The Climate Reality Project

NOT WORTH IT:

The Failing Economics of Fracked Gas and Petrochemicals

Ethane cracker plants—and the polluting plastics they create—are the fossil fuel industry's latest attempt to lock us into a dirty extractive economy, bringing extensive and expensive infrastructure that fills our air and water with toxic chemicals while contributing to climate change. Ethane cracker plants do not produce energy, yet their construction expands our dependence on fossil fuels and slows the transition to renewables like wind and solar at a time when that sector is exploding with growth and creating good jobs along the way.

The industry wants you to think it is a job-creating moneymaker, and a boon to struggling, often rural communities hoping to create good jobs and improve the lives of residents.

Ethane crackers are plants that perform the first step in the process of transforming ethane—a component of natural gas—into ethylene, the building block of plastics and other industrial products. Much of this gas is procured through the process of hydraulic fracturing—aka "fracking"—of Marcellus and Utica shale, and travels via pipeline infrastructure to the cracker plant.

NOTHING COULD BE FURTHER FROM THE TRUTH:

- For the last two decades, energy companies have been among the largest issuers of junk bonds on Wall Street.
- US oil and gas producers owe roughly $86 billion in debt, all of which will come due between 2020 and 2024. Another $123 billion in debt due over that same period belongs to pipeline companies.
- Several oil and gas giants have already begun to sell off assets in the Marcellus shale region and lay off portions of their workforce.
- With fossil fuel prices in the gutter, oil and gas companies are finding themselves locked out of the credit market and unable to refinance, *opening the door to a wave of bankruptcies.*

AT THE SAME TIME:

- Plastics prices have fallen 40 percent in the last 10 years.
- In the US, *existing* plastics buildout has already oversupplied demand—which is likely to drive prices (and revenues for petrochemical facilities) down even further in the years to come.
- Unstable and frequently changing federal and state policies, regulation, and enforcement—in areas as varied as permitting and construction to pollution management—make investment in petrochemical infrastructure especially risky no matter the current financial climate.

Sound like a secure industry with great long-term jobs prospects to you?

"Already heavily indebted, many companies are now struggling to make interest payments on the debt they carry and are finding it challenging to raise new financing, which has gotten more expensive as traditional buyers of debt have vanished and risks to the industry have grown."

New York Times, March 2020

It's not just that the industry is financially unstable, either—it's dirty and dangerous, especially for those employed in these facilities and living in the surrounding communities, and drives up health care costs.

Ethane cracker plants release numerous hazardous air pollutants such as: **benzene** (linked to cancer and childhood leukemia); **toluene** (linked to brain, liver, and kidney problems in addition to infant mortality and birth defects); and **formaldehyde** (a known carcinogen).

In fact, one recent analysis found that the addition of three cracker plants in the Ohio River Valley is likely to increase health care costs by $3.6–$8.1 *billion* over 30 years.

And remember, we're not even talking about creating energy here, people!

Much of the fracked gas extracted from across the Ohio River Valley is being used to ***produce plastics****—not keep the lights or heat on.*

But economic growth and good-paying jobs are possible in communities like yours with renewable energy and the green economy.

THE TRANSITION TO A CLEAN ENERGY ECONOMY IS ON, AND THAT MEANS JOBS. LOTS OF THEM. GOOD AND EQUITABLE ONES, TOO.

- Did you know: There are already more clean energy jobs than fossil fuel jobs, outnumbering them by about three-to-one in 2018.
- The two fastest-growing jobs in the country right now are clean energy jobs.
- It's not just happening in cities, either. **Rural communities have recently seen incredible growth in jobs in clean energy and (particularly!) energy efficiency.**
- And the pay is better too! **Workers in clean energy and energy efficiency fields earn higher and more equitable wages compared to all workers nationally,** *with mean hourly wages often exceeding national pay averages by 8 to 19 percent.*

Jobs are a key feature in the shift toward a cleaner economy and a greener tomorrow. Maybe if we started to look a little differently at the choices in front of us, we'd see the best possible future doesn't need to include pipelines or benzene pollution or methane emissions. That instead, turning away from natural gas and petrochemicals will keep our communities healthy and lead to a sustainable economic future—for the Ohio River Valley and beyond.