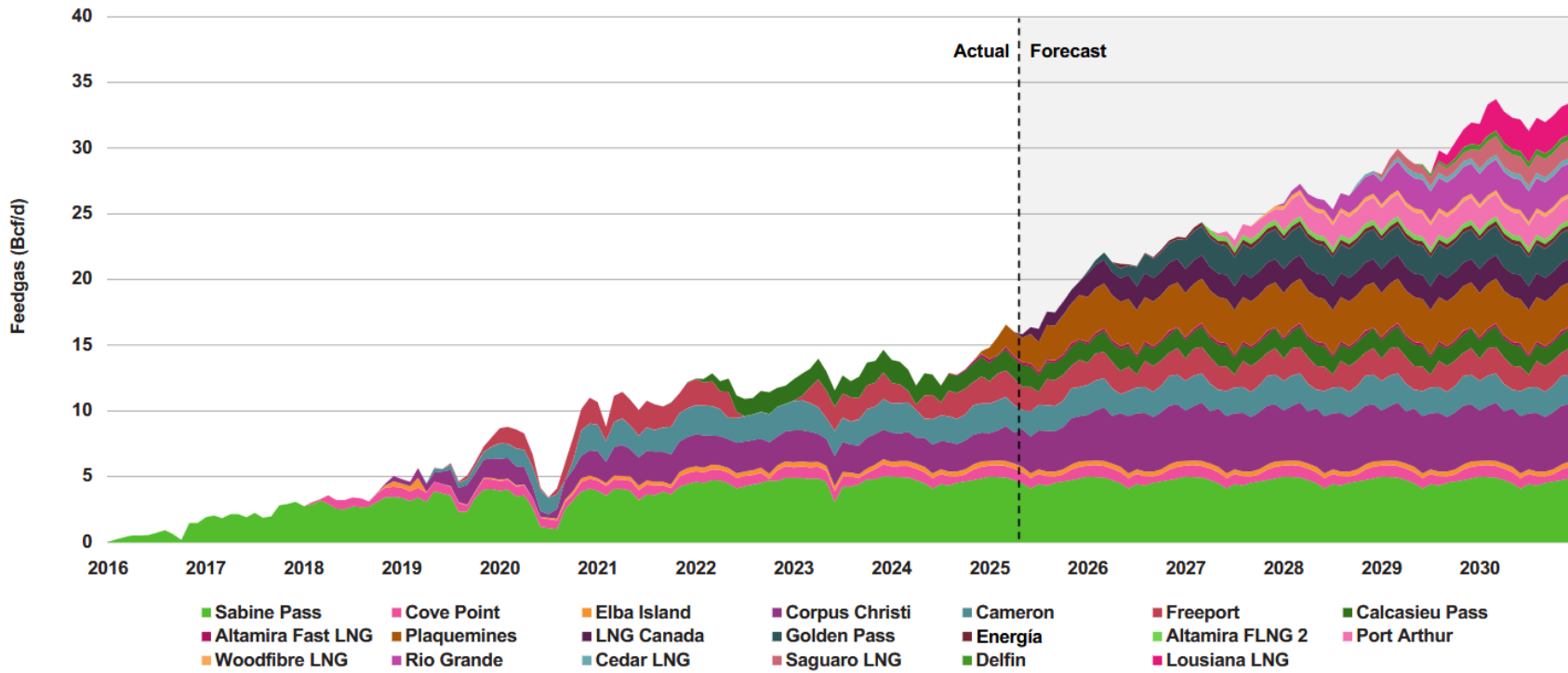
Source | Enverus Intelligence® Research

# NG for Power Demand Expected to Increase



Source | Enverus Intelligence® Research, FactSet

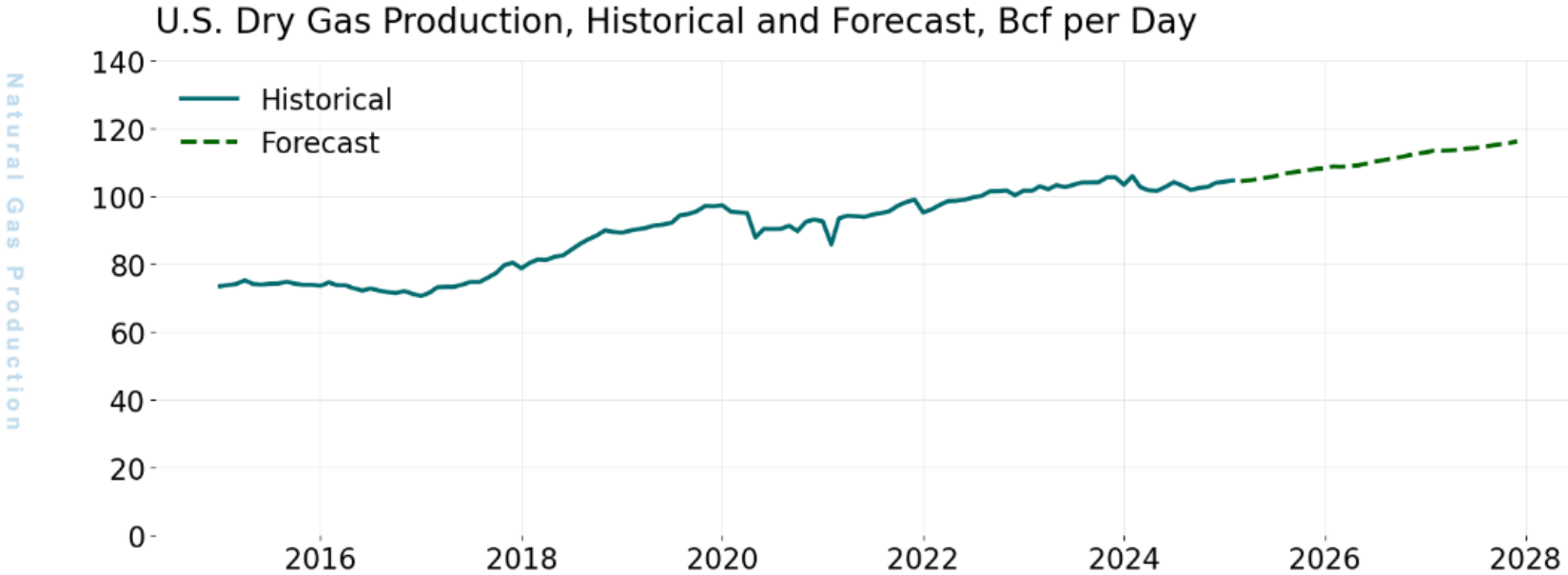
# LNG Export Capacity Grows to 30 Bcf/d by 2030



