Develop proportionate and implementable EU Regulation first

... before exporting it to the world

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O&G upstream industry committed to tackle methane emissions and supports EU Methane Regulation

- Leak prevention inherent to our ‘licence to operate’
- **EU upstream sector** <1% of anthropogenic emissions
- Regulation **complements mature E&P framework**
- Regulation to be **proportionate, implementable, efficient**
**LDAR Art. 14 - Some terms not implementable / proportionate**

**LDAR obligations** for 'subsea' / 'sub seabed' components **not implementable**
- Exclude from scope or reflect existing practices for subsea environment
- Expert studies (Carbon Limits) and recent EC non-paper recommendations confirm this

**Advanced detection technologies (ADT) cannot be applied** … if limiting criteria maintained
- ADT not designed to be applied at point source level of components (Art. 14(2a) criteria b), **neither to comply with same Minimum Detection Limits as hand-held devices** (criteria c)
- Rather find a big leak quickly (with ADTs) than only after X months (with handheld-devices)
- **Incentivize good performance**: relax survey frequencies if operators demonstrate combination of surveys & ADTs yields better results

**Avoid disproportionately low repair threshold of 1g/h**
- Little or negative environmental benefit (finds <1% of possible leak volumes) but significant activities
- 1g/h is **14 times lower** than emissions from **one** dairy cow
Venting & Flaring and Wells - Some terms not proportionate

Art. 15(3) on V&F: would result in vast operation shut-ins
- Minor (but continuous) **pilot flame and** (stack-filling) **purge gas flames are paramount** to ensure safe operations … but current text does NOT provide for it

Art. 17(1) flare stack removal & destruction efficiency of 99% not corresponding to **design specs** of many / most flare stacks (being 98%)
- Increasing from 98% to 99% may mean various replacements; this is disproportionate and likely results in negative net environmental impact
- **Use 98%**

Art. 18(3): non-implementable, unnecessary **quantification** obligations for subsea wells
- Delete (see above)
Importer requirements – Welcomed but global framework needed

- We welcome Commission proposal of a **phased approach**
  - recognizes **consistent global MRV framework needed first** …
  - before a meaningful performance standards can be implemented

- We welcome **early warning system detecting super-emitters**
Importer requirements - Recognize market realities

- Global value chains: various counterparties and commingled streams
- Value chain complexities suggest sophisticated Regulation (to be efficient and implementable)
- Europe relies on few global suppliers for significant share of its energy needs
Importer requirements - Recommendations

Importer requirements to be **implementable** in (globally) consistent, verifiable manner

Compliance tests to take into account not only security of supply but also impacts on EU competitiveness

Importers not to be held liable if reasonable efforts undertaken; distinguish between existing and new contracts

Detailed regulatory terms to be based on **impact assessments**

Leverage IMEO work

Art.: 27b(3): Min Methane Intensity **to apply to contracts concluded after Implementing Act adopted**

*Source:* McKinsey & Company, 2020
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