

Texas gas companies implicated in massive blackouts

Chase Lawrence
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Texas natural gas production fell by almost half during the 2021 winter storm, according to a report by the US Energy Information Administration (EIA). The report states: “Natural gas production in Texas fell almost 45 percent from 21.3 Bcf/d [billion cubic feet per day] during the week ending February 13 to a daily low of 11.8 Bcf/d on Wednesday, February 17, according to estimates from IHS Markit.” According to the Electric Reliability Council of Texas (ERCOT), this caused a loss of at least 9,000 megawatts of the power-outage, which is enough to power 1.8 million homes.

Officials at ERCOT stated during the blackouts on February 16 that the failures of Texas natural gas producers appeared to be the most significant cause of the blackouts. The blackout caused power outages for millions of Texans and the loss of clean water for half the population of the state, leading to hundreds of deaths.

The fall caused a large decrease in natural gas production in the United States, with a 21 percent decrease, falling from 89 Bcf/d (billion cubic feet per day) to 70 Bcf/d. Natural gas production only began to rise after February 17, reaching a level about 0.3 Bcf/d lower than the average in the week preceding the storm on February 24. The massive fall was due to a combination of the failure by oil and gas companies to winterize along with power being cut to oilfields by energy companies, though it is not immediately clear which played a greater role.

Texas natural gas production accounted for around half (47.4 percent) of energy production in the state in 2019, according to the Texas Comptroller’s website, with coal accounting for 20.3 percent, wind 20 percent and nuclear 10.8 percent, while the remaining sources account for less than 1.5 percent. Over a third (35 percent) of the heating used in homes is fueled by natural gas.

The president of the Texas Oil and Gas Association (TXOGA), Todd Staples, in a committee hearing two weeks ago, stated that the loss of power to oilfields impacted the production of gas and ambiguously acknowledged that weather-related mechanical issues—i.e., the failure to

winterize—“may have been avoidable or might not have been avoidable.” He also stated to lawmakers that the industry is still assessing the causes of the blackout.

TXOGA represents the interests of the oil and gas industry. According to its website, its membership accounts for over “80 percent of Texas’ crude oil and natural gas, operates over 80 percent of the state’s refining capacity, and is responsible for the vast majority of the state’s pipelines.”

Contrary to the sophistries of Staples, it is possible to winterize equipment, otherwise countries such as Russia would not be able to produce natural gas, let alone be the second largest natural gas producer in the world and number-one exporter.

Gas producers profited massively from the high prices caused by the drop in the availability of natural gas during the freeze, with billionaire and Dallas Cowboys football team owner Jerry Jones, CEO of Comstock Resources, a gas company where he was majority owner, stating infamously that it was “like hitting the jackpot.” Other large gas companies like the Macquarie group, the second largest gas company, raked in large profits, expecting a massive 10 percent rise in 2021 profits from that week alone. The gas sold in the week of the freeze was worth as much as the previous two years in revenue combined.

Staples also made a remarkable admission in an interview with the Dallas CBS affiliate on February 22. Interviewer Jack Fink was questioning Staples on what could have been done to transfer more of the gas from storage facilities along the coast that are in place for export purposes. This is in no small part due to Texas being the largest exporter of natural gas in the country, accounting for around 37 percent of the US total exports as of 2019, according to the EIA.

Jack Fink: “So is it your position that there is plenty of storage and there [are] ways to get storage, the natural gas that’s stored up to these power plants that may have been tripped offline?”

Todd Staples: “Well, I think it’s a complicated process because it’s all privately owned. And so you may have, let’s say, five different companies that own storage. It may be

that you as a company own the gas that's in their storage facility. You may not have a pipeline that would feed around that loop to one of those other power generation facilities. And so we're going through completely to determine if there is more infrastructure that could be implemented in order to make a more robust system."

Staples, the representative of the oil and gas industry in Texas, admitted more than he intended when he said that the private ownership of the gas companies and storage got in the way of generators producing energy during a crisis that not only caused millions to lose power and water and hundreds of deaths, but was only minutes away from crippling Texas's whole electrical grid for months.

While power companies are regulated by the misnamed Electrical Reliability Council of Texas (ERCOT), the gas producers are regulated by another misnamed entity, the Texas Railroad Commission (RRC). While the RRC does not require winterization, John Hays, a lawyer speaking to the *Texas Tribune*, stated that the RRC has broad authority and likely has the jurisdiction to require winterization.

During the power outage, the RRC chair, Republican Christi Raddick, defended the oil and gas company and praised it for delivering gas to homes, while avoiding talking about its failure to deliver fuel to many power plants. RRC Commissioner Wayne Christian played apologist, claiming the disaster was a "perfect storm" and then blaming renewable energy.

It should be noted that Texas Republicans receive tens of millions in donations from Texas oil and gas companies, with Lt. Governor Dan Patrick receiving \$5.1 million since 2009 from oil and gas companies and \$708,00 from the energy sector for the past 11 years, while Governor Greg Abbott received \$26.9 million from oil and gas, and \$2.6 million from the power sector over the past 20 years. Abbott and other Republicans attempted to blame the blackout on renewables, despite those accounting for less than 10 percent of the total power production of the state.

Notably, the governor did not even make nominal calls for winterization of the natural gas industry, which he did for the electric industry. Michael Webber, an energy resources professor at the University of Texas at Austin, told the *Texas Tribune*, "The power plants certainly failed us and should be winterized, but the natural gas supply system also failed us and should be winterized."

In response to the crisis, the Texas legislature had bipartisan agreement on letting companies "self-regulate." Texas Republican State Representatives Todd Hunter and Charlie Geren complained about oilfields not filing as critical infrastructure with the RRC, which may have led to oilfields being ordered shut down by ERCOT as they were not listed as critical infrastructure.

With the excuse that the Republican-dominated committee on the blackout was against reforms, the Democrats absolved themselves of any responsibility, with Democratic state representative Eddie Lucio III of Brownsville saying, "The temperature at the Railroad Commission right now is: 'We don't want to mandate weatherization. We don't want to mandate elaborate emergency plans. ... We're going to let industry self-regulate. ...'" Lucio then appealed to the large oil and gas companies, groveling, "If you're going to self-regulate, at least given the current administration...my message to you is: Take the emergency planning seriously."

On the massive and systemic failure by oil and gas companies that led to the preventable deaths of hundreds of Texans, both parties had little to say in the way of criticism of the oil and gas companies, let alone any measures against them, let alone efforts in legislation or rules to mandate winterization of generators or oil and gas.

The implications are that the private ownership of the gas companies is in direct contradiction to the needs of the vast majority of Texas, not to mention the population of countries dependent on Texas's natural gas such as Mexico, which receives almost half of its energy requirements from gas sourced from Texas, with 2.5 million experiencing blackouts in northern Mexico as a result. Effective scientific planning to prevent blackouts like those experienced in Texas is impossible under the private ownership of the gas companies and energy companies.

Only under the common ownership and operation by the working class as a whole can a rational plan be worked out so that future catastrophes like the completely preventable Texas blackout, or worse, can be prevented.



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