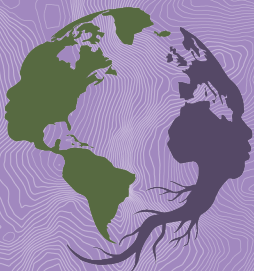


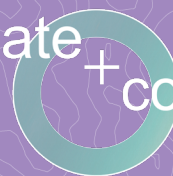
# #WE CHOOSE NOW: ENERGY POLICY PLAYBOOK

Texas  
May 2023



**TAPROOT  
EARTH**

climate



community  
project

# CONTENTS

<b>3</b>	<b>Introduction</b>
<b>4</b>	<b>Vision for a Just Transition Community Controlled, Public Renewables</b>
<b>5</b>	<b>National Context</b>
<b>7</b>	<b>Section 1: Ports as problem and opportunity</b>
8	Ports as Industrial Ecologies
12	Ban Export of Oil and Gas
14	The Benefits of An Export Ban for Communities and Workers
15	A US Export Ban as a Form of Global Solidarity
16	Transition Ports to Offshore Wind
17	Spur a Just Transition with Good Offshore Wind Jobs
19	Take Advantage of the New Gulf Offshore Wind Leases and Manufacturing
21	Take a Public Stake in Offshore Wind Projects
21	Recapitalize and Replace the Texas Permanent Fund
22	Summary of Policies
<b>23</b>	<b>Section 2: Community Controlled Public Electricity</b>
25	A Free-Market Electricity System
27	From Shutoffs to Basic Energy Rights Statewide
27	Time to Address Utility Shutoffs
28	Enact Basic Energy Rights Statewide
30	Healthy, Resilient Homes Lower Energy Needs
32	Movement Review: This Has Been Done Before
32	Democratizing and Reclaiming the Electricity System
34	Developing Municipal Public Options in a Deregulated System
36	Taking over the Poles and Wires
37	Reforming Cooperative and Public Utilities
38	Democratizing Community Utility Boards
39	Movement Review: Democratic Control and The Recall CPS Campaign
40	The Potential of Direct Pay and the IRA
41	Summary of Policies
<b>42</b>	<b>Conclusion</b>
<b>43</b>	<b>Further Resources</b>



# INTRODUCTION



Oil and gas have deep, historical— and decimating—ties to Texas. Today the state is the largest producer of oil and gas in the United States. Like the United States in general, the impacts of increased storms, heat waves, and rising sea levels brought on by climate change are [disproportionately affecting Texas’s Black and brown communities](#).<sup>1</sup> However, companies operating in Texas have plans to expand their extraction, transportation, and production of oil and gas—increasing extraction from the [Permian Basin](#) and building out infrastructure for new export terminals for the fossil fuels to hit international markets.<sup>2</sup> Texas is one of the fossil fuel capitals in the United States and even the world. It is also a renewable capital, though. Texas has some of the highest potentials for renewable energy and wind and solar are being built out. However, communities are suffering under an underprepared, highly marketized grid that still values fossil fuels over renewable energy. Plus, much of renewable’s value and profit lands in the hands of private equity and big energy developers, not Texas communities. **This policy playbook looks from port to plug to identify strategic spots in the full energy system to intervene for transformational change. The goal: end the era of fossil fuels and supplant it with a future of energy democracy and justice.**

**The playbook first looks at the ports as a strategic pinch-point in the Texas fossil fuel system.** We focus on how to stop the increasing number of exports outside the United States and how port communities could reorganize the port ecology that focuses on renewables and restoration. We move to the electricity grid to contend with one of the most marketized grids in the United States. **Second, we provide a framework for organizing around the right to energy and safe homes, as well as offer strategies to make energy a public good—controlled by the community, not by the elite or capital.**

Texas’s political conditions cannot be ignored. The current state government is hostile to climate action and in the pocket of fossil fuels. Many Texans are deprived of their ability to participate in state-sanctioned decision-making and voting processes

---

1. James Dobbins and Hiroko Tabuchi, “Texas Blackouts Hit Minority Neighborhoods Especially Hard,” *The New York Times*, February 16, 2021, <https://www.nytimes.com/2021/02/16/climate/texas-blackout-storm-minorities.html>.

2. “The Permian Basin.” Chevron, accessed April 15th 2023, <https://www.chevron.com/projects/permian>.



through direct disenfranchisement, such as criminal history or immigration status, or indirect barriers, such as cost. Texas has an [incredibly high incarceration rate of 840 per 100,000 people](#) (with many more outside of prison but still under carceral supervision, and thus both unable to vote and severely limited in access to stable employment).<sup>3</sup> It has a plethora of voting requirements that make it the [hardest and most costly state to register and cast a ballot](#).<sup>4</sup> Texas is vast and complicated. It holds contradictions—and in many ways holds the key to the energy transition and a livable future in the United States. While much will have to be built anew in Texas for the transition, there are histories and previous policies for Texans to lean on, reanimate, and build upon.

The playbook attempts to contend with this organizing environment by offering up alternatives to state action, including federal or local strategies. In addition to the strategies that we lay out in the playbook, transformational change will have to include a long-game plan to enable voting rights and win back the state legislature and seats of power. We believe that building local examples of wins and federal pressure for change can help to create the conditions for a more progressive political future in the state.

---

3. “Texas Profile,” Prison Policy Initiative, accessed April 15th 2023, <https://www.prisonpolicy.org/profiles/TX.html>.

4. “How hard is it to vote in your state?,” Northern Illinois University, October 13, 2020, <https://newsroom.niu.edu/how-hard-is-it-to-vote-in-your-state/>.

## VISION FOR A JUST TRANSITION COMMUNITY CONTROLLED, PUBLIC RENEWABLES

**Ultimately, this playbook offers strategies that build toward a vision of a just transition from fossil fuels to community controlled, publicly owned renewable energy in Texas.** In a state that has relied so heavily on the fossil fuel industry—experiencing first-hand its boom-and-bust cycles—a just transition is an opportunity to reckon with an extractive economy and build a new economy for Texas centered on community, solidarity, and human rights. We imagine port communities safely deconstructing old infrastructure to stop continued pollution, thousands of new jobs created via offshore wind, and revenues from the new energy source helping to transiting the Texas Permanent Fund toward more sustainable revenue streams to support the teachers and students of Texas. We imagine community-controlled public utilities making investments in the renewable energy revolution for the good of their communities. We imagine an electricity system where everyone has the right to energy at no cost to them, and live in efficient, low-cost housing. This will take deep organizing, long-term investment, and political strategy emerging from the grassroots. Steps toward advancing this vision will not only support communities in Texas, but also offer strength to other states, especially through the Gulf and Appalachia where many of the communities experience similar challenges of extractive economies.

**On the next page is a chart that includes a high-level overview of the interventions proposed in the playbook and puts them within the context of political and organizing capacity in the short, medium, and long term.**

Section	Subsection	Near Term	Medium Term	Long Term
<b>Section 1: Ports</b>	<b>Fossil Fuel Exports</b>	Stop and slow the export facility buildout	Impose a federal ban on fossil fuel exports	Decommission fossil fuel infrastructure
	<b>Wind Transition</b>	Force a decision between oil and gas or wind in the Gulf	Reverse Texas as a right to work state. Build offshore wind supply chain	Recapitalize the Texas Permanent Fund via wind royalties, among other revenue streams. Build publicly owned offshore wind
<b>Section 2: Electricity</b>	<b>Energy as a Right</b>	Institute a permanent moratorium on utility disconnects Reinstate a systems benefit charge for efficiency and safe homes	Give everyone the right to energy Offer holistic whole home upgrades	Provide a minimum level of energy for each household and community facility
	<b>Public Renewables</b>	Leverage the Inflation Reduction Act's new subsidies for public and cooperative utilities	Develop a new cooperative of progressive community utilities to coordinate renewable investment	Enable widespread public ownership of the grid and renewable energy, transferring the deregulated

Table 1: High-Level Overview of Interventions in this Policy Playbook

## NATIONAL CONTEXT

Texas is the energy epicenter of the United States. It both has produced the most fossil fuels and the most renewable energy in the United States. It has no plans to stop— Texas is both expanding fossil fuels and therefore deepening the potential for disaster from the climate crisis, while also building the renewable energy needed for the transition. This strategy sits in contradiction with a just transition because, by developing fossil fuel infrastructure, Texas is building stranded assets, stranded livelihoods instead of

managing a just decline of fossil fuels. The United States' federal government is following this same, contradictory strategy for the energy transition. The recently-passed Inflation Reduction Act (IRA) applies an “all of the above” energy logic that both opens up additional leases for fossil fuels at the same time as increasing incentives for renewable energy. Organizing for a just transition in Texas— at the heart of the energy economy— can change not only the future of energy for the state, but also the country and even the world.



Texas also represents the shortcomings of a free-market approach to renewable energy development. Texas has high potential for a range of renewable energy technologies. Energy developers have taken the opportunity given to them via one of the most free-market energy systems in the US to get renewables online, as well as sell to other states' energy markets. Even within this growing renewables development, there is not enough renewable energy yet on the grid, communities suffer from high levels of energy poverty, and the grid has not been able to stand up to the test of more extreme weather conditions. In other words— getting renewables online via the market has not made a just energy system.

Across the United States, renewable and climate advocates have campaigned to beat back the utility monopolies in order to get more renewable energy online. They've relied on market reform paired with renewable incentives to bring on the energy transition. While this marketization of the energy system structurally reorders energy from a monopoly system— replacing energy generation monopoly with a complex set of private actors— it doesn't tip the scales toward working people. The Texas grid provides an instructive example of a market based system that may get renewables online but doesn't support a transformation to a just energy system. In this playbook, we advocate for a publicly owned and community controlled energy system that starts from a rights-based framework. In doing so, we attempt to provide opportunities to reorder the electricity grid not only for renewable energy, but also for environmental justice communities, working people, and the environment.



## SECTION 1: Ports as problem and opportunity



Texas sits at the heart of energy extraction in the United States, both physically— from extraction to processing to export— as well as politically as the headquarters location to a host of multiple multinational oil, gas, and oil services companies. [Texas is the leading crude oil \(43 percent\) and natural gas \(25 percent\) producer in the US](#)<sup>5</sup> If Texas were a country, its current oil production would [rank fourth globally](#).<sup>6</sup> Texas' political and economic interests, as currently structured, are in contradiction with global climate health. To keep the planet below 1.5 degrees warming, fossil fuel extraction and its associated infrastructure must be dismantled. Undeveloped reserves cannot be exploited, and [40 percent of developed reserves need to stay in the ground](#)— meaning a major transformation for Texas industries. The industry and the politicians that represent them have little interest in slowing down, though. Oil and gas companies expect to grow production in the Permian basin— the largest oil producing region in the US — [by 50 percent between now and 2030](#).<sup>8</sup> This sort of expansion would set the world up for a substantial overshoot over 1.5 degrees.

While Texas' total production of oil made up a significant 43% of the total US production in 2020, this does not capture the full scope of Texas' outsized importance to fossil fuel extraction.<sup>9</sup> Texas has led the fracking revolution. First developed in Texas by

5. "Texas," US Energy Information Administration, accessed April 15th 2023, <https://www.eia.gov/state/?sid=TX>.

6. Christopher Slijk and Keith R. Phillips, "Once-Oil-Dependent Texas Economy to Keep Growing as Renewable Energy Expands," Federal Reserve Bank of Dallas, 2021, <https://www.dallasfed.org/research/swe/2021/swe2103/swe2103b.aspx>.

7. Kelly Trout, Greg Muttitt, Dimitri Lafleur, Thijs Van de Graaf, Roman Mendeleevitch, Lan Mei, and Malte Meinshausen, "Existing fossil fuel extraction would warm the world beyond 1.5 °C," *Environmental Research Letters* 17, no. 6, (May 2022), <https://iopscience.iop.org/article/10.1088/1748-9326/ac6228>.

8. "Chapter 2: Permian Climate Bomb," Permian Climate Bomb, accessed April 15th 2023, <https://www.permianclimatebomb.org/chapter-2>.

9. Texas total oil production was (4.5–4.7 MMbbl/day) in 2020. In the same year, US oil production was (11–12 MMbbl/day).



Mitchell Energy in the 1990s, “fracking”<sup>10</sup> allows access to gas and oil in geologic formations previously either technically impossible or too expensive. Shale natural gas production grew massively in the early 2000s, followed by shale oil. This new form of shale oil extraction accounts for about 60% of all U.S. oil, virtually all the *increase* in oil production from the early 2000s, and crucially the growth of US exported crude oil. Most of this increase from fracking is based in Texas. **Texas is not only the largest contributor in the country to oil and gas production, but also even more responsible for the recent growth. The political power of fossil fuels in Texas is only increasing as bolstered revenues move throughout state, county, and city budgets.**

While the climate crisis will worsen injustices, communities near the extraction, transportation, and refining of fossil fuels already experience pollution and economic extraction. Families near refineries experience health impacts such as [bloody noses, headaches, and chronic disease](#).<sup>11</sup> Pipelines transporting oil and gas are known to burst and pollute waterways, and Texas’ Gulf Coast communities continue to experience [social and ecological consequences from major oil spills—one node in an international geography of environmental racism](#). The companies often use their leverage to [evade oversight, promote business-friendly legislation](#), and limit the communities’ ability to stop risky and unjust development.<sup>13</sup>

The recently-passed Inflation Reduction Act (IRA) largely focused on demand-side reduction policies—interventions that aim to lower the demand of fossil fuels through subsidies for renewable energy and electric vehicles. It does little to nothing to stop the

---

**10.** What is commonly called fracking refers to production that relies on multiple technological advancements over the basic 50 year old process of hydraulic fracturing of rock. A combination of soap-like ‘fracking fluids’ to increase flow and sand to prop open holes in rock, along with horizontal drilling, allowed for drilling of horizontal layers of shale rock. The oil industry typically describes fracking as ‘shale’ or ‘tight’ oil and gas, describing the type of rock rather than the technology for drilling.

**11.** “Chapter 5: Community Impacts,” Permian Climate Bomb, accessed April 15th 2023 <https://www.permianclimatebomb.org/chapter-5>.

supply of fossil fuels or to curtail the US’s ever-expanding fossil fuel export business. The IRA also focuses on emissions from fossil fuel use within the US, ignoring the fact that the American oil industry is also “exporting emissions,” by exporting both crude oil and refined fuels to be burned elsewhere. **Texas is a lynchpin in stemming the flow of fossil fuels and taking action to end its production and transport must be a complement to the IRA’s demand-side policies.**

## PORTS AS INDUSTRIAL ECOLOGIES

We focus strategically on Texas’ coastal ports and its oil and gas export infrastructure. Historically a petro-state for over a century, oil and gas development had slowed down following the 1980s oil price collapse until the fracking boom catalyzed a fossil fuel extraction frenzy. **Much of this oil and gas is exported and sent to overseas markets, making ports a physically distinct pinch point that—if shifted away from fossil fuels—could have knock-on effects across the entirety of the supply chain by making extraction far less profitable and signaling to importing countries the need to shift toward renewable energy.** Ports are not just places where oil and gas flow in and out, but operate as large industrial ecosystems of refining capacity, export terminal development, nodes in rail and highway networks, and all sorts of auxiliary services to the fossil fuel energy system. In Table 2, we outline the typology of some of Texas’s biggest ports—describing the sorts of infrastructure that currently exists, as well as planned expansion.

---

**12.** Keith Randall, “A Decade After BP Oil Spill, Texas A&M Experts Say It Could Happen Again,” *Texas A&M Today*, April 14, 2020, <https://today.tamu.edu/2020/04/14/oceanography-professors-say-the-deepwater-horizon-spill-in-2010-changed-the-gulf-of-mexico-in-ways-we-are-still-trying-to-understand/>; Michael J. Watts, “A Tale of Two Gulfs: Life, Death, and Dispossession along Two Oil Frontiers,” *American Quarterly* 64, no. 3 (2012): 437-467, <https://www.jstor.org/stable/23273530>.

**13.** Nick Cunningham, “Evidence Shows Oil Industry Flaring in Texas Being Done Without Permits,” *DeSmog*, Jan 29, 2021, <https://www.desmog.com/2021/01/29/oil-industry-methane-flaring-texas-done-without-permits/>; Erin Douglas, “Texas Legislature Advances Bills to Shield Oil and Gas from Climate Initiatives,” *The Texas Tribune*, May 3, 2021, <https://www.texastribune.org/2021/05/03/texas-house-fossil-fuel-oil-divest/>.



As Permian production skyrockets, a set of 15 pipelines are in planning or under construction to connect West Texas to the Gulf Coast, effectively [doubling the capacity](#) for crude transportation from the Permian to Texas ports.<sup>14</sup> As Sean Strawbridge, CEO of the Port Authority of Corpus Christi, put it [in a community meeting](#), “There’s a wall of crude headed our way. The steel’s already in the ground, and we need to be prepared for it.”<sup>15</sup> At least four different ports are dredging their ship channels to allow for larger ships (upgrading from Suezmax oil tankers to Very Large Crude Carriers) and several are increasing the number of shipping containers as well as liquid transfer facilities, alongside private expansion of multiple refineries and petrochemical plants. [\\$1.49 billion is already committed](#) to this enormous range of expansion projects.<sup>16</sup> This funding comes from port authority revenue, state budget, and federal funds (primarily through the Army Corps of Engineers). Every year that these projects continue adds to the state’s commitment to a fossil fuel economy.

### **Texas ports are environmental and health hazards.**

Unlike the zones of extraction that the Texas oil fields comprise, ports are geographically located near population hubs. The toxic industries surrounding oil and gas create danger year-round, and hurricane damage increases the risk of spills or other chemical releases— more prevalent with the climate crisis. Hurricanes Katrina, Laura, Harvey, and Ida all triggered chemical releases that harm the local population and

environment. This is not a universal risk: [a history of racist policies](#) from [historical redlining maps](#) to [flood insurance](#) to [gentrification](#) have pushed Black, minority and poor people out toward the industrial ship channel areas closer to Port Houston.<sup>17</sup> Federal and state governments have put [\\$3.9 billion into constructing seawalls](#) to protect communities and oil and gas infrastructure exposed to increased hurricanes, and are in the process of funding the major \$31 billion [“Ike Dike”](#) (named after the 2008 hurricane) seawall in the Houston area.<sup>18</sup> **However, these projects focus on the importance of ports to keeping Texas a fossil fuel powerhouse instead of fossil fuel infrastructure’s complicity in creating the increased hazards.**

### **The state of Texas’s export system is bolstered by a network of public subsidies and support from local governments hoping for its economic development potential.**

Oil and gas companies have intertwined the state’s fate with their own through programs like the [Texas Permanent Fund](#) and royalties program, wherein oil and gas production funds Texas’s schools, universities, and roads— making it much harder to call out or end the fossil fuel era in Texas.<sup>19</sup> Oil and gas revenues in Texas flow into school districts and county budgets through [property taxes](#),<sup>20</sup> to individual leaseholders through royalties; and to the state in the form of a variety of managed funds: Permanent School Fund (PSF) for K-12 school systems, the Permanent University Fund (PUF) for the [UT system](#),<sup>21</sup> the State Highway Fund for road-related

---

15. Brendan Gibbons, “As Port Aransas Oil Project Moves Ahead, a Near Miss Underscores Fears,” *The San Antonio Report*, August 12, 2019, <https://sanantonioreport.org/as-port-aransas-oil-project-moves-ahead-a-near-miss-underscores-fears/>.

16. Jay R. Jordan, “Houston Ship Channel Launches \$1 billion expansion project,” *Chron*, June 1, 2022, <https://www.chron.com/news/houston-texas/transportation/article/Houston-Ship-Channel-kicks-off-1-billion-17213007.php>.

