



North Carolinians Benefit from Affordable Energy and Pipeline Infrastructure

Energy from clean, abundant and reliable natural gas has saved North Carolina's families and businesses more than \$11.9 billion between 2006 and 2016.¹ Transport of affordable oil resources into North Carolina saved drivers an additional \$7.2 billion at the gasoline pump compared to 2008 prices.²

North Carolina has one of the most diverse and dynamic economies in the country. The state's core industries are impressive. They include the second fastest-growing aerospace sector in the nation, America's largest biotechnology research park and the country's third-largest banking city. That's not to mention the state's well-known status as the "Furniture Capital of the World."³

North Carolina is a rapidly growing state that is attracting both residents and visitors daily. All of these sectors - from manufacturing to tourism - are dependent on affordable and reliable energy from oil and natural gas. These energy resources power the state's industrial facilities, enable life-saving research and move goods everywhere from the Outer Banks to the Blue Ridge Mountains.

Access to affordable and reliable energy resources supports many functions throughout North Carolina's day-to-day operations. It must not be taken for granted and North Carolinians should work with their local and state governments to guarantee that families and businesses are able to count on domestic energy and the pipeline networks that deliver it to their homes and businesses.

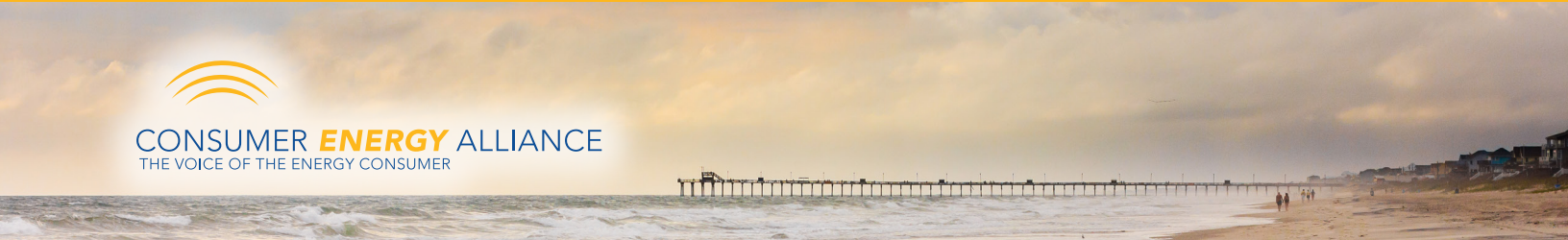
Affordable Energy for North Carolina

Believe it or not, many American families struggle daily to pay for rising energy costs. Nearly one-third of American households has trouble paying their energy bills to light, heat and cool their homes, according to a 2015 U.S. Energy Information

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**\$4
BILLION**
North Carolina
residential consumers
alone saved over
\$4 billion between
2006 and 2016.



Administration survey. 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 percent reported receiving a disconnection notice for their energy service. Households also used less energy than they would prefer to – 11 percent of households surveyed reported keeping their home at an unhealthy or unsafe temperature.”⁴

 **\$7.8 BILLION**
 Combined, commercial and industrial users saved more than \$7.8 billion.

On average, each resident of North Carolina spent \$2,992 to meet their energy needs in 2017.⁵ With 14 percent of the state’s population living at or below the poverty line, this translates to almost one of every four dollars, or 24 percent, of their income going toward energy expenses.^{6,7} That’s more than 1.4 million North Carolinians who live in poverty, enough people to fill the Charlotte Motor Speedway almost 16 times.⁸

