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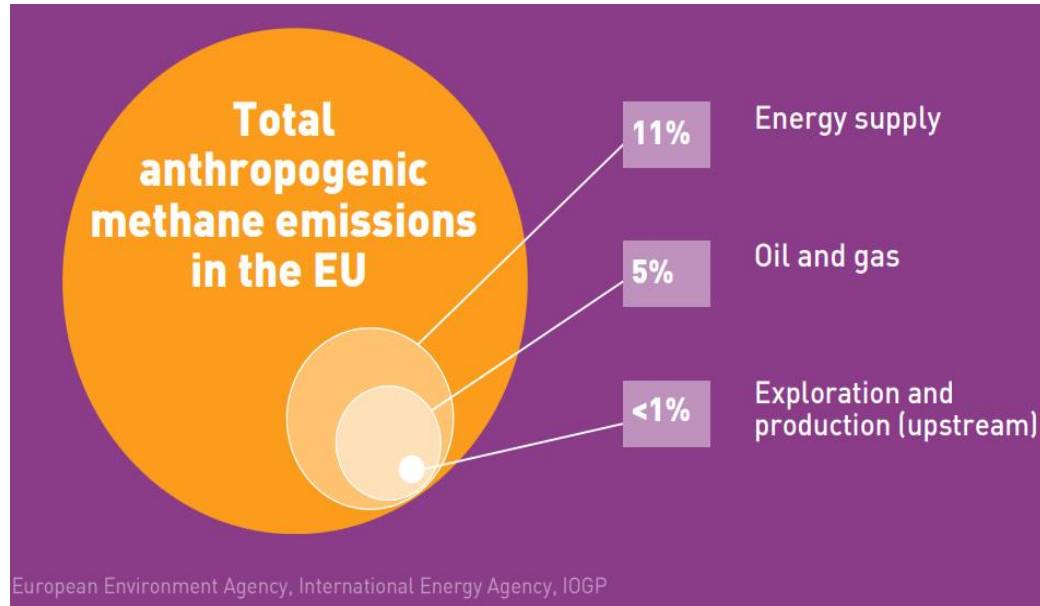
**Develop proportionate and
implementable EU Regulation first**

... before exporting it to the world

Axel Scheuer, Head of Energy & Climate Policy
EBCD Webinar, 9th November 2023

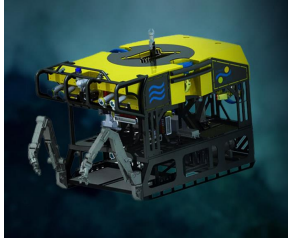


O&G upstream industry committed to tackle methane emissions and supports EU Methane Regulation



- 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

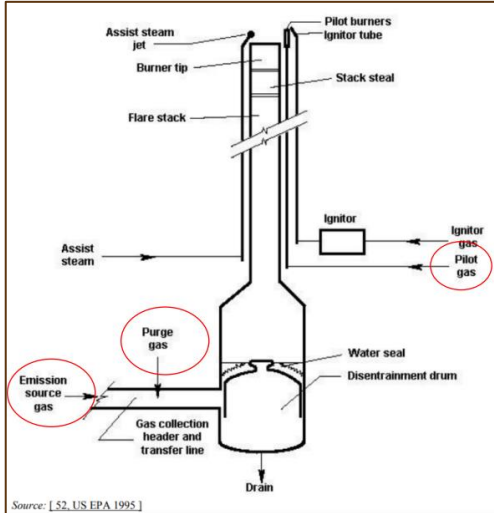
- **ADT not designed to be applied at point source level of components (Art. 14(2a) criteria b), neither to comply with same Minimum Detection Limits as hand-held devices (criteria c)**
- **Rather find a big leak quickly (with ADTs) than only after X months (with handheld-devices)**
- **Incentivize good 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

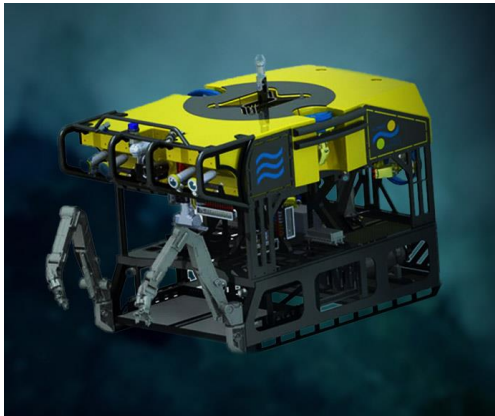
Art. 17(1) flare stack removal & destruction efficiency of 99% not corresponding to design specs of many / most flare stacks (being 98%)

- 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

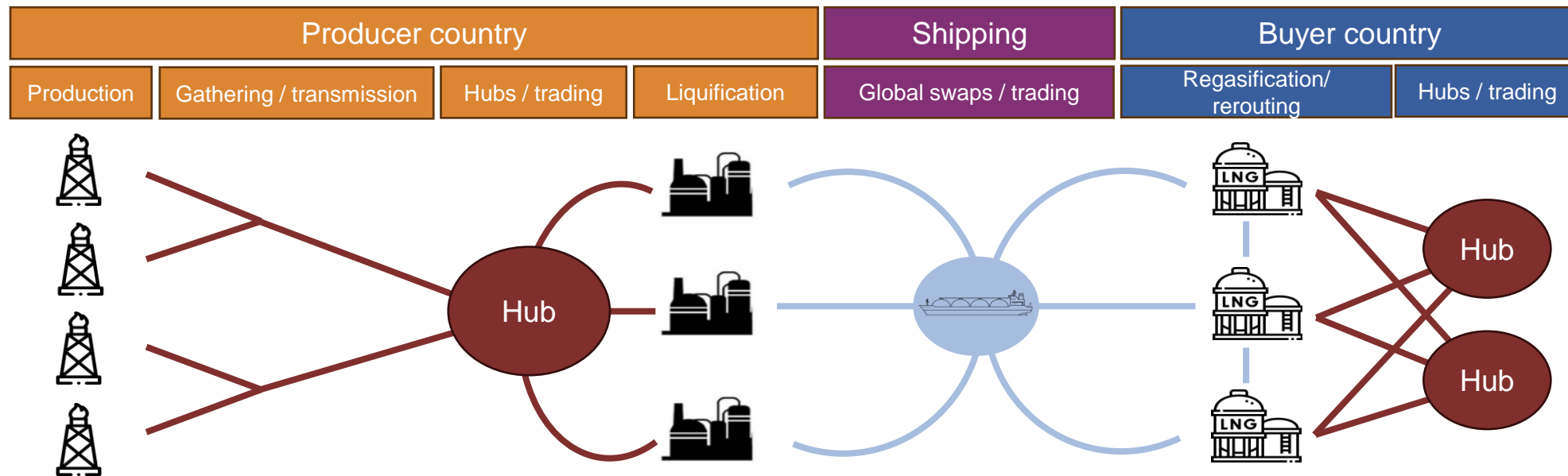
2026
Transparency (MTP)

2028
Intensity indicator (UMIPI)

2030
Performance obligation

- 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



Source: McKinsey&Company, 2020

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



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