



Something touched me deep  
inside The day the music died.

Don McLean

quote fancy

**ENERGY ALLIANCE**

# The Day the Market Died

How Politicians, Regulators,  
and Corporate Cronyists  
Killed the Texas Electricity  
Market

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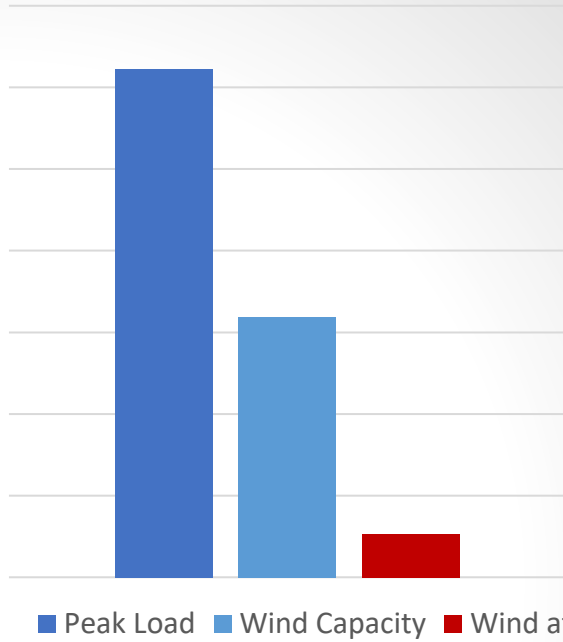
[www.excellentthought.net](http://www.excellentthought.net)

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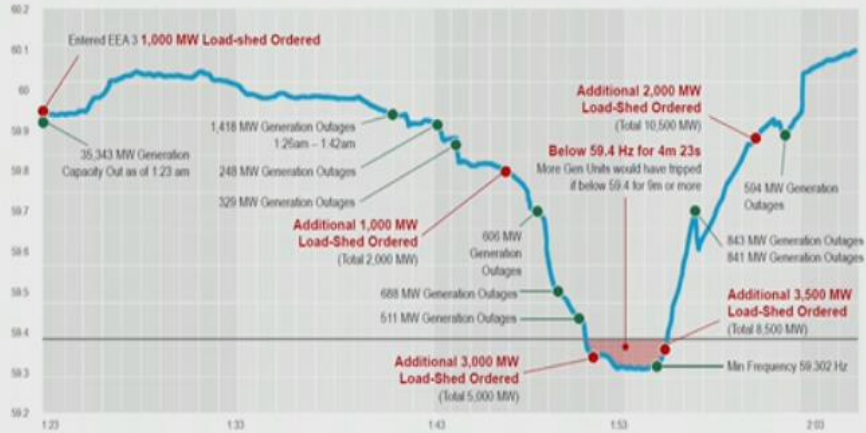


February 15, 2021 –  
1:20 a.m.

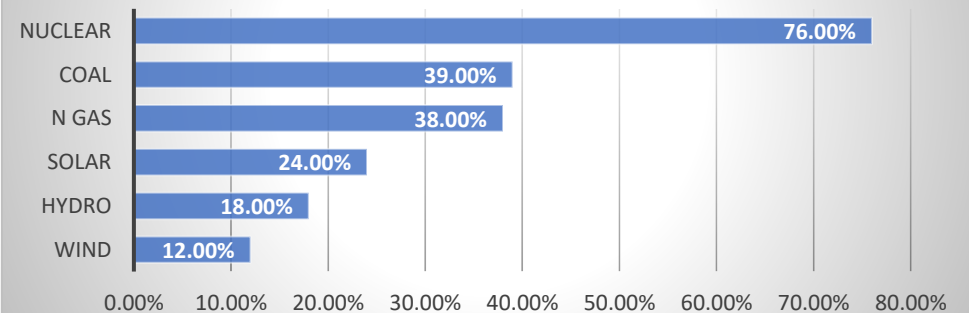
### Wind Contribution at Peak



### Rapid Decrease in Generation Causes Frequency Drop



### Texas Average Hourly Capacity Factor by Energy Source 2/15 (3 a.m.) to 2/17 (12 a.m.)

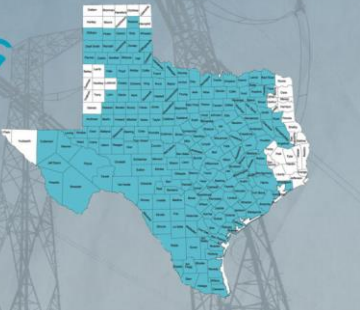




February 15, 2021 –  
5:20 p.m.

- “The public interest in competitive electric markets requires that ... electric services and their prices should be determined by customer choices and the normal forces of competition.” – Sec. 39.001, Texas Utilities Code
- The PUC “took the unusual step of abandoning the market-based pricing mechanism.” – Wall Street Journal
- Texans paid more for electricity in one week than they had for the last three years combined.

