

A New Report – Investing in Texas Water: A Smart Insurance Policy Against Future Droughts

New Rice University and Texas 2036 report reveals impacts of droughts on Texas' energy and economy, highlighting water infrastructure investment opportunities.

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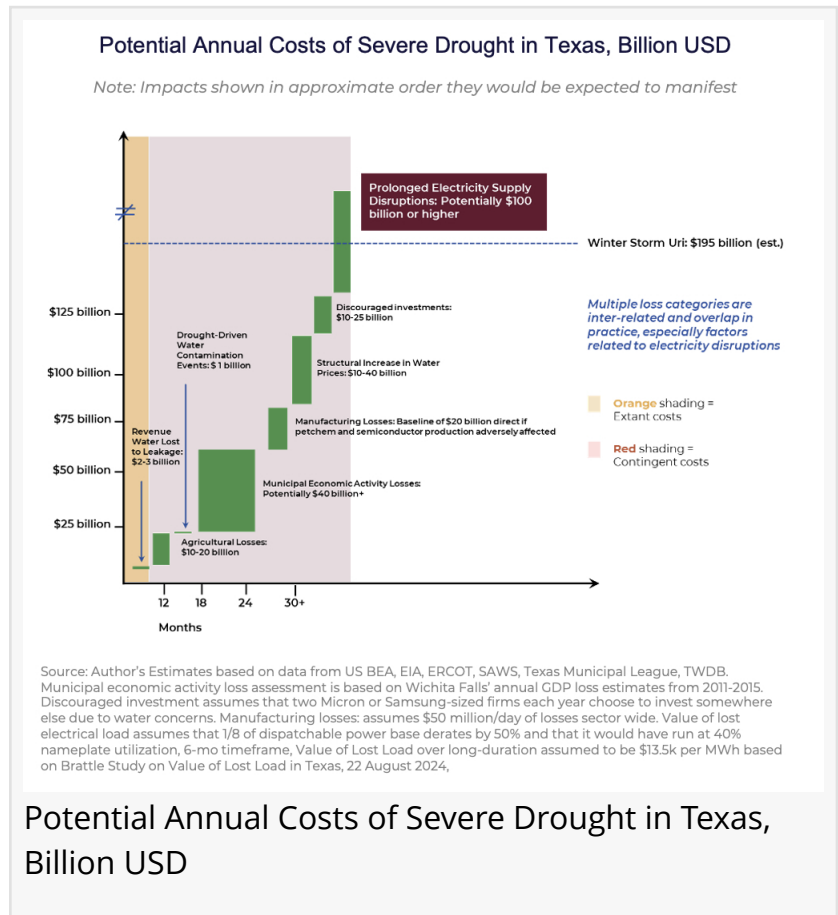
EINPresswire.com/ -- New investments in Texas' water supply and infrastructure constitute vital "growth insurance" needed to secure the continued dynamism of the state's economy even when faced with the multiple challenges presented by a multi-year drought. Here are some key figures to consider:

□ \$2 billion — Current annual cost of revenue lost from utility systems just to leakage. Contingent costs could run far higher, especially if a prolonged drought forces mass scale adoption of more expensive alternative water sources.

□ \$40 billion — The potential annual economic damage to the state's large, surface-water-dependent water municipalities should a multi-year Drought of Record occur.

□ \$15 billion — The potential annual agricultural and livestock losses statewide due to severe drought.

□ 0.2% — The effective "insurance rate" in water supply investments needed to safeguard the \$2.5 trillion Texas economy. This rate, which represents a continued investment of \$5 billion per year, would equate to less than what private homeowners pay each year as a proportion of



Potential Annual Costs of Severe Drought in Texas, Billion USD

underlying home value.

