

The State of the U.S. Power Markets

EPISODE 2

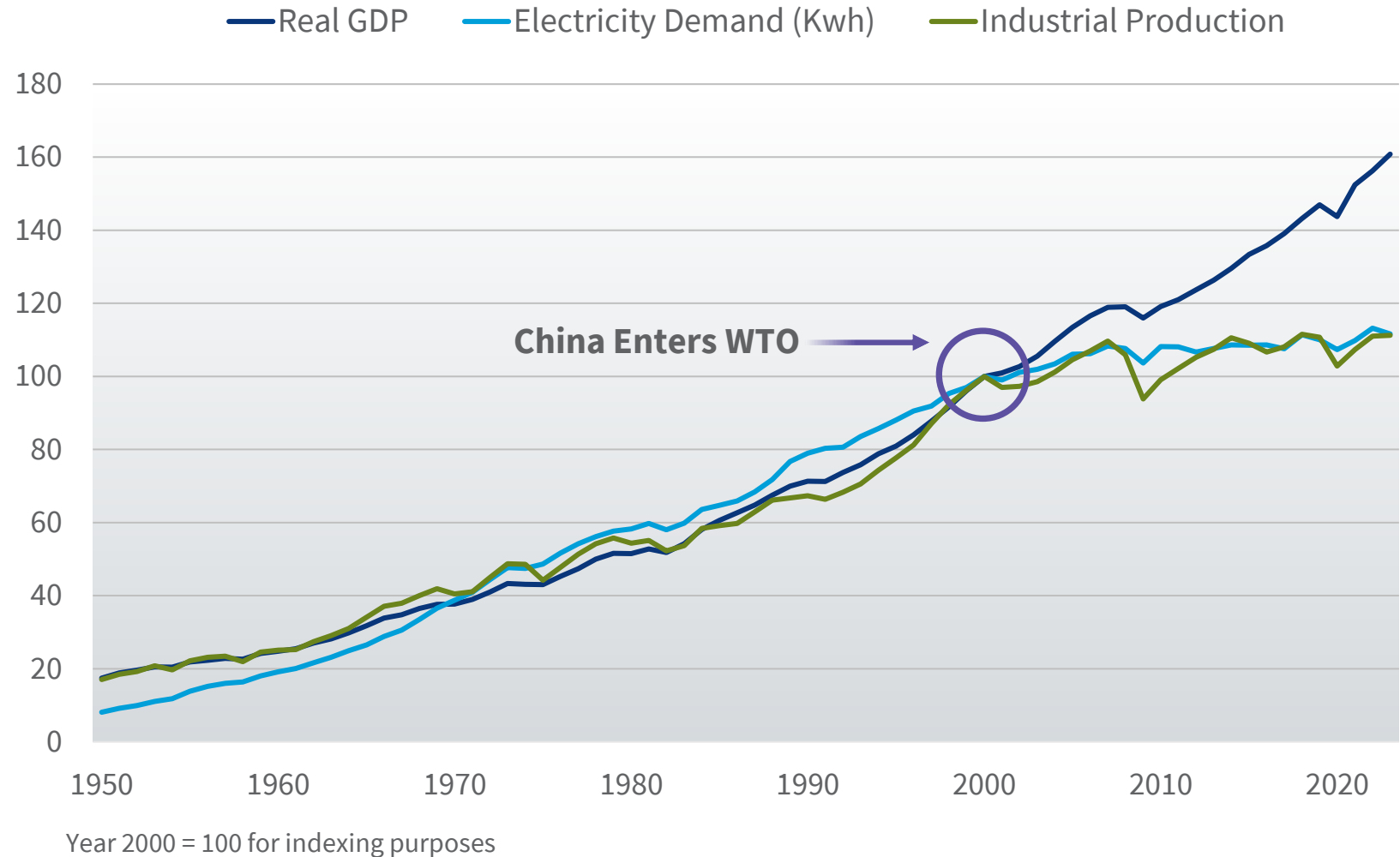
# U.S. Power Generation: Demand at an Inflection Point

SEPTEMBER 2025



# Historical Electricity Demand

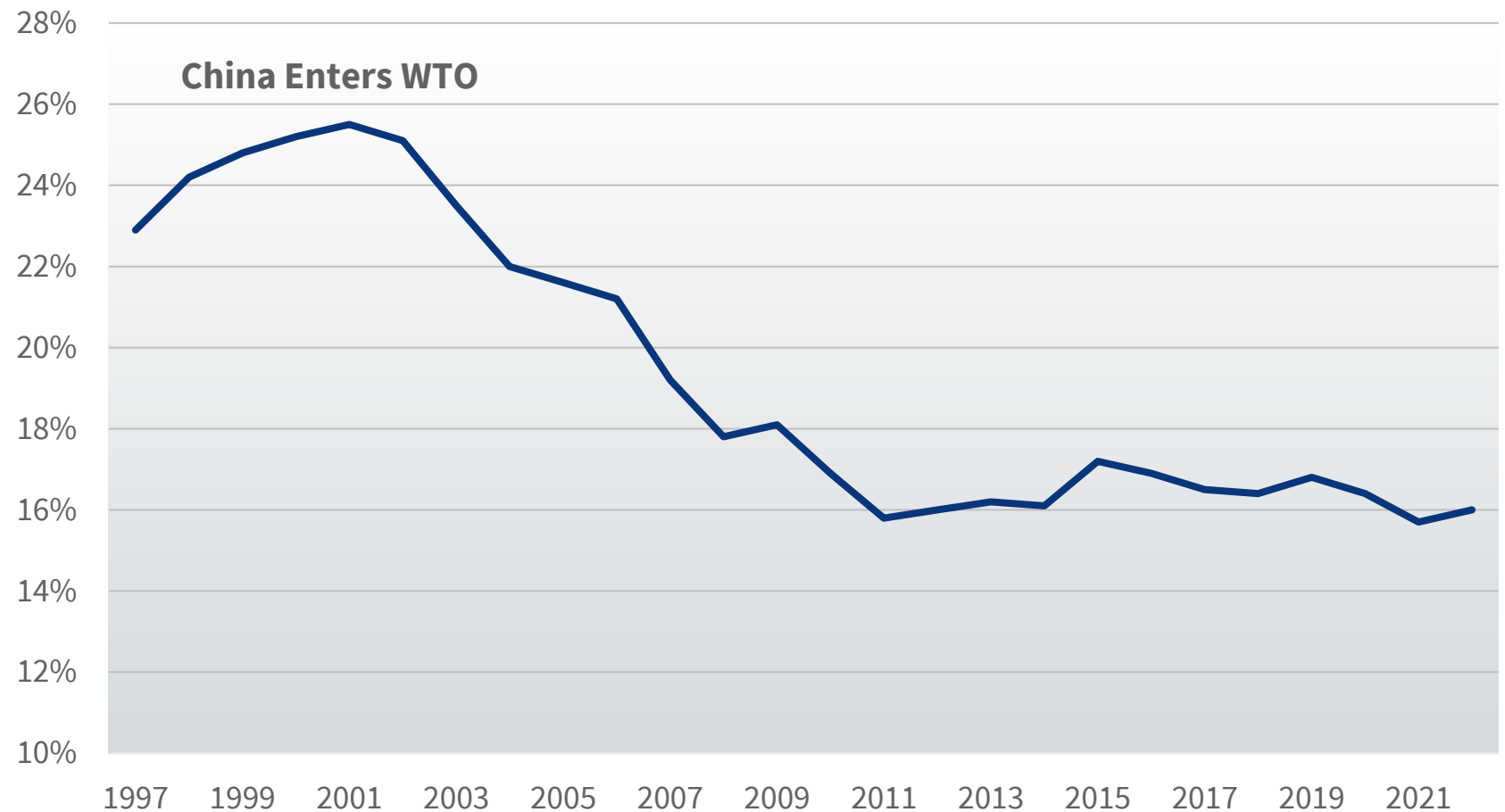
U.S. growth in electricity demand and industrial production decoupled from GDP growth when China entered the WTO in 2001.