Source | Enverus Intelligence® Research, EIA, company disclosures

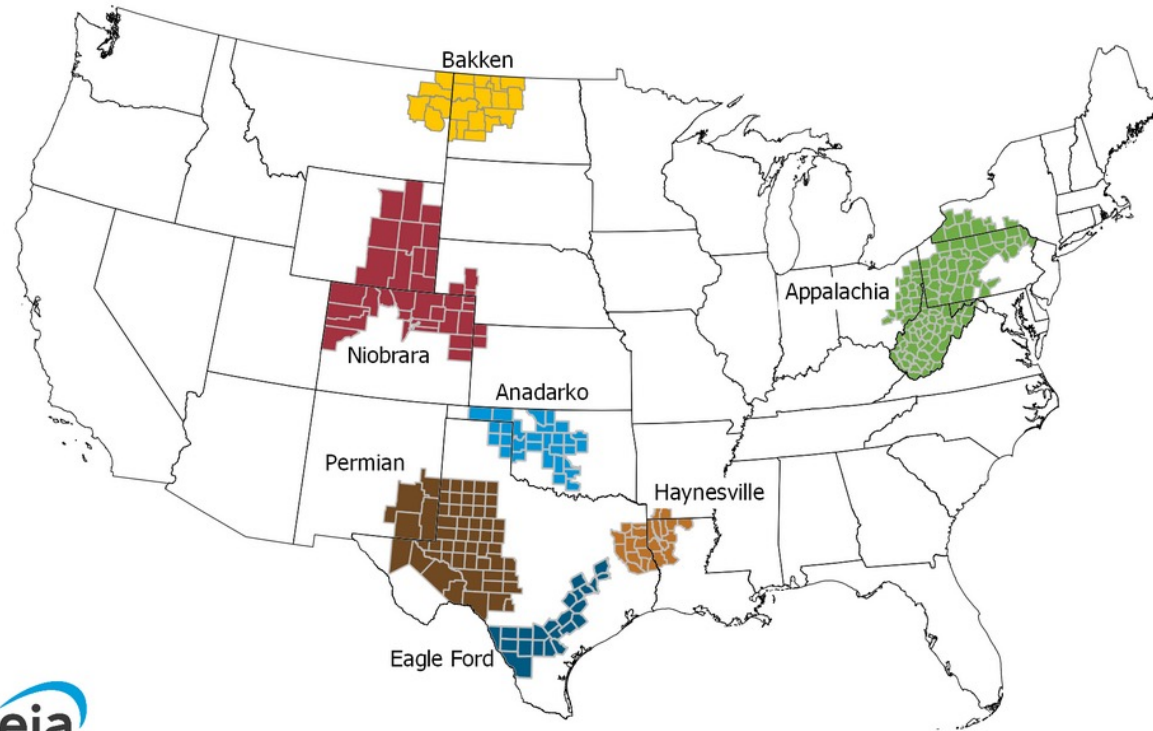
# NG Production Remains Strong

## 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

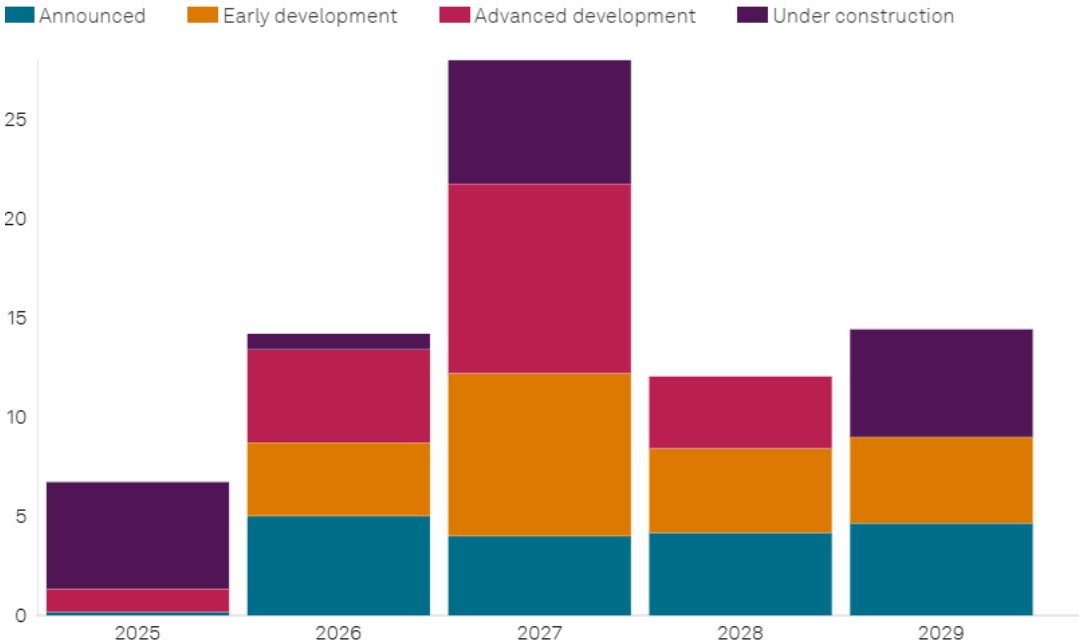
# NG Production Growth Concentrated in Texas and Louisiana