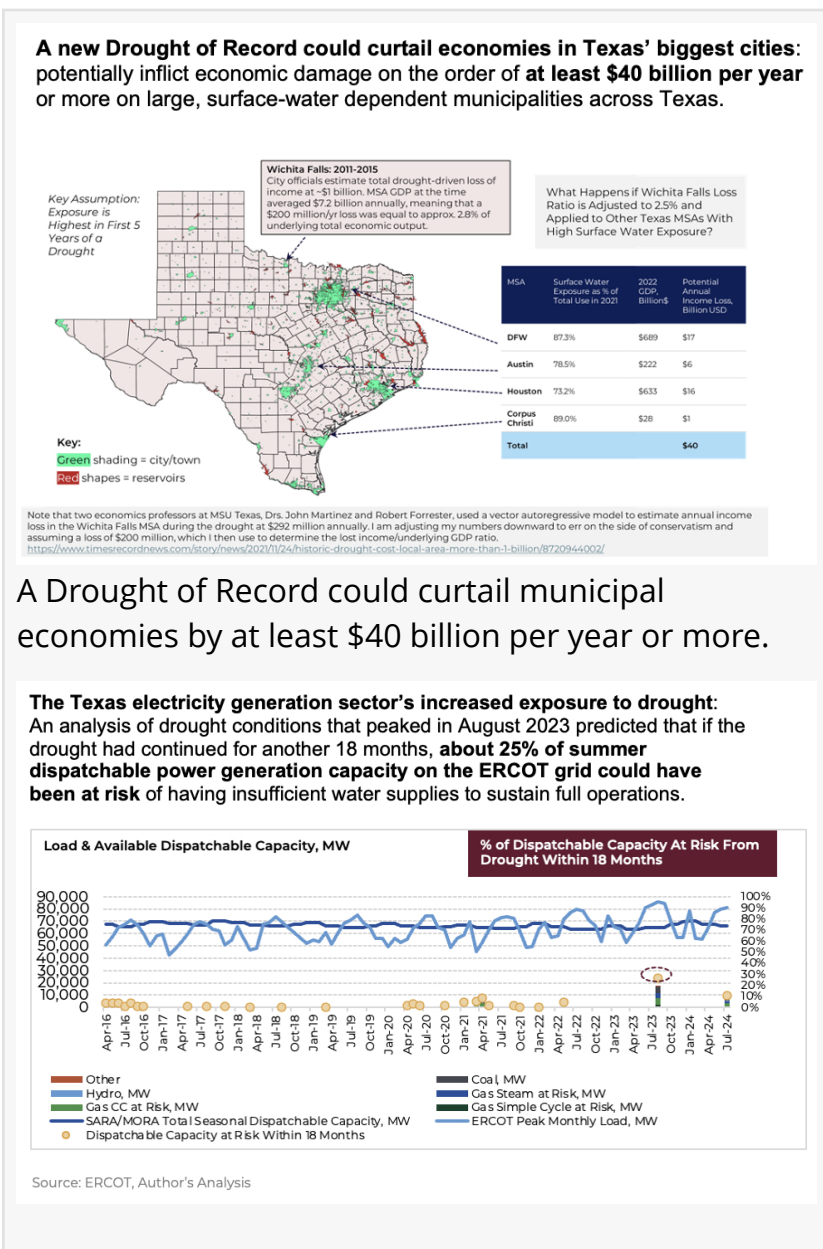
Those are the main takeaways from [a new report](#) by Gabriel Collins, J.D., Baker Botts Fellow in Energy and Environmental Regulatory Affairs at the Center for Energy Studies at Rice University's Baker Institute and commissioned by Texas 2036, the nonpartisan, nonprofit public policy organization based in Austin. Collins studied Texas' Drought of Record in the 1950s and the more recent drought of 2011 to quantify the economic impacts and responses that will be needed to navigate droughts in the coming years.

"Texas' history shows that resilience requires foresight. [This report](#) underscores the high stakes behind the decision to invest in water infrastructure, with potential costs reaching billions annually if we delay," said Gabriel Collins, J.D., Baker Botts Fellow in Energy and Environmental Regulatory Affairs at Rice University's James A. Baker III Institute for Public Policy. "Yet, it also highlights a tremendous opportunity — by making smart, targeted investments today, Texas can secure its water future, safeguard its economy, and set a global standard for water resilience in the 21st century."

"Our state's success depends on proactive water planning and investment," said Jeremy Mazur, director of infrastructure and natural resources policy at Texas 2036. "Addressing water infrastructure needs now will save billions in the future, while creating opportunities to build a more sustainable and dynamic Texas economy. This is not just an investment in infrastructure — it's an investment in our state's future prosperity and security."

Other Key Findings:

□ The Texas electricity generation sector's increased exposure to drought: An analysis of drought conditions that peaked in August 2023 predicted that if the drought had continued for another 18 months, about 25% of summer dispatchable power generation capacity on the ERCOT grid could have been at risk of having insufficient water supplies to sustain full operations.





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□ A new Drought of Record could curtail economies in Texas' biggest cities: potentially inflict economic damage on the order of at least \$40 billion per year or more on large, surface-water dependent municipalities across Texas.

□ Texas should explore further water resilience options: For more prolonged and structural shortages of the type that this report fundamentally focuses on, core alternative water supplies will include stretching the supply base

through conservation and more efficient transmission and use of water, local water recycling, and potentially even desalination.

"Water is not just a resource; it is the lifeblood of Texas' economy and communities," said David Leebron, president and CEO of Texas 2036 and former president of Rice University. "This report highlights the urgent need for strategic investments in our water infrastructure to safeguard our future. A secure and resilient water supply is essential to maintaining Texas' position as an economic powerhouse and ensuring that our cities, industries, and families thrive in the face of growing challenges and opportunities."

For more information on this report, visit <https://texas2036.org/water-future/>. For media inquiries or to schedule interviews, please contact media@texas2036.org.

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About the Baker Institute Center for Energy Studies

From its location in the energy capital of the world — Houston, Texas — the Center for Energy Studies (CES) at Rice University's Baker Institute for Public Policy provides critical insights into the world's complex and evolving energy landscape. By conducting data-centric research and nonpartisan analysis rooted in fundamental principles, the CES provides a trusted voice that investigates the many influences on energy market evolution.

About Texas 2036

Texas 2036 is a nonprofit public policy organization committed to building long-term, data-driven strategies to ensure Texas' prosperity up to its bicentennial and beyond. Our solutions are nonpartisan, grounded in thorough research and focus on critical issues that matter most to all Texans.

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