



SEPTEMBER 2025

ENERGY MARKET UPDATE

Prepared by
Energy Professionals

www.energyprofessionals.com

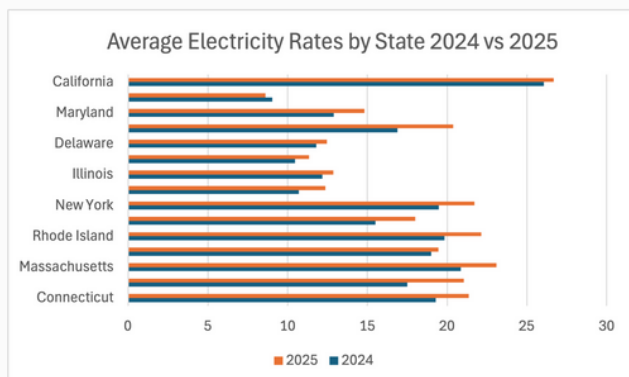
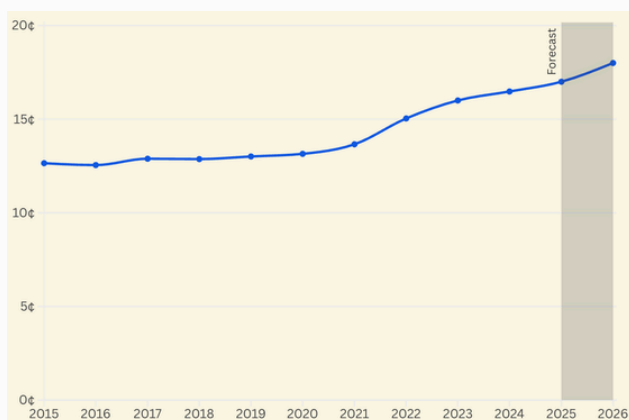
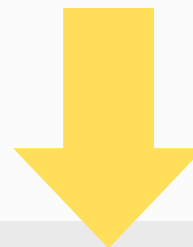
“The cost of electricity is rising more than twice as fast as overall inflation, turning a basic household necessity into a growing financial burden. In August, electricity prices jumped 6.2% from a year earlier and are now up more than 30% over the past four years, according to the Consumer Price Index.” - News Nation

Over the past 2–3 months, U.S. energy markets have shifted from the mild pricing we saw earlier this year to a firmer, risk-aware stance, as many utilities and energy suppliers have started posting higher costs.

Wholesale electricity prices are running considerably higher than last summer, as hotter-than-expected heat waves and the rapid growth of new AI data centers have squeezed energy reserve margins in several regions, adding additional load stress and concerns.

Natural gas prices are also on the move. After spending much of 2023 and 2024 well below \$3, gas is now holding above \$3 per MMBtu (on average) and showing an apparent upward tilt heading into winter. While natural gas storage levels remain healthy, record LNG exports and slower production growth are tightening the supply and demand balance, which will tighten further as we move into the Winter heating season.

Due to increased demand, tight supplies, and rising capacity charges in many regions, overall energy costs are likely to drift higher, with a greater risk of sudden price spikes in the months ahead.



How this impacts your business' energy bill

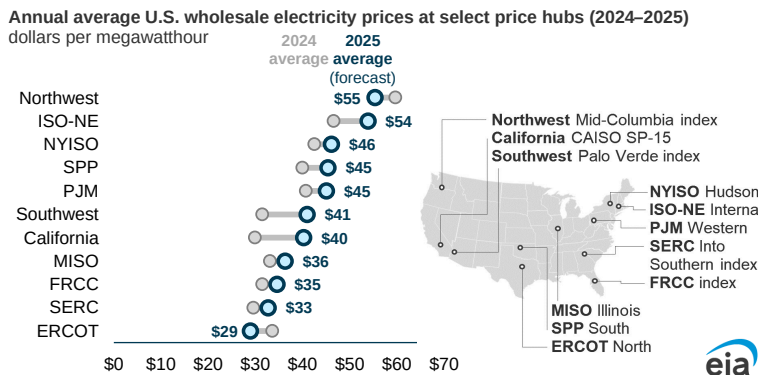
For customers who are already under a low fixed-rate contract, now's the time to check renewal rates and options. Securing your next contract early can help you avoid the potential of higher prices in the future.

For customers not mid an energy contract and still purchasing their energy supply from the utility, you're probably already seeing higher bills. Locking in a fixed rate now can stabilize your energy costs and protect you from future increases. Customers who did so 2-3 years ago are saving a lot today.

