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INVESTIGATIONS

'Collective amnesia': Texas politicians knowingly blew 3 chances to fix the failing power grid

James Osborne, Eric Dexheimer, Jay Root, Staff writers

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Mark Mulligan, Houston Chronicle / Staff photographer

This story is the first in our three-part ["Failures of Power"](#) series. Read [the second part here](#), and [the third part here](#).

Ten years ago, Texas power plants froze during a fast-moving winter storm, causing rolling electricity blackouts across the state. Outraged Texas regulators and lawmakers, vowing to crack down, debated requiring energy companies to protect their equipment against extreme weather to ensure reliability.

But they didn't.

Nine years ago, two state agencies that regulate utilities and the oil and gas industry warned that natural gas facilities that lost power during outages couldn't feed electricity generation plants, creating a spiral of power loss. The agencies jointly recommended that lawmakers compel gas suppliers and power plants to fix the problem.

But they didn't.

Eight years ago, economists warned that the state's free-market grid left companies with little incentive to build enough plants to provide backup power during emergencies. With the support of then-Gov. Rick Perry, legislators and regulators considered increasing power rates to encourage the construction of more power plants, so that Texas, like other states, would have sufficient reserves.

But they didn't.

In the wake of each power failure, or near-failure, over the past decade, Texas lawmakers have repeatedly stood at a fork in the road. In one direction lay government-mandated solutions that experts said would strengthen the state's power system by making it less fragile under stress. The other direction continued Texas' hands-off regulatory approach, leaving it to the for-profit energy companies

ABOUT THE SERIES

Failures of Power

This series documents how 20 million Texans lost power in a deadly freeze after state lawmakers brushed aside a decade of warnings about the increasingly vulnerable electric grid.

'Collective amnesia': Texas politicians knowingly blew 3 chances to fix the failing power grid

'I lost my best friend': How Houston's winter storm went from wonderland to deadly disaster

Fixing Texas' unreliable power grid won't be cheap or easy. Can we trust politicians to get it done?

10 ways to fix the Texas power grid, according to experts

In each instance, lawmakers left the state's lightly regulated energy markets alone, choosing cheap electricity over a more stable system. As a result, experts say, the power grid that Texans depend on to heat and cool their homes and run their businesses has become less and less reliable – and more susceptible to weather-related emergencies.

With each passing year, the grid has steadily become less reliable. In 1989, Texas suffered a cold snap considered worse if not equal to the winter storm earlier this year yet managed to keep the grid functioning, with only a few hours of rotating outages.

By comparison, February's Winter Storm Uri brought the Texas power grid to within five minutes of complete collapse, officials acknowledged. Millions of residents were left without power for days in subfreezing temperatures; nearly 200 died.

"Our system now is more vulnerable than it was 30 years ago," said Woody Rickerson, vice president of grid planning and operations at the Electric Reliability Council of Texas. "With the generation mix we have now, the weather has the ability to affect wind and solar and (the gas supply). Those are things we can't anticipate."

Lower prices for big business

The modern deregulated Texas power market was set up in the late 1990s to replace the state-controlled system through which Texans had gotten their electricity for close to a century. Rising power prices had become increasingly unpopular among the public and industry, in particular the petrochemical plants and refineries lining the Gulf Coast.

In terms of prices, the plan worked – especially for big business. Since 2001, the last year before deregulation, average industrial electricity rates in Texas declined by 7 percent, according to federal data ending in 2020. Over that same period, average residential rates grew almost 30 percent, though they remain well below the national average.

Cheap power for industry has fed the oil and petrochemical boom along the Gulf Coast and West Texas and attracted new companies to Houston, Dallas, San Antonio and Austin. It also created a new industry, power retailing, with hundreds of companies springing up to act as middlemen, negotiating lower prices from generators in order to amass more customers and boost their profits.

2011: Anger, then sticker shock

The first real sign of trouble came in February 2011, when freezing temperatures across Texas forced ERCOT to rotate outages for two days during Super Bowl weekend, impacting 4.4 million customers.

Lawmakers assessing the fallout were incredulous and angry. Was Texas – no stranger to hurricanes and other weather catastrophes – really so ill-prepared to handle a nasty winter storm?

“There’s no secret that winter comes around once a year,” said Sen. Mike Jackson, R-La Porte.

Legislators introduced a flood of bills, requiring the PUC to buy more backup generation and penalizing companies that didn’t meet reliability standards. But as they would time and again in the years ahead, Texas elected leaders opted not to

Power market expert Alison Silverstein before giving testimony on SB2 and SB3 at the Texas Capitol, Thursday, May 6, 2021, in Austin. Despite past failures during extreme weather that called attention to the growing vulnerability of the Texas grid, “everyone has been in denial,” Silverstein says. “They treat each individual extreme event as a one-off, a high-impact, low-frequency event, which means, ‘I hope it doesn’t happen again.’”

2011: Regulation with no teeth

As a result, the only legislation to come out of the 2011 storm was a minor bill from then-state Sen. Glenn Hegar, a Katy Republican, which required power companies to file weatherization plans with the PUC each year.

Two months after that bill was signed into law, the Federal Energy Regulatory Commission and the North American Electric Reliability Corporation put out a

“One power plant under freezing for 200-plus hours. That’s not a thing, right?” said Chris Moser, executive vice president of operations for NRG Energy, of expectations going into the winter. “If you look at the math ERCOT did prior to the seasonal



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Reach James on

James Osborne covers the intersection of energy and politics from the Houston Chronicle's bureau in Washington D.C.



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Eric Dexheimer began working in the Austin bureau of the Houston Chronicle in December 2018. Prior to that he worked for the Austin American-Statesman, alt-weeklies in Denver and Portland, and community daily and weekly newspapers in Upstate New York. He is originally from Batavia (Exit 48, NYS Thruway).



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Jay Root

Reach Jay on

Award-winning investigative reporter Jay Root has a long track record of breaking stories that prompt action and reform. He put the current Texas attorney general on the [path to criminal indictment](#), helped shut down rampant criminal prosecutions of rent-to-own customers in Texas, and sparked firings and resignations at a [free-spending](#) Texas Alcoholic Beverage Commission. Root's border documentaries, [Beyond the Wall](#) and [Border Hustle](#), each won national Edward R. Murrow Awards. Before starting at the Chronicle, Root was an investigative reporter for the Texas Tribune.

VIEW COMMENTS

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The problem that led to the massive failure of the Texas power system and an estimated 200 deaths across the state will be neither cheap nor easy to fix.

BY JAMES OSBORNE

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