

February 14, 2022

Fossil Fictions

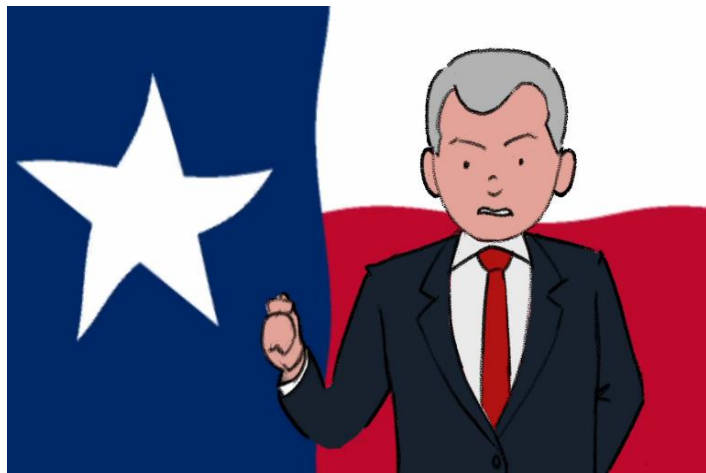
While Oil & Gas Profiteers Made Billions off Blackouts, Texas Politicians Promoted Lies About Renewable Energy

Alan Zibel

The February 2021 Texas power grid failure left millions of households without electricity for days, causing death and suffering across the state. The crisis laid bare the devastating impacts of the state's longstanding hands-off attitude to the fossil fuel industry and showed how far the dirty energy industry and its right-wing spin machine will go to direct blame elsewhere.

Prominent Texas politicians tasked with regulating the energy industry have spent the past 12 months playing political defense for fossil fuel interests. Their main tactic has been to falsely blame wind turbines for the state's problems, rather than conducting an honest and forthright analysis of the underlying causes. This disingenuous reaction to the Texas power grid's failures highlights how fossil fuel interests and right-wing pundits appearing on Fox News will seize upon any future crisis to amplify their preexisting talking points — even if they are not supported by the facts.

Though renewable energy is [increasingly competitive](#) with fossil fuels — especially when paired with battery storage — Texas politicians and conservatives at the national level have made preserving fossil fuel dependency into an article of faith and a political cause.



The consequences of Texas' politicians' knee-jerk opposition to regulation of the fossil fuel industry was tragic, especially after Texas officials [ignored multiple calls to weatherize](#) the state's energy infrastructure after harsh freezes in the past. The Texas power grid failure caused shivering residents to heat their homes with [firewood](#) and resulted in burst water pipes and property damage in homes across the state. According to the state's official count, more than [240 people](#) died— including many senior citizens and low-income residents — from the freezing temperatures and power outages. However, the [true number](#) of deaths may be as high as 750 people. Harsh winter storms in Texas are

Adrian Shelley, director of Public Citizen's Texas office, Tyson Slocum, director of Public Citizen's energy program and Stephanie Thomas, a Public Citizen researcher and community organizer in Houston, and Kelly Mitchell of Documented provided comments and editing on this report.

unusual but have happened many times in the past. But Texas officials, driven by state officials' blind faith in free-market solutions, failed to ensure that the state was prepared for a harsh, but predictable, blast of cold weather.

LIES AND REALITY ABOUT THE TEXAS BLACKOUTS

LIE: Fossil fuels such as gas are always reliable.	REALITY: 58% percent of failures in Texas stemmed from natural gas.
LIE: Wind turbines were to blame for the Texas power grid meltdown.	REALITY: Only 27% of the failures in 2021 were powered by wind.
LIE: Renewables are unreliable and can't be trusted.	REALITY: The Texas power grid did not require or incentivize power plant owners to make sure their plants were ready for cold weather.
LIE: Allowing huge spikes in electricity prices gives power plant owners an incentive to ramp up meet emergency demand.	REALITY: Big price spikes give power plants an incentive to hold back on generating power so they can quickly reap windfall profits.
LIE: Lie: the gas Industry is now prepared for a severe storm	REALITY: Weatherization standards have not been proposed for the gas supply industry and may not even be in place before next winter.
LIE: Gas lines failed because power was cut to well sites and production facilities.	REALITY: Freezing of gas infrastructure was a major cause of failure.

