

Talking Points on Winter Weather and Outages in the Midwest and Texas

What is going on?

- Historic cold weather and a series of winter storms are severely impacting the Midwest and Texas.
- The cold weather is driving high demand and generation in many cases has been constrained due to natural gas well and pipeline freezes, wind turbine freezes, and freezes at power plants themselves.
 - These resources include natural gas, wind, coal, and others.
- As a result, prices for power and fuel purchased on the wholesale market in these regions are skyrocketing.
 - Natural gas is the fuel that powers a significant amount of baseload generation in the region, and its price surges are hitting public power utilities hard.
- Millions of customers in Texas have been without power or have experienced rolling outages mandated by regional operators to protect the larger grid. While power is coming back online as the weather improves, these impacts have been significant to customers in many communities.
- This situation underscores the importance of electric utilities embracing a diverse, robust resource mix.
- This situation also underscores the positives of utilities owning and operating their own generation resources.
 - Without access to comparable incentives for developing renewables, we are effectively not given that option.

What is the public power response?

- Public power utilities are beholden to mandates from regional grid operators (e.g., ERCOT, SPP) to curtail load by turning off power to customers.
- Electric utilities are focused on the things they *can* control, such as communicating with their customers about ways can save energy (to prevent future curtailments); staying safe while using generators and space heaters; and avoiding scams, which we are—unfortunately—seeing out there.

What is the outlook?

- Aside from the customer impacts, this is a catastrophic financial blow to many of our utilities who are beholden to market conditions.
 - Some have spent their entire year's fuel budget in the past few days.
 - Without relief, this financial burden will eventually be passed on to customers.
- There are many options on the table for industry and government leaders for evaluating and remedying this situation moving forward.
 - In the short term, there will be consideration of capping natural gas prices or other mechanisms to smooth out these major price impacts to provide relief for struggling communities
 - There will be evaluation of state resource adequacy requirements.
 - There will be evaluation of power plant hardening/weatherizing mandates.
 - In addition to short-term relief measures, public power utilities will continue to advocate at the federal level for tools to provide them with more options in terms of resource mix, including:

- Comparable incentives to the tax credits for-profit entities can obtain to develop new clean and reliable energy resources.
- Amending the tax code to make it easier to finance existing debt, encourage energy investments, and promote economic growth in public power communities.