

OPINION

Let's face it, Texas: natural gas let us down. Again

Texas policymakers are looking for scapegoats for the February ouages, but Texans have a collective inability to blame natural gas.



An oil rig and pump jack in Midland, Texas on Oct. 9, 2018.



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*This op-ed is part of a series published by The Dallas Morning News Opinion section to explore ideas and policies for strengthening electric reliability. Find the full series here: [***Keeping the Lights On.***](#)*

After the energy crisis in February, Texas policymakers are looking for scapegoats that fit a political narrative. But we have a collective inability to admit that natural gas let us down again, which sets us up for another energy crisis.



Texas is the No. 3 natural gas producer in the world after Russia and the U.S. It has enriched us and helped us clean up the power sector by displacing coal. Gas has been good to us and is central to our identity as a state. But as a result, we are psychologically unable to admit that gas let us down during the winter storm in February, just as it did a decade ago in the Groundhog Day cold snap of 2011 and the freeze of 1989.

Texas will blame anyone and anything other than natural gas, no matter how absurd. In a grid dominated by fossil fuels, the power outages must be wind's fault. In a state where politics have been controlled by conservatives for decades, it's

liberals' fault.

In a state with its own, independent grid, it must be the fault of out-of-state politicians who have no say in our decisions. In a state suffering the consequences of its own energy decisions over the last few decades, it must be the fault of some future program like the Green New Deal, which is an amorphous policy concept that doesn't exist yet.

In a state where a significant portion of the natural gas supply froze up, cutting off gas supplies to power plants (even those that had firm gas supply contracts), it must be the electricity regulators' fault, even though they have no oversight of the natural gas system.

Advocates from the natural gas industry are saying we need to build even more gas-fired power plants to prevent this problem from happening in the future. But Texas' problem wasn't that we had too few gas power plants; the key problem during the outages was that too few of the power plants turned on or stayed on.

Many gas power plants failed from the cold, and many of those that could operate could not get the gas they needed to keep going because Texas natural gas production dropped significantly. According to [a report by the University of Texas at Austin](#), Permian Basin gas production dropped as much as 80% or more because of the cold weather.

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But our pathological adoration for natural gas prevents Texans from seeing these shortfalls, and that can come back to bite us.

Why is the gas supply so flimsy in Texas? There are several reasons.

Gas suppliers did not sufficiently winterize, so there were extensive freeze-offs, especially in the Permian Basin. It costs tens of thousands of dollars to winterize wells or other equipment, and some gas companies concluded that investment wasn't worth the effort, despite the risk to human lives and the economy.

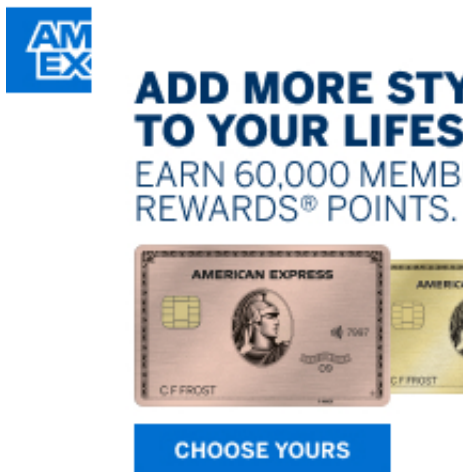


Instead of intending to serve as reliable suppliers of critical fuel for the power sector, many gas providers signed up for interruptible power (which provides cheaper electricity in exchange for a consumer's willingness to have their power turned off during a grid emergency). Some signed up for the Electric Reliability

Council of Texas' emergency response services program, which pays industrial customers handsomely to turn off their equipment when power supply is tight.

This means some gas companies were financially rewarded for their lack of reliability, exacerbating problems in the power sector. Worse yet, hundreds of gas producers failed to register their equipment as critical infrastructure, which meant their power could be cut off by utilities during forced outages, just like regular consumers. Even worse, some gas companies signed up both as critical infrastructure and as interruptible infrastructure, which is like trying to have your cake and eat it, too.

The evidence is now clear: The gas system started to fail on Feb. 10, five days before the power outages on Feb. 15. It wasn't the power outages that caused the gas system to fail, rather it was gas outages that helped cause the power system to fail.



When wind, solar, nuclear, coal or natural gas power plants underperformed in February, they left billions of dollars on the table.

When gas producers and pipelines underperformed, some of them still made big profits.

Recent reporting by Bloomberg showed that gas suppliers and pipeline companies made at least an \$11 billion windfall over the five-day storm despite massive reduction in supply, which reveals an important moral hazard: Gas suppliers can reap financial rewards despite not being reliable.

Natural gas producer Continental Resources in public filings trumpeted a rise in first quarter profit and revenue, yet, the company's natural gas production declined compared with the prior year, and the company attributed it to the February storm.

It's essentially a massive transfer of wealth from hard-working consumers — all of us Texans — that in part enriches natural gas producers and leaves us saddled with bills that will take a decade or more to pay off.

Some gas producers then turn around and make hefty political donations to statewide elected regulators and policymakers, an encouragement to keep the hands-off approach after politicians turned a blind eye to bad behavior.

And if that means energy reliability doesn't improve, the risk remains that outages will happen again.

By the way, the local gas utilities like Atmos did the best they could with the hand they were dealt. They did yeoman's work to deliver gas to residential customers to keep them from freezing to death, but they were caught in a vise by gas supplies as market prices increased by orders of magnitude in a matter of hours. Imagine if grocery stores hiked prices from \$3 to \$1,000 for a container of milk, a pack of batteries, or a gallon of gasoline. Charging higher amounts for critical resources during an emergency is considered price-gouging and is illegal for most goods. But not natural gas.

Instead of leaping to the defense of gas and making renewables the villain, let's be more honest about the situation. Renewables have their own well-known challenges of course. But after years of gas advocates beating their chests about the reliability of gas, it's time for them to be more honest with us and themselves about the gas system's underlying fragility.

Before readers accuse me of being some sort of anti-gas activist, they should know I have published many pieces arguing that the oil and gas industry is critical to a low-carbon future. I also sit on the board of GTI (formerly known as Gas Technology Institute, an industry consortium for the gas industry) and conduct research in collaboration with gas companies.

I am able to think two things simultaneously: 1) Natural gas could and should play a prominent role in our future low-carbon energy system and 2) the gas industry should act responsibly.

Our biggest risk right now is that we're going to seek the wrong scapegoats and blame the wrong problem, and therefore fail to make the right decisions or implement the proper solutions. That will leave us vulnerable to an even bigger electricity failure in the future.

Michael E. Webber is an energy resources professor at the University of Texas at Austin. His documentary television series, [Power Trip: The Story of Energy](#), is available on Apple TV, Amazon Prime Video, and local PBS stations. He wrote this column for [The Dallas Morning News](#).

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