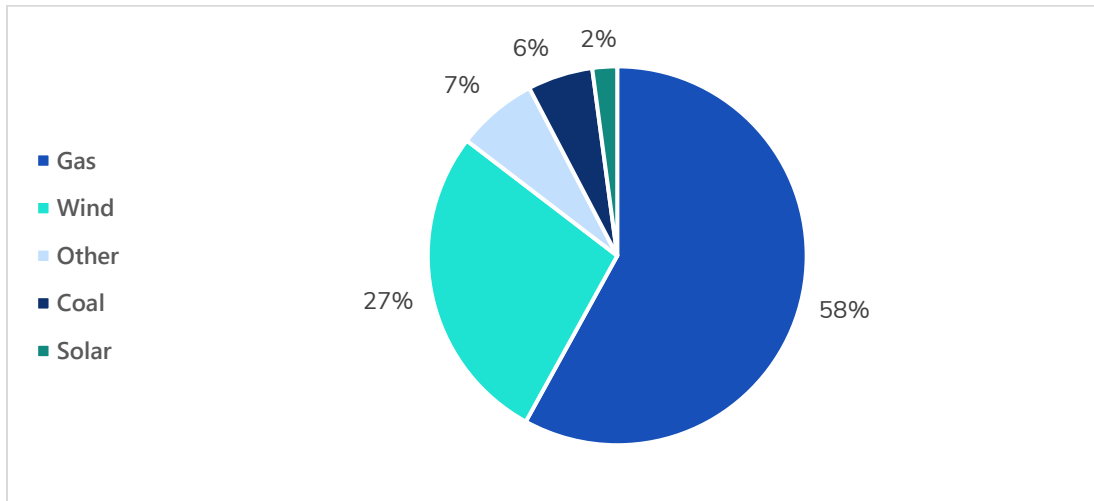
NATURAL GAS FAILURES CAUSED MOST OF THE PROBLEM

The single-digit temperatures in February 2021 resulted from a burst of arctic air across the central U.S. This icy blast froze gas wells, valves and other equipment, causing fuel shortages at natural gas power plants. Supplies of gas plummeted, while demand for natural gas used to heat people's homes surged. The price of natural gas skyrocketed, and electricity demand surged to a winter record.

The immediate cause of the Texas blackouts was the failure of the state's natural gas power plants, which supply the largest share of Texans' power. Neither the natural gas industry nor the wind industry was adequately prepared for the crisis, but natural gas power plant failures were far more significant contributors to the crisis than those of wind turbines. Jesse Jenkins, a Princeton University engineering professor [testified](#) to Congress last year that, "the greatest share of power generation outages were at natural gas power plants, which the state relies on for about two-thirds of its winter peaking capacity." An

exhaustive 300-page [analysis](#) of the Texas power disaster by federal officials found that 604 out of 1,045 generating units (58%) that failed during the blackout were fueled by natural gas, compared with 285 (27%) powered by wind.

Fossil Failure: Natural Gas Power Plants Represented Most of State's Outages



Source: Federal Energy Regulatory Commission

WINDFALL PROFITS FOR ENERGY COMPANIES

Natural gas pipeline companies and energy traders made billions in profits due to the crisis, and Texans will be forced to pick up the tab for [decades to come](#), in the form of higher utility rates. BloombergNEF analysts [estimated](#) that the five-day storm will result in \$11.1 billion in extra natural gas costs, with \$8.5 billion coming from excess costs for power generation and \$3 billion for residential use. “Obviously, this week is like hitting the jackpot,” Roland Burns, an oil executive at Comstock Resources said in a call with investors during the crisis. The company later apologized, according to [The Intercept](#), which first reported his remarks. The crisis was “the most massive wealth transfer in Texas history,” San Antonio mayor Ron Nirenberg [told Bloomberg News](#), adding that energy companies “took full advantage of the declared disaster, or did not take the appropriate steps to stop the exorbitant and unconscionable prices.” Some examples:

Dallas-based pipeline giant [Energy Transfer Partners](#) reaped \$2.4 billion from the surge in energy prices during the storm. The company’s CEO, Kelcy Warren [contributed](#) \$1 million to Texas

BUSINESS

Energy Transfer Reaps \$2.4 Billion Windfall From Texas Freeze

Pipeline operator benefited from surging natural gas prices during the February storm

Source: [Wall Street Journal](#), May 6, 2021

Gov. Greg Abbott after the blackouts, four times much as he had given in prior years.

