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www.energyinnovation.org
98 Battery Street, Suite 202
San Francisco, CA 94111

U.S. ENERGY CO2 EMISSIONS ON PACE TO DECLINE 2 PERCENT IN 2026

Robbie Orvis, November 2026

Halfway through the fourth quarter of 2026, United States government data shows domestic energy-related carbon dioxide (CO_2) emissions are on pace to decrease roughly 60 to 70 million metric tons (MMT) relative to 2025 levels. This decrease is driven primarily by lower coal consumption, and to a lesser extent, lower gasoline and diesel consumption alongside flat natural gas demand – despite federal policy actions to increase consumption of those fossil fuels. Emissions across the electricity, buildings, and transportation sectors are all set to decline; industrial sector emissions are flat relative to last year. The latest U.S. Energy Information Administration data details why emissions will likely be lower in 2026 than in 2025.

COAL USE IS DOWN, LED BY POWER SECTOR DECLINE

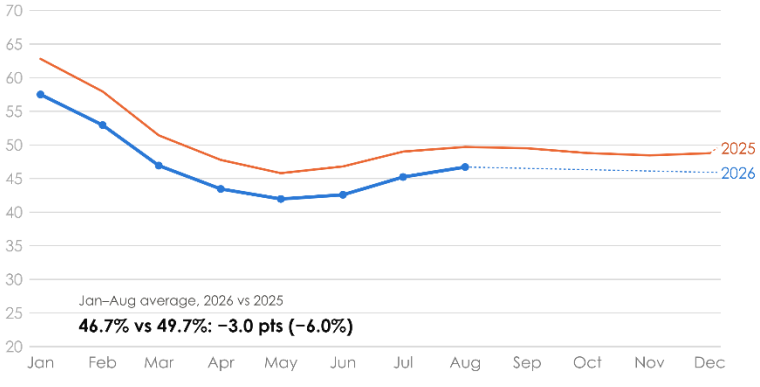
Despite federal administration action to support increased coal use – including the U.S. Department of Energy's 202c orders, repeal of power plant air emissions standards, and use of federal funds to support the coal fleet – coal use across all sectors is down about 10 percent this year relative to 2025, implying a roughly 10 percent decrease in coal-based CO_2 emissions for 2026.

Electricity production is the largest domestic coal consumer, but coal-burning power plants have run fewer hours in nearly every month this year relative to last year, in addition to 3.3 gigawatts of coal power plants that have converted to natural gas so far this year.

Through August (the most recent month for which data is available), coal power plants have run on average 3 percent lower than last year, indicating pollution from coal burned for electricity will very likely fall this year compared to last year.

