

FALL 2026

2026–2027 Natural gas
Heating season report

Executive summary

Following record-setting natural gas consumption in 2025, Canadian demand has remained strong in 2026. With 75,000 new customers connecting to Canada's natural gas infrastructure system in 2025, a total of 7.8 million customers (homes, businesses, industries) are now benefiting from the natural gas affordability advantage.

Production is also on pace to set another record, rising six per cent year over year. This growth has kept supply abundant and storage inventories high heading into the 2026-2027 heating season. At a national level, natural gas prices averaged $1.81/GJ, notably below the five-year average, reinforcing natural gas's affordability advantage for Canadian consumers.

In 2026, Canadian exports of natural gas highs not seen since 2011 and for the first seven months of this year have increased eight per cent from the same period in 2025. LNG exports are driving Canada's export growth, representing 15 per cent of Canada's total natural gas exports.

Weather remains the main uncertainty for the coming heating season. Environment and Climate Change Canada's September outlook indicates a high probability of above-normal temperatures across most of the country, which could moderate natural gas consumption and add continued downward pressure on prices. With record production, high storage inventories and resilient supply, the market enters the 2026-2027 winter heating season well positioned to meet demand while maintaining price stability for consumers.

Introduction

Canada's natural gas system offers affordable, reliable, and safe energy. This year's report looks at the main indicators for Canada's natural gas market as we enter the 2026-2027 winter heating season. A summary of these key indicators helps readers understand market fundamentals as colder months approach, furnaces are turned back on, and demand for natural gas peaks.

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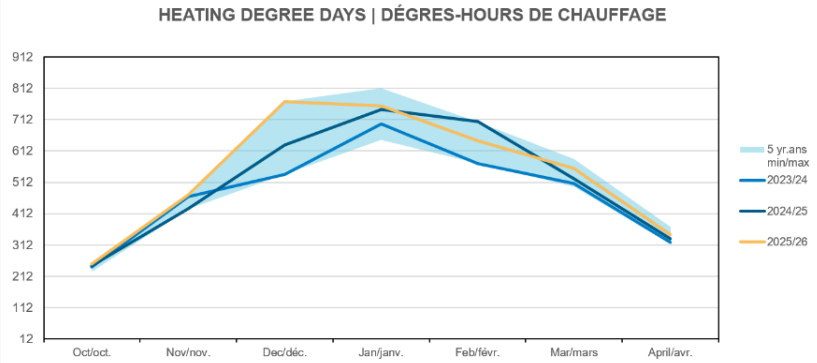
Natural gas demand

Natural gas demand remains strong into 2027 as more residential customers continue to connect to the system.

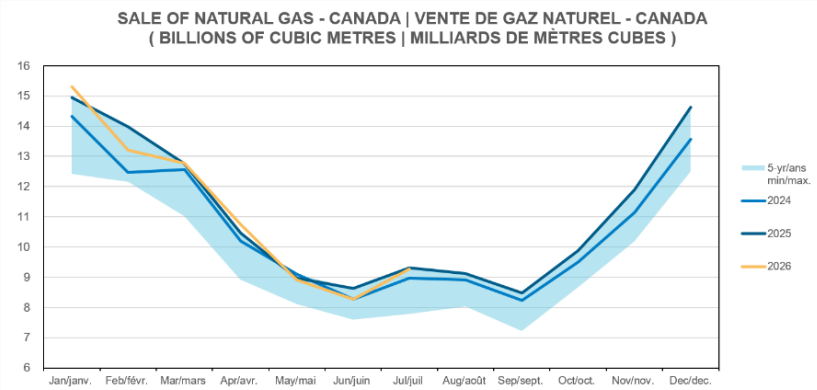
2025 saw a record year for natural gas demand and 2026 is trending at similar levels. A milder February in 2026 was mostly offset by a colder January, March, and April compared to 2025. Overall, average temperatures this year have been just two per cent cooler than in 2025.

