

# The Benefits of Ohio's Natural Gas Production to Energy Consumers and Job Creators

## Energy and Our Daily Lives

Our modern world, and its endless conveniences, all share one common ingredient - energy.

Beyond heating and cooling our homes, powering our businesses, and fueling our various forms of transportation, energy touches every facet of our daily lives. It made the information technology revolution possible, giving us everything from mobile phones to video streaming services. It's enhanced transportation safety through advanced materials for seatbelts and car seats. Without energy, our grocery stores would be barren, our homes would lack paint, carpet and insulation, and consumer goods would be virtually non-existent. Trade, manufacturing, city designs - you name it - would all look different.

Yet, every day we take these simple conveniences for granted. That's because as long as we can turn on our lights, charge our phones, and drive our cars, it's hard to appreciate where energy comes from and how it ties into the cultural and social fabric of our lives. Much of what we use here in Ohio is increasingly produced right here in the state - before it is delivered to our homes and businesses.

From working mothers trying to pay their bills and meet their bottom lines, to small retailers who spend a large percentage of their revenue on electricity - each of us has a stake in making sure we meet our energy needs. Having reliable and affordable energy on demand is essential to keeping our busy lives and industries moving. That is why Consumer Energy Alliance (CEA) strongly supports the continued development of natural gas and other traditional and alternative energy sources, urging policymakers in Ohio to embrace the benefits and growth potential that Ohio energy production brings to families, farms, and factories across the state.

**Much of what we use here in Ohio is increasingly produced right here in the state - before it is delivered to our homes and businesses.**

And while energy seems plentiful, unfortunately, for many households and families in the United States, energy insecurity is an everyday reality. According to a 2015 survey by the Energy Information Administration



(EIA), nearly one-third of American households struggled to pay their energy bills to light, heat and cool their homes. The survey found that roughly “one in three households reported reducing or forgoing basic necessities like food and medicine to pay an energy bill and 14% reported receiving a disconnection notice for their energy service. Households may have also used less energy than they would prefer to: 11% of households surveyed reported keeping their home at an unhealthy or unsafe temperature.”<sup>1</sup>

### So How Does That Translate To Ohio?

In Ohio, more than 1.7 million people, or 14.6 percent of the population, live in poverty, and that number doesn’t include individuals or families who are living paycheck to paycheck with little or no savings. The average Ohioan had \$3,255 in energy expenditures in 2016.<sup>2</sup> For Ohioans living at or below the poverty line, that amounts to at least 25.8 percent their take home pay going towards energy.

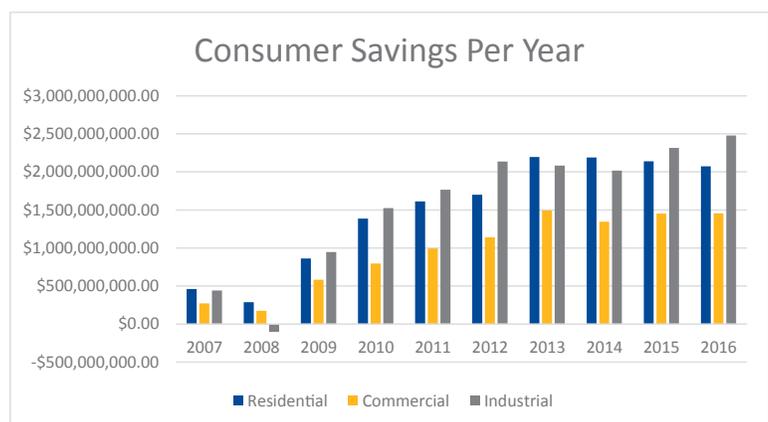
While energy price spikes impact individuals and families living at the poverty line, they can also be a serious setback for families in higher income brackets as well. A January 2018 survey by Bankrate found only 39 percent of Americans had \$1,000 saved to cover a financial emergency.<sup>3</sup> CNBC recently reported that “69 percent of Americans had less than \$1,000 in total savings and 34 percent had no savings at all.”<sup>4</sup>

However, the shale revolution which began in 2006 and continues to this day has alleviated the energy burden placed on all Ohioans.

### How Energy Can Help Boost Disposable Income in Ohio

Ohio is one of the top 10 natural gas consuming states in the nation with nearly two-thirds of residential consumers using natural gas for home heating.<sup>5</sup> Prior to the shale revolution, prices for natural gas in Ohio peaked at \$10.66 and has steadily decreased to just under \$4. Due to increased production and new technologies, Ohio natural gas consumers have saved over \$40.2 billion between 2006 and 2016 simply as a result of the decreasing price of natural gas - with residential users saving almost \$15 billion, while commercial and industrial users saved upwards of \$25.3 billion.<sup>6</sup>

More than savings for home heating and electricity, the shale revolution has also helped to lower prices at the gas pump and prevent prices from swinging even higher during this year’s summer driving season. With prices at the pump in Ohio peaking at an average of \$4.15 per gallon to fill up in 2011, increases in shale oil production



Source: Energy Information Administration



helped prices fall to some of the cheapest gas over the past ten years.<sup>7</sup> In one year alone, AAA found drivers saved \$115 billion, an average of \$1,100 per household.<sup>8</sup>

In essence, energy production and the shale revolution in the region where the Utica and Marcellus are located, have provided a tremendous tax cut to every motorist, homeowner, and small business person in Ohio. That means more money to pay for school clothes, grocery bills, and perhaps even to take a vacation that has been put off for far too long.