U.S. coal plants: year-to-date average capacity factor

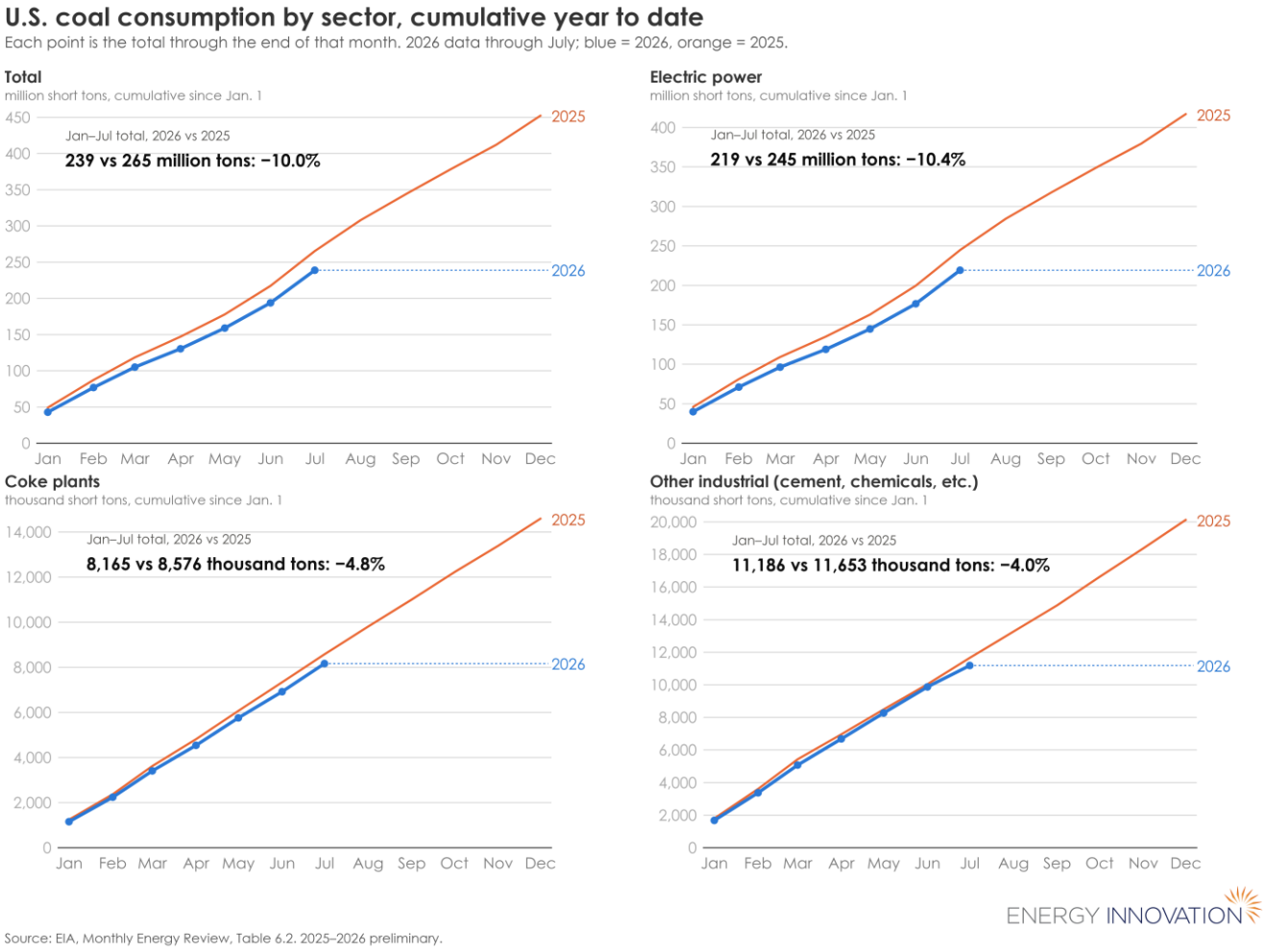
Average monthly capacity factor (%) from January through each month, utility-scale coal generators. 2026 data through August.



Source: EIA, Electric Power Monthly, Table 6.07.A

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Source: EIA, Monthly Energy Review, Table 6.2. 2025–2026 preliminary.

Coal consumption is also down across the manufacturing sector, which is the other major U.S. coal consumer, led by coking coal primarily used to make iron and steel along with other heavy industries. Coal consumption is down nearly 5 percent in the coking industry and down 4.0 percent across the rest of the industrial sector.

NATURAL GAS USE ROUGHLY FLAT, BUILDINGS DECREASE

Natural gas burning is also likely to remain close to last year's levels, barring an extreme cold snap before the end of the year. Less gas use expected in buildings is the major driver, roughly offsetting an increase in gas burned for electricity.

In the power sector, natural gas combined cycle plants – the most common type of natural gas power plant consuming the most gas – have been running slightly fewer hours relative to 2025, decreasing 0.2 percent through August.

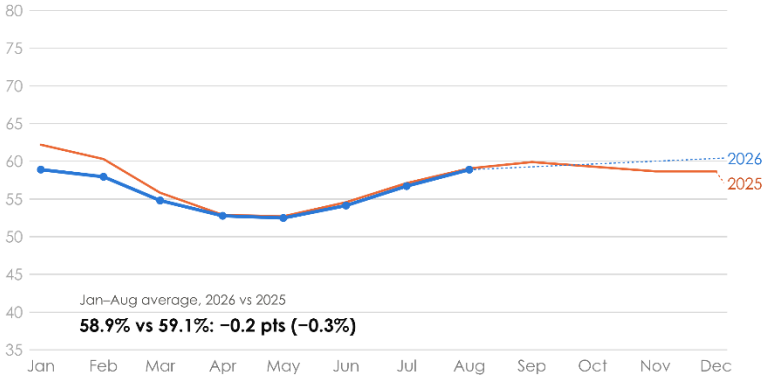
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Across the entire U.S. power sector, which includes other types of gas power plants and factors in new gas power plants, natural gas consumption is up 3.8 percent relative to last year.

