



Proposal for a Regulation on:

Methane emissions reduction in the energy sector

High-level recommendations by gas mid/downstream infrastructure operators

ENTSOG, Eurogas, GERG, GIE, MARCOGAZ are 5 associations representing the operators of the European gas mid/downstream infrastructure. This document gathers their technical recommendations for a successful *“Regulation on methane emissions reduction in the energy sector”*.

Our operators are committed to pursuing and intensifying their contribution to reducing emissions. We understand the need for such a Regulation and support the deployment of an appropriate and cost-effective action plan. We welcome the proposal of the European Commission. Representing around 4% of total European methane emissions, gas system operators have significantly decreased their methane emissions since 1990, thanks to the implementation of several mitigation measures.

Our associations have recently developed a paper¹ shedding light on the actions taken by the gas system operators to mitigate their methane emissions. The document showcases updated data, facts, and figures as well as concrete definitions. These prove the industry’s commitment to be to continue paving the way towards climate neutrality, particularly as a credible infrastructure for renewable and low-carbon molecules.

Designing an action plan based on collaboration and updated data is now crucial to accelerate the transitional process towards climate neutrality. It will ensure the transition is the most effective and sustainable possible. Along the way, deep behavioural change needs to be combined and nurtured with substantial investments. **Here are high-level recommendations for a successful proposal:**

- **A principle of proportionality should be considered.** The Regulation should avoid obligating high cost measures for end-users and society with little or no mitigation effect.
- **One type of solution does not fit all cases** along the gas supply chain. **Flexibility** is needed to **prioritize** actions to ensure the optimal cost-effective approach is applied.
- **Monitoring, Reporting and Verification (MRV):** We support the implementation of a transparent and robust MRV system aligned with the ambitious OGMP 2.0 reporting standard, to enable homogenous reporting and proper control of the reduction programs and measures, considering the reporting framework and template and the technical guidance documents as well as key concepts, definitions and requirements (such as materiality, representative sampling, etc.).

Top-down/site-level measurements methodologies and technologies are not yet mature enough for quantifying methane emissions to a sufficient level of certainty. Some of these technologies may provide qualitative information on methane emission sources which could confirm the bottom-up/source level approach in some segments of the value chain as a mean of providing even more confidence in source-level quantification approaches. However, they do not provide an accurate quantification to allow comparison with the bottom-up/source level quantification at this stage. For

¹ Joint declaration on methane emissions: Gas system operators in joint effort to continue curbing emissions and to support the Global Methane Pledge

https://www.gie.eu/events1/email/download/2021/Joint_Declaration_CH4_Emissions.pdf



distribution system operators, the concept itself appears not to be applicable (e.g. due to the geographical distribution and nature of the assets).

To define the pathway on how to proceed with the top-down/site-level approach and the comparison with the bottom-up approach, the industry will continue to work on a voluntary basis on R&D projects and performing measurements on the bigger sites (production facilities, compressor stations, gas storages and LNG terminals) and, above a threshold of an annual average of methane emissions rate higher than 10kg/h, to use techniques with the appropriate certainty.

We also recommend that the EC launches a **mandate to CEN to standardize reporting, quantification, potential comparison methods and uncertainty calculation** considering the ongoing developments under OGMP2.0.

Double reporting and/or double verification should be avoided by establishing proper coordination between Competent Authorities and European/international levels. **OGMP 2.0 reporting template** already used to report methane emissions to OGMP2.0 must also be used to report to the National Inventory Reports (NIR) / Competent Authorities.

The Regulation should consider **not only “measurements”** to report methane emissions, but also engineering calculations, simulation tools and emission factors. In many cases, direct measurements are neither feasible nor lead to a higher data accuracy in comparison with engineering methods, simulation tools and specific emission factors (e.g. in the case of accidents).

The reporting responsibility **for joint ventures (non-operated assets)** in the EU needs to be clearly allocated. **We recommend assigning the reporting obligations to the asset operator** who has the knowledge and experience for providing the necessary data and information.

- **Inspection and Verification**

The industry acknowledges the importance of inspection and verification to ensure the quality of the methane emission reporting system. However, the administrative burden and costs associated with the assistance to independent verifiers are a concern. **The roles of verifiers, Competent Authorities and IMEO should be clear to avoid overlap.**

Based on subsidiarity, **new obligations should be aligned with current practices and obligations** for the avoidance of increased efforts for both operator and Competent Authorities. Competent Authorities should evaluate the compliance of operators with this Regulation, based on the verification already performed by the verifiers in line with the Eco-Management and Audit Scheme Regulation and approved standards (such as ISO 50001, ISO 14001, ISO 14064) and taking into account the OGMP 2.0 guidelines and documents.

Considering the high quality of technical standards and skills of some operators, it may be reasonable to consider an accreditation scheme for qualified teams from operators (if approved by the Competent Authority), similarly to the Pressure Equipment scheme.

