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February 2, 2022

The Honorable Rostin Behnam
Chairman
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Request for investigation of January 27, 2022 NYMEX natural gas contract close – largest one-day gain in history, a \$6.2 billion cost increase to consumers for February 2022

Dear Chairman Behnam:

On behalf of the Industrial Energy Consumers of America (IECA), of which 100 percent are manufacturing companies, we request that the Commodity Futures Trading Commission (CFTC) investigate the expiring natural gas futures contracts on January 27, 2022. Natural gas futures for February ended the day 46 percent higher at \$6.26 per MM/Btu, the largest one-day gain on record. The resulting Henry Hub price, which sets the price for the majority of natural gas purchased by manufacturers and other consumers, resulted in a substantial price/cost increase.

IECA is a nonpartisan association of leading manufacturing companies with \$1.1 trillion in annual sales, over 11,700 facilities nationwide, and with more than 1.8 million employees worldwide.

On Wednesday, January 26, natural gas prices closed at \$4.28 per MM/Btu. On Thursday, January 27, prices traded most of the day around \$4.30 per MM/Btu. However, in the last half hour before the close, it became very volatile. At one-point late in the trading session, February futures jumped to nearly \$7.35 per MM/Btu before falling and rising again to the closing price. Trading was so sharp that it was paused dozens of times by circuit breakers aimed at maintaining orderly trading.

The 46 percent price spike was an enormous cost increase to consumers and inflation. Using the U.S. Energy Information Administration (EIA) data for the previous year (February 2021), U.S. natural gas volume was 3.0 trillion cubic feet (Tcf). The February monthly volume times the difference of \$4.28 per MM/Btu and \$6.26 per MM/Btu amounts to a \$6.2 billion cost/price increase to consumers for their February 2022 natural gas.¹

¹ Natural Gas Consumption by End Use, U.S. Energy Information Administration, https://www.eia.gov/dnav/ng/ng_cons_sum_dc_u_nus_a.htm

We urge you to address the following questions:

- What role did derivatives play?
- Who benefited from the \$6.2 billion gain?
- Who was on either side of the closing prices?
- Did the CFTC's expanded speculative position limits play a role?
- What role did passive funds play?
- What can be done in the future to avoid a repeat occurrence?

Thank you in advance for investigating this event and taking action to avoid future events of this nature. We look forward to hearing from you.

Sincerely,

Paul N. Cicio

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President & CEO

cc: Senate Committee on Agriculture, Nutrition, and Forestry
House Committee on Agriculture
Federal Energy Regulatory Commission

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.1 trillion in annual sales, over 11,700 facilities nationwide, and with more than 1.8 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, brewing, independent oil refining, and cement.