



CONSUMER **ENERGY** ALLIANCE
THE VOICE OF THE ENERGY CONSUMER



The Big Apple Isn't the Only Big Thing in New York, the Energy Savings are Too

From the lights of Times Square to the ski lodges in the Catskills, New York offers an array of experiences to its residents and tourists alike. That is because the experience is fueled by energizing lights and warm ski lodges where visitors can rest their bones after a long day on the slopes. These things, of course, require copious amounts of abundant and affordable energy to sustain not only the communities but the tourists who have come to have a unique and enjoyable experience. This energy has not only created a vibrant tourism industry, but it has also helped New York families and businesses save almost \$30.9 billion between 2006 and 2016.¹

The good news is that this low-cost energy has brought some relief to New York's families and businesses, while also helping to meet the state's ambitious emissions goals. Yet, New York's policymakers have continued to argue against using natural gas by thwarting development, curtailing construction of much-needed natural gas pipelines, and have tied the state up in litigation paid for by the very taxpayers who need cost savings. Meanwhile, families and households pay exorbitantly high prices for electricity and are nearly 40 percent higher than the national average.²

The reality is, without this energy, or the savings, the marquee lights would dim, and the chair lifts would come to a standstill if it were not for electricity derived from oil and natural gas. The State of New York's economy and environmental goals depend on industries that rely on oil and natural gas. From manufacturing processes that require natural gas feedstock to biotechnology and research are also fueled by by-products generated by oil and natural gas production - this fuel is essential to the lives of New Yorkers and their economy.

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**\$30.9
BILLION**

Increased production of natural gas across the U.S. has helped New York energy consumers save almost \$30.9 billion.



Access to affordable energy helps just about everything we do across New York. It fuels our cabs in the city and our trucks in rural Upstate New York. Most importantly, oil and natural gas are responsible for cooling our homes during the hot, humid summers and keeping us warm during the cold, damp winters. While energy may seem easily accessible, it should not be taken for granted. New Yorkers should work with local and state governments to guarantee that families and businesses can continue to count on our domestic energy supply and the pipeline networks that deliver it to our homes and businesses.



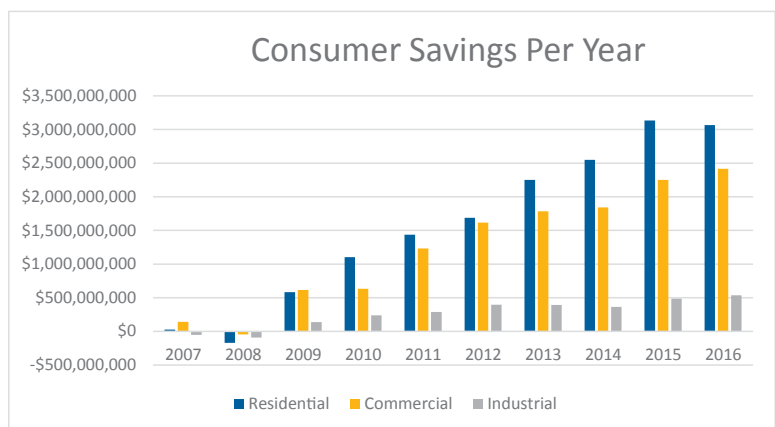
On average, each resident of New York spent \$2,524 to meet their energy needs in 2016.

Affordable Energy for New Yorkers

Our political leaders should be reminded that any American families struggle daily to pay for energy. 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.”³

This statistic is especially true for more than 400,000 individuals and families who rely on public assistance through the NYC Housing Authority (NYCHA) for housing, and who have to face harsh winters without reliable home heating.⁴ It is not just these individuals who will have to pay the price either. On average, each resident of New York spent \$2,524 to meet their energy needs in 2016.⁵ With over 14 percent of the state’s population living at or below the poverty line, this translates to almost one-fifth of their income going toward energy expenses.^{6,7} That is over 2.7 million New Yorkers who live in poverty; almost 11 times more than the number of commuters who pass through Grand Central Station daily.⁸

Moreover, it is 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.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



Source: Energy Information Administration; calculations developed by Orion Strategies



Fortunately, the 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.



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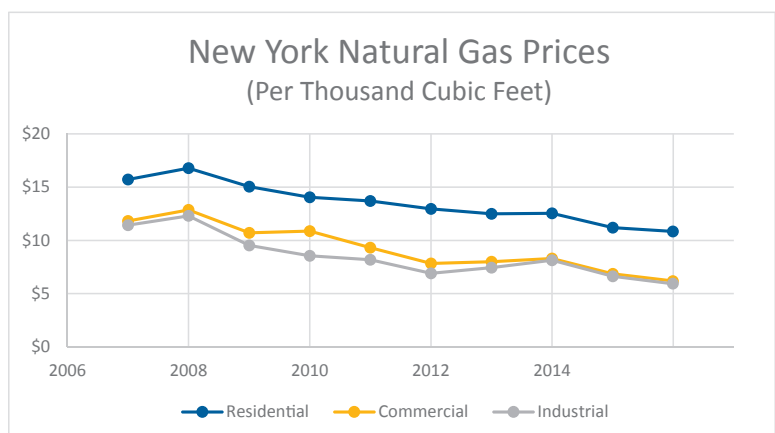
Oil and Natural Gas Power New York

Unfortunately, as a state that demands a lot of energy, New York has a few proven crude oil but sits atop significant shale natural gas reserves in the Southern Tier and in the southwestern region of the state. Of these reserves, the small amount of crude oil that is produced from the state's southwest region is shipped to out-of-state refineries, and due to the state's ban on hydraulic fracturing, there has been no recent substantial production of natural gas.