Source: EIA and Federal Reserve Bank of St. Louis, CCM

# U.S. Share of Global Manufacturing

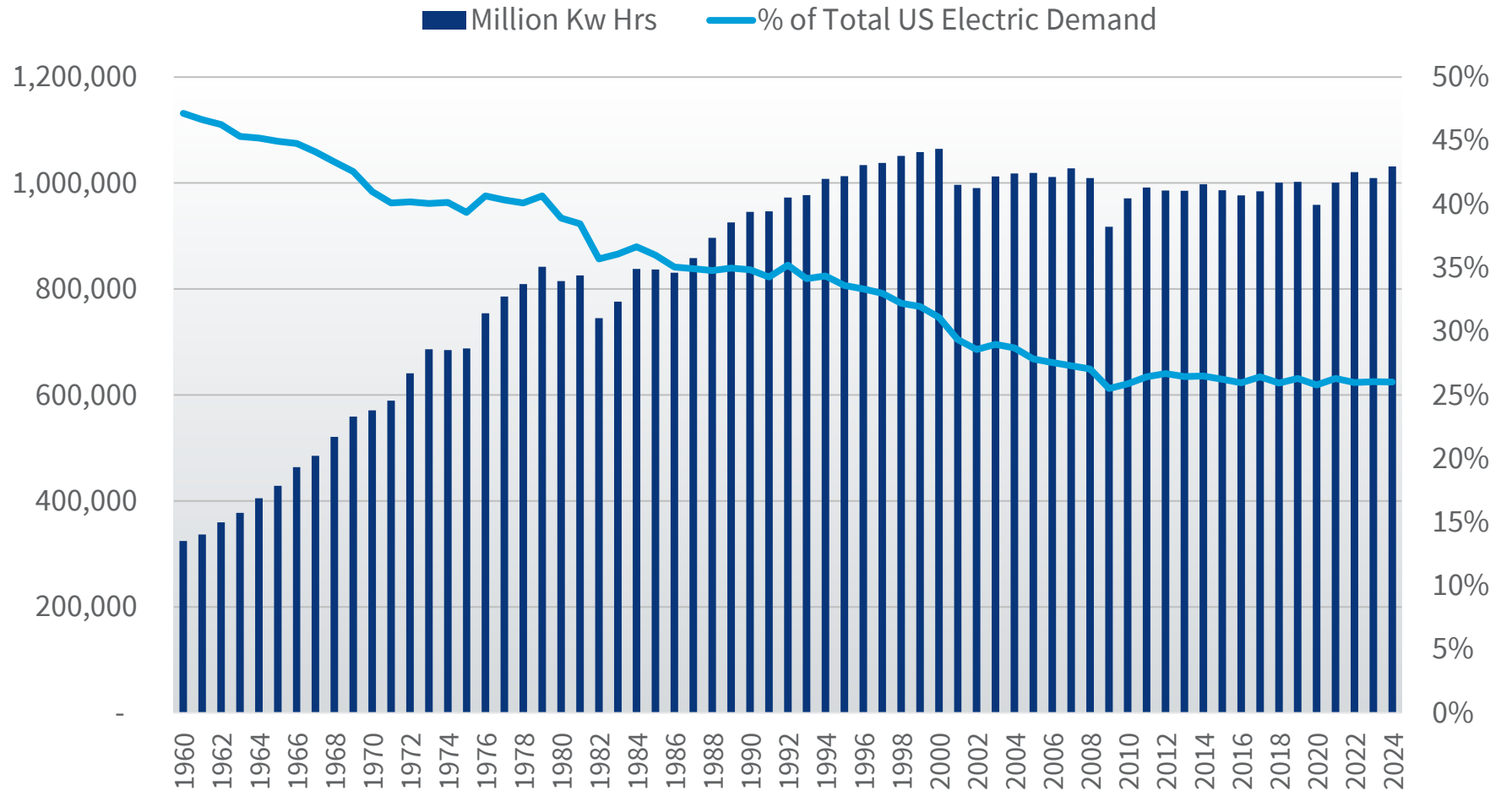
Since China joined the WTO in 2001, U.S. share of global manufacturing has fallen 9% accounting for ~\$1.5tn in lost annual economic output.



Source: US Census Bureau; Morgan Stanley, "US Reshoring Flame Has Been Lit for \$10tn Opportunity," October 16, 2024

# U.S. Industrial Electricity Demand

As U.S. industrial output has stagnated, its proportion of overall power demand has fallen from over 45% in 1960 to a little more than 25% today.