The relatively small change in temperatures this year is reflected in residential and commercial gas sales which have seen a modest two per cent increase from January to July 2026 compared to the same period in 2025.

Natural gas consumption in 2026 has remained essentially unchanged compared to last year. Between January and July 2026 (the most recent available data), natural gas consumption decreased by less than one per cent compared to the same period in 2025 and with consumption at the upper end of the five-year range.



Source: Environment and Climate Change Canada



Source: Statistics Canada Table: 25-10-0055-01 | Source : Statistique Canada 25-10-0055-01

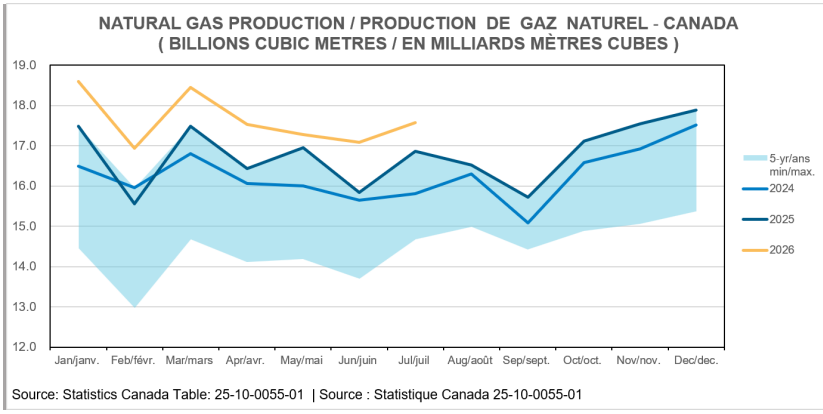
Furthermore, over 75,000 new customers joined the natural gas system in 2025 bringing the total active natural gas customer base of Canada's gas utility companies to 7.8 million end-use locations.

As we look to 2027 and beyond, natural gas consumption in the industrial sector is poised to growth driven by rapid expansion of data centres, power generation to meet growing electricity needs and expanded oil sands production, which relies on natural gas for steam generation.

Natural gas production

Canada's natural gas production remains at record levels in 2026.

After record production in 2025, natural gas production in 2026 is on pace to those record-setting levels. So far in 2026, natural gas production has been six per cent higher compared to 2025 levels over the same period. Between January and July 2026, monthly production records were broken in every month.



Source: Statistics Canada Table: 25-10-0055-01 | Source : Statistique Canada 25-10-0055-01

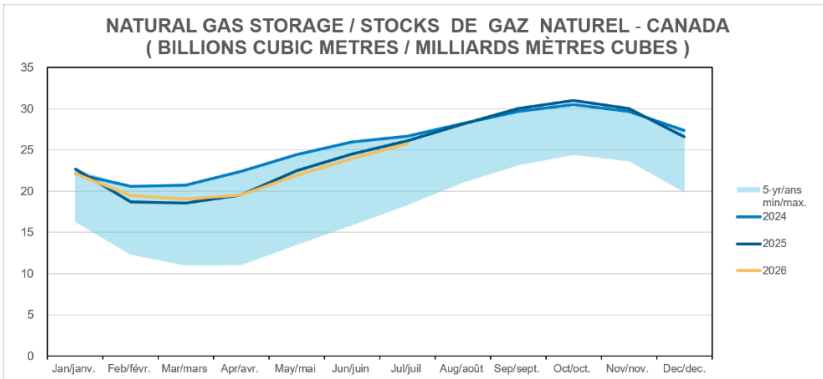
This high rate of production is the result of both sustained high domestic demand and strong natural gas exports.

Overall, the increase in production levels we've seen indicates that Canada is well positioned to respond to the market demands. In the context of the heating season, high production levels contribute to abundant supply, helping to keep prices stable for consumers.

Natural gas storage

Natural gas inventories are high as the heating season approaches.