Industrial sector natural gas consumption is about the same as last year, with a 0.2 percent increase through August. Across the entire economy, total natural gas consumption is on pace to decrease this year compared with last year. So far, consumption is about 0.4 percent higher than last year, suggesting emissions from natural gas may be close to 2025 levels in 2026..

U.S. natural gas combined-cycle plants: year-to-date average capacity factor

Average monthly capacity factor (%) from January through each month, utility-scale NGCC generators. 2026 data through August.

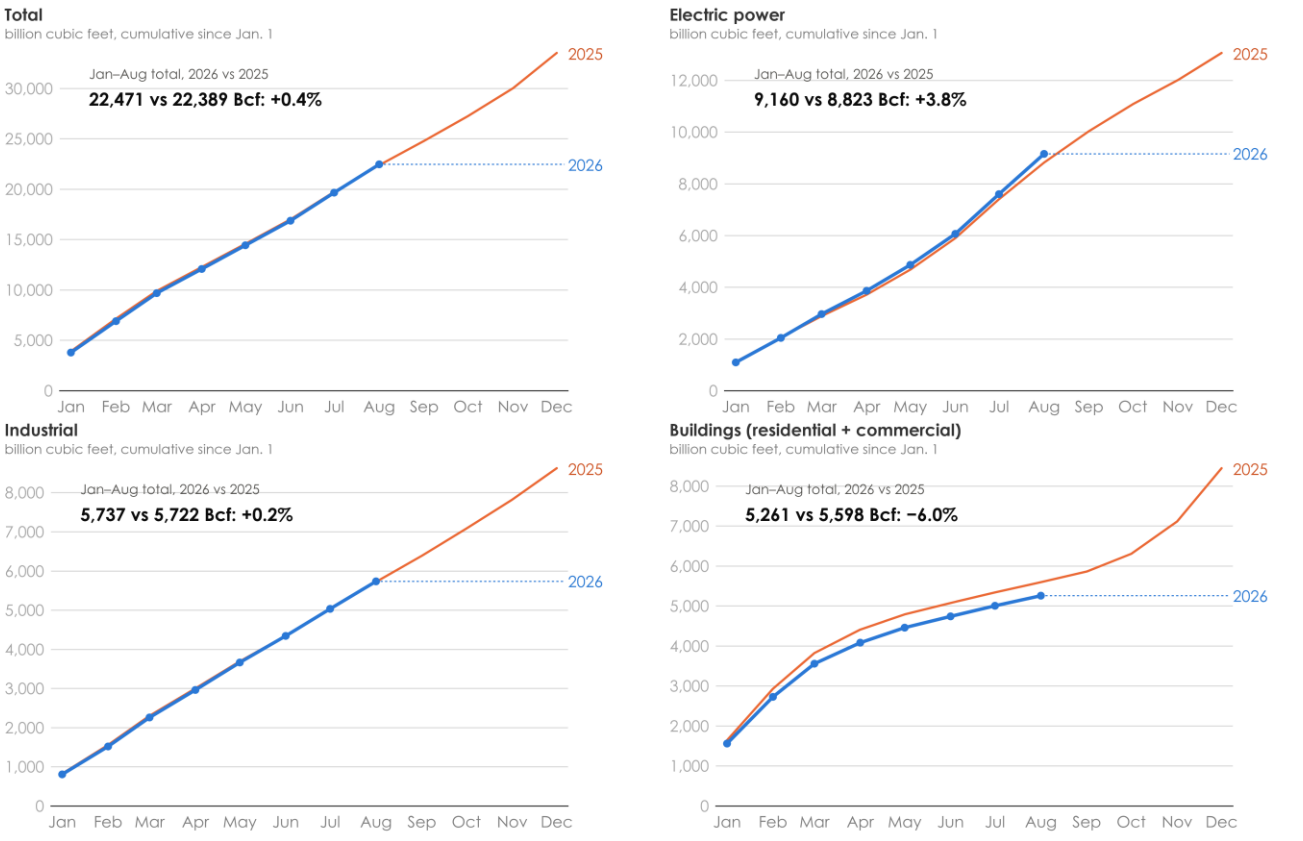


Source: EIA, Electric Power Monthly, Table 6.07.A

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U.S. natural gas consumption by sector, cumulative year to date

