

# Madness Is The Method: How Cheniere is Greenwashing its LNG With New Cargo Emissions Tags

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**Back Cover: Gas flare in the Permian Basin, TX © Oil Change International**

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# Key Points

1. America's largest liquefied natural gas (LNG) exporter, Cheniere Energy, has launched a major effort to greenwash its fracked LNG with a new certification scheme called Cargo Emissions Tags (CETs).<sup>1</sup> Cheniere began issuing CETs with LNG cargoes delivered to its "long-term LNG customers" in June 2022.
2. Our analysis of a paper<sup>2</sup> detailing the methodology behind Cheniere's CETs found broad discrepancies between the company's claims and the limitations of currently available data. For example:
  - Cheniere's emissions estimates rely on facility-level methane emissions data collected from its upstream suppliers by the U.S. Environmental Protection Agency (EPA). Studies have found that EPA data substantially underestimates methane emissions from the oil and gas sector by relying on outdated emissions factors that do not accurately capture emissions from large "super-emitter" events.
  - A sensitivity analysis found in the paper's supplemental information shows that when more accurate emission factors that better incorporate high-emissions events are used, the full lifecycle emissions increase significantly. This finding was not incorporated into the paper's result and conclusions.
  - Cheniere claims its methodology is "supplier-specific", but 42% of the gas supply assessed in the paper is pooled gas for which no supplier-specific data exists.
  - The authors note that the complexity of the natural gas network and the lack of data make it "difficult" (even for industry insiders) to track the "exact pathway" that gas travels from wellhead to terminal. As a result, it seems unlikely that the current iteration of the CETs will be able to provide granular enough information to associate a given LNG shipment with a specific subset of upstream suppliers.
  - The published methodology paper only analyses the company's Sabine Pass LNG plant and does not provide any information about the supply chain for its Corpus Christi LNG plant. This plant is primarily supplied from the Permian Basin, which has one of the worst methane emissions rates in the country. As a result, the discrepancy with EPA data could be even more pronounced with Corpus Christi than with Sabine Pass, and the total lifecycle emissions for Corpus Christi cargoes could be very large.
3. Cheniere states that the prime purpose of the CETs is to inform customers of the emissions value of cargoes so that they can 'accurately' offset emissions with carbon credits. Offsets are a poor substitute for the systemic change that is required for addressing the climate crisis, and in most cases they create additional environmental and social justice issues.
4. Cheniere's claims that CETs are part of a solution to climate change ignore the fact that the company's growth ambitions are out of sync with the trajectory of gas and LNG in climate safe scenarios. While methane emissions reduction is fundamental to climate action, it must go hand-in-hand with winding down the fossil fuel industry, including the supply of gas and LNG. The recent IPCC Working Group III concluded that "Reducing [greenhouse gas] emissions across the full energy sector requires major transitions, including a substantial reduction in overall fossil fuel use."<sup>3</sup>
5. The CETs say nothing about the wide range of impacts associated with the U.S. fracked gas and LNG industries, including community impacts and environmental injustice.

# Introduction

In recent weeks, a major U.S. energy company has launched a massive effort to greenwash the export of U.S. fracked gas. America's largest liquefied natural gas (LNG) exporter, Cheniere Energy, has begun marketing its LNG with so-called Cargo Emissions Tags (CETs) in an effort to convince the world that its LNG is part of the solution to climate change.<sup>4</sup>

However, our analysis of the methodology behind these CETs has found serious flaws as well as a lack of transparency. We urge customers, investors, and governments to question both the method of calculating these tags, as well as the madness<sup>5</sup> of continuing to expand global trade in fossil gas over the coming decades, despite the clear imperative to wind down all fossil fuel use.<sup>6</sup>

In the wake of the Russian invasion of Ukraine, renewed interest in U.S. LNG exports has seen several major projects gain financial approval. In March 2022, President Joe Biden signed an agreement with the EU to increase U.S. LNG shipments to Europe.<sup>7</sup> Cheniere recently announced a Final Investment

Decision (FID) for the Phase 3 expansion of its Corpus Christi terminal, as well as a 15-year purchase agreement with Equinor for delivery of 1.75 million tons of LNG per year starting in 2026.<sup>8</sup> This new agreement will significantly expand Cheniere's gas exports to Europe. Other companies have quickly followed suit, with Southwestern Energy announcing a multi-year agreement to supply so-called "responsibly sourced gas" to Uniper, one of Germany's largest energy companies.<sup>9</sup>

While Europe's urgency to replace Russian gas with new sources has triggered a new wave of infrastructure and consequent emissions lock-in, it is more important than ever that significantly greater scrutiny is applied to the U.S. industry's effort to greenwash its gas via certification schemes.<sup>10</sup>

Quantifying lifecycle greenhouse gas (GHG) emissions is seen by the U.S. fracked gas industry as crucial in persuading European governments and companies that American gas is an acceptable energy source.<sup>11</sup> To this end, methane monitoring