Natural gas storage plays a vital role in buffering against seasonal variations, providing price stability, market balancing and operational flexibility to pipeline operators. Canada has 948 billion cubic feet of underground gas storage, enough to provide more than 50 days of supply during a typical Canadian winter.



Source: Statistics Canada Table: 25-10-0057-01 | Source : Statistique Canada 25-10-0057-01

Natural gas storage levels ended the 2025-26 heating season close to the five-year max. Inventory levels as of July 2026 have been nearly identical to July levels of 2025 and it is expected that gas inventories will remain high this coming heating season. Much like high production, high inventory levels help contribute to higher supply and stable gas prices for consumers. High inventories also help ensure a reliable gas supply for Canadians when they need it most, particularly during extreme weather or periods of peak demand this upcoming heating season.

Natural gas prices

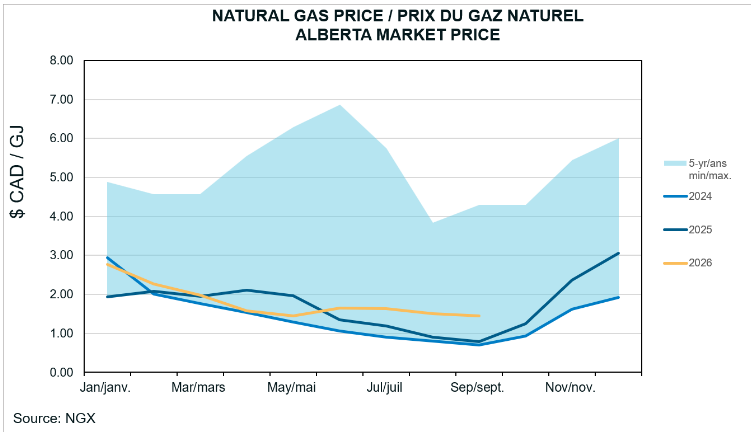
Natural gas cements its position as Canada's most affordable energy.

In 2026, natural gas prices have remained below the five-year average. The average price for the year (Jan-Sept) has been $1.81/GJ, a slight increase from $1.58/GJ during the same period last year.

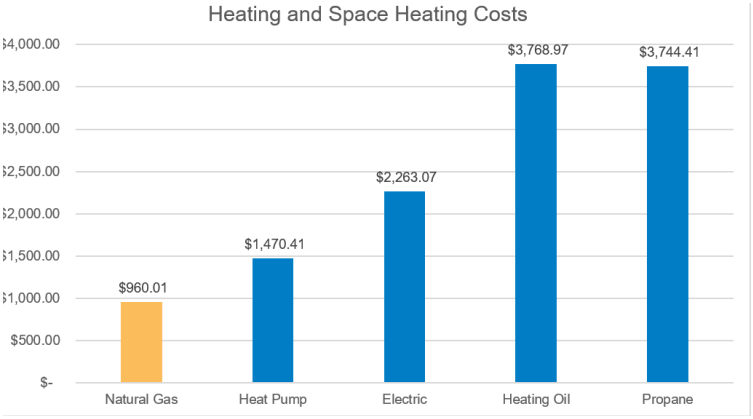
Relative to other energy sources, natural gas, remains Canada's most affordable source of energy. Compared to other common energy sources, Canadians who heat their homes with natural gas can expect to save between $500 and $2,800 per year.

In the international context, Canadian prices remain among the lowest in the world. The reason for this is that North America has a series of advantages that make natural gas the most affordable energy option. These factors include abundant supply, significant storage capacity, and integrated markets. Notably, while Europe and Asia saw significant price spikes in March 2026 from the initial closure of the Strait of Hormuz, prices in Canada have been largely unaffected. As of September 2026, the spot prices in Europe and Asia were twenty-three and twelve times higher than the price of gas in Alberta, respectively.