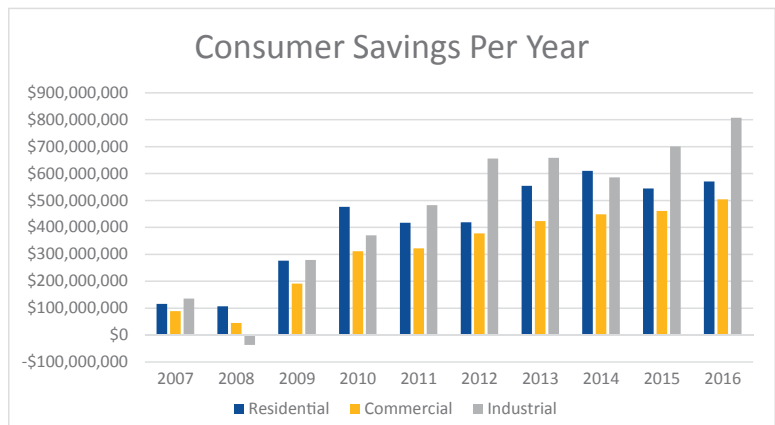
And it’s not just lower-income families who face energy insecurity. Across the nation, more and more families are living paycheck-to-paycheck – with little to no savings. A January 2018 survey by Bankrate found only 39 percent of Americans had \$1,000 saved to cover a financial emergency.⁹ CNBC recently reported that “69 percent of Americans had less than \$1,000 in total savings and 34 percent had no savings at all.”¹⁰

Fortunately, development of affordable energy resources helps benefit the most disadvantaged among us by reducing the cost of basic necessities like energy, freeing up money to pay for adequate housing, clothing and food.

Oil and Natural Gas Powers North Carolina

Although North Carolina has no significant onshore crude oil reserves or production, many of the state’s residents rely on petroleum products for home heating and mobility. Ten percent of the state’s households depend on petroleum products as their main heat source. Almost 80 percent of the petroleum consumed in North Carolina is used as motor vehicle fuel for the transport of goods, services and people.

North Carolina is a strategic location for pipelines and home to the two largest refined products pipelines in the country, which carry much-needed fuel supplies up the East Coast to supply consumer demand for jet fuel, gasoline, diesel and other blends. The state receives its petroleum



Source: Energy Information Administration; calculations developed by Orion Strategies



products from these key Gulf Coast pipelines and vessels arriving at the Port of Wilmington.¹¹

Without significant natural gas production within the state, North Carolina relies on supplies from interstate pipelines. Additional pipelines are planned to link North Carolina's growing population to abundant natural gas from the Marcellus and Utica regions in Ohio and Pennsylvania. These supplies are critical for North Carolinians because 25 percent of the state's households depend on natural gas to warm their homes in the winter. Additionally, electric power generation accounts for almost 60 percent of North Carolina's natural gas consumption.¹²

Energizing North Carolina's Economy

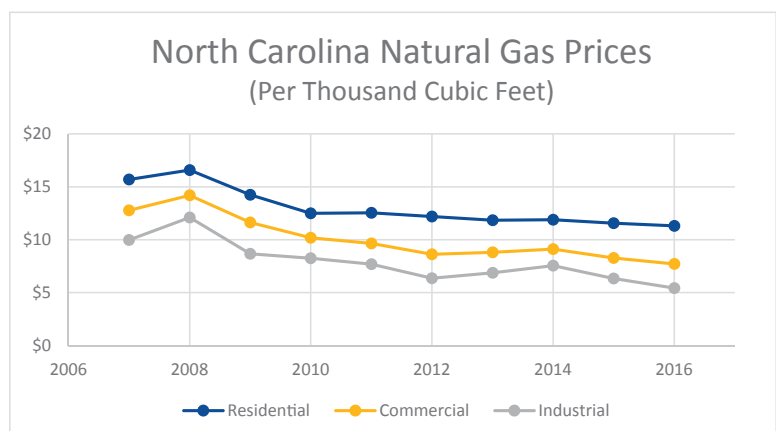
Nationwide, advances in horizontal drilling and hydraulic fracturing have increased production of natural gas across the U.S. and enabled North Carolina consumers to save more than \$11.9 billion between 2006 and 2016. Residential users alone saved over \$4 billion. Commercial and industrial users saved more than \$7.8 billion.¹³ Safe interstate transport of vital petroleum products such as motor gasoline has enabled North Carolina drivers see further savings at the gas pump. When compared to 2008 fuel prices, families and businesses saved \$7.2 billion when filling up their cars and trucks.¹⁴

In 2015, the oil and natural gas industry contributed more than 141,500 jobs and more than \$7 billion in wages to the Tar Heel State, according to a PricewaterhouseCoopers study. These jobs represent the truck drivers, engineers, construction workers and contractors who are beneficiaries of the broader energy supply chain. Their wages invigorate North Carolina's economy via real estate or vehicle purchases, local small businesses and hospitality destinations such as restaurants and hotels. In total, oil and gas provides more than \$13.4 billion to North Carolina's state economy, including employee compensation, proprietors' income, income to capital owners from property and indirect business taxes.¹⁵

North Carolina's Energy Future

North Carolina's pipeline network and potential access to valuable offshore energy supplies is under attack by anti-development activists, who are continuously working to eliminate the production and transportation of safe, affordable sources of

A quarter of North Carolina's households depend on natural gas for home heating, and electric power generation accounts for almost 60 percent of the state's natural gas consumption.