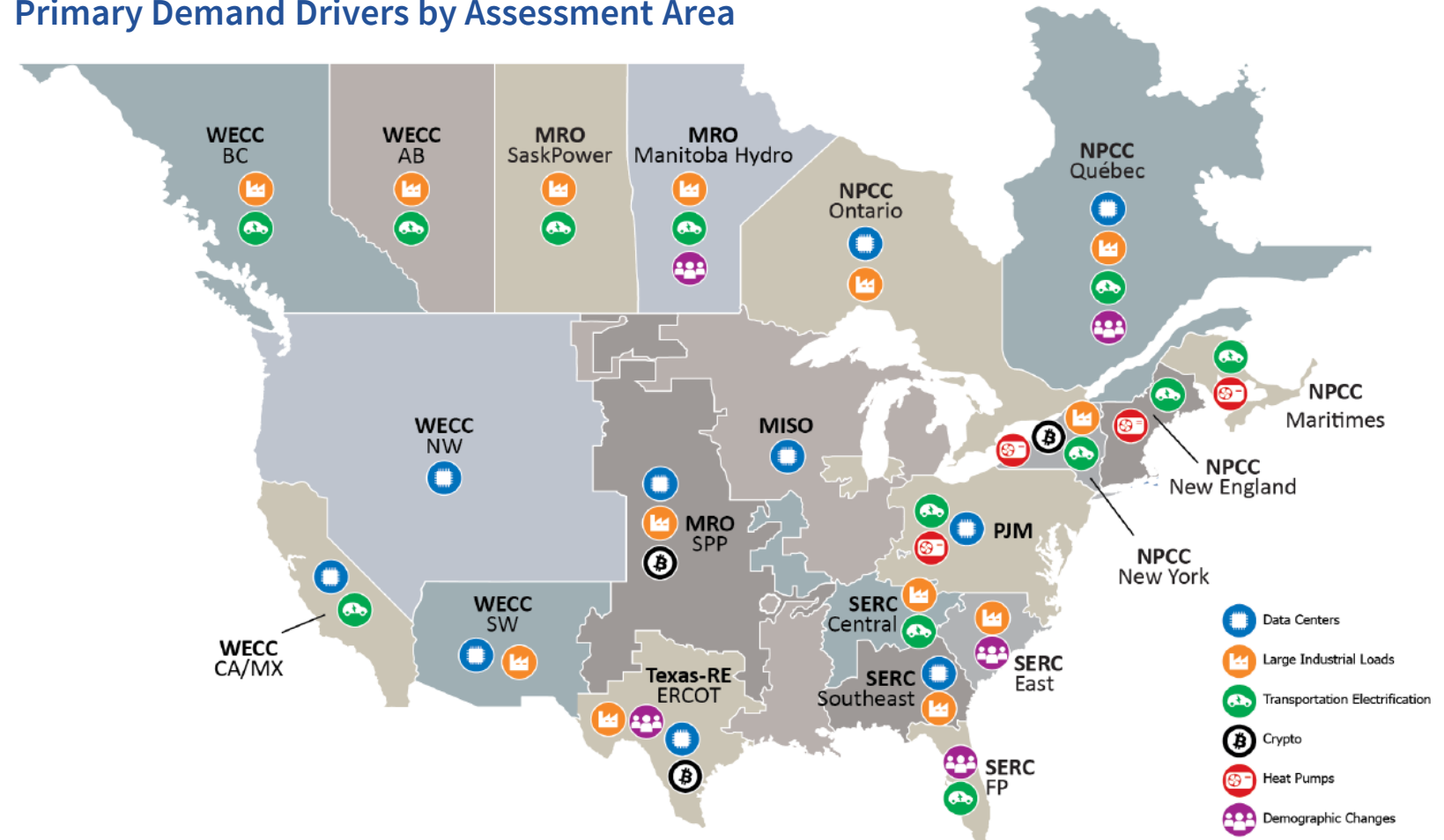


Source: EIA, "Monthly Energy Review", May 27, 2025

# Mapping The Drivers of Electric Load Growth

Years of stagnant load growth could begin to reverse as electrification, crypto mining, U.S. onshoring, and new data center loads offer a decade plus of new growth opportunities.

## Demand Trends and Implications: Primary Demand Drivers by Assessment Area



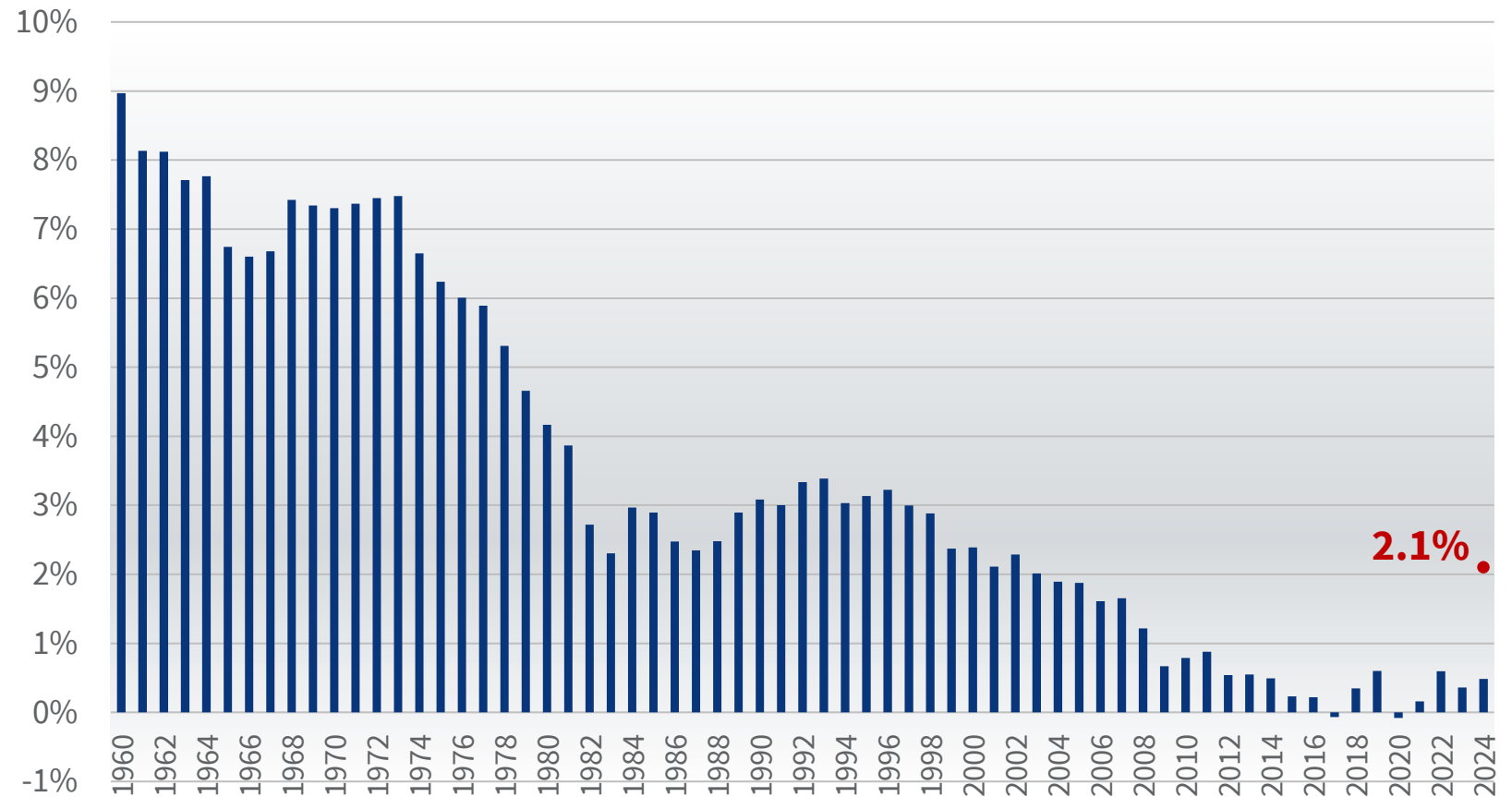
Source: North American Electric Reliability Corporation, "2024 Long-Term Reliability Assessment," December 2024

# 2024: An Inflection Point for Load Growth

2024 experienced a 2.1% increase in annual load growth, or >2x the rate of growth seen on average over the past two decades.

This is important as the contribution of key future drivers of electricity demand such as onshoring and data centers are still early in their forecasted incremental load growth.

