

OUTLOOK

Texas must show world it can rely on U.S. energy

By James W. Coleman and
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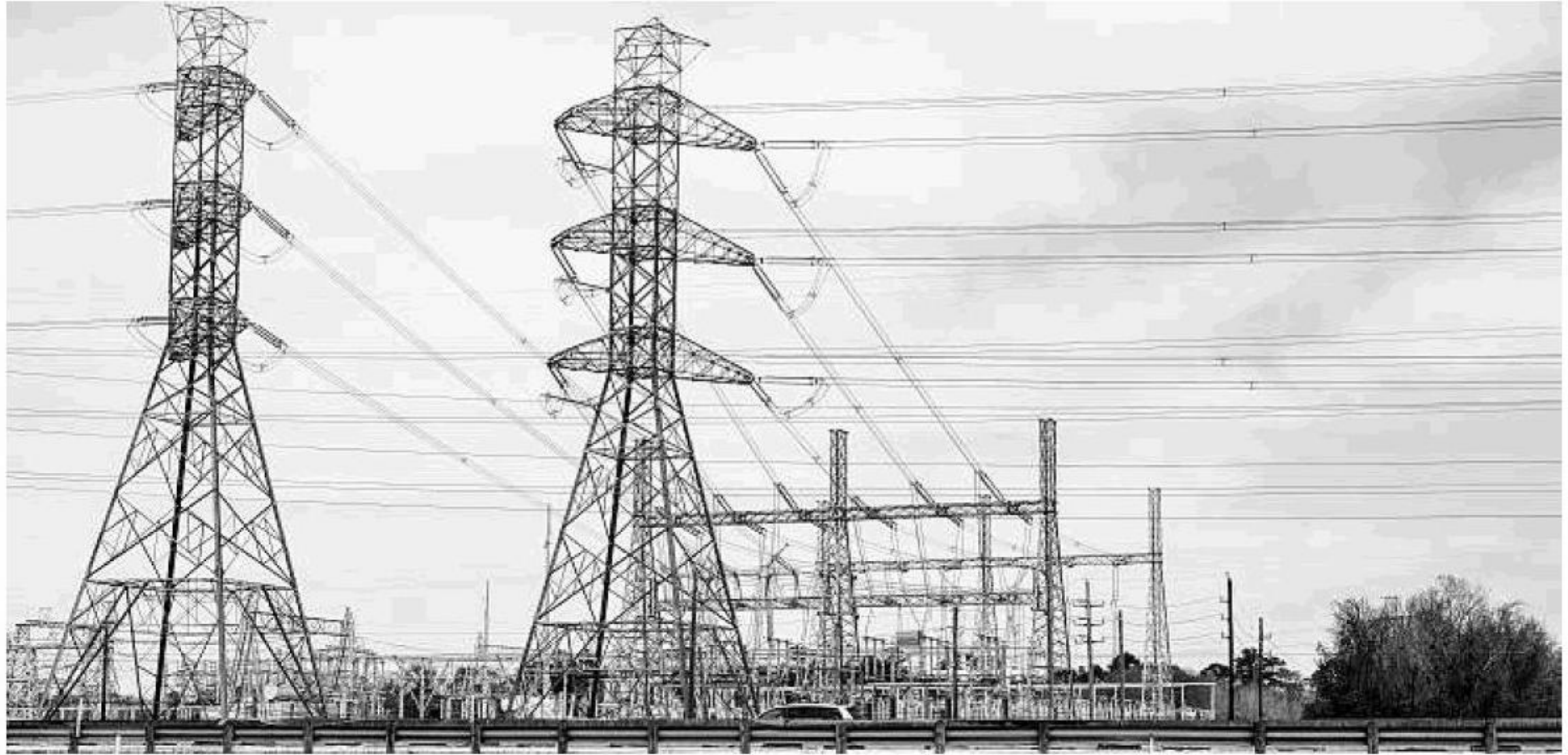
Texas is at the center of a global energy crisis that is causing leaders around the world to warn of looming energy shortages. Texas relies on renewable energy backed by natural gas to fuel its growing electricity use and is seeing both the benefits and challenges of being at the forefront of the global transition to cleaner energy sources. Texas is also at the heart of the increasingly global gas market, and countries around the world are counting on the state's booming gas exports to back their own move to renewable energy.

Consumers in Asia, Europe and particularly Mexico need Texas' natural gas to get them through the coming winter. Texas must demonstrate that it is a reliable source of gas in this energy crisis. If Texas and the United States hoard energy, they will not just endanger the economic future of its oil and gas industry, but also the rest of the world's clean energy transition.

Each time we turn on the dishwasher, plug in the phone, or turn up the heat, the power grid must exactly balance the amount of power provided with the amount of power demanded. Natural gas power plays a crucial role in achieving this balance because, unlike other sources, it can easily be ramped up or down. This role has grown more important as countries around the world use more and more low-cost wind and solar power, a source of electricity generation that is intermittent by nature. When this renewable energy falters, gas must ramp up to meet electricity demand.

The world's largest source of electricity is still coal, but more and more countries are looking to transition to renewable power. Replacing steady sources such as coal with fluctuating renewable power has left Europe and Asia desperate for more natural gas to ensure reliable power. In renewables-heavy systems, natural gas prices increasingly determine electricity prices because gas is the source of on-demand power. And gas prices are rising as production, damaged by the pandemic, has not been able to keep pace with the economic recovery. In 2021 alone, retail gas prices have risen roughly 50 percent in the U.S. and Asia and 500 percent in Europe.

