

WINTER STORM 2021

Texas utility regulator to investigate indexed retail electric providers following massive electric bills

While these plans are allowed under state law, the Texas Public Utility Commission said that “an influx of complaints into our Customer Protection Division has caused concerns that questionable business practices might be exacerbating the situation.”

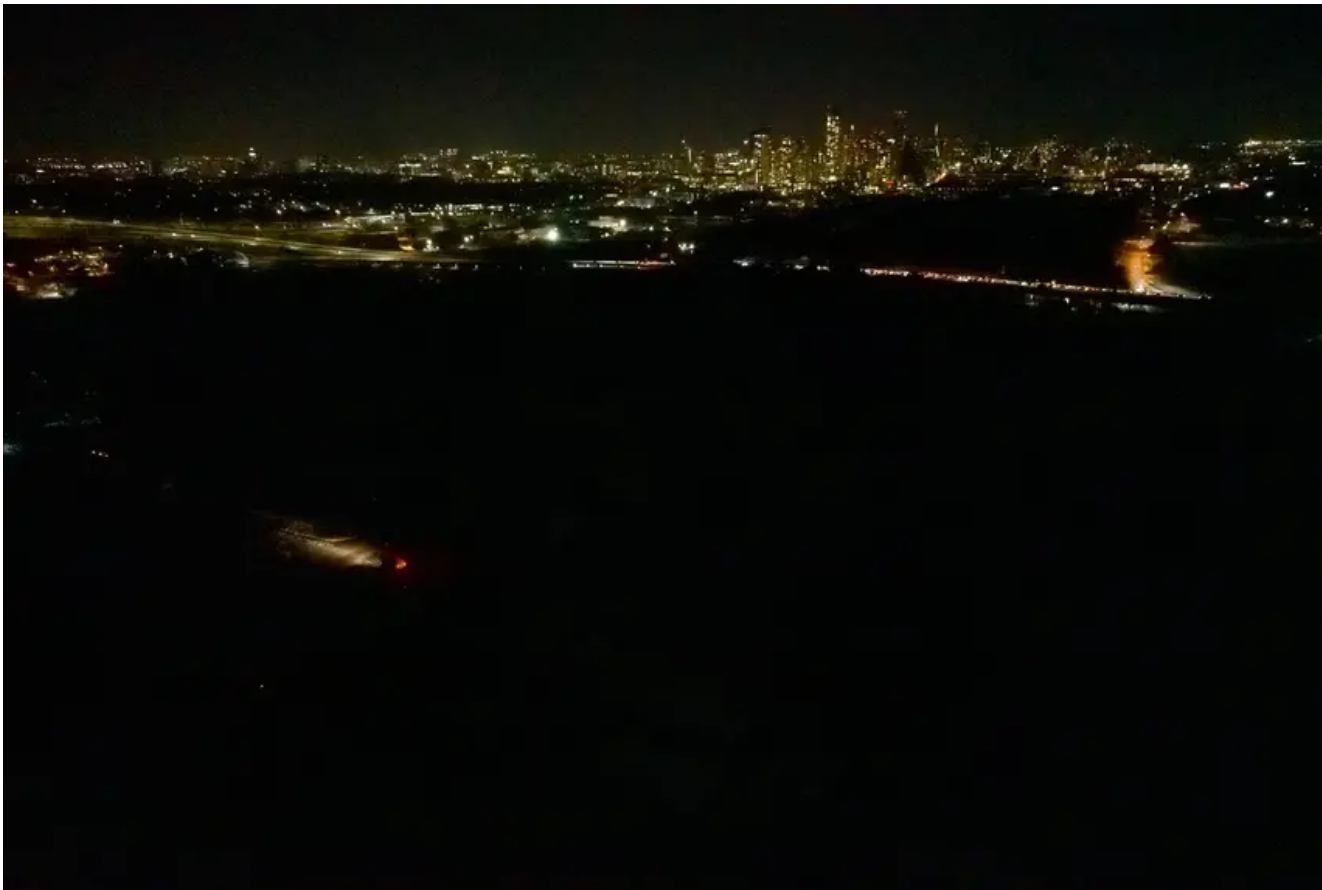
BY SHAWN MULCAHY FEB. 24, 2021 6 PM

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The utility commission on Sunday temporarily barred Texas electric providers from cutting power to residents who don't — or can't — pay and from sending out bills. 📷 Jordan Vonderhaar for The Texas Tribune

After hearing reports of some Texans receiving massive electrical bills, the state's utility regulator said it's investigating companies that offer their customers rates that fluctuate based on the spot price of wholesale electricity.

The Public Utility Commission of Texas on Wednesday announced the probe into what are known as indexed retail electric providers. While these plans are allowed under state law, PUC Executive Director Thomas Gleeson said in a statement that “an influx of complaints into our Customer Protection Division has caused concerns that questionable business practices might be exacerbating the situation.”

Customers reported receiving astronomically high electric bills — some costing tens of thousands of dollars — due to a spike in wholesale prices during last week's winter storm.

“As the Legislature commences its exploration of the factors that combined with this natural disaster to cause outages across the state, we are responding to the economic impacts on individual Texans by investigating issues related to those consumer complaints including possible violations of the PUC's rules on disclosures,” Gleeson said.

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A Chambers County woman on Monday filed a \$1 billion class-action lawsuit against one such provider, accusing electric company Griddy of price gouging customers during the freeze.

The woman’s bill spiked to \$9,340 the week of the storm, compared to her average monthly bills that range from \$200 to \$250, according to the lawsuit.

Griddy passes wholesale electricity rates directly to customers, who in turn pay the company \$10 a month. This differs from fixed-rate electricity plans which offer a consistent rate regardless of market conditions. Wholesale prices spiked during the storm because the winter weather temporarily knocked many power generators offline, shrinking supply and skyrocketing demand.

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The announcement Wednesday is the latest in a flurry of investigations into the events that caused widespread power outages and left millions without running water.

The PUC launched a separate investigation into “the factors that combined with the winter weather to disrupt the power to millions of Texas homes.”

Both probes have been added to the commission’s meeting agenda for March 3.

On Thursday, both chambers of the Texas Legislature will hold hearings on the state’s power grid and the preparedness of the Electric Reliability Council of Texas, the entity that manages and operates the electricity grid that covers much of Texas.

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Officials in both Harris and Travis counties have likewise opened their own investigations into the events that led up to last week’s outages.

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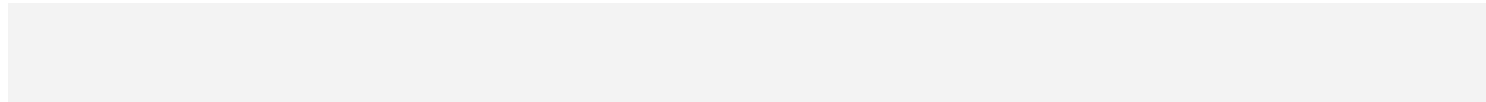
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