Data source: U.S. Energy Information Administration

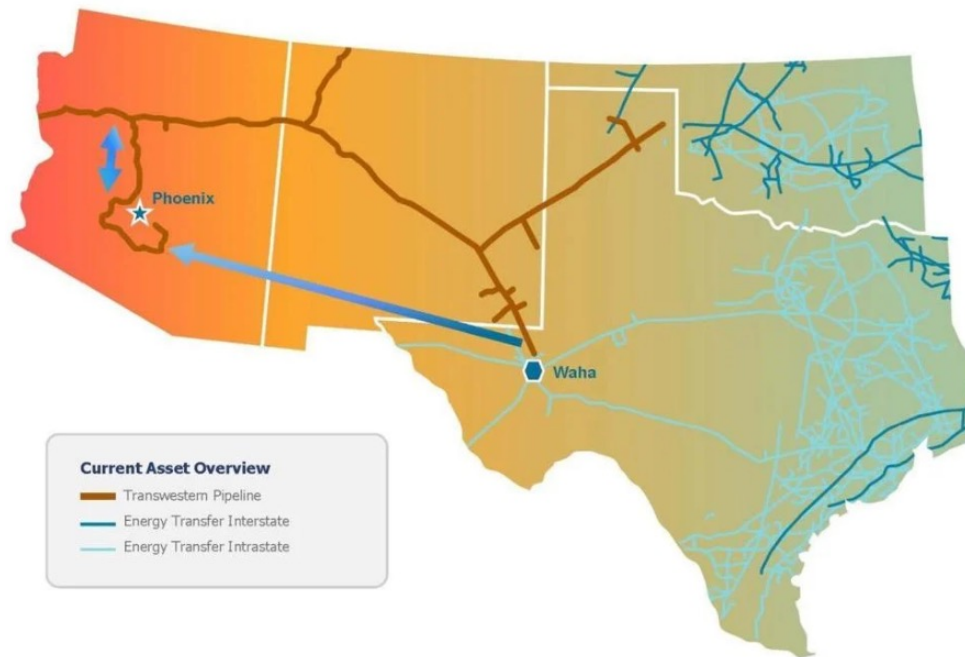
# Pipeline Development is Expanding Quickly

US gas pipeline project capacity by estimated year in service (million Dth)



Data compiled Nov. 14, 2025.  
Only includes pipeline projects longer than 10 miles.  
Excludes postponed and terminated projects and projects with no estimated year in service.  
Source: S&P Global Market Intelligence.  
© 2025 S&P Global.