17. Dr. Robert D. Bullard, “Anatomy of Environmental Racism and the Environmental Justice Movement,” In *Confronting Environmental Racism: Voices From the Grassroots*, ed. Dr. Robert D. Bullard, (Boston, MA: South End Press, 1993) 15-39, <https://cpb-us-e2.wpmucdn.com/sites.uci.edu/dist/c/3308/files/2020/03/Bullard-Anatomy-of-Env-Racism-and-the-EJ-Mov.pdf>; “Exploring the Legacy of Redlining in Houston,” *Understanding Houston*, February 10, 2021, <https://www.understandinghouston.org/blog/legacy-of-redlining-in-houston>; Aaron B. Flores, Timothy W. Collins, Sara E. Grineski, Angel L. Griego, Casey Mullen, Shawna M. Nadybal, Roger Renteria, Ricardo Rubio, Yasamin Shaker, and Shaylynn A. Trego, “Environmental Injustice in the Disaster Cycle: Hurricane Harvey and the Texas Gulf Coast,” *Environmental Justice* 14, no. 2 (2021):

146-158, <https://www.liebertpub.com/doi/full/10.1089/env.2020.0039>; Jeffrey S. Lowe, *Gentrification and Resistance in the U.S. South: The Case of the Historic Third Ward Neighborhood in Houston, Texas*, (Routledge, 2022), <https://www.taylorfrancis.com/chapters/edit/10.4324/9780429341809-6/gentrification-resistance-south-jeffrey-low>.

18. Margaret Toal, “Spine Project to Begin Soon,” *Kogt.com*, August 24, 2018, <https://kogt.com/spine-project-to-begin-soon/>; Julie Strupp, “\$31B Texas ‘Ike Dike’ moves ahead with Senate approval,” *Construction Dive*, August 1, 2021, <https://www.constructiondive.com/news/31b-texas-coast-ike-dike-moves-ahead-senate-approval/628573/>.

19. “Texas Permanent School Fund,” Texas Education Agency, accessed April 15th, 2023, <https://tea.texas.gov/finance-and-grants/texas-permanent-school-fund>.

20. For an illustration of the importance of oil and gas severance taxes to *local* government, see this chart of [county budgets](#).

21. As an illustration of the sheer scale of the PUF, rising oil prices are poised [to propel UT system’s endowment past Harvard as the largest in the country](#).

Port	Exports	Industrial Ecology	Expansion
<b>Corpus Christi</b>	<ul style="list-style-type: none"> <li>•15.7 Million tons LNG 2021</li> <li>•1.76MMbbl/day (642MMbbl) crude oil exported, 2021; 1.85MMbbl/day at present.</li> <li>•58% of all U.S. crude oil exports</li> </ul>	<ul style="list-style-type: none"> <li>•6 oil refineries, Exxon, Sabc and</li> <li>•Lyondell petrochemical plants (Exxon-Sabic completed last year)</li> <li>•(new) Cheniere LNG facility</li> </ul>	<ul style="list-style-type: none"> <li>•Ship Channel dredging for VLCC</li> <li>•desalination plant (for industrial use)</li> <li>•additional oil tanker terminals &amp; connecting pipelines</li> <li>•expansion of LNG export facility and terminals</li> </ul>
<b>Houston</b>	<ul style="list-style-type: none"> <li>•6th largest container port in US. Currently setting records for monthly activity, breaking 320,000 TEUs</li> <li>•By value: total exports \$42.3B. refined fuels: 18% (\$7.6B); LNG 14% (\$5.9B); crude oil 13% (\$5.9B); plastics 7% (\$3B)</li> <li>•2022 avg 1.29MMbbl/day crude</li> <li>•7B pounds of plastics</li> </ul>	<p>Largest petrochemical complex in North America.</p> <ul style="list-style-type: none"> <li>•10 refineries [total capacity 2.6MMbbl refined products/day, 14% of total U.S. capacity),</li> <li>•400 petrochemical factories</li> <li>•multiple recycling centers</li> <li>•Port Terminal Railroad, an additional source of spills and pollution</li> </ul>	<ul style="list-style-type: none"> <li>•Ship Channel dredging for increased size container ships</li> <li>•Shipping cranes for increased container capacity (primarily for plastic pellet export)</li> <li>•multiple refinery &amp; petrochemical expansion</li> <li>•proposed Exxon-led \$100B CCS project to extend the lifetime of all carbon emitting plants on ship channel</li> </ul>
<b>Beaumont/Port Arthur</b>	2022 growth crude oil export from 90Mbbbl/day to 230Mbbbl/day	Refineries in Port Arthur owned by Total, Valera, and Motiva—the last the largest refinery in the U.S.; ExxonMobil refinery in Beaumont	\$100M capital projects for repair and expansion in Port Arthur

Table 2. Typology of Selected Texas Ports <sup>22</sup>

22. Data from: 022–2023 Texas Port Mission Plan, from the Texas Port Advisory Committee at <https://ftp.txdot.gov/pub/txdot-info/mrt/mission-plan.pdf>; US Energy Information Administration Texas state profile at <https://www.eia.gov/state/print.php?sid=TX>; various news articles including: Ken Roberts, “Fracking Has Transformed Port Of Houston From Import To Export Powerhouse,” Forbes, August 13, 2021, <https://www.forbes.com/sites/kenroberts/2021/08/13/fracking-has-transformed-port-of-houston-from-import-to-export-powerhouse/?sh=7f540a2d1112>; “Gulf Refining Capacity,”

Greater Houston Partnership, April 2021, <https://www.houston.org/houston-data/gulf-coast-refining-capacity>; Andrew Schneider, “Russia’s invasion of Ukraine has prompted an increase in crude oil exports from Texas ports, analysts say,” Houston Public Media, March 29, 2022, <https://www.houstonpublicmedia.org/articles/news/energy-environment/2022/03/29/422134/russias-invasion-of-ukraine-has-prompted-an-increase-in-crude-oil-exports-from-texas-ports-analysts-say/>.

Port	Exports	Industrial Ecology	Expansion
Freeport		Doral refining	<ul style="list-style-type: none"> <li>•Ship Channel dredging for VLCC</li> <li>•increased terminal capacity</li> </ul>
Gulf Coast Overall	•80% of U.S. crude exports	Maximum refining capacity of 8.6MMbbl/day, 28% of total U.S. capacity	<ul style="list-style-type: none"> <li>• Over \$1.4B of capital projects underway</li> <li>• Additional USACE funding for ship channel expansion</li> <li>• Over 15 pipelines proposed or in construction connecting the Permian Basin to various gulf coast ports, enough to double current capacity</li> </ul>

Table 2. (Continued ) Typology of Selected Texas Ports <sup>22</sup>

infrastructure, and to the Economic Stabilization Fund (ESF) (known as the “rainy day fund”), which the legislature is able to draw from. While not all these revenues are dependent on export, any reduction in export will be harmful to all the funds. Thus, any just transition in Texas will have to focus on providing revenue to state functions in addition to jobs.

**While Texas’ ports have operated as critical junctures for the fossil fuel economy in the last two decades, the state can transform ports into hubs for renewable energy.** Texas ports could shift their industrial ecosystem toward new sorts of clean energy manufacturing, building offshore wind farms, and even dismantling the infrastructure left behind by fossil fuels and reclaiming the land and water to build the shore’s adaptive capacity in a time of ever-increasing storms. The recently passed IRA “all of the above” strategy on energy doesn’t help Texas’s transition. In particular, the package included a quid-pro-quo that required land for offshore oil and gas to offer leasing to offshore wind. However, moving both energy strategies at the same time is untenable— both from a physical infrastructure standpoint (there is only so much room on the coast for energy infrastructure) and a social and economic transformation standpoint (building social and economic lock-in through fossil fuel expansion projects). Dismantling an industrial ecology that has largely relied on fossil fuel

development requires a clear strategy so that it can tackle the complex and interdependent economies as well as build out the new social, job, and physical infrastructures needed for a just transition. **Now is the time for Texas to decide its energy future. Below we define two key ways to enable that transition: (1) banning the export of oil and gas and (2) promoting the future of offshore wind.**



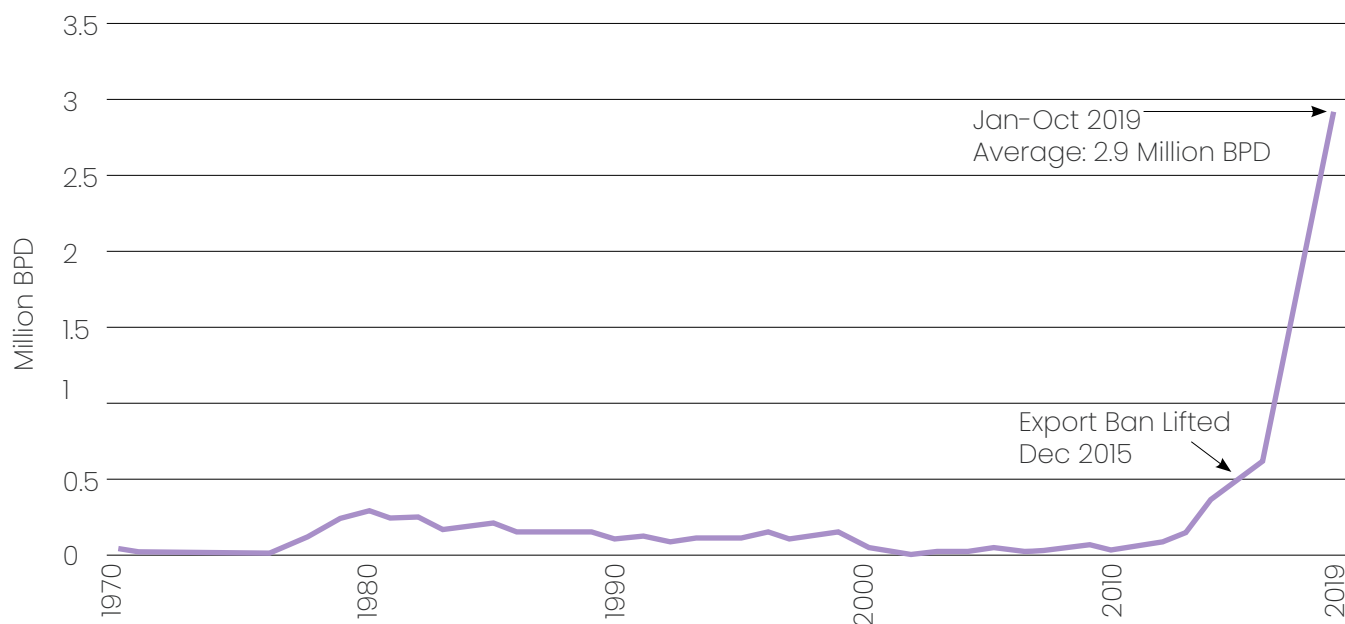


Figure 1. US crude oil exports 1970-2019, chart from Oil Change International from US Energy Information Administration data<sup>24</sup>

## BAN EXPORT OF OIL AND GAS

One of the key drivers of the oil and gas industry boom in the United States has been through exports, but only after the US lifted a forty-year crude oil export ban in 2015.<sup>23</sup> The opening of global markets for domestic crude, propelled by the dramatic rise in production from the fracking revolution centered in the Texas Permian, made the country the biggest oil and gas producer in the world in less than ten years.

**Imposing an export ban on oil and gas is a policy well within President Joe Biden’s executive powers, would have reinforcing effects across the fossil fuel supply chain that would slow down the fossil fuel frenzy, and would help decommission heavily polluting infrastructure that harms communities and the environment where they operate.**

As mentioned above, the increase of crude oil production from the shale revolution led to oil

companies putting pressure on national legislators to lift the 1973 crude oil ban. In 2013, fossil fuel companies started an aggressive lobbying campaign to end the ban. The champion of the repeal, Texas Congressman Joe Barton, and his allies slid the repeal into a piece of must-pass legislation at the federal level– the 2016 Appropriations Act–and opened the floodgates. [As the Congressman put it](#) while reflecting on the win, “Without the crude oil export ban repeal, the United States would not be producing half of the oil it is today because it could not be exported.”<sup>25</sup>

Since Congress lifted the oil ban in 2015, US fossil fuel exports have risen dramatically: [growing by 750 percent between 2015 and 2020](#).<sup>26</sup> The lion’s share of that oil has been produced in Texas and exported through the Gulf of Mexico. In 2020, over 28 percent of US crude oil production was exported. **Markets for Texas crude appeared everywhere: the largest export destinations comprise only a quarter of total**

<sup>23</sup>. The ban only applied to crude oil: exports of refined products, such as gasoline, jet fuel, or petrochemicals were never banned.

<sup>24</sup>. Tim Donaghy, John Noël, and Lorne Stockman, “POLICY BRIEFING: CARBON IMPACTS OF REINSTATING THE U.S. CRUDE EXPORT BAN,” Oil Change International and Greenpeace, January 2020, [https://priceofoil.org/content/uploads/2020/01/crude\\_export\\_ban\\_report.pdf](https://priceofoil.org/content/uploads/2020/01/crude_export_ban_report.pdf).

<sup>25</sup>. Joe Barton, “I knew my bill to lift the ban on U.S. oil exports was important. I hardly expected it to change the world,” *Dallas Morning News*, November 24, 2019, <https://www.dallasnews.com/opinion/commentary/2019/11/24/joe-barton-i-knew-my-bill-to-lift-the-ban-on-us-oil-exports-was-important-i-hardly-expected-it-to-change-the-world/>.

<sup>26</sup>. “Chapter 3- Flooding Global Markets,” Permian Climate Bomb, accessed April 15th, 2023, <https://www.permianclimatebomb.org/chapter-3>.

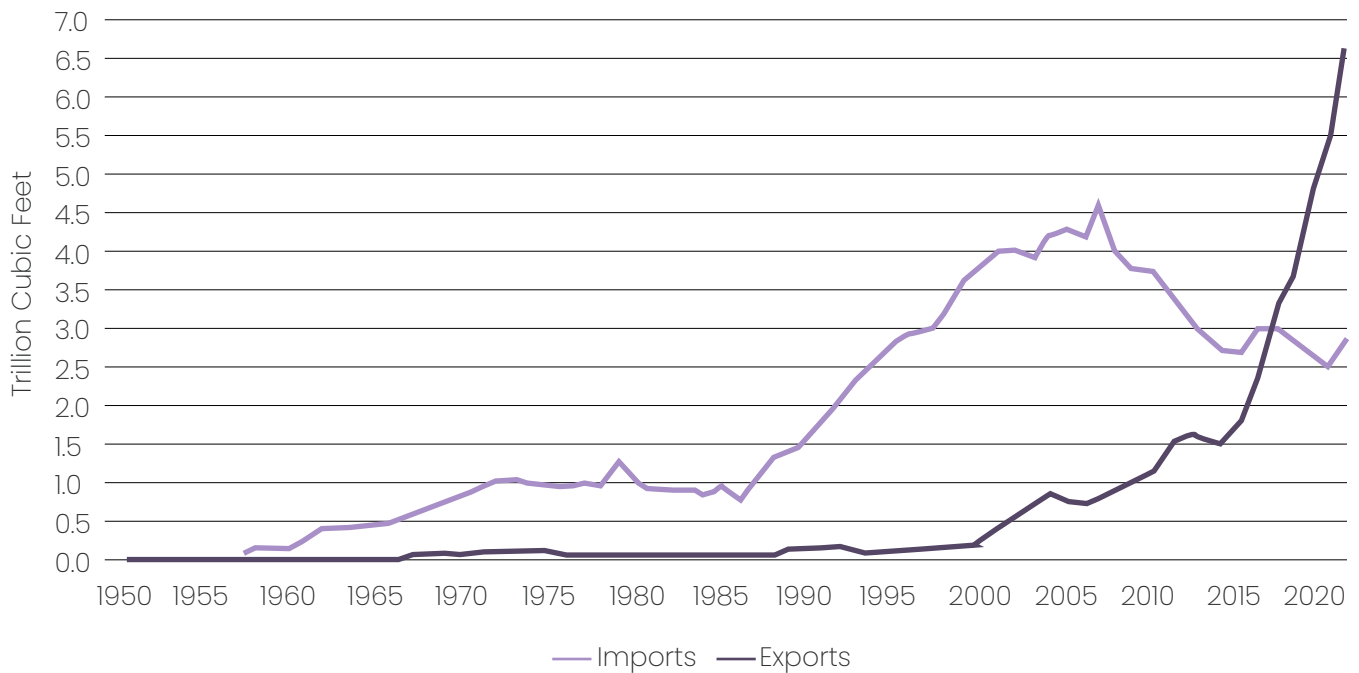


Figure 2. US Natural gas imports and exports<sup>27</sup>

exports.<sup>28</sup> US-extracted crude oil now covers the globe, where its use continues to raise total carbon levels, even though they are not counted as US emissions.

While the oil exporting business has a long history, natural gas does not. Natural gas is more difficult to transport than oil, requiring either pipelines or liquefaction. The fracking revolution made natural gas production abundant for the first time. After replacing a significant amount of coal power generation, they turned to international export: natural gas was first exported from the US in 2016 and has more than doubled since then. Gas has risen to prominence in [global markets](#), and fossil fuel companies have worked diligently to [turn international energy demand into a vindication](#) for the [surge in LNG export capacity](#).<sup>29</sup>

**The US is now the biggest producer and exporter of oil and gas in the world and is leading the acceleration of liquified natural gas (LNG) production.**

The U.S. provides [5% of the world's gas](#), but [22 percent of the world's LNG](#), making ports crucial landscapes for oil and gas companies.<sup>30</sup> They situated their refineries at the ports, sent pipelines to the ports to transport their fuel, built export facilities to send the commodity abroad, and set up full auxiliary systems to support their businesses. Within only a few years, a whole ecosystem of infrastructure, jobs, and pollution cropped up in the Gulf. Especially as the US signals domestic shifts off fossil fuels, the next wave of oil and gas production, and the growth of LNG, requires export facility infrastructure to allow oil and gas extraction to keep pace and continue growing. Companies such

27. "Natural Gas Imports and Exports," US Energy Information Administration, accessed April 21, 2023, <https://www.eia.gov/energyexplained/natural-gas/imports-and-exports.php>.

28. "Frequently Asked Questions," US Energy Information Administration, updated March 29, 2023, <https://www.eia.gov/tools/faqs/faq.php?id=727&t=6#:~:text=The%20top%20five%20destination%20countries,million%20b%2Fd%E2%80%9425>.

29. Sergio Chapa, "Slideshow: Five LNG export terminals now operating in United States," Chron, September 16, 2019, <https://www.chron.com/business/energy/article/Slideshow-Five-LNG-export-terminals-now-14437665.php>; Ed Crooks, "Gas price signals show need for increased supply," Wood Mackenzie, September 17, 2021,

<https://www.woodmac.com/news/opinion/gas-price-signals-show-need-for-increased-supply/>; Christopher M. Matthews, "A Crucial Moment Arrives for U.S. LNG Exports," The Wall Street Journal, December 3, 2018, <https://www.wsj.com/articles/a-crucial-moment-arrives-for-u-s-lng-exports-1543755600>.

30. Texas produces over 20% of all LNG. Source: "Natural Gas Explained," US Energy Information Administration, updated October 3, 2022, <https://www.eia.gov/energyexplained/natural-gas/where-our-natural-gas-comes-from.php>; Scott Disavino, "U.S. to be world's biggest LNG exporter in 2022," Reuters, December 21, 2021, <https://www.reuters.com/business/energy/us-be-worlds-biggest-lng-exporter-2022-2021-12-21/>.

