Floridians Benefit from Affordable Natural Gas

Over 116 million tourists visited Florida in 2017. That’s little surprise given that the state is home to the world’s top water parks, the nation’s top amusement parks, and some of the best beaches in the United States according to Conde Nast. Tourism is crucial to Florida’s economy – creating 1.1 million jobs for Floridians and pumping $51 billion into the state’s coffers.¹ What may come as a surprise is that none of this would be possible without energy. Resources such as oil and natural gas are necessary to fuel the airplanes and cars that visit our state daily. These same resources power theme park rides, light our homes and keep us cool during Florida’s hot, humid summers. Thanks to clean, abundant and affordable natural gas, Florida’s families and businesses saved more than $8 billion between 2006 and 2016, allowing them to enjoy their time and lives cost-effectively.

These are just a few things that Floridians, and Americans, are afforded thanks to energy access. It should not be taken for granted and Floridians should work with local and state governments to guarantee that families and businesses are able to continue to count on domestic energy, and the pipeline networks that deliver it to our homes and businesses, while also striving for our environmental goals.

Affordable Energy for Florida

Unfortunately, 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.”²

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On average, each resident of Florida spent $2,525 to meet their energy needs in 2016. With 14 percent of the state’s population living at or below the poverty line, this translates to at least 20 percent of their income going toward energy expenses. That’s over 2.9 million Floridians who live in poverty, enough people to fill Daytona International Speedway almost 29 times.

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. CNBC recently reported that “69 percent of Americans had less than $1,000 in total savings and 34 percent had no savings at all.”

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.

**Oil and Natural Gas Powers Florida**

Florida is what is referred to as a non-producing state as it has no significant crude oil reserves and accounts for less than 0.1 percent of U.S. production. Annual production from the Jay Field located in the Florida Panhandle totaled less than 2 million barrels in 2017, and Florida’s limited natural gas production also derives from this same region of the state.

While Florida’s natural gas supplies are transported by interstate pipelines from the Gulf Coast region, there are no interstate crude oil pipelines and no refineries to supply Floridians with refined oil products. Because of this, the state receives the bulk of its petroleum products via overseas shipments from foreign providers. This is important as ninety percent of the petroleum consumed in Florida is utilized by the transportation sector, and due to the state’s large population coupled with its booming tourism industry, the state is among the largest users of gasoline and jet fuel in the country.

While little production happens in the state, geologists believe there are

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**Florida residential consumers alone saved more than $798 million between 2006 and 2016.**

![Consumer Savings Per Year](Source: Energy Information Administration; calculations developed by Orion Strategies)
substantial oil and gas resources located in federal waters in the Eastern Gulf of Mexico. While Congress restricted oil and gas leasing in much of this region through 2022, the federal government is currently evaluating opportunities to access this area.

Access to this energy should be considered since two-thirds of Florida’s electricity is provided via natural gas-powered generation units. The state also utilizes petroleum as a backup fuel source in case natural gas supplies are interrupted. Residential energy consumption accounts for over half of the electricity used in Florida. The commercial sector, including hotels, restaurants, and retail establishments, accounts for nearly all of the remaining usage.

**Energizing Florida’s Economy**

Nationwide, advances in horizontal drilling and hydraulic fracturing have increased production of natural gas across the U.S. and enabled Florida consumers to save more than $8 billion between 2006 and 2016. Residential users alone saved almost $798 million while commercial and industrial users saved more than $7.2 billion combined.

Savings weren’t the only thing that came from access to oil and gas supplies. According to a PricewaterhouseCoopers study, in 2015 the oil and natural gas industry contributed 266,800 jobs and accounted for more than $11.9 billion in wages for The Sunshine 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 Florida’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 $22.1 billion to Florida’s state economy, including employee compensation, proprietors’ income, income to capital owners from property and indirect business taxes.

But access and safe development of energy doesn’t stop with the oil and gas industry, Florida’s utility providers also do an excellent job getting that reliable and affordable energy to its customers, however, any disruption to the supply of natural gas to the state could have a negative impact on the economy. Increased demand without adequate

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**Florida Natural Gas Prices (Per Thousand Cubic Feet)**

- Residential
- Commercial
- Industrial

Source: U.S. Energy Information Administration
supplies would raise energy rates for consumers across residential, commercial, and industrial sectors. This impacts not only home cooling or heating costs but also the cost to operate small and large businesses or manufactured goods.

**Florida’s Energy Future**

Due to its non-producing status and lack of its own resources, Floridians more than other states should understand how access to energy, or shutting off access to energy, affects them. Currently, energy from Florida’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 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 (NOx)
- 83 percent decrease in sulfur dioxide (SO2)
- 19 percent decrease in volatile organic compounds (VOCs)
- 37 percent reduction in fine particulate matter (PM2.5)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 further reduce emissions of methane and volatile organic compounds.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 Florida. With the savings that have occurred in recent years, Florida’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, small businesses - and tourists - can continue to enjoy the benefits that low prices are bringing to their communities, and to Florida.

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2. https://www.eia.gov/consumption/residential/reports/2015/energybills/
15. https://theenvironmentalpartnership.org/