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A Project of Consumer Energy Alliance



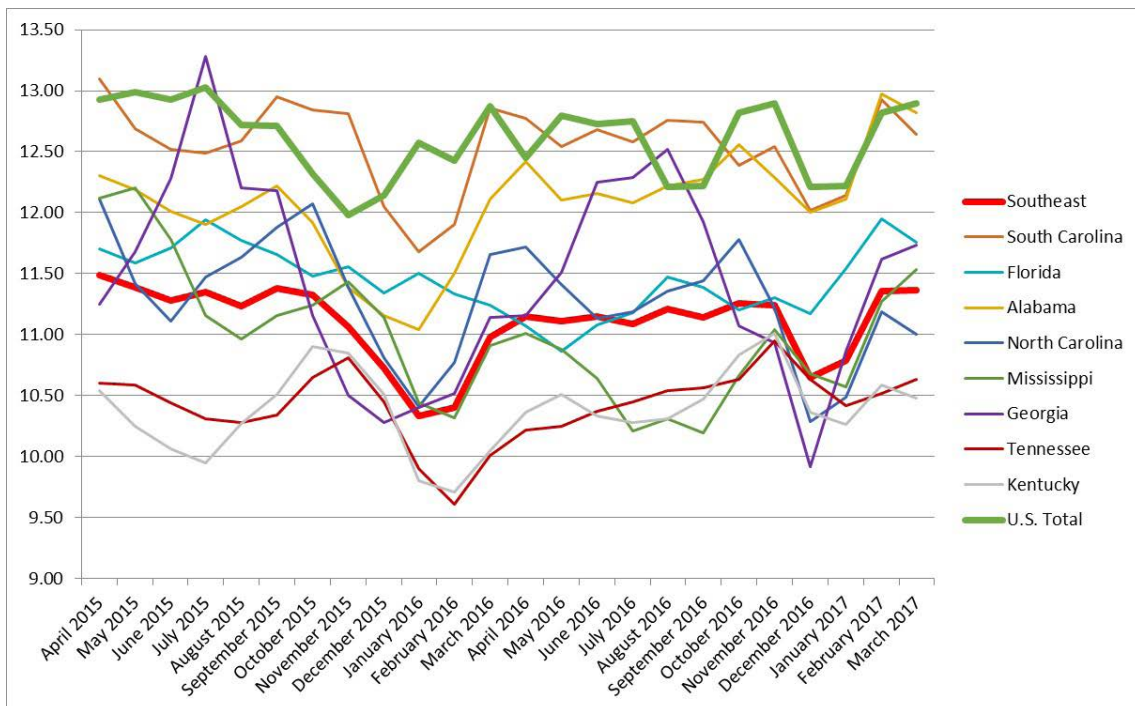
SOUTHEAST REIGNS AS AFFORDABLE ENERGY POWERHOUSE OF THE U.S.

While families benefit from cheap energy, these advantages are not permanent — and without thoughtful energy policies, increases in region would intensify the current struggles of low-income residents

The U.S. Southeast has several advantages that enable its families and small businesses to enjoy the benefits of reliable energy. The clearest advantage of the Southeast is that it has an abundant supply of affordable power, including electricity generated by natural gas, nuclear, and coal. While the Southeast

relies on almost 20 separate regional transmission organizations to deliver energy to its residents, the supplies are consistently less expensive than the national average.

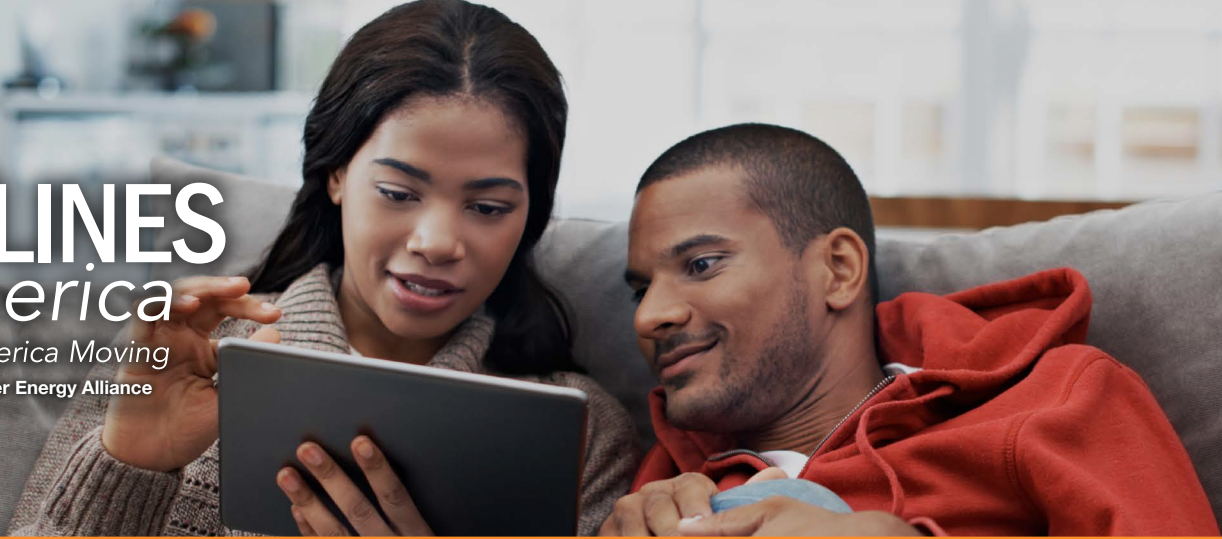
The region’s continuous access to affordable energy is one of biggest reasons why its population and



