The State of Natural Gas in North Carolina -

NC House Energy & Public Utilities Committee

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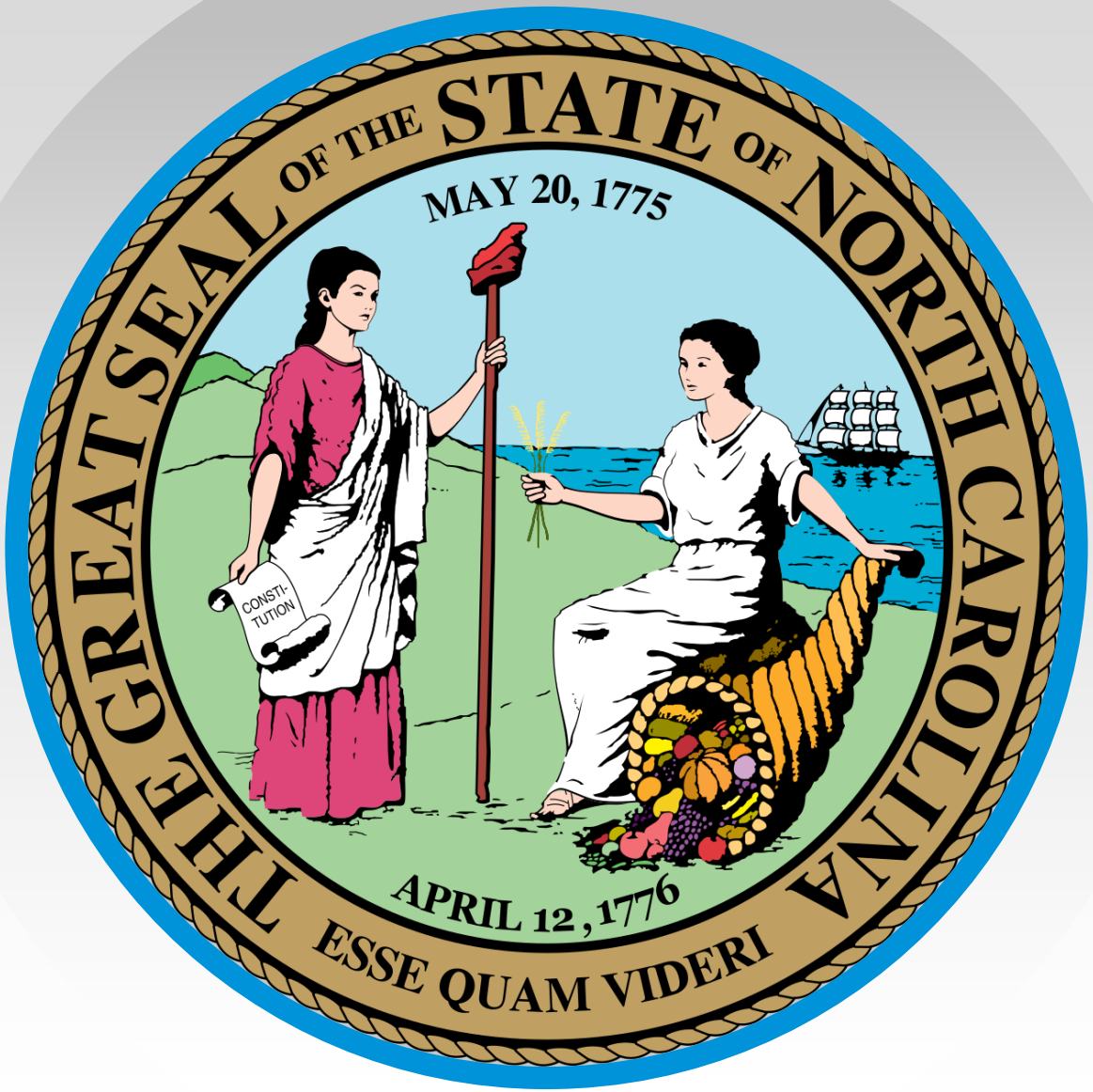
American Petroleum Institute



Presentation agenda

- Current natural gas utilization & consumption
- Natural gas is important to state's economy & industries
- Projected natural gas growth
- North Carolina's pipeline & proposed network
- Local benefits with increased supply
- Need for smart energy policies to ensure growth engines

