Leucadia National Corporation has pursued gasification projects in Illinois, Indiana, Mississippi, and Louisiana. Each project has faced countless obstacles and has been stalled, if not stopped completely. Since 2006, Leucadia has proposed four projects with hopes of getting them into operation between 2011 and 2014. To date, only one has broken ground and one has been officially cancelled. The success of these projects bet against all current market forecasts that natural gas prices will continue to remain low in coming years.

**THE PROJECTS HAVE STALLED DUE TO WIDESPREAD OPPOSITION**

Chicago Clean Energy’s, LLC, a subsidiary of Leucadia National Corp. began working on plans for a $2 billion synthetic natural gas plant 4 years ago. Since its conception the plant faced opposition from a variety of groups, including Illinois Manufacturer’s Association, Chemical Industry Council, and Illinois Chamber of Commerce. Finally in 2012, after an outpour of statewide opposition, including every major Illinois newspaper editorializing against the project, the plans were vetoed by Governor Quinn for a second time.¹

The Indiana Gasification Project has been similarly halted as a result of the bill passed through state legislature on April 27th 2013. This bill was supported by a coalition of consumer, business, and environmental groups, like Chamber of Commerce, Farm Bureau, and Citizens Action Coalition, and required a number of oversight measures, such as a guarantee for customer savings.²

Leucadia’s plan to build a Synthetic Gas Carbon Capture and Sequestration facility in an already heavily polluted, low-income community near Lake Charles, LA has been confronted by a strong coalition during its draft Environmental Impact Statement stage. Union leaders and environmental groups posed tough questions at a public hearing that left people wondering about the future of this project.

Additionally, in the beginning of July 2013, Leucadia’s Mississippi Gasification project was officially cancelled after more than five years of a bumpy road to development.³

**THE INVESTMENTS HAVE NOT YIELDED A PENNY**

These halted projects are costing Leucadia money as it struggles to keep them alive. The company has spent ten years developing these projects without any return on their investments. According to Leucadia’s 2012 10-K, “The Company has expensed costs to investigate, evaluate and obtain various permits and approvals for its various energy projects of $33,579,000, $33,964,000 and $27,220,000 during the years ended December 31, 2012, 2011 and 2010, respectively.” This totals over $94M of investment, without any return or even promise of return.

**BETTING AGAINST CURRENT ECONOMIC FORECASTS**

The plans for gasification plants began at a time when natural gas prices were high and not expected to plummet. Since these projects began, the Department of Energy reports that the wellhead price of natural gas fell from about $8 per thousand cubic feet to $2.66 in 2012. Current analysis reveals that each plant will incur heavy losses as a result of forecasted steady natural gas prices. Other new projects across the country have been similarly stalled due to natural gas prices. In June, 2013, Nebraska-based Tenaska dropped two proposed coal gasification projects in Illinois and Texas, siting lower costs of natural gas and renewable energy in these areas as the reason for the projects abandonment.⁴

It is time for Leucadia to cut its losses and abandon these risky and expensive projects.

Ask Chairman Joseph S. Steinberg: When will Leucadia stop wasting its money on dead-end gasification projects?
MEET THE ACTIVISTS

Leucadia’s gasification projects have been stalled due in large part to the determined work of activists who would be affected by the gasification plants directly. Meet two of the activists who are committed to fighting and ending these projects, and who will not give up fighting for the health and safety of their community; no matter how many times Leucadia’s Gasification projects try to resurface.

CHERYL JOHNSON is a powerful community activist in Altgeld Gardens on Chicago’s southeast side who is committed to stopping Leucadia’s gasification project in Chicago. She has organized and led multiple marches and press conferences to protest the project, each with hundreds of activists in attendance. Johnson explains Leucadia’s attempts to build a plant as an environmental justice assault on her community – as the plant will add more toxic emissions to one of the most polluted and economically depressed neighborhoods in Chicago. The area has been dubbed a “toxic doughnut” and records the highest cancer rates in the state. Johnson speaks passionately and fervently against Leucadia’s plans, saying, “We are tired of the environmental assault on our community. We want jobs and industry that don’t pollute our neighborhoods and make our children sick.”

CHUCK AND PUNKIE BOTSKO are residents of Rockford, Indiana, who have been mobilizing to prevent Leucadia’s gasification project in Indiana. Residents of Rockford are wary of Leucadia’s project and promises, as earlier construction of a coal plant in the area caused families to lose their land or move away, and the EPA ranked Spencer County as the second most polluted in the state. When Leucadia came to town with their coal-to-gas plans, citizens became determined to prevent another source of pollution into their neighborhoods. Chuck and Punkie are both school teachers in Rockford who have seen a declining student population as a result of the community’s degradation after the installation of the coal plant. They recognized the need to stop the project before the lives and livelihoods of Rockford citizens were jeopardized any further. The have been campaigning against the plant and collecting signatures in protest to send to Governor Pence. In less than a week, 700 people expressed their disapproval of the project. The Botskos are prepared to mobilize the community against this plant should plans continue.

ENDNOTES