

News : US DOE 'closely monitoring' fuel availability, as New England senators seek to head off risks

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- Senators want review of emergency powers
- Encourage DOE to work with stakeholders

The US Department of Energy and the Biden administration are "closely monitoring" winter fuel availability in New England and are "preparing to address any resulting risks," especially if the weather is colder than expected, a DOE spokesperson said Nov. 30.

The spokesperson, who asked not to be identified, was commenting on a request from five US senators from New England that Energy Secretary Jennifer Granholm work with stakeholders to mitigate the risk of price spikes and shortages of natural gas , LNG and heating oil in the Northeastern region this winter.

The spokesperson noted that the North American Electric Reliability Corp. expects New England to have sufficient energy during a mild to moderate winter and that the National Oceanic and Atmospheric Administration has forecast warmer-than-average temperatures Southeastern US and along the Atlantic Coast.

"DOE continues to work closely with NERC and the Federal Energy Regulatory Commission , as well as state, industry, and interagency partners, to help ensure reliability through the winter season," she said.

The lawmakers' letter, dated Nov. 29, from Senators Chris Murphy and Richard Blumenthal, both Democrats from Connecticut ; Patrick Leahy, Democrat-Vermont ; Bernie Sanders, Independent-Vermont ; and Angus King, Independent-Maine , marks the latest missive to the Biden administration seeking help averting threats to fuel supplies and reliability in the region in the event of extreme cold.

Joseph Nolan, CEO of the largest New England utility, Eversource Energy , also wrote President Joe Biden in October, urging use of emergency authorities to protect against a natural gas shortage in the winter.

The region relies heavily on gas supplies for home heating, and typically faces competition with generators for the tight gas pipeline capacity during extended periods of extreme cold -- at times forcing generators to turn to oil or LNG to fill the gap.

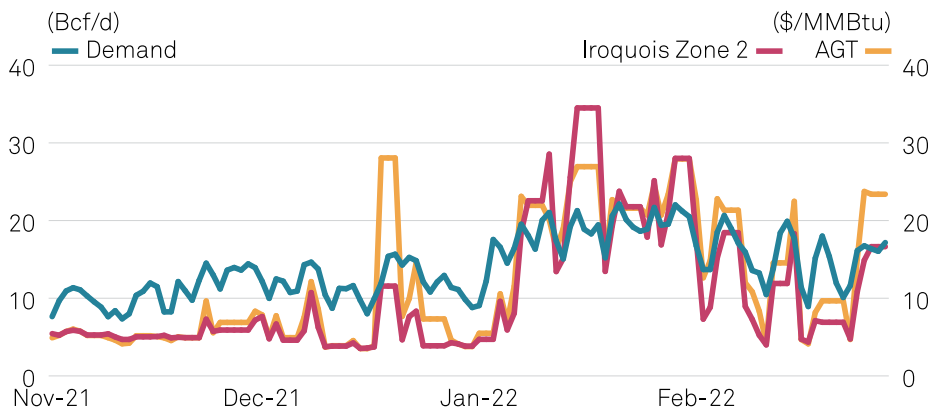
With global events precipitated by Russia 's invasion of the Ukraine , the five senators warned of heightened risks that the region will be short on fuel during an extended cold snap, and that New England states could "face serious challenges" as they seek to secure LNG .

Price concerns

"Even if the lights stay on throughout our winter months, the price instability caused by the region's reliance on the spot market could have devastating impacts on New England residents who already face some of the highest energy costs in the continental US ," the lawmakers wrote in their letter.

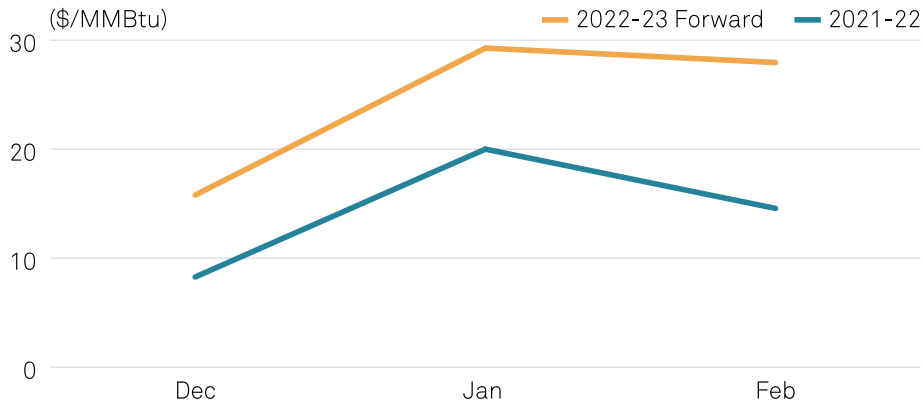
As of late November, the January 2023 forward contract at Algonquin city-gates was trading around \$29/MMBtu, compared with a January 2022 forward contract price of around \$19/MMBtu one year ago, data from S&P Global Commodity Insights showed.

US Northeast gas demand vs New England gas prices, winter 2021-2022



Source: S&P Global Commodity Insights

Algonquin City-Gates winter gas prices



Note: 2021-22 prices are monthly averages

Source: S&P Global Commodity Insights

To find a way to ease the risks, the lawmakers urged Granholm to convene key stakeholders, including **FERC**, **ISO New England**, **New England** governors, public utility officials, generators, suppliers and utilities.

And they urged **DOE** to work across the executive branch to review the emergency **powers** available.

While the region's **gas** pipeline constraints are often identified as a source of **New England**'s supply crunch, the lawmakers stressed a need to turn away from fossil fuels to boost energy independence. And they urged **DOE** to help identify barriers to bringing non-fossil fuel energy online as quickly as possible.

From a different perspective, **DOE** also received a pitch from manufacturers Nov. 30 that it turn to the Defense Production Act to build critical **gas** pipeline infrastructure along the Eastern Seaboard. The Industrial Energy Consumers of America was responding to a **DOE** request for comment on how the agency could best use the act to help accelerate manufacturing and deployment of clean energy technologies.

ISO-NE approach

While the lawmakers pointed to prior warnings from **ISO-NE** that colder-than-usual conditions could put grid reliability at risk, Matthew Kakley, a spokesman for **ISO-NE**, said the organization's initial winter analysis shows it should have sufficient **electricity** and fuel supplies under mild and moderate conditions, and that it has "many tools" at its disposal if emergency conditions develop.

ISO-NE has procedures to monitor energy supplies and take early action in the event of prolonged cold snaps, such as expedited fuel deliveries, bringing in **power** from neighboring **power** systems or asking for public conservation, he said.

"Only in the most severe events, if conservation and other measures were insufficient to balance energy supply and consumer demand, would the ISO call for controlled **power** outages," Kakley said Nov. 30. Price volatility is expected, he added, when global events impact demand for **LNG**.

The letter comes as **NERC** in a Nov. 17 report said much of the **North American** bulk **power** system remains at risk of insufficient **electricity** supplies during peak winter conditions.

It identified **New England** as an area with a low but positive reserve margin, at 2.5%, and **NERC** considered the region to be at greater risk under extreme scenarios.

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