## Trailing 10-Year Load Growth CAGRs

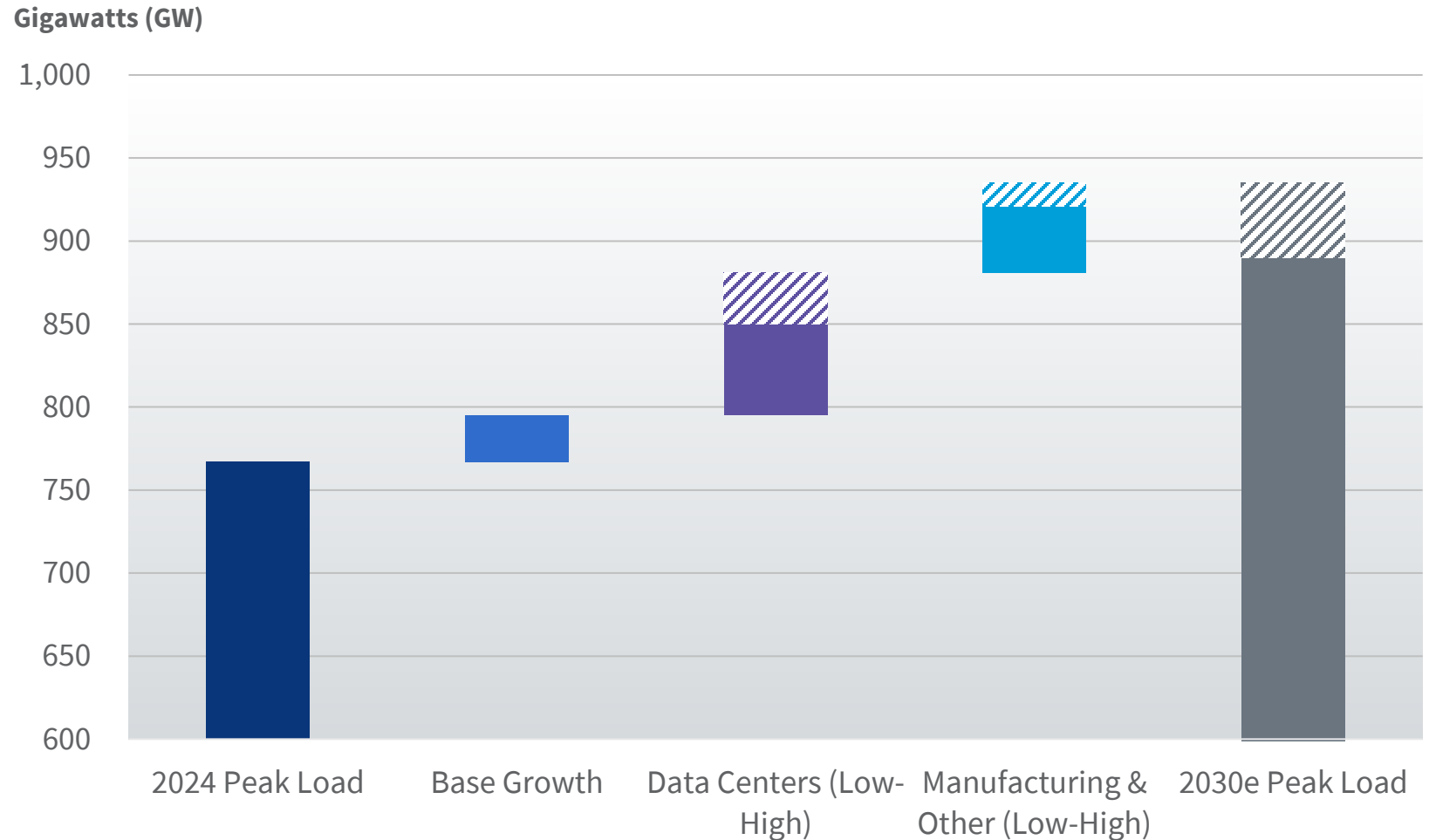


Source: EIA, "Monthly Energy Review", May 27, 2025

# Peak Electricity Load Forecast by Source

Using the high end and low end of traditional and emerging sources of electricity demand, the peak electricity load could potentially grow 3 to 5% per annum over the next 5 years. This is versus 0.5% the previous 10 years.

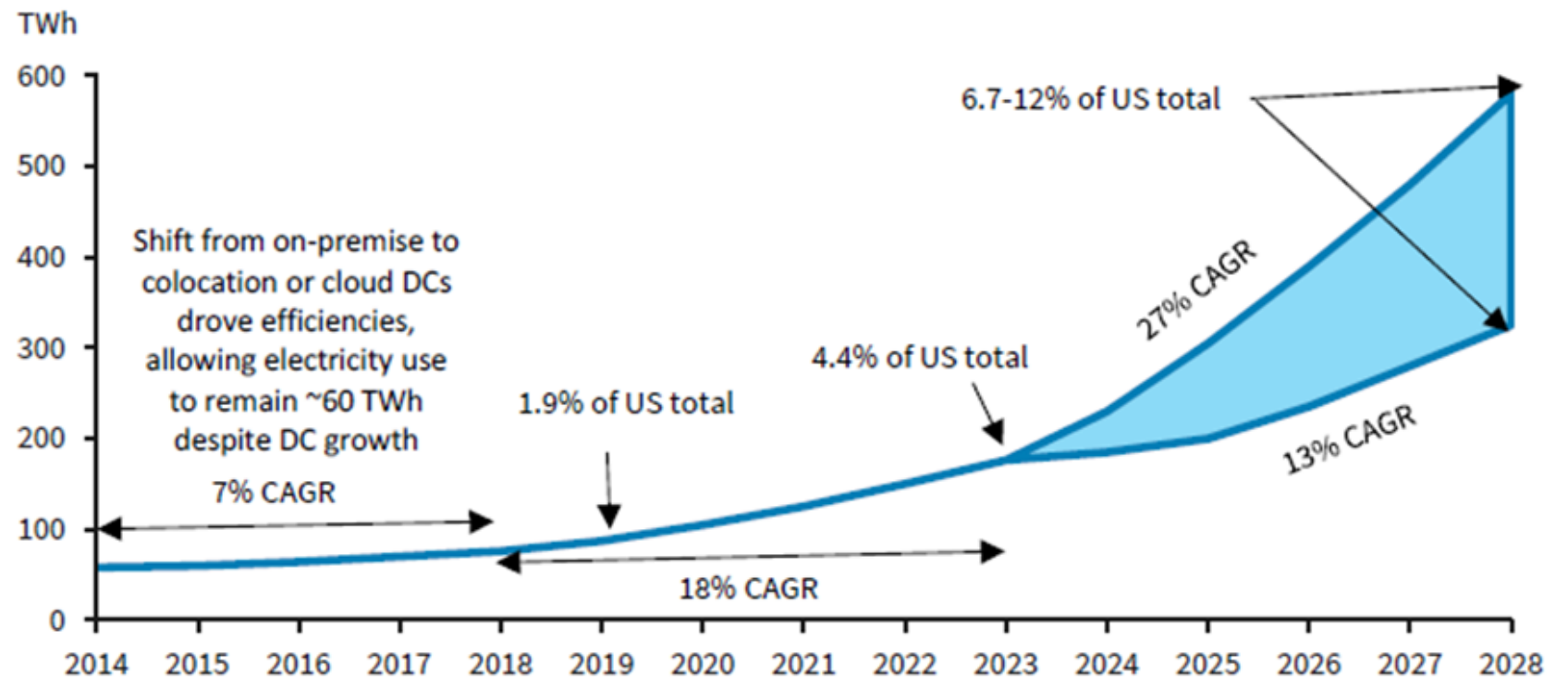
This could drive strong demand for natural gas to fuel power plants.