Source: U.S. Energy Information Administration



energy. These anti-development efforts achieve the opposite of their stated intent by threatening our environmental goals, and fail to provide solutions and sensible alternatives to help meet consumer demand.

Rigorous environmental standards and energy production can and do coexist. From 2000 to 2017, nationwide emissions of key pollutants have decreased across the board:

- 52 percent decrease in nitrogen oxides (NO_x)
- 83 percent decrease in sulfur dioxide (SO₂)
- 19 percent decrease in volatile organic compounds (VOCs)
- 37 percent reduction in fine particulate matter (PM_{2.5})¹⁶

Additionally, since 2005 the U.S. power sector has reduced carbon dioxide (CO₂) emissions by 28 percent.¹⁷ In December 2017, the oil and gas industry announced its Environmental Partnership to further reduce emissions of methane and volatile organic compounds.¹⁸ These improvements are occurring at a time when our country has catapulted forward to become the world's leading producer of oil and natural gas.

Consumer Energy Alliance (CEA) works to support and advocate for the continued development of oil and natural gas as well as other traditional and alternative energy sources. CEA also recognizes the vital role that transportation infrastructure like pipelines and transmission lines serve, as they are critical for moving energy throughout North Carolina.

With the savings that have occurred in recent years, North Carolina's policymakers, regulators and leaders must come together in support of access to energy resources and infrastructure development that will help the state continue to thrive, and ensure that hard-working families, seniors, households and small businesses can continue to enjoy the benefits that low prices are bringing to their communities.

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- ¹ Calculations developed by Orion Strategies. \$4.64 billion saved by industrial users, \$4.09 billion saved by residential users, and \$3.17 billion saved by commercial users. This number 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 MMcf consumed in North Carolina, also sourced by EIA. The Consumer Price Index utilized by the Bureau of Labor and Statistics was applied to each year's price in order to adjust each price to 2016 dollars. 2016 was used as a cutoff date as it was the last year for which residential and industrial data were released.
- ² Calculations based upon North Carolina 2008 record high gas price compared to recent (7/10/19) unleaded gasoline price (AAA Gas Prices, <https://gasprices.aaa.com/?state=NC>) and applied to statewide motor gasoline consumption data (EIA, https://www.eia.gov/state/seds/data.php?incfile=/state/seds/sep_fuel/html/fuel_mg.html&sid=US).
- ³ <https://edpnc.com/industries/>
- ⁴ <https://www.eia.gov/consumption/residential/reports/2015/energybills/>
- ⁵ https://www.eia.gov/state/seds/sep_sum/html/pdf/rank_pr.pdf
- ⁶ <https://talkpoverty.org/state-year-report/north-carolina-2018-report/>
- ⁷ Based upon 2018 HHS Poverty Guidelines. <https://aspe.hhs.gov/poverty-guidelines>
- ⁸ <https://www.charlottemotorspeedway.com/fans/track-facts/>
- ⁹ <https://www.bankrate.com/banking/savings/financial-security-0118/>
- ¹⁰ <https://www.cnbc.com/2018/01/18/few-americans-have-enough-savings-to-cover-a-1000-emergency.html>
- ¹¹ <https://www.eia.gov/state/analysis.php?sid=NC>
- ¹² <https://www.eia.gov/state/analysis.php?sid=NC>
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- ¹⁵ https://www.api.org/~media/Files/Policy/Jobs/Economics-Nat-Gas-Oil/API_OilEconomy_North_Carolina.pdf
- ¹⁶ <https://www.epa.gov/air-trends/air-quality-national-summary#emissions-trends>
- ¹⁷ <https://www.eia.gov/todayinenergy/detail.php?id=37392>
- ¹⁸ <https://theenvironmentalpartnership.org/>