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Energy Affordability

Energy affordability is a growing concern for Texans and touches nearly every other issue facing our communities. As utility bills rise, decisions made at the Public Utility Commission of Texas (PUCT) and in the Legislature are adding to the burden. Too often, those decisions prioritize utilities, gas generation, and corporate interests at the expense of the Texans who pay the bills.

Energy Affordability Background in Texas

- Energy prices are rising twice as fast as inflation. According to the Federal Reserve Bank of Dallas, Texans are now paying nearly double on electric bills compared to pre-pandemic.
- According to a recent study by the Texas Energy Poverty Research Institute (TEPRI), residential electricity bills in ERCOT (main deregulated part of Texas's grid) went up 30% from 2020 to 2025 - and a similar rise in prices is expected by 2030 - unless significant changes occur (Figure 1).
- According to the Texas Department of Housing and Community Affairs, more than 42% of Texas households are considered low-or-moderate income, and four million Texans are considered to have a "high energy-burden" - more than 6% of their income goes to pay utility bills.
- While the federal government does provide funding for weatherization and payment assistance (LIHEAP), this funding only serves 1 out of 20 eligible households, the funding is actively being reduced, and **Texas has no state-funded payment assistance or weatherization program.**
- Texas law does require the main 8 private utilities to provide some funds for energy savings programs, but program goals were set in 2011 and only serve a fraction of eligible Texans.

What's Raising Costs

- Weather conditions like more frequent extreme heat and cold snaps contribute to higher bills.
- Distribution and transmission costs have risen faster than the cost of electricity, and for the average Texan, distribution & transmission costs are now nearly 50% of their bill.
- A 2025 report from Aurora Energy Resources shows that significant limits on new wind and solar in Texas could increase wholesale prices 14%, resulting in 3.1GW of load shed in an extreme weather event (some 620,000 homes), and preventing any new renewables could cost the average (100MW) industrial customers up to $6.3 million per year by 2035, while increasing the typical household's electricity costs about $225 (~10%) per year.
- An analysis from Princeton estimates that Texas electricity bills will increase by 5% by 2035 just from the recent elimination of federal tax credits that encourage wind and solar development.

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What's Keeping Costs Down

- Renewable energy and battery storage growth has kept the TX grid reliable and more affordable. Renewables on the Texas grid lowered the cost of electricity in the state by $11 billion in 2022, according to a report by energy systems analysis firm IdeaSmiths.
- Ratepayers save about $1 billion per month in wholesale electricity costs largely due to low operating costs of renewable generation and its rapidly growing share of TX's generation mix.
- The 2025 study by Aurora Energy also found that continued renewable energy development in Texas reduces energy costs between 4%-18% (average 12%) for commercial customers between 2025 and 2040, while limiting additional renewables would result in about $115 billion higher wholesale market costs over the next 15 years.

How We Can Address Energy Affordability

- Residential consumers should not be paying for most of the distribution and transmission investments costs primarily serving industrial loads, including new data centers - the PUCT must change its transmission cost allocation or be directed to by the legislature.
- All utilities - public and private - should have separate demand charges and tariffs for large industrial loads to ensure they pay for 100 percent of the costs necessary to service them, including transmission and energy use, distribution, and financing costs, to protect consumers.
- Our statewide energy efficiency goals should be expanded from roughly 0.25% of total energy use today to 1% within five years - something we have advocated for for 4 sessions.
- Texas should build on its "Distributed Energy Resources" legislation from 2023, making interconnection of small generation easier and allowing expanded aggregation of Texas energy consumers to become contributors and be paid directly for their contributions.
- Create a market-based statewide smart thermostat demand response program in ERCOT that can help reduce peak residential demand up to 20% during summer heat spells & winter storms.
- Create a state payment assistance and weatherization fund for residential ratepayers, especially to cover high bills due to weather extremes.
- Authorize plug-in solar - that meets strict national safety standards - so that Texans can directly reduce their own energy bills.
- Protect affordable, public power by opposing Gov. Abbott's plan to deregulate municipal utilities - which would undermine payment assistance and energy savings programs.
- Create new programs to help Texans improve their homes, such as incentives for better buildings, new building codes, and a new fortified roof grant program.
- Oppose efforts - through market changes, "firming" requirements or burdensome permitting changes - to make it harder to build renewables in Texas & lead to increased wholesale prices.
- Create an Integrated Resource Planning Process at the four non-ERCOT utilities so that all future supply and demand-side resources can be considered equitably in a public process.