Source: CCM, June 30, 2025

The U.S. Department of Energy forecasts data center electricity demand to grow to 74-132GW by 2028 which implies 6.7-12% of total demand vs only 4.4% in 2023.

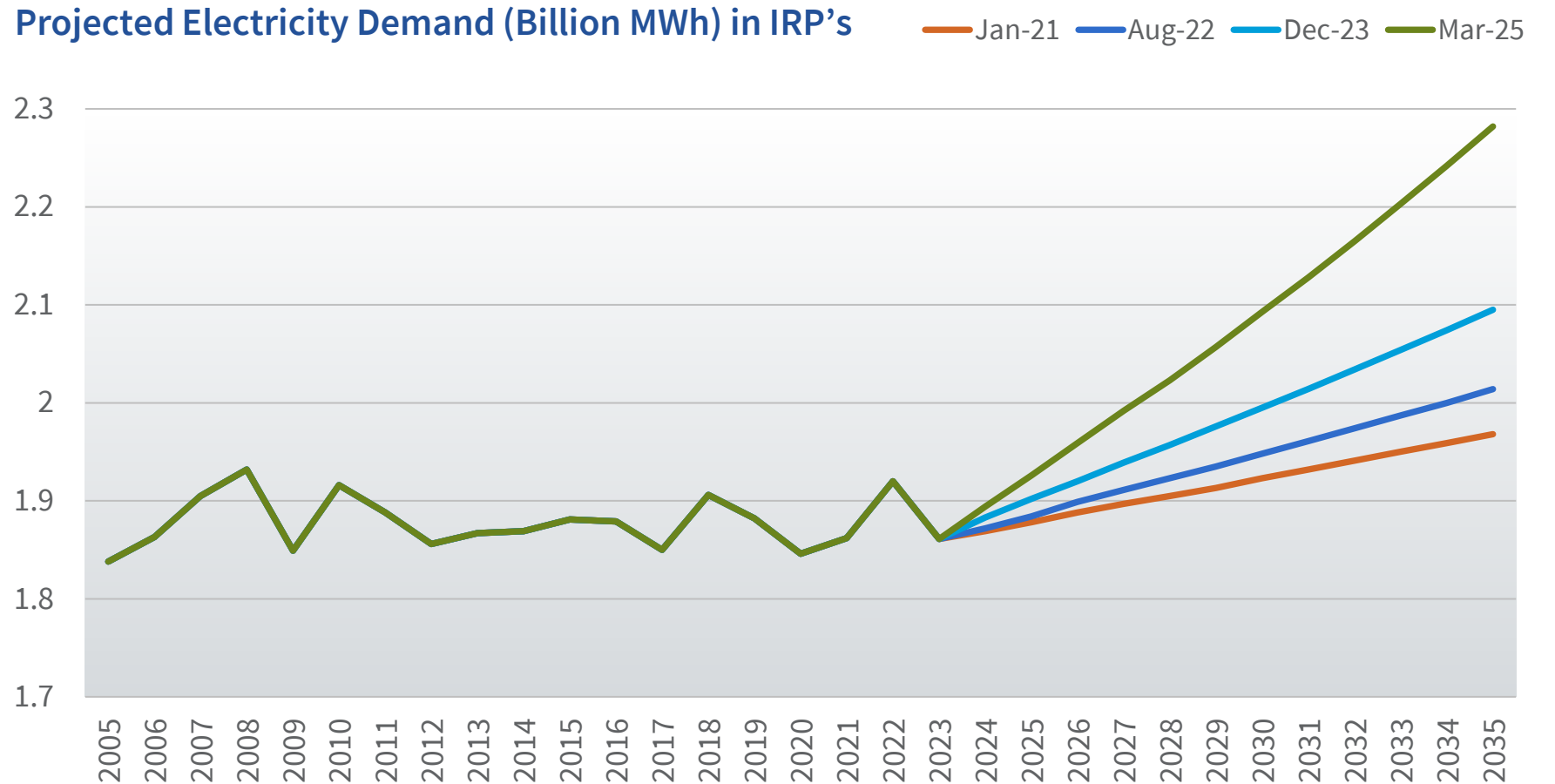
### U.S. DOE Forecast for U.S. Data Center Electricity Demand



Source: Barclays, "Powering AI: DOE study models 2-3x US data center energy increase by 2028," January 3, 2025

# Demand Forecasts Accelerating

Estimates for electricity demand growth through 2035 have almost quadrupled since the beginning of 2021.



Source: Rocky Mountain Institute, "The State of Utility Planning, 2025 Q1," April 15, 2025

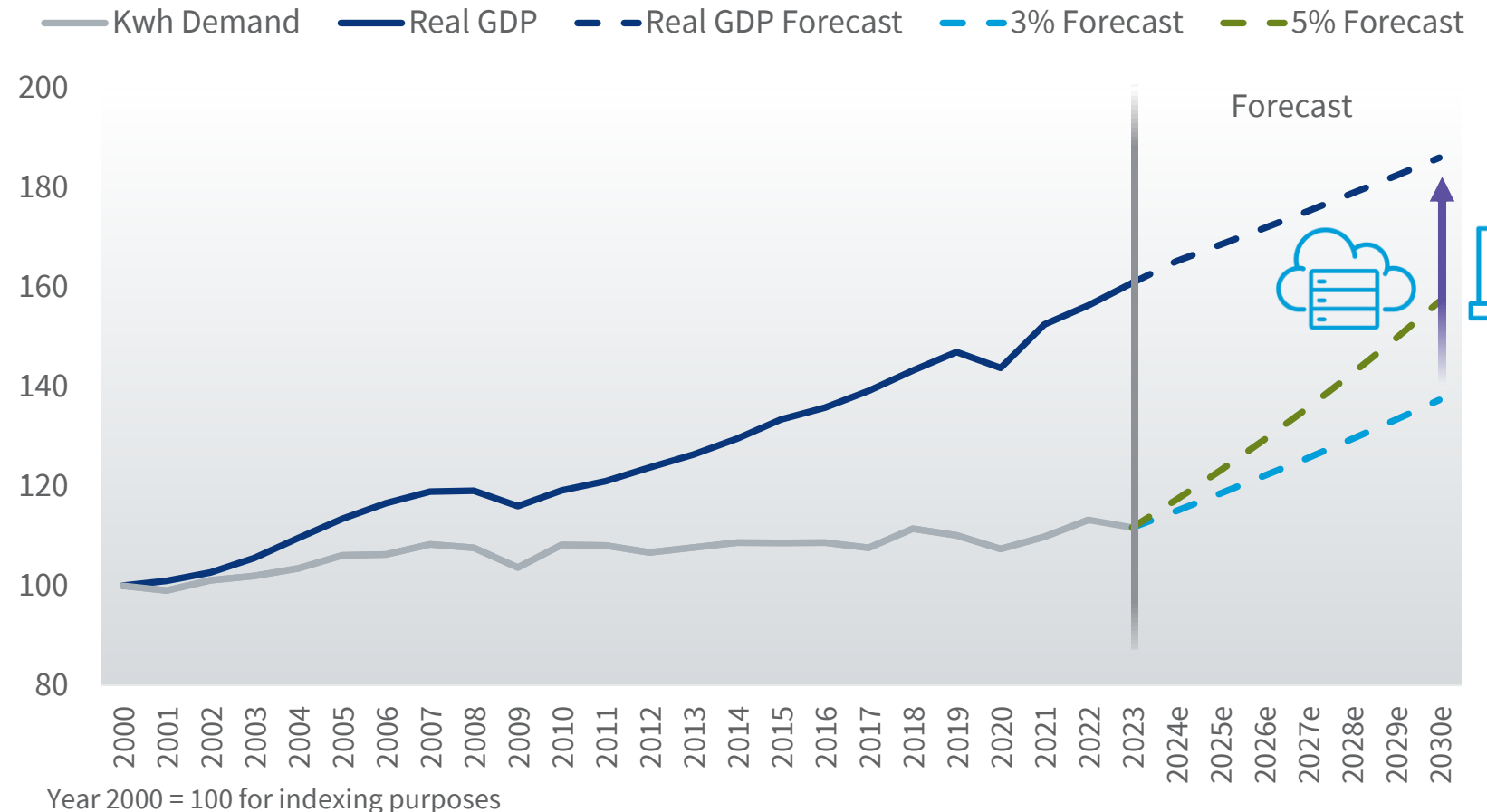
# Long Term Driver: Higher Electricity Growth

