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'I can't afford this' | Variable rate electricity customers in disbelief at massive power bills after winter storm

"I was saving money with (the) variable rate, but after this, in case this happens again in the future, I'm sticking with the fixed rate."

How Texas can avoid power grid failures

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HOUSTON — Some states punish utilities by levying fines when they fail to do their basic job.

Whether or not Texas has the stomach to do that remains to be seen. It's also unclear if fines are just a part of a multi-pronged solution to make sure last week's [electricity](#) production failure doesn't happen again.

Right now, there is no shortage of politicians talking about the inability to provide electricity during [last week's storm](#) and all the issues that followed, including deaths, water loss, loss of cattle and crops. The full financial cost to the state will not be known for a few weeks.

But electricity customers who didn't have a contract cementing their rate are seeing the effects of the storm now.

Electric prices ballooned. The hike was mandated by the Public Utility Commission in response to the “scarcity of the product.”

Customer Elizabeth Dietz is in a state of disbelief.

“I’m like this this could not be real,” she said. “I was saving money with (the) variable rate, but after this, in case this happens again in the future, I’m sticking with the fixed rate.”

Dietz said her bill was over \$4,000, something she said could not afford.

“Here I am with the newborn and I’m just, like, I can’t afford this,” she said. “I’m a single mother, disabled veteran. I just I can’t.”

The price of energy in Texas went up last week when the [Public Utility Commission of Texas](#) ordered the [Electric Reliability Council of Texas](#) to adjust the prices to reflect the scarcity of the product. The demand outpaced the supply.

PUC set a cap at \$9,000 per megawatt-hour, versus the average \$36 per megawatt-hour. Energy producers think in megawatts. Consumers think in kilowatts. So, for consumers, this meant going from \$3.6 cents per kWh to \$9 per kWh.

“When supply drops and demand increases, price increases,” Andrew Barlow, PUC spokesperson told KHOU 11 last week. “That’s economics 101.”

Over the weekend, [PUC issued a two-sheet explainer](#) of the electricity prices during the 2021 storm.

In it, [PUC outlined what it was doing to protect customers hit by the storm](#), including an immediate suspension of disconnections for non-payment.

“The individual residential consumer is not exposed to wholesale market prices unless they are among the very few seen recently in the news with extremely high electricity bills having chosen a contract that is indexed to those prices,” it said.

On Feb. 29, [Gov. Greg Abbott called on lawmakers to mandate winterization of power plants](#), something that wasn’t done after the storms of 1989 and 2011 despite reports issued after those storms outlining [recommendations on how to prevent another failure](#).

Texas doesn’t mandate winterization. ERCOT has said it suggested best practices and did spot checks.

“Texas utilities don’t have an incentive to keep things running,” said Jamie Court, President of Consumer Watchdog, a nonprofit advocacy group. “The incentive is to let things go bad because then they can charge more for the electricity because it’s become scarce. The only difference between the price gouging that’s banned at the pump or at a store where someone is going to try to charge a thousand dollars more for something because you’re in the middle of a crisis or a state of emergency and what is being done with electricity, is that the government agency, the Public Utility Commission, is blessing that gouging.”

KHOU 11 asked PUC to comment on the assessment that the Texas electricity hike was “price gouging.” [Barlow referred us to the explainer on the topic](#).

“I know of no other industry in America that makes more money when it so fails its consumers,” Court said. “I don’t think utilities in other parts of America would get this type of gift.”

Court and longtime energy policy expert Robert McCullough say regulation is the answer.

“We regulate safety,” McCullough said. “We don’t say you can take a cheaper airplane, but it may fall out of the sky. The right answer is we need a mandated reliability level for the state like

all of the surrounding states. In order to meet that, you have to guarantee your equipment is fit to operate.”

Consumers like Dietz are looking for solutions. Dietz told KHOU 11 she started with a new provider Monday, but the bill that’s due is still very much due.

“They (consumers) are between a rock and a hard place and that’s why we need reregulation in Texas,” Court said, “where we need to have these regulated monopolies that have the legal obligation to deliver power at an affordable price.”

If you have a bill you can’t pay -- there are a couple of options to try.

The Texas Department of Housing and Community Affairs can help with utility costs if your bill is past due. It received \$1.3 billion in Emergency Rental Assistance from the newly passed Coronavirus Bill. The help is income-based. [You can check if you qualify and find out other requirements here.](#)

The Department also has an energy assistance program through your local nonprofits.

[Click here and select the type of help you need](#), for instance, “Utility Bill Payment Help,” enter your city or county and click find help. The menu should connect you with local organizations partnering with the [Dept of Housing and Community Affairs](#).

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