

Energy is one of the oldest and most diverse industries in Texas. Since the discovery of the Spindletop Oilfield in 1901, Texas has embodied the production of energy. In 2004, Gov. Rick Perry identified energy as one of six industry clusters in his long-term, strategic job creation plan. Each cluster was selected because of its powerful potential for future economic growth.

The energy cluster is made up of three industries: oil and gas exploration and production; electric/coal/nuclear power generation; and renewable and sustainable energy generation. Texas' geography and natural resources, excellent transportation systems, skilled labor force, and leadership in environmental research give the state an energy advantage.

OIL AND GAS EXPLORATION AND PRODUCTION

Oil and gas exploration and production is one of Texas' most established industries. New oil and gas reservoirs continue to be discovered, adding significantly to the output of existing reservoirs. According to the U.S. Energy Information Administration, Texas' 26 refineries can process more than 4.7 million barrels of crude oil per day, and account for 26.6 percent of the country's total refining capacity. The state leads the nation in crude oil and natural gas reserves, and is responsible for 24.2 percent of the nation's oil reserves and 29.5 percent of the nation's natural gas reserves.

ELECTRIC/COAL/NUCLEAR POWER GENERATION

Texas is the only state with its own power grid, making it completely independent from other national networks, where one state's decisions may affect electricity markets in all other states. Additionally, the Texas grid is not subject to federal regulation over electrical transmission, which expedites the regulatory process for new energy development. Texas leads the nation in electricity production and consumption. Texas' electric power industry generated over 30.1 million megawatts (MW) in 2011, 9.9 percent of the nation's total.

Texas is also a major nuclear power generating state. In 2011, Texas' two nuclear plants, The Comanche Peak project and the South Texas Project, generated 2.9 million MW. Texas is top-ranked for coal production and is one of the top two states for lignite coal production. Lignite coal makes up nearly all of the near-surface coal resources in Texas, all of which is used in electric generation plants.

RENEWABLE AND SUSTAINABLE ENERGY GENERATION

The Lone Star State enjoys the largest renewable energy potential in the nation, with abundant wind, solar, and biomass resources found across the state's geographically diverse regions. With over 4,800 companies employing more than 55,600 Texans in clean energy sectors, the state has developed a strong foundation in the growing renewable energy industry.

Although historically better known for oil wells than wind turbines, Texas leads the nation in installed wind energy capacity (10,394 MW as of January 2012), far surpassing the number two state Iowa, with an installed capacity of only 4,322 MW. Texas' dominance in the wind industry is also demonstrated through it being home to six of the ten largest wind power projects in the nation and two of the three largest wind farms in the western hemisphere, Roscoe Wind Farm and Horse Hollow Wind Farm. From the Texas Panhandle to the Gulf Coast, and along ridge tops of the Trans-Pecos Mountains, Texas' abundant natural resources provide some of the greatest wind power potential in the United States.

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