



OIL AND GAS CLIMATE INITIATIVE

OGCI position on policies to reduce methane emissions

**Proposed policies for inclusion in national
climate strategies to enhance oil and gas
methane emission mitigation**

FEBRUARY 2021

WHY METHANE EMISSIONS POLICIES ARE IMPORTANT

Methane is a powerful short-lived greenhouse gas. Based on IPCC data, methane in the atmosphere causes around a quarter of the global warming we are currently experiencing (IPCC, AR5 WGI Chap. 8, 2013).

Ambitious reductions in methane emissions must be achieved by 2030 as part of holistic efforts to meet climate goals under the Paris Agreement (IPCC, 2018).

OGCI is committed to managing methane emissions from the oil and gas sector and supports the implementation of well-designed direct and indirect regulations, at the national and regional levels, tackling methane emissions reduction of new and existing sources.

OGCI proactively advocates for the inclusion, where appropriate, of methane emission reductions targets or other policies in national

climate strategies of national governments, notably as part of the UNEP Global Methane Alliance partnership.

This paper sets out some policy principles and mechanisms for consideration by countries in their “high ambition low emissions development strategies” (referred to as national climate strategies below), especially when revising Nationally Determined Contributions (NDCs), to enhance oil and gas methane emission mitigation.

Policies are an important part of successful national climate strategies. Well-designed policies and regulations, so as to achieve a balance of greenhouse gas emissions between sources and sinks aiming for a net zero future, should take into account energy security, market stability, affordability as well as reliability to ensure promotion of sustainable development.

Policy principles for reducing methane emissions from the oil and gas sector

SEEK AMBITIOUS EMISSION REDUCTION OUTCOMES ACROSS ALL SEGMENTS OF THE OIL AND GAS VALUE CHAINS

Policies should be informed by best available data and control techniques and be designed to achieve verifiable emission reductions and incentivize early action, consistent with ambitious national or sub-national outcomes and timelines (see [Methane Guiding Principles \(MGP\)](#), Policy Framework for Reducing Oil and Gas Methane Emissions).

Action might be prioritized to target the main sources of emissions and achieve reductions rapidly. Industry experience shows that the main sources of emissions vary geographically, therefore it is important that policymakers work with local operators to identify the relevant emission sources and mitigation options.

STIMULATE INNOVATION

Policies should encourage and support innovation, development and implementation of new technologies and practices that prevent, monitor and mitigate emissions with expected equal or greater verifiable reductions than existing commercially competitive technologies. Policies should include a pathway to facilitate the introduction of new technologies and practices (MGP).

For example, policies should encourage the use of currently available leak detection technologies while allowing for the use of newer and better technologies as they become available.

ESTABLISH TRANSPARENCY

Reporting requirements should be designed to support transparency and effective regulatory oversight, avoid unnecessary administrative burden, and encourage consistent reporting throughout the value chain (MGP).

BE COST-EFFECTIVE AND FLEXIBLE

Policies should consider the overall cost to industry and society, as well as the societal and climate benefits of reducing emissions. Policies offering appropriate flexibility are likely to be most economically efficient and effective in achieving emission reductions (MGP).

Performance standards, for example, are best achieved by allowing operators to choose how to meet them, based on a transparent and standardized Monitoring, Reporting and verification (MRV) framework.

Policy mechanisms for reducing methane emissions from the oil and gas sector

These principles can be implemented through a combination of policy mechanisms and tools including (but not limited to) the following:

STANDARDISED MONITORING, REPORTING AND VERIFICATION (MRV) FRAMEWORK

A standardised MRV framework is critical to implementing policy mechanisms that specify performance standards, such as targets, and offer flexibility on pathways towards meeting them. This standardized framework should be transparent, globally aligned, applicable to the full natural gas value chain and run by an independent body.

WORKING PRACTICES AND TECHNOLOGY STANDARDS TO AVOID OR REDUCE METHANE EMISSIONS

These mechanisms do not depend on data accuracy therefore they can already be applied in the short term.

Examples are standards for detection and repair of methane emissions from unknown sources and standards for avoiding and reducing methane emission from known sources such as venting and flaring.

TARGETS FOR METHANE EMISSION REDUCTION FROM THE OIL AND GAS SECTOR

National governments may set absolute reduction targets or intensity targets, depending on their methane emission MRV quality and the level of development in their oil and gas industry. Different levels of ambition can be reached in different countries. Examples of targets include the ones proposed by the Global Methane Alliance: 45% reduction in absolute methane emissions by 2025 and 60% to 75% by 2030 or the OGCI Methane Intensity Ambition to achieve 0.20% by 2025.

APPROACHES FOR EVALUATING THE GREENHOUSE GAS/METHANE INTENSITY OF NATURAL GAS FOR DIFFERENT SEGMENTS OF THE VALUE CHAIN

Labelling natural gas based on greenhouse gas intensity or methane intensity, in compliance with competition law and with the support of regulators, increases transparency and enables informed consumer decision-making. Such mechanisms require a robust standardized MRV framework in place to ensure comparability between gases of different provenance.



OIL AND GAS CLIMATE INITIATIVE

WHAT IS THE OIL AND GAS CLIMATE INITIATIVE (OGCI)?

The Oil and Gas Climate Initiative is a CEO-led initiative that aims to accelerate the industry response to climate change. OGCI member companies explicitly support the Paris Agreement and its aims. As leaders in the industry, accounting for almost 30% of global operated oil and gas production, we aim to leverage our collective strength and expand the pace and scope of our transitions to a low-carbon future, so helping to achieve net zero emissions as early as possible.

Our members collectively invest over \$7B each year in low carbon solutions. OGCI Climate Investments was set up by members to catalyze low carbon ecosystems. This US\$1B+ fund invests in technologies and projects that accelerate decarbonization in oil and gas, industry and commercial transport.

OUR APPROACH TO ADVOCACY

OGCI is at the forefront of climate action in the oil and gas sector. OGCI constructively engages and advocates with external stakeholders on the basis of positions agreed by consensus.

For more details about our advocacy practices, please visit <https://oilandgasclimateinitiative.com/about-us/#advocacy>

For more information about this position paper, please contact Julien Perez, VP Strategy & Policy, OGCI or Justine Roure, Project Manager, OGCI at policy@oilandgasclimateinitiative.com

oilandgasclimateinitiative.com



LEGAL DISCLAIMER

While all OGCI member companies have contributed to the development of this document, the views or positions it contains may not fully reflect the views of a particular OGCI member company. Similarly, this document does not cover all relevant activities of OGCI member companies; nor do all member companies participate in all of the activities described.

CAUTIONARY STATEMENT

This document contains certain forward-looking statements – that is, statements related to future, not past events and circumstances – which may relate to the ambitions, aims, targets, plans and objectives of OGCI and/or its member companies – as well as statements related to the future energy mix.

Forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside of the control of OGCI and/or its member companies. Actual results or outcomes may differ from those expressed in such statements, depending on a variety of factors. OGCI does not undertake to publicly update or revise these forward-looking statements, even if experience or future changes make it clear that the projected performance, conditions or events expressed or implied therein will not be realized.