North Carolina By the Numbers

North Carolina consumes almost 4X MORE ENERGY than it produces

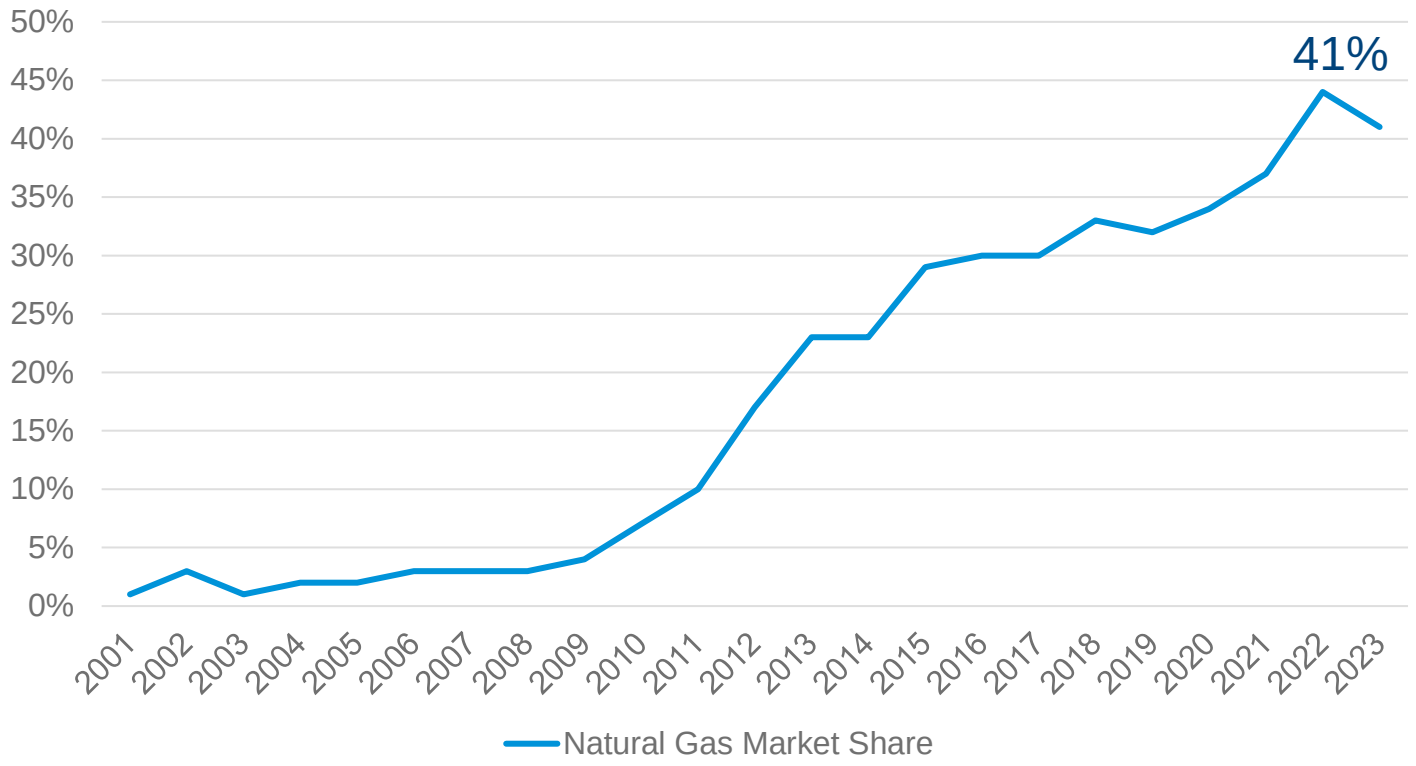
Total Energy consumption: 2,569 trillion BTU in 2022, 12TH LARGEST IN THE U.S

Top consumption uses: residential, commercial, industrial & transportation

North Carolina’s natural gas consumption

- **More than 40%** of North Carolina’s electricity generation comes from natural gas, more than any other source and growing from less than 5% in 2001.
- More than **25% of state households** rely on natural gas for home heating.
- In 2022, North Carolina **consumed 725 billion cubic feet** of natural gas.
- North Carolina’s 2030 estimated peak load growth is **8x higher** than the estimates from two years ago.

Share of North Carolina's electricity generation from natural gas *(% of total electricity generation)*



Importance to state Industries

EDUCATION: North Carolina has the highest concentration of Tier 1 research universities in the nation, many of which rely on natural gas to achieve their climate goals through technologies like combined heat to power.

AGRICULTURAL: Energy costs account for over 30% of a farm's expenditures, and natural gas helps provide the fertilizer, pesticide, and electricity they need to be the US's #1 producer of sweet potatoes and tobacco.