Houston-based pipeline company Kinder Morgan Inc. raked in a [\\$1 billion windfall](#). The company posted [record annual profits](#) for 2021, partly due to the storm. “We closed out 2021 as a record year financially, beginning with our outstanding commercial and operational performance during Winter Storm Uri,” CEO Steve Kean said in a [press release](#).

Pipeline operator Kinder Morgan posts \$1 billion windfall from Texas winter storm

Source: [Dallas Morning News](#), April 22, 2021

International oil major BP PLC likely made [at least \\$1 billion](#). “It was a very exceptional quarter in gas trading,” CEO Bernard Looney [told Bloomberg News](#). “We were well-

Markets

BP Emerges as Another Big Winner From the Texas Freeze

- Energy major’s gas trading unit had an ‘exceptional’ quarter
- Company has a ‘long history’ of managing disruptions, CFO says

Source: [Bloomberg News](#), April 27, 2021

positioned for colder-than-normal weather in the U.S.,” as well as in Asia, he said. While the company does not disclose trading numbers, a Citigroup analyst estimated that energy trading gains “easily topped \$1 billion,” according to Bloomberg. He continued: “Although not mentioned by name, we think positioning around the February storm in Texas, Storm Uri, has been the biggest driver of these gains.”

Houston-based pipeline company Enterprise Products Partners said it [gained](#) about \$250 million in profit due to the storm. Notably, the company [sued](#) a Texas municipal utility seeking \$100 million for natural gas delivered during the storm. The utility’s CEO, Paula Gold-Williams, [accused the company](#) of “egregious price gouging,”

Enterprise Products sues Texas municipal utility over \$100 mln gas bill

Source: [Reuters](#) April 26, 2021

Australia-based Macquarie Group, a bank that is also a major marketer of natural gas in North America, said that it expected earnings to soar by about [\\$215 million](#) due to the Texas crisis. At the time, the company [said](#) that “[e]xtreme winter weather conditions in North America have significantly increased short-term client demand for Macquarie’s capabilities in maintaining critical physical supply across the commodity complex, and particularly in relation to gas and power.” Macquarie [reported record profits](#) in the first half of 2021.

The Kansas-based conglomerate Koch Industries [charged](#) a San Antonio area utility \$23 million for natural gas, more than 40 times as much as the company's normal gas bill of \$540,000, then sued the utility after it was paid \$1.8 million. A lawyer for the utility said, "a counterclaim against Koch will be considered given what appear to be serious billing errors and overcharges."

Koch Energy sues Texas utility for \$21 mln in unpaid deep freeze bills

Source: [Reuters](#), January 14, 2022

These examples of massive fossil fuel profits at a time of peak demand highlight the need for the Federal Energy Regulatory Commission to protect consumers from price gouging and energy market manipulation. Democratic [lawmakers](#) and Public Citizen have called on FERC to [establish](#) its own electronic information system to ensure natural gas prices are transparent and protected from market manipulation.

A FLAWED DEREGULATION SCHEME

Why would Texas, the world capital of the fossil fuel industry, suddenly lack enough power to keep the lights on? The root cause can be found in the blind faith that Texas politicians have long placed in market solutions without any guardrails to protect consumers — an ideology espoused by the fossil fuel barons who are major donors to the state's politicians. Even in the wake of the power crisis, Texas has been slow to move away from this failed deregulatory model and toward one that puts protection of the public at the forefront.

In Texas, deregulation of the state's electricity market was [pitched for years](#) as a way to lower prices for consumers. Instead, it made the state's system unreliable, enabling windfall profits by natural gas traders and pipeline companies. Rather than lower costs for consumers, Texans will be paying [billions](#) in extra costs for the next three decades. Anti-government ideology so prevalent in Texas has left the state reluctant to conduct proper oversight of energy companies — even when people's lives are at stake.