Our analysis indicates electricity growth could grow 3 to 5% per year through the end of the 2020s.

The potential steep rise in consumption from Onshoring and Data Center power needs presents a rich opportunity for natural gas to maintain or grow its share of the electricity pool.

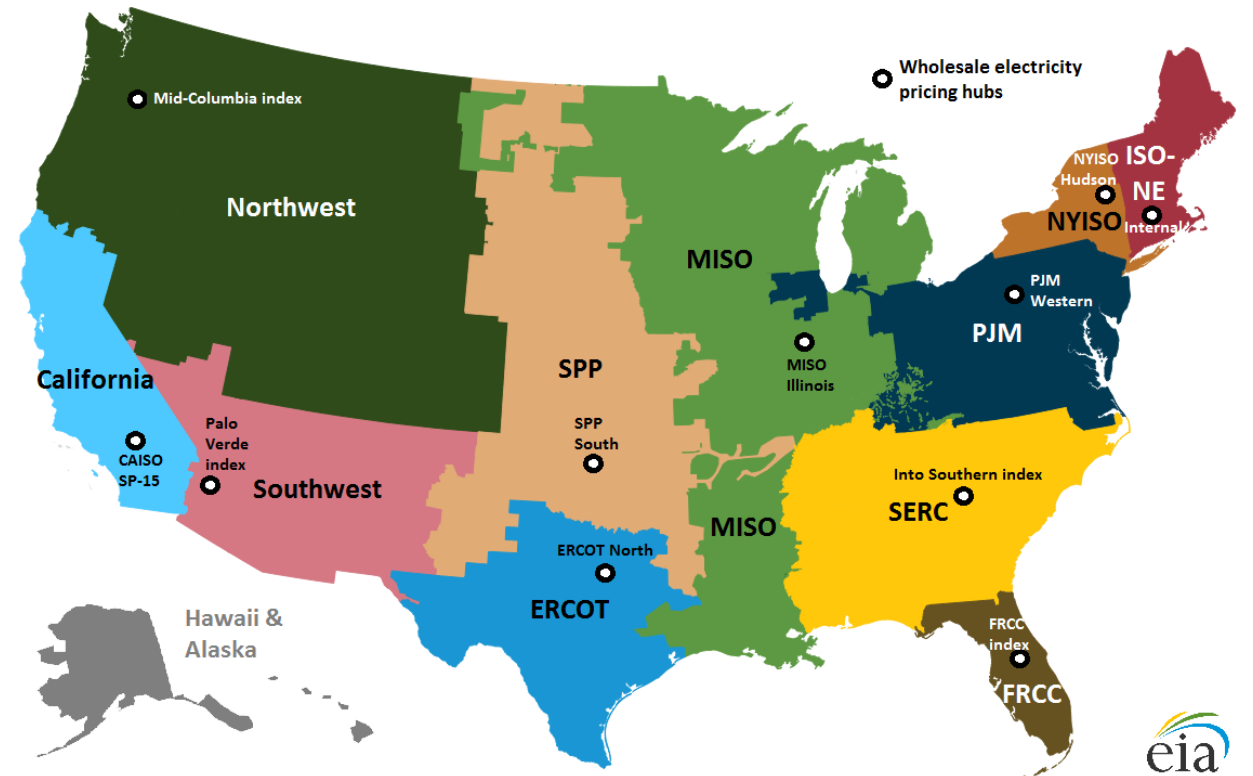
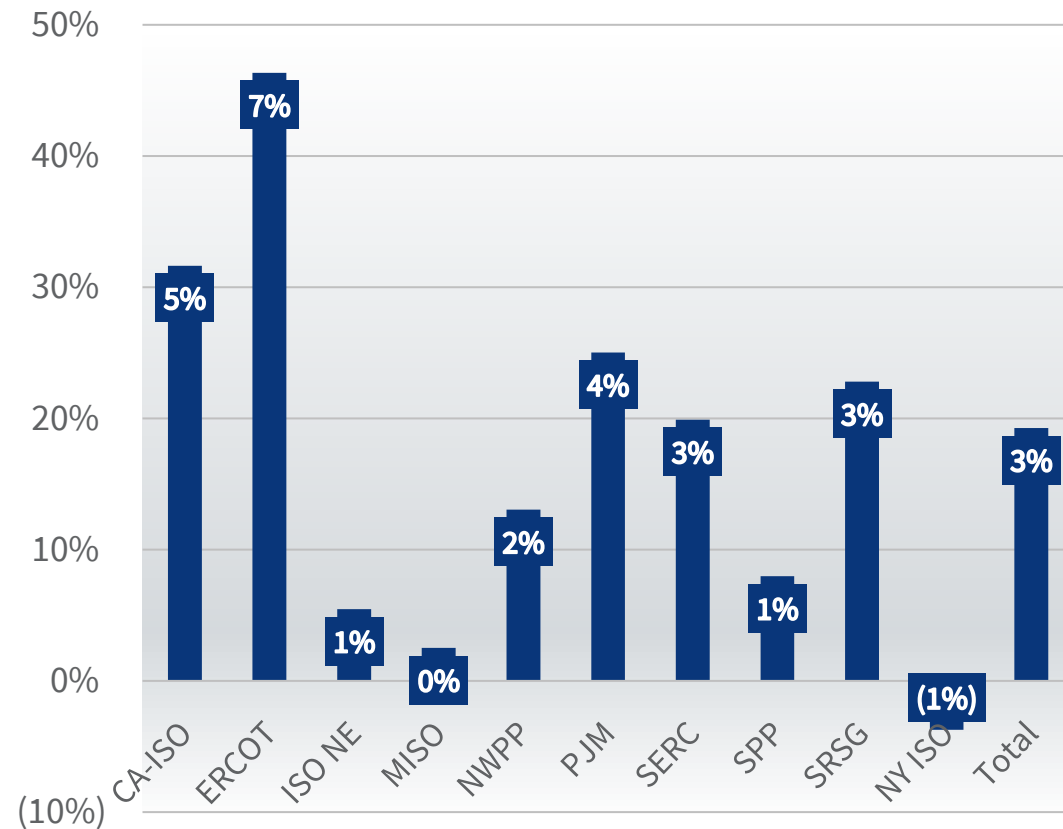
Source: EIA and Federal Reserve Bank of St. Louis, CCM, as of December 31, 2024