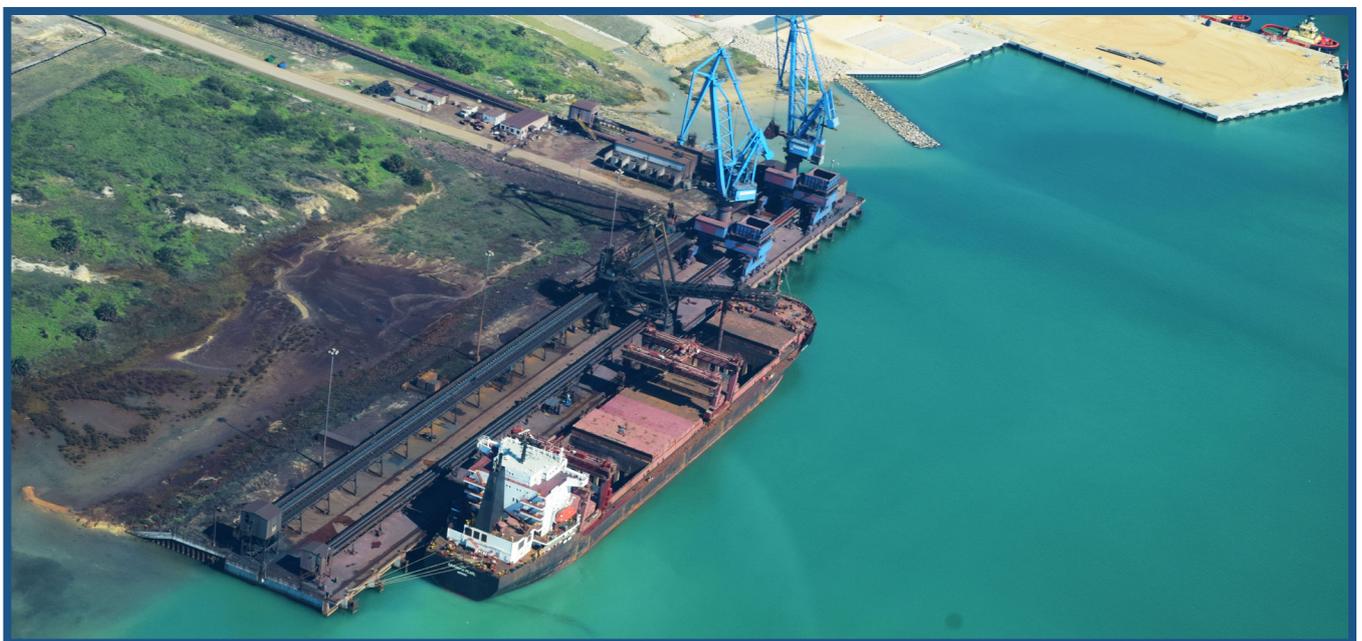
Cheniere LNG facility in Corpus Christi, TX. © Max Anderson of V&M Productions

has increased significantly over the last two years, with the industry claiming greater emissions transparency.<sup>12</sup> The drive to clean up methane is also in response to the alarm bells raised within the U.S. industry after the French energy company, Engie, canceled an LNG contract in late 2020 due to concerns over methane emissions in the Permian Basin.<sup>13</sup>

In August 2021, a paper was published in the American Chemical Society's *Sustainable Chemical and Engineering Journal* detailing the methodology that Cheniere is developing to quantify life cycle emis-

subject area has in any way influenced the research process or outcomes.

But there are other concerns too. The article highlights some of the key claims the company intends to make around the CET program, specifically that the methodology is both "supplier-specific" and "improved". In the article's Abstract, the authors claim that GHG emissions associated with cargoes supplied from Cheniere's Sabine Pass LNG plant, one of two the company operates, "are estimated to be 30–43% lower than other analyses employing



Cheniere-Bechtel LNG export site in Corpus Christi, TX. © Ted Auch, FracTracker Alliance, 2019. Aerial support provided by LightHawk. (CC BY-NC-ND 2.0)

sions associated with its LNG operations and supply chain.<sup>14</sup>

Cheniere funded the study, and the corresponding author is a company employee, whilst other authors are either linked to, or have worked with, the oil and gas industry. The model described in the paper is itself called the Cheniere Lifecycle Analysis Model (CLAM). It has been shown that corporate funding of such research can influence what research questions are answered, as well as potentially driving research away from critical areas relating to a topic.<sup>15</sup> Cheniere's funding clearly raises questions about the lack of independence of this research, as well as whether the company's financial interest in this

national or regional average emission profiles." The study goes on to estimate that if Cheniere's LNG is used to generate electricity in China instead of coal, "the effect of fuel switching in China is a 47–57% reduction in GHG emission intensity, cradle through power generation."

Our analysis of the methodology described in the paper raises concerns about the integrity of the CETs that Cheniere will issue using this methodology or variations of it. Our critique has been submitted to the journal in question for review - pending response - and is summarized, along with other issues, in this briefing. This briefing therefore questions both the method and the purpose of CETs.

