



METHANE
GUIDING
PRINCIPLES

Policy Framework for reducing Oil and Gas Methane Emissions



1. INTRODUCTION

Providing access to energy, while addressing global climate change, is one of the greatest challenges of the 21st century. Natural gas plays a major role in meeting global energy demand today. Since natural gas consists mainly of methane, a potent greenhouse gas, its part in the transition to a low-carbon future will be influenced by the extent to which the oil and gas industry reduces its methane emissions.

In November 2017, eight oil and gas companies signed up to Guiding Principles for reducing methane emissions along the natural gas value chain, from production to the final consumer. The principles were developed collaboratively by a coalition of industry, international institutions, non-governmental organisations and academics. The Principles are complementary to and mutually reinforcing of other initiatives, including the Oil and Gas Climate Initiative and the Climate and Clean Air Coalition's Oil and Gas Methane Partnership.

Methane reducing measures are already adopted by many companies on a voluntary basis. Policy and regulatory frameworks can ensure assertive and proportional effort across the full value chain. The Methane Guiding Principles advocate for sound methane policies and regulations that incentivise early action, drive performance improvements, facilitate proper enforcement, and support flexibility and innovation.

This document sets out the key elements that would form an effective policy framework focused on ensuring ambitious methane reduction outcomes are met. It is intended to provide a common basis upon which industry can engage constructively with international institutions, governments, and NGOs in the development and implementation of effective methane abatement policies. The framework is intended to provide a foundation upon which jurisdiction-specific regulatory recommendations could be based.

2. POLICY OBJECTIVES

Policies pertaining to methane emissions can help achieve important global objectives with respect to the role of natural gas in the future global energy mix:

- **Climate Goals:**
Help governments address oil and gas methane emission reductions as part of holistic efforts to meet their respective climate goals under the Paris Agreement;
- **Stakeholder Confidence:**
Establish public and investor confidence that natural gas can play a constructive role in a shift to a lower carbon future;
- **Foreseeability:**
Provide long-term certainty for industry planning and investment;
- **Energy for Development:**
Advance the UN Sustainable Development Goals 7 and 8, which pertain to the provision of “affordable, reliable, sustainable and modern energy for all,” while also promoting “inclusive and sustainable economic growth, employment and decent work for all,” respectively.

3. POLICY OBJECTIVES

In developing policy frameworks for effectively meeting methane emissions outcomes, we encourage governments to observe the following principles: a) incentivise early action for reducing methane emissions; b) drive performance improvements; c) facilitate proper enforcement; and d) support flexibility and innovation. More specifically, policies should be designed to achieve the following:

- **Oil and Gas Application**

Within the oil and gas sector, methane emission reduction measures should be applied to both oil and gas operations, recognising that operational and economic conditions may necessitate different approaches to each. Similarly, measures should be applied across various segments of the oil and gas value chain, while recognizing that physical, market, or operational differences may necessitate different policy approaches.

While this document speaks to the oil and gas industry and value chain, governments should recognise and address other methane sources as well.

- **Ambitious Emission Reduction Outcomes**

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.

- **Apply to New and Existing Facilities**

Emission reduction measures should cover both new and existing facilities, recognising that operational and economic conditions may necessitate different approaches to each. For new facilities, policies should encourage the application of high standards of modern design and technology that minimise methane emissions. For existing facilities, policies should encourage implementation of proven strategies to reduce emissions.

- **Cost-effective and Flexible**

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

- **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.

- **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.

- **Continuous Improvement**

Policy frameworks should learn from, and where practicable improve upon, existing methane policies and should include provisions to drive more ambition over time as technologies and practices improve and new methane emission reduction strategies become available.

Regulations can create benefits and costs beyond the main topic the regulation is seeking to address. For example, flexible rules can result in unintended environmental, socio-economic, or economic effects that are not the subject of a given regulation. Policymakers should take these potential issues into account when crafting rules and strive to fully address potential for disproportionate impacts to nearby communities.