While the free-market design of Texas's power grid did allow renewable energy to thrive in the state, it failed to mandate that power plant owners keep their generators ready for the winter. Instead, Texas banked on the promise that the market would command ultra-high prices in times of peak demand and give power plant owners an incentive to turn on their plants. Just days after the blackouts hit, *Wall Street Journal* reporters Katherine Blunt and Russell Gold accurately identified the problem. Power generators, they [wrote](#), can "reap rewards by supplying electricity to Texas customers, but they aren't required to do it and face no penalties for failing to deliver during a lengthy emergency." The WSJ's "Heard on the Street" column — also produced by the newsroom — [opined](#) "Don't Blame Wind for Texas Electricity Woes." Yet the WSJ's right-wing editorial page spent 2021

ignoring their colleagues' reporting¹ and published numerous editorials falsely blaming wind power. Some examples:

OPINION | REVIEW & OUTLOOK

The Political Making of a Texas Power Outage

How bad energy policy led to rolling blackouts in the freezing Lone Star State.

By [The Editorial Board](#) [Follow](#)
Feb. 16, 2021 6:37 pm ET

OPINION | REVIEW & OUTLOOK

Texas Spins Into the Wind

An electricity grid that relies on renewables also needs nuclear or coal power.

By [The Editorial Board](#) [Follow](#)
Updated Feb. 17, 2021 9:39 pm ET

OPINION | REVIEW & OUTLOOK

More Green Blackouts Ahead

Biden's regulators are ignoring the electrical grid's vulnerability.

By [The Editorial Board](#) [Follow](#)
Feb. 23, 2021 7:04 pm ET

In other parts of the country with deregulated power markets, such as the mid-Atlantic and California, power plant owners are eligible to receive payments to ensure that they are available at times of high demand. But the Texas system works [more like a free-market high-wire act](#), relying on huge price spikes to provide an incentive for power plant owners to start operating when demand is the strongest. This system is akin to a baseball team paying top dollar to recruit all-star starting pitchers but staffing a mediocre and unpredictable bullpen who may or may not show up to the game.

¹ The author of this paper formerly worked as a WSJ reporter.

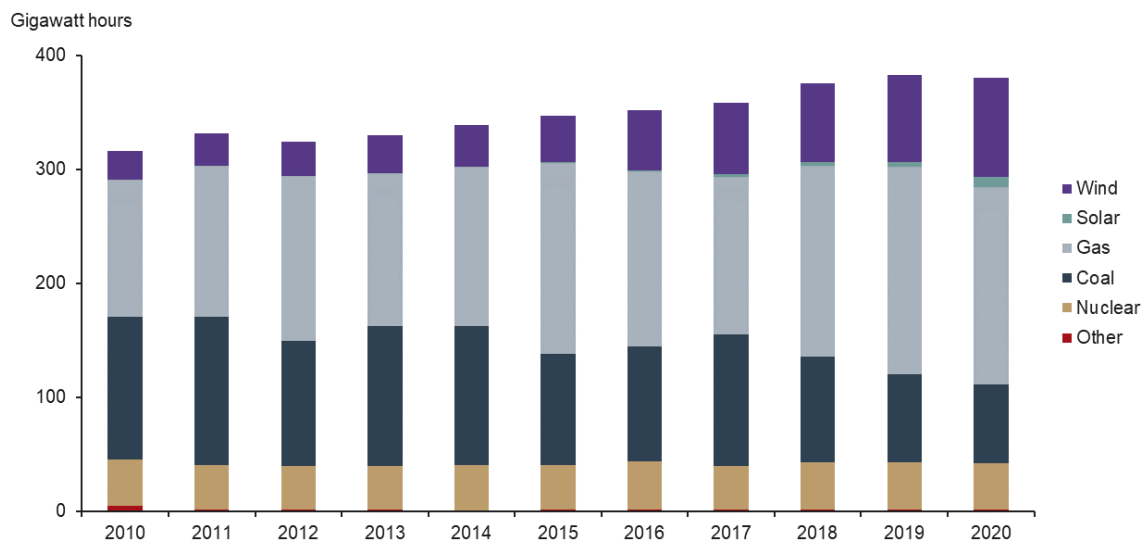
The Texas system also provides a financial incentive for dishonest behavior and market manipulation among power plant owners, establishing financial incentives for power producers to withhold generation until it can be sold at the highest possible price. The Texas power grid system allowed prices to spike as high as \$9,000 per megawatt-hour, compared with a more typical price of \$25 per megawatt-hour. Since the crisis, state utility regulators have [lowered](#) that price cap to \$5,000 per megawatt-hour.

