

OUTLOOK

Briefing Book

get real
on energy

Northwest Gas Association 2026 Pacific Northwest Gas Market Outlook

THE STORY

The Pacific Northwest is entering a fundamentally different energy future.

For decades, the region benefited from abundant hydroelectric resources, affordable natural gas, a relatively stable demand profile, and one of North America's most reliable energy systems. Today, nearly every one of those assumptions is changing.

Electricity demand is accelerating. Artificial intelligence and other large loads are creating unprecedented new loads. Manufacturing is expanding. Coal-fired generation continues to retire. Renewable resources continue to grow, but they require firm, dispatchable resources during periods when the wind doesn't blow, the sun doesn't shine, or hydroelectric production is constrained. At the same time, the region's natural gas and electric systems have become increasingly interconnected.

The Northwest Gas Association's 2026 Pacific Northwest Gas Market Outlook examines these trends and concludes that the Pacific Northwest has entered a new era of energy planning—one that requires realistic conversations about reliability, affordability, infrastructure, and emissions reduction.

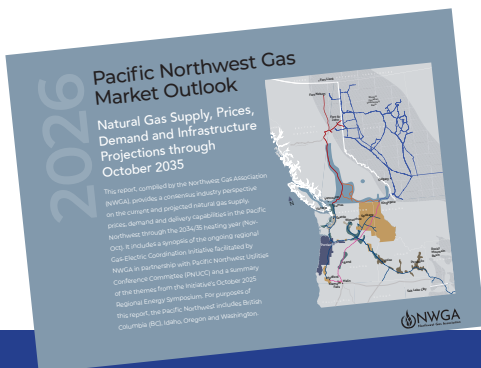
The future will not be secured by choosing one energy source over another. It will be secured by understanding how the region's entire energy system works together and making timely investments that preserve reliability, affordability, and environmental progress.

WHY THIS REPORT MATTERS

The 2026 Outlook is considerably more than a market forecast. It provides a comprehensive assessment of:

- Regional natural gas supply through the 2034/35 heating year
- Commodity price outlooks
- Energy demand forecasts
- Infrastructure capacity
- Gas-electric interdependence
- Regional energy adequacy
- Renewable natural gas and hydrogen development
- Lessons learned from the January 2024 cold weather event
- Long-term planning considerations for policymakers

Perhaps most importantly, the report recognizes that the Pacific Northwest no longer operates separate gas and electric systems. Instead, the region increasingly depends upon one integrated energy delivery system. That reality has significant implications for energy policy, utility planning, infrastructure investment, and economic competitiveness.



THE REPORT'S CENTRAL
MESSAGE IS SIMPLE:
Let's Get Real About Energy.

BY THE NUMBERS

NORTHWEST ENERGY FACT	2026 OUTLOOK FINDING
Residents served by natural gas	Nearly 10 million
Households served	Approximately 3.7 million
Commercial customers	More than 350,000
Pipeline infrastructure	More than 130,000 miles
Share of regional non-transportation energy	More than 50%
Winter pipeline utilization	More than 90%
Underground/LNG storage contribution	Up to 40% of winter gas requirements during the coldest periods
Forecast annual natural gas demand growth	1.3% annually
Long-term commodity price outlook	Generally below \$6/Dth (base case) through at least 2040

THE TEN ENERGY REALITIES

REALITY #1 - THE ENERGY PEOPLE AND BUSINESSES ACTUALLY USE:

“The energy conversation often focuses on how electricity is generated. The reality is that millions of Northwest families and businesses depend on natural gas directly every day.”

The Outlook repeatedly notes that natural gas provides direct service to approximately 3.6-3.7 million households (about 10 million people), nearly 350,000 businesses and supplies roughly half of the region’s non-transportation energy needs.

REALITY #2 - GAS AND ELECTRICITY ARE PARTNERS:

“The question is no longer gas versus electricity. The question is how the systems must work together.”

This may be the strongest insight in the report. The gas-electric interdependence chapter changes the conversation from fuel competition to system integration.

REALITY #3 - DIRECT USE MATTERS:

“People don’t need just electricity. They need energy: The gas system already delivers the energy millions of people rely on every day.”

Natural gas is not simply a fuel used to generate electricity. It directly heats homes, provides hot water, cooks meals, powers businesses, supports manufacturing, and delivers energy when people need it most.

REALITY #4 - RELIABILITY HAPPENS DURING PEAKS:

“Energy systems are tested on the coldest and hottest days — not the average day – and on those days, the gas system makes reliable operation of the electric system possible.”

