



## Natural Gas Builds Maryland's Economy

More than crab cakes and colonial history, Maryland is a state on the move. Its diverse manufacturing sector is responsible for churning out a range of products from computer equipment to chemicals. In 2017, the Port of Baltimore handled 38.4 million tons of cargo, valued at \$53.9 billion,<sup>1</sup> and almost 69,000 passengers passed through BWI Marshall Airport daily in 2016.<sup>2</sup> One thing is for sure, none of this would be possible without the clean, abundant and affordable natural gas that has saved Maryland's families and businesses more than \$8.5 billion between 2006 and 2016.<sup>3</sup> Whether through business and commerce or at home, when we turn on our lights or even our heaters this winter, we depend on this energy source.

Access to energy supports just about everything we do across Maryland, and should not be taken for granted. It is not just important for businesses, but also for families, to work with our local and state governments to guarantee that future Marylanders are able to continue to count on domestic energy and the pipeline networks that deliver it to our homes and businesses.

### Affordable Energy for Maryland

Sadly, many American families struggle daily to pay for rising energy costs. According to a 2015 survey by the U.S. Energy Information Administration, 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 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."<sup>4</sup>

On average, each resident of Maryland spent \$2,925 to meet their energy needs in 2016.<sup>5</sup> With 9.3 percent of the population living at or below the poverty line, this translates to at least roughly one-quarter of their income

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going toward energy expenses.<sup>6,7</sup> That’s over 549,000 Marylanders who live in poverty, enough people to fill Camden Yards a little more than 11 times.<sup>8</sup>

And it’s not just lower income families that 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.<sup>9</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>10</sup>

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

### Fueling Marylanders’ Lives

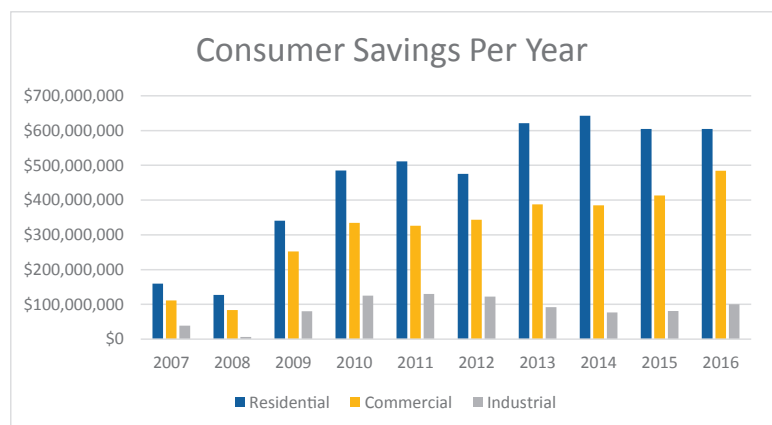
Supplies of affordable and reliable oil and natural gas are essential to Marylanders’ everyday lives. Ninety percent of petroleum consumed in Maryland is used for transportation, while industry utilizes another 5 percent. Almost 50 percent of households within the state depend on natural gas for heating while 10 percent rely on fuel oil or kerosene. In 2017, natural gas-powered electricity accounted for 20 percent of the state’s power generation.<sup>11</sup>

While Maryland is not believed to possess any recoverable oil resources, Allegany, Garrett, and Washington counties in the western portion of the state sit atop the resource-rich Marcellus natural gas shale formation. However, in 2017, the Maryland General Assembly authorized a permanent ban on hydraulic fracturing within the state.

Due to this ban and other circumstances, Maryland has to rely on supplies of oil and natural gas transported from the Gulf Coast and Southwest regions by pipeline or shipped into Cove Point from foreign countries overseas. Luckily, low natural gas prices and an abundance of domestic resources have helped reduce the demand for imported gas, giving way to the transition of Cove Point into an export facility in early 2018.



**\$4.5**  
**BILLION**  
Maryland residential consumers alone saved more than \$4.5 billion between 2006 and 2016.



Source: Energy Information Administration; calculations developed by Orion Strategies



## Impact of Oil and Natural Gas on Maryland's Economy

Nationwide, advances in horizontal drilling and hydraulic fracturing have increased production of natural gas across the U.S., and enabled Maryland consumers to save more than \$8.5 billion between 2006 and 2016. Residential users alone saved over \$4.5 billion, and commercial and industrial users saved more than \$3.9 billion combined.

According to a PricewaterhouseCoopers study, in 2015 the oil and natural gas industry contributed 72,500 jobs and accounted for more than \$4.4 billion in wages for the Old Line State. These jobs represent truck drivers, engineers, rig hands, construction workers and contractors who make oil and gas production and delivery possible. Their wages invigorate Maryland's economy across a multitude of sectors including real estate, vehicle purchases, local small business spending and hospitality destinations such as restaurants and hotels. In total, oil and gas provides over \$7.8 billion to Maryland in value-added economic impact, including employee compensation, proprietors' income, income to capital owners from property and indirect business taxes.<sup>12</sup>

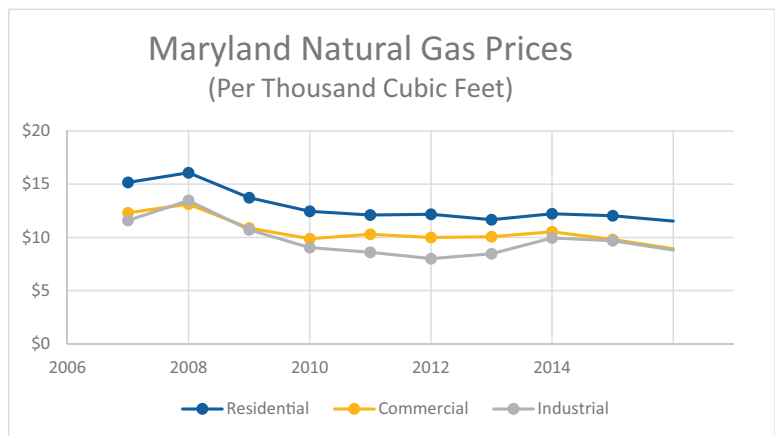


Combined, commercial and industrial users saved more than \$3.9 billion between 2006 and 2016.

Manufacturing is also an important business sector for the Maryland economy, and natural gas plays a critical role in Maryland manufacturing, with natural gas serving as an essential feedstock to many manufacturing processes including drying, melting, machine drive and space heating.<sup>13</sup> Manufacturing contributed more than \$23 billion to the state's economy in 2017.<sup>14</sup> In 2017, manufacturing accounted for more than 108,000 jobs across the state.<sup>15</sup>

## Access to Energy Resources

Without the availability of its own resources, energy infrastructure will be a critical piece to ensure that affordable energy can be delivered to the state. Unfortunately, Maryland's pipeline network and potential future access to valuable offshore and onshore energy supplies is under attack by anti-development activists, who continue working to eliminate the production and transportation of safe, affordable sources of energy. These anti-development efforts not only harm the environment, but they



Source: U.S. Energy Information Administration



also lack solutions to help meet consumer demand and threaten our environmental goals.

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<sub>x</sub>)
- 83 percent decrease in sulfur dioxide (SO<sub>2</sub>)
- 19 percent decrease in volatile organic compounds (VOCs)
- 37 percent reduction in fine particulate matter (PM<sub>2.5</sub>)<sup>16</sup>

Additionally, since 2005 the U.S. power sector has reduced carbon dioxide (CO<sub>2</sub>) emissions by 28 percent.<sup>17</sup> In December 2017, the oil and gas industry announced its Environmental Partnership to further reduce emissions of methane and volatile organic compounds.<sup>18</sup> 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.

Since 2006, Consumer Energy Alliance (CEA) has worked 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 have on our communities, as they are critical for moving energy into and throughout Maryland. With the savings that have occurred in recent years, Maryland'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, while also ensuring that hard-working families, seniors, households and small businesses can continue to enjoy the benefits that low prices are bringing to these communities.

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- 1 <https://mpa.maryland.gov/Press%20Releases/041218.pdf>
- 2 <https://www.bwiairport.com/flying-with-us/about-bwi/facts-figures>
- 3 Calculations developed by Orion Strategies. \$852.8 million saved by industrial users, \$4.57 billion saved by residential users, and \$3.12 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 Maryland, 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.
- 4 <https://www.eia.gov/consumption/residential/reports/2015/energybills/>
- 5 [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)
- 6 <http://talkpoverty.org/state-year-report/maryland-2018-report/>
- 7 Based upon 2018 HHS Poverty Guidelines. <https://aspe.hhs.gov/poverty-guidelines>
- 8 <http://alsd.com/content/camden-yards-undergoing-renovations-2011-season>
- 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=MD>
- 12 <https://www.api.org/~media/Files/Policy/Jobs/Oil-and-Gas-2015-Economic-Impacts-Final-Cover-07-17-2017.pdf>
- 13 <http://www.nam.org/Data-and-Reports/Reports/Natural-Gas-Study/Energizing-Manufacturing-Full-Report/>
- 14 <https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>
- 15 <https://www.baltimoresun.com/business/bs-bz-manufacturing-surge-20170127-story.html>
- 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/>