HEALTH CARE: The healthcare industry is one of the most energy intensive industries in NC. 99% of pharmaceutical feedstocks, glass, and regents are derived from petrochemicals. Access to natural gas is key for these facilities.

TOURISM: Natural gas, on average, makes up 70% of the overall energy used to brew beer and boil water and grains at one of North Carolina's 410 craft breweries.

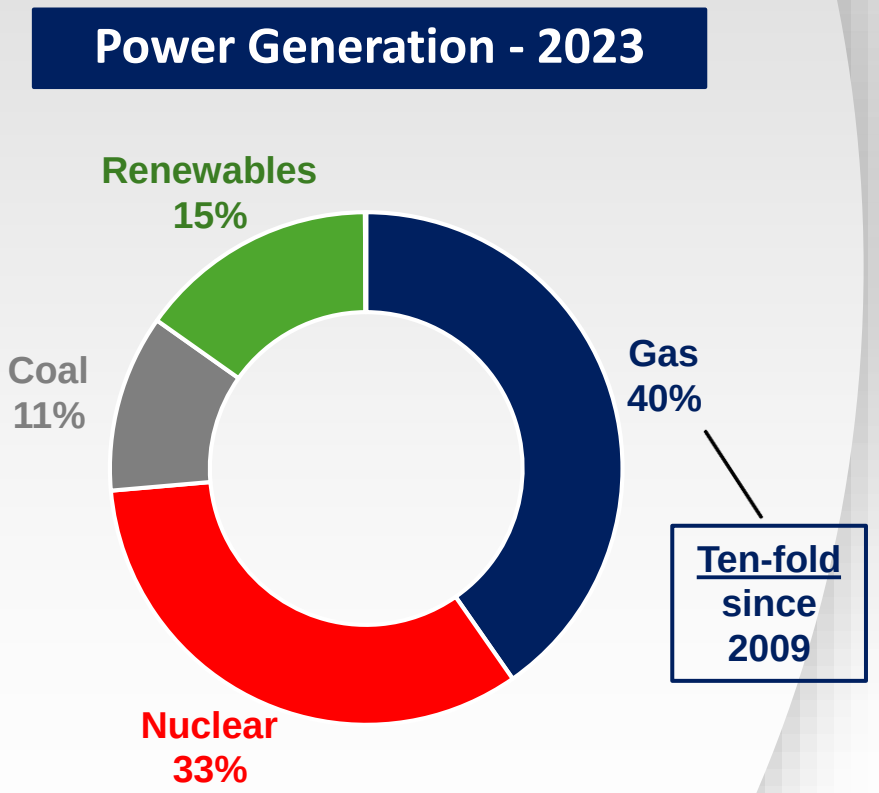
Natural gas is key to state's future

The ability to bring incremental natural gas to North Carolina will be key to:

- Economic growth
- Maintaining a reliable, affordable energy supply
- The ability to maintain competitiveness with neighboring states

Duke Energy's Carolinas Resource Plan:

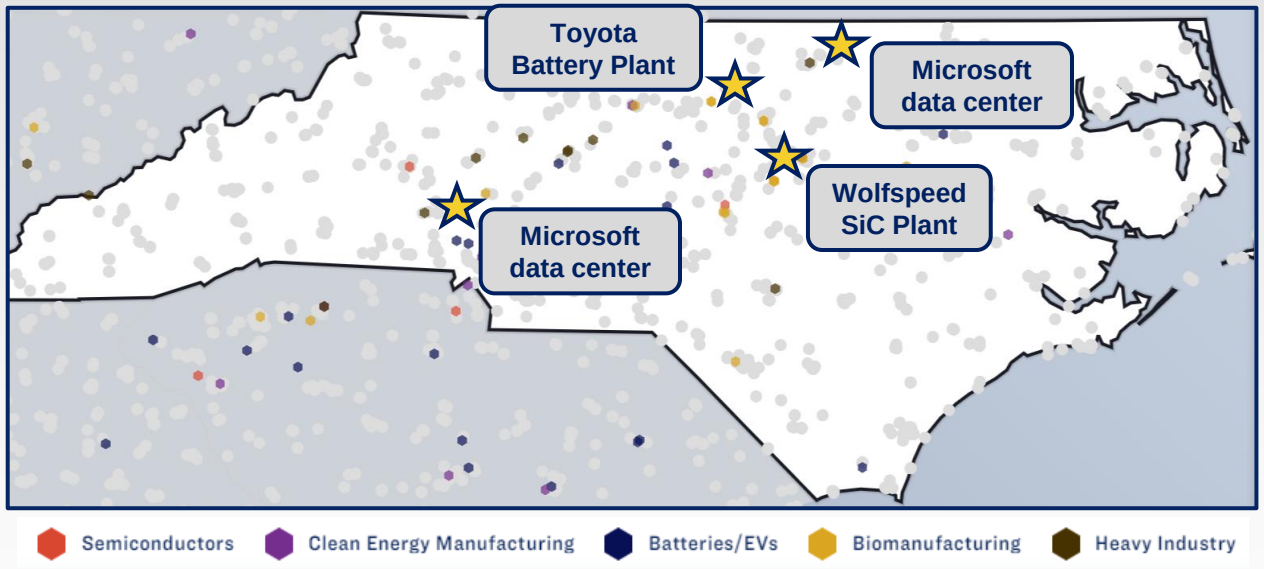
- "New economic development wins, including manufacturing and technology projects across the Carolinas, are the primary driver of the increased electric demand — the estimated peak load growth by 2030 is **eight times the growth projected** just two years ago."