The Outlook repeatedly emphasizes that annual averages don’t matter during extreme weather. January 2024 cold snap: Gas supplied roughly 70% of end-use energy in Oregon and Washington during the event while also supporting electric generation.

REALITY #5 - INFRASTRUCTURE MATTERS:

“Energy shortages begin years before the lights go out. You can’t permit infrastructure after you need it.”

The report repeatedly demonstrates that the region is operating near infrastructure limits during winter periods. Pipeline utilization exceeds 90% during winter months.

REALITY #6 - WE NEED EVERY TOOL:

“The future isn’t either-or. There are no silver bullets, especially for emission reduction. Diversity is strength and creates reliability.”

The natural gas industry is already decarbonizing, adding renewable natural gas hydrogen to their systems, in addition to continuously tightening their systems to reduce emissions. The report’s conclusion is effectively: No silver bullet; No single technology; Portfolio approach; Multiple solutions.

REALITY #7 – ENERGY DEMAND IS GROWING:

“Energy demand isn’t waiting for our planning processes to catch up.”

Supporting Outlook Findings: Actual peak loads are already exceeding forecasts.

REALITY # 8 – NATURAL GAS IS AFFORDABLE:

“Affordable energy matters—and natural gas remains one of the Pacific Northwest’s most important affordability advantages. A successful energy transition must be one people can afford.”

Energy policy is ultimately paid for by households and businesses. For millions of Northwest customers, direct use of natural gas provides an affordable way to heat homes, produce hot water, prepare meals, operate businesses, and support essential industrial processes. Affordability should be measured from the customer’s perspective.

REALITY #9 – THE ECONOMY RUNS ON NATURAL GAS

“Natural gas does far more than heat homes, it is embedded throughout the Pacific Northwest economy. Natural gas is not simply an energy commodity. It is economic infrastructure.”

The natural gas system supports nearly every part of modern economic life. It is used in pharmaceuticals, fertilizer, process heat, drying, curing, melting, crop drying, sterilization, greenhouse operations, lumber drying, pulp and paper, production of glass, steel and cement, plus reliable electric generation supporting data centers and advanced manufacturing. To name a few.

REALITY #10 – NATURAL GAS INDUSTRY IS DECARBONIZING NOW:

“The natural gas system is not standing still, it is becoming cleaner, more efficient and more important. The goal should be lower emissions—not eliminate energy options.”

The public conversation often treats natural gas as a static energy source. The reality is more dynamic. Utilities and pipeline companies are pursuing multiple pathways to reduce emissions associated with the natural gas system, including: Renewable natural gas, Hydrogen, Recovered methane, Methane detection and reduction, and Modernized equipment and infrastructure.

WHAT’S NEW IN THE 2026 OUTLOOK?

The 2026 Outlook expands substantially beyond previous editions by introducing:

- A comprehensive assessment of gas-electric interdependence.
- Lessons learned from the January 2024 cold weather event.
- A summary of the NWGA–PNUCC Gas-Electric Coordination Initiative.
- Updated pipeline and storage capacity assessments.
- Expanded discussion of AI and data center electricity demand.
- Updated natural gas supply, price, and demand forecasts through 2034/35.
- Expanded analysis of renewable natural gas, hydrogen, and emissions reduction pathways.

ABOUT THE OUTLOOK

The 2026 Pacific Northwest Gas Market Outlook provides NWGA's consensus assessment of natural gas supply, prices, demand, infrastructure capacity, and energy system trends through the 2034/35 heating year. It incorporates contributions from member utilities and pipelines, regional planning organizations, publicly available market data, and analyses of gas-electric coordination following the January 2024 cold weather event.

THE BOTTOM LINE

The Pacific Northwest has one of North America's strongest energy systems. Preserving that strength will require acknowledging a new reality: demand is growing, infrastructure takes time to build and gas and electric systems are increasingly interdependent. The 2026 Pacific Northwest Gas Market Outlook is an invitation to policymakers, utilities, businesses and the public to engage in a practical conversation about the region's energy future—one grounded in engineering, economics, operational experience and shared responsibility.

ABOUT NWGA

The Northwest Gas Association represents natural gas utilities and interstate transmission pipeline companies serving British Columbia, Idaho, Oregon, and Washington. NWGA works with utilities, policymakers, regulators, businesses, and stakeholders to advance safe, reliable, affordable and increasingly lower-carbon energy solutions through collaborative planning, sound public policy, and informed regional dialogue.

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