Electricity market expert Robert McCullough, [wrote](#) that while the prospect of high profits should incentivize generators to prepare for cold weather, generators also have an incentive to take advantage of a crisis, providing an incentive for power generators to prolong emergency conditions to receive larger profits. Indeed, such manipulation [has happened before](#), infamously at Enron Corp, which manipulated the availability of power plants during the 2000-2001 energy crisis in California.

RENEWABLES ARE AN INCREASINGLY RELIABLE SOURCE OF ENERGY

Texas has experienced dramatic growth in renewable energy over the past decade. Texas gets about 50% of its electricity from natural gas, 27% from renewables, 18% from coal and 6% from nuclear power, [according](#) to the U.S. Energy Information Administration. This fast-growing, low-cost sector presents a significant competitive challenge to the fossil fuels that have long dominated Texas, both in terms of its power grid and its politics.

Chart 1
Renewables' Share of Annual Power Generation in Texas Grew Steadily in Past Decade



NOTE: "Other" includes hydroelectric and biomass.
SOURCE: Electric Reliability Council of Texas (ERCOT).

Federal Reserve Bank of Dallas

[Source:](#) Federal Reserve Bank of Dallas

Texas now has the most renewable energy and battery storage in the [country](#), according to the American Clean Power Association. Nationwide, the amount of solar power generated for the U.S. power grid in 2021 was 20 times higher than in 2011, while wind power generation more than doubled in that same time, [according to the U.S. Energy Information Administration](#). Meanwhile, plummeting costs of battery storage make [it increasingly feasible](#) to store green energy for use at night, or when wind production is low. Battery storage is expected to soar in the coming years, according to EIA forecasts.

BLAMING RENEWABLES FOR FOSSIL FUEL PROBLEMS

The wind industry has been so successful in Texas that it has inspired a backlash in the fossil fuel industry, and among politicians closely tied to that industry. One year after the blackouts, Texas politicians, fossil fuel lobbyists and far-right think tanks are still falsely accusing the state's wind power industry of triggering the crisis.

These falsehoods have been trumpeted repeatedly by right-wing [Fox News hosts](#) such as Tucker Carlson as well as the *Wall Street Journal* [editorial page](#), but have been debunked over the past year by numerous outlets including [Bloomberg News](#), the [Texas Tribune](#), the [New York Times](#), [Politifact](#) and the Wall Street Journal's own [newsroom](#). Nevertheless, the steady stream of misinformation from the state's top officials, including Gov. Greg Abbott, more has served to muddy an important public policy debate about what should be done to prevent such a disaster from happening again. The misinformation campaign has also distracted attention from the fossil fuel companies that reaped massive profits from the crisis.

Even as the blackouts were unfolding and Texans were suffering, and while Sen. Ted Cruz (R.-Texas) made an ill-advised jaunt to Cancun, right-wing politicians and fossil fuel interests rushed to blame the state's wind power industry. As the crisis unfolded, Texas Gov. Greg Abbott, a Republican, initially dared to lay some of the blame at the hands of the fossil fuel industry. He [tweeted](#) on February 15, 2021 that "The Texas power grid has not been compromised. The ability of some companies that generate the power has been frozen. This includes the natural gas & coal generators. They are working to get generation back on line."

← **Tweet**



Greg Abbott ✓
@GregAbbott_TX

...

The Texas power grid has not been compromised.

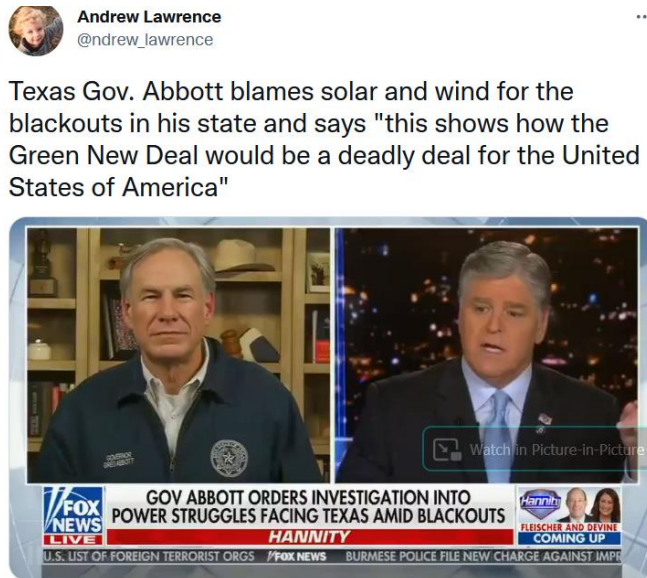
The ability of some companies that generate the power has been frozen.