### The Role Energy Plays in Revitalizing Ohio

The benefits from an increase in production of Ohio's energy resources is not just limited to residential consumer savings, as communities across our state have already experienced, energy development has also led to an increase in economic investment and job creation across the state.

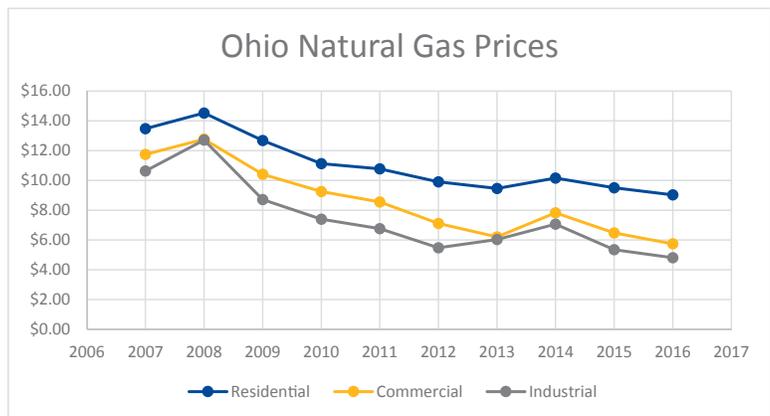
Beginning in 2011, the Ohio Department of Jobs and Family Services has been reporting on the economic trends with direct and indirect links to the oil and gas industry. In the seven years since this reporting began, shale-related industry employment increased 7.8 percent, employing over 389,000 Ohioans. Employment of Ohioans, however, does not tell the whole story. Average wages across the shale-related industries also increased to \$98,613 - over \$49,000 greater than the average for all industries in the state.<sup>9</sup>

Meanwhile, with growth, new opportunities are born with Ohio experiencing a boom in business start-ups related to the shale industry which has created careers that provide family-sustaining wages. In this time, more than 700 new businesses have been established across the state to support the shale industry, bringing in over \$63.9 billion in new investment.<sup>10</sup> These businesses invested in all aspects of shale energy - from production and transmission, to end-use power generation, petrochemical plants, and plastic manufacturing. Many of these positions are coming back to parts of Ohio that were hit the hardest from manufacturing job losses. For example, the Vallourec Steel plant in Youngstown represented over \$1 billion in new investment and brought hundreds of new steel jobs back to the Mahoning Valley for the first time in decades - all due to the abundance of low-cost natural gas and energy infrastructure.<sup>11</sup>



**\$115**  
**BILLION**

AAA found drivers saved \$115 billion, an average of \$1,100 per household



Source: Energy Information Administration



**\$63.9**  
**BILLION**

Shale-related investment in Ohio from 2011 through June 2017 according to Jobs Ohio



## What's At Stake?

Despite the tremendous benefits and critical importance of energy production to Ohio's families, farmers, and factories, out-of-state activists, some funded by foreign governments, continue to work to eliminate the production of safe, affordable sources of energy without offering any solutions to help meet consumer demand and emissions goals. Whatever the future may hold, natural gas will continue to play an important role in keeping energy prices affordable and increasing business investment across the Buckeye State. It is critical for Ohio's policymakers, regulators, and leaders to continue to come together in support of our homegrown energy production that will keep our state thriving and ensure that hard-working families, seniors, households, and small businesses can continue to enjoy the benefits that low prices are bringing to our communities.

**In this time, more than 700 new businesses have been established across the state to support the shale industry, bringing in over \$63.9 billion in new investment.**

1 <https://www.eia.gov/consumption/residential/reports/2015/energybills/>

2 [https://www.eia.gov/state/seds/sep\\_sum/html/pdf/rank\\_pr.pdf](https://www.eia.gov/state/seds/sep_sum/html/pdf/rank_pr.pdf)

3 <https://www.bankrate.com/banking/savings/financial-security-0118/>

4 <https://www.cnbc.com/2018/01/18/few-americans-have-enough-savings-to-cover-a-1000-emergency.html>

5 <https://www.eia.gov/state/analysis.php?sid=OH>

6 The consumer savings reported above was calculated by using the annual average price per thousand cubic feet of natural gas for residential, commercial, and industrial consumers. This EIA price was then applied to the total MMcfs consumed in Ohio, also sourced by EIA. The Consumer Price Index utilized by the Bureau of Labor Statistics was then applied to each year's price to adjust for 2016 dollars. The year 2016 was used as a cutoff date, as it was the last year complete EIA data was released.

7 <https://newsroom.aaa.com/2015/12/2015-gas-prices-second-cheapest-in-a-decade-aaa-year-end-gas-price-report/>

8 <https://www.forbes.com/sites/jamestaylor/2017/02/03/fracking-lower-gasoline-prices-returned-1000-to-household-budgets-last-year/#6af8bad30ce3>

9 [http://ohiolmi.com/OhioShale/Ohio%20Shale%20Report\\_4Q\\_2017.pdf](http://ohiolmi.com/OhioShale/Ohio%20Shale%20Report_4Q_2017.pdf)

10 [https://www.jobsohio.com/site/assets/files/2471/shale\\_study\\_flyer\\_4\\_18.pdf](https://www.jobsohio.com/site/assets/files/2471/shale_study_flyer_4_18.pdf)

11 <http://www.vindy.com/news/2013/jun/12/vallourec-star-rolls-out-b-mill-for-vips/>