Each point is the total through the end of that month. 2026 data through August; blue = 2026, orange = 2025.



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Source: EIA, Natural Gas Monthly. 2025–2026 preliminary; not weather-adjusted. Total also includes lease/plant fuel, pipeline use and vehicle fuel.

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Heat pumps continue to outpace gas furnace sales nationwide – last year 3.6 million heat pumps were sold compared to 3.3 million gas furnaces – and winter temperatures were comparatively mild, putting the U.S. on pace for about a 6 percent decrease in gas use in buildings. Longer-term trends will be affected by strong heat pump sales continuing to displace gas furnaces.

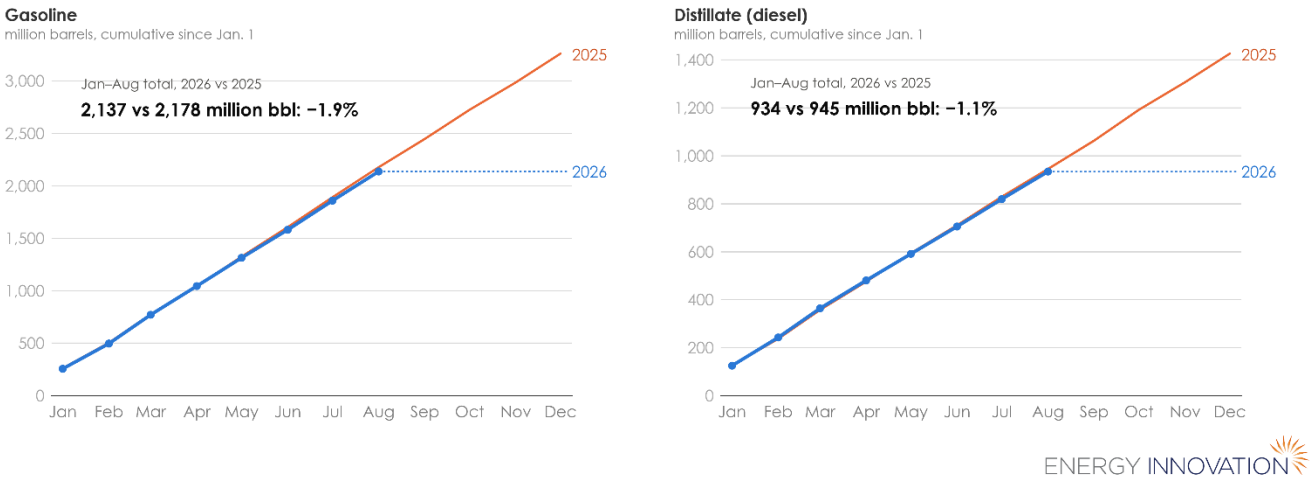
GASOLINE AND DIESEL USE RELATIVELY FLAT

Gasoline and diesel consumption are on pace to decrease slightly relative to last year. Gasoline consumption is down 1.9 percent through August, with reductions due in part to higher gasoline prices resulting from the war in Iran. Diesel consumption is also down by 1.1 percent through August, though less than gasoline, even as prices for diesel have been near all-time highs.

Gasoline and diesel demand have proven once again fairly inelastic in the face of much higher prices, but consumption is nevertheless on pace to shrink compared to last year.

U.S. gasoline and diesel consumption, cumulative year to date

Each point is the total through the end of that month. 2026 data through August; blue = 2026, orange = 2025.



Source: EIA, Petroleum Supply Monthly (MGFUPUS2, MDIUPUS2), product supplied. 2025–2026 preliminary. Distillate includes heating oil.

