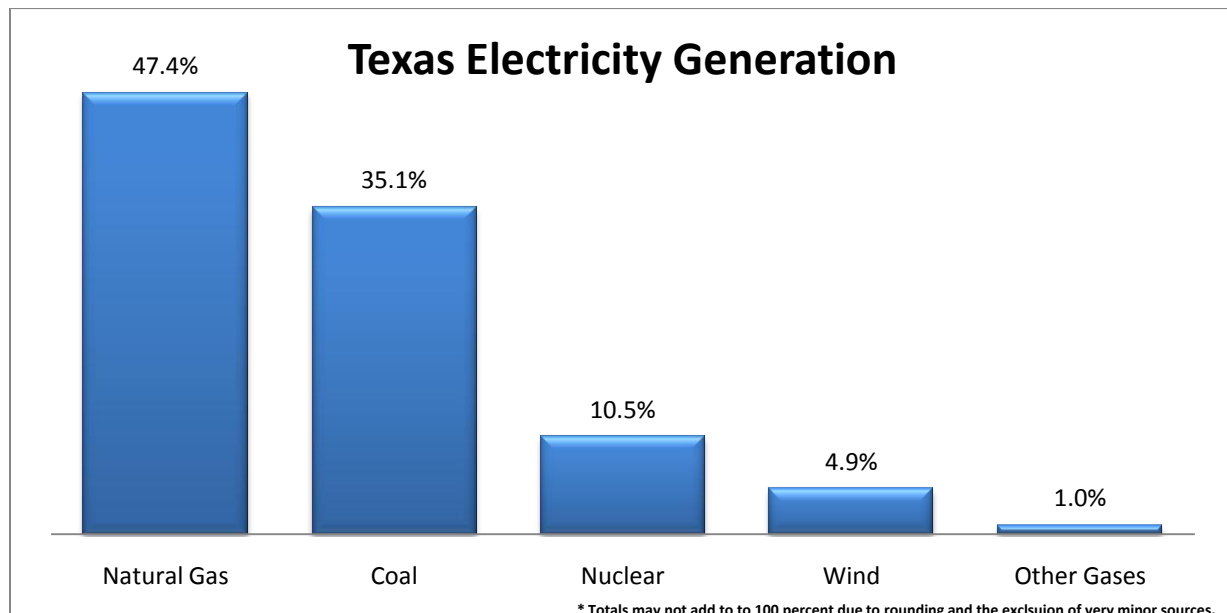


# Texas Energy Facts

Texas – Select Economic and Energy Data <sup>†</sup>		State Rank
Real Gross Domestic Product, per capita	\$38,044	19th highest
Unemployment	8.2%	19th lowest
Gasoline Price, per gallon	\$2.67	5th lowest
Electricity Price, per kWh	10.18¢	16th highest

Even though Texas has enormous energy resources, it has moderately expensive electricity prices (3 percent higher than the national average). Almost half of Texas’s electricity is generated from natural gas. Over 35 percent of the state’s electricity is generated from coal, most of which is imported from Wyoming, adding to its own coal supply principally of lignite coal, a low grade of coal. Texas has the largest wind capacity in the United States and generates about 5 percent of its power from wind. Two nuclear power plants, Comanche Peak and South Texas Project account for about 10 percent of generation.



Texas holds almost a quarter of the nation’s oil reserves and about 30 percent of America’s natural gas reserves. Texas is the nation’s leading producer of both oil and natural gas. The state consumes more natural gas than any other state. It opened its first liquefied natural gas terminal in 2008 and has others either proposed or under construction. The state also has more than a quarter of the country’s petroleum-refining capacity, with a total of 27 refineries capable of processing more than 4.7 million barrels of oil per day. The Texas panhandle has several ethanol plants from corn and milo (a small drought-resistant grain sorghum added to corn as a feedstock). Texas also has potential in other renewable resources such as solar, hydro power, and biomass, but their contribution currently to electric generation is minor.

## Regulatory Impediments to Affordable Energy

Although affordable energy is a vital component of a healthy economy, regulations frequently increase energy costs. Regulations imposed in the name of reducing carbon dioxide and greenhouse gas emissions are especially costly. Carbon dioxide is a natural byproduct of the combustion of all carbon-containing fuels, such as natural gas, petroleum, coal, wood, and other organic materials. Today, there is no cost-effective way to capture the carbon dioxide output of the combustion of these fuels, so any regulations that limit carbon dioxide emissions will either limit the use of natural gas, petroleum, and coal, or dramatically increase their prices.

