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ENERGY & ENVIRONMENT

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Texas AG says retroactive power-price cut okay; regulator ousted

By Gary McWilliams, Kanishka Singh

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HOUSTON (Reuters) - The Texas attorney general on Wednesday said state law allows the utilities regulator to cut billions of dollars from storm-inflated electric bills, an endorsement that came hours after the ouster of the regulator who opposed retroactive cuts.

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FILE PHOTO: An electrical substation is seen after winter weather caused electricity blackouts in Houston, Texas, U.S. February 20, 2021. REUTERS/Go Nakamura/File Photo

The drive to reverse \$4.1 billion in emergency prices gained momentum after a magazine published inflammatory comments by Public Utility Commission Chair Arthur D’Andrea. In a March 9 call with Bank of America analysts and investors, he said he “tipped the scale” to protect utility profits. He also minimized the financial pain caused by storm pricing to municipal power companies.

Since Texans began complaining about inflated electric bills after the storm, D’Andrea has argued against repricing. As recently as Tuesday, he told legislators he had no authority to order a change. The remarks swayed lawmakers against a plan endorsed by 27 senators to reduce emergency charges in the final 32 hours of a deadly February blackout.

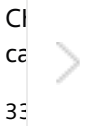
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billions of dollars of payment to utilities.

NEW COMMISSION

Governor Greg Abbott said he planned to replace D’Andrea in coming days. The commission can “correct prices” for power and services, state Attorney General Ken Paxton said in an opinion bit.ly/3bTyxw0 on Wednesday. A retroactive move covering a certain period would likely be upheld in court, he wrote.

The regulator and state grid operator raised power prices to about 400 times the normal rate over five days. They left the pricing in place in the final 32 hours after the grid emergency passed.

The state’s independent market monitor testified grid operator ERCOT, which is overseen by the PUC, erred by keeping prices high during the period after outages ended.

TIPPED THE SCALE

On the March 9 call, D’Andrea told investors and analysts he had “tipped the scale as hard as I could” to prevent repricing and would keep “the weight of the commission” against it, according to the recording published on the magazine’s website.

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fine,” he said, referring to San Antonio’s city-run CPS Energy that has contested \$200 million in power charges.

A CPS Energy spokesman did not comment on the report.

Slideshow (2 images)

High costs from the storm have led four Texas power companies to file for bankruptcy protection. Electricity firms have failed to pay \$3 billion in storm-related charges, amounts that eventually would be passed to all Texas utilities and customers.

Texas utility NRG Energy Inc on Wednesday withdrew its earnings outlook for the year, projecting a \$750 million loss from the storm and the prospect of a retroactive repricing. Shares fell nearly 17% to \$36.18.

POLITICAL FALLOUT

The deadly February storm killed more than 56 people in Texas. The blackout could saddle power companies with bills for decades.

“I asked for and accepted the resignation of PUC Commissioner Arthur D’Andrea,” the governor said in a statement. Residents “deserve to have trust and confidence” in the regulator, Abbott added on Wednesday.

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deliver it to governor. “The clock is ticking,” he said on Twitter.

PUC spokesman Andrew Barlow declined to comment on the recording, saying he had not heard it.

JOB PROTECTION

In his call, D’Andrea also claimed he had job protection after two of the three PUC commissioners resigned. Lawmakers could “secure promises from me” that they could not get if there were other commissioners, he said.

“I expect it to be this way for a while, at least a year, with just me,” he said of

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Reporting by Gary McWilliams in Houston, Kanishka Singh and Derek Francis in Bengaluru; editing by Richard Pullin, Marguerita Choy and David Gregorio

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