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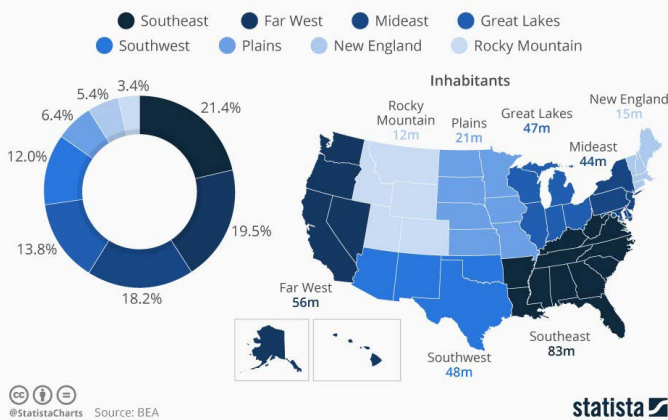
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Which U.S. Region Contributes How Much to the GDP?

Share of gross domestic product (GDP) by region in Q4 2016 (in percent)



[Communities and Finances: The Consequences of Denying Critical Pipeline Infrastructure](#), these forms of baseload electricity generation are at risk. If these two sources went away, the only remaining viable source for baseload electricity³ to fill the gap would be natural gas.

Implications of Energy Delivery in Southeast⁴

If baseload power generation is lost, what are the implications?

- A recent analysis found that the bottom 20 percent of earners spend almost 10 percent of their income solely on electricity, more than seven times the portion of income that the top fifth pays.⁵
- Of those low-income earners that spend 10 percent of their income on power bills, 50 percent of them are African-American families.⁶
- U.S. Census Bureau data estimates that over 18.3 million people in the Southeast live at or below the poverty line
- Of the 43.3 million people on food stamp benefits nationwide, over 10.2 million reside in the Southeast (AL-825,198, FL-3,262,475, GA-1,677,279, KY-649,388, MS-554,866, NC-1,475,489, SC-740,443, and TN-1,082,601)⁷
- Mississippi has the fourth highest percentage (18.5%) of residents reliant on food stamps in the country⁸
- There is a reliability gap of 29% that the poor, young people, seniors and hard-working families in the Southeast simply cannot afford⁹
- Based on results of the aforementioned CEA report, the Southeast could sustain an electricity shortfall

economy are burgeoning. In fact, according to the U.S. Bureau of Economic Analysis, no region contributed more to the U.S. economy than the Southeast,¹ and 11 of America's 20 fastest-growing cities in 2017 are in the region.²

So, why is electricity in the Southeast so inexpensive? Simply stated, there is sufficient access to abundant and reliable baseload electricity from natural gas, nuclear, and coal in the Southeast. However, based on current trends, these important baseload sources of electricity are at risk – and in the case of coal and nuclear, may be phased out altogether.