This includes the natural gas & coal generators.

They are working to get generation back on line.

ERCOT & PUC are prioritizing residential consumers.

The next day, Abbott found himself [scolded](#) by the *Wall Street Journal's* editorial page, one of the most important voices in the conservative ecosystem. The WSJ laid down the party line, asserting that, “The problem is Texas’s overreliance on wind power that has left the grid more vulnerable to bad weather.”



And a day later, the WSJ editors, in [another misleading opinion piece](#), asserted that “the wind industry and its advocates are spinning a fable that gas, coal and nuclear plants—not their frozen turbines—are to blame.” By the end of that day, Abbott was back on message. “This shows how the Green New Deal would be a deadly deal for the United States of America,” Abbott [told](#) host Sean Hannity, “Our wind and our solar got shut down, and they were collectively more than 10

percent of our power grid, and that thrust Texas into a situation where it was lacking power on a statewide basis. ... It just shows that fossil fuel is necessary.” After that, Abbott changed his emphasis once again, [stating that](#) “Every source of power that the state of Texas has ... been compromised, whether it be renewable power such as wind or solar, but also, as I mentioned today, access to coal-generated power, access to gas-generated power, also have been compromised.”

Even Rick Perry, the former Texas governor and U.S. Energy Secretary, who supported a \$7 billion [massive investment in transmission lines](#) to bring wind power from West Texas to the state’s large metro areas, appeared Fox News to [spout](#) the same anti-renewable energy narrative. “Last week, in Texas, as people were losing their power, thank God we had fossil fuels in this state, because if all we had had was the AOC Green New Deal plan, with wind and solar, we would have had a massive disaster on our hands. As it was, fossil fuels are what really saved the day here,” Perry said.



Leaders of the Texas Railroad Commission, the state agency charged with overseeing the Texas oil and gas industry, has acted more like an advocate for the Texas energy industry rather than a regulator. Wayne Christian, a member of the Railroad Commission since 2016 and Chairman since 2019, has consistently parroted fossil fuel industry talking points

OPINION | COMMENTARY | CULTURAL COMMENTARY

Texas' Blackouts Blew In on the Wind

The grid nearly failed because of an energy mix weighted toward unreliable sources of power.


By Wayne Christian
March 19, 2021 6:23 pm ET

and relentlessly attacked renewable energy. In March, Christian [wrote](#) in the Wall Street Journal that “An obsessive focus on reaching the unattainable goal of zero carbon emissions led to decades of poor decisions that prioritized and subsidized unreliable energy sources (wind and solar) at the expense of reliable ones (natural gas, coal and nuclear).”



Christi Craddick, another member of the railroad commission, whose [family has major oil](#) holdings and whose father is a state lawmaker who oversees legislative committees on oil and gas issues, [told Texas lawmakers](#) that: “I sit before you today to state that these operators were not part of the problem. The oil and gas industry was part of the solution.” The state’s agriculture commissioner, Sid Miller, even posted a long [rant](#) on Facebook that began with: “We should never build another wind turbine in Texas” and went downhill from there.

Months later, NBC News [revealed](#) that Texas officials were relying on misleading talking points circulated by a fringe climate denier, Alex Epstein, who runs a group called the Center for Industrial Progress and even wrote a book called “The Moral Case for Fossil Fuels.” The NBC report, based on records obtained by the watchdog group Documented, found that

Gov. Greg Abbott’s [chief of staff](#) and spokeswoman for Railroad Commissioner Jim Wright were both passing around Epstein’s climate-denial talking points as Epstein ran an aggressive public relations campaign about the blackouts. In a scathing [editorial](#)

 **Sid Miller**
February 16, 2021 · 🌐

We should never build another wind turbine in Texas. The experiment failed big time. Governor Abbott's Public Utility Commission appointees need to be fired and more gas, coal and oil infrastructure built. To heck with green energy or climate change. They are overhyped and scientifically challenged. This tragic failure to prepare is killing people. How dare this happen in our great state with all the resources we should ever need to keep our fellow Texans safe? Heads better roll and plants and infrastructure better be built. This must never, ever happen again!