Source: U.S. EIA

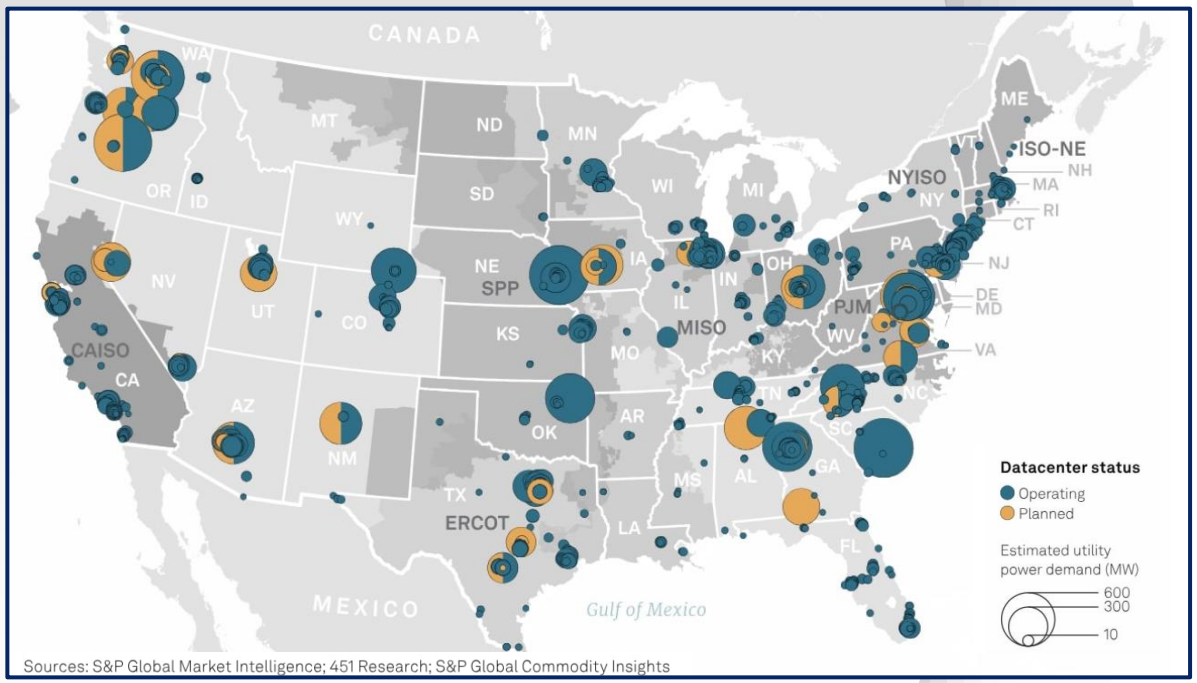
Manufacturing & data centers are driving growth

Manufacturing & Technology Facilities



Source: The White House

Existing & Announced Data Centers



Source: S&P Global

Rising electricity demand is the result of economic growth, and affordability is key to attracting energy-intensive industries.

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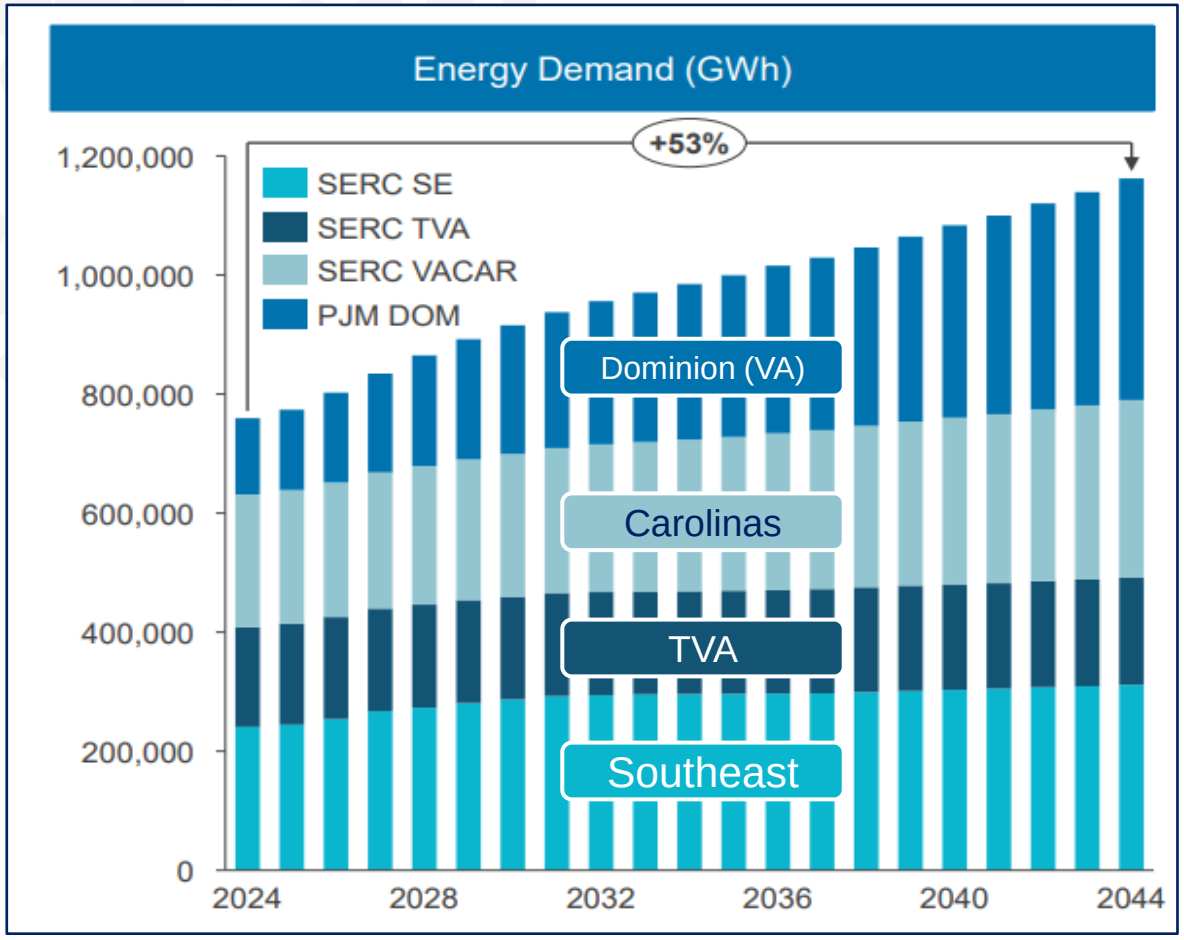
Additional supply is needed to meet demand