Below are some facts about Texas's regulatory environment that are likely to affect the cost of energy or the cost of using energy. Texas has thus far avoided many of the costly energy policies other states are implementing.

- **Texas does not cap** greenhouse gas emissions.
- **Texas is not a member** of a regional agreement to cap greenhouse gas emissions.
- **Texas does mandate** that utilities generate from renewable sources a certain amount of the electricity that they sell. The state's renewable portfolio standard requires that utilities have 5,880 megawatts of renewable capacity by 2015, including a target of 500 megawatts of renewable-energy capacity from resources other than wind. The legislation also set a target of reaching 10,000 megawatts of renewable energy capacity by 2025.<sup>1</sup>
- **Texas does not require** gasoline to be mixed with renewable fuels. However, the state requires four different motor gasoline blends in different parts of the state including reformulated motor gasoline blended with ethanol in the Houston and Dallas-Fort Worth metropolitan areas.<sup>2</sup>
- **Texas does not impose** automobile fuel economy standards to California's, which include attempts to regulate greenhouse gas emissions from new vehicles.
- **Texas does not require** new residential and commercial buildings to meet energy efficiency standards. But Texas requires the 2003 International Energy Conservation Code (IECC) for state-funded residential construction and ASHRAE 90.1-2007 for state-funded commercial buildings.<sup>3</sup> The state also requires state government departments to analyze the cost of implementing energy efficiency measures or using alternative energy sources for new and reconstructed state buildings. House Bill 3693 mandates energy efficiency standards for new and rehabilitated single and multi-family dwellings that receive state support.<sup>4</sup>
- **Texas does not impose** state-based appliance efficiency standards. However, state-owned or leased buildings must use Energy Star appliances and equipment and vending machines with energy saving devices. State buildings, institutes of higher education, and schools must also use low wattage light bulbs.<sup>5</sup>
- **Texas allows** electric utilities to "decouple" revenue from the sale of electricity, but does not allow gas utilities to decouple. Some states decouple revenue from actual

sales, allowing utilities to increase their revenue by selling less electricity and natural gas.

---

<sup>†</sup> Data Sources: Real GDP per capita 2008: Bureau of Economic Analysis, *News Release: GDP by State* (June 2, 2009), [http://www.bea.gov/newsreleases/regional/gdp\\_state/gsp\\_newsrelease.htm](http://www.bea.gov/newsreleases/regional/gdp_state/gsp_newsrelease.htm); Unemployment: Bureau of Labor Statistics, *Regional and State Employment and Unemployment—February 2010* (Mar. 10, 2010); Gasoline Prices: American Automobile Association, *AAA Daily Fuel Gauge Report* (Mar. 30, 2010); Electricity Prices: Energy Information Administration, *Electric Power Monthly*, Table 5.6.B., Average Retail Price of Electricity, (March 15, 2010), [http://www.eia.doe.gov/cneaf/electricity/epm/table5\\_6\\_b.html](http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_b.html); Electricity Generation Data: Energy Information Administration, *Electricity Generation 2009*, [http://www.eia.doe.gov/cneaf/electricity/epa/generation\\_state\\_mon.xls](http://www.eia.doe.gov/cneaf/electricity/epa/generation_state_mon.xls).

<sup>1</sup> Public Utility Commission of Texas, *Substantive Rules Applicable to Electric Service Providers*, Chapter 25, Subchapter H, Division 1, §25.173, <http://www.puc.state.tx.us/rules/subrules/electric/25.173/25.173.pdf>.

<sup>2</sup> Energy Information Administration, *Texas*, Apr. 8, 2010, [http://tonto.eia.doe.gov/state/state\\_energy\\_profiles.cfm?sid=TX](http://tonto.eia.doe.gov/state/state_energy_profiles.cfm?sid=TX).

<sup>3</sup> Building Codes Assistance Project, *Code Status: Texas*, <http://bcap-energy.org/node/96#current>.

<sup>4</sup> Database of State Incentives for Renewables and Efficiency, *Texas Energy Efficiency Goals and Requirements for Public Entities*, [http://www.dsireusa.org/incentives/incentive.cfm?Incentive\\_Code=TX13R&re=0&ee=1](http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=TX13R&re=0&ee=1).

<sup>5</sup> *Id.*