



# DISPROPORTIONATE ENERGY BURDEN REPORT

## TEXAS

### MASSIVE LNG EXPORT BUILDOUT RAISES ENERGY BILLS, HURTING LOW-INCOME, BLACK AND LATINO TEXANS



*As Texas builds more LNG terminals to export U.S. gas overseas, domestic gas prices become more linked to the volatile global gas market, resulting in higher prices for U.S. consumers.*



*High gas and electricity bills leave low-income Texans with an unsustainable “energy burden” – the share of their income spent on energy.*



*Texas’s lowest-income households, making \$10,000 per year on average, spend \$1 in every \$7 on energy bills.*



*Households in the state’s majority Black and Latino neighborhoods face a higher energy burden than those in majority white neighborhoods.*

### MORE LNG EXPORTS MEAN HIGHER ENERGY BILLS FOR U.S. FAMILIES

Texas has the second-most LNG export projects of any state in the country. Gas companies hope to quadruple the state’s export capacity in the coming years, with ten proposed expansions or new projects.<sup>1</sup> LNG is liquefied methane gas – often referred to by the industry as “natural” gas – extracted by fracking. Exporting U.S. gas means we are competing with the global market for our own supply, resulting in higher prices domestically.<sup>2</sup> Since 2016 – the year that the U.S. first started exporting LNG in 2016 – Texas households saw a 50 percent increase in the price of gas used for home heating,<sup>3</sup> reaching an all-

time high in 2023.<sup>4</sup> When gas prices are higher, Texans are likely to pay more for electricity<sup>5</sup>, as about half of the state’s electricity is generated from gas.<sup>6</sup> When utilities buy gas to burn at power plants, those high fuel costs are passed on to customers in the form of higher bills for the electricity used to power lights, air conditioning, and more.

### TEXAS’S LOWEST INCOME HOUSEHOLDS SUFFER THE HIGHEST ENERGY BURDEN

Oil and gas companies are rushing to build new LNG export terminals to line their executives’ pockets, promising economic development

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for local communities. In reality, the resulting increase in gas prices harms residents struggling to pay their bills, especially those suffering from high energy burden. Energy burden is the percentage of household income that goes toward energy bills, and six percent is considered the threshold for high energy burden.<sup>7</sup> In Texas, over 37,000 households are in neighborhoods (census tracts) with an average energy burden above that threshold.<sup>8</sup> Over 80 percent of these neighborhoods are federally designated as “disadvantaged communities,” meaning they are generally “marginalized, underserved, and overburdened by pollution.”<sup>9</sup>

The lowest income households in Texas, defined as households making 30 percent or less of the state’s median income,<sup>10</sup> put a staggering 15 percent of their income on average toward energy bills. This means Texas’s poorest households, with an average annual income of about \$10,000, spend about \$1 in every \$7 of their paychecks just on energy.<sup>11</sup> In