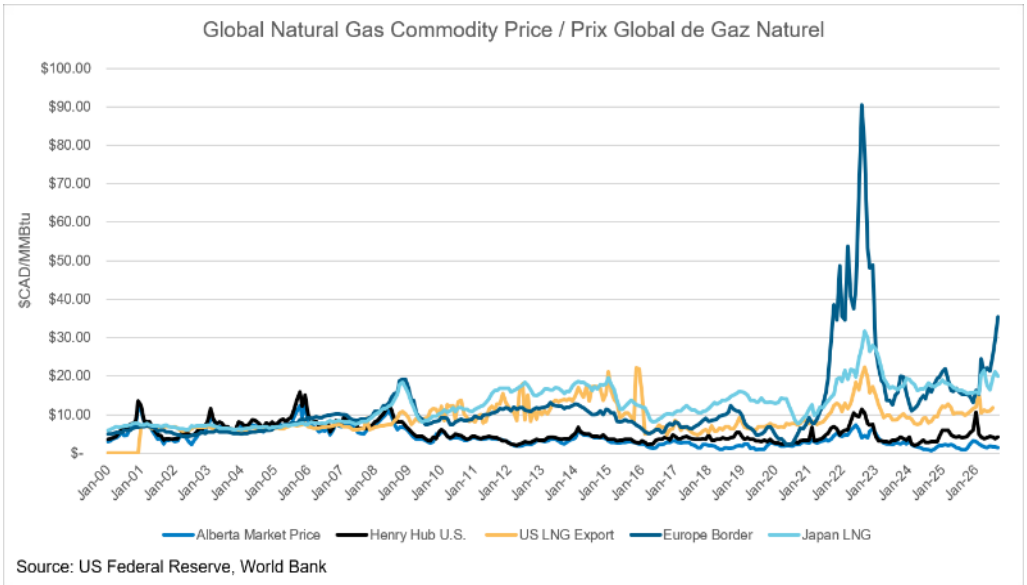
With lower gas prices, Canadians who heat their homes with natural gas can do so affordably during the upcoming heating season.



Source: NGX



Source: Canadian Gas Association

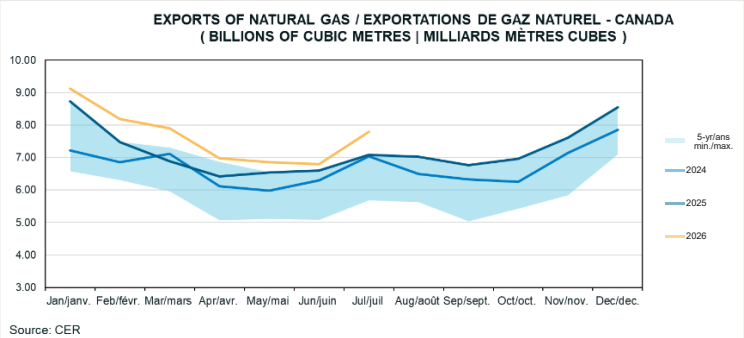


Source: US Federal Reserve, World Bank

Natural gas exports

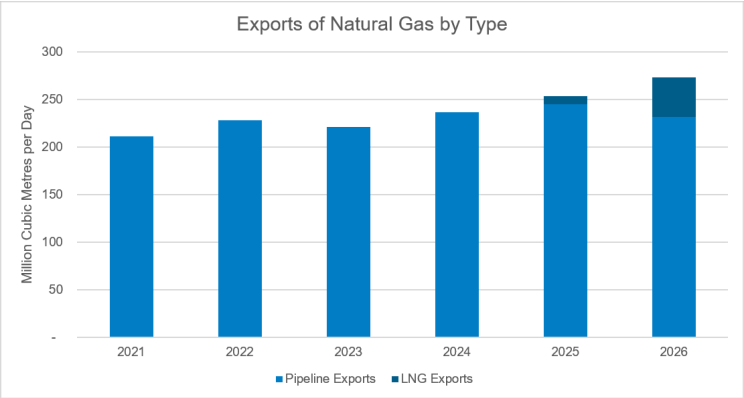
Record exports driven by LNG exports

In 2025, Canada exported 92 billion metres of natural gas, equating to 46 per cent total gas production, the highest amount 2011. That record-setting trend has continued into 2026.



