

BILL ANALYSIS

H.C.R. 96
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Energy Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Natural gas continues to be the economic and environmental fuel choice of the U.S., which has a demand that cannot be met solely by North American production. Currently 96% of the world's proven reserves are outside of North America, while the U.S. is consuming about 25% of the world's annual natural gas production. In Texas, natural gas production is peaking. Development of additional natural gas supplies to meet current demands are needed.

In the past, liquified natural gas (LNG) imports have contributed less than 1% to the U.S. supply, primarily due to low gas prices and the relatively high cost of LNG. Both of the circumstances have changed. Natural gas prices have risen and are expected to continue to rise. Also, the cost of producing and transporting LNG has significantly decreased due to new technology. These two factors now make LNG an excellent stabilizer for the price of natural gas. The Natural Petroleum Council has projected that LNG imports will grow to become 14-17% of the U.S. natural gas supply by 2025.

Texas serves as an excellent host to LNG terminals, because it has a sophisticated pipeline infrastructure and adequate port access.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

Provides that the 79th Legislature of the State of Texas hereby declare its support for the development of liquefied natural gas receiving terminals and encourage the owners of these facilities to allow direct market access to throughput capacity to ensure that all Texas consumers benefit

Provides that the legislature express its support of plans to augment domestic natural gas supply with competitively priced LNG-derived gas.

Provides that the legislature encourage public utility companies to include LNG-derived natural gas or electric power in their supply portfolio and discourage any new taxes or economic barriers on LNG facilities or supplies from 2005-2015 to stimulate the development of the industry segment.