

# The IRA and the Methane Emissions Reduction Program

**Jon Goldstein**

Senior Director, Regulatory and Legislative Affairs  
Environmental Defense Fund



# Environmental Defense Fund

EDF is one of the world's leading environmental organizations focused on addressing climate change using science, economics, partnerships, and advocacy to find lasting solutions.

Methane is a key priority—Engaged on EPA/BLM rules, MERP, GHGRP updates and state advocacy including Louisiana venting and flaring

## *Methane Emissions Reduction Program*

# Timeline

- **August 2022** - IRA becomes law, including Methane Emissions Reduction Program
- **November 2022** - EPA seeks public input on implementation
- **April 2023** - Target proposed implementing regulation & public comment period
- **August 2023** - Target final implementing regulation
- **2024** - Methane waste charge begins

## *Methane Emissions Reduction Program*

# Key Components

- **Appropriations** - \$1.55 billion for grants and other activities to reduce methane
- **Scope** - Oil and gas production, gathering, processing, transmission, storage, LNG
- **Waste Emissions Charge** - \$900-1500 charge assessed on excessive emissions
- **Methane Reporting** - EPA to update oil and gas emissions reporting protocols

# Appropriations

*\$1.55 billion available through “grants, rebates, contracts, loans, and other activities of EPA” for*

- Methane and air pollution monitoring
- Technologies to reduce methane
- Improving methane reporting and estimates
- Mitigating oil and gas health impacts in frontline communities
- Plugging wells on non-federal land
- \$700 million earmarked for same uses at “marginal conventional wells”

*States, companies, agencies, local governments, communities, NGOs, and academic institutions are eligible recipients*

# Scope

*Waste emissions charge applies to facilities in various segments:*

- Onshore and offshore oil and gas production
- Onshore gas processing and transmission compression
- Onshore oil and gas gathering and boosting
- Onshore gas transmission pipeline
- Underground gas storage
- Liquefied natural gas storage and import/export equipment

*Small emitters not covered—only applies to facilities with annual emissions exceeding 25,000 tons of CO<sub>2</sub>e*

# Waste Emissions Charge

*Assessed on each ton of methane emissions exceeding intensity thresholds from covered facilities*

- Companies with excessive emissions can pay the charge or reduce emissions to avoid the charge:

\$900/ton in 2024

\$1200/ton in 2025

\$1500/ton in 2026 and beyond

*Funding and assistance available to help companies report and reduce emissions*

# Waste Emissions Charge

*Emissions below intensity thresholds not subject to charge*

- Intensity thresholds vary by segment and align with industry-set targets:
  - 0.20% for production
  - 0.05% for non-production
  - 0.11% for transmission
- Owners and operators can “net” emissions across segments
- Exemptions for: regulatory compliance; permitting delay; plugged wells

*Congress designed waste emissions charge to complement and reinforce EPA regulations*



# Methane Reporting

*EPA directed to update methane reporting requirements under the Greenhouse Gas Reporting Program (GHGRP)*

- Field studies regularly uncover emissions orders of magnitude higher than reported
- Waste charge is assessed on emissions reported to EPA under the GHGRP
- Revised protocols must ensure reporting is empirically-based and accurately reflects total emissions from the oil and gas sector

*To ensure the charge is effective, Congress directed EPA to fix the well-documented problem of underreporting*

# Next Steps

## Implementing Regulation

- EPA developing regulations to implement the waste charge and update methane reporting protocols
- Public comment period anticipated Spring 2023

## Waste Charge Begins

- EPA assesses charge on excessive emissions reported in calendar year 2024 and after