

TEXAS ELECTRIC GRID FAILURE

2021 FREEZE AND FAILURES IN TEXAS ELECTRIC GRID¹



Price gouging for consumer goods during a natural disaster is illegal, *but not for electricity or natural gas!* In fact, that’s how our leaders claim to provide “reliability”, and we’ve seen how well that works. Billionaires and their companies reaped a more than *\$11 billion windfall* while we froze in the dark.

The response? Those “leaders” stuck us with repaying those costs through *increases in our utility bills over the next 30 years*. You can also expect increases in homeowners’ insurance in the years ahead Unless things are changed. In the meanwhile, Gov. Abbott and his cronies received their own windfall – millions of dollars in contributions from the people who ripped us off.

In the meantime, 20% of natural gas production and 12% of power generation capacity was knocked offline this past month by a light freeze. Abbott’s answer to price-gouging: lowering the maximum price per megawatt hour from the \$9,000 we paid last year to \$5,000 (hint: the average price is normally \$30.) No limits were placed on gas prices.

Here's what I'll fight for:

- **Making price-gouging on electricity and gas prices illegal**
- **Connecting Texas to the national electric grids to guarantee we won't again go dark**

¹ Michael E. Webber – energy resources Professor at the University of Texas at Austin who reported on the event and subsequent occurrences in the Dallas Morning News.

TEXAS ELECTRIC GRID FAILURE

- Requiring weatherization for both electric generators and natural gas production and pipelines
- Rules that would require adequate generating capacity and seriously penalize avoidable disruptions
- Expansion of generation capacity from renewables and required wind turbine weatherization
- Recouping windfall profits to pay off the utility debt foisted on rate payers
- Policies that encourage solarization of homes and battery storage of solar-generated power
- Combining the Railroad Commission (which actually regulates oil and gas), the Public Utilities Commission and the Texas Commission of Environmental Quality into a single agency headed by elected commissioners, with strict limits on the sources and amounts of their campaign contributions

To report the entire winter storm *Uri* story in detail would require a book length presentation, especially an explanation of why the state regulators favor the gas producers at the expense of the gas and electric users. Here is the big picture, some of the causes, and possible fixes.

First the winners. Bloomberg news reported that gas suppliers and pipeline companies made at least and *11 billion windfall* over the five-day storm period – which means gas suppliers reaped financial rewards despite not being reliable. Dallas based Energy Partners raked in *\$2.4 billion* over a few days. **The Texas Tribune reported on Thursday, January 20, 2022, --as the Dallas area is gripped by plunging temperatures, Energy Transfer is threatening to cut off gas supplies to Vistra Energy over a dispute related to the February 2021 storm – threatening a loss of power to over 400,000 metroplex homes.** ²

The Losers. The losers are the Texas utility rate payers and homeowners who suffered billions in property damage (100 Insurance companies have sued the state to recover losses they were forced to pay on their home-owner policies). The current arrangements require that we the rate payers bear the total burden of repaying *3.4 billion*³ in losses incurred in that five-day storm period by increases in our utility bills over the next 20 to 30 years. And unless the insurance companies are successful with their litigation you can expect increases in homeowners’ insurance in the years ahead.

² <https://www.texastribune.org/2022/01/20/texas-power-plants-gas-pipeline/>

³ Houston Chronicle’s Erica Grieder’s 2021 Opinion Column: “Texans Surly Will Enjoy the Opportunity to Pay for Storms Costs”

TEXAS ELECTRIC GRID FAILURE

The legislative response in the session ended in 2021. Basically, the legislature voted to maintain the status quo – thus setting the state up for a repeat of the near total grid failure in February of 2021. How? The gas producers and pipelines who raked in over 11 billion in windfall profits – they are the principal money contributors to the current republican leadership in Texas – the Governor and Lt. Governor and key members of the legislature and the state agency that regulates the oil and gas industry (archaically named to hide its real purpose). One gas baron wrote a thank you check to Greg Abbott for 1 million not long after the storm – but that’s just the revolting tip of the iceberg. Any doubt things were fixed by last session of legislature ended just after first of year when it was revealed that 11.7% of the State’s power generation capacity was knocked offline from December 3rd to January 3rd as gas production and transport declined 20% as temperatures dipped into the teens.⁴ An exceptional winter storm could lead to a repeat of the chaos and damages suffered in February of last year.

Price gouging for consumer goods during a natural disaster event is illegal *but not for natural gas!*

Bottom Line: More than two-thirds of the campaign donations to the sitting commissioners who regulate the gas production industry have come from oil and gas producers and allies. All three commissioners trade oil and gas stocks, even while they make rulings about complaints against those companies,



according to Commission Shift, an activist group campaigning for more stringent ethics rules. “Oil and gas money accounted for 69 percent of all the campaign money raised by Commissioners Wayne Christian and Craddick,” the watchdog group

⁴ Houston Chronicle, January 12, 2022. Writer: Shelby Webb

TEXAS ELECTRIC GRID FAILURE

reported, based on public records.⁵ Abbott alone has raked in millions from contributors directly and indirectly associated with the oil and gas producers. Conclusion: nothing was fixed, and all Texans must brace themselves for a possible repeat of winter storm Uri as climate change intensifies weather events over shorter time spans.

⁵ Chris Tomlinson , Staff writer for the Houston Chronicle - Updated: Nov. 20, 2021