Whether the world can keep the lights and heat on this winter will depend on Texas' natural gas exports. Growing pipeline exports to Mexico and an unprecedented boom in liquefied natural gas exports from the Gulf Coast are already providing Texas gas to consumers on five



Brett Coomer / Staff photographer

In February, Texas tried to limit natural gas exports, threatening to keep nearly 5 million people in Mexico without power.

continents. With Texas' help, countries around the world can reduce their use of coal power and increase their use of renewables.

But when energy runs short, politicians are often tempted to hoard energy, regardless of the long-term consequences. In last winter's freeze, Texas tried to limit natural gas exports, threatening to continue to leave nearly 5 million people in northern Mexico without electricity. The order – often advertised as a “ban” – had little impact on continuing gas flows but permanently damaged Texas' reputation as a reliable free-market provider of natural gas. Political forces south of the border are already using Texas' rash order as an excuse for energy nationalism and a reason to cut ties with U.S. producers and companies investing in Mexico. Now the federal U.S. Department of Energy is suggesting it could ban oil exports, and trade groups are calling for emergency limits on gas exports.

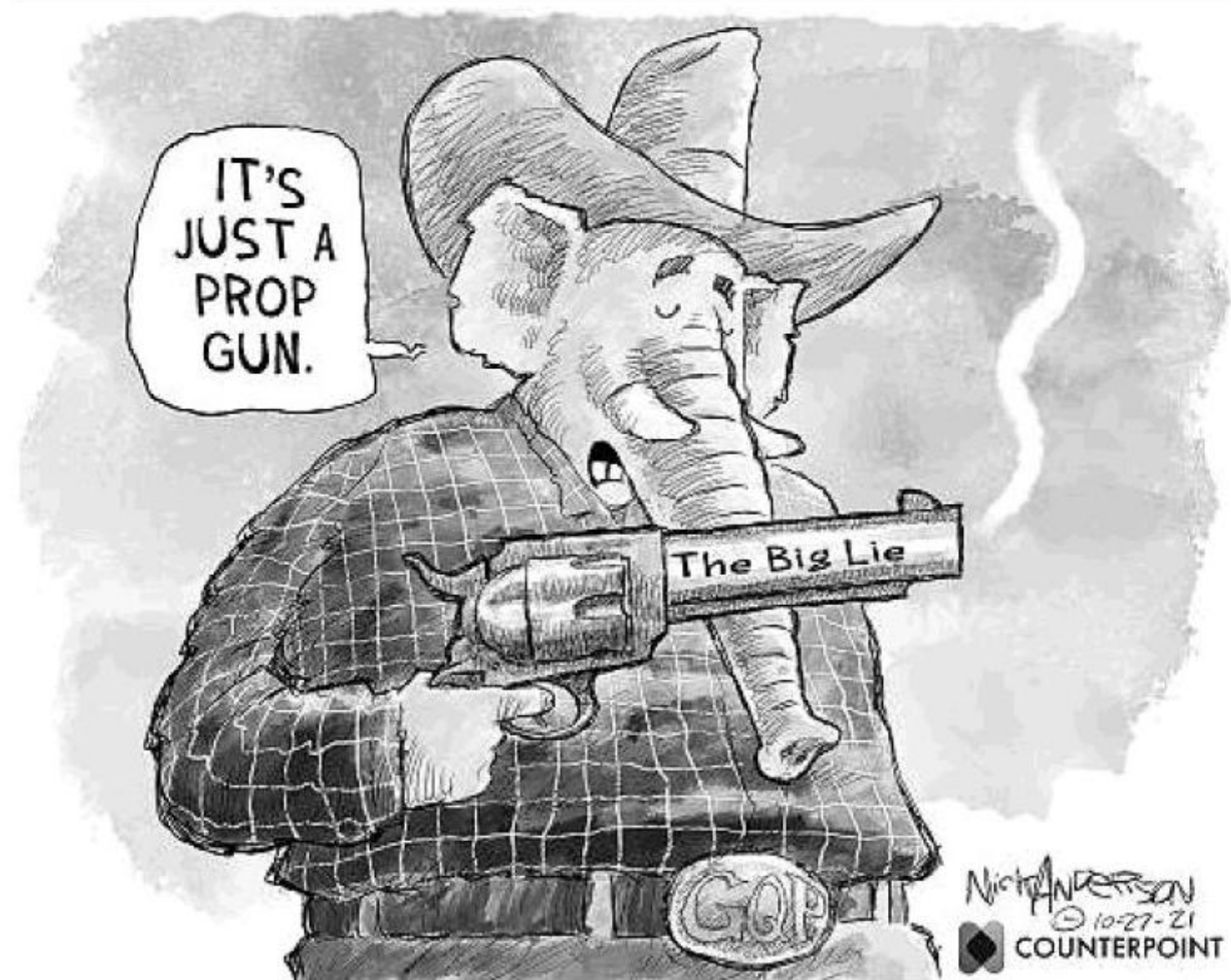
Short-sighted energy hoarding would endanger both long-term U.S. energy security and the global transition to cleaner energy. United States energy prices are a fraction of those in Europe and Asia because its free market system has built the world's strongest and most flexible energy system. The U.S. is also the world's biggest producer of oil and gas, with liquid markets and two-way trade. Sudden bans on exports put that at risk, telling investors not to trust our free markets and consumers that they should seek other providers. And these bans tell

every country in the world to put the brakes on the clean transition – best to hold onto those coal plants if natural gas supplies could be cut off at any time.

Texas is the beating heart of the global gas markets that the world needs to bring us through the current energy crisis and the ongoing energy transition. Texas and the United States must show that the world can count on American energy in a

crisis.

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