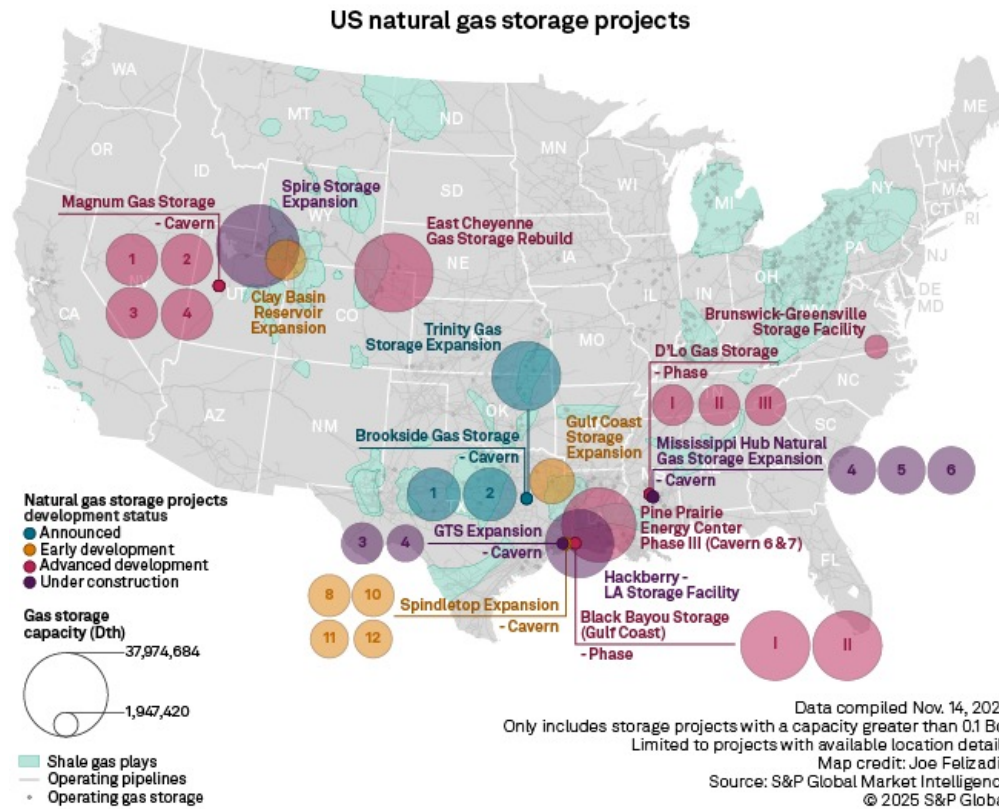
# SW Pipeline Expansion – Desert Southwest Pipeline



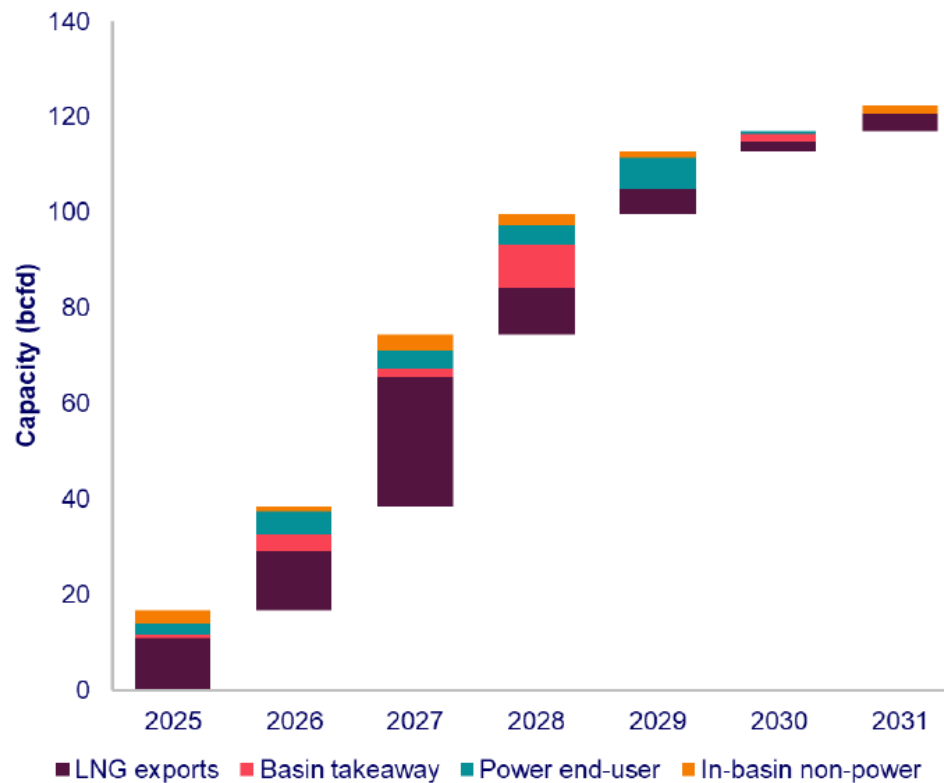
- Energy Transfer Fuels expansion of its Transwestern Pipeline
  - Will bring additional supply to Arizona and New Mexico from the Permian Basin
- Increasing capacity to 2.3 Bcf/d - currently at 1.5 Bcf/d
- Expected to be in service by Q4 2029

