



Warning: Your Heating Bill Is Set to Surge

Description

This month thousands of homeowners are in for a surprise when they open their heating bills.

Thanks to an endless Arctic chill that has gripped North America, demand for natural gas and heating oil has soared. Frigid temperatures are also halting production at remote drilling sites. Predictability, this combination has resulted in higher energy prices.

But this might just be the beginning. Thanks to a radical new bill up for vote in the U.S. House of Representatives, your heating bill could be set to increase even more.

Homeowner alert: This Congressional bill could double your heating bill

As long-time industry watchers are aware, North America is sitting on an ocean of natural gas. Around the world, however, supplies are tighter and natural gas is two to three times more expensive. This is a big opportunity for anyone who can export cheap domestic gas internationally.

Currently, the biggest hurdle for energy companies trying to sell natural gas overseas is getting government approval to build new liquefied natural gas, or LNG, terminals. But getting the green light for a new project is a long and expensive process. Only six applications have been approved since 2011. And today there are 23 more waiting for the Department of Energy's (DOE) approval.

However on Wednesday, the U.S. House Energy and Commerce Subcommittee on Energy and Power voted to advance a bill that would eliminate the need for government approval of LNG export facilities. If this bill becomes law, energy companies will be able to build new facilities as they want to. By bypassing the DOE, there would be a frantic rush to construct LNG terminals all at once.

While this is obviously bad news for many Canadians, the development would have positive implications for many publicly traded companies.

If this bill passes it could usher in a massive construction spending boom. That's great news for firms like **Chicago Bridge & Iron** (NYSE: CBI) and **KBR** ([NYSE: KBR](#)), which are frequently called upon to build these new export terminals. Combined, these two companies generate \$18.2 billion in sales

annually. But this figure would be dwarfed by the hundreds of billions of dollars in contracts that could soon be up for grabs.

Surging exports would also put a bid underneath natural gas prices, thereby providing a boost for Canada's energy patch. Natural gas-heavy firms like **Encana** (TSX: ECA)(NYSE: ECA) and **Talisman** (TSX: TLM)(NYSE: TLM) have been struggling in the low-price environment. Natural gas accounts for over two-thirds of production at both companies, so a bump in prices would boost their top lines. **Precision Drilling** (TSX: PD)(NYSE: PDS) would also be a beneficiary of this development. Higher spending from upstream producers would be a big catalyst for the stock.

But before this pending legislation can become law it must first pass both the House of Representatives and the Senate. Many political observers on the Hill believe the bill has enough support to get passed through the House. Getting this law through in the Democratically controlled Senate will be a tougher challenge as the party is generally against natural gas exports.

New geopolitical risks could sway some votes, however. Given Russia's tendency to shut off gas exports during times of crisis, there are huge concerns over energy security in Europe and the Ukraine. Ramping up LNG exports could alleviate the globe's natural gas shortage and cripple Russia's economy.

Even if this bill is not passed, many of America's 23 pending terminal projects will be approved and constructed. Though it will take more time. Canada is joining the LNG export race as well. There are more than 124 billion cubic feet per day of LNG export capacity proposed along the British Columbia coast. If even a fraction of these applications are approved, it could drain North American's excess supplies of natural gas.

Foolish bottom line

Regardless of the outcome of this bill, Canadian homeowners should brace themselves. The unusually low energy prices that we have enjoyed thanks to North America's shale revolution are likely coming to an end. Get ready for higher heating bills.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:PDS (Precision Drilling Corporation)
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