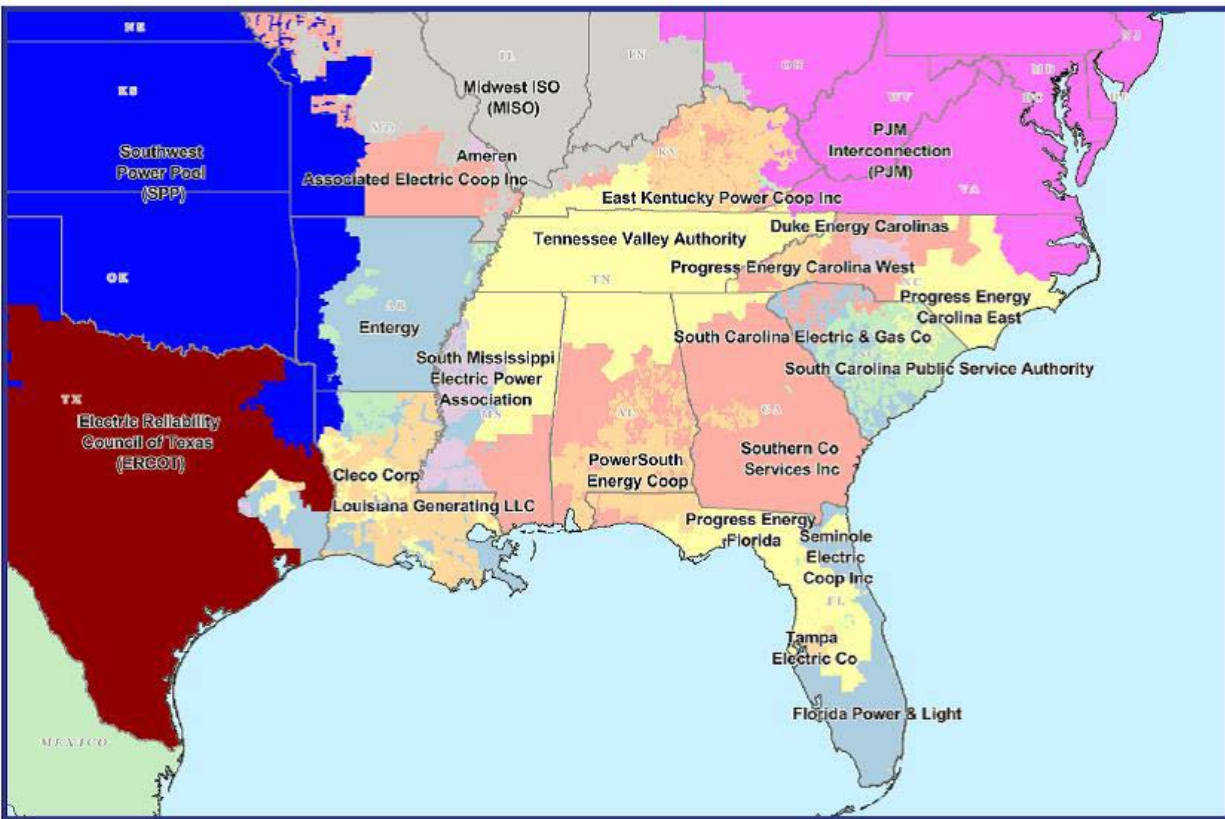
Existing Southeast Fuel Generation Mix is at Risk

Upon examining the electricity fuel mix for the Southeast region, it is clear that the bulk of electricity generation comes from traditional sources such as natural gas, nuclear, and coal. However, coal and nuclear are facing existential threats that may take both sources of electricity out of the mix. As Consumer Energy Alliance (EA) pointed out in its report, [Families,](#)

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of 29% by 2030, even if wind and solar electricity generation increases 37-fold from 2015 levels, an ambitious, if not unrealistic federal projection.¹⁰

- Construction of a single energy delivery project in North Carolina could generate \$680 million in total economic activity, support more than 4,400 jobs and provide an average of \$6 million a year in local property tax revenue for schools, roads, and more¹¹
- The Southeast could also see repurposing of existing pipeline systems to move NGLs from the Mid-Atlantic to the Gulf Coast refinery complex.

One project could move up to 430,000 barrels per day and require \$4 billion in capital expenditures.¹²

- There are at least eight major projects awaiting consideration by FERC totaling 5,202 MMcf/day in natural gas that could help consumers, families, and small businesses deal with energy shortfalls¹³

Despite this data, there is good news. The expansion of energy delivery in the form of pipeline construction has had a positive effect on consumers across the Southeast and the nation. Currently, families and motorists in the region together are saving more



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than \$33.6 billion in gasoline costs compared to 2012 levels based on data compiled by the Energy Information Administration (EIA). With pipelines responsible for moving roughly 70% of the nation's crude oil and petroleum products,¹⁴ these savings have been achieved largely due to stable energy delivery.¹⁵ Many families and households in the Southeast are turning those savings into more travel and leisure activities. Just this year, over Memorial Day Weekend, AAA estimated that travel was at its highest levels since 2005, with more than 39.3 million Americans driving or flying more than 50 miles from home.¹⁶ To put that in perspective, a Southeast road trip from Atlanta, Georgia, to Disney World, in Orlando, Florida, would cost \$38.91 less than it would have in 2012.¹⁷

Public Policy Could Negatively Impact Southeast Energy Delivery in the Future

The rejection of pipeline projects such as Sabal Trail and Palmetto pipelines, plus other energy delivery projects, could hinder the ability of families and small businesses in the Southeast from enjoying the use of affordable energy. It is not only state regulators and lawmakers who are to blame; there are at least \$50 billion worth of ventures¹⁸, including many pipelines, that have been slowed or stalled because the Federal Energy Regulatory Commission (FERC) does not have sufficient staff to approve or deny projects.