## 3% and 5% Electricity vs GDP Growth



# Load Growth Forecast by Region

## 2024-2030 Load Growth (CAGR)



Source: UBS, "UBS Evidence Lab inside: Data Center Load and Power Markets," May 19, 2025

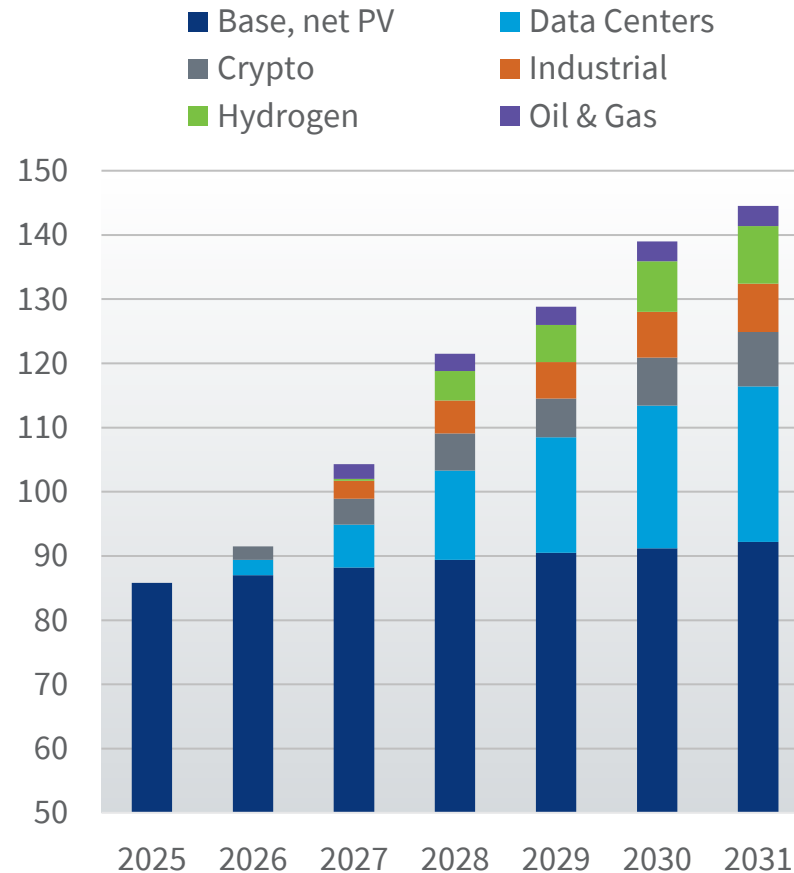
Based on requests to transmission service providers, demand for peak load in 2031 increased 53% y/y.

Cumulative peak load additions more than doubled to 124 GW for a 15% annual CAGR.

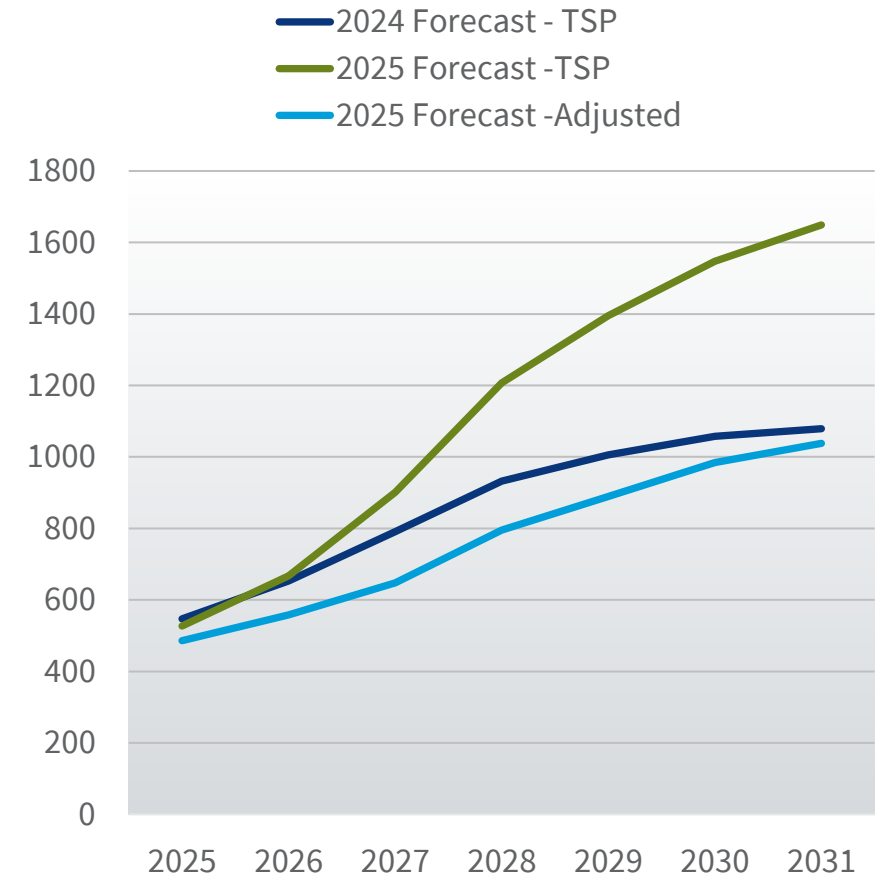
Even after probability weighting the request, ERCOT still expects a 9.1% growth CAGR in load through 2031.

