

His Lights Stayed on During Texas' Storm. Now He Owes \$16,752.

After a public outcry from people like Scott Willoughby, whose exorbitant electric bill is soon due, Gov. Greg Abbott said lawmakers should ensure Texans “do not get stuck with skyrocketing energy bills” caused by the storm.

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SAN ANTONIO — As millions of Texans shivered in dark, cold homes over the past week while a winter storm devastated the state's power grid and froze natural gas production, those who could still summon lights with the flick of a switch felt lucky.

Now, many of them are paying a severe price for it.

“My savings is gone,” said Scott Willoughby, a 63-year-old Army veteran who lives on Social Security payments in a Dallas suburb. He said he had nearly emptied his savings account so that he would be able to pay the \$16,752 electric bill charged to his credit card — 70 times what he usually pays for all of his utilities combined. “There's nothing I can do about it, but it's broken me.”

Mr. Willoughby is among scores of Texans who have reported skyrocketing electric bills as the price of keeping lights on and refrigerators humming shot upward. For customers whose electricity prices are not fixed and are instead tied to the fluctuating wholesale price, the spikes have been astronomical.

The outcry elicited angry calls for action from lawmakers from both parties and prompted Gov. Greg Abbott, a Republican, to hold an emergency meeting with legislators on Saturday to discuss the enormous bills.

“We have a responsibility to protect Texans from spikes in their energy bills that are a result of the severe winter weather and power outages,” Mr. Abbott, who has been reeling after the state's infrastructure failure, said in a statement after the meeting. He added that Democrats and Republicans would work together to make sure people “do not get stuck with skyrocketing energy bills.”

The electric bills are coming due at the end of a week in which Texans have faced a combination of crises caused by the frigid weather, beginning on Monday, when power grid failures and surging demand led to millions being left without electricity.



A neighborhood in Austin, Texas, that was still without power on Thursday. Tamir Kalifa for The New York Times

Natural gas producers were not prepared for the freeze either, and many people's homes were cut off from heat. Now, millions of people are discovering that they have no safe water because of burst pipes, frozen wells or water treatment plants that have been knocked offline. Power has returned in recent days for all but about 60,000 Texans as the storm moved east, where it has also caused power outages in Mississippi, Louisiana, West Virginia and Ohio.

The steep electric bills in Texas are in part a result of the state's uniquely unregulated energy market, which allows customers to pick their electricity providers among about 220 retailers in an entirely market-driven system.

Under some of the plans, when demand increases, prices rise. The goal, architects of the system say, is to balance the market by encouraging consumers to reduce their usage and power suppliers to create more electricity.

But when last week's crisis hit and power systems faltered, the state's Public Utilities Commission ordered that the price cap be raised to its maximum limit of \$9 per kilowatt-hour, easily pushing many customers' daily electric costs above \$100. And in some cases, like Mr. Willoughby's, bills rose by more than 50 times the normal cost.

Many of the people who have reported extremely high charges, including Mr. Willoughby, are customers of Griddy, a small company in Houston that provides electricity at wholesale prices, which can quickly change based on supply and demand.

The company passes the wholesale price directly to customers, charging an additional \$9.99 monthly fee. Much of the time, the rate is considered affordable. But the model can be risky: Last week, foreseeing a huge jump in wholesale prices, the company encouraged all of its customers — about 29,000 people — to switch to another provider when the storm arrived. But many were unable to do so.

Katrina Tanner, a Griddy customer who lives in Nevada, Texas, said she had been charged \$6,200 already this month, more than five times what she paid in all of 2020. She began using Griddy at a friend's suggestion a couple of years ago and was pleased at the time with how simple it was to sign up.

As the storm rolled through during the past week, however, she kept opening the company's app on her phone and seeing her bill "just rising, rising, rising," Ms. Tanner said. Griddy was able to take the money she owed directly from her bank account, and she now has just \$200 left. She suspects that she was only able to keep that much because her bank stopped Griddy from taking more.

DeAndré Upshaw's bill rose to more than \$5,000 during the cold weather, when his electricity was on intermittently at his apartment in Dallas. Lola Gomez/The Dallas Morning News, via Associated Press

Some lawmakers and consumer advocates said the price spikes had made it clear that customers did not understand the complicated terms of the company's model.

"To the Texas Utilities Commission: What are you thinking, allowing the average type of household to sign up for this kind of program?" Tyson Slocum, the director of the energy program at Public Citizen, a consumer advocacy group, said of Griddy. "The risk-reward is so out of whack that it never should have been permitted in the first place."

Phil King, a Republican state lawmaker who represents an area west of Fort Worth, said some of his constituents who were on variable-rate contracts were complaining about bills in the thousands.

"When something like this happens, you're in real trouble" with such contracts, Mr. King said. "There have got to be some emergency financial waivers and other actions taken until we can work through this and get to the bottom of it."

Responding to its outraged customers, Griddy, too, appeared to try to shift anger to the Public Utilities Commission in a statement.

"We intend to fight this for, and alongside, our customers for equity and accountability — to reveal why such price increases were allowed to happen as millions of Texans went without power," the statement said.

William W. Hogan, considered the architect of the Texas energy market design, said in an interview this past week that the high prices reflected the market performing as it was designed.

The rapid losses of power — more than a third of the state's available electricity production was offline at one point — increased the risk that the entire system would collapse, causing prices to rise, said Mr. Hogan, a professor of global energy policy at Harvard's Kennedy School.

"As you get closer and closer to the bare minimum, these prices get higher and higher, which is what you want," Mr. Hogan said.

An electrical substation in Houston after the winter storm caused electricity blackouts across Texas. Go Nakamura/Reuters

Robert McCullough, an energy consultant in Portland, Ore., and a critic of Mr. Hogan's, said that allowing the market to drive energy policy with few protections for consumers was "idiotic" and that similar actions had devastated retailers and consumers following the California energy crisis of 2000 and 2001.

"The similar situation caused a wave of bankruptcies as retailers and customers discovered that they were on the hook for bills 30 times their normal levels," Mr. McCullough said. "We are going to see this again."

DeAndré Upshaw said his power had been on and off in his Dallas apartment throughout the storm. A lot of his neighbors had it worse, so he felt fortunate to have electricity and heat, inviting some neighbors over to warm up.

Then Mr. Upshaw, 33, saw that his utility bill from Griddy had risen to more than \$6,700. He usually pays about \$80 a month this time of year.

He had been trying to conserve power as the storm raged on, but it didn't seem to matter. He also signed up to switch to another utility company, but he is still being charged until the change goes into effect on Monday.

"It's a utility — it's something that you need to live," Mr. Upshaw, 33, said. "I don't feel like I've used \$6,700 of electricity in the last decade. That's not a cost that any reasonable person would have to pay for five days of intermittent electric service being used at the bare minimum."

As Texas slowly thaws out, Ms. Tanner is allowing herself a small luxury after days of keeping the thermostat at 60 degrees.

"I finally decided the other day, if we were going to pay these high prices, we weren't going to freeze," she said. "So I cranked it up to 65."

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