February 19, 2021

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

We are writing on behalf of the members of the American Public Power Association (APPA) and American Public Gas Association (APGA) to ask for relief related to the arctic storm impacting broad areas of the Midwest and Texas.

APPA is the national service organization representing the interests of the 2,000 publicly owned, not-for-profit electric utilities that collectively provide cost-based electricity to 49 million Americans in 49 states and five U.S. territories. While several public power utilities serve large cities, the vast majority of them serve communities of 10,000 people or fewer.

APGA is the national, non-profit association of publicly owned natural gas distribution systems, with more than 740 members in 38 states. Overall, there are approximately 1,000 public gas systems in the United States. Public gas systems are not-for-profit retail distribution entities that are owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities.

The cold weather in the Midwest and Texas that began over the weekend has driven high demand for electricity while at the same time supply (power generation) has been constrained due to natural gas well and pipeline freezes, wind turbine freezes, and freezes/cold weather impacts at power plants themselves. As a result, many public power customers in Texas have been without power as their local providers have been forced to "shed load" (reduce demand) to help the entire Texas electrical system (known as ERCOT) remain stable and functioning.

In addition, natural gas prices, which had hovered around $3/MMBtu, skyrocketed to upwards of $300/MMBtu and even higher in some cases. With demand for natural gas rising in response to the cold temperatures, our members had no choice but to purchase gas at the inflated prices or pay even steeper penalties to ensure that our members could meet their communities' energy needs. In one case, a municipal utility spent its monthly gas budget each day over President's Day weekend. In another, a joint action agency expended three times its annual gas purchasing budget just to buy gas for its customers for four days. This situation has also driven up wholesale gas and power prices in adjacent areas of the country, into the Southwest and Southeast.

Within ERCOT and the Midwest markets known as the Southwest Power Pool (SPP) and the Midcontinent Independent System Operator (MISO), prices for power purchased on the wholesale market in these regions have sharply risen over the last several days. Natural gas powers a significant amount of

the baseload generation in the regions impacted, and inadequate supplies of natural gas have caused the price of this critical fuel to skyrocket. This, in turn, has impacted the spot prices of electricity, compounding the financial burden on many of our not-for-profit utility members. While these utilities have hedging strategies and reserves in place, the magnitude of the spike has outpaced these risk management tools in some cases. For example, natural gas for one public power-owned power plant cost $78 million for **four days** of supply – whereas fuel had cost only $18 million for **all of 2020**. If no relief is provided, these staggering costs will ultimately have to be borne by utility customers at a time when many have lost their jobs or are otherwise struggling because of the COVID-19 pandemic.

Given the magnitude of this situation, we urge you to consider using your authority under section 301 of the Natural Gas Policy Act (NGPA) (15 U.S.C. § 3361) to declare a natural gas supply emergency and to authorize the Secretary of Energy to exercise delegated authority under section 302 of the NGPA (15 U.S.C. § 3362) to cap the price for purchases of natural gas from producers of natural gas or other persons to the extent authorized by the NGPA. As the description above indicates, inadequate supplies of natural gas threaten the availability of the fuel for high priority uses, including electric power generation. Limiting the price of gas to a fair and equitable level, we believe, would assist in meeting the requirements of such high priority uses. While the natural gas supply emergency authority under the NGPA has been used sparingly, we believe this financial crisis is significant enough to merit such action.

In the meantime, public power and public gas utilities are focused on keeping the lights and heat flowing and taking steps like conservation measures to ensure consumers have the energy they need. They are also communicating with their customers about ways they can save energy (to prevent future curtailments in the case of generation); stay safe while using generators and space heaters; and avoid scams.

We know the Federal Energy Regulatory Commission and North American Electric Reliability Corporation have begun an investigation into the electric bulk power system, and requests have also been made to investigate the unprecedented increase in natural gas prices. Congress will hold hearings and the industry, writ large, will figure out the root causes of this situation and apply lessons-learned going forward, we believe quick action in the near-term will help alleviate pressure on communities – many of which are struggling during the pandemic. This, in turn, will help them get back on the road to recovering and, ultimately, thriving as we know they can.

Please do not hesitate to reach out to us if you would like to discuss this time sensitive matter.

Sincerely yours,





Joy Ditto
President & CEO
American Public Power Association

Dave Schryver
President & CEO
American Public Gas Association

cc: Patricia Hoffman, Acting Assistant Secretary, Principal Deputy Assistant Secretary, Office of Electricity, U.S. Department of Energy