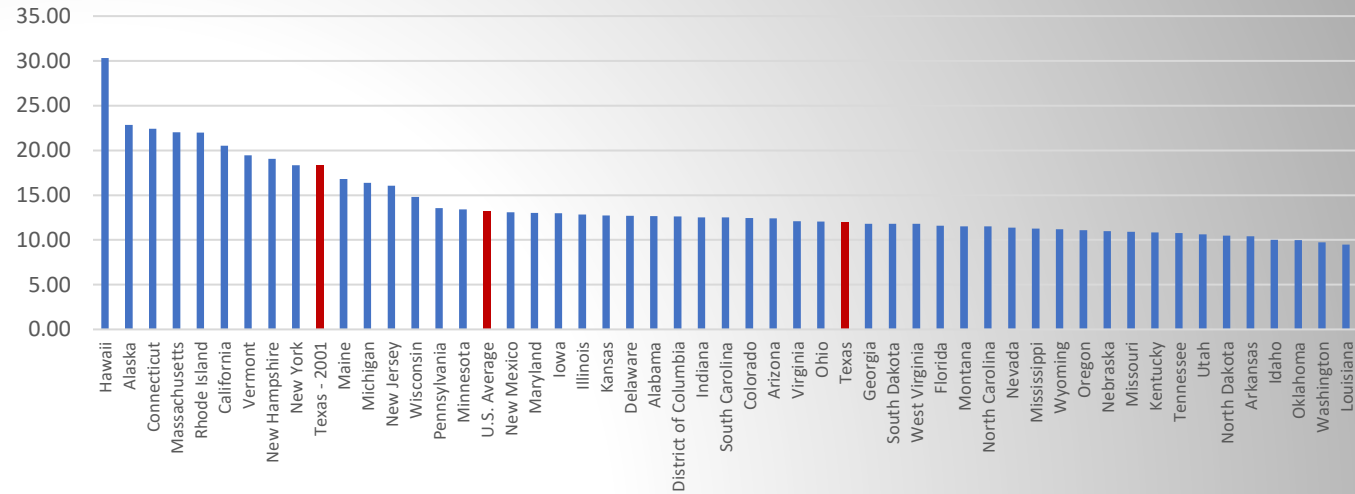
“I think we all expected that when we were in load shed we would be at \$9,000.” – Public Utility Commission of Texas



# The Most Competitive Electricity Market in the World

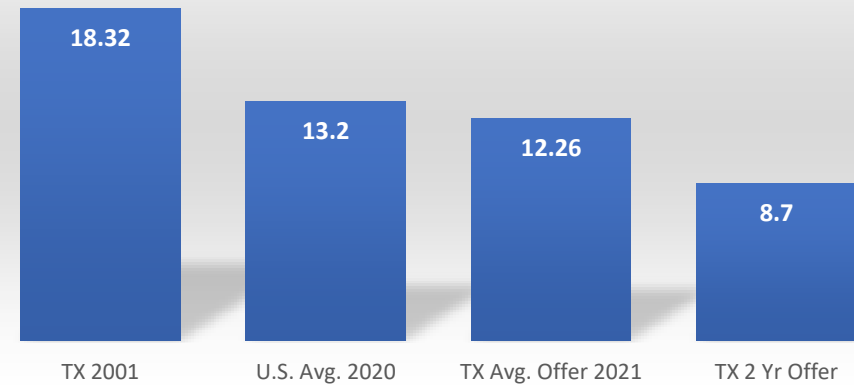
- June 2001 – Competition first introduced
- “Texas is competitive electricity’s greatest success story in the United States, if not the world.” – Robert Michaels, Economist, California State-Fullerton (2007)
- 200+ plans offered by more than 30 providers