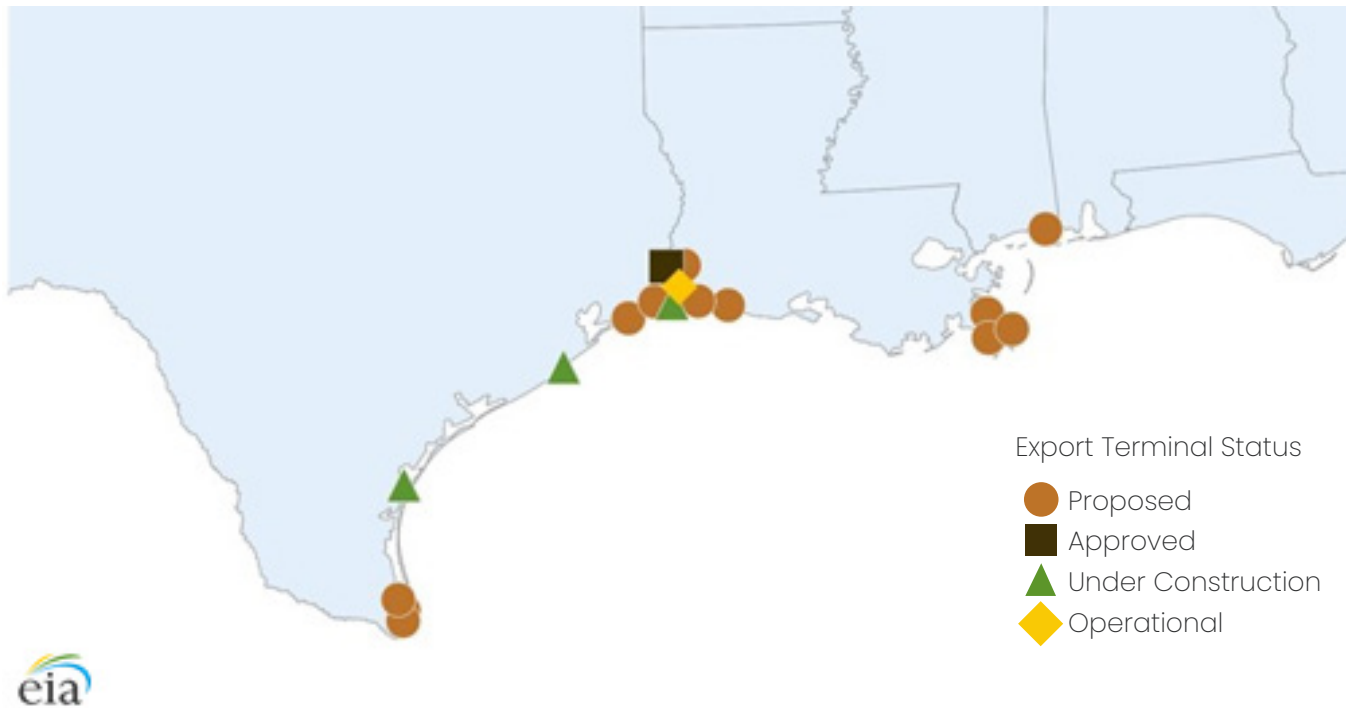


Figure 3: LNG Export Terminals along the US Gulf of Mexico in 2016– there have been further export terminal developments since this map was created.<sup>31</sup>

as Cheniere [are vying for export terminal expansion](#) in Freeport, Brownsville, and Corpus Christi, to name a few, along with construction or [expansion](#) of petro-infrastructures–refineries, desalination plants, and LNG facilities (see Figure 3)<sup>32</sup>

### THE BENEFITS OF AN EXPORT BAN FOR COMMUNITIES AND WORKERS

While the export boom may have invigorated port economies, the expansion of the fossil fuel industry has put communities in harm’s way. For instance, [the Cheniere export facility in Corpus Christie](#)–the largest US exporter of natural gas–has filled the air with soot, carbon monoxide, and volatile organic compounds (VOCs), far above the state’s legal limit.<sup>33</sup>

**31.** “Growth in domestic natural gas production leads to development of LNG export terminals,” US Energy Information Administration, March 4, 2016, <https://www.eia.gov/todayinenergy/detail.php?id=25232>.

**32.** Approved but not yet built (as of May 2020 according to FERC): Port Arthur LNG Trains 1 & 2, Freeport LNG Dev Train 4, Texas LNG Brownsville, Rio Grande LNG – NextDecade (Brownsville, TX), Anova LNG Brownsville, Cheniere Corpus Christi LNG). Approved and under construction: Exxon Mobil – Golden Pass, Cheniere– Corpus Christi LNG Train 2; Corey Paul, “LNG Project Tracker: Momentum builds ‘at least for a couple’ of export projects,” S&P Global Market Intelligence, 15 September 2021, <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/lng-project-tracker-momentum-builds-at-least-for-a-couple-of->

Instead of penalizing the export facility to safeguard communities that live nearby, the Texas Commission on Environmental Quality (TCEQ) upped its pollution thresholds. Not only that, the Cheniere plant has big plans to expand its capacity, both locking in local pollution and potential emissions from its exports. In Houston, a *Houston Chronicle* [investigation revealed](#) that the port region experienced a chemical fire or explosion every 6 weeks on average, to say nothing of less spectacular (but more common) toxic release events.<sup>34</sup> Banning export of both oil and gas at Texas ports would curtail the amount of fuel coming into the port, leaving export facilities like Cheniere without anything to export, and companies with no reason to dredge channels for fossil-fuel based carriers. This would have a positive impact on the

[export-projects-66572867](#); “North American LNG Export Terminals: Approved, Not Yet Built,” FERC, published online May 29, 2020, <https://www.ferc.gov/sites/default/files/2020-06/lng-approved-export-new-052920.pdf>.

**33.** Nicola Groom and Valerie Volcovi, “Texas repeatedly raises pollution limits for Cheniere LNG plant,” *Reuters*, June 25, 2022, <https://www.reuters.com/business/environment/texas-repeatedly-raises-pollution-limits-cheniere-lng-plant-2022-06-24/>.

**34.** The Editorial Board, “Who’s Counting all of Texas’ Explosions? Not the Chemical Safety Board,” *Houston Chronicle*, July 25, 2021, <https://www.houstonchronicle.com/opinion/editorials/article/Editorial-Who-s-counting-all-Texas-16337288.php>.



levels of pollution for populations residing near the ports— helping to alleviate chronic conditions like cancer or asthma onset from the dirty fuels.

The industry also exposes workers to the layoffs and recessions inherent to the extreme boom and bust cycles of oil and gas.<sup>35</sup> For instance, hydraulic fracturing and high prices catapulted production up in Texas [in the early 2000's](#).<sup>36</sup> But by 2015, oil and gas prices dropped and many companies fell into bankruptcy, recovering slowly through 2019. [Then, the COVID-19 pandemic hit](#), spiraling gas prices into the negatives, with companies [shedding workers left and right](#).<sup>37</sup> Massive changes to oil and gas production processes have [happened within the past fifteen years](#)— ones which threaten Texas workers' and communities' long-term quality of life.<sup>38</sup> While oil and gas companies often herald their role as employers as a reason to keep their industries and infrastructure around, the reality is that oil and gas companies are automating and shedding jobs at breakneck speeds. According to Rystad Energy, robots and automation could replace about 20% of operation, maintenance, and drilling work in the next 10 years. Karr Ingham, an economist with the Texas Alliance of Energy Producers [put it this way](#), "We don't need as many employees to produce record and growing amounts of crude oil and natural gas, and potentially as much as we need."<sup>39</sup>

Automation is hollowing out an already-volatile job market for oil and gas workers, but the ultimate bust is coming— the energy transition. With countries

---

**35.** This exposure to normal, cyclical boom-bust cycles is still minor compared to the risk of a poorly managed transition and sudden crash in oil or gas that workers, state revenue, and vulnerable local economies are exposed to.

**36.** Christian Wallace, "Boomtown, Episode 2: The Rise of the Permian," Boomtown (podcast), December 17, 2019, <https://www.texasmonthly.com/podcast/boomtown-episode-2-rise-permian/>.

**37.** Gwen Arnold, Meghan Klasic, Madline Schomburg, Abigail York, Melissa Baum, Maia Cherin, Sydney Cliff, Parisa Kavousi, Alexandria Tillett Miller, Diana Shajari, Yuer Wang, Luigi Zialcita, "Boom, bust, action! How communities can cope with boom-bust cycles in unconventional oil and gas development," Review of Policy Research 39, no. 5 (2022): 541-569, <https://doi.org/10.1111/ropr.12490>; Phillip Jordan, "US Energy Employment Initial Impacts from the COVID-19 Economic Crisis, March 2020," BW Research Partnership, April 21, 2020, [https://bwresearch.com/covid/docs/BWResearch\\_EnergyJobsInitialCOVID-19Memo.pdf](https://bwresearch.com/covid/docs/BWResearch_EnergyJobsInitialCOVID-19Memo.pdf).

increasingly shifting to renewable energy sources, and oil majors selling their shale positions, the expansion of export terminals puts workers in peril of no job and little support to transition, if not for government intervention. The US needs to stop the cycle of boom and bust— instead managing the shift of port infrastructure away from fossil fuel exports and toward more renewable, resilient infrastructure. **Banning exports sets a resolute decision on the future of oil and gas in Texas and its workers. Crucial to the ban's success will be a federal, state, and port response to design the pathways for workers into new jobs or retirement.** In the following sections, we define two clear pathways toward new economic drivers in the ports— offshore wind and reclamation— but the transition will take a full comprehensive approach toward just transition.

## A US EXPORT BAN AS A FORM OF GLOBAL SOLIDARITY

Oil and gas products exported from the US [head out to 41 different countries](#), divided roughly between Europe, Asia, and South and Central America.<sup>40</sup> Activists including the Carrizo Comecrudo Tribe of Texas, Texas Center for the Environment, T.E.J.A.S., and more [have organized for years](#) to reimpose the export ban on oil and expand it to gas and other refined oil products, stop the construction of pipelines, and decommission dirty and disaster-prone refineries— both to end the devastating effects of localized pollution on surrounding neighborhoods and the long-term effects of fossil fuels felt across the globe.<sup>41</sup> The war in Ukraine has complicated the politics as many

---

**38.** Devashree Saha, "COVID-19 Bailouts Should Target Oil and Gas Workers and Communities, Not Companies," World Resources Institute, August 5, 2020, <https://www.wri.org/insights/covid-19-bailouts-should-target-oil-and-gas-workers-and-communities-not-companies>.

**39.** Texas lost more than 30,100 jobs or 3 percent of its energy industry employment. Source: Marcy de Luna, "Robots could replace hundreds of thousands of oil and gas jobs by 2030," *Houston Chronicle*, March 29, 2021, <https://www.houstonchronicle.com/business/energy/article/Robots-could-replace-hundreds-of-thousands-of-oil-16061352.php>.

**40.** "Natural gas explained," US Energy Information Administration, updated December 16, 2022, <https://www.eia.gov/energyexplained/natural-gas/imports-and-exports.php>.

**41.** "Gulf Coast advocates, hundreds of orgs launch campaign pressuring Biden Admin to Stop Oil and Gas Exports," Earthworks, April 19, 2021, <https://earthworks.org/releases/gulf-coast-advocates-hundreds-of-orgs-launch-campaign-pressuring-biden-admin-to-stop-oil-and-gas-exports/>.

people grapple with the immediate ramifications of no gas supply without the infrastructure to replace it.

In many ways, the Russian gas cut is a clear example of an unmanaged and unjust decline of fossil fuel use in a region. Fossil fuel companies in the US have taken this [opportunity](#) to advance their agenda, calling on the federal government to expedite financing and review of refineries, pipelines, and export terminals to get more gas production online (even though it is doubtful any of that gas could conceivably get to Europe during the acute crisis, as the global capacity to move LNG has hit a bottleneck in the limited number of ships available).<sup>42</sup> However, as Elida Castillo, director of Chispa Texas put it, “They tell us we need to export more, we need to help our friends in Europe. But what about us? [...] We’re the ones to suffer with all the pollution.” **Doubling down on oil and gas exports when confronted with war and disaster is not the answer.** The infrastructure necessary to fill the gap for Europe cannot be built overnight, and would lock in far more fossil fuel infrastructure, lurching towards climate disaster.

**The United States should invest in global solidarity by supporting the transition to renewable energy abroad with funding and technology transfer, while weakening the stronghold of the US’s fossil fuel industry that has built global reliance on toxic fuel.** President Biden can use his power through the Defense Production Act to increase the development of key technologies for renewable energy, like photovoltaics and heat pumps, and help Europe—as well as other countries who did little to cause the climate crisis—to shift its power supply. Much like World War II, activating the DPA could help to catalyze a homegrown clean energy economy, including in Texas. As a country with the highest historic emissions in the world – and its history of global Imperialism to build

its own economy – the US needs to stop exporting its emissions elsewhere to fatten US companies’ pockets.

## TRANSITION PORTS TO OFFSHORE WIND

There is also a huge opportunity for offshore wind in Texas’s Gulf. Texas and other Gulf of Mexico states have particularly high technical energy potential for offshore wind development based on their long coastlines and wide continental shelf. Texas has the strongest potential in the Gulf and the third highest of any US state, able to generate about 700 Twh/year (see Figure 4).<sup>43</sup> However, it is crucial to recognize that **there is no true “all of the above”** policy that can generate a Texas offshore wind boom: oil and gas growth cannot coexist with meaningful wind investment. Unless halted now and rolled back through concerted remediation efforts, commitment to fossil extraction and its increasingly obsolescent infrastructures will materially hold back Texas’ offshore wind economy—even as states and port communities elsewhere across the Gulf and Coastal United States jump on unique opportunities to rebuild port economies around new kinds of industrial clusters and wind-related manufacturing and servicing hubs.

**Texas could be an offshore wind powerhouse, but to do so will take investment and coordinated action.**

[The Gulf of Mexico already lags the East Coast in the US offshore wind economy](#),<sup>44</sup> and as movement toward Gulf production ramps up, [Texas is falling behind Louisiana](#) in political efforts to promote the sector.<sup>45</sup> In other states, dedicated state-level political support like [Renewable Portfolio Standards \(RPSs\)](#),<sup>46</sup> procurement, [siting management, or industrial production incentives](#)<sup>47</sup> have been crucial to creating [which remain expensive and time-consuming to](#)

---

[the-gulf.cfm#:~:text=Alone%20among%20states%20in%20the,of%20around%2065%20offshore%20platforms.](#)

**46.** Walt Musial, Donna Heimiller, Philipp Beiter, George Scott, and Caroline Draxl, “2016 Offshore Wind Energy Resource Assessment for the United States,” NREL, September 2016, <https://www.nrel.gov/docs/fy16osti/66599.pdf>. Technical energy potential is the subset of gross offshore wind resource potential regarded as commercially viable within a reasonable timeframe, taking into account technical limits of developing the resource.

**47.** Marie J. French, “New York seeks to revive Hudson River’s industrial past with offshore wind,” *Politico*, September 6, 2022, <https://www.politico.com/news/2022/09/06/new-york-hudson-river-industrial-past-offshore-wind-00054196>.

---

**42.** Tim Daiss, “LNG Carrier Market Struggles to Keep Up with Liquefaction Capacity Buildout,” *Natural Gas Intelligence*, October 10, 2019, <https://www.naturalgasintel.com/lng-carrier-market-struggles-to-keep-up-with-liquefaction-capacity-buildout/>.

**43.** Florida’s slightly higher resource potential in Figure 4 also factors in its Atlantic Coast resource.

**44.** Kelsey Tamborrino, “America’s next wind powerhouse: The Gulf of Mexico?,” *Politico*, May 30, 2022, <https://www.politico.com/news/2022/05/30/energy-wind-gulf-of-mexico-00035446>.

**45.** Gary Daughters, “LOUISIANA TAKES THE LEAD FOR OFFSHORE WIND IN THE GULF,” *Site Selection*, July 2022, <https://siteselection.com/issues/2022/july/louisiana-takes-the-lead-for-offshore-wind-in->

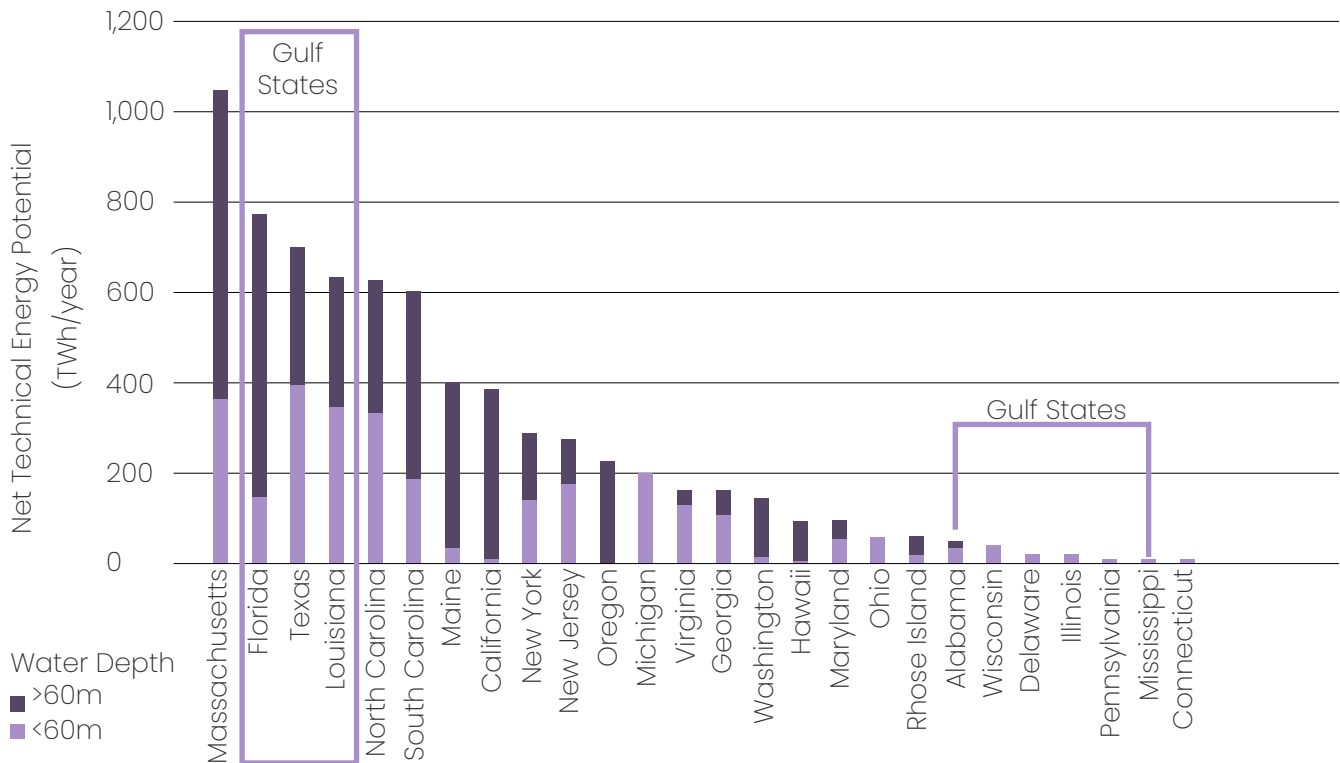


Figure 4: Technical energy potential for offshore wind resources by US state<sup>48</sup>

develop.<sup>49</sup> New Jersey developed a [New Jersey Wind Port](#), a first-of-its-kind project that will provide a location for staging, assembly, and manufacturing activities related to offshore wind projects.<sup>50</sup> State-level guarantees of demand and other support and surety are necessary to grow needed investment for an expensive and fast-changing—yet hugely promising—industry. However, Texas has a very low bar for its clean energy standard, [with a goal of 10% renewable by 2025](#).<sup>51</sup> It has largely focused its energy efforts on the oil and gas industry and failed to take up the opportunity for offshore wind.

## SPUR A JUST TRANSITION WITH GOOD OFFSHORE WIND JOBS

**Texas can use parts of its oil and gas history to launch into the offshore wind game.** Its ports already have a highly skilled workforce that needs to transition, a system of industrial supply chains which could prove very useful for the large-scale business (both physically and economically) to get offshore wind off the ground, and even better access to US-flagged installation vessels to set the platforms up. Offshore wind in the Gulf has jobs to offer, ranging from construction and ongoing maintenance and servicing. [A 2020 study by NREL](#)<sup>52</sup> argues that a single offshore wind farm in the Gulf could employ more than 4,000 people during construction and 150 people long-term. [According to the Center for American Progress](#), the average acre

48. Teresa R. Christopher, Miriam Goldstein, Mike Williams, Alexandra Carter, “The Road to 30 Gigawatts: Key Actions To Scale an Offshore Wind Industry in the United States,” The Center for American Progress, March 14, 2022, <https://www.americanprogress.org/article/the-road-to-30-gigawatts-key-actions-to-scale-an-offshore-wind-industry-in-the-united-states/>.