  21K 3.4K Comments 9.2K Shares

published in November, the Houston Chronicle urged two out of the three railroad commission members, Christian and Craddick, to resign.

FAR-RIGHT THINK TANKS PUSH INDUSTRY’S AGENDA

Think tanks closely tied to the oil and gas industry have been actively targeting the renewable energy industry for several years, using slick marketing tactics. For example, the far-right Texas Public Policy Foundation, a think tank whose funders [include](#) the Koch brothers, ExxonMobil, State Farm Insurance and R.J. Reynolds Tobacco, has long attacked renewable energy. In 2018, the group released a [video](#) entitled “The Human Cost of Subsidizing Wind Energy,” featuring Texans complaining about noise from wind farms. More recently, the group [sued](#) the Biden administration seeking to block offshore wind farm off the coast of Massachusetts and



Source: Texas Public Policy Foundation [video](#).

produced a [documentary](#) in which commercial fishermen detailed their concerns about offshore wind — a strange alliance, given the severe damage that the oil and gas industry has done to the commercial fishing industry in the Gulf of Mexico.

The group, which has [deep ties to the Trump administration](#) and the [right wing Koch brothers](#), previously ran a project called “Fueling Freedom,” which [was designed](#) to combat the Obama administration’s plan to cut climate emissions from power plants. The director of the program, Doug Domenech, [said](#) the project would “redefine the public conversation around fossil fuels, and especially their positive role in society” and later went on to serve as a top Interior Department official in the Trump administration.

Bernard McNamee, a Texas Public Policy Foundation official, ran a pro-fossil fuel PR campaign for the group called Life:Powered and played a direct role in promoting a failed coal and nuclear bailout engineered by former Energy Secretary Rick Perry. McNamee was nominated and [confirmed](#) to serve on the Federal Energy Regulatory Commission under President Trump despite a clear bias against renewable energy and in favor of fossil fuels. McNamee [said](#) at a [event](#) that fossil fuels are “not something dirty, something we have to move and get away from, but understand that they are key to our prosperity, our way of life and also to a clean environment” Another TPPF official, Kathleen Hartnett White, [withdrew](#) her name from consideration to be a top White House environmental official under Trump.

CONCLUSION

The dishonest reaction of politicians, the fossil fuel industry and conservative lawmakers to the crisis in Texas should stand as a warning. In the future, oil and gas interests are sure to eagerly seize upon a natural disaster as a convenient excuse to delay action on climate change. Texas is not the only example of this disturbing trend. In New Mexico, Republican lawmakers have [cited](#) the threat of blackouts in trying to block the state from imposing limits on carbon emissions from coal-fired power plants. Doing so would allow a coal plant to keep on burning dirty fuel rather than shut down this year on schedule.

In Texas, officials have spent an entire year defending the fossil fuel industry that dominates the state's politics and funds its politicians. This focus on political talking points has detracted from the complex technical work of designing a better system to ensure Texas can keep its lights on. Locked into an extremist free-market mindset that abhors government regulations of any sort, and right-wing politicians and their fossil fuel funders seem intent on learning exactly the wrong lessons from the Texas power grid's meltdown.

Texas lawmakers have enacted legislation to require power plants to better prepare for cold weather, and the state's utility regulator has enacted modest power grid [reforms](#). But the oil-friendly Texas Railroad Commission has not yet even proposed weatherization rules for the gas industry. Meanwhile, the state stubbornly refuses to consider obvious solutions, such as promoting rooftop solar and energy efficiency programs and connecting the Texas power grid to the rest of the country.

Meanwhile, climate-related weather events continue to abound. As natural disasters disrupt power supplies and leave destruction in their wake, policymakers and the public should expect the fossil fuel industry and its allies to roll out the same playbook of blaming renewable energy for their problems. To build a clean energy future, we need to turn away from the fossil fuel industry's dishonest playbook.