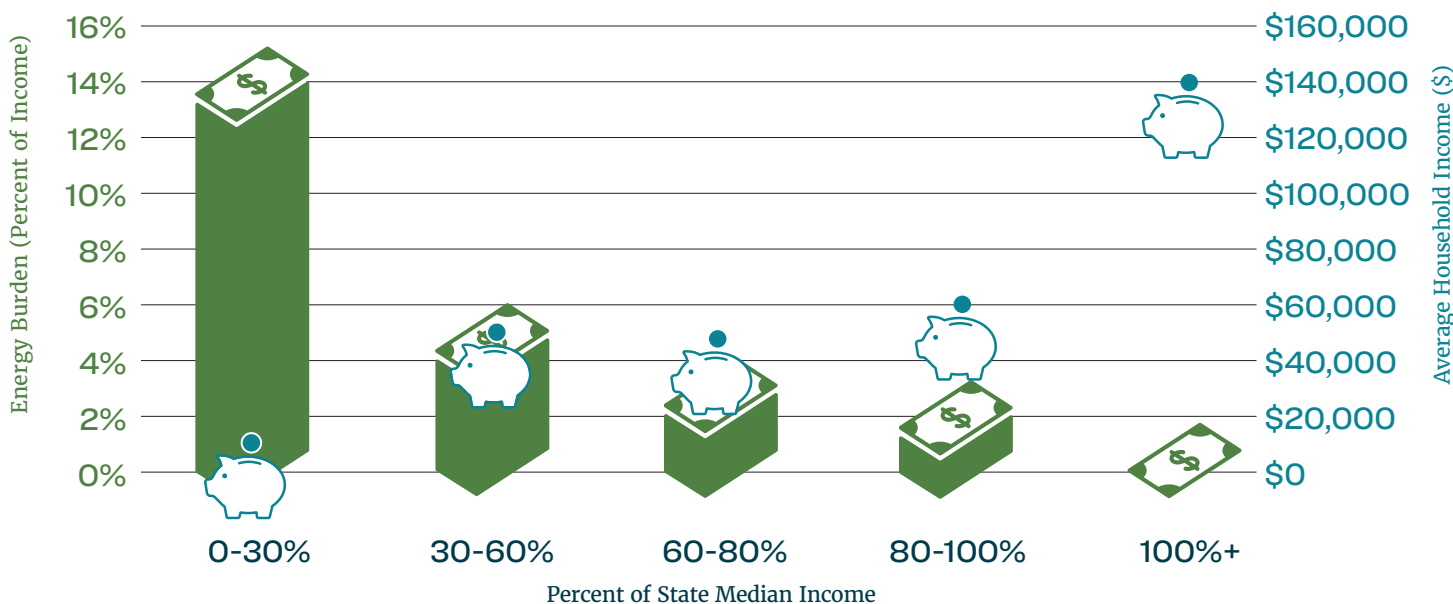
comparison, those making the state median income or greater (\$140,000 on average) only need to use one in every hundred dollars on energy. High energy burden can force low-income households to forgo saving for the future, or to make choices about which bills to pay, as families face many financial pressures. For instance, Texas ranks as the fifth most expensive state for healthcare,<sup>12</sup> and the supply of low-cost rental housing has dropped 40 percent in the last decade.<sup>13</sup>

In the neighborhoods burdened with operating and under construction LNG export terminals, the poorest households face a severe energy burden of 15 percent on average.<sup>14</sup> These Texans face compounding harm from LNG. They have the polluting facilities in their backyards, threatening their air, water, and livelihoods. They are also highly vulnerable to increases in energy costs as growing LNG exports result in higher gas prices around the country. And, as LNG exports fuel the climate crisis, these coastal communities face

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## Texas’s Lowest Income Residents Suffer Severe Energy Burden

Households making \$10,000 on average spend \$1 in every \$7 on energy



Data from Dept. of Energy’s Low-income Energy Affordability Data Tool as of June 2024

increasingly frequent and strong storms and heatwaves, placing additional pressure on energy bills and home maintenance expenses.

## ENERGY BURDEN IS FELT UNEQUALLY ACROSS RACIAL GROUPS

The impact of high energy costs is felt disproportionately in majority people-of-color neighborhoods, with 85 percent of Texas households that suffer high energy burden located in these areas. A history of redlining, housing segregation, and historic disinvestment has meant that majority Black and Latino neighborhoods have higher rates of older, inefficient, and rental housing, which costs more to heat and cool.<sup>15</sup> Majority Black neighborhoods and majority Latino neighborhoods in Texas also have average incomes nearly 40 percent lower than that of majority white neighborhoods.<sup>16</sup> As a result, on average Black and Latino neighborhoods in Texas spend 3.1 and 3.0 percent of their income on energy costs, respectively, while majority white neighborhoods spend 2.0 percent on average.

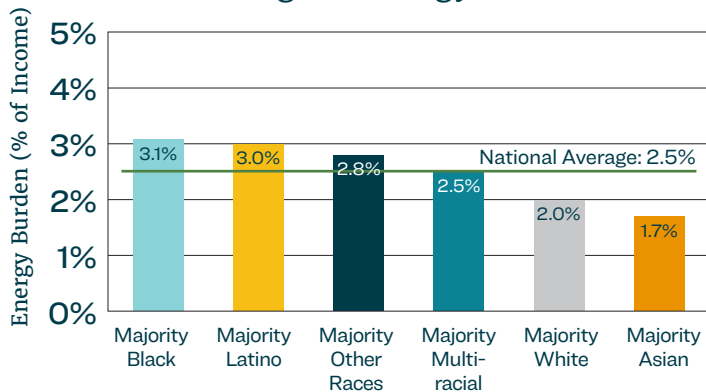
It is critical to do what we can to keep energy costs low so that low-income households and

people of color in Texas don't face increasingly high energy burdens. Texas is already a leader in renewable energy production, and Texans deserve to benefit from the energy transition, rather than being burdened with LNG infrastructure and gas price volatility. LNG exports' upward pressure on domestic gas prices works against efforts toward affordability and racial equity in Texas.