49. “The dynamics of offshore wind power,” Enerdata, February 4, 2022, <https://www.enerdata.net/publications/executive-briefing/wind-offshore.html>.

50. “GOVERNOR MURPHY ANNOUNCES PLAN TO DEVELOP THE NEW JERSEY WIND PORT: FIRST PURPOSE-BUILT OFFSHORE WIND PORT IN THE

U.S.,” NJ Economic Development Authority, June 16, 2020, <https://www.njeda.com/governor-murphy-announces-plan-to-develop-the-new-jersey-wind-port-first-purpose-built-offshore-wind-port-in-the-u-s/>.

51. “Renewable Portfolio Standards – Texas,” Institute for Local Self-Reliance, accessed April 15th, 2023, <https://ilsr.org/rule/renewable-portfolio-standards/2567-2/>.

52. Walter Musial, Suzanne Tegen, Rick Driscoll, Paul Spitsen, Owen Roberts, Levi Kilcher, George Scott, Philipp Beiter, “Survey and Assessment of the Ocean Renewable Resources in the US Gulf of Mexico,” NREL, February 2020, [https://espis.boem.gov/final%20reports/BOEM\\_2020-017.pdf](https://espis.boem.gov/final%20reports/BOEM_2020-017.pdf).



from an offshore wind lease sale brings in nearly 12,500 percent more revenue for taxpayers than 1 acre of oil.<sup>53</sup>

These jobs are important as a replacement for fossil fuel jobs already fading from the region amid oil boom-and-bust cycles. **The Texas Climate Jobs Project recommends a Commission to support a robust retraining program for fossil fuel workers and environmental justice communities—akin to the Office of Just Transition created in Colorado.**<sup>54</sup> This could be done at the state level, or a project coordinated between coastal and port communities. One of the areas for such a commission could be retooling skills for offshore wind. **The crucial task** is to make these jobs equitable, accessible, union-protected, and well-paid, as well as making sure they get to where they are needed in impacted port communities.<sup>55</sup> The recent IRA passage will **help support better jobs in offshore wind projects**—with the full value of energy incentives only made available to projects that pay prevailing wages and have apprenticeship programs.<sup>56</sup> There is still room for improvement to ensure that offshore wind work goes beyond prevailing wages and is unionized, safe, and long-term. Texas is a “right-to-work” state, meaning that it is illegal to make union membership compulsory for employment. A result is that **a mere 3.8 percent** of Texas employees are union members, **lagging well behind the national average**.<sup>57</sup> **Texas must repeal its right-to-work law.** Such a Just Transition Commission focused on ports could also focus on restoration and electrification,

---

53. Michael Freeman, “Offshore Wind Can Lower Energy Prices and Beat Out Oil and Gas,” The Center for American Progress, September 23, 2022, <https://www.americanprogress.org/article/offshore-wind-can-lower-energy-prices-and-beat-out-oil-and-gas/>.

54. Lara R. Skinner, J. Mijin Cha, Hunter Moskowitz, Matt Phillips, “Combating Climate Change, Reversing Inequality: A Climate Jobs Program for Texas,” ILR Workers Institute, July 2021, <https://static.squarespace.com/static/60e76bd34e5317302f87f357/t/60fb7a01c70a9b41e8ddfeb3/1627093525030/Final+Texas+Climate+Jobs+Report.pdf>.

55. Emily Pontecorvo, “Will offshore wind bring ‘good-paying, union jobs’? Texas workers aren’t so sure,” *Grist*, October 14, 2022, <https://grist.org/energy/will-gulf-offshore-wind-bring-good-paying-union-jobs-texas-workers-arent-so-sure/>.

56. “A USER GUIDE TO THE INFLATION REDUCTION ACT,” BlueGreen Alliance, October 13, 2022, <https://www.bluegreenalliance.org/site/a-user-guide-to-the-inflation-reduction-act/>.

57. “Union Members in Texas – 2022,” US Bureau of Labor Statistics,

offering pollution relief and jobs for communities located near ports. Texas has a very material fossil legacy of existing infrastructure. An important source of high-quality jobs will be in remediation and clean-up. These job-creating initiatives will improve the environmental health and quality of lives for everyday Texans. At the same time, it will make them safer against new climate-related dangers of legacy polluting infrastructure and its residues, as more intense storms risk new spills for already-burdened coastal communities and legacy resource industries. The IRA allocated **\$3 billion in Clean Ports Investments** and the Bipartisan Infrastructure Law another \$450 million for a port development program.<sup>58</sup> This will help port authorities purchase zero emissions technology, clean up old fossil fuel infrastructure, and conduct other climate planning—an opportunity that Texas ports should take up.

## TAKE ADVANTAGE OF THE NEW GULF OFFSHORE WIND LEASES AND MANUFACTURING

**The Biden-proposed offshore wind leases in the Gulf offers Texas, and corresponding subsidies for renewables development are timely opportunities to reorganize Texas port infrastructure toward offshore wind production.** The Biden Administration opened up **700,000 acres** off the coasts of Galveston, Texas and Lake Charles, Louisiana to future wind development, in two ‘wind energy areas’ now cleared for lease sales (Figure 6);<sup>59</sup> auctions may begin **as early as next year**.<sup>60</sup> Texas is well positioned to

---

published January 23, 2023, [https://www.bls.gov/regions/southwest/news-release/unionmembership\\_texas.htm](https://www.bls.gov/regions/southwest/news-release/unionmembership_texas.htm); Jeffrey H. Keefe, “Laws enabling public-sector collective bargaining have not led to excessive public-sector pay,” Economic Policy Institute, October 16, 2015, <https://www.epi.org/publication/laws-enabling-public-sector-collective-bargaining-have-not-led-to-excessive-public-sector-pay/>.

58. Valerie Zundel, “Ports Need to Take Advantage of Inflation and Infrastructure Funding,” Friends of the Earth, August 29, 2022, <https://foe-us.medium.com/ports-need-to-take-advantage-of-inflation-and-infrastructure-funding-5e011b667d54>.

59. “Department of the Interior Announces Next Steps for Offshore Wind Energy in Gulf of Mexico,” US Department of Interior, July 20, 2022, <https://www.doi.gov/pressreleases/department-interior-announces-next-steps-offshore-wind-energy-gulf-mexico>.

60. Tim Ferry, “First auctions ‘next year’ as US unveils lease bonanza to build 16GW of offshore wind in Gulf,” *Recharge*, April 27, 2022, <https://www.rechargenews.com/wind/first-auctions-next-year-as-us-unveils-lease-bonanza-to-build-16gw-of-offshore-wind-in-gulf/2-1-1207600>.

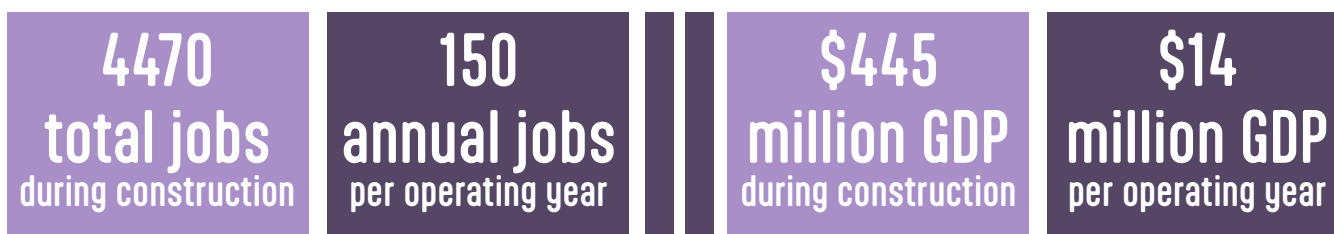


Figure 5: Technical energy potential for offshore wind resources by US state <sup>61</sup>

take advantage of the wind industry, and the state and cities should plan development carefully so that it can truly become a long-term resource for the future of Texas and its coastal communities. Port authorities, municipalities, and even the state legislature should further offshore wind development through targeted procurement for the offshore wind, more robust portfolio standards, and programs to help manage a transition from fossil fuels to wind, and even directly investing in energy projects—much like other states have done in the Northeast.

Beyond that, the US federal government has ramped up efforts to build up domestic content in manufacturing supply chains for offshore wind. For example, in IRA provisions around qualifications for federal renewable energy tax credits, and more generally sought to expand these domestic industrial clusters and supply networks to replace the European manufacturers who have supplied the US's still-young sector to date. NREL locates potential for offshore wind construction and operations ports across Texas' port infrastructure (see Figure 6). **Texas should create a Texas Wind Port Authority, akin to New Jersey's new industrial investment.** New Jersey is in the process of building and owning a [purpose-built wind port](#) for manufacturing, setup, and water access of the large-scale offshore wind infrastructure.<sup>62</sup> Orsted, a wind developer, has already signed a lease to use the infrastructure starting in 2024—bringing the state new forms of revenue

from the offshore wind boom on the East Coast.<sup>63</sup>

Some existing Texas offshore oil and gas servicers and ports like Brownsville have already begun to make this transition. They have begun supplying offshore wind projects based in the Northeast with necessary materials and constructing new specialized technology such as Jones Act-compliant installation vessels to put together the turbines. **Building and supplying Jones Act-compliant vessels is another clear opportunity for port authorities or coastal municipalities.** [The Jones Act](#) is a federal rule that blocks foreign-flagged vessels from much of the US offshore wind construction and servicing business—offering a key opportunity for domestic manufacturers.<sup>64</sup>

## TAKE A PUBLIC STAKE IN OFFSHORE WIND PROJECTS

The benefits of oil and gas infrastructure have largely stayed with companies, not the public. The offshore wind boom is a new opportunity to reorganize the energy economy. **We propose a Federal Offshore Wind Developer that can work with states and local ports.** Offshore wind is expensive to build, and it is vital to keep this infrastructure out of the hands of those seeking to turn this new infrastructure into old forms of exploitation. In many cases, big fossil fuel companies like [BP](#) are trying to enter the offshore wind space, and private utilities like [Dominion](#) want to dominate the wind game, but without any performance indicators.<sup>65</sup> The Federal government holds the economy of scale

61. Walt Musial, Donna Heimiller, Philipp Beiter, George Scott, and Caroline Draxl, "2016 Offshore Wind Energy Resource Assessment for the United States," NREL, September 2016, <https://www.nrel.gov/docs/fy16osti/66599.pdf>.

62. "New Jersey Wind Port," New Jersey Wind Port, accessed April 15th 2023, <https://nj.gov/windport/>.

63. Wayne Perry, "Orsted will use NJ Wind Port to build offshore wind farm," *AP News*, April 28, 2022, <https://apnews.com/article/business-environment-new-jersey-atlantic-city-newark-e0c1be1be6a11b04ce5d6e6ea0602b0d>.

64. "The Jones Act & The Passenger Vessel Services Act," US Customs and Border Protection, published April 25, 2022, [https://help.cbp.gov/s/article/Article-23?language=en\\_US](https://help.cbp.gov/s/article/Article-23?language=en_US).

65. "bp completes entry into offshore wind, with strategic partner Equinor," bp, published January 29 2021, [https://www.bp.com/en\\_us/united-states/home/news/press-releases/bp-completes-entry-into-offshore-wind-with-strategic-partner-equinor.html](https://www.bp.com/en_us/united-states/home/news/press-releases/bp-completes-entry-into-offshore-wind-with-strategic-partner-equinor.html); Ethan Howland, "Dominion threatens to abandon 2.6-GW offshore wind farm over performance guarantee," *Utility Dive*, August 25, 2022, <https://www.utilitydive.com/news/dominion-offshore-wind-performance-standard/630397/>.

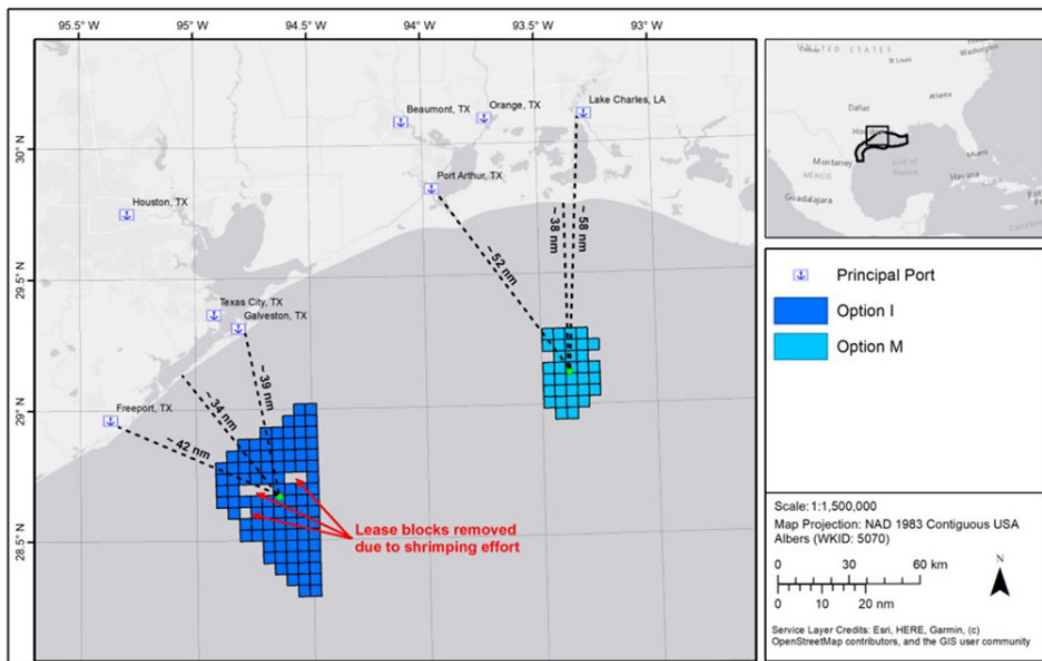


Figure 6: Current BOEM Offshore 'Wind Energy Areas' in the Gulf of Mexico <sup>66</sup>

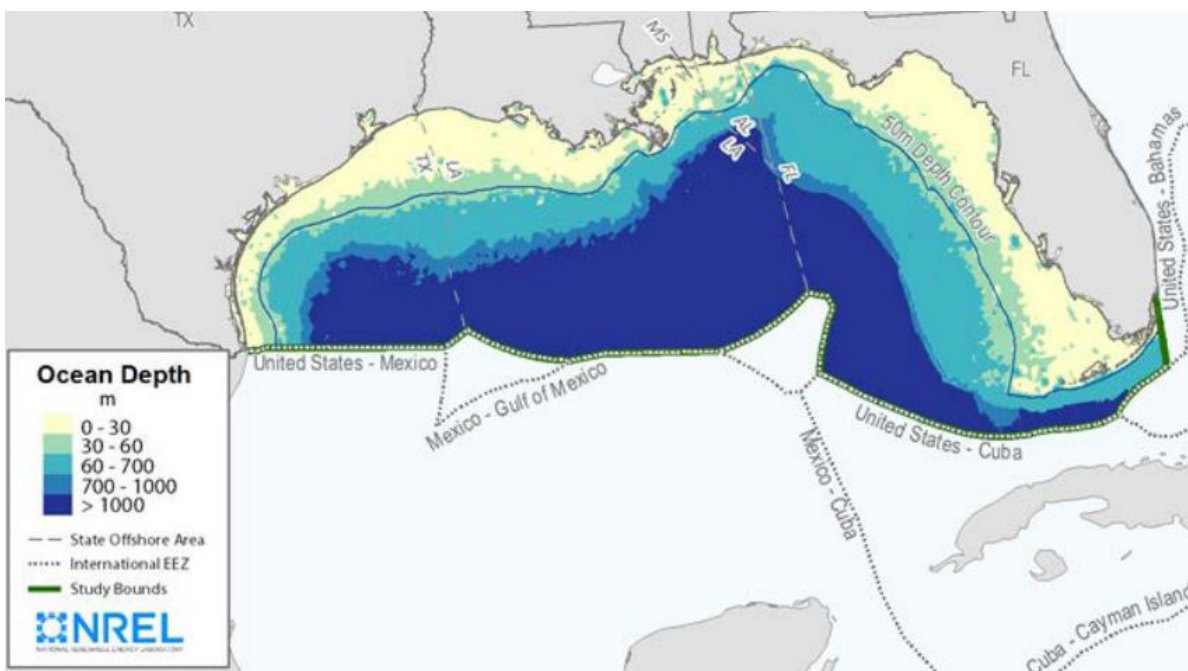


Figure 7: Current BOEM Offshore 'Wind Energy Areas' in the Gulf of Mexico <sup>67</sup>

**66.** "Gulf of Mexico Draft WEAs," Bureau of Ocean Energy Management, accessed April 21, 2023, <https://www.boem.gov/renewable-energy/state-activities/gulf-mexico-draft-weas>.

**67.** Walter Musial, Suzanne Tegen, Rick Driscoll, Paul Spitsen, Owen Roberts, Levi Kilcher, George Scott, Philipp Beiter, "Survey and Assessment of the Ocean Renewable Resources in the US Gulf of Mexico," NREL, February 2020, [https://espis.boem.gov/final%20reports/BOEM\\_2020-017.pdf](https://espis.boem.gov/final%20reports/BOEM_2020-017.pdf).

for offshore wind, and also holds the leasing rights through the Bureau of Ocean Energy Management (BOEM). In addition to fossil fuel companies and utilities, the other biggest competitors on the market are companies like Orsted – nationally-owned European companies operating in the US. The US should create a similar federal wind developer that could either take partial or full ownership of offshore developments. The federal developer could work directly with municipalities, ports, or states for co-ownership models to share the benefits of the project. Federal ownership could also provide additional incentives for building a public workforce, utilizing union labor, and developing robust community benefits agreements that may not be as likely with for-profit developers.

## RECAPITALIZE AND REPLACE THE TEXAS PERMANENT FUND

The offshore wind boom provides a key opportunity to **recapitalize and replace Texas' Permanent Fund**, transforming energy resource generation in-state into a more durable source of revenue generation for Texas communities and their infrastructures. Here Texas has an opportunity to pioneer new models in recapturing the profits of local energy generation for the benefit of the broader state and region: just because offshore wind resources come in a different form and occupy different spaces does not mean that these resources should not be leveraged for public benefit. Recently proposed legislation like Louisiana's Reinvesting In Shoreline Economies and Ecosystems Act and other state proposals have sought to recapture a higher share of federal offshore wind fees and royalties for neighboring coastal states and communities, for more general uses or for dedicated activities like coastal restoration—providing useful models for Texas communities to follow and expand upon.<sup>68</sup>

---

**68.** MARK SCHLEIFSTEIN, "Louisiana could see \$1.9B from Gulf oil, additional money from wind, under Senate bill," *NOLA.com*, July 20, 2022, [https://www.nola.com/news/environment/article\\_8e5247ee-0874-11ed-b685-77f142570f5a.html](https://www.nola.com/news/environment/article_8e5247ee-0874-11ed-b685-77f142570f5a.html); STEVE SCALISE and TROY A. CARTER, SR., "Steve Scalise and Troy Carter: Louisiana should get its fair share of revenues from offshore energy -- wind included," *The Advocate*, July 21, 2022, [https://www.theadvocate.com/baton-rouge/opinion/article\\_4582356c-0845-11ed-86ff-e7c526788108.html](https://www.theadvocate.com/baton-rouge/opinion/article_4582356c-0845-11ed-86ff-e7c526788108.html).

Rethinking the future of resource-based fiscal benefits beyond the current extraction-based Permanent Fund can provide more-than-jobs benefits, and more-than-manufacturing benefits in needed sectors like education and healthcare. These strategies are particularly important given the relatively short-term nature of construction jobs in offshore wind development and significant fall-off in jobs needed for long-term maintenance of these infrastructure—particularly if the state cannot attract more numerous manufacturing jobs and supporting cluster economies within a fast-evolving global sector.



