

The Methanol Industry at a Crossroads: A Volatile Chemical's Volatile Future

Summary & Digital Toolkit



Billions in proposed methanol projects face an uncertain future, according to a new [report](#) from the Ohio River Valley Institute. In the wake of short-term disruptions and questions of long-term profitability, there are a number of reasons to question whether the slate of hulking new projects from Appalachia to Louisiana to Sinaloa, Mexico will ever be built.

What is methanol?

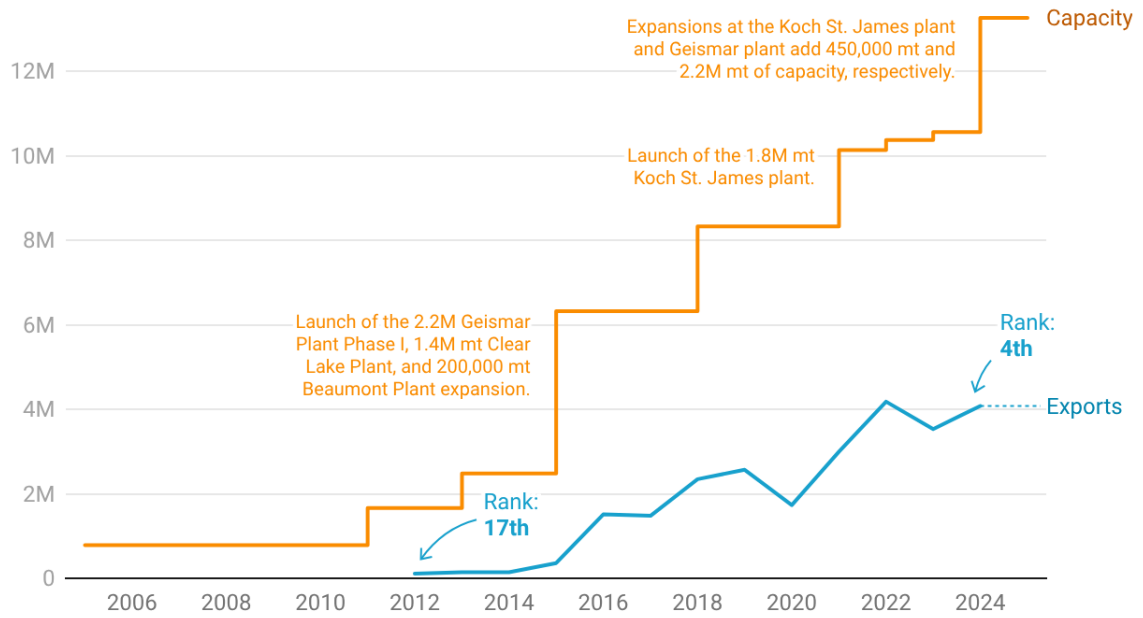
Methanol is a petrochemical building block. It's a colorless, volatile intermediary chemical that can be used to produce fuels, olefins, and various other chemicals. Methanol can be made into a number of consumer goods, including polyester carpets, fragrances, car paints, and pharmaceutical drugs. Most methanol is made from processed natural gas.

Key findings:

- **In the last 20 years, the US has become one of the world's largest methanol producers and exporters.** Since 2005, US annual methanol capacity has leapt from a relatively small 785,000 metric tons to more than 13 million metric tons.

 **The US has climbed from 17th to 4th in global methanol exports since 2012.**

US methanol capacity (2005-2025) and exports (2012-2024)



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- Planned North American methanol capacity would almost double current capacity.** Industry buildout, concentrated along the US Gulf Coast, is banking on bullish demand growth.


Planned North American methanol capacity would almost double current capacity.
 Historic and projected methanol capacity, 2005-2035