“Many parts of the country saw their highest levels of electricity system daily peak demand due to the hot summer temperatures.” - Energy Information Administration 

Electricity Recent Trends

This summer, wholesale electricity prices ran higher in the middle of the country while holding steadier elsewhere. In June, the Midwest (MISO) posted the year's highest hub prices during summer periods at about \$161/MWh. While some Ameren customers in the Midwest saw their electric bills almost double. For businesses on index or hybrid contracts, this translated into short bursts of costly hours when heat stressed the grid, with more manageable pricing on milder days.



Nationally, analysts estimate that wholesale prices averaged about 12% higher than they were last summer.

Key Drivers

Two main factors are pushing prices up: Weather and demand growth. Heat waves drive up on-peak costs, while the structural growth from AI and data centers is raising the “floor” under prices even during normal conditions. For example, in PJM, the U.S.’s largest power grid, this is already visible in capacity markets, where auction prices for 2026/27 reached the highest ever levels, meaning capacity and transmission charges will not only increase bills but also make up a larger portion of them in the future.

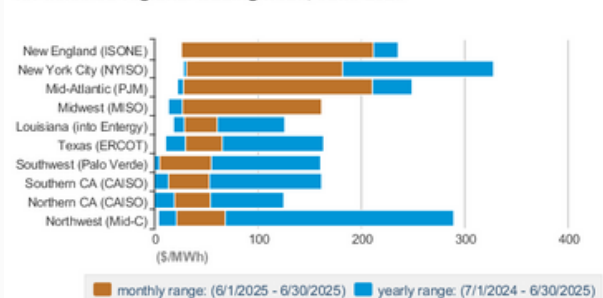
Historical Context

Compared to the extreme volatility of 2022–2023, today’s markets feel more stable. But prices are no longer “cheap everywhere.” If your 2025 budget was based on 2024’s numbers, expect an increase, specifically during cooling or heating periods.

Predictions

EIA projects U.S. power consumption will set records in both 2025 and 2026. Renewable energy is expanding, but in some regions, it won’t be enough to keep pace with electrification and computing demand. This points to firmer prices into 2026, particularly in PJM, MISO, and CAISO during summer peaks. Businesses should consider locking a portion of 2026–2027 usage when prices dip, and explore demand-management tools like HVAC sequencing, process scheduling, or battery/thermal storage to cut costs during late-afternoon peaks.

Monthly and annual range of wholesale electricity prices for selected regional trading hubs, June 2025

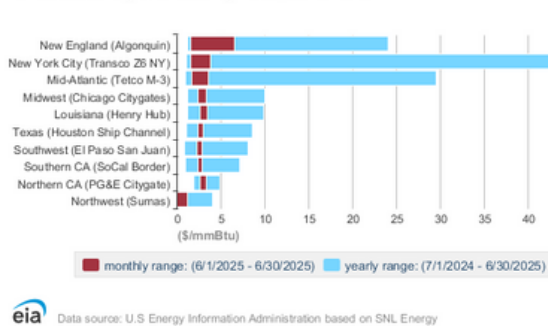


eia Data source: U.S. Energy Information Administration based on SNL Energy

Natural Gas Recent Trends

The U.S. Energy Information Administration (EIA) forecasts the 2025 average Henry Hub natural gas spot price to be \$3.61/MMBtu, up from \$2.19/MMBtu in 2024 and \$2.53/MMBtu in 2023. Natural gas futures and forecasts point higher into late 2025 and 2026. Storage is comfortably above average for now, which helps in the short term. But August set a new all-time record for U.S. LNG exports, which is beginning to tighten supply.

Monthly and annual range of wholesale natural gas prices for selected regional trading hubs, June 2025



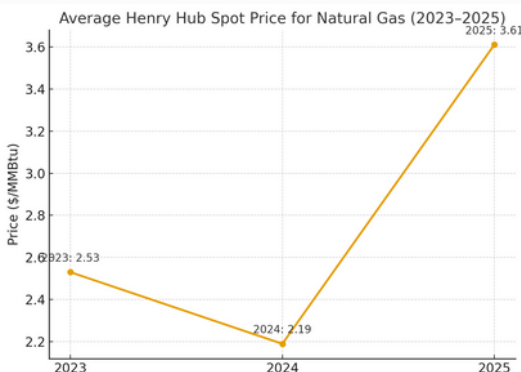
Growing international demand is causing natural gas prices to rise, which will in turn push U.S. electricity prices higher now that about 40% of U.S. generation comes from natural gas.

Natural gas prices are expected to average **\$4/MMBtu through 2025** and jump to **\$4.90/MMBtu in 2026**. [Read more...](#)

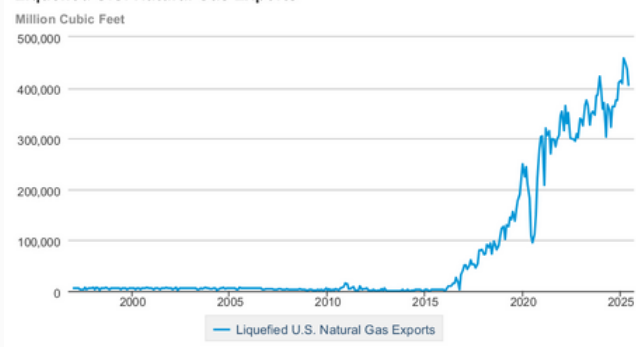


Drivers

The two big swing factors are LNG exports and supply growth. Exports are climbing as new terminals come online, while producers have slowed drilling. EIA expects this combination to push prices steadily higher through late 2025 and into 2026.