## SUMMARY OF POLICIES

Below we summarize the top recommendations for transforming ports:

### BAN GAS AND OIL EXPORTS

#### **A Climate Emergency to Ban Oil and Gas Exports:**

One of the most straightforward ways to halt the Texas buildout of export terminal infrastructure is for President Biden to activate his emergency powers to impose a robust ban on fossil fuel exports. Once the President has activated emergency powers, a range of new avenues opens up. Under the National Emergencies Act, he can reinstate the Crude Oil Export Ban. According to a 2020 report by Oil Change International, a crude oil export ban alone could lead to reductions in global carbon emissions by as much as 73 to 165 million metric tons of CO<sub>2</sub>-equivalent each year. Gas was not included in the original ban, but now is a large contributor to the fossil fuel climate emergency. Biden must take steps to use his powers not only to ban oil exports but also gas. Under the International Emergency Economic Powers Act (IEEPA), he can limit the imports and exports of any property to address an identified threat. [According to the Center for Biological Diversity](#), this would give him the power to stop the uncontrolled proliferation of oil and gas exports and has been effectively used before, for instance, when sanctioning the South African apartheid government.<sup>69</sup>

#### **Create a Texas Just Transition Commission:**

Banning oil and gas exports will affect fossil fuel workers at the ports. Texas should create a Just Transition Commission to plan out processes to transfer workers from fossil fuel infrastructure to offshore wind jobs, as well as port restoration projects. It should also consider how to manage the effects on jobs upstream in places like the Permian. The Texas legislature may not have incentives to create such a commission, but executive powers could be used to create the commission, or coastal communities could create an inter-municipal commission. The commission should include workers, unions, and environmental justice communities.

---

<sup>69</sup>. Jean Su and Maya Golden-Krasner, "THE CLIMATE PRESIDENT'S EMERGENCY POWERS: A LEGAL GUIDE TO BOLD CLIMATE ACTION FROM PRESIDENT BIDEN," Center for Biological Diversity, 2022, <https://www.biologicaldiversity.org/programs/energy-justice/pdfs/Climate-Emergency-Powers-Report.pdf>.

#### **Technology Transfer for Global Solidarity:**

In contrast to the calls to action to expand fossil fuel production as a response to the Ukraine war and Russia cuts Europe's gas, President Biden can use his power to leverage the Defense Production Act to build goods like PV, heat pumps, and other key clean energy technologies in the United States and then send them abroad. He has already taken some action via the Defense Production Act, and by using the full force of his office, can counteract some of the "all of the above" strategy put forward by the IRA.

### BUILD THE WIND ECONOMY

#### **Build a Wind Port Authority:**

Texas, or relevant ports to offshore wind, should start a wind port authority that provides the infrastructure necessary for manufacturing, staging, and deploying the component parts of offshore wind. As a port-owned asset, the leases could provide high-value returns to the public as well as provide many jobs in the area.

#### **Start a Federal Wind Developer:**

Congress should create an offshore wind developer. In contrast to municipal utilities or local companies that don't have the upfront capital for offshore wind, the federal government has the economy of scale to develop the projects. The federal developer could work with state or local stakeholders— or even community groups— to share ownership and share the revenues back to communities.

#### **Recapitalize the Texas Permanent Fund:**

Texas relies heavily on the oil and gas sector to pay for critical social infrastructure like schools. The state should reorganize the fund to receive royalties and revenues from offshore wind, as well as expand the fund to a larger tax on large businesses.

## SECTION 2: Community Controlled Public Electricity



With Winter Storm Uri came the major Texas energy blackouts of February 2021. The deep freeze event disrupted the state's electricity supply and killed an estimated seven hundred Texans inside their homes that were inadequately insulated for temperatures that low. **Extreme temperatures are an increasing threat to electricity systems everywhere, but few systems have failed like Texas's grid.** It wasn't the weather alone. The state legislature has withdrawn public oversight and increased marketization in the utility system, all the while continuing to hold up and subsidize fossil fuels.

Texas has one of the most free-market energy systems in the United States. The price gouging and mismanagement of energy access during [Winter Storm Uri](#) exposed some of the pitfalls of relying on the free market for planning complex, vital systems.<sup>70</sup> "This week is like hitting the jackpot with some of these incredible prices," Comstock Resources president and CFO Roland Burns reportedly [said in an investor call](#) shortly after the 2021 winter storm.<sup>71</sup> While Texans bore the brunt of the failures of the utility system, energy retailers profited handsomely, and [served up bills to some Texas residents of over \\$15,000 for power that February](#).<sup>72</sup> Yet even in so-called normal times, lower-income Texans face a daily crisis of utility shutoffs, high energy bill burdens, routine grid failures, and environmental injustices from coal, gas, and oil plant pollution. Many Texas politicians tried to blame the blackouts on Texas's wind energy unable to sustain during the cold. However, the energy imbalances associated with the storm were largely due to [centralized, natural gas plants failing](#).<sup>73</sup> The politicians' outspoken opinions can in part be traced back to their backers—the fossil fuel industry. For instance, federal

---

70. Russell Gold, "The Texas Electric Grid Failure Was a Warm-up," *Texas Monthly*, February 2022, <https://www.texasmonthly.com/news-politics/texas-electric-grid-failure-warm-up/>.

71. Matthew Hall, "The Great State of Texas: explaining the power crisis and what happens next," *Power Technology*, May 24, 2021, <https://www.power-technology.com/analysis/the-great-state-of-texas-explaining-the-power-crisis-and-what-happens-next/>.

72. Seth Blumsack, "What's behind \$15,000 electricity bills in Texas?," *The Conversation*, February 24, 2021, <https://theconversation.com/whats-behind-15-000-electricity-bills-in-texas-155822>.

73. Alan Zibel, "Fossil Fictions: While Oil & Gas Profiteers Made Billions off Blackouts, Texas Politicians Promoted Lies About Renewable Energy," *Public Citizen*, February 14, 2022, <https://www.citizen.org/article/fossil-fictions/>.



campaign finance data shows that [Sen. Ted Cruz](#), [Rep. Dan Crenshaw](#), and [Sen. John Cornyn](#)—three of the most dogged in their critique of wind power—receive campaign donations from over 30 oil and gas companies.<sup>74</sup> Fossil fuel interests continue to hold power in the state, even if detrimental to the grid.

**A new electricity design is needed.** Winter Storm Uri exposed more chronic issues at play in Texas's energy system. Utility companies' high prices and high bills [make 34 percent of all households in Texas "energy insecure"](#), meaning they are at risk of being disconnected because they can't afford electricity and regularly make choices between groceries, medicine, and energy.<sup>75</sup> Texans are worse off than the national average—their energy insecurity is 7 percent higher than the national average.

While Texans remain in cycles of utility debt and high energy costs, the state is rich with renewable energy potential. The state has high solar potential as well as high wind speeds that make the geography and weather well-matched for renewables technology (see Figures below). In fact, Texas topped the charts as the biggest state for new renewables installation in the country—[installing 7,352 MW in 2021](#).<sup>76</sup> **Texas is not only a fossil fuel capital but also a renewable energy capital of the United States.** However, the state legislature and leaders hold far more

ties to the fossil fuel industry and preference the state's continued reliance on the outdated fuel. For instance, member of the Railroad Commission (one of the main energy regulators in the state), Christi Craddick, [described fossil fuels during the Winter Storm](#) as such, "I sit before you today to state that these operators were not part of the problem. The oil and gas industry was part of the solution."<sup>77</sup> The closest thing the state passed to a renewable energy standard was [the renewable energy generation requirement in 1999](#), requiring 5,000 MW of renewable energy—a far-outdated requirement with no ambition for a state with such high renewable potential.<sup>78</sup>

**Texas exposes an extreme example of marketized energy systems, exorbitant energy injustice, and a clashing of old and new energy forms. This is a critical moment to contend for the future of Texas's energy and utility system.** One future includes a mismanaged energy transition where private interests reap any benefit of renewable energy and a market failing people with increasing storms. The alternative, which we will build out throughout this playbook is a democratized, renewable future where the electricity system meets all Texans' needs and decarbonizes at the pace that they deserve.

---

74. Molly Taft, "How Much the Oil and Gas Industry Paid Texas Republicans Who Are Lying About Wind Energy," *Gizmodo*, February 17 2021, <https://gizmodo.com/how-much-the-oil-and-gas-industry-paid-texas-republican-1846288505>.

75. "2020 Residential Energy Consumption Survey," US Energy Information Administration, accessed April 15th 2023, <https://www.eia.gov/consumption/residential/data/2020/>.

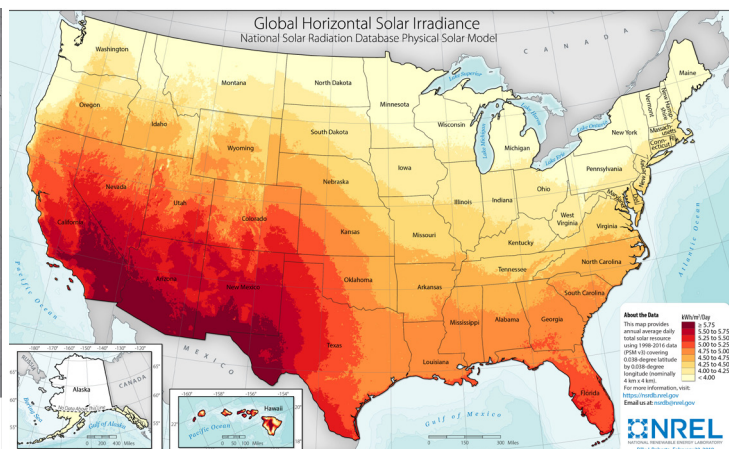
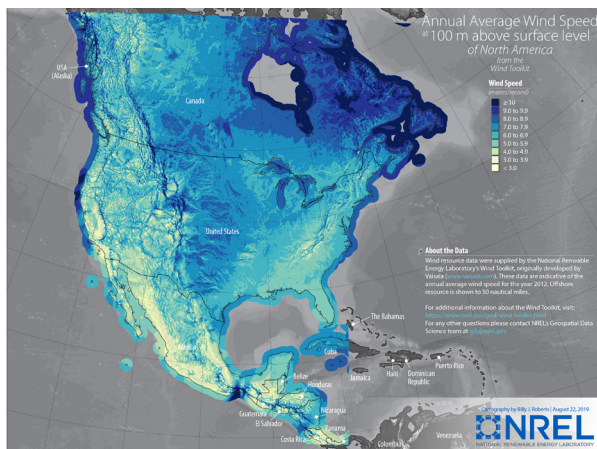
76. "U.S. surpasses 200 gigawatts of total clean power capacity, but the pace of deployment has slowed according to ACP 4Q report," American Clean Power, February 15 2022, <https://cleanpower.org/news/u-s-surpasses-200-gigawatts-of-total-clean-power-capacity-but-the-pace-of-deployment-has-slowed-according-to-acp-4q-report/>.

---

77. Mose Buchele, "As power plants winterize in Texas, gas producers get a pass," KUT 90.5, November 18, 2021, <https://www.kut.org/energy-environment/2021-11-18/as-power-plants-winterize-in-texas-gas-companies-get-a-pass>.

78. "State Renewable Portfolio Standards and Goals," National Conference of State Legislatures, updated August 13, 2021, <https://www.ncsl.org/energy/state-renewable-portfolio-standards-and-goals>.





Figures 8–9. US Annual Average Wind Speed and Global Horizontal Solar Irradiance. Texas has high solar and wind capacity.<sup>79</sup>

## A FREE-MARKET ELECTRICITY SYSTEM

The design template for the governance of Texas electric utilities is detailed in the state Utilities Code,<sup>80</sup> an aggregation of state laws passed since Texas’ founding, from what entities own the grid, to who operates it; and from who generates electricity to who bills customers and decides which energy – renewable or fossil – to procure. Where the electricity grid ends and the fossil gas system begins (at the fossil gas power plant), the Texas Railroad Commission (RRC) takes over, and they interpret and carry out laws about oil and gas pipelines and sales. The Utilities Code is interpreted and carried out through more specific policies by the RRC, which has three popularly-elected Commissioners; the Texas Utility Commission (TEC), which is under the direction of Governor-appointed commissioners; and under the closely-linked leadership at the Electric Reliability Council of Texas (ERCOT).<sup>81</sup> The political affiliations of state regulators ideally would have limited influence on the interpretation of state law, but over time the Utilities Code has been written to

provide few protections, little accountability, and high levels of commodification and speculation.

**The Texas state legislature deregulated both wholesale and retail electricity in the 1990’s**— meaning that the electricity system went from utility companies operating the generation, transmission, and distribution of electricity to a new system based on markets.<sup>82</sup> Texas first chose to deregulate the wholesale electricity market in 1995, meaning that Independent Power Producers (IPPs) could sell their energy on the market. The state then took deregulation a step further with Senate Bill 7 (SB7). SB7 opened competition in five private utilities’ service areas, covering 70% of Texas’ residents. The advocates struck a deal with municipal and cooperative utilities in the state, exempting them from deregulation. While the five private regulated utilities would still own and operate transmission and distribution wires, they had to sell off their generation assets and customers would now be enabled to “choose” from an array of retail energy providers (REPs). These new REPs act like middlemen, buying and selling energy on the wholesale market, repackaging it, and selling it to retail customers.

**79.** “US Annual Solar GHI,” National Renewable Energy Labs, Accessed April 21, 2023, <https://www.nrel.gov/gis/solar-resource-maps.html>; “North American Annual Average Wind Speed at 100-Meter above Surface Level,” National Renewable Energy Labs, Accessed April 21, 2023, <https://www.nrel.gov/gis/wind-resource-maps.html>.

**80.** The Utilities Code is a formalization of all Texas energy laws passed throughout history. The Texas Constitution and Statutes website contains the full Utilities Code: <https://statutes.capitol.texas.gov/?link=UT>. The website text of the code contains a record of the legislative history that has modified or repealed each section, linking to specific bills from various Legislative sessions and making it transparent how the code has changed over time.

**81.** The constitution of ERCOT is nominally insulated from politics by a separate ERCOT Board Selection Committee; however the three members of that board are appointed by the governor, lieutenant governor, and speaker of the house.

**82.** Cities Aggregation Power Project, “The History of Electric Deregulation in Texas,” Texas Coalition for Affordable Power, accessed April 21, 2023, <http://tcaptx.com/downloads/HISTORY-OF-DEREGULATION.pdf>.



The system is run by the Electric Reliability Council of Texas (ERCOT), an Independent Systems Operator (ISO), that manages the price fluctuations and planning for the Texas grid-- kind of like an air-traffic controller for electrons. [Except these system operators are non-government entities, monitoring markets while also advocating for further deregulation.](#)<sup>83</sup>

**Particularly unique to Texas, the state refused to create interconnections between its grid and neighboring states to evade federal regulation by the Federal Energy Regulatory Commission (FERC).**<sup>84</sup>

**This makes Texas particularly hard for the federal government to influence state electricity policy.**

This isolation also means that Texas is unable to draw much-needed energy from out-of-state producers during supply and demand crises like Winter Storm Uri.

This deregulated scheme evolved out of a “tenuous” alliance between industry, environmental advocates, free market politicians, and the notorious, Texas-based company Enron. Industry wanted an open market to lower costs for themselves, free market advocates saw this as an efficient way to lower costs to consumers, environmentalists believed it would open the market to renewables, and Enron [saw a market to exploit.](#)<sup>85</sup>

With a single piece of legislation, the Legislature also stripped the Texas Public Utility Commission of its authority to regulate utility bill rates and major energy decisions, relegating it to an entity with weak authority to monitor competitively set contracts (between retail energy providers and generators) and energy markets. **With this new construct, reliability was left to market prices, creating every incentive to take the system to its edge for the highest profit margin. As one portfolio manager put**

Texas’ deregulation, “It’s a Wild West market design based only on short-run prices.”<sup>86</sup> [Enron ran a similar deregulation scheme](#) in California, where it catapulted the state into an energy crisis by manipulating the market system to create artificial energy shortages so that they could sell their energy at a premium.<sup>87</sup>

**Texas has had similar experiences of market manipulation, predatory business ethics, and higher rates with its market-based system.**

Meanwhile, insufficient regulation means that many REPs can attract customers with initial low rates only to pass on costs when the going gets tough. While many customers enter into bilateral agreements with REPs that cap or limit supply costs, some REPs expose their customers to the wholesale market completely. Infamously, one such REP, “Griddy”, sent monthly bills [as high as \\$16,000](#) to Texas residents following Winter Storm Uri.<sup>88</sup> While extreme, these spikes were not unique to Uri. ERCOT eliminated both the capacity market and price caps, resulting in extremely high spikes as a feature of the system, such as prices in excess of \$9,000 per MW in the summer of 2019.<sup>89</sup> In many cases, customers are overwhelmed by the choices available to them and uneducated about the risks they are agreeing to when signing with a REP.

Many climate groups have advocated to increase market competition and deregulate the energy system to get around incumbent utilities and invest in renewable energy. While this tactic has helped to get some renewable energy online, it has not alone pushed incumbent fossil fuels off the map. And Texas exposes that **a commodified energy system more beholden to profit than democratic planning is unequipped**

---

**83.** Tyson Slocum, “The Failure of Renewable Energy Deregulation: History, Status, and Needed Reforms,” Public Citizen, March 2007, [https://www.ftc.gov/sites/default/files/documents/public\\_events/Energy%20Markets%20in%20the%201st%20Century:%20Competition%20Policy%20in%20Perspective/slocum\\_dereg.pdf](https://www.ftc.gov/sites/default/files/documents/public_events/Energy%20Markets%20in%20the%201st%20Century:%20Competition%20Policy%20in%20Perspective/slocum_dereg.pdf).

**84.** Robin Lloyd, “Massive Power Failure Could Finally Cause Texas to Connect with the Nation’s Power Grids,” *Scientific American*, February 19, 2021, <https://www.scientificamerican.com/article/massive-power-failure-could-finally-cause-texas-to-connect-with-the-nations-power-grids/>.

**85.** Andrew Weber, “Here’s How Texas Lawmakers (And Enron) Shaped The State’s Electrical Market,” *KUT 90.5*, July 23, 2021, <https://www.kut.org/energy-environment/2021-07-23/heres-how-texas-lawmakers-and-enron-shaped-the-states-electrical-market>.

**86.** Will Englund, “The Texas Grid Got Crushed Because its Operators Didn’t See the Need to Prepare for Cold Weather,” *The Washington Post*, February 16, 2021, <https://www.washingtonpost.com/business/2021/02/16/ercot-texas-electric-grid-failure/>.

**87.** Julian Borger, “Tapes reveal Enron’s secret role in California’s power blackouts,” *The Guardian*, February 4, 2005, <https://www.theguardian.com/business/2005/feb/05/enron.usnews>.

**88.** Giulia McDonnell Nieto del Rio, Nicholas Bogel-Burroughs and Ivan Penn, “His Lights Stayed on During Texas’ Storm. Now He Owes \$16,752,” *The New York Times*, February 20, 2021, <https://www.nytimes.com/2021/02/20/us/texas-storm-electric-bills.html>.

**89.** “Wholesale U.S. electricity prices were generally lower and less volatile in 2020 than 2019,” US Energy Information Administration, updated January 8, 2021, <https://www.eia.gov/todayinenergy/detail.php?id=46396>.

**to deliver resilience during disaster.** Communities in Texas, the Gulf South, and worldwide are building their own utility justice campaigns that offer a more transformative vision of the collective energy future – one based on collective ownership, universal rights, and renewable energy for all. Tables below demonstrate how Texans are connected to each other within their municipal and cooperative utilities and to millions of other people on the frontlines of the climate crisis across the United States [through the structures of their investor-owned utilities' parent companies](#).<sup>90</sup>

In the following sections of this policy playbook, we define specific steps that Texans could take to begin building this new framework of an electricity system built on rights, ownership, and control. We outline two key interventions: (1) developing basic energy rights and investing in healthy and resilient homes, and (2) democratizing and reclaiming the electricity system.