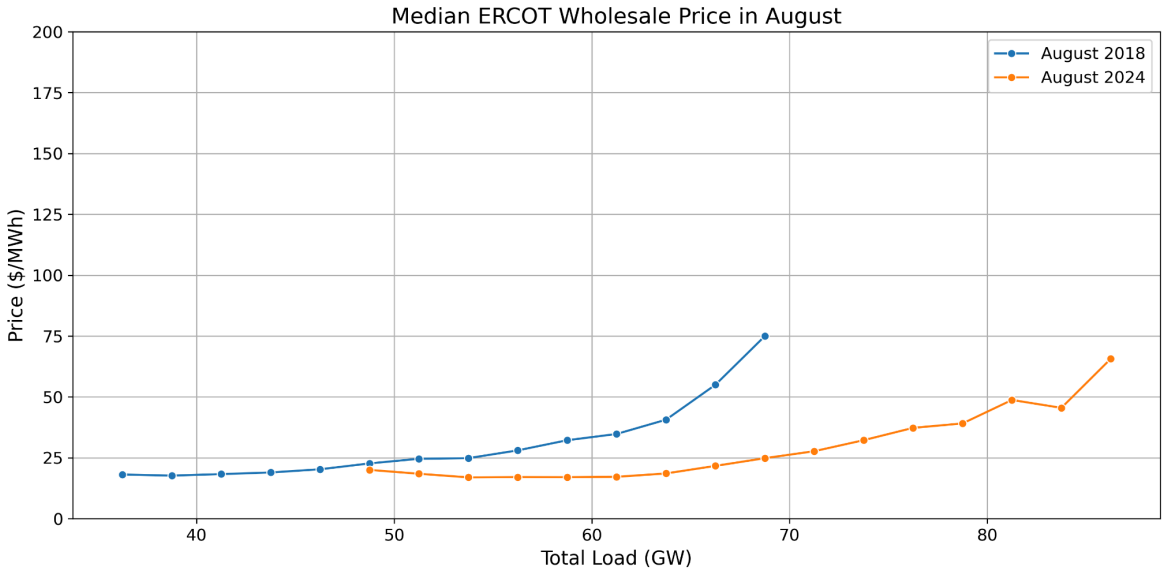
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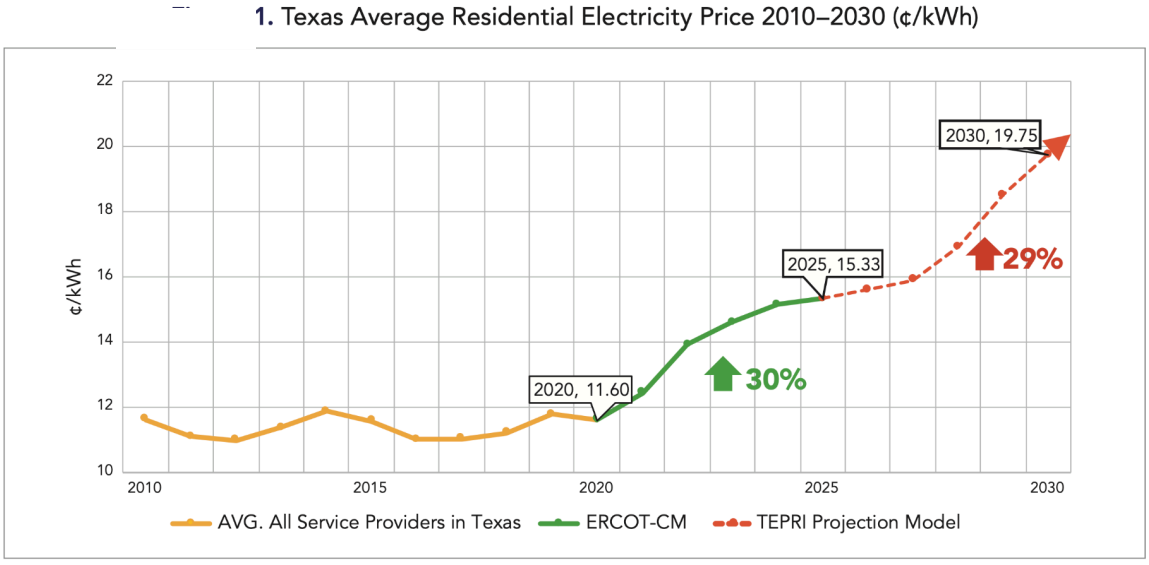
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Figure 1



When comparing August of 2018 and August of 2024, average daily peak demand in August increased from 65 GW to 80 GW. At the same time, there was a rapid build-out of solar power, with the average daily peak production increasing from 1.2 GW in 2018 to 18.8 GW in 2024. Prices were lower in 2024 than 2018 in August because of this rise in renewables, which has zero marginal costs. (https://www.theclimatebrink.com/p/how-renewables-are-saving-texans)

Figure 2



i For the purposes of this analysis, "ERCOT Competitive Retail Market" refers to data combined for the three major ERCOT TDUs residential customers. TNMP and LP&L were excluded because they serve less than 5% of the load in ERCOT. Municipal

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