

Department Of Energy Predicts Substantial Impact From Fracking Ban

The US Department of Energy submitted a report to the president last month on “Economic and National Security Impacts under a Hydraulic Fracturing Ban.” This 80-page report analyzed the effects of a hypothetical United States ban on high-volume hydraulic fracturing technology used with any new or existing onshore wells starting in 2021 through 2025. Such a ban, the report predicts, would result in the loss of millions of jobs, price spikes at the gas pump, and higher electricity costs for all Americans. The report goes on to predict that a ban would eliminate the United States’ status as the top oil and gas producing country, return the United States to a net importer of oil and gas by 2025, weaken the United States’ geopolitical standing, and negatively affect its national security.

Since the domestic shale revolution began in earnest in 2008, the use of horizontal drilling with high-volume hydraulic fracturing has become highly prevalent, making the development of formerly unprofitable formations profitable. The report concludes that a ban would make development of unconventional onshore oil and natural gas resources uneconomic, effectively halting new development. The report predicts staggering economic damage, including 7.7 million fewer jobs, \$1.1 trillion less in GDP, including \$950 billion less in labor income, “inevitably stunt[ing] the post-pandemic economic recovery.” The projected harm includes a predicted 244% increase in natural gas prices by 2025, increased household energy bills, higher fuel costs for industrial and commercial customers, higher and more frequent electricity price spikes, and deteriorating competitiveness of the US energy supply in the global market.

Environmentally, the report concludes that a ban would cause higher emissions since a reduction in natural gas consumption would result in greater use of sources emitting higher levels of greenhouse gases. As the report indicates, “natural gas [has] serve[d] as an important enabler for integrating low-carbon intermittent renewables like wind and solar.” Emissions of CO₂, NO_x, and SO₂ would rise 16%, 17%, and 62% by 2025, respectively.

The report also concluded that a ban will significantly impact national security. With a ban, the report claims that the United States would once again become a net importer of natural gas by 2025, and the United States would return to reliance on imports from foreign nations. The report argues that curtailing American natural gas and oil production would remove an important tool for American diplomacy while increasing global energy dependence on Russia and OPEC. Further, the report noted that with limited domestic opportunities, oil and gas companies would likely invest in oil and gas production in foreign countries.

In summary, the report concludes that “eliminating the primary technology responsible for the growth in the United States oil and natural gas production would increase natural gas, transportation fuel and electricity prices initiating a ripple effect of severe consequences to the Nation’s economy, environment, and geopolitical standing.”