Liquefied U.S. Natural Gas Exports



Historical Context

Prices in the first half of 2025 averaged about 67% higher than in 2024, though still well below the peaks seen during the 2022 energy crisis. The takeaway: we're not at "crisis levels," but the market has clearly shifted upward from last year.

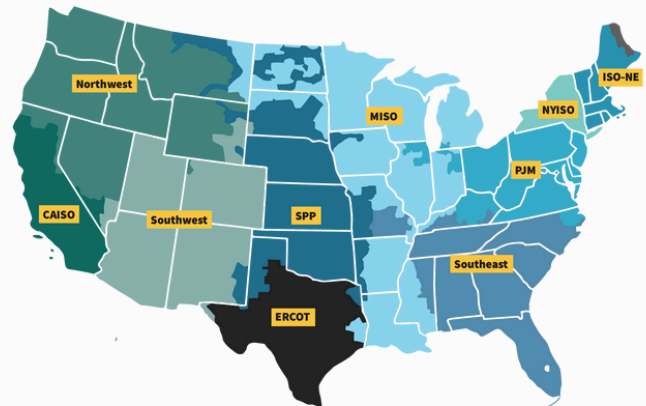
Predictions

EIA's outlook puts Henry Hub at about \$3.70/MMBtu by Q4 2025, moving higher again in 2026. For businesses, that means higher winter gas and gas-linked power costs. A smart strategy is to hedge 25–50% of expected winter usage with fixed layers or price caps.

Multiple electric grids across the U.S. have experienced significant price increases in 2025, with several regions in the Northeast and Southwest seeing the sharpest hikes. Contributing factors include high demand from data centers and artificial intelligence, infrastructure upgrade costs, and fluctuating natural gas prices.

PJM (MID-ATLANTIC & MIDWEST)

Capacity auction prices have jumped from under \$30/MW-day two years ago to nearly \$270 for 2025/26 and capped at \$329 for 2026/27. Data-center demand is leading the surge. Expect higher capacity and transmission adders on future bills.



ISO-NE (NEW ENGLAND)

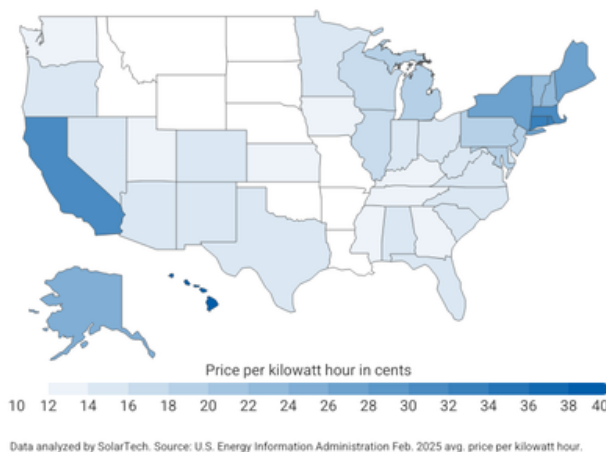
The grid handled summer demand, but gas pipeline limits keep winter risk high.

NYISO (NEW YORK)

Resources exceeded summer needs, but winter peaks are growing as electrification accelerates.

Most Expensive Electricity in Price Per Kilowatt Hour

This chart depicts the average price in cents per kilowatt hour paid by residents of each state in February, 2025 (the latest month for which data is available).



MISO & CAISO (MIDWEST & CALIFORNIA)

MISO's 2025/26 capacity auction cleared at \$666.50/MW-day—its highest ever. CAISO forecasts 15% peak demand growth by 2030.

ERCOT (TEXAS)

Solar and wind growth help keep energy competitive, but scarcity risk remains around sunset hours.

Regional Grid Insights

Summary

Despite significant increases, most energy suppliers are still posting manageable rates and positive contract options, but the warning signs for higher 2026 bills are already here. Capacity charges in PJM and MISO are climbing, summer peak risks continue in CAISO and ERCOT, and natural gas prices are trending higher going into winter.



If you already have a contract at a low fixed rate

Now is the time to get renewal pricing. Securing terms early protects you from paying much higher rates if you wait until your current contract expires.

