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Administrator
Environmental Protection Agency
1200 Pennsylvania Ave. NW
Washington, DC 20460

Submitted electronically
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**Comments to the Environmental Protection Agency
on the Greenhouse Gas Reporting Rule: Revisions and Confidentiality Determinations for
Petroleum and Natural Gas Systems**

Dear Administrator Regan:

Taxpayers for Common Sense (TCS) respectfully submits the following comments regarding the Environmental Protection Agency's (EPA) proposed "Greenhouse Gas Reporting Rule: Revisions and Confidentiality Determinations for Petroleum and Natural Gas Systems," notice of proposed rulemaking (88 FR 50282, August 1, 2023).

I. Introduction

Taxpayers for Common Sense is a national nonpartisan budget watchdog that has been working on behalf of the nation's taxpayers since 1995. The mission of TCS is to fight for a federal government that operates within its means and serves the broader public, rather than special interests. We focus our efforts on eliminating programs and policies that are both wasteful and harmful, subsidies to polluting industries, weapons systems that do not work, and perverse incentives that increase taxpayer and environmental risks.

As a multi-issue budget watchdog, we bring a perspective informed by both breadth and depth on issues ranging from agriculture, natural resource management, infrastructure, and national security. Our expertise on subsidized agriculture insurance programs, energy subsidies, water resources, flood and wildfire disaster response, and military spending offers a unique view of the ways in which misplaced priorities increase climate risks and impacts. These risks in turn create long-term harm for communities and increase liabilities for taxpayers.

TCS supports EPA's proposed rule designed to fill existing gaps in the current Greenhouse Gas Reporting Rule (40 CFR 98, subpart W). Increasing the quantity and quality of greenhouse gas (GHG) emissions data reported to EPA benefits taxpayers. Greenhouse gas emissions intensify the increasingly frequent and destructive effects of climate change felt by American taxpayers. The emissions of private companies have a direct impact on taxpayers and the federal budget. Moreover, private companies often receive public funds through federal subsidies and contracts, so taxpayers have a right to know

how their tax dollars may be supporting actions that exacerbate the taxpayer costs of climate change and create long-term liabilities.

This rule is also an important part of the greater Methane Emission Reduction Program (MERP), or section 136 of the Clean Air Act established by the Inflation Reduction Act. Accurate GHG emissions data are necessary for successful application of the methane waste emissions charge.

II. Methane Waste Costs Taxpayers

Methane, the primary component of unprocessed natural gas, is 80 times more potent than CO₂ during its first 20 years in the atmosphere. The Intergovernmental Panel on Climate Change (IPCC) has stressed that strong, swift, and sustained methane reductions are critical to mitigating near-term climate disruptions and to complementing reductions in other GHGs to limit the severity of climate change and its destructive impacts.¹

These destructive impacts include enormous immediate costs and growing future liabilities for taxpayers. Federal emergency spending must address immediate and future costs of climate-induced extreme weather events. The National Oceanic and Atmospheric Administration (NOAA) reports that natural disasters are increasing in number and are becoming more costly, with a record number of billion-dollar weather-related disasters occurring in 2020.² Over the past five years, taxpayers have borne an average annual cost of approximately \$62 billion (about \$190 per person in the U.S.), a 35 percent increase over the preceding five-year average, for various programs aimed at combating and mitigating climate impacts.³

Natural gas and petroleum systems account for 32 percent of all U.S. emissions in 2020, according to the EPA U.S. Greenhouse Gas Inventory data.⁴ The oil and gas sector is the largest industrial source of methane emissions in the U.S., discharging an estimated 403.4 billion cubic feet (bcf) of methane in 2021 through venting, flaring, and leaks.⁵ This lost gas could have powered 4.3 million households for a year and, according to EPA estimates, represents a potential industry loss of over \$871 million.⁶

In addition to the climate costs of GHG emissions, gas waste also poses financial losses for taxpayers and consumers when it is not captured and sold. For gas released from federal lands, the absence of clear guidelines on when royalties should be applied results in lost revenue for taxpayers. Using Oil and Gas Operations Report (OGOR-B) data, TCS found that 300 billion cubic feet (Bcf) of natural gas was wasted on federal lands alone from FY2012 to FY2021. Taxpayers should have received \$119 million in royalties at a rate of 12.5 percent. Instead, the Office of Natural Resources Revenue (ONRR) reported collecting

¹ IPCC, "Climate change widespread, rapid, and intensifying – IPCC," August 9, 2021. <https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr/>

² NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2023). <https://www.ncei.noaa.gov/access/billions/>

³ TCS, "Paying the Price," June 7, 2023. <https://www.taxpayer.net/climate/paying-the-price/>

⁴ EPA, U.S. Greenhouse Gas Inventory Data Explorer, <https://cfpub.epa.gov/ghgdata/inventoryexplorer/#energy/naturalgasandpetroleumsystems/allgas/gas/all>

⁵ EPA, "Greenhouse Gas Reporting Rule: Revisions and Confidentiality Determinations for Petroleum and Natural Gas Systems," 88 FR 50282 (proposed August 1, 2023) <https://www.federalregister.gov/d/2023-14338/p-752>

⁶ EPA, Greenhouse Gas Equivalencies Calculator, <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

only \$43 million in royalties on vented or flared gas over the decade, approximately one-third of the potential royalties.⁷ These estimates are likely conservative, as OGOR-B data relies on self-reporting from operators and there is little or no incentive for operators to estimate the volume of lost gas accurately given the limited oversight by the Department of the Interior (DOI).