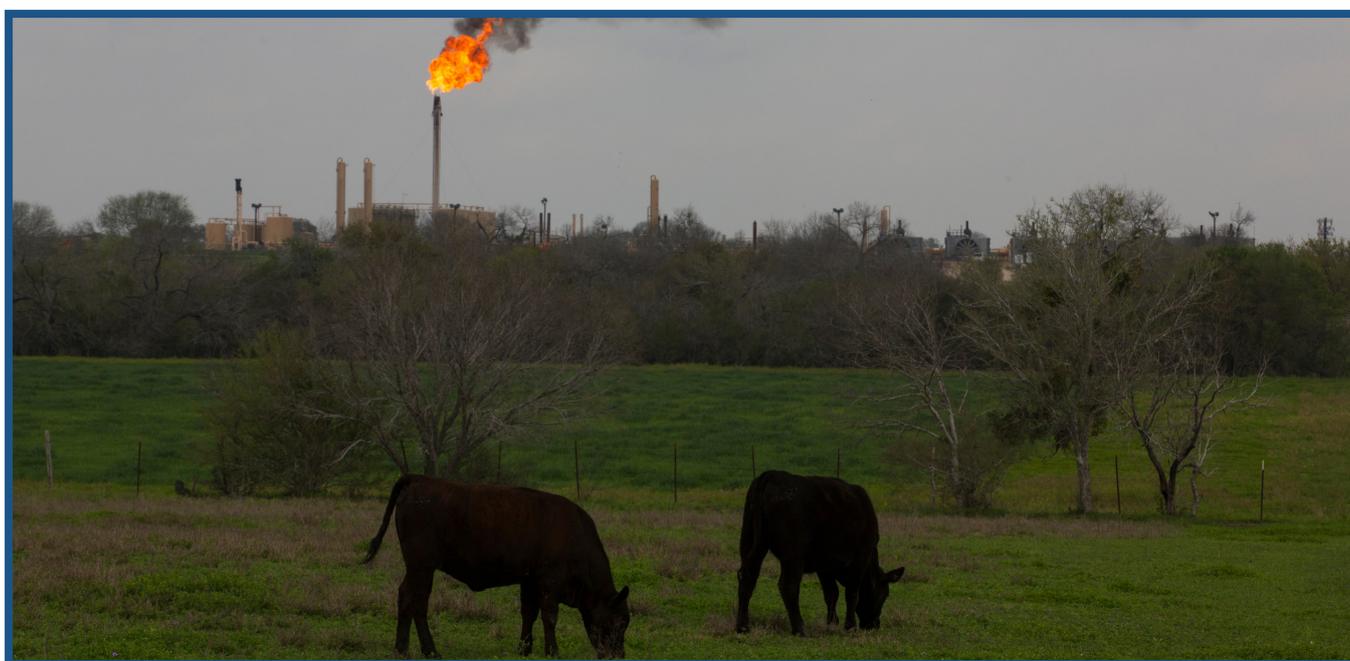
# Questioning the Method 1: Cheniere's Methodology Paper is Flawed

The journal article detailing the methodology that forms the basis for Cheniere's published emissions estimates on the CETs contains a number of fundamental flaws. These flaws are primarily derived from the way that methane emissions associated with the supply of gas to Cheniere's LNG plant are estimated.

A crucial issue in any lifecycle emissions analysis of LNG shipments is its treatment of methane emis-

sions along the supply chain. Methane is a GHG with a global warming potential (GWP) that is 84-87 times stronger than carbon dioxide over a 20-year timescale.<sup>16</sup> When burned to generate electricity, gas can emit roughly half the carbon dioxide per unit of power generated than does coal. However, due to the high global warming potential of uncombusted methane, that advantage is eroded and potentially reversed if leakage rates are larger than around 3.2% to 3.4% of total gas production (again considering GWP for a 20-year time period).<sup>17</sup>

As a part of its annual Greenhouse Gas Inventory (GHGI), the U.S. EPA provides national emissions estimates broken down by economic sector and GHGs emitted.<sup>18</sup> For the petroleum and natural gas systems sectors, the EPA constructs "bottom up" inventories that estimate national emissions by multiplying set emissions factors (for various types of equipment and activities) by total equipment or activity counts. For these sectors, the GHGI incorporates data from the EPA's Greenhouse Gas Report-



*Cattle grazing near fracking installation and gas flare in Texas. © Les Stone / Greenpeace*

sions along the supply chain. Methane is a GHG with a global warming potential (GWP) that is 84-87 times stronger than carbon dioxide over a 20-year timescale.<sup>16</sup> When burned to generate electricity, gas can emit roughly half the carbon dioxide per unit of power generated than does coal. However, due to the high global warming potential of uncombusted methane, that advantage is eroded and potentially reversed if leakage rates are larger than around 3.2% to 3.4% of total gas production (again considering GWP for a 20-year time period).<sup>17</sup>

ing Program (GHGRP).<sup>19</sup> The official EPA "bottom up" estimate of the national methane leakage rate is about 1.4%.

However, "top down" studies – which rely on aircraft, satellite, or other field measurements – find much larger methane emissions from oil and gas activity. Alvarez et al. (2018) estimated that total national methane emissions in 2015 were ~60% higher than the official GHGI estimates, mainly driven by emissions from the production segment that were

twice as large as the GHGI.<sup>20</sup> The reason for this difference appears to be that the official EPA estimates rely on outdated emission factors and miss the contribution from the very largest emission events, or “super-emitters.” A recent paper by Rutherford et al. (2021) constructed a “bottom up” model that used more recent emissions factors.<sup>21</sup> They showed that their model is consistent with the “top down” findings of Alvarez et al., and that in particular the discrepancy with the GHGI estimate is bridged by the top 5% largest emission events in their simulations.

The production segment of the Cheniere lifecycle analysis is built on facility-level data from the EPA GHGRP, so the key concern with its methodology is that it is underestimating methane emissions for the same reasons as the GHGI. The authors do note the limitations of the EPA data and conduct a sensitivity analysis using the updated emissions factors from Rutherford et al. for leaking equipment and tank leaks. Although these findings are minimized in the main text of the paper, the Supplemental Information shows that properly sampling from the Rutherford et al. emissions factors increases total life-cycle emissions by 32–37% for leaking equipment, and by 5–6% for tank leaks.

The Cheniere methodology also reveals other data limitations that call into question claims of “supplier-specific” CETs. For gas delivered to Sabine Pass, only 58% was sourced from the 50 known producers identified by 2018 Cheniere purchasing records, with the other 42% coming from gas marketers who

do not provide sourcing information (and which are modeled using U.S. average emissions).<sup>22</sup> The authors note that the complexity of the natural gas network and the lack of data make it “difficult” (even for industry insiders) to track the “exact pathway” that gas travels from wellhead to export terminal.<sup>23</sup> Because of these limitations, it is not clear if the current iteration of the CETs provide granular enough information to associate a given LNG shipment with a specific subset of upstream suppliers. Instead, the published methodology appears to provide the annual weighted average of EPA-reported emissions estimates over Cheniere’s entire set of upstream suppliers.<sup>24</sup>

The upstream methane emissions data used in the methodology paper are not the result of direct, continuous monitoring of the large number of facilities that supplied gas to Cheniere. Instead, they are estimates based on outdated emissions factors and a methodology with known flaws. While some of the shortcomings of this data were discussed in the paper’s Supplemental Information, their implications were not fully discussed in the results, conclusions, and abstract. As a result of these issues, we believe that Cheniere’s methodology, as published, contains significant flaws. Without substantial improvements in the data collection and analysis, together with much greater transparency, the emissions estimates in the CETs issued by Cheniere should be viewed with caution by customers, investors, policy-makers, and the general public.



Gas flare on a pipeline in Texas. © Les Stone / Greenpeace

# Questioning the Method 2: The Permian Basin is a Methane Hotspot

Cheniere has two large LNG plants, one at Sabine Pass in Louisiana and the other in Corpus Christi, Texas. The methodology paper only analyzed the supply chain of the Sabine Pass plant, which sources gas from all over the United States via a complex pipeline network. The Corpus Christi plant is directly connected via pipelines to the Permian Basin in West Texas. On an earnings call in November 2021, CEO Jack Fusco told analysts, “about 100% of the gas at Corpus Christi right now is coming out of the Permian Basin”.<sup>25</sup>

The Permian Basin has earned a reputation for having one of the highest methane venting and leakage rates in America. A peer-reviewed study published in early 2022 estimated that as much as 9.4% of gas produced in the New Mexico side of the Permian Basin is being dumped into the atmosphere.<sup>26</sup> This suggests that generating electricity produced with gas from the Permian could have full lifecycle greenhouse gas emissions that are larger than coal.<sup>27</sup>

We expect that there will be significant differences in the CETs between shipments from Sabine Pass and Corpus Christi. However the Cheniere methodology paper does not provide any information on the potential scale of that difference. While it appears that the vast majority of Corpus Christi LNG shipments are currently relying on gas sourced from the Permian, it is unknown what the proportion of gas sourced from marketers might be, how many identified upstream suppliers there are, and what their respective GHGRP emissions profiles look like. Given the significant upstream emissions observed in the Permian, the discrepancy with EPA data could be even more pronounced with Corpus Christi than with Sabine Pass.

In June 2022, the U.S. House Committee on Science, Space and Technology released<sup>28</sup> a report on science-based approaches to methane monitoring in the oil and gas sector. It chose to focus on the Permian Basin, “due to the centrality of that region as a source



*An oil well fire at a well near Pecos, Texas in the Permian Basin, Nov. 2019. Associated gas from Permian Basin oil production is the primary source of gas for Cheniere’s Corpus Christi LNG plant. © Oil Change International*



Cheniere LNG Terminal at Sabine Pass, TX. © Roy Luck (CC BY 2.0)

of oil and gas sector methane emissions.”<sup>28</sup> The report focuses primarily on “super-emitting leaks” which, as discussed above, are underestimated in the EPA’s data.

The committee sent letters to some of the largest producers in the basin to find out what they were doing to monitor, measure, and prevent these super-emitting events. The companies’ responses raise serious questions about how much Cheniere, whose Corpus Christi plant is among the biggest destinations for Permian Basin gas, can really know about methane emissions associated with the Permian Basin gas it receives and processes for export. The report states the following about the company responses:

*Even where oil and gas companies are deploying innovative LDAR<sup>a</sup> technologies at greater frequency and scope, **flawed approaches are undermining the ability of LDAR programs to target super-emitting leaks.** In response to Chairwoman Johnson’s request for information regarding any “specific LDAR procedures or initiatives” in their LDAR programs designed to address methane super-emitters, and intermittent super-emitters specifically, **the ten operators provided***

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**a** Leak Detection and Repair

***lean answers and scant evidence of deliberate effort to mitigate super-emitters.*** (...) Some cited the use of remote operational monitoring systems that can detect equipment disruptions which may indicate leaks, without acknowledging that such systems cannot themselves distinguish between the small number of super-emitters and the far larger mass of tiny leaks. A few operators argued that distinct procedures to address super-emitting leaks were simply unnecessary, as traditional practices were sufficient to solve the problem, or declined to specify any targeted procedures at all. **These responses indicate a troubling lack of initiative on the part of the oil and gas sector to proactively implement LDAR practices designed to reduce super-emitting leaks.**<sup>b</sup>

There is substantial evidence that producers in the Permian Basin are failing to reduce methane emissions. The widely documented high emissions rates in the basin suggest that emissions associated with Cheniere’s cargoes from the Corpus Christi plant are likely very high.

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**b** Page 22, emphasis added

# Questioning the Madness 1: With or Without Methane Reduction, the 1.5°C Limit Requires Declining Gas Use

Cheniere’s Executive Vice President and Chief Commercial Officer, Anatol Feygin, recently made clear his company’s strategic interest in methane monitoring. Speaking at the Clean Future for Natural Gas event in Doha in March 2022, he said the reason for emissions monitoring was “enlightened self-interest in preserving our social license to operate for decades and decades to come. We are firm believers in the role of natural gas and LNG in solutions to help the world decarbonize.”<sup>29</sup> But Cheniere’s “enlightened self-interest” ignores the basic math of the climate crisis.

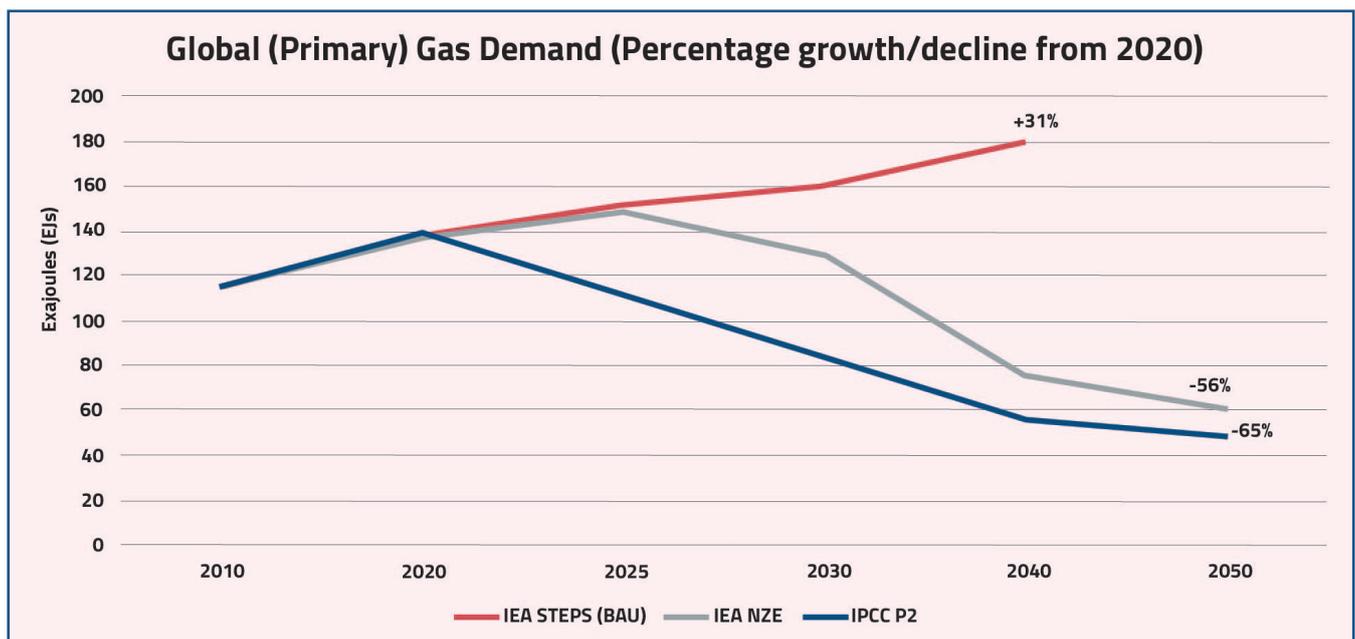
The world’s remaining carbon budget to limit warming to 1.5°C clearly indicates an urgency to reduce all fossil fuel use, including gas. While reducing methane emissions is welcome if it can be consistently implemented and transparently monitored, the U.S.

gas industry’s growth ambitions clearly run counter to the goal of limiting warming to 1.5°C.<sup>30</sup>

Energy scenarios that align with 1.5°C clearly show a decline in gas production and consumption this decade. In representative scenarios assessed by the IPCC,<sup>31</sup> global gas demand falls 65% below 2020 levels by 2050. In the IEA’s Net Zero Emissions (NZE) scenario, it falls 56% (see Figure 1).<sup>32</sup> This compares to over 30% growth by 2040 in IEA’s business-as-usual STEPS scenario, which could lead to an average global temperature rise of 2.6°C, and therefore extreme climate change.<sup>33</sup>

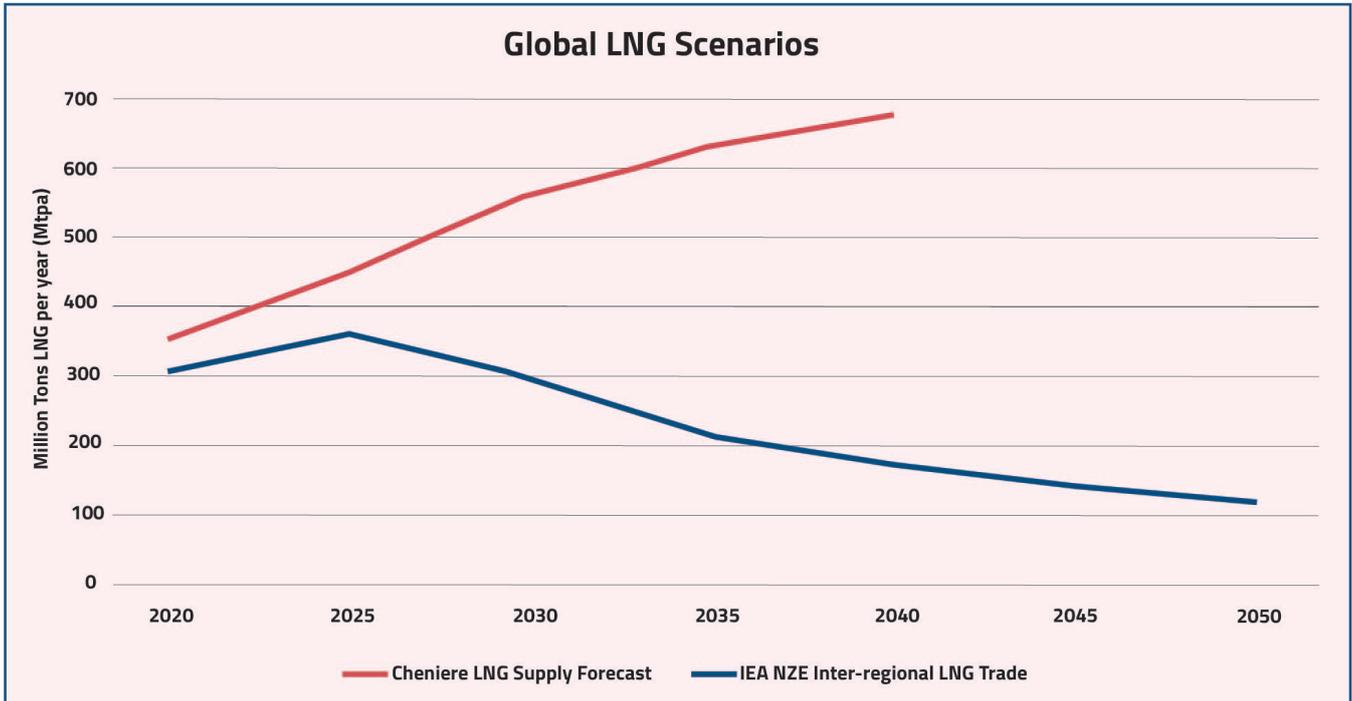
Cheniere’s forecast for global LNG demand projects demand growing 50% to nearly 700 million tons per annum (Mtpa) by 2040, including over 200 Mtpa from “new supply” (see Figure 2).<sup>34</sup> In contrast,

**Figure 1: Gas Demand Declines in 1.5°C Scenarios Compared to Business-as-Usual**



Source: Oil Change International using data from IEA 2021(a&b) and IPCC

**Figure 2: Cheniere's Global LNG Demand Projection Versus IEA's Net Zero Scenario**



Source: Oil Change International and Greenpeace using Cheniere May 2022 and IEA 2021a

the IEA's Net-Zero scenario shows inter-regional LNG trade peaking by 2025 and declining rapidly to 2050.<sup>35</sup> (Note: the IEA data does not include *intra*-regional trade and is therefore somewhat smaller than estimates of total global supply.) It is also worth noting that the IEA projects North American LNG declining to a very low level by 2050 as the remaining demand is supplied by cheaper producers, primarily in the Middle East.<sup>36</sup>

A recent report by Climate Analytics shows that “the decline in fossil gas power generation starts immediately in 1.5°C pathways. Fossil gas use falls to 15% of total global electricity generation by 2030, reaching very low levels by 2035 (below 10% in SR15 pathways, and lower in AR6 pathways). (...) The fossil gas phase-out date occurs at most 5-10 years after the coal phase-out date in both developed and developing economies.”<sup>37</sup>

A decline in global gas consumption also strictly implies a decline in LNG. The IEA's *Net Zero* report states the following about global gas in its NZE scenario:<sup>38</sup>

***No new natural gas fields are needed in the NZE beyond those already under development. Also not needed are many of the liquefied natural gas (LNG) liquefaction facilities currently under construction or at the planning stage. Between 2020 and 2050, natural gas traded as LNG falls by 60% and trade by pipeline falls by 65%. During the 2030s, global natural gas demand declines by more than 5% per year on average, meaning that some fields may be closed prematurely or shut in temporarily.***

It is clear that Cheniere plans to grow its LNG business into the future, despite the clear scientific imperative to wind down the fossil fuel industry. While methane emissions reductions are a crucial component for addressing the climate crisis, such action is undermined by moves to increase LNG trade.

# Questioning the Madness 2: Using Cargo Emissions Tags for Carbon Offsetting

In the May 2022 edition of *LNG Industry Magazine*, Cheniere's Senior Vice President for Corporate Development and Strategy Tim Wyatt stated that, "*CE Tags will be a necessary prerequisite to credible carbon offsetting.*"<sup>39</sup> This clearly indicates that customers who receive CETs with their LNG cargo may use the emissions estimate to buy carbon credits to offset the emissions associated with the cargo. The article went on to cite 36 cargoes of so-called carbon-neutral LNG having been traded to date.

But the \$1 billion unregulated carbon offset market has been widely discredited by experts, academics, banks, and regulators for failing to reduce carbon emissions. One climate expert has called offsets a "fig leaf to cover business-as-usual that rarely delivers real gains for the atmosphere," adding that over 60 percent of credits on the market are from projects that have "questionable additionality claims."<sup>40</sup>

Barbara Haya, the director of the Berkeley Carbon Trading Project at the University of California, who has studied offsetting for two decades, told the *Financial Times* in June 2022: "It didn't work 20 years ago; it still doesn't work. Why, after 20 years

of 'learning by doing,' is the quality still so poor?"<sup>41</sup> Both Oxfam and Credit Suisse liken the carbon offset market to the "wild west", with Oxfam warning they could be used "as a means to continue business as usual".<sup>42</sup> "There's growing scrutiny by investors, regulators and even consumers to ensure claims are appropriate and not greenwashing," adds the bank.<sup>43</sup>

These concerns led the U.S. Securities and Exchange Commission to propose greater transparency around carbon offset use.<sup>44</sup> But there is little evidence that the system can deliver genuine emissions reductions. Moreover, there is mounting evidence that many of the forest-based schemes lead to unacceptable community impacts,<sup>45</sup> particularly for Indigenous Peoples<sup>46</sup> and people of color. Offsets also do nothing to reduce local air pollutants that harm frontline communities, and essentially are allowing these sources to continue polluting. The potential role of Cheniere's CETs in bolstering a discredited and destructive carbon offset market threatens to undermine company efforts to reduce emissions in its operations by creating a veil of carbon neutrality around a product that is anything but.



Windfarms juxtaposed with Cheniere infrastructure © Ted Auch, FracTracker Alliance, 2019. Aerial support provided by LightHawk. (CC BY-NC-ND 2.0)

## BOX: Japan's SMBC Leads the Finance for Cheniere's Flawed Tag Scheme

While it is currently unclear if Cheniere will receive a premium for LNG it exports with CETs, the company has already secured favorable financing terms for the scheme.

In November 2021, Cheniere closed the refinancing of a \$1.25 billion revolving credit facility loan with a consortium of banks led by the Japanese bank Sumitomo Mitsui Financial Group (SMBC) and France's Societe Generale.<sup>47</sup> The loan facility was described as an "innovative ESG<sup>c</sup> finance transaction" because it offers reduced financing costs for Cheniere if it achieves certain ESG goals and milestones.

During a November 2021 earnings call, Cheniere's Chief Financial Officer told analysts: "the amended facility includes bespoke ESG loan features that provide economic incentives related to defined ESG milestones. Specifically, these incentives include potential reductions in interest rate and commitment fees for certain sustainability-linked expenditures such as expenses to support our QMRV<sup>d</sup> programs and the achievement of specified climate-related milestones like establishing the cargo emissions tags in the coming year."<sup>48</sup>

SMBC has been the focus of a targeted campaign to end the bank's financing and support for fossil fuels.<sup>49</sup> This year, two shareholder resolutions were filed to push the bank to stop financing fossil fuel expansion and develop short and medium range targets to meet the Paris goals. SMBC will continue to face pressure as it invests in Cheniere and other companies, and such issues are diverting attention away from the urgent need to end fossil fuel expansion and phase out the use of fossil fuels.