At least a half-dozen pipelines valued at \$12 billion face imminent delays, while projects valued at \$38 billion are slogging through

an approval process that's slow in the best of times. An additional \$25 billion of proposed developments just beginning the application process also could be slowed if the situation persists late into the year.¹⁹

Families, Communities and Finances: The Consequences of Denying Critical Pipeline Infrastructure

CEA's aforementioned [report](#) found that rejecting pipeline infrastructure and baseload power generation would remove almost a third of U.S. electricity generation capacity by 2030, dangerously raising electric rates nationwide, especially on poverty-stricken households. It also found significant impacts on energy security and fuel supplies as well as varying harmful regional implications.

About Consumer Energy Alliance

[CEA](#) brings together families, farmers, small businesses, distributors, producers and manufacturers to support America's energy future. With more than 450,000 members nationwide, our mission is to help ensure stable prices and energy security for households across the country. We believe energy development is something that touches everyone in our nation, and thus it is necessary for all of us to actively engage in the conversation about how we develop our diverse energy resources and energy's importance to the economy. Learn more at ConsumerEnergyAlliance.org.



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1. Note that this definition of the Southeast includes Louisiana and Arkansas, while CEA's definition of the Southeast does not include these states. Gross Domestic Product by State: Fourth Quarter and Annual 2016, U.S. Bureau of Economic Analysis, https://www.bea.gov/newsreleases/regional/gdp_state/qgsp_newsrelease.htm
2. Full List: America's Fastest-Growing Cities 2017, Forbes, <https://www.forbes.com/sites/samanthasharf/2017/02/10/full-list-americas-fastest-growing-cities-2017/#1243127c3a36>
3. Baseload electricity is power that can be relied upon under any conditions. Wind power, for example, is not a good baseload power generation source since the wind is not stable and cannot be turned on or off by RTOs.
4. Consumer Energy Alliance (CEA) recently issued a report entitled, "[Families, Communities and Finances: The Consequences of Denying Critical Pipeline Infrastructure](#)," which found that rejecting pipeline infrastructure and baseload power generation would remove almost one-third of U.S. electricity generation capacity by 2030, dangerously raising electric rates nationwide, especially for poverty-stricken households. It also found significant impacts on energy security and fuel supplies as well as varying harmful regional implications.
5. http://groundswell.org/frompower_to_empowerment_wp.pdf
6. http://groundswell.org/frompower_to_empowerment_wp.pdf
7. US Department of Agriculture, <https://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap>
8. <http://www.npr.org/sections/thesalt/2011/11/07/142110548/mississippi-leads-u-s-in-reliance-on-food-stamps>
9. The reliability gap is the gap between current grid reliability and desired reliability. This gap is due to a lack of natural gas capacity to reduce bottlenecks and supply shortages.
10. Families, Communities and Finances: The Consequences of Denying Critical Pipeline Infrastructure, *ibid*.
11. <https://www.dom.com/library/domcom/pdfs/gas-transmission/atlantic-coast-pipeline/acp-economic-benefits-nc.pdf?la=en>
12. <https://www.ferc.gov/industries/gas/indus-act/pipelines/pending-projects.asp>
13. *Ibid*
14. https://www.manhattan-institute.org/pdf/ib_23.pdf
15. <https://www.eia.gov/opendata/qb.php?category=40715>
16. <http://newsroom.aaa.com/tag/memorial-day-travel-forecast/>
17. Based on the most recent gasoline price and consumption data available from the Energy Information Administration.
18. <https://www.bloomberg.com/news/articles/2017-05-05/trump-s-delay-stalls-50-billion-of-energy-projects-in-pipeline>
19. Energy Projects Worth \$50 Billion Are Stalled Until Trump Fills Empty Posts, Bloomberg, <https://www.bloomberg.com/news/articles/2017-05-05/trump-s-delay-stalls-50-billion-of-energy-projects-in-pipeline>