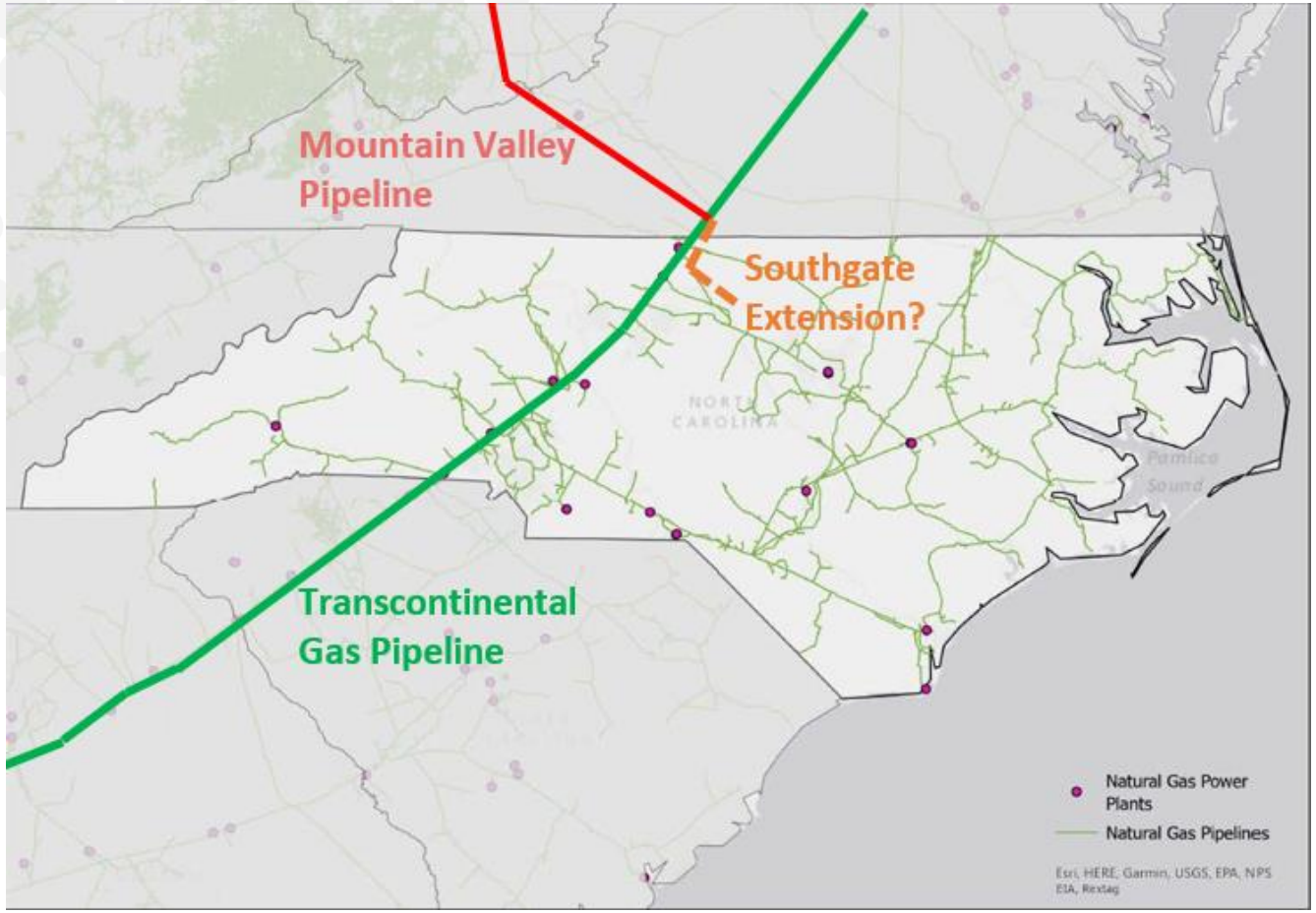


Energy demand is expected to rise 53% across the Southeast Region over the next 20 years.

Demand growth will come from population increases, electrification, the reshoring of manufacturing of critical industries like semiconductors, batteries/EVs, biomanufacturing and heavy industry, along with data center operations.

Meeting this demand will secure thousands of jobs for the state, millions in investments, including $48b in North Carolina, and keep the state competitive in attracting businesses.

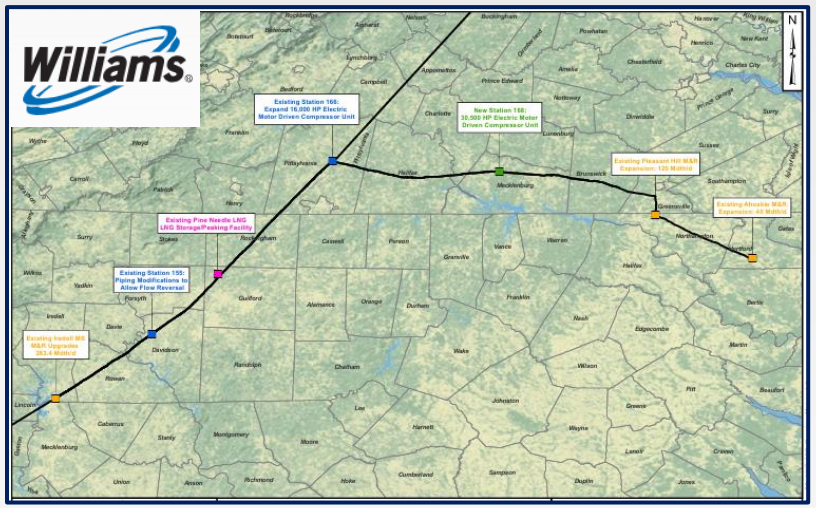
North Carolina's natural gas pipeline network



- There are nearly 68,000 miles of natural gas pipelines in North Carolina.
- Over 90% of natural gas receipts via pipeline were transported through the Transcontinental Gas Pipeline Company.
- Pipeline projects in development are helping to increase supply to the state.