Protesters demand SMBC Group cease its support for fossil fuels. © Fossil Free Japan

<sup>c</sup> ESG = Environment, Social and Governance

<sup>d</sup> QMRV = Quantification, Monitoring, Reporting and Verification

# Environmental Justice:

## Wider Impacts of Fracking not Covered

The Cargo Emissions Tags also exclude the widely documented and extensive local health, ecological, environmental justice, and other community impacts associated with the production of fracked gas.<sup>50</sup> A growing body of scientific research has identified a number of threats to human health associated with oil and gas production, transport and processing. A compendium of scientific and medical research on the impacts of fracking in the U.S. summarized its findings by saying, “Our examination uncovered no evidence that fracking can be practiced in a manner that does *not* threaten human health directly and without imperiling climate stability upon which public health depends.”<sup>51</sup> A variety of studies have associated proximity to oil and gas activity with health problems such as respiratory impacts (*e.g.*, asthma),<sup>52</sup> cancer,<sup>53</sup> poor birth outcomes,<sup>54</sup> and more.<sup>55</sup>

And poor communities and communities of color repeatedly suffer the most. In south Texas, there is evidence that fracking wastewater disposal wells are disproportionately located in Black, Brown, Indigenous, and poor communities.<sup>56</sup> Similarly, south Texas oil and gas flaring is found to disproportionately occur in Hispanic communities,<sup>57</sup> and the risk of birth complications is higher among Hispanic women.<sup>58</sup> In the Permian and Eagle Ford basins in Texas, a majority of the population living near gas flares are people of color.<sup>59</sup>

A more recent study combining data from four states found “robust evidence that minorities, especially African Americans, disproportionately live near fracking wells, but less consistent evidence for environmental injustice by income or educational attainment.”<sup>60</sup> A series of reports from the Clean Air Task Force analyzed the natural gas supply chain, looking at both air toxins<sup>61</sup> and ozone formation.<sup>62</sup> The studies concluded that a total population of

nine million “face cancer risk above EPA’s one-in-a-million level of concern due to toxic emissions from oil and gas operations.”<sup>63</sup> In particular, emissions attributed to natural gas infrastructure led to elevated cancer risk impacting one million Black/African-Americans, as well as 138,000 asthma attacks and 101,000 lost school days for Black/African-American children.<sup>64</sup>

The tags also say nothing about the specific ecological, cultural, and climatic impact of the Corpus Christi LNG plant itself, which has a history of air pollution violations and negative impacts for the local Latino community.<sup>65</sup> This pollution is being allowed to happen by the regulators. In June 2022, *Reuters* reported that Cheniere’s Corpus Christi LNG plant had “exceeded its permitted limits for emissions of pollutants such as soot, carbon monoxide and volatile organic compounds (VOCs) hundreds of times since it started up in 2018”<sup>66</sup>.

The article added that, “Instead of levying penalties for such violations, the Texas Commission on Environmental Quality (TCEQ) has responded by granting Cheniere big increases in the plant’s pollution limits (...) The facility is now allowed to chuff out some 353 tons per year of VOCs, double the limit set out in its original permit eight years ago.” Elida Castillo, director of Chispa Texas, an organization representing local Hispanic communities, told *Reuters*. “We’re the ones who are left to suffer with all the pollution.”<sup>67</sup>

And things are set to get worse: The proposed expansion of the plant would also emit an additional estimated 51 million metric tons of carbon dioxide equivalent each year, equivalent to the annual emissions from nearly 14 coal plants or 11 million cars.<sup>68</sup>

# Conclusions

Cheniere's new cargo emissions tags appear to be a deeply flawed attempt at greenwashing U.S. fracked gas and LNG. Fundamental methodological issues undermine the company's claims that the tags represent an accurate and transparent assessment of the emissions associated with LNG cargoes. Attempting to offset LNG cargo emissions, whether based on information from Cheniere's tags or otherwise, is not an effective means to reduce emissions.

Reducing methane emissions from the oil and gas sector is central to tackling the ongoing climate crisis. Methane's extreme potency in warming the atmosphere means the benefits of reducing methane emissions could be substantial in the race to stop warming at 1.5°C – a limit that is rapidly approaching. However, methane emissions reductions must go hand-in-hand with reducing the production, trade, and consumption of gas, consumption that produces carbon dioxide emissions. We must produce and use less gas tomorrow than we do today.

Rather than facilitating the orderly phase out of gas, however, Cheniere's emissions tags are intended to secure a long-term future for U.S. gas exports.<sup>69</sup> We must question both the methods and the madness of Cheniere's Cargo Emissions Tags, while planning for a just and equitable decline of the gas industry.



Anti-fossil fuel protesters gather in front of the White House in Washington D.C. October, 2021 © Tim Aubry / Greenpeace

## ENDNOTES

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*Gas flare in the Permian Basin, TX © Oil Change International*



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