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**STATE OF COLORADO**  
**DEPARTMENT OF LAW**

Office of the Attorney General

March 9, 2021

The Honorable Richard Glick, Chairman  
The Honorable Neil Chatterjee, Commissioner  
The Honorable James Danly, Commissioner  
The Honorable Allison Clements, Commissioner  
The Honorable Mark Christie, Commissioner  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**RE: Potential Manipulation of the Natural Gas Markets During or  
as a Result of the February 2021 Winter Storm Event**

Dear Chairman Glick, Commissioners Chatterjee, Danly, Clements, and Christie:

As Attorney General of Colorado, I am writing to extend my appreciation for, and interest in, the Federal Energy Regulatory Commission (“FERC”)’s announcement that FERC’s Office of Enforcement is examining wholesale natural gas and electricity market activity to determine if any market participants engaged in market manipulations or other violations during the recent winter storm event that left millions without power in Texas and Oklahoma.<sup>1</sup>

Following the lessons of the 2001 Western U.S. energy crisis, Congress’s enactment of the Energy Policy Act of 2005 empowered FERC with broad authority and responsibility under the Natural Gas Act to prevent the use of “any manipulative or deceptive device or contrivance” in jurisdictional wholesale natural gas markets.<sup>2</sup> I encourage FERC to use its jurisdictional authority to determine, with expediency, whether the unprecedented spikes in natural gas prices were the result of any fraud or market manipulation. My concern on this issue is further heightened due to reports that an investment bank—the second-biggest physical supplier in the U.S.—reported “a windfall” of \$210 million from the gas and electricity price swing.<sup>3</sup>

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<sup>1</sup> See <https://ferc.gov/news-events/news/ferc-examine-potential-wrongdoing-markets-during-recent-cold-snap>.

<sup>2</sup> Energy Policy Act of 2005, Pub. L. No. 109-58 § 1809, 119 Stat. 594 (2005).

<sup>3</sup> See <https://theintercept.com/2021/02/23/texas-winter-storm-gas-prices-executives/>.

I understand that investigations conducted by FERC's Office of Enforcement are non-public. For Colorado consumers, however, I am concerned about the potential impact the unprecedented natural gas prices could have on utility rates. Notably, for those utilities relying on access to the spot market for natural gas, the spike in prices was alarming. Consider, for example, that the Rocky-Mountain-Cheyenne hub surged from under \$3 an MMBtu to around \$190 per MMBtu.<sup>4</sup> Consequently, one Colorado electric utility company estimated that its electric and natural gas fuel costs increased by approximately \$650 million due to surging commodity prices.<sup>5</sup>

My office strongly supports the work of FERC and the Office of Enforcement to ensure that utilities with contracts to procure natural gas are protected from market manipulation of those commodities. Similarly, I wish to ensure that Colorado consumers are protected from unfair and unreasonable impacts on their utility bills where any increased costs are not reflective of supply and demand and competitive market forces.

Should FERC determine that market participants engaged in fraudulent or manipulative behavior that improperly drove up short term profits and impacted the price of natural gas for utilities serving Colorado, we request that FERC disgorge any illegal gains and accord refunds, as appropriate, to those utilities, thereby protecting Colorado consumers from such manipulation.

The Colorado Department of Law looks forward to hearing the results of your thorough examination of the wholesale natural gas markets during the February 2021 winter storm event. We stand ready to work with you and support your work in any manner possible. Thank you for your efforts to ensure just and reasonable rates for all consumers.

Sincerely,

A handwritten signature in blue ink that reads "Philip J. Weiser". The signature is fluid and cursive, with the first name "Philip" and last name "Weiser" clearly legible.

Phil Weiser  
Attorney General

cc: Acting Director Janel Burdick  
Office of Enforcement  
Federal Energy Regulatory Commission

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<sup>4</sup> See "Power cuts in Texas and elsewhere could cost Colorado energy consumers," Denver Post, February 20, 2021, *available at*: <https://www.denverpost.com/2021/02/20/power-cuts-weather-texas-wind-colorado-energy/>.

<sup>5</sup> See [https://sec.report/Document/0000081018-21-000008/#i417a2bf03dbe4dd4978eb954de60a106\\_67](https://sec.report/Document/0000081018-21-000008/#i417a2bf03dbe4dd4978eb954de60a106_67).