

Policy Alert

January 16, 2015

White House Announces Plan to Regulate Methane Emissions from Oil and Gas Sector

On January 14, the Obama administration announced plans to reduce methane emissions from new and modified oil and gas operations as part of the president's strategy to address climate change. The plan does not, however, propose any major new regulations for existing sources. The administration announced a goal to cut methane emissions by 40 to 45 percent by 2025 from 2012 levels in a plan to be finalized in 2016.

As part of the plan, the Environmental Protection Agency (EPA) will publish a proposed rule as early as this summer to regulate methane and Volatile Organic Compounds (VOCs), a smog precursor, from new and modified oil and gas wells, gathering systems and processing plants. The rule is expected to build upon the white papers released by EPA in 2012, which analyzed methane emissions from oil and gas operations and addressed many comments collected by the agency.

The president's plan goes further in proposing to regulate methane emissions originating on public lands or in counties not in compliance with ozone standards:

- EPA will develop new guidelines to help counties and states reduce ozone-forming pollutants for existing oil and gas systems in counties that are not in compliance with ozone health standards.
- The Department of the Interior's Bureau of Land Management (BLM) will develop new mandatory standards to address emissions from both new and existing oil and gas wells.

All other aspects of the president's methane emissions reduction proposal rely on voluntary industry standards or incentive-based guidelines. For instance, according to yesterday's announcement, EPA also plans to expand the Natural Gas STAR Program—a voluntary partnership encouraging companies to adopt technologies and practices that reduce methane emissions. The agency will also work with the Department of Energy (DOE), Department of Transportation and the private sector to develop and verify commitments to reduce methane emissions. The president's FY 2016 budget also will include a \$15 million request for DOE to develop and demonstrate more cost-effective technologies to detect and reduce methane losses from natural gas transmission and distribution systems, as well as \$10 million to launch a DOE program to enhance quantification of such emissions from natural gas infrastructure.

The Obama administration is not under a court order to promulgate methane emissions rules, in contrast to other anticipated EPA regulations for greenhouse gas emissions. As a result, while the administration has announced that it would finalize a methane rule by 2016, EPA will not be constrained by specific pre-existing deadlines for completing it.

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