## FROM SHUTOFFS TO BASIC ENERGY RIGHTS STATEWIDE

While deregulation firmly centered business interests over public benefit, it wasn't the system Texans now live with today. The bill originally contained a handful of wise choices about how to ensure the utility system provides public benefits through a public investment fund called the Systems Benefit Fund. In the following decade, the state Legislature passed several more bills that stripped those public benefits from the Utilities Code, raided the investment fund set aside for prudent investments and assistance for Texans with low incomes, and made it harder for folks to lower their energy bills. **We can choose now to reclaim Texans' fundamental rights, protections, and investments.** Texans on the frontlines of extreme weather events in both summer and winter can draw from Texas's own legal history – laws that used to be on the books but were repealed over the

---

**90.** For an explainer about the structure of the Texas utility system, read this from Texas Tribune: Mandy Cai, Erin Douglas, Mitchell Ferman, "How Texas' Power Grid Failed in 2021 – and Who's Responsible for Preventing a Repeat," *The Texas Tribune*, <https://www.texastribune.org/2022/02/15/texas-power-grid-winter-storm-2021/>.

**91.** The Texas legislature later passed HB 16 (2021), codified as Sec. 39.110 in the Texas Utility Code, banning the provision of wholesale indexed products to residential or small commercial customers: <https://legiscan.com/TX/text/HB16/id/2395496>.

last 30 years – and examples of energy leadership from communities and initiatives within the state and across the country. **Below, we propose a path forward: from a system that accepts utility shut offs as inevitable to one that values everyone's right to heating and cooling, and from a system that doles out heavy energy bill burdens to one that prioritizes care and healthy, resilient home investments.**

No one wants to be shut off from electricity, but utility companies and operators can shut off Texans' electricity in two scenarios: [as punishment for not being able to afford monthly utility bills and, second, for the grid's failure during extreme weather or other crises](#).<sup>91</sup> Electricity is an essential service for a safe and healthy home, with 63 percent of all Texans using it to heat their homes, and 94 percent of all Texans using electric-powered air conditioning to cool their homes.<sup>92</sup> [Research shows](#) that households who can't afford their electric bills are more likely to have children or elderly people living in them.<sup>93</sup> But there is no guarantee in Texas that anyone can afford their electricity bill each month, and little ability for people in Texas to predict and plan for their bill size over the long-term in part due to the design of the electricity spot market currently in place.

## TIME TO ADDRESS UTILITY SHUTOFFS

The laws and policies about utility shutoffs and support for Texans who need a helping hand have gotten worse over time.

**2001:** Deregulation legislation included a low-income electric rate discount program and a bill assistance program that could provide one-time, emergency support to households who had been threatened with a shutoff and had a seriously ill or disabled low-income person in the household. The former program

---

**92.** Rocky Mountain Institute, "The Impact of Fossil Fuels in Buildings" Rocky Mountain Institute, 2019, <https://rmi.org/insight/the-impact-of-fossil-fuels-in-buildings/>; "Air conditioning in homes in the South and West regions, 2020," US Energy Information Administration, updated March 2023, <https://www.eia.gov/consumption/residential/data/2020/hc/pdf/HC%207.8.pdf>.

**93.** Dr. Diana Hernández, Dr. Destenie Nock, Dr. Gabriela Sandoval, "U.S. Energy Insecurity and How to Better Serve Vulnerable Communities," (Webinar, Institute for Research on Poverty, June 22, 2022), <https://www.irp.wisc.edu/resource/u-s-energy-insecurity-and-how-to-better-serve-vulnerable-communities/>.

automatically enrolled qualified households and quickly had [800,000 households](#) in the program.<sup>94</sup>

**2005:** The Public Utilities Commission could adopt emergency rules prohibiting shutoffs for non-payment for the low-income elderly and people with medical needs. This authority [did not apply](#) to municipal or cooperative utilities.<sup>95</sup>

**2013:** Both the low-income electric rate discount program and the [bill assistance program's](#) designs were altered by the Legislature to eliminate the System Benefit Fund balance that had accrued.<sup>96</sup>

**2015:** Both programs were officially [repealed](#).<sup>97</sup>

**2020:** During COVID-19's peak, the Public Utilities Commission protected 600,000 Texas households from disconnection for non-payment from March through September 2020 for people who could prove they were unemployed or could not afford their bills.

**Present:** The Public Utilities Commission requires just 10 days notice before [shutting off electric service](#). There are no protections except for people with critical medical conditions that require treatment that relies on electrical service and has been certified by a physician.<sup>98</sup> Municipal and cooperative utilities' policies are not uniform and vary by provider.

Addressing utility shutoffs is a key tactic to reimagining our relationship to the grid and utilities overall. It is also an opportunity to build relationships and bridges across movements because utility shutoffs affect and compound existing vulnerabilities, including:

- Financial challenges for people who already couldn't afford their monthly bills, because of punitive disconnection fees, reconnection fees, and impacts on their ability to get new utilities set up later.
- Grounds for eviction from every type of rental housing in Texas, including all affordable housing.
- Opportunities for families to be reported to family policing departments like Child Protective Services.

## ENACT BASIC ENERGY RIGHTS STATEWIDE

Without energy, you cannot cook, communicate, learn, work, or ultimately survive—especially in harsh weather conditions. People who have access to the energy they need enjoy vastly different quality of life than people without the same access—making energy a fundamental right in a just society. Realizing this right through law depends on establishing clear designs for who is responsible and accountable for the implementation of practices that enshrine this right. In Texas, some limited bill assistance is on the books already, and the state has shown it has creative solutions that could be expanded. During COVID, the Public Utilities Commission of Texas [implemented an emergency relief fund](#) to cover neighbors' bills who couldn't afford electricity.<sup>99</sup> However, we need a more comprehensive approach that reflects the necessity of electricity. **On the previous page is a proposed legal framework for four independently defined rights that can be woven together for a set of basic energy rights.** Individually established, each right would provide some benefits on their own, but together they address different aspects of energy insecurity that affect our personal and collective health, security, and safety.

---

94. "State PBF/USF History, Legislation, Implementation Texas," LIHEAP Clearinghouse, updated September 2018. <https://liheapch.acf.hhs.gov/dereg/states/texas.htm>.

95. SB 408 (2005, 79th Legislature) gave authority that was enacted in Public Utilities Commission Project No. 32874, July 21, 2006. "Bill: SB 408," Texas Legislature Online, accessed April 15th 2023, <https://capitol.texas.gov/BillLookup/History.aspx?LegSess=79R&Bill=SB408>.

96. HB 7 (2013, 83rd Legislature) altered the Systems Benefit Fund by suspending the collection of the money for the fund, and changed the program design in order to quickly spend down the fund. "Bill: HB 7," Texas Legislature Online, accessed April 15th 2023, <https://capitol.texas.gov/BillLookup/History.aspx?LegSess=83R&Bill=HB7>.

---

97. HB 1101 (2015, 84th Legislature) zeroed out the Systems Benefit Fund on September 1, 2017. "Bill: HB 1101," Texas Legislature Online, accessed April 15th 2023, <https://capitol.texas.gov/BillLookup/History.aspx?LegSess=84R&Bill=HB1101>.

98. "Know Your Rights," Public Utilities Commission of Texas, accessed April 15th, 2023, <https://www.puc.texas.gov/consumer/complaint/Rights.aspx>.

99. Texas Public Utilities Commission, "A Look Back at the PUC's Response to COVID-19," Texas Public Utilities Commission, accessed April 15th, 2023, <https://www.puc.texas.gov/images/facts/PUCTX-COVID19-FAQ-FAQ.pdf>.

Type of Right	Description	Mechanism
<p><b>Right to stay connected to the Grid.</b></p>	<p>Pass a permanent utility shutoff moratorium to ensure all Retail Energy Providers, Transmission &amp; Distribution Utilities, Municipal Utilities, and Cooperatives keep everyone connected. This right is <a href="#">provided</a> to critical care customers.<sup>100</sup> Short of a permanent utility shutoff moratorium, another option would be to cap energy bill burdens (the percentage of income comprising energy utility bills) to 3%.</p>	<p>State legislature to cover all entities. In lieu of statewide legislation, city councils can cover municipal territories; or co-op boards can pass their own policies. This right could be established as part of the Utilities Code, or with a legislative majority followed by a popular vote, it could be enshrined in the Texas Constitution</p>
<p><b>Right to <a href="#">minimum level of energy sufficient for lighting, cooking, water heating, space heating, cooling, and information and communications.</a></b><sup>101</sup></p> <p>This could also be extended to a <a href="#">minimum level of energy</a> sufficient for community facilities like schools.<sup>102</sup></p>	<p><a href="#">Some researchers</a> suggest identifying a basic amount per service, which varies by climate, household size and building type that all utilities must provide. The South African government sets 50 kWh/month as Free Basic Electrification.<sup>103</sup></p>	<p>State legislature to cover all entities; In lieu of statewide legislation, city councils can cover municipal territories; or co-op boards can cover co-ops. Regulatory details could be set by the Railroad Commission and Texas PUC respectively. This right could be established as part of the state Utilities Code.</p>
<p><b>Right to heating and cooling as energy services</b></p>	<p>Sets a specific minimum and maximum indoor air temperature year-round, ensuring every building/owner provides the equipment and building design elements necessary to maintain a livable temperature.</p>	<p>State legislature to amend the health and safety code or local jurisdictions to adopt their own amendments to local building codes.</p>

Table 3. Proposed Framework for Basic Energy Rights

**100.** “Bill: SB 3,” Texas Legislature Online, accessed April 15th 2023, <https://capitol.texas.gov/BillLookup/History.aspx?LegSess=87R&Bill=SB3>; “Texas Public Utilities Commission Residential Critical Care Eligibility Determination Form,” Public Utility Commission of Texas, accessed April 15th, 2023, <https://www.puc.texas.gov/industry/electric/forms/Default.aspx>.

**101.** Chian-Woei Shyu, “A framework for ‘right to energy’ to meet UN SDG7: Policy implications to meet basic human energy needs, eradicate energy poverty, enhance energy justice, and uphold energy democracy,” *Energy Research & Social Science* 79 (2021), <https://doi.org/10.1016/j.erss.2021.102199>.

**102.** For more specifics, see Practical Action’s “The Poor People’s Energy Outlook” (2010) [https://infohub.practicalaction.org/bitstream/handle/11283/556942/poor\\_peoples\\_energy\\_outlook\\_2010.pdf?sequence=6](https://infohub.practicalaction.org/bitstream/handle/11283/556942/poor_peoples_energy_outlook_2010.pdf?sequence=6), specifying specific quantities of energy needed for basic services around the world and “The Poor People’s Energy Outlook” (2016), describing the need for basic rights to energy for community facilities. Practical Action, “Poor People’s Energy Outlook 2010,” 2010, <https://infohub.practicalaction.org/bitstream/handle/11283/620101/PPEO2016.pdf?sequence=1>.

**103.** Practical Action, “Poor People’s Energy Outlook 2010,” 2010, <https://infohub.practicalaction.org/bitstream/handle/11283/620101/PPEO2016.pdf?sequence=1>.



In addition to the three major rights and ways they could be implemented, we also provide some incremental steps that could also be pursued:

- **Increase LIHEAP coverage:** To address the restrictive Texas policy overlay on the federal LIHEAP program, Texas should eliminate the immigration and citizenship check for receiving LIHEAP. The Program should also improve the Texas system by integrating the [new cooling program guidance](#) from the federal Department of Health and Human services to address extreme heat.<sup>104</sup>
- **Cancel the Debt:** Forgive all past utility debt or, at minimum, reinstate COVID-style charges on all bills until utility debts are repaid. Eliminate extortionary late fees, disconnection fees, and reconnection fees.
- **Provide Energy Assistance:** Expand bill assistance program for burned veterans only to all low-income residents Title 4 Chapter 182.201. This could be paid for via bill surcharges or by reinstating the system benefit charge. At minimum, mandate permanent utility repayment plans for all people who fall behind on bills, not just for disabled and senior populations.

## HEALTHY, RESILIENT HOMES LOWER ENERGY NEEDS

The volume of energy needed under a rights-based framework isn't fixed in stone, and historic underinvestment in Texans' homes suggests significant opportunities to save energy. Reducing energy use in homes would also have immediate impacts on reducing the costs of a rights-based energy framework, too. [The American Council for an Energy Efficiency Economy](#) argued that making deep investments in Texans' homes with

---

**104.** Through this new guidance, localities can expand their programs to allow for air conditioning units, cooling assistance for electric bills, establishment of cooling centers, and more. See HHS Guidance here: "LIHEAP IM-2021-01 Heat Stress Flexibilities and Resources," Office of Community Services, July 1, 2021, <https://www.acf.hhs.gov/ocs/policy-guidance/liheap-im-2021-01-heat-stress-flexibilities-and-resources>.

**105.** Steven Nadal, Chistine Gerbode, Jennifer Amann, "Energy Efficiency and Demand Response: Tools to Address Texas Reliability," American Council for an Energy Efficient Economy, October 13, 2021, <https://www.aceee.org/white-paper/2021/10/energy-efficiency-and-demand-response-tools-address-texas-reliability>.

residential energy efficiency measures could have saved Texans over \$3 billion in upgrades and new construction costs for more unreliable, fossil gas plants—the path not taken after the freeze.<sup>105</sup>

Other states have made strides toward healthier, safer, and more resilient homes by modernizing building codes and investing in programs for energy efficiency, rooftop solar, and storage. [Texas lags behind](#), with few supportive programs to fix up or build more efficient homes.<sup>106</sup> In some cases – like building electrification – [the state has preempted](#) modern code updates from being adopted at the local level.<sup>107</sup> With the exception of some municipalities and cooperatives, efficiency and local renewables decisions are left to each individual household, where finding help can feel like a complex maze with too many choices and little ability to tell high quality choices from scams.

It is time for Texas to level up its investment in efficient, resilient housing. **Texas could make investments in people's homes to support a less polluting grid, reduce overall energy needed going forward, and provide millions of Texans with home upgrades in the form of new or improved insulation, water heaters, and central heating and cooling.** Electricity requires significant resources, which in turn have an extraction footprint. Focusing on home upgrades is not only a way to reduce energy demand, but also limits the burden to mine for new minerals associated with the infrastructure. This can advance solidarity with tenants' movements, immigration rights movements, and climate justice movements.

Within many of our lifetimes, plans and investment for protecting Texans from extremely high energy bills were robust and had significant amounts of resources and support. Texas used to have a System Benefit Fund, which set aside funds to help residents pay

---

[reliability](#).

**106.** Ariane L. Beck, Gabriel Chan, Varun Rai, "Scaling Community Solar in Texas: Barriers, Strategies, and Roadmap," LBJ School of Public Affairs, The University of Texas at Austin and Humphrey School of Public Affairs at the University of Minnesota, September 2020. <https://repositories.lib.utexas.edu/bitstream/handle/2152/82897/TexasCommunitySolarRoadmap.pdf>.

**107.** Erin Douglas, "Texas Gov. Greg Abbott signs law to bar city climate plans from banning natural gas as fuel source," *The Texas Tribune*, March 18, 2021, <https://www.texastribune.org/2021/05/18/texas-natural-gas-bans-climate-plans/>.

their bills and to improve homes with energy efficiency measures. It went under-utilized and the Legislature ultimately eliminated it. Leaders across Texas, both past and present, [knew common sense energy saving was worth it](#) for the grid benefits as well as the improvements in Texans homes and support for neighbors who needed it most.<sup>108</sup> It is time to bring a new and improved Systems Benefit Fund back to Texas.

**2001:** Deregulation legislation included the establishment of the [System Benefit Fund](#) to support customer education programs, energy efficiency programs, and the shutoff protections mentioned in the earlier section. Funds would be available to municipal and cooperative utilities as well.<sup>109</sup>

**2011:** The Legislature established new laws for energy efficiency goals, funded by utility rates.<sup>110</sup> At least 10% of all spending on energy efficiency had to be spent on low-income weatherization programs and 5% on “hard to reach” (or middle-income) programs.<sup>111</sup>

**2012:** The [System Benefit Fund](#) balance reached \$850 million due to a lack of diligent plans to spend down the collected funds.<sup>112</sup>

**2013:** The bill assistance programs were altered by the Legislature and their maximum payouts raised to eliminate the System Benefit Fund balance that had accrued.<sup>113</sup>

**Present:** [The goals from the 2011 bills](#) are still in effect, and are so low that in 2020, fewer than 25,000 low-income, hard-to-reach,

or multifamily households received energy efficiency investments, with an average upgrade investment below \$1,000 per household.<sup>114</sup>

While a significant loss, the System Benefits Charge has not been the only support mechanism for efficiency. In 2020, the Texas Department of Housing and Community Affairs administered \$23.4 million in combined federal funds from LIHEAP and WAP on weatherization, reaching 2,615 homes. The state utility energy efficiency programs spent another \$25 Million on less than 25,000 homes, for much less investment per home.

We propose that the state should reinstate the Systems Benefit Charge, while adding protections to prevent its raiding by the general fund, and pass new legislation that raises EE targets, spending, and matches at least Justice 40 ideals of 40 percent investment in disadvantaged and low-income communities. Furthermore, the state should pass supportive policies for public or [community-owned distributed renewable](#), storage, microgrid, and virtual power plants that in addition to providing reliability for vulnerable regions, also compensate owners for energy and grid benefits provided.<sup>115</sup>

Municipal and cooperative utilities also offer important opportunities to advance a range of different programs that help to lower costs, improve efficiency, and advance resilience where state-level action may fall flat. Those include:

- **Investing in public or community-owned microgrids.** Increasingly, microgrid systems across Texas are being used to keep businesses

---

**108.** Pat Wood III, Robert W. Gee, Judy Walsh, Brett Perlman, Bekcy Klein, Alison Silverstein, “Never Again: How to prevent another major Texas electricity failure,” Cynthia and George Mitchell Foundation, June 3, 2021, <https://www.cgmf.org/blog-entry/435/REPORT-%7C-Never-Again-How-to-prevent-another-major-Texas-electricity-failure.html>.

**109.** Texas Utilities Code Section 39.903 “System Benefit Fund”. <https://statutes.capitol.texas.gov/Docs/UT/htm/UT.39.htm#39.903>.

**110.** SB 1125 (2011, 82nd Legislature) <https://capitol.texas.gov/BillLookup/History.aspx?LegSess=82R&Bill=SBI125>.

**111.** SB 1434 (2011, 82nd Legislature) <https://capitol.texas.gov/BillLookup/History.aspx?LegSess=82R&Bill=SBI1434>.

**112.** “State PBF/USF History, Legislation, Implementation Texas,” LIHEAP Clearinghouse, updated September 2018. <https://liheapch.acf.hhs>.

---

[gov/dereg/states/texas.htm](https://dereg.states.texas.htm).

**113.** HB 7 (2013, 83rd Legislature) altered the Systems Benefit Fund by suspending the collection of the money for the fund, and changed the program design in order to quickly spend down the fund.

**114.** Texas Department of Housing and Community Affairs, “Table 7,” in “Weatherization in the State of Texas,” Texas Department of Housing and Community Affairs, March 15, 2022, <https://www.tdhca.state.tx.us/community-affairs/wap/docs/22-Rider14Report.pdf>.

**115.** Thomas Hanna, Johanna Bozuwa, and Raj Rao, “The Power of Community Utilities,” The Democracy Collaborative and the Climate and Community Project, April 2022, <https://www.climateandcommunity.org/power-of-community-utilities>.

and industry open during major grid failures, these should be prioritized for vulnerable residents and community infrastructure.

- **Investing in public or community-owned virtual power plants.** In July the Texas PUC approved a virtual power-plant pilot project. To make these programs accessible for lower-income Texans, the state could invest in distributed energy resource and storage programs in low-income communities and compensate participants for excess energy, similar to [California's recent pilot project](#) that compensates project participants \$2 for every additional kWh they provide to the grid during designated events.<sup>116</sup>
- **Modeling new energy efficiency programs** after CPS Energy [STEP program](#) & innovate beyond to offer holistic whole home upgrades for multifamily and single-family homes.<sup>117</sup>

## MOVEMENT REVIEW: THIS HAS BEEN DONE BEFORE

In Pennsylvania, organizers and policy advocates convinced the state legislature to pass the Whole Homes Repair Act in 2022. Like Texas's now-repealed Systems Benefit Fund, the bipartisan, comprehensive home repair bill created a state investment fund that could provide continuous funding to support people with home upgrades. It went further than Texas's original design, making flexible grants available [up to \\$50,000 per home to address historical disinvestment](#) leading to years of deferred health and safety maintenance.<sup>118</sup> The companion report for We Choose Now focusing on the pillar of Land goes into more detail about this enormous investment in people's lives.