U.S. Electricity Retail Prices 12/20



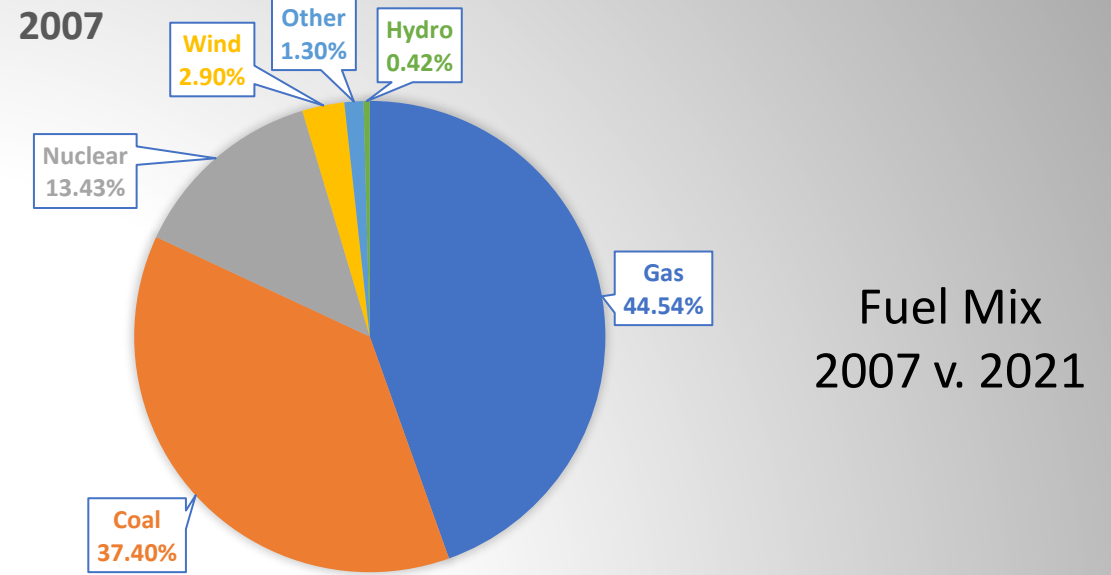
## Electricity Prices

Per kWh; Adjusted for Inflation

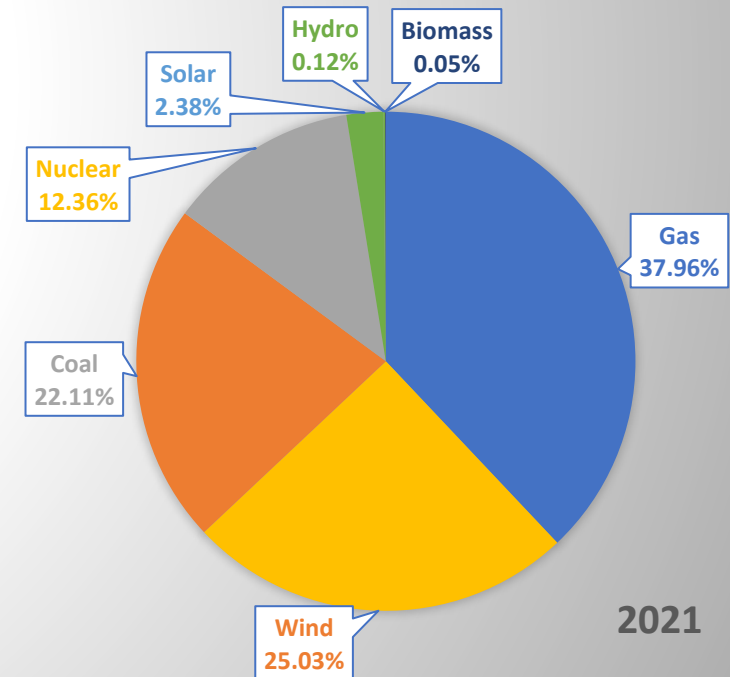
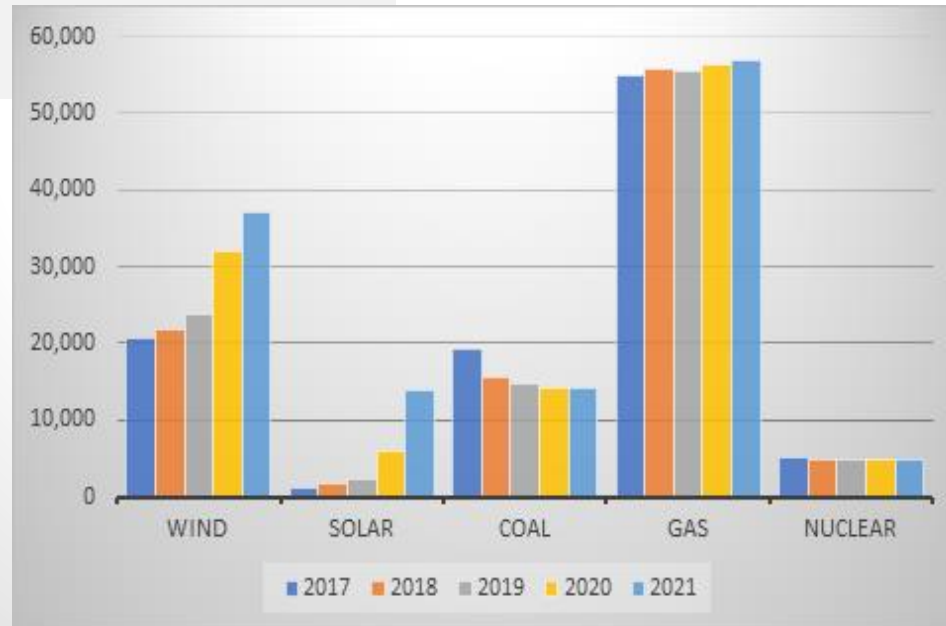