Using satellite data on top of production data, another study commissioned by Environmental Defense Fund and TCS calculated that approximately 163 Bcf of natural gas was lost on federal and tribal lands in 2019 alone, far more than the operator self-reported volume. This wasted gas was worth roughly \$509 million and could have met the annual energy needs of 2.2 million households.⁸ The wasted gas also represented a combined loss of \$64 million in federal, tribal, and state royalty revenues.

III. Public Accessibility of Emissions Data Must be Improved

The proposed rule would greatly increase the quality and quantity of data available to the public on GHG emissions from the oil and gas sector. TCS supports EPA's efforts to increase the frequency and level of detail included in monitoring and measuring requirements, in addition to expanding the types of sources covered under the GHG Reporting Rule.

Increasing the amount and breadth of data available on GHG emissions in the oil and gas sector is advantageous to taxpayers. The decisions of private companies affect taxpayers, as these firms benefit from public subsidies, execute federally funded projects, and create financial liabilities that may strain public finances. Consequently, taxpayers have a vested interest in information about the operations of private companies, particularly those activities contributing to climate change, such as greenhouse gas emissions.

Improving the quality and quantity of publicly accessible data on GHG emissions will deepen the public's understanding of how companies and entire industries contribute to climate change. This enhanced understanding will enable better tracking of how firms receiving federal funding contribute to climate-related costs borne by taxpayers. Armed with knowledge of who contributes to climate change, policymakers can work to ensure that the responsible parties, rather than taxpayers, bear the costs of their impacts on communities and individuals.

IV. Comments on the Proposed Rule

TCS urges the Environmental Protection Agency to consider the following in relation to specific aspects of the proposed rule:

⁷ TCS, "Gas Giveaways II," Aug 30, 2022. <https://www.taxpayer.net/energy-natural-resources/gas-giveaways-ii-methane-waste-on-federal-lands-is-business-as-usual/>

⁸ Olivia Griot et. al., "Onshore Natural Gas Operations On Federal and Tribal Lands in the United States: Analysis of Emissions and Lost Revenue," Jan. 20, 2023. ("Synapse") https://blogs.edf.org/energyexchange/files/2023/01/EMBARGOED_EDFTCS_Public_Lands_Analysis.pdf

A. Disaggregation of Reporting Requirements

As part of EPA's effort to improve the quality and quantity of data reported, TCS supports the proposed disaggregation of reporting requirements to at least the well-pad and gathering boosting site-level. As EPA notes, this proposal will provide taxpayers with valuable information on localized GHG emissions. This information is essential as, in addition to exacerbating the impacts of climate change, GHG emissions can also pose significant health and environmental risks to local communities. TCS supports the EPA in requiring disaggregated data where appropriate, including the reporting of major equipment types (e.g., wellhead, compressor, dehydrator) where a component-level leak is detected.

B. Gas Emitted Through Venting and Flaring

Routine venting and flaring in the oil and gas sector represents an egregious waste of a valuable natural resource and contributes to the taxpayer costs of climate change. On federal lands, flaring is the primary source of natural gas lost by drilling operators, accounting for 82 percent of reported lost gas over the last decade.⁹ TCS supports efforts to more accurately measure and report the amount of gas lost through these practices.

For venting, the proposed rule would require reporters to use direct measurements to calculate the volume of vented gas if a continuous flow measurement device is already in use, as opposed to estimating the amount of vented gas using equation W-18. This proposal will provide more precise data on emissions from venting practices and is unlikely to impose additional burdens on reporters, given that it applies only if a continuous flow measurement device is already in use.

For flaring, the proposed rule would assume a maximum combustion efficiency of 92 percent for flares that are not continuously monitored or in other cases where natural gas is combusted in an explosion or fire. This rate aligns with recent data that show natural gas flared in the U.S. combusts 91.1 percent of methane, as opposed to the previously held assumption that the combustion rate was closer to 98 percent.¹⁰ The 92 percent maximum default combustion efficiency will more accurately calculate the amount of GHG emitted into the atmosphere during these release events. TCS believes the maximum assumed combustion efficiency should not be greater than the proposed rate of 92 percent. A higher assumed combustion efficiency would underestimate actual GHG emissions.

TCS also supports the EPA's efforts to gather additional data on venting and flaring practices that could educate the public. This could include data elements used as inputs for equation W-18 for emission calculation, such as the Gas-Oil Ratio (GOR), volume of oil produced, and volume of gas sent to sales for wells with associated gas venting or flaring. This information should be collected even when reporters use real data from a continuous flow measurement device, provided the EPA believes such data would be beneficial to the public.

⁹ TCS, "Gas Giveaways II," Aug 30, 2022. <https://www.taxpayer.net/energy-natural-resources/gas-giveaways-ii-methane-waste-on-federal-lands-is-business-as-usual/>

¹⁰ Genevieve Plant et al., "Inefficient and unlit natural gas flares both emit large quantities of methane," *Science*, September 29, 2022. <https://www.science.org/doi/10.1126/science.abq0385>

C. Gas Emitted Through Leakage

Natural gas is also routinely lost through leaking. On federal lands, oil and gas operators are not required to check for leaks or detect fugitive emissions, even as leaