Natural gas: Building gas system resilience. Overview of the 2021 polar vortex and its implications for gas resiliency


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Overview

2021 Polar Vortex (Winter storm “Uri”)

Source: NOAA.
2021 brought one of the broadest, most significant winter storms in history. Impacts were most pervasive in places not accustomed to such extreme winter temperatures.
ERCOT:
- ERCOT set a winter demand record of 69 GW of usage on the grid.
- Significant power generation capacity (48 percent) was forced offline by the extreme weather.
- 4.4 million people in Texas were without power.
- Texas implemented rolling blackouts, which had the unintended consequences that exacerbated energy supply availability (such as natural gas systems outages).

SPP:
- Record load of over 42 GW was measured from 2/15-2/16 in SPP.
- 35 GW of generator forced outages.
Regional Impacts – Electrical Outages

MISO:
- Demand peak of MISO South = 31.6 GW
- 75,000 of Entergy’s MISO south residential clients lost power.

PJM:
- While this was mostly a southwestern/midwestern/central event, PJM provided resources to compensate for losses.
- PJM export a record high of 15.7 GW of power flowing to MISO and SPP.

Available at: https://www.washingtonpost.com/weather/2021/02/14/arctic-outbreak-south-cold-snow/
Monthly natural gas demand was 11.8 percent above prior winter levels. Monthly supply levels fell by over 12.9 percent.
U.S. natural gas storage withdrawals

Record-breaking temperatures combined with production shortfalls led to near-record levels of natural gas withdrawals.

Source: U.S. Energy Information Administration.
Available at: https://www.eia.gov/naturalgas/weekly/archivenew_ngwu/2021/02_25/
From 2/10 – 2/17, the Henry Hub spot price rose from $3.68/MMBtu per million to $23.61/MMBtu, the highest nominal price going back to at least 1993.

Source: U.S. Energy Information Administration.
Natural Gas Prices — Overview

- Prices in some regions of the country set records amid record-low temperatures and supply disruptions.

- From 2/10 – 2/16, **prices at major Texas hubs increased dramatically**, setting all-time records (going back to 1993).
  - Katy Hub: $4.50/MMBtu → $352.64/MMBtu
  - Houston Ship Channel: $4.50/MMBtu → $400/MMBtu

- From 2/10 – 2/17, **the South Louisiana regional average price also increased significantly**, from $3.62/MMBtu to $15.96/MMBtu, the highest price on record.

- Midwestern prices also rose to record-setting levels.
  - At the **Chicago Citygate**, **prices rose to $129.52/MMBtu** on 2/12
    - Highest price on record going back to 1993.

Source: U.S. Energy Information Administration.
As compared to the prior winter season, residential natural gas bills were 13% higher in Arkansas, 26% higher in Louisiana, and 40% higher in Texas during the 2020/2021 winter season.
Event has led to several questions that include:

- When will we learn that gas and power systems are interrelated?
- Do competitive markets facilitate or prejudice resilience?
- How do we protect ratepayers?
- Should we prioritize hardening investments and if so, how quickly?
- How to we reconcile increased resilience investment with net zero GHG goals?
Questions, comments and discussion.