# Renewables Take Over the Texas Grid



Generation in Texas: 2017-2021



## Renewable Energy Subsidies

- \$66 billion of investment in wind and solar generation, chasing
- \$24 billion in federal, state, and local incentives

# Is This Our Future?

Electricity is essential to our everyday lives, and our growing economy. Did you know Texas is on course for a power reliability crisis, with the potential for regular rolling blackouts in just a few short years? With low temperatures earlier this week, we

## Regulatory Overreach & Corporate Cronyism

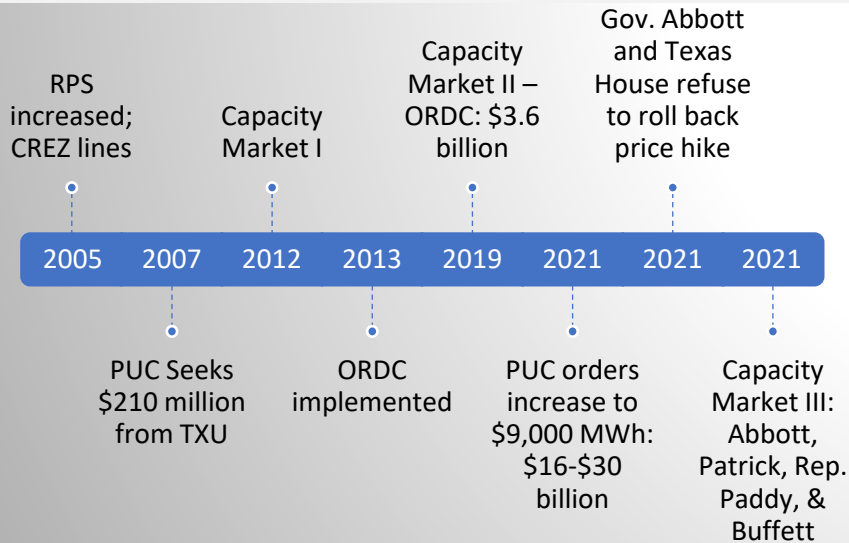
Market prices “failed during the winter storm for many reasons while the cost of electricity skyrocketed. ... Another option is constructing a managed capacity market where additional plants are built to provide emergency backup power.” – Lt. Gov. Dan Patrick

**COLD, HARD CASH—**

### \$11 billion in 9 days—Texas’ natural gas sellers cashed in on deep freeze

State's gas supplies halved during cold snap, but sellers made record profits.

TIM DE CHANT - 7/12/2021, 11:49 AM



**Bill Peacock** @BillPeacock3 · Feb 17  
Last session, @DadePhelan killed a @KHancock4TX bill in his committee that would have required the @PUCTX to study the problems caused by renewable energy subsidies that led to the blackouts this week. Maybe these committees ought to investigate this.



**Justin Miller** @by\_jmiller

Energy Transfer Partners raked in \$2.4b off the deadly TX winter grid collapse, more than any other energy company.

And after @GregAbbott\_TX & co let the nat gas industry off the hook again, CEO Kelcy Warren gave \$1m to Abbott—the megadonor's biggest contribution ever in TX.

Date	Full name of contributor <input type="checkbox"/> out-of-state PAC (ID#)	Amount of Contribution (\$)
06/23/2021	Warren, Kelcy	\$1,000,000.00
Contributor address: City, State, Zip Code		
Dallas, TX 75225-6143		
Principal occupation / Job title (See Instructions)		Employer (See Instructions)
Executive		Energy Transfer



## The Market's Not Dead, Yet

### Signs of Life

- Texans are fighting renewables at the local level: Brown, Wharton, Clay, Montague, Jack counties
- The Texas Legislature failed to renew Chapter 313 Tax Abatements
- The Great Texas Blackout was a wakeup call to Texans

### More to Be Done

- Texans must stop politicians, regulators, and big business from implementing a capacity market.
  - \$4 - \$8 billion a year
- Wind and solar operators must bear the costs their intermittency and federal subsidies impose on the grid.
  - Pay for the cost of not-showing up
  - Pay for the cost of transmission
  - Pay for the cost of connecting to the grid
- Texas must eliminate renewable energy subsidies
  - Stop the renewal of Chapter 313
  - End Chapter 312 abatements
  - End the Renewable Portfolio Standard
- PUC commissioners must keep their hands off the Texas market
  - Eliminate the electricity tax, the ORDC
  - Eliminate the ability of the PUC to set prices
  - Eliminate regulatory interference in the market



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