If you don't have a contract and are buying from the utility

You've likely already seen higher bills. Cutting usage helps, but it won't solve the bigger problem. Acting now, while retail energy rates are still below many utility prices, will stabilize your costs and protect your budget from future hikes.

Additional things you can do to lower costs

Cut usage during the most expensive hours. Late afternoons are when the grid is most stressed, and power costs the most. Shifting or reducing operations in these hours may lower your bill.

Review the extra charges on your bill. Capacity and transmission fees are climbing. Before you renew, have an expert review these pass-through costs so you're not surprised later.



Energy Professionals LLC is one of the nation's largest and most trusted energy consulting firms.

For over 25 years, we've helped thousands of businesses manage and reduce their energy costs. With one of the largest networks of retail energy suppliers and long-standing partnerships across the energy industry, we deliver competitive fixed rates, custom energy strategies, and innovative solutions to help you avoid high bills and increasing costs.

Reach out to your Energy Professionals advisor today to review your options.



(888) 473-3829

Interesting Headlines



Reuters

[Soaring US power auction prices set to spur new projects](#)



Reuters

[US power use to reach record highs in 2025 and 2026, EIA says](#)



Premier

[2025 Grid Scorecard: Breaking Down Electricity Prices](#)



Yahoo

[Ameren Illinois customers react to skyrocketing electric bill](#)



Utility Dive

[Rising natural gas prices expected to drive up electricity costs](#)



Visual Capitalist

[Chart: What's Powering New U.S. Electricity?](#)

References and Data Sources

U.S. Energy Information Administration (EIA) – Weekly Natural Gas Storage Report
<https://www.eia.gov/naturalgas/storage/>

U.S. Energy Information Administration (EIA) – Natural Gas Weekly Update
<https://www.eia.gov/naturalgas/weekly/>

U.S. Energy Information Administration (EIA) – Henry Hub Spot Price History
<https://www.eia.gov/dnav/ng/hist/rngwhhdm.htm>

U.S. Energy Information Administration (EIA) – Electricity Monthly Update: Regional Wholesale Markets
<https://www.eia.gov/electricity/monthly/update/wholesale-markets.php>

U.S. Energy Information Administration (EIA) – Electricity Monthly Update (Highlights)
<https://www.eia.gov/electricity/monthly/update/>

U.S. Energy Information Administration (EIA) – Short-Term Energy Outlook (web & PDF)
<https://www.eia.gov/outlooks/steo/>
https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf
https://www.eia.gov/outlooks/steo/pdf/steo_tables.pdf
<https://www.eia.gov/outlooks/steo/report/natgas.php>

Federal Energy Regulatory Commission (FERC) – Summer Energy Market & Reliability Assessment (May 2025)
<https://www.ferc.gov/sites/default/files/2025-05/Summer%20Assessment%202025%205-14-25.pdf>

PJM – 2025/26 Base Residual Auction Report & Updates
<https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2025-2026/2025-2026-base-residual-auction-report.pdf>
<https://insidelines.pjm.com/pjm-summer-outlook-2025-adequate-resources-available-for-summer-amid-growing-risk/>
<https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2025/20250507/20250507-item-07--review-of-482025-real-time-lmp---presentation.pdf>

Monitoring Analytics (PJM MMU) – Quarterly State of the Market (Q2-2025)
https://www.monitoringanalytics.com/reports/Market_Messages/Messages/2025q2-som-pjm-press-release.pdf

MISO – 2025 Planning Resource Auction Results
https://cdn.misoenergy.org/2025%20PRA%20Results%20Posting%2020250529_Corrections694160.pdf

ISO-NE – Forward Capacity Market (key stats & results)
<https://www.iso-ne.com/markets-operations/markets/forward-capacity-market>

NYISO – Summer 2025 Preparedness & Power Trends 2025
<https://www.nyiso.com/-/press-release-electric-grid-prepared-to-meet-2025-summer-demand>
<https://www.nyiso.com/documents/20142/2223020/2025-Power-Trends.pdf>

CAISO – 2025 Summer Loads & Resources Assessment; Reliability Blog
<https://www.caiso.com/content/summer-loads-resources-assessment/2025/index.html>
<https://www.caiso.com/about/news/energy-matters-blog/strengthening-the-grid-is-enhancing-summer-reliability>

Reuters – U.S. power use to reach records; PJM capacity prices surge; LNG export records; LNG deals
<https://www.reuters.com/business/energy/us-power-use-reach-record-highs-2025-2026-eia-says-2025-09-09/>
<https://www.reuters.com/business/energy/soaring-us-power-auction-prices-set-spur-new-projects--reeii-2025-09-09/>
<https://www.reuters.com/business/energy/us-records-highest-ever-lng-exports-august-2025-09-02/>
<https://www.reuters.com/business/energy/conocophillips-buy-lng-nextdecades-rio-grande-train-5-project-2025-09-08/>