- **International Methane Emissions Observatory (IMEO)**

IMEO's role in conveying the global dimension of methane emissions and ensuring a level playing field for all stakeholders is of high importance. IMEO should be established as an impartial science-based body supporting the methane policy guidelines in dialogue with international, European, national, industry and other stakeholders.



The European gas industry **supports IMEO's mission to gather data from independent scientific studies for mapping methane emissions on a regional and global scale.**

To avoid double verification, **we recommend not to include a verification role for the IMEO.**

- **Costs of network operators**

We welcome the Regulation proposal about **recognition of investments and operating costs** incurred by regulated infrastructure operators. The **compensation** of investments and efforts **of non-regulated operators** should be also guaranteed through European and national incentives.

To make costs and investments efficient, gas companies in close dialogue with Competent Authorities should define a **methane emissions mitigation plan**, which will allow prioritization of the most cost-effective mitigation measures. This will prevent unnecessary high costs for end-users in our society with a very small contribution to emission reduction.

- **Leak Detection and Repair (LDAR)**

We recognise **LDAR as an important instrument for reducing methane emission** from gas infrastructure. Operators have already designed **segment-specific** LDAR programmes and their **experience should be reflected in the regulation to guarantee the relevance and effectiveness.**

Efforts should be proportional to emission mitigation potential. Therefore, to optimize the use of resources, we request **not to set strictly defined intervals for LDAR surveys but rather to define them in the LDAR programme submitted to the Competent Authorities.** This will guarantee that national regulations are considered and the programmes are optimized to prioritise surveys of components where the risk of fugitive emissions is the highest.

The gas industry shall carry out **immediate repairs whenever possible.** Yet, it is necessary to specify the cases **when a leak cannot be repaired in parallel** or in the short term. In such cases, factors to be considered are: disproportionate environmental impact, availability of equipment/components, need for administrative authorization, time for designing a project, evaluating technical feasibility, operational restrictions and security of supply. The Regulation should respect all the practical aspects that dictate the minimal repair time.

The **reporting** associated with LDAR should be the subject of **annual** reports, and **double reporting should be avoided.**

We recommend that the EC launches a **mandate to CEN** to establish a **standard on LDAR methodologies**, including scope of the survey depending on operators, programme and repair or replacement criteria.

- **Venting and flaring**

We fully support the prioritization of recovery and re-injection of gas with respect to venting and flaring. It is also important to ensure a **lead time for implementing the venting & flaring provisions and to grant an exemption to avoid disproportionate efforts when emissions are non-material.**

The venting and flaring **reporting** should be the subject of **annual** reports, and **double reporting should be avoided.** We suggest specifying a threshold to avoid the inclusion of minor maintenance or service works of non-material methane emissions in the reports.

Regarding requirements of inspections of flare stacks, we recommend **yearly inspections** in the case of **flares used only for exceptional conditions or mobile flares** used as alternative to venting for interventions and maintenance.

- **Inactive wells**

The definition of inactive wells lacks accuracy and needs to be improved such that permanently plugged wells are excluded from the definition. The integrity of permanently plugged wells is ensured by installing barriers that extend across the full cross section of a well, such that no fluid or flow is possible through the wellbore and that there is no communication from any permeable formation to the seabed via any casing annulus. The provisions in Article 18 to remediate leaking inactive wells, appear to be written with onshore wells in mind, without explicitly excluding offshore wells. The inclusion of offshore wells and the requirement to install measuring equipment in this article would challenge the EU / EEA legal principle of proportionality. The additional complexity of offshore logistics, combined with the need to develop new technology (as it currently does not exist) pushes the required effort beyond any potential environmental benefit. There is no need to install measuring equipment on all potentially leaking wells as alternative quantification technologies are available to determine if a leak is present.

- **Methane emissions occurring outside the Union**

The European gas industry recognizes the urgent need to effectively address methane emissions from the energy sector occurring outside the EU. We agree with the Commission's assessment that extending obligations to non-EU actors is very complex. It is unclear how to effectively ensure that detailed EU requirements are properly implemented and verified in countries beyond the EU's jurisdictions. We therefore consider international initiatives and intergovernmental agreements as the most effective way to address methane emissions occurring outside of the EU.

Nonetheless, we recognize that EU legislation can have a positive influence on operators and countries outside of its legal jurisdiction. We therefore support the requirements of importers to provide information on measures related to MRV and mitigation of methane emissions undertaken by exporters. It is important to note that importers have limited influence on exporters. Importers may not be able to ensure that exporters provide certain types of information, especially within existing contractual arrangements. It may also not be possible for them to verify the quality of the information provided. In certain cases, it may not even be possible for an EU importer to identify a single exporting producer.

EU importers must be able to demonstrate to Competent Authorities that all reasonable efforts have been undertaken to comply with the requirements of the Regulation. However, they cannot be held liable for elements outside their control or outside the EU's jurisdiction. The responsibility for the data quality should remain with the exporter.

We stand ready to offer our expertise to increase transparency and accuracy in MRV and mitigation measures under the umbrella of international initiatives.