<https://www.energytransfer.com/project-highlights/>

# Storage Development Supports Pipeline Growth

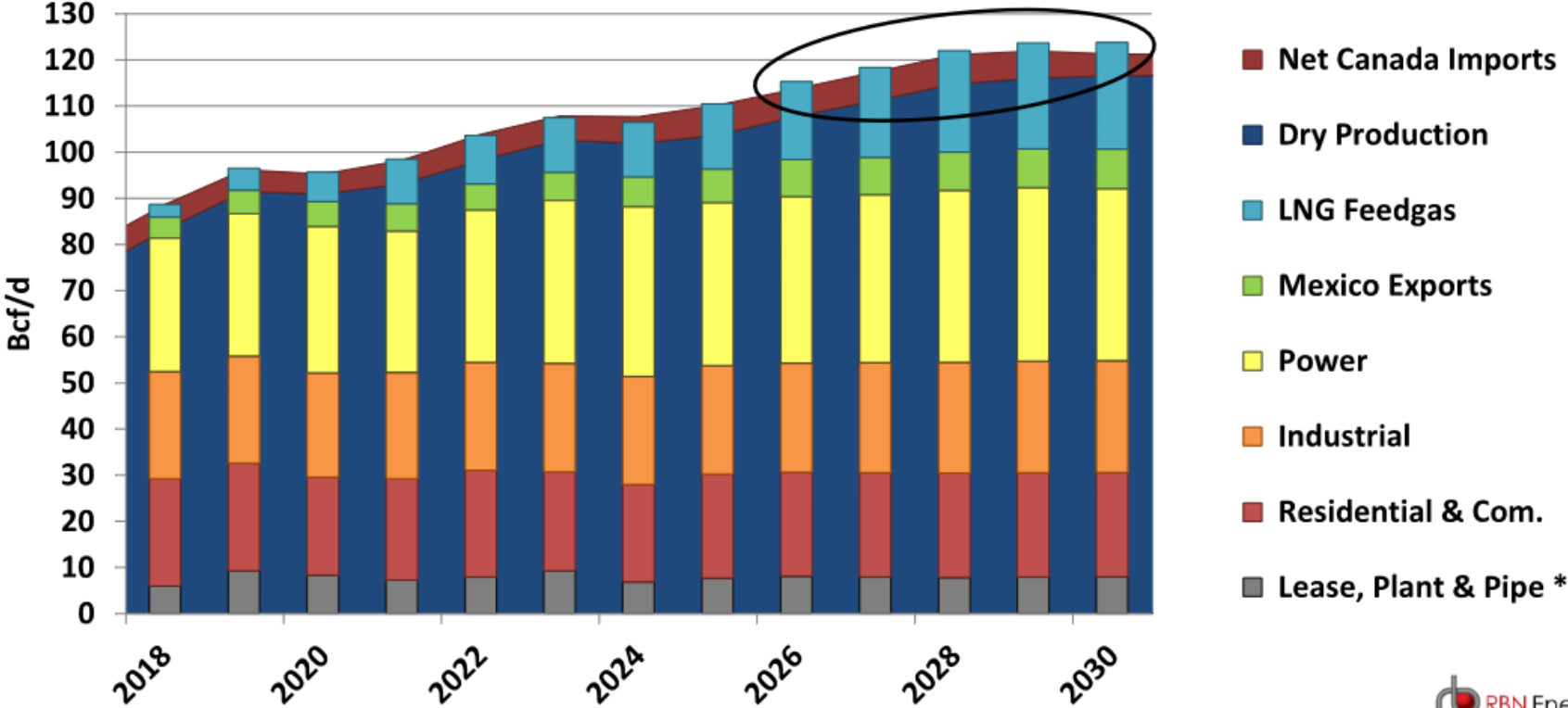


# With Power Generation Starting to Become a Larger Focus



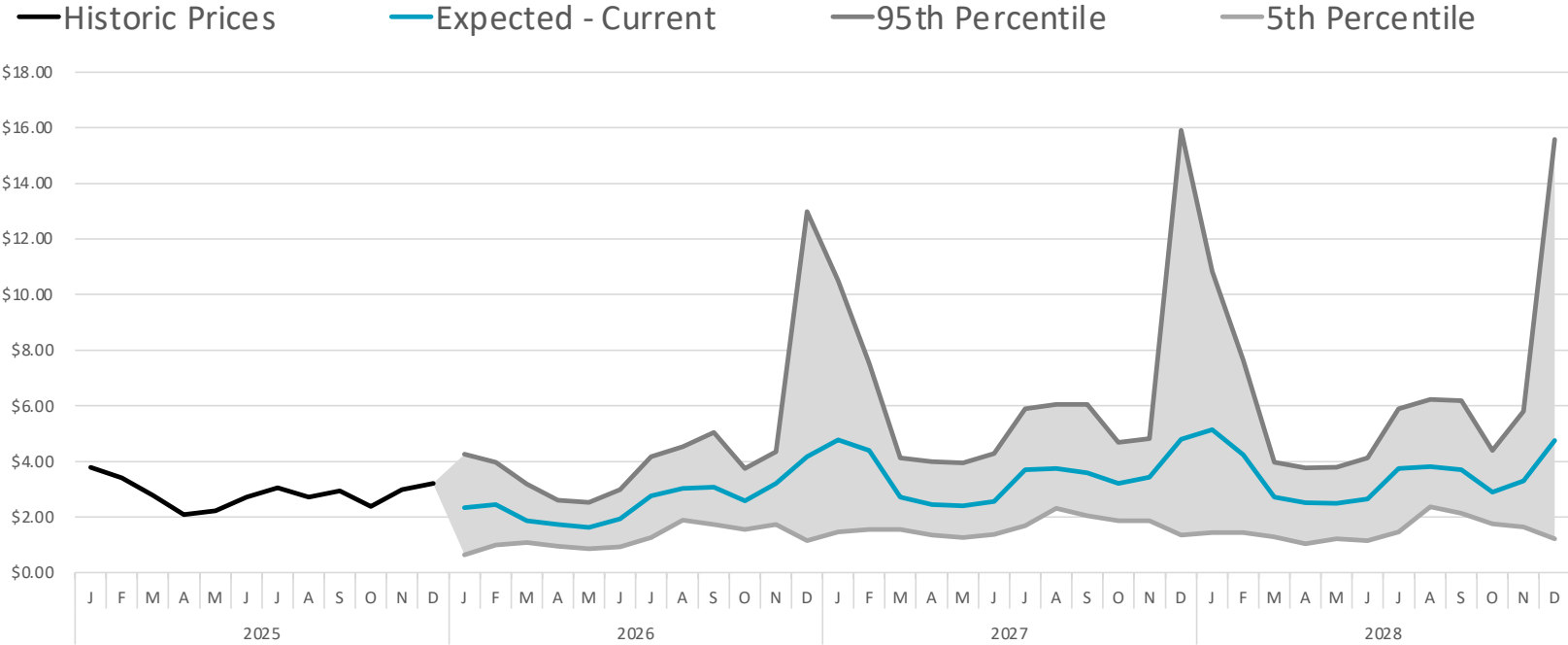
Source: Wood Mackenzie

# Demand Expected to Outpace Supply Growth

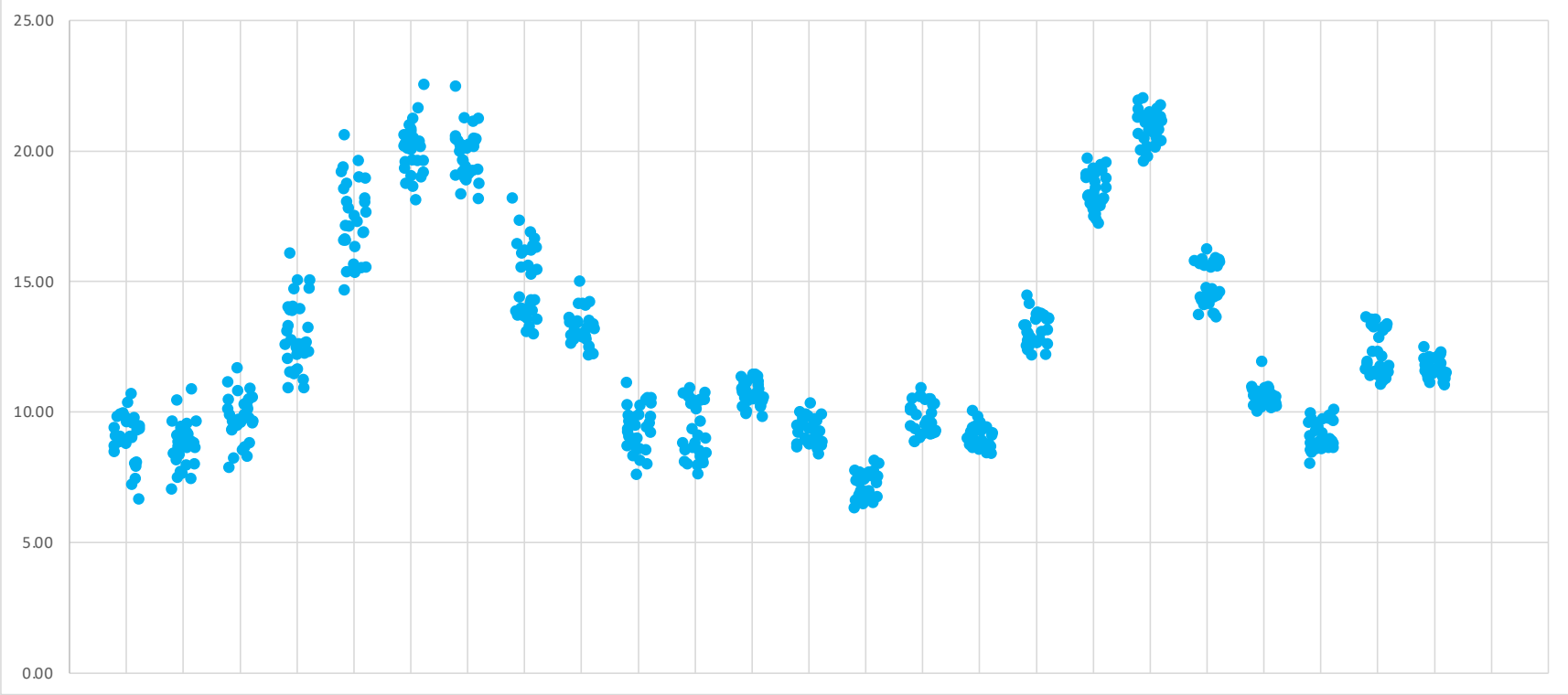


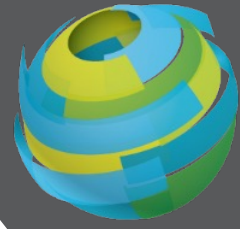
# Forward Prices are Stable, but Risk Remains

SoCal Border Prices, \$/MMBtu



# Market Heat Rates Continue to Favor Gas Gen





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

Questions?