Source: CER

As noted earlier, record production levels have been driven by strong exports. Between January to July of this year, monthly exports have reached their highest since the early 2010s for seven consecutive months. Year to date, total exports have increased by eight per cent compared to the same period last year.



Source: Statistics Canada

The most significant driver of these higher exports has been in the form of liquefied natural gas (LNG). Since producing its first cargo in June 2025, LNG Canada has ramped up production levels. Year to date, 8.6 billion cubic metres of LNG have been exported, making up 15 per cent of all Canadian natural gas exports. This quantity is the largest single source of year-over-year demand growth in Canadian history. On a per day basis, LNG exports have averaged 41 million cubic metres per day, which is about 80 per cent of LNG Canada's stated capacity.

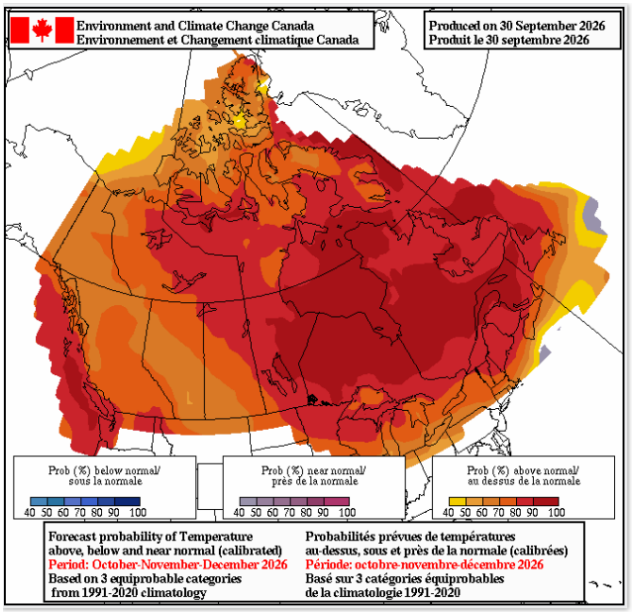
Although it may seem contradictory, strong exports and a strong domestic market support each other: growing export demand drives higher production, and that added supply also serves Canadian consumers. The rapid growth in LNG demand seen this year boosted production, keeping supply abundant, storage inventories high and prices affordable for Canadian consumers for the 2026-2027 heating season.

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Winter weather

Forecast shows a “warmer than normal” winter likely for most of the country.

Environment and Climate Change Canada’s outlook, as of September 2026, forecasts a high probability of “above normal” temperatures across most of the country for the first half of the upcoming winter season (October to December). For the latter part of the season (January to March), most of the country is again expected to experience “above normal” temperatures.



It is important to note that these forecasts reflect average trends; they do not rule out the possibility of extreme winter storms or cold snaps.

The implication of warmer weather is that overall natural gas consumption may be lower, putting downward pressure on gas prices.

Summary

Following a record-breaking year in both natural gas consumption and production, Canada is on track for another year of strong demand in 2026. Domestic demand remains high and the start-up of LNG Canada has resulted in historically high exports. Despite this, production rates have been able to keep up. This has also meant that storage levels remain high, ensuring supply remains abundant heading into the 2026-2027 heating season. Natural gas prices in Canada have also remained largely unaffected by geopolitical factors, thus providing domestic energy security for Canadians. Forecasts of “above normal temperatures” across most of the country this winter suggest lower gas consumption and prices for consumers. Ultimately, Canada enters the 2026-2027 winter heating season in a strong position, with ample supply, strong demand, and stable prices.