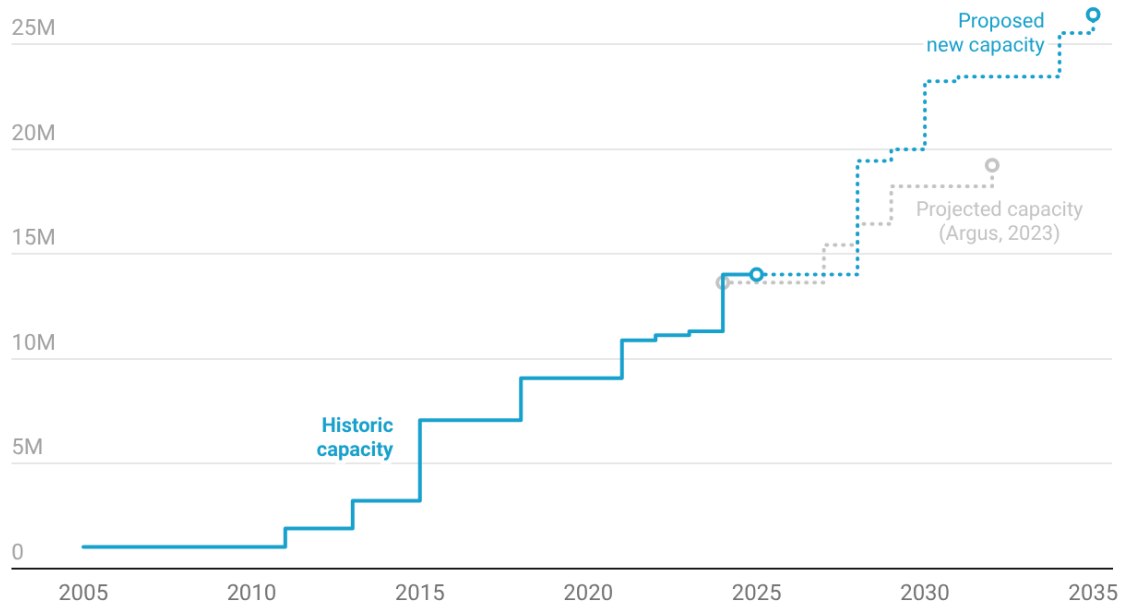


Chart: Ohio River Valley Institute • Source: Argus • Created with Datawrapper

- **Methanol buildout harms communities.** Methanol is a toxic chemical, and its production relies on harmful gas extraction and petrochemical supply chains. These industries generate lots of harmful, climate-warming emissions and threaten the health of nearby communities.
- **Many US methanol projects have been canceled due to market uncertainty and community opposition.** Two-thirds of proposed methanol capacity in the last decade was shuttered, including the 7.3 million metric ton IGP Gulf Coast Methanol Complex in Plaquemines Parish, LA.

Canceled capacity

Facility/Project	Location	Capacity	Year Canceled
Northwest Innovation Works Methanol Plant	Tacoma, WA	7,200,000	2021
Kalama Methanol	Cowlitz County, WA	3,650,000	2021
IGP Gulf Coast Methanol Complex	Plaquemines Parish, LA	7,300,000	2021
St. James Methanol Plant	St. James Parish, LA	2,190,000	2022
Bishop Methanol Plant Expansion	Nueces County, TX	1,300,000	2022
Marcellus Methanol Plant	Marshall County, WV	58,400	2022
Big Lake Fuels Methanol Plant	Calcasieu Parish, LA	1,825,000	2024

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- **Future North American methanol capacity growth remains uncertain.** There are two major reasons to doubt that all these proposed methanol projects will be built:
 - The Iran War has upended near-term assumptions around the macroeconomic trajectory of fossil fuel derivative markets. But regardless of the status of the Strait of Hormuz, the decision to build new methanol capacity will be based on long-term profitability, not to address a short-term problem. Supply gaps may be more easily filled by increasing production from under-utilized existing facilities than by constructing new ones.
 - Half of proposed capacity is dependent on biomass or green hydrogen as feedstock. Today, biomass and green hydrogen supply chains are prohibitively underdeveloped.

Proposed capacity additions

Facility/Project	Location	Capacity	Expected Operating Year	Feedstock
Lake Charles Methanol Plant	Calcasieu Parish, LA	3,650,000	2028	Natural gas
HIF Matagorda eFuels Plant Project Helix	Matagorda County, TX	1,768,635	2028	Green hydrogen
Koch Methanol St. James Plant efficiency expansion	St. James Parish, LA	Unknown	2028	Natural gas
Galveston Bay Clean Fuels	Galveston County, TX	Unknown	2028	Natural gas
Beaver Lake Renewable Energy Plant Project Memorial	Rapides Parish, LA	553,000	2029	Biomass
Sandpiper Blue Methanol Plant	Galveston County, Tx	1,095,000	2030	Natural gas
Pacifico Mexinol Blue Methanol	Sinaloa, MX	1,800,000	2030	Natural gas
Pacifico Mexinol Green Methanol	Sinaloa, MX	350,000	2030	Green hydrogen
Southern Energy Renewables Clean Fuels Phase 1	St. Charles Parish, LA	220,000	2031	Biomass
Southern Energy Renewables Clean Fuels Phase 2	St. Charles Parish, LA	2,080,000	2034	Biomass
Orsted Star E-Methanol Plant	TBD, TX	300,000	Unknown	Green hydrogen
US Methanol Liberty Two expansion	Kanawha County, WV	150,000	Unknown	Natural gas
Port of Victoria E-Methanol Plant Project Nightshade	Victoria County, TX	100,000	Unknown	Green hydrogen
Pleasants County Methanol Plant	Pleasants County, WV	328,500	Unknown	Natural gas
Vast Renewables Project Bravo	Southwest USA	Unknown	Unknown	Green hydrogen