

‘Cracker’ plant near Pittsburgh could fuel Erie area business

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Shell petrochemical plant to be built in Beaver County is expected to produce 'unlimited' opportunities for the region.

By [Valerie Myers](#)

For Pennsylvania economic development agencies, it was like winning the lottery.

Shell Chemical Appalachia announced in June that it will indeed build a \$6 billion "ethane cracker" plant along the Ohio River near Pittsburgh.

Construction is expected to begin in earnest late this year and to employ as many as 6,000 workers. The plant, when it becomes operational early next decade, will permanently employ 600.

But the real payout will be beyond that, in "unlimited" opportunity for business and jobs along a supply chain stretching from Lake Erie into West Virginia and Ohio, said Lance Hummer, executive director of the Keystone Community Education Council.

'Cracker' plant impact forum

What: Regional Impact of the Petrochemical/Cracker Plant on Western Pennsylvania Forum.

When: March 8, 9 a.m. to 4 p.m.

Where: Cross Creek Resort, Titusville.

Cost: \$65, or \$50 each for two or more from same company.

Registration and more information: Keystone Community Education Center, 814-677-4427.

The council, which addresses workforce development needs in Crawford, Mercer, Venango and Clarion counties, is one of the sponsors of a March 8 forum at Titusville's Cross Creek Resort on potential regional impacts of the cracker plant, including new jobs. Other sponsors include the Pennsylvania Oil and Gas Hub Taskforce, Titusville and Franklin area chambers of commerce and the Oil Region Alliance of Business, Industry and Tourism.

"This is a regional opportunity, and one of the most exciting things that's come about in years," Hummer said.

"We're constantly working with so many layoffs in the region, including the layoffs at GE Transportation. Here is the opposite end of that — a great potential for growth, the largest we've seen in a long, long time," Hummer said.

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The plant will create both short and long-term opportunities for Erie workers and businesses, said Jake Rouch, vice president of economic development for the Erie Regional Chamber and Growth Partnership.

"While it is an hour and a half or an hour and 40 minutes down the road, it really is in our backyard," Rouch said. "With a project of that scale, the economic impact is going to be very significant in a concentric ring out from it. Just the scale and size of a development that big is going to create jobs and business opportunities here. There are going to be job opportunities there and a lot of supply chain opportunities here just in the construction phase of this."

The plant will be built in Beaver County to "crack apart" liquid natural gas from the Marcellus and Utica shales and process it into an estimated 1.6 million tons of polyethylene annually. Polyethylene is a plastic used in products from trash bags and food packaging to carpets, tires and auto parts.

"Longer term, we'll see it enable our plastics companies to get cost-effective resins that make them more competitive," Rouch said. "And we're going to see global and national plastics producers look at this region to partner with existing companies or build plants."

The plant may also attract more cracker plants to the region, including another multibillion-dollar plant just down the Ohio River from the Shell plant, in Belmont County, Ohio. PTT Global Chemical America officials have said that they will make a final decision early this year to build or not build that plant.

"We may really be in position to see a couple other proposed cracker plants built in Ohio and West Virginia. It's a great opportunity for the development of a petrochemical industry in western Pennsylvania, effectively from Erie down to West Virginia," Hummer said.

Shell had considered building the ethane cracker in Beaver County since 2012, and since then invested \$500 million in site preparation, including the acquisition of some 780 acres and a former zinc plant, before formally committing to build there.

The attraction of the region for Shell and possibly other cracker plants is not only available "wet" gas from the Marcellus and Utica shales but proximity to the American polyethylene market, 70 percent of which is within a 700-mile radius of the city, according to Shell.

Other lures include available infrastructure and long-term state tax breaks.

The Shell complex will include three polyethylene units; storage, logistics and water-cooling facilities; a water treatment system; warehouses; and its own power plant.

The March 8 forum on possible regional impacts of the ethane cracker is meant to educate local workforce, business and industry leaders, said Deb Lutz, vice president of economic development for the Oil City-based Oil Region Alliance. Lutz also is Erie regional director of the Steel Valley Authority, a nonprofit working to retain manufacturing and jobs.

"We need to begin to educate and inform ourselves about what the possibilities and opportunities are," Lutz said.

Speakers for the daylong forum will include Denise Brinley, special assistant to the secretary of the state Department of Community and Economic Development; and R.B. Smith, of the Southwest Louisiana Economic Development Alliance, who will share his area's experience as Sasol builds a "world-scale" cracker plant there.

"They're about six years ahead of us in the Louisiana project and will be able to share some of the opportunities they've seen," Lutz said.

Including opportunities for entrepreneurs, Hummer said.

"They found that as the plant goes up down there, there's been an incredible opportunity to start new small businesses," Hummer said. "(Smith) feels we really need to be aware of that here."

Local entrepreneurs and businesses need to position themselves to take advantage of the cracker plant, Rouch said.

"We need to make sure everyone understands what's involved and what to do to take the best advantage of it," he said. "We need to familiarize ourselves with the players involved, with the (petrochemical) industry and with the business model it has, then figure out how we can plug into it.

"It's a transformational moment," Rouch said. "Even the (petrochemical) industry is not sure how transformative it will be. But it doesn't build multibillion plants just to run for a year and shut down. They will be here for the next 50 years."

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