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Texas's Energy Crisis Shows Why We Need to Reform Our Privatized Energy System

BY JOHANNA BOZUWA & JEAN SU

The recent meltdown of Texas's energy grid during a spell of extreme weather made it extremely clear for everyone to see: a for-profit, free-market-oriented energy system is bound to fail massive numbers of people.

Texas residents will be spending the next few months recovering from one of the country's most catastrophic collisions of extreme weather and extreme hubris. Not only was the state hit by a massive polar vortex created by fossil-fueled climate change, but by a meltdown and near-collapse of an electrical grid designed to maximize profits for private utilities rather than the needs of communities for reliable and green energy sources.

As Texas assesses the damage and what to do next, it is clearer than ever that Texas and the nation must confront the foundational flaw of our energy system: its prioritization of profits over people. This moment gives us no choice but to face the violence, racism, and climate emergency that our current energy system has bred and to reimagine a radically different system. As we saw in Texas, people's lives are at stake.

Fossil Fueled Climate Chaos

The same fossil fuel infrastructure that created the conditions for the polar vortex that swept parts of the country this month buckled under its wrath, as a centralized and brittle dirty gas system stalled, leaving millions of families in the cold and without access to clean water. Texas has been an epicenter of oil and gas operations throughout US history and is one of the key states where the fossil fuel sector is set to expand. Even now, utilities are building out a glut of fracked gas plants.

Texas's power outages are the latest of a stream of outage crises due to climate-related emergencies over the past few years — more frequent and ferocious deadly wildfires in California and Oregon, rolling heat waves in New York, and deadly hurricanes in the South.

Despite these catastrophic events, energy companies still continue fighting the necessary transition to renewable energy, using their unparalleled political and media machines to entrench the status quo dirty energy system. Both were on display as Republicans blamed wind turbines and a Green New Deal for Texas's current calamity.

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The Texas disaster also exposed how a for-profit, free-market-oriented energy system fails people, especially low-wealth people and communities of color. Texas has one of the most competitive electricity systems in the country, run by the one-of-its-kind non-profit Electric Reliability Council of Texas (ERCOT). The Texas electricity market was purposefully restructured to allow for competition in the retail sale of electricity, leading to cheap electricity rates for Texans and profit for competing power utilities. But lack of regulatory oversight means there is no requirement for those companies to make long-term investments into the health and safety of Texas's grid or build in energy redundancies in case one source of energy fails.

As one portfolio manager put it, it's a "Wild West market design based only on short-run prices."

While the cold front hitting the South is extreme, it is not unprecedented. In 2011, Texas experienced similar blackouts when cold weather rolled through. But both market actors (utility companies) and the market manager (ERCOT) failed to take the necessary steps to prepare the grid for increasing climate disruptions or invest in renewables to mitigate effects.

People who bear the disproportionate brunt of these blackouts are black, brown, indigenous, and people of color and low-wealth residents. Black and brown communities were likely subject to discretionary shutoffs first, as ERCOT chose to keep electricity on in neighborhoods sharing circuits with critical facilities like hospitals — facilities less commonly found in low-wealth communities and areas where residents are predominantly black and brown.

Moreover, the physical effects of the outages are compounded for communities of color, who tend to live in poorer quality housing with less insulation and weatherization to withstand the cold. These are the same residents who see from their

windows the noxious smoke from Texas's refineries and who are disproportionately impacted by COVID's onset of mass unemployment and death.

Struggles to pay energy bills are made worse by the machinations of energy supply and demand that unfolded during the Texas crisis. With supply so low and demand so high, the prices on the market skyrocketed up to $9,000 per megawatt at the peak of the crisis — with some suppliers withholding energy to manipulate the market and reap the benefit of the extremely high energy prices.

Now residents across Texas who lived days without power are receiving astronomically high energy bills. And for families of color who disproportionately bore the brunt of unemployment during the COVID pandemic, these bills may lead to power shutoffs for nonpayment. "I don't have that type of money," said resident Akilah Scott-Amos, who owes $2,869 to her power company. "This is going to put me in debt, this is going to mess up my credit. Are they going to cut me off? In the middle of this ongoing crisis?"

A New Path Forward

As the COVID-19 crisis and the Texas tragedy have spotlighted, access to energy is a basic human right; without it, people die. Eliminating markets and the "profit above all" framework are the first steps to safely providing basic public services — and we'd argue, human rights — like energy. Across the country, as these weather events hit and utilities fail to shift to renewables, campaigns have sprung up advocating for public control of the energy system.

After the 2018 and 2019 fires in California, activists launched multiple campaigns to put PG&E under community control. Similarly in Maine, following a 2018 winter storm that knocked out electricity for days, the Maine Power campaign has been pressing for legislation in the statehouse. In New York, the 2019 heat blackouts catalyzed the New York Public Power coalition.

Questioning and reforming privatized electricity delivery opens opportunities to combat the energy system's racism and the climate emergency. The original regulatory compact set in place over a hundred years ago, that provided a company with a guaranteed monopoly in exchange for providing fair electricity service, intended to stop private companies' price gouging and serve the public's best interest. But the regulatory structures have not held up to the power of the utilities, now stifling the urgently needed clean energy transition and failing to maintain their grids to maximize shareholder returns. That is why we need to rethink patterns of ownership and utilities' legal structures to build an accountable public alternative.

Reenvisioning our energy system means focusing on equitable renewable energy, fewer boom-and-bust cycles, more community-driven planning, and cooperation across government and communities. This transition will not be easy, and one size will not fit all. But there are energy solutions that can help communities remain resilient in the face of extreme weather events, including distributed solar microgrids. We can ensure there is redundancy and diversity in resources so that if one source is unable to generate power, others can pick up the slack.

With public control over the energy system, we can build new resources that optimize community and ecological benefits, including climate resilience. We can leverage distributed solar and storage — plus efficiency — to support communities to gain wealth, minimize harms to the environment, and keep the lights on during climate-fueled crises.

Freed from the profit imperative and with the opportunity to embrace new concepts of a twenty-first-century utility service, a publicly owned energy system could finally fulfill the government's moral responsibility for providing the basic human right of affordable, reliable, and sustainable energy for all.

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