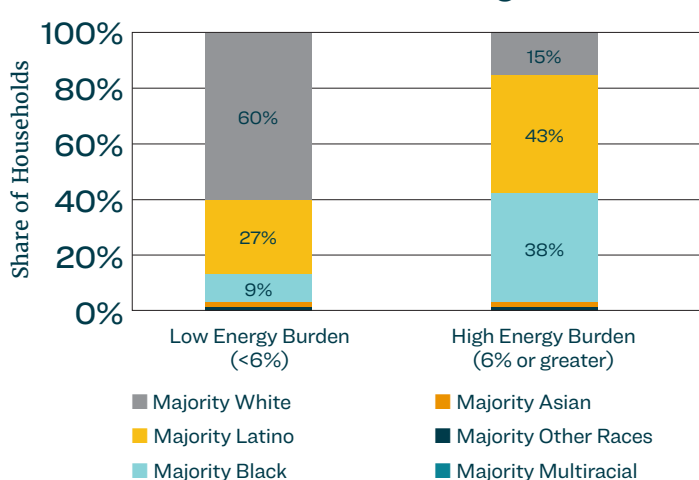
## METHODOLOGY

Data on energy burden, income, and demographics at the census tract level were downloaded from the U.S. Department of Energy's [Low-income Energy Affordability Data Tool](#) in June 2024. Each tract (neighborhood) was assigned a racial group based on the racial group that makes up the majority of that tract's population. In all cases, the racial group with the highest share of the population represented a majority of the population (50 percent or greater). The charts comparing energy burden by racial group exclude racial groups that made up the majority of one or no census tracts. All averages were weighted by the number of households.

### Texas's Black and Latino Neighborhoods Face Higher Energy Burden



### 85% of Texas's High Energy Burden Households are in BIPOC Neighborhoods



Data from Dept. of Energy's Low-income Energy Affordability Data Tool as of June 2024

## Notes

<sup>1</sup>[US LNG Export Tracker](#), Sierra Club, as of June 2024.

<sup>2</sup>See for instance: Clark Williams-Derry, [LNG exports have raised natural gas prices for U.S. households](#), Institute for Energy Economics and Financial Analysis, November 2023.

<sup>3</sup>[The Impact of LNG Exports on U.S. Energy Bills and Inflation](#), Public Citizen and Symons Public Affairs, May 2024.

<sup>4</sup>[Texas Price of Natural Gas Delivered to Residential Consumers](#), U.S. Energy Information Administration, May 2024.

<sup>5</sup>Jesse Thompson, [Blame costlier natural gas, rising fees for increasing Texas power bills](#), Federal Reserve Bank of Dallas, December 2022.

<sup>6</sup>[Fuel Mix Report: 2023](#), Electric Reliability Council of Texas (ERCOT), March 2024.

<sup>7</sup>Ariel Drehobl, Lauren Ross, and Roxana Ayala, [How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burden across the United States](#), American Council for an Energy-Efficient Economy, September 2020, page ii.

<sup>8</sup>[Low-income Energy Affordability \(LEAD\) tool](#), U.S. Department of Energy's Office of State and Community Energy Programs, downloaded 11 June 2024.

<sup>9</sup>[Climate and Economic Justice Screening Tool: Frequently Asked Questions](#), Executive Office of the President of the United States, February 2022.

<sup>10</sup>The state median income is the income level where half the state makes less than that amount and half makes more.

<sup>11</sup>DOE's [LEAD Tool](#) finds that households making 0–30 percent of Texas's state median income have an average annual household income of \$10,513. These 1.2 million households account for 12% of the state's total households.

<sup>12</sup>Cassidy Horton and Kelly Anne Smith, [The Most \(And Least\) Expensive States For Healthcare 2024](#), Forbes, March 2024.

<sup>13</sup>[Low-Rent Supply is Shrinking](#), Joint Center for Housing Studies of Harvard University, 2024.

<sup>14</sup>Energy burden over 10 percent is generally considered severe. Ariel Drehobl, Lauren Ross, and Roxana Ayala, [How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burden across the United States](#), American Council for an Energy-Efficient Economy, September 2020, page ii.

<sup>15</sup>Assessed using [2022 American Community Survey](#) data, 5-year averages.

<sup>16</sup>[Low-income Energy Affordability \(LEAD\) tool](#), U.S. Department of Energy's Office of State and Community Energy Programs, downloaded 11 June 2024.