



March 26, 2024

ATTN: Docket No. EPA-HQ-OAR-2023-0434

U.S. Environmental Protection Agency
EPA Docket Center, Air and Radiation Docket, Mail Code 28221T
1200 Pennsylvania Avenue NW
Washington, DC 20460

Submitted via [regulations.gov](https://www.regulations.gov)

Dear Agency Officials:

RE: COMMENTS ON PROPOSED WASTE EMISSIONS CHARGE FOR PETROLEUM AND NATURAL GAS SYSTEMS (DOCKET NO. EPA-HQ-OAR-2021-0317)

British Columbia Investment Management Corporation (BCI) is an investment manager with over CAD \$211 billion in assets under management, and one of the largest institutional investors in Canada. Our investment activities help finance the pensions of approximately 500,000 people in our province, including university and college instructors, teachers, health care workers, firefighters, police officers, municipal and other public sector workers. On behalf of these pension beneficiaries, we provide long term capital to companies around the world that we believe will deliver strong and stable financial returns.

Within the context of the energy sector, BCI believes in engagement and advocacy over divestment. We have historically addressed long-term and persistent ESG risks through constructive engagement with the oil and gas industry. As a long-term investor, BCI raises concerns and influences companies, standard-setters, and regulators. Through engagement, we encourage companies to adopt targets aligned to the Paris Agreement and improve climate-related disclosure and performance. As part of Climate Action 100+, the world's largest investor-led engagement initiative, BCI is leading, co-leading, or supporting engagements with some of the United States' largest oil and gas target companies.

BCI welcomes the opportunity to provide feedback to the Environmental Protection Agency on the important topic of methane regulation in the oil and gas industry and specifically on the EPA's proposed rule to fulfill United States' Congress' directive in the Inflation Reduction Act's (IRA) Methane Emissions Reduction Program (MERP). Methane emissions are a key driver of climate change, as the gas' global warming potential is 29.8 times larger than CO₂ with a shorter lifetime in the atmosphere¹, underscoring the urgent need for federal regulatory action. In addition, methane emissions are wasted natural resources, present a safety risk, and show a failure to monetize a product that would otherwise add

¹ IPCC, 2021: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, 2391 pp. 1017 doi:10.1017/9781009157896.

value to the oil and gas value chain. According to the International Energy Agency, addressing methane emissions is one of the fastest, most cost-effective means of limiting global warming in the near term.

Ambitious action to address oil and gas methane emissions is critical to help investors understand and reduce our exposure to climate risk and avert the worst consequences of climate change on the financial system. Climate change is one of the key strategic engagement priorities for BCI given that we view it as a systemic risk that will impact the entire global economy. For further information about how we approach this priority, I would point you to our most recent Climate Action Plan² published in 2022.

Overall, BCI is supportive of the proposed rule to impose and collect a charge on excess methane waste emissions by covered oil and gas companies and we encourage the agency to promptly finalize the rule.

The following are some additional comments and suggested enhancements for your consideration:

Waste emissions charges are sensible and reasonable

We believe a waste emissions charge is a sensible and reasonable financial incentive that will accelerate the uptake of readily available and cost-effective mitigation measures. It would only apply to the largest oil and gas polluters which release excess emissions above threshold levels that are based on the industry's own targets for controlling pollution. Small producers and facilities that meet or beat the charge thresholds will also not pay the charge. The waste emissions charge is a reasonable and modest proposal, as it is based on the industry's own targets and is a cost-effective way to reduce emissions.

We understand that Congress designed the charge to reinforce rather than duplicate EPA's federal methane standards by creating an exemption for regulatory compliance. Facilities that comply with EPA's mandatory methane emission standards when state plans are in effect in all states would not pay the charge. As a result, MERP complements EPA's methane standards and incentivizes their adoption, but does not create duplicative requirements on companies.

BCI also supports the other limited exemptions to the rule addressing permitting delays and plugged wells.

There is an opportunity to strengthen emission measurement and monitoring.

We note the waste charge also works hand-in-hand with MERP's financial support, which includes \$1.55 billion in funding for states, tribes, and operators to improve methane monitoring and mitigation. We believe there are meaningful opportunities to improve standards in this area. Specifically, BCI supports the use of a risk-based approach structuring inspections for fugitive emissions. Studies continue to show that methane emissions are significantly underestimated³, and current standards for methane emissions

² BCI, Climate Action Plan. <https://uberflip.bci.ca/i/1484825-bcis-2022-climate-action-plan/0?>

³ Conrad, B.M. *et al.* A measurement-based upstream oil and gas methane inventory for Alberta, Canada reveals higher emissions and different sources than official estimates. *Commun Earth Environ* 4, 416 (2023). <https://doi.org/10.1038/s43247-023-01081-0>

MacKay, K. *et al.* Methane emissions from upstream oil and gas production in Canada are underestimated. *Sci. Rep.* 11, 8041 (2021). <https://www.nature.com/articles/s41598-021-87610-3>

Chan, E. *et al.* Eight-Year Estimates of Methane Emissions from Oil and Gas Operations in Western Canada Are Nearly Twice Those Reported in Inventories. *Environ. Sci. Technol.* 54, 14899–14909 (2020). <https://pubs.acs.org/doi/10.1021/acs.est.0c04117>

reporting do not provide investors with the assurance of accuracy. We would support the introduction of annual third-party audits to validate company program results, as this will ensure that facilities with greater potential for emissions undertake regular inspections.

As such, we encourage the agency to consider alignment with the **UN convened Oil and Gas Methane Partnership 2.0 (“OGMP”)** for a measurement-based monitoring system in line with international best practices for measurement, monitoring, reporting and verification. Such alignment would ensure compliance, transparency, and accountability, and provide investors with comparable accounting and measurement methodologies.

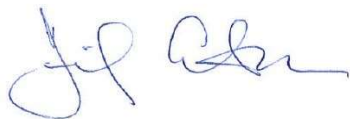
BCI advocates for the oil and gas upstream and midstream industry to commit to implementing OGMP. OGMP is the only comprehensive measurement-based reporting framework covering all material sources of methane emissions from both operated and non-operated assets across all segments of the oil & gas value chain.

Concluding remarks

Overall, BCI is supportive of the strong proposal to incentivize methane emissions reduction in a meaningful and standardized way. We believe that prompt implementation of this proposal, combined with a strengthened measurement and monitoring system will provide long-term certainty and help to mitigate climate-related risks for investors.

For any clarifications related to this submission please contact Susan Golyak at susan.golyak@bci.ca, Director, ESG

Sincerely,



Jennifer Coulson
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Public Markets

cc Susan Golyak, Director, ESG