Black and Latino economic and racial justice organizers in Los Angeles, who get their electricity from the nation's largest municipal electric and

---

**116.** Garce Donnelly and Jenn Brice, "Texas grid operators are plugging into virtual power plants," *TechBrew*, August 15, 2022, <https://www.emergingtechbrew.com/stories/2022/08/15/texas-grid-operators-are-plugging-into-virtual-power-plants>.

**117.** ICF, "CPS Energy: Save for Tomorrow Energy Plan (STEP) Program Review," ICF, November 2019, [https://www.cpsenergy.com/content/dam/corporate/en/Documents/STEP%20Review%20Report\\_19-11-1.pdf](https://www.cpsenergy.com/content/dam/corporate/en/Documents/STEP%20Review%20Report_19-11-1.pdf).

**118.** Maggie Mancini, "Pennsylvania lawmakers want to create a state fund for low-income home repairs," *Philly Voice*, March 27, 2022, <https://www.phillyvoice.com/whole-home-repairs-act-nikil-saval-pennsylvania-state-fund/>.

water utility department, [successfully won \\$333 Million in utility debt relief](#) from their utility and municipal and state public funding from the American Recovery Plan Act and the Coronavirus Aid, Relief, and Economic Security Act.<sup>119</sup> RePower LA's [Erase Utility Debt campaign](#) is an example of how municipal utility departments and their city budgets can be organized to help provide bill assistance.<sup>120</sup> They built this campaign as a building block for organizing their communities around equitable building decarbonization, based on community members' input that high and unpredictable bills were one of the key challenges to solve and part of a larger strategy for healthy housing and removing toxic fossil gas appliances from their homes.

## DEMOCRATIZING AND RECLAIMING THE ELECTRICITY SYSTEM

The rights-based approach to energy provision can operate within the confines of the existing, market-based system with new provisions enabled to an extent. To impose the full vision of energy as a right requires reordering the electricity system in Texas. Private energy traders ultimately are more interested in profit margins than energy reliability and continued service for community members—as has been made very clear through the Winter Storm and other energy crises.

Similarly, Texas is already the renewable energy capital of the United States, with many big private renewables firms making money off the new developments. The renewable energy transition offers an important opportunity to flip the script on a privatized, commodified energy system. **For every day communities to experience the full benefits of renewable energy—in terms of resilience, cost savings and profits, and lowered pollution—Texans need control over electricity instead of the current, complicated system of private companies.**

---

**119.** Los Angeles Department of Water and Power, "LADWP Board Delivers Heartfelt Message to More than 250,000 Power and Water Customers Struggling to Pay Past Due Utility Bills Since the Onset of the COVID-19 Pandemic's Economic Disruption: 'Help is on the way,'" Los Angeles Department of Water and Power, November 21, 2021, <https://www.ladwpnews.com/ladwp-board-delivers-heartfelt-message-to-more-than-250000-power-and-water-customers-struggling-to-pay-past-due-utility-bills-since-the-onset-of-the-covid-19-pandemic-economic-disruption/>.

**120.** Siboney Arias, "Utility Debt Forgiveness NOW At LADWP," Scope, October 22, 2020, <https://scopela.org/utility-debt-forgiveness-now-at-ladwp/>.

Texas Utility	Utility Parent Company	Total Assets	State Operations	Total Customers	Texas Residential Customers
AEP Texas & Southwestern Electric Power Company (SWEPCO) (2 subsidiaries)	American Electric Power	<a href="#">\$88 Billion</a> <sup>121</sup>	Indiana, Kentucky, Michigan, Ohio, Oklahoma, Louisiana, Tennessee, Texas, Virginia, West Virginia (11 states)	5.5 Million electric customers	152,000 (SWEPCO only)
Entergy Texas	Entergy	<a href="#">\$59 Billion</a> <sup>122</sup>	Arkansas, Louisiana, Mississippi, Texas (4 states)	3 Million electric customers	410,000
El Paso Electric Company	J.P. Morgan Infrastructure <a href="#">Investments Fund</a> <sup>123</sup>	\$4.3 Billion <sup>124</sup>	New Mexico, Texas (2 states)	450,000 electric customers	297,000
CenterPoint Energy	CenterPoint Energy	<a href="#">\$35 Billion</a> <sup>125</sup>	Arkansas, Indiana, Ohio, Louisiana, Minnesota, Mississippi, Texas (7 states)	7 Million electric and gas customers	Not reported
Oncor	Sempra Energy	<a href="#">\$72 Billion</a> <sup>126</sup>	California, Louisiana, Texas (3 states) and the country of Mexico	40 Million "consumers"	Not reported

Table 4. Ownership Details for Investor Owned Utilities Operating in Texas

**121.** "AEP 2021 Annual Report," American Electric Power, 2022, <https://www.aep.com/assets/docs/investors/AnnualReportsProxies/docs/21annrep/2022ProxyAppendixA.pdf>.

**122.** "Entergy 2021 Annual Report," Entergy, accessed April 15th, 2023, [https://s201.q4cdn.com/714390239/files/doc\\_financials/2021/ar/2021\\_Annual\\_Report.pdf](https://s201.q4cdn.com/714390239/files/doc_financials/2021/ar/2021_Annual_Report.pdf).

**123.** BusinessWire, "El Paso Electric Company Shareholders Approve Agreement to be Purchased by the Infrastructure Investments Fund, an Investment Vehicle Advised by J.P. Morgan Investment Management Inc.," BusinessWire, September 19, 2019, <https://www.businesswire.com/news/home/20190919005782/en/>.

**124.** This figure represents El Paso Electric's purchase price when acquired by J.P. Morgan in 2019.

**125.** CenterPoint Energy 2021 Annual Report. <https://investors.centerpointenergy.com/static-files/f9546359-699a-4fd7-b06b-faa65a5d3528>.

**126.** "Sempra Energy 2021 Annual Report," Sempra, 2022, [https://www.sempra.com/sites/default/files/content/files/node-report/2022/2021\\_Sempra\\_Annual-Report.pdf](https://www.sempra.com/sites/default/files/content/files/node-report/2022/2021_Sempra_Annual-Report.pdf).



Texas Utility	Utility Parent Compan	Total Assets	State Operations	Total Customers	Texas Residential Customers
Southwestern Public Service Company & Xcel Energy (2 subsidiaries)	Xcel Energy	\$58 Billion <sup>127</sup>	Colorado, Michigan, Minnesota, New Mexico, North Dakota, South Dakota, Texas, Wisconsin (8 states) and the country of Canada	5.8 Million electric and gas customers	214,000 (Southwestern-only)
Texas-New Mexico Power Company	PNM Resources Inc	\$8.7 Billion	New Mexico, Texas (2 states)	785,000 electric customers	260,000 customers (residential and commercial)

Table 4. (continued) Ownership Details for Investor Owned Utilities Operating in Texas

Right now, seventy percent of Texans rely on the market for their energy provision. Shifting toward community control and public ownership will take time, and in a largely hostile state environment, will require local and community action. In the following section, we outline a few ways that Texans can build toward community control and public ownership over the energy system.

The other thirty percent of residents, though, rely on public and cooperative utilities—for the purposes of this playbook, we call these collectively “community utilities” since they are owned by the community that uses the service. The community utilities cover over 75 percent of the state’s land mass – [offering a big opportunity for renewable energy development](#).<sup>128</sup>

**However, many of the community utilities are not living up to their full potential as democratized, equitable energy providers and must be reformed.**

In table 5, we outline the different utilities operating in Texas to give communities a sense of what private or community utilities operate where.

127. “Xcel Energy 2021 Annual Report,” Xcel Energy, December 31, 2021, [https://s25.q4cdn.com/680186029/files/doc\\_financials/ar-interactive/2021-interactive/ar/HTML/tiles.htm](https://s25.q4cdn.com/680186029/files/doc_financials/ar-interactive/2021-interactive/ar/HTML/tiles.htm).

128. “Nonprofit Utilities Toolbox,” GoSolar, accessed April 15th 2023, <https://www.gosolartexas.org/nonprofit-utilities-toolbox>.

129. Michael Rodgers, Taylor Pullins, Caitlin Dunham, “Inflation Reduction Act Offers Significant Tax Incentives Targeting Energy Transition and Renewables,” White & Case, August 17 2022, <https://www.whitecase.com/insight-alert/inflation-reduction-act-offers-significant-tax-incentives-targeting-energy-transition>.

**This is a crucial time for action.** The Inflation Reduction Act (IRA) provided helpful renewable energy incentives, with high-roads labor provisions as well as additional incentives for projects benefiting environmental justice communities. Congress finally made the renewable energy incentives available to nonprofit or public institutions—[offering for the first time a more level playing field](#) for community utilities in renewable energy development.<sup>129</sup> This could not only spur on existing community utilities to invest in a better energy system, but also catalyze new action in jurisdictions limited to the private market.

## DEVELOPING MUNICIPAL PUBLIC OPTIONS IN A DEREGULATED SYSTEM

**One way that advocates in Texas are increasingly considering democratization within the deregulated system is by [developing local public options](#), with cities (or a collection of local jurisdictions) operating as aggregators for their residents.**<sup>130</sup> A public option could invest in, build, and operate renewable

[www.whitecase.com/insight-alert/inflation-reduction-act-offers-significant-tax-incentives-targeting-energy-transition](https://www.whitecase.com/insight-alert/inflation-reduction-act-offers-significant-tax-incentives-targeting-energy-transition).

130. J. David Lippeatt, Lauren Phillips-Jackson, Luke Metzger, “Cleaner, Cheaper Power for Texas Communities: Bulk power can reduce pollution and save residents money,” FrontierGroup and Environment Texas Research and Policy Center, 2021, <https://environmenttexas.org/sites/environment/files/reports/TX%20Bulk%20Power%202021%20final%20PDF%20031621%20%283%29.pdf>.

Texas Utility	Utility Ownership Structure	Total Residential Electric Customers
<b>CPS Energy</b>	City of San Antonio	780,000
<b>Austin Energy</b>	City of Austin	457,000
<b>Pedernales Electric Coop</b>	Member-owned	334,000
<b>Denton County Electric Coop</b>	Member-owned	243,000
<b>Magic Valley Electric Coop</b>	Member-owned	110,000
<b>Tri-County Electric Coop</b>	Member-owned	101,000

Table 5. Municipal and Cooperative Utilities With Over 100,000 Residential Customers

energy projects—now with increased incentives from the IRA— and specifically sell that energy to its community. The private distribution utilities would continue to distribute the electricity, with the electricity provided coming from the public option.

This could generate local wealth, as well as provide high-roads jobs to community members. The municipality could embed principles of energy justice and democracy into its charter or mandate since it is a public entity—distinct from private REPs that have the priority to turn a profit. In fact, [creating public options](#) could be critical for cities in Texas to achieve their existing renewable energy mandates and climate action plans in a way that the market is not serving, according to Environment America Texas.<sup>131</sup> Beyond renewable energy goals, this would allow the public option to prioritize project development in specific areas that could help alleviate pollution, prioritize jobs for those living in environmental justice communities, and pay good, family sustaining wages.

To date, the proposal for a public option in Texas has focused on aggregation—going to the market to buy more renewable energy or entering into contract agreements with renewables developers under certain terms. This is not full public ownership over the energy production and instead operates the option as a mediator between developers and their energy users. While municipalities may not be able to operate full energy programs that employ, run, build, and deploy renewable energy, there may be opportunities for a collection of municipalities to band together to become their own developer, depending on demand. Otherwise, through robust procurement processes, municipalities can work with either small local business or nonprofit developers that prioritize local wealth building.

In 2010, the City of Dallas attempted to start their own REP – ostensibly a public option—but was rebuffed at the PUC and the Court.<sup>132</sup> However, Environment Texas contends that municipalities [could register themselves](#) as bulk aggregators and sign energy users up for their aggregation service.<sup>133</sup> The public option strategy

**131.** J. David Lippeatt, Lauren Phillips-Jackson, Luke Metzger, “Cleaner, Cheaper Power for Texas Communities: Bulk power can reduce pollution and save residents money,” FrontierGroup and Environment Texas Research and Policy Center, 2021, <https://frontiergroup.org/resources/cleaner-cheaper-power-texas-communities/>.

**132.** J. David Lippeatt, Lauren Phillips-Jackson, Luke Metzger, “Cleaner, Cheaper Power for Texas Communities: Bulk power can reduce pollution and save residents money,” FrontierGroup

and Environment Texas Research and Policy Center, 2021, <https://environmenttexas.org/sites/environment/files/reports/TX%20Bulk%20Power%202021%20final%20PDF%20031621%20%283%29.pdf>.

**133.** J. David Lippeatt, Lauren Phillips-Jackson, Luke Metzger, “Cleaner, Cheaper Power for Texas Communities: Bulk power can reduce pollution and save residents money,” FrontierGroup and Environment Texas Research and Policy Center, 2021, <https://environmenttexas.org/sites/environment/files/reports/TX%20Bulk%20Power%202021%20final%20PDF%20031621%20%283%29.pdf>.

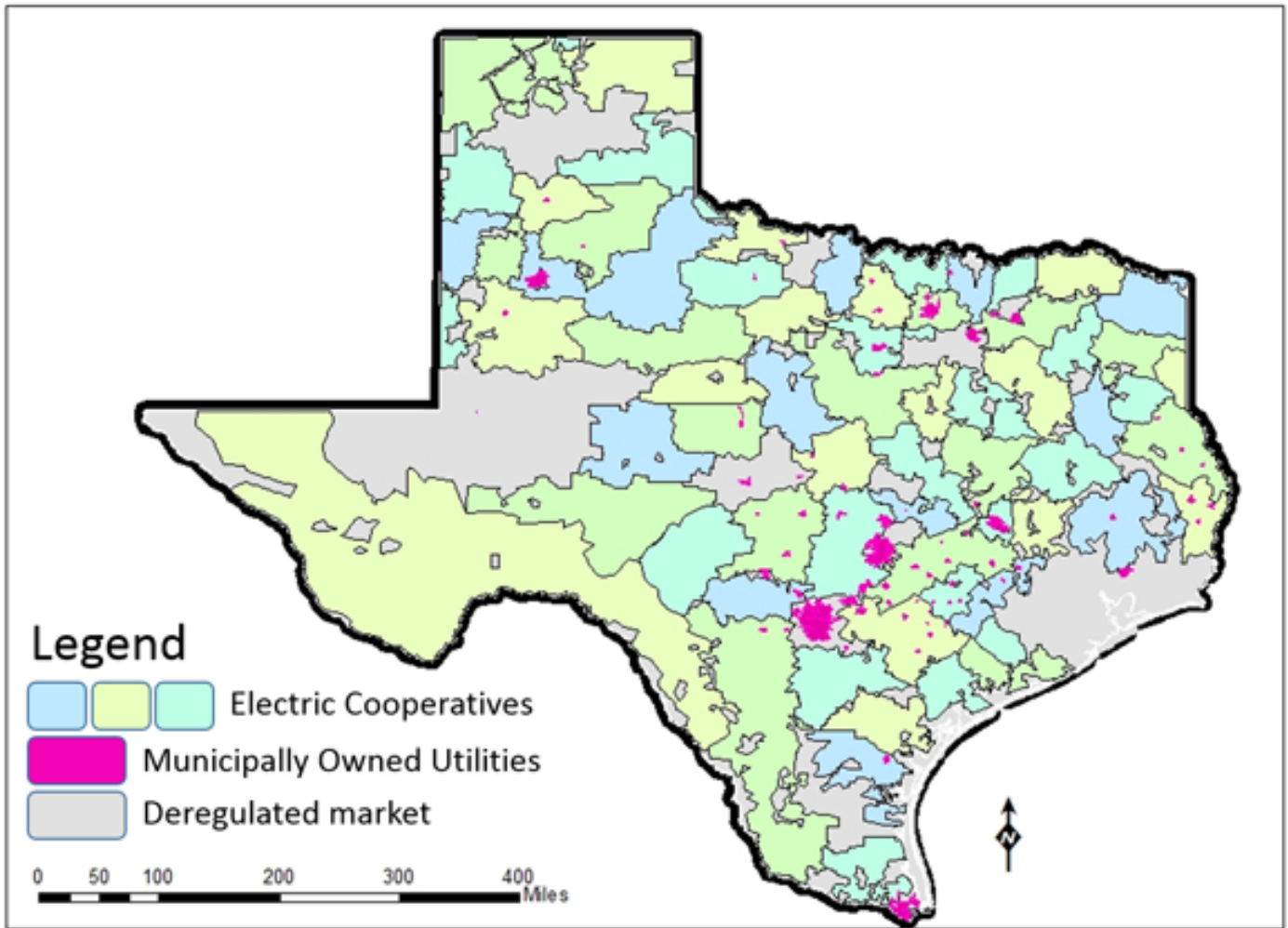


Figure 10. Texas Electric Cooperatives and Municipally Owned Utilities<sup>134</sup>

mirrors Community Choice Aggregation (CCA) in places like California and Ohio by collectivizing an individualized market. Texas does have strategic limitations because the state requires an “opt-in” strategy where the municipality would have to knock doors, run communications campaigns, and work to sign up as many residents as possible to make the financing work for the energy. In California, the current policy allows for an “opt-out” where, once the jurisdiction or collective jurisdictions decide to form a CCA, all the residents in the area are automatically enrolled unless they actively decide to choose an alternative energy provider. While not having an “opt-out” poses a challenge, public institutions often already require a substantial amount of energy and can therefore likely achieve the necessary economy of scale to finance the renewable energy at the outset.

### TAKING OVER THE POLES AND WIRES

While a public option could offer some amount of community control over the energy transition, ultimately it continues to leave the grid itself in the hands of private utilities. The grid is itself a critical piece of infrastructure to effectively build resilience and impose a more robust rights-based electricity system, and thus direct grid acquisition in certain distribution territories within the state, particularly in regions where the grid failed during Winter Storm Uri or Texans face higher distribution charges, is a crucial tactic.

Given Texas’ unique energy system, municipalization efforts in the state are likely to look different than most parts of the United States. Ordinarily, municipalization campaigns integrated utilities

<sup>134</sup>. “Texas Electric Cooperatives and Municipally Owned Utilities,” North Central Texas Council of Governments, <https://www.gosolartexas.org/nonprofit-utilities-toolbox>.

that own and operate distribution lines and generate the energy they sell to the customers. While there remain a few fully integrated Investor-Owned Utilities operating regulated monopolies in Texas, Texans will need to contend with the state's unique separation of distribution utilities and REPs.<sup>135</sup> Because it is illegal for cities to form their own REPs<sup>136</sup> and the prospect of re-regulating would require action at the state-level and thus is likely a political non-starter in Texas, there are opportunities to get creative by pursuing a public-public partnership solution at the municipal level: for instance, forming municipal public options to aggregate demand and compete with REPs for retail-choice (as described above) while municipalizing the poles and wires that deliver that energy under a new public utility.<sup>137</sup>

Municipalization has been a tactic to reclaim public services for decades in the United States. Many states have imposed prohibitive regulations in attempts to stifle municipalization attempts. For instance, many states have imposed preemption laws that allow the state to reverse decisions made by municipalities. [According to the National League of Cities](#), this has stopped 28 minimum wage policies, 41 ride sharing programs, and 20 municipal broadband utilities.<sup>138</sup> Texas does allow for municipalization, but only in cities that have “[home rule](#)”—in other words, cities [over 5,000](#) residents with a city charter.<sup>139</sup> However, Texas does hold preemption rights, meaning that the state could strike down the municipalization. The battle for municipalization may be long without more enabling state or federal policies, but within municipal control arises the opportunity for renewable energy, a

---

**135.** One notable case is El Paso Electric, which faced a brief municipalization challenge in 2020 as it was being sold to a JP Morgan Chase-linked firm.

**136.** In 2010, The City of Dallas attempted to become an REP but was rebuffed by the PUC, which cited a technicality to claim that Texas codes do not allow a city to be an REP. Dallas took the PUC to court, which ruled against the city.

**137.** In 2010, The City of Dallas attempted to become an REP but was rebuffed by the PUC, which said that Texas codes do not allow a city to be an REP. Dallas took the PUC to court, which ruled against the city.

**138.** Nicole DuPuis, Trevor Langan, Christiana McFarland, Angelina Panettieri, Brooks Rainwater, “City Rights in an Era of Preemption: A State-by-State Analysis,” National League of Cities, February 2018, <https://www.nlc.org/wp-content/uploads/2017/02/NLC-SML-Preemption-Report-2017-pages.pdf>.

rights-based framework for energy, and democracy.

## REFORMING COOPERATIVE AND PUBLIC UTILITIES

Community utilities, or cooperative and public utilities, play a substantial role in the Texas energy system. They provide electricity to 31 percent of residential and 26 percent of commercial customers. San Antonio and Austin, two of the five biggest cities in Texas, [are serviced by community utilities](#).<sup>140</sup> They provide cheaper electricity than their private counterparts and generally [performed better than their deregulated counterparts during Winter Storm Uri](#). Respondents of a recent survey identified that they had higher satisfaction ratings of their utilities during and after the storm.<sup>141</sup> Community utilities generally operate in a more vertically integrated fashion than the rest of the Texas market which may have given them more autonomy and less fluctuation during the extremes of the market. They are also non profit organizations that are, at least ostensibly, rooted in, and run by, their local community—giving them the potential to be more responsive to local experience.

While community utilities do better than the private market in some ways, they are yet to operate as providers of a rights-based framework nor generate energy from renewables. For instance, a report published by the Rural Power Project (RPP) found that of the 41 Texas electric cooperatives with data publicly available, 90.4 percent of board members are men and 96.6 percent are white.<sup>142</sup> This failure of representation is enabled via low political engagement and, often, active political repression. Research

---

**139.** “Overview of Local Authority & Preemption for Advocates in Texas,” Local Solutions Support Center, published June 2020, <https://static1.squarespace.com/static/5ce4377caeb1ce00013a02fd/t/5f7384fef85a4373d8ea34fa/1601406208140/AdvocatesMemo-TX-Aug2020.pdf>; Abby Briggerman, Radu Costinescu, Ashley Bond, “Survey of State Municipalization Laws,” American Public Power Association. May 2012, [https://www.publicpower.org/system/files/documents/municipalization-survey\\_of\\_state\\_laws.pdf](https://www.publicpower.org/system/files/documents/municipalization-survey_of_state_laws.pdf).

**140.** “TPPA Member Utilities,” Texas Public Power Association, accessed April 15th 2023, <https://tppa.com/members/>.

**141.** Renée Cross, Mark P. Jones, Pablo Pinto, Kirk P. Watson, “Electric Cooperatives, The Lone Shining Utility Star Of The Texas 2021 Winter Storm,” *Forbes*, May 11, 2021, <https://www.forbes.com/sites/uhenergy/2021/05/11/electric-cooperatives-the-lone-shining-utility-star-of-the-texas-2021-winter-storm/?sh=6a09646d77b8>.



from the [Institute for Local Self-Reliance](#) found that, nationwide, 72 percent of rural electric coops report less than 10 percent turnout at board elections.<sup>143</sup>

The hollowing out and corporatization of public service throughout the United States has inevitably affected community utilities. [Lubbock Power & Light](#)—the third-largest municipal utility in the state—recently announced its “journey to competition” as it demunicipalizes and shifts its customers over to ERCOT’s retail choice system.<sup>144</sup> Texas, as a state steeped in anti-state ideology, has imposed regulations and incentives to constrain or contract out public functions. The state’s public sector [has increasingly offloaded](#) risk via public-private partnerships and private capital since the 1970’s.<sup>145</sup> However, this often [ultimately results](#) in higher costs, and even bailouts of the private entity in the case of economic downturn.<sup>146</sup>

Broadly, the culture of fiscal constraint and austerity politics has hobbled their ability to make big investments.

The federal context has not helped—especially when it comes to renewable energy. Community utilities did not have access to critical renewable energy tax credits until very recently with the passage of the IRA. They do not pay taxes as nonprofits and therefore have no so-called “tax appetite.” They had to contract with a private developer who paid taxes to get access to the credit—[ultimately leading to a partial privatization via the energy transition](#).<sup>147</sup> Now, the rules have changed, potentially opening up space for community utilities to more actively engage in the transition than before.

Below we offer two clear ways for Texans to reform their existing community utilities to become more

responsive to their communities and be able to embed a rights-based electricity system running on equitable renewable energy.

## DEMOCRATIZING COMMUNITY UTILITY BOARDS

Who holds power affects the operations and culture of an institution. Structures embedded into institutional infrastructure affect the balance, as well as who the institution serves. Community utilities govern themselves at a sub-state level, making the governing structures more accessible to people on the ground. However, community utility leadership has calcified and hollowed out, leaving a largely white, uninspiring, and reactive group of people at the top of these institutions. By striking at the governance structures of community, Texans could unlock far more of community utilities’ potential for creating a just future.

Public and cooperative utilities have slightly different board operations because of their ownership structures, but many values and structures for reform remain the same. We argue for democratically appointed, multi-stakeholder boards that reflect the needs of their community—particularly those most vulnerable—and their climate. Even in board structures where members are elected, organizers can advocate for multi-stakeholder boards with members who are elected (or appointed) by groups including workers, low-income communities, frontline communities, and consumer advocacy groups. This structure is especially effective in a state like Texas where there is structural electoral evasion of these stakeholder groups.

Of the public utilities we surveyed in Texas, only one, Austin Energy (the second largest public utility in

---

**142.** 80% of the state’s population are white; and only 40% of the state identifies as white and non-hispanic. This is higher in rural areas, but is measured less frequently. The 2013 Texas rural survey estimates that approximately 76% of the rural population is white (non-hispanic). Karen M. Douglas, Gene L. Theodori, Cheryl L. Hudec, and Sarah S. Beach “The 2013 Texas Rural Survey: Respondents’ Demographic Profile,” Center for Rural Studies, 2013, [https://ruralpowerproject.org/wp-content/uploads/2016/02/Rural-Power\\_Final.pdf](https://ruralpowerproject.org/wp-content/uploads/2016/02/Rural-Power_Final.pdf).

**143.** Matt Grimely, “Just How Democratic are Rural Electric Cooperatives?,” Institute for Local Self-Reliance, January 13, 2016, <https://ilsr.org/just-how-democratic-are-rural-electric-cooperatives/>.

**144.** “Retail Electric Competition,” Lubbock Power and Light,

---

accessed April 15, 2023, <https://lpandl.com/retail-competition>.

**145.** Hunter Blair, “What is the ideal mix of federal, state, and local government investment in infrastructure?,” Economic Policy Institute, September 11, 2017, <https://www.epi.org/publication/what-is-the-ideal-mix-of-federal-state-and-local-government-investment-in-infrastructure/>.

**146.** Hunter Blair, “What is the ideal mix of federal, state, and local government investment in infrastructure?,” Economic Policy Institute, September 11, 2017, <https://www.epi.org/publication/what-is-the-ideal-mix-of-federal-state-and-local-government-investment-in-infrastructure/>.

**147.** Johanna Bozuwa, “Energy democracy: taking back power,” The Next System Project, February 27, 2019, <https://thenextsystem.org/learn/stories/energy-democracy-taking-back-power>.

the state), had a board that was directly elected by members of its service area.<sup>148</sup> This stands in direct contrast to Texas' largest public utility, CPS Energy in San Antonio, whose board members are self-appointed and approved by the city council. The remainder of Texas public utilities that we surveyed have boards appointed by the city council or mayor.

Community utilities could [also benefit](#) from increased transparency and an observatory could operate with autonomy from, and audit power over, the utility. An observatory body should have power to appoint at least one member of the utility board so that it is not toothless.<sup>149</sup> It should also comprise of consumer advocates, union and worker representatives, environmental justice community members, and universities or research institutions to support the process.

Texans can develop messaging that emphasizes the deficiencies of the current governance structure and links these deficiencies to the material and transformational improvements that such reform would enable. For example, petitions to democratize the board can be paired with petitions to enable progressive rate structures,<sup>150</sup> to adopt a progressive procurement plan for energy efficiency, and to decommission dirty power plants, among other ideas.<sup>151</sup> Strategically, this provides messaging that appeals to a broad coalition of groups such as environmental justice organizations, consumer advocacy groups, and workers' rights organizations. Such a coalition is instrumental to winning a reform campaign and holding new board members accountable to the reform's mission post-transition. Equitable public or cooperative investment under a reformed board can create positive feedback by engaging previously marginalized stakeholders, such as frontline communities, generating further political engagement with the utility.

---

**148.** Austin Energy is overseen by a committee of elected city council members and the Mayor of Austin.

**149.** The Paris Water Observatory is an excellent example of this model in practice. For more, see: Anne LeStrat and Mike Menser, "Democratizing Public Services" Rosa Luxemburg Stiftung, 2022, <https://rosalux.nyc/democratizing-public-services/>.

**150.** Typically a utility's rate structure is relatively flat, meaning that rates disproportionately burden low-income ratepayers.

**151.** These ideas do not need to be tied to energy! When organized democratically, municipal utilities can create funding sources for

## MOVEMENT REVIEW: MOVEMENT REVIEW: DEMOCRATIC CONTROL AND THE RECALL CPS CAMPAIGN

Control and The Recall CPS Campaign In 2020, a broad coalition of progressive groups in San Antonio launched the Recall CPS campaign directed at reforming the board of CPS Energy and forcing the utility to close down one of the last existing [coal plants in Texas](#).<sup>152</sup> To do this, they formed a political action committee and circulated a petition aimed at asking voters to approve a city charter amendment that would replace the CPS board with direct oversight by the city council. [In messaging on their website](#), activists focused on 1) the utility's exorbitant executive pay, 2) pollution from the utility's remaining coal plant, 3) lack of leadership and staff knowledge around clean energy and environmental justice, and 4) focus on growth over efficiency and progressive rate structures.<sup>153</sup> As Terry Burns from Sierra Club is quoted on the Recall CPS website:

"CPS is owned by San Antonio but runs like a business. It is not responsive to public input. CPS grossly overpays its CEO in one the poorest big cities in America. CPS Energy opposed a strong City Climate Plan, wasting two years of community volunteer work. CPS ratepayers are suffering greatly in this pandemic from high bills and high pollution. Foot dragging is no longer tolerable. Action is needed to change CPS now. Let's put the public back in CPS."

Ultimately, the Recall CPS campaign came up 6,000 votes short of the 20,000 votes necessary to have their decision on the city charter. Organizers [cited](#) the difficulty of organizing in-person petitions during a pandemic, opposition from business groups, and a secretive court decision as reasons that the campaign failed.<sup>154</sup> CPS' capture of the media also played a factor in the campaign: *The San Antonio Report*, [a](#)

---

other city-level solutions such as housing assistance, funds for public schools, and debt cancellation.

**152.** This coalition was made up mainly of Public Citizen, Southwest Workers Union, MOVE Texas, Texas Rising, Texas Organizing Project, and the local chapter of the Sierra Club; DeeDee Belmares, "Recall CPS Petition Seeks Cleaner Power, Affordable Rates," Public Citizen, <https://www.citizen.org/article/recall-cps-petition-seeks-cleaner-power-affordable-rates/>.

**153.** "Remember when CPS Energy was 'City Public Service'? They dropped the 'Public.," Recall CPS, accessed April 15th, 2023, <https://web.archive.org/web/20200915042957/https://recallcpsenergy.wordpress.com/>.

[local newspaper](#), ran a series of negative pieces and op-eds by private consultants characterizing the campaign as a power grab and emphasizing it as an attempt to “decapitate” CPS.<sup>155</sup> The San Antonio Report lists CPS [as a top 10 donor](#), with a \$23,512 annual donation on its website.<sup>156</sup> A lesson from Recall CPS is that utility reform campaigns are winnable and often require multi-year efforts. Recall CPS built a powerful coalition across broad interest groups in one year and vows to keep fighting. As Anacua Garcia, policy organizer with Southwest Workers Union, [stated](#) “It’s history-making to come together in a pandemic and bring 14,000 voices to CPS Energy... If they were unaware with the issues surrounding CPS [Energy], they are now aware and brought into the fight.”<sup>157</sup> The campaign also highlights the key role that powerful business interests, media, and local politicians play in shaping public opinion around such efforts.

## THE POTENTIAL OF DIRECT PAY AND THE IRA

The newly passed Inflation Reduction Act contains “direct pay” provisions that should enable non-profit entities who do not have a tax base to now take direct advantage of extended federal tax incentives for renewable development, such as the ITC and PTC. This marks a significant improvement from the previous system, whereby non-profit utilities were forced to partner with wealthy investors (frequently big banks) to access the credit (many of whom would take a 20-30% cut), if at all. **Now more than ever municipal and cooperative finance of renewable energy will be feasible and financed without tax cuts for the rich, [an argument](#) that proponents for municipalization and mutualization can and should leverage.**<sup>158</sup>

This offers Texans an opportunity to organize their existing community utilities to become harbingers of the new energy economy—investing in renewables that benefit the community, not creditors. In particular, since many of the existing community utilities exist in more rural geographies with jurisdictions that cover over 75 percent of Texas land, they’re well-suited for building massive amounts of renewable energy. Their rurality also means that [they are eligible for additional rural funding](#), including \$10 billion specifically for rural energy programs and rural electric cooperatives.<sup>159</sup>

Many community utilities coalesce to form bulk-purchasing partnerships for procuring generation that are particularly well suited to access the direct pay benefits—[joint action agencies](#) (JAAs) in the case of municipal utilities, and generation & transmission cooperatives (G&Ts) in the case of cooperatives. Currently APPA only lists two JAAs in Texas, but proponents of municipalization may consider advocating for the creation of new, progressive JAAs that can leverage the direct pay incentives for renewable energy.<sup>160</sup> A very similar strategy could be used for the cooperative’s G&Ts. These larger wholesale developers, alongside new municipal utilities, could chart a public-public or public-community strategy for the democratization and decarbonization of Texas’ grid while fueling it with equitably sited, resilient, and affordable renewable energy.

---

**154.** Brendan Gibbons, “CPS Energy used same legal tactic as SAWS to stymie reform petition,” *San Antonio Report*, January 7, 2021, <https://sanantonioreport.org/cps-energy-used-same-legal-tactic-as-saws-to-stymie-reform-petition/>.

**155.** Brendan Gibbons, “Environmentalists launch petition drive to ‘decapitate’ CPS Energy’s board,” *San Antonio Report*, August 26, 2020, <https://sanantonioreport.org/environmentalists-launch-petition-drive-to-decapitate-cps-energys-board/>.

**156.** “Meet Our Business Members & Supporting Foundations,” San Antonio Report, accessed April 15th, 2023, <https://sanantonioreport.org/meet-our-business-nonprofit-members/>.

**157.** Brendan Gibbons, “Recall CPS campaign falls short of signatures needed to reform San Antonio energy utility,” *San Antonio Report*, January 13, 2021, <https://sanantonioreport.org/cps-energy-reform-petitions/>.

---

**158.** Ryan Cooper, “The Inflation Reduction Act’s Quiet Revolution on Public Power,” *The American Prospect*, August 18, 2022, <https://prospect.org/environment/inflation-reduction-acts-quiet-revolution-on-public-power/>.

**159.** Patrick Bigger, Johanna Bozuwa, Mijin Cha, Daniel Aldana Cohen, Billy Fleming, Yonah Freemark, Batul Hassan, Mark Paul, Thea Riofrancos, “Inflation Reduction Act: The Good, The Bad, The Ugly,” Climate and Community Project, August 2, 2022, <https://www.climateandcommunity.org/files/ugd/d6378bf05b177ba6b142aaa50ca711a91f08b.pdf>.

**160.** “Joint Action Agency Members,” American Public Power Association, accessed April 15th, 2023, <https://www.publicpower.org/joint-action-agency-members>.

## SUMMARY OF POLICIES

Below we summarize some of the key actions that can be taken:

### FROM SHUTOFFS TO BASIC ENERGY RIGHTS STATEWIDE:

#### **Cancel All Existing Utility Debt and Stop Disconnections:**

The COVID-19 pandemic, Winter Storm Uri, and 2022 increased energy costs exposed communities to an even higher energy burden. Canceling existing utility debt and permanently ending disconnections due to nonpayment would help to ensure that people had access to life-saving electricity even in the most trying times.

#### **Re-Establish the System Benefits Fund for Efficiency:**

Texas used to have a system benefit fund that provided a helpful program to increase efficiency and affordability. The fund should be re-enacted and refocused on increasing home efficiency and resilience, while investing at least 40 percent of the investments on low income and disadvantaged communities.

#### **Enact Basic Energy Rights:**

Everyone deserves the right to energy and Texas should establish three basic energy rights for every household in the state: (1) the right to stay connected to the grid—ostensibly stopping all energy shutoffs and debt, (2) the right to a minimum level of energy—ensuring that energy is affordable or even free, (3) and the right to heating and cooling services—in a warming world, Texas households will have to survive new extremes and deserve the technology to do so.

### DEMOCRATIZING AND RECLAIMING THE ELECTRICITY SYSTEM:

#### **Organize Community Utility Boards:**

Organize to restructure public or cooperative—otherwise known as community—utility boards so that they better reflect the community in which they operate instead of incumbent elites. This reform could also come alongside additional structures for transparency and accountability, ultimately enabling the community to push for the energy transition.

#### **Leverage the IRA for Community Utilities:**

The Inflation Reduction Act opened the clean energy incentives to public and nonprofit organizations for the first time. This is a key moment to push community utilities to make major investments in renewables and share the wealth of the new energy source with its community and owners.

#### **Create Municipal Public Options:**

Cities in Texas could collectivize what has been a largely individual experience of navigating the energy markets by creating an aggregator for their municipality and bringing residents and businesses in to invest in a sort of public option. This new entity could also develop new renewable energy using the new public and nonprofit incentives, as well.

#### **Take Over the Poles and Wires:**

Since state-scale ownership is unlikely considering state politics, municipalities could take over their poles and wires, in addition to starting their own municipal public options, to build a more resilient, working grid.



# CONCLUSION

The end of fossil fuels, fundamental energy rights, healthy homes, and public renewables are component parts to a much larger ecosystem necessary for a just transition. The future we begin to plot out in this playbook are essential to a new vision for energy in Texas and will take deep organizing to restore communities broken apart by fossil fuels and pollution and contend with the power of the next energy system. The energy future will not inherently be good—even if renewable. It is a site of contention, political organizing, and community building to bring about a democratic and just energy system.

Texas has outsized influence over both fossil fuels and renewables, meaning that it has the power to determine the future of the United States' energy system. Much like many of the states throughout the Gulf and Appalachia, the country and companies have used it as a resource colony— a place to extract value and export goods. Kentucky has experienced the unplanned or mis-managed transition with the end of coal. It kept CEOs whole and left workers without retirement or job options and communities with massive pollution. Texas could chart an alternative strategy for transition by keeping workers and communities whole and building up a public power system from the grassroots up.



## FURTHER RESOURCES

**Permian Climate Bomb:** In this six-part series, they explore the ongoing oil, gas, and petrochemical boom in the Permian Basin and Gulf Coast. It is a story of runaway toxic infrastructure, environmental injustice, and climate overshoot. <https://www.permianclimatebomb.org/>

**Carbon Impacts of Reinstating the U.S. Crude Export Ban:** This report shows that reinstating the U.S. crude oil export ban could reduce global emissions by the equivalent of closing 19 to 42 coal plants. <https://www.greenpeace.org/usa/research/crude-export-ban-carbon/>

**The Power of Community Utilities:** This report evaluates existing public or cooperative utilities to understand how they could become “anchor institutions” in their community. It considers where they could accelerate the just energy transition, and where reform is needed to achieve accountability and transition. <https://www.climateandcommunity.org/power-of-community-utilities>

**People’s Utility Justice Playbook:** The People’s Utility Justice Playbook offers straightforward explanations of what utility justice means, and how it could be achieved. <https://emeraldcities.org/wp-content/uploads/2021/11/People-Utility-Playbook.pdf>