Source: ERCOT; Barclays, "How Big is Power in Texas? The Debate is On," May 15, 2025

### ERCOT's Adjusted Load Forecast (GW)



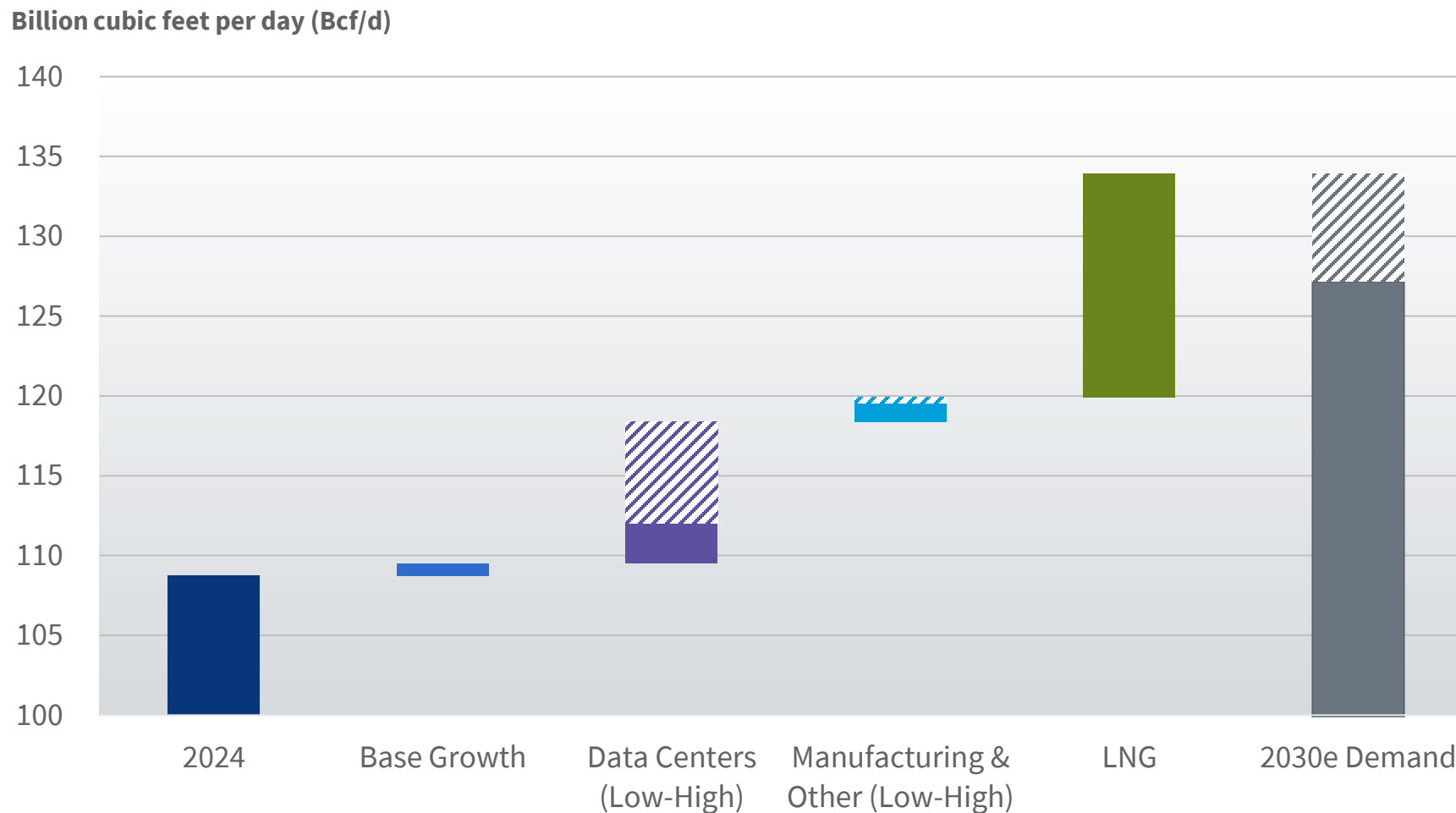
### ERCOT's Load Forecast (TWh)



# Gas Demand Forecast by Source

Based on our load growth forecast, we estimate 4-10 Bcf/d of gas demand could come from data centers and manufacturing. This is in addition to 14 Bcf/d of sanctioned LNG projects.

Natural gas demand could rise +/- 3% annually through the end of the decade versus +0.5% 2014-2023.



Source: Source: CCM, June 30, 2025

## Midstream Project Tracker

Company	Status	Project Name	Capacity (MMcf/d)	Capacity (MW)	Cost (\$MM)	Type
Boardwalk	Final Investment Decision	Kosci Junction	1,160		\$1,000	Power/AI
DTM	Final Investment Decision	AES Lateral	300			Power
DTM	Precedent Agreement	Stonewall Lateral	375			Power
DTM	Open Season	Guardian	500			Power/AI
DTM/TRP	Open Season	PRO Expansion	500			Power
ENB	Final Investment Decision	Ridgeline Expansion	300		\$1,100	Coal to Gas/AI
ET	Under Construction	Hugh Brinson	1,500		\$2,000	E&P/AI
KMI	Under Construction	South System 4	1,200		\$3,000	Power/AI
KMI	Under Construction	MS Crossing	1,500		\$1,400	Power/AI
KMI	Open Season	Copper State Connector	2,100		\$3,500	Power/AI
KNTK	Proposed	Behind the Meter		150		Behind the Meter Power
PBA	Proposed	Greenlight Electricity Center		1,800	\$4,360	Behind the Meter Power
TRP	Final Investment Decision	Heartland	473		\$625	Coal to Gas/AI
TRP	In Service	Southeastern Gateway	1,300		\$3,900	Power
TRP	Final Investment Decision	Pulaski Coal to Gas	200		\$400	Coal to Gas
TRP	Final Investment Decision	Maysville Coal to Gas	200		\$400	Coal to Gas
TRP	Final Investment Decision	TVA Expansion	200		\$30	Coal to Gas
TRP	Under Construction	WR Project	144		\$800	Power
TRP	Final Investment Decision	Northwoods	400		\$900	Power/AI

## Midstream Project Tracker (cont.)

Company	Status	Project Name	Capacity (MMcf/d)	Capacity (MW)	Cost (\$MM)	Type
WMB	Final Investment Decision	Southeast Supply Enhancement	1,597		\$1,530	Power/AI
WMB	Under Construction	AL to GA Connector	64		\$71	Power
WMB	Final Investment Decision	Dalton Lateral II	460		\$625	Power/AI
WMB	Proposed	Constitution	650			Power
WMB	Proposed	NESE	400		\$1,029	Power
WMB	Precedent Agreement	Power Express	950			Power
WMB	Final Investment Decision	Naughton Coal to Gas	98			Coal to Gas
WMB	Final Investment Decision	Socrates		400	\$1,600	Behind the Meter Power
<b>Total</b>			<b>16,071</b>	<b>2,350</b>	<b>\$28,270</b>	

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*CAGR* is compound annual growth rate, or the rate of return that an investment would need to have every year in order to grow from its beginning balance to its ending balance, over a given time interval. The CAGR assumes that any profits were reinvested at the end of each period of the investment's life span.

*GDP* is gross domestic product, which is the monetary value of all goods and services produced within a country's borders in a specific time period (typically one year).

*IRP* is integrated resource plan, a long-term strategic plan developed by utility companies to meet future energy needs.

*Kwh* or *Kw Hrs* is kilowatt hours.

*LNG* is liquefied natural gas.

*MMcf/d* is million cubic feet per day.

*MW* is megawatt.

*MWh* is megawatt hours.

*TWh* is terawatt hours.

*WTO* is the World Trade Organization, an intergovernmental organization headquartered in Geneva, Switzerland, that regulates and facilitates international trade.

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