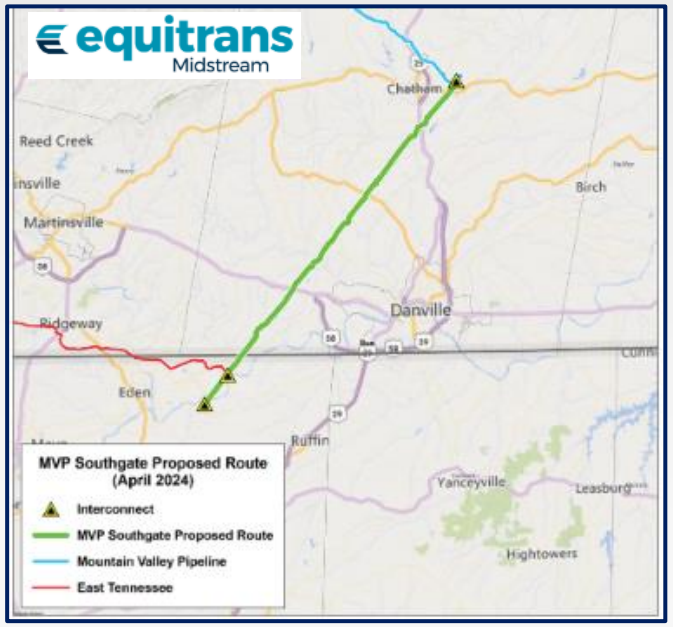
Strong progress from industry & state policymakers

South Side Reliability Enhancement

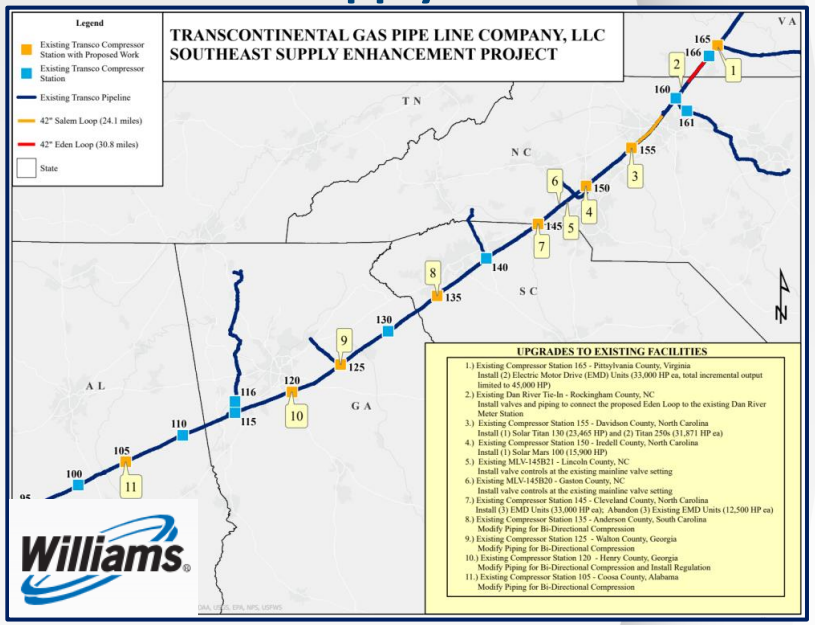


(online Dec 2024)

MVP Southgate



Southeast Supply Enhancement



The General Assembly has also passed a set of reforms that have streamlined permit decisions.

Charles River Associates Study: More pipeline capacity can help reduce utility bills