More energy could be developed in-state and more could be delivered from nearby Pennsylvania and Ohio if only New York's elected leaders would take a long look at the long list of facts that support using cleaner-burning natural gas - including the robust emission reduction and environmental improvement that is being made all across the nation.

These are essential pieces of information if you consider that New York is primarily a consuming state - not a producing state. Which creates a conundrum as New York is among the top five petroleum-consuming states in the U.S. with about 80 percent utilized by the transportation sector. Unlike most states across the country, roughly one-quarter of New York's households use fuel oil for heat during the winter. Much of the fuel that supplies the transportation industry as well as industrial, commercial and residential consumers arrive in state via pipelines primarily from the Gulf Coast and Midwest.

New York is also ranked as the 6th largest natural gas consuming state in the nation with 40 percent of the state's electricity generation powered by natural gas, and heating almost 60 percent of New York's homes. With most of the natural gas consumed by New Yorkers arriving through pipelines from Canada and Pennsylvania, access not only to infrastructure but also adequate energy supplies has gone from critical, to vital. In just two short years, nearly one quarter of New York City's power capacity is scheduled go offline when the Indian Point Nuclear Power Plant is shuttered further exacerbating on-going gas shortfalls.



Source: U.S. Energy Information Administration



Energizing New York's Economy

Nationwide, advances in horizontal drilling and hydraulic fracturing have increased production of natural gas across the U.S. and enabled New York energy consumers to save almost \$30.9 billion between 2006 and 2016. Residential users alone saved nearly \$15.7 billion, while commercial and industrial users saved almost than \$15.2 billion combined.

According to a PricewaterhouseCoopers study, in 2015 the oil and natural gas industry contributed 258,500 jobs and accounted for more than \$21.3 billion in wages for the State of New York. These jobs represent the truck drivers, engineers, caterers and contractors who make oil and gas production and delivery possible. Their wages invigorate New York's economy via real estate or vehicle purchases, local small businesses and hospitality destinations such as restaurants and hotels. In total, oil and gas provide over \$35.8 billion to New York's state economy, including employee compensation, proprietors' income, income to capital owners from property and indirect business taxes.¹¹

New York's Energy Future

New York's expanding pipeline network and potential access to valuable energy supplies are under attack by anti-development activists and political leaders who are not fully aware of all the facts, and who continue working to eliminate the production and transportation of safe, affordable sources of energy. These anti-development efforts not only harm the environment and threaten our environmental goals, but they also lack solutions to help meet consumer demand.

This has become more apparent in recent weeks as Con Edison, the electric provider for over 10 million people in New York City and Westchester County, has had to put a moratorium on "applications for natural gas connections from new customers in most of Westchester County" starting in March so that it can reliably meet demand for its existing customers.¹² Events like these are becoming more frequent as the lack of realistic solutions by these groups ever gets proposed. Moreover, as New York continues to decommission other sources of energy, regulators and policymakers will need to consider how they will source additional natural gas supplies which will need to play a pivotal role in providing baseload power to meet the demands of New Yorkers. Also overlooked is the ability of natural gas to help bring on additional supplies of renewable energy. It supplies vital quick-start capability to deal with the intermittency issues of variable resources like wind and solar when they go offline - especially with limited battery storage capability to power the energy needs of the grid for nearly 20 million New Yorkers.

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Through their anti-development efforts, activists have also carelessly dismissed that 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 (NOx)
- 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})¹³

Additionally, since 2005 the U.S. power sector has reduced carbon dioxide (CO₂) emissions by 28 percent.¹⁴ In December 2017, the oil and gas industry announced its Environmental Partnership to reduce emissions of methane and volatile organic compounds further.¹⁵ 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 New York. With the savings that have occurred in recent years, New York's policymakers, regulators and leaders must come together in support of a balanced plan that allows 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.

- 1 Calculations developed by Orion Strategies. \$2.7 billion saved by industrial users, \$15.7 billion saved by residential users, and \$12.5 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 New York, also sourced by EIA. The Consumer Price Index (CPI) 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 2017 CPI data was not available at the time of publication.
- 2 https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a
- 3 <https://www.eia.gov/consumption/residential/reports/2015/energybills/>
- 4 <https://www1.nyc.gov/site/nycha/about/about-nycha.page>
- 5 https://www.eia.gov/state/seds/sep_sum/html/pdf/rank_pr.pdf
- 6 <https://talkpoverty.org/state-year-report/new-york-2018-report/>
- 7 Based upon 2019 HHS Poverty Guidelines. <https://aspe.hhs.gov/poverty-guidelines>
- 8 <https://www.grandcentralterminal.com/>
- 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.api.org/~media/Files/Policy/Jobs/Economics-Nat-Gas-Oil/API_OilEconomy-New-York.pdf
- 12 <https://www.coned.com/en/about-con-edison/media/news/20190118/statement-from-con-edison-re-moratorium-on-new-gas-connections-in-westchester>
- 13 <https://www.epa.gov/air-trends/air-quality-national-summary#emissions-trends>
- 14 <https://www.eia.gov/todayinenergy/detail.php?id=37392>
- 15 <https://theenvironmentalpartnership.org/>