

Call for Effective Methane Regulation for the Oil and Gas Industry

We, the undersigned financial institutions representing more than \$2 trillion in assets under management or advisement, encourage states and Tribes to develop, implement, and enforce plans that meet or exceed the Environmental Protection Agency's (EPA) federal methane standard to substantially reduce methane emissions from the U.S. oil and gas sector. As prudent fiduciaries, we believe virtually eliminating methane emissions supports the financial goals of many companies and investors.

In addition to posing significant risks to the economy and financial system overall, climate change poses legal, reputational, and market risks to traditional energy companies and their investors. Methane emissions from oil and gas infrastructure represent wasted natural resources, health and safety risks, and a failure to monetize a central product in the oil and gas value chain.

Addressing methane emissions is one of the fastest, most cost-effective means of limiting climate change, and the oil and gas industry has readily available, cost-effective solutions to significantly cut pollution. In fact, according to the International Energy Agency, around 50% of the sector's methane emissions can be reduced at no net cost.ⁱ Additionally, swift implementation of EPA's standard will reduce oil and gas operator liability under the Methane Emission Reduction Program's Waste Emissions Charge through the regulatory compliance exemption.ⁱⁱ

In addition to reducing emissions and their associated risks, investing in methane detection and mitigation boosts energy security, and creates jobs, stimulating local economies. The methane mitigation industry is a multi-million-dollar industry that employs thousands of people across the country, and it is posed to grow with strong methane regulations in place.ⁱⁱⁱ

While we recognize voluntary efforts from leading companies, including those that have joined the Oil and Gas Methane Partnership 2.0 (which the investment community has broadly supported and encouraged^{iv}), comprehensive and effective regulations are essential to build stakeholder confidence, provide long-term certainty, and help companies and investors manage climate-related risks and opportunities.

EPA's methane standard enjoys a broad array of support from diverse stakeholders including public health,^v conservation,^{vi} taxpayers,^{vii} faith-based groups,^{viii} oil and gas companies,^{ix} and financial institutions.^x Further, as energy customers, investors and regulators around the world increasingly demand cleaner energy, failure to cut methane emissions could damage American companies' competitive access to global markets at a time when exports play an important role in the U.S. economy and to the energy industry.^{xi} This has been recently illustrated by the adoption of the EU methane regulation, which will reduce energy sector methane emissions in Europe, as well as those from its fossil fuel imports.^{xii}

With decisive, bold, and rapid action on methane emissions, states and Tribes can promote responsible stewardship of resources, minimize financial risks, and help the American oil and gas industry become cleaner and remain competitive.

We encourage and welcome the development, implementation, and enforcement of robust plans that meet or exceed federal requirements.

Signed,

Adrian Dominican Sisters, Portfolio Advisory Board
Aequo
AP7 (Sjunde AP-fonden)
Bon Secours Mercy Health
British Columbia Investment Management Corporation (BCI)
British Columbia Municipal Pension Plan
Church Investment Group
CommonSpirit Health
Congregation of St. Joseph
Daughters of Charity, Province of St. Louise
Everence and the Praxis Mutual Funds
Figure 8 Investment Strategies
Green Century Capital Management
JLens
KBI Global Investors
Legal and General Investment Management
Maryland State Retirement and Pension System
Mercy Investment Services, Inc.
Miller/Howard Investments, Inc.
NEI Investments
Nia Impact capital
Nugent Properties
Promethos Capital LLC
Providence St. Joseph Health
Public Service Pension Board of Trustees
Region VI Coalition for Responsible Investment
Sampension
Seventh Generation Interfaith, Inc.
Sisters of St. Francis of Philadelphia
Sisters of the Humility of Mary
Socially Responsible Investment Coalition
The Seva Foundation
Trinity Health
Tulipshare Capital LLC
Wespath Benefits and Investments

ⁱ International Energy Agency, Global Methane Tracker 2024, <https://www.iea.org/reports/global-methane-tracker-2024/key-findings>

ⁱⁱ Environmental Protection Agency, Fact Sheet – Proposed Rule: Waste Emissions Charge for Petroleum and Natural Gas Systems, https://www.epa.gov/system/files/documents/2024-01/wec_factsheet.pdf

-
- ⁱⁱⁱ Datu Research, Today’s technologies can slash methane emissions from the oil and gas industry <https://www.daturesearch.com/methane-mitigation>, Methane Emission Leadership Alliance, <https://www.methanealliance.com/>
- ^{iv} E.g., Climate Action 100+, Investors welcome Petrobras’ signing of the UN Oil and Gas Methane Partnership, <https://www.climateaction100.org/news/investors-welcome-petrobras-signing-of-the-un-oil-and-gas-methane-partnership/>, United Nations Environment Program, Net-Zero Asset Owner Alliance calls on companies and data providers to provide critical sector data, <https://www.unepfi.org/industries/net-zero-asset-owner-alliance-call-to-companies-and-data-providers-for-critical-sector-data-on-key-performance-indicators/>
- ^v E.g., American Lung Association, Public Comments to EPA, <https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0317-2487>
- ^{vi} E.g., League of Conservation Voters, Public Comments to EPA, <https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0317-2470>
- ^{vii} E.g., Taxpayers for Common Sense, Public Comments to EPA, <https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0317-2425>
- ^{viii} E.g., Interfaith Center on Corporate Responsibility (ICCR), Public Comments to EPA, <https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0317-2287>
- ^{ix} E.g., Exxon Mobile Public Comments to EPA, <https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0317-2388>, Chevron, Public Comments to EPA, <https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0317-2176>, Denver Business Journal, New EPA methane emissions rule builds on Colorado Standards, proponents say (Occidental Petroleum), <https://www.bizjournals.com/denver/news/2023/12/04/epa-methane-emission-rule.html>, LinkedIn, PureWest Energy post, https://www.linkedin.com/posts/purewest-energy_as-we-reflect-on-2023-and-look-to-the-year-activity-7151594253624721409-T_yn/
- ^x Ceres, Major investors demand ambitious methane regulations in the U.S., <https://www.ceres.org/news-center/press-releases/major-investors-demand-ambitious-methane-regulations>
- ^{xi} Energy Information Administration, Petroleum and Other Liquids Data – Exports, https://www.eia.gov/dnav/pet/pet_move_exp_dc_nus-z00_mbbldpd_m.htm
- ^{xii} European Commission, Methane emissions, https://energy.ec.europa.eu/topics/carbon-management-and-fossil-fuels/methane-emissions_en