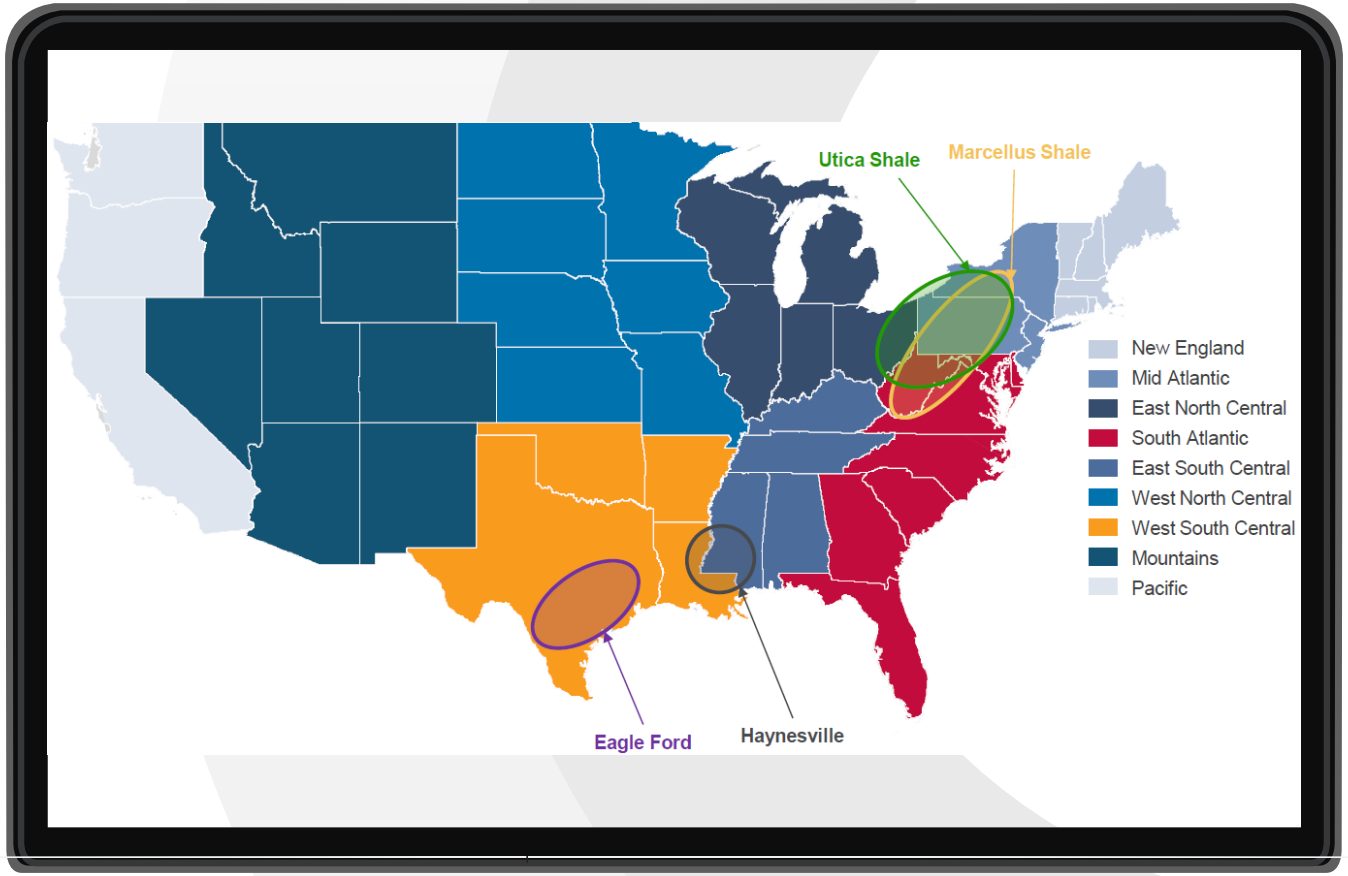
New pipeline capacity into the Southeast will result in lower electricity and natural gas utility bills.

In the Carolinas, removing obstacles to bringing more natural gas into the region could result in average utility bill savings of $155 per household.

The infrastructure decisions made today will impact consumers' pocketbooks for decades to come, with utility bill increases potentially accelerating beyond 2035.

Sensible Energy Policy

- Smart, sensible energy policies can increase natural gas capacity for North Carolina and mitigate price increases for consumers.
- These policies, including permitting reform, can ensure that domestic gas produced in the nearby Marcellus and Utica regions as well as the abundant resources available from Haynesville and Eagle Ford can reach growing demand in the state.
- America's broken permitting process means that it takes longer to obtain a pipeline permit than to graduate from one of North Carolina's colleges.
- Clear, consistent, and certain regulatory frameworks for projects planned for decades of operation will invite investment and facilitate adequate energy supplies for the state's economic growth.



More to be Done @ State & Federal Level

- Continued permitting reform to provide regulated entities as well as the public clarity and certainty w/o undermining environment and community engagement.
- Active support at local and state level for interstate and intrastate projects which include pipelines, compressor stations, storage facilities, and natural gas power plants.
- Advocacy with federal policymakers and regulators (FERC, EPA, etc.) on projects that directly impact NC as well as projects of national significance.
- Competitive tax policies that encourage investment in infrastructure
- Continued support for RNG and other emerging technologies (hydrogen, carbon capture, etc.) given NC's abundant sources of potential RNG supply.

Thank you!

Questions?

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