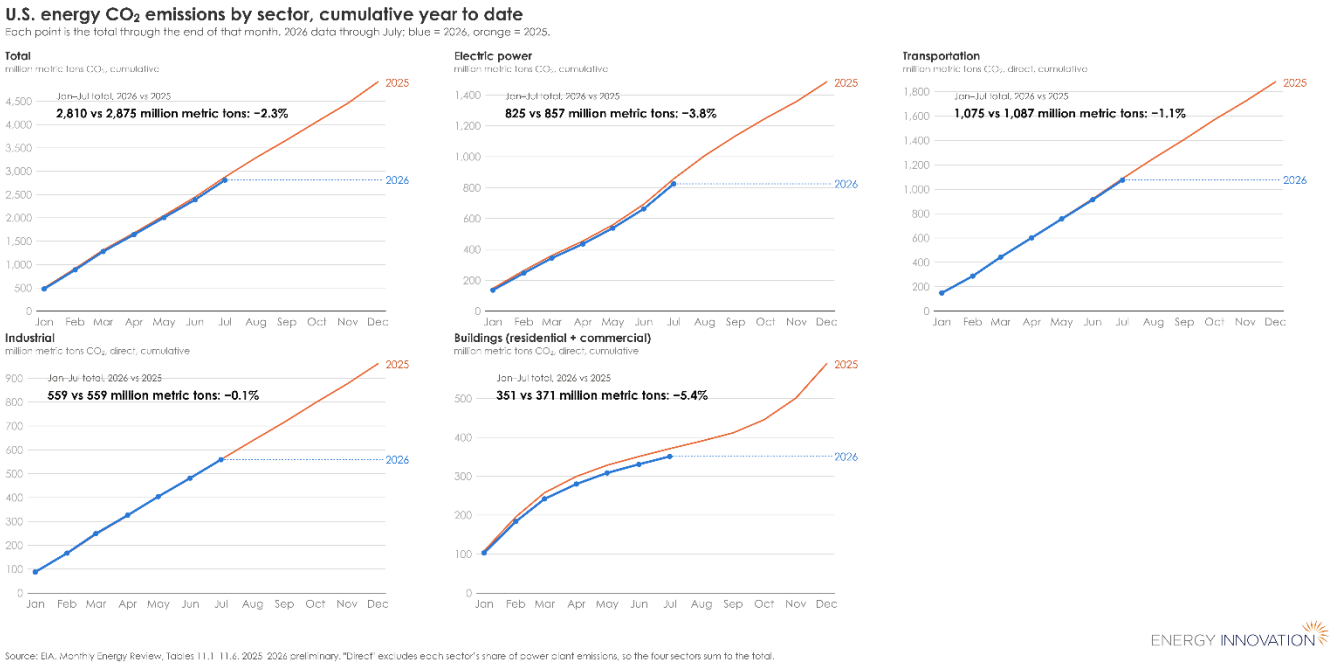
TOTAL U.S. EMISSIONS SET TO DECLINE

Considering all available data, U.S. energy-related CO_2 emissions are set to decline in 2026 relative to 2025. Consumption of coal, gasoline, and diesel is down this year, with coal significantly lower than last year.

Economywide emissions were 2.3 percent lower through July than over the same period in 2025. Buildings saw the greatest reductions, currently 5.4 percent below last year across all fuel types.

Not far behind is the power sector, currently 3.8 percent below last year. Transportation emissions are down 1.1 percent and industrial emissions are down 0.1 percent. In aggregate, emissions are set to drop.

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According to EIA, 2025 energy-related CO_2 emissions totaled 4,916 MMT. This analysis suggests emissions are on pace to drop roughly 70 MMT this year if current trends persist, similar in magnitude to EIA's estimates from the Short Term Energy Outlook.

While annual variations in emissions are commonplace, we expect the downward trend in emissions to generally continue as more clean energy is deployed in the coming years. This is shown in our U.S. Energy Policy Simulator, which projects energy-only CO_2 emissions will drop nearly 9 percent by 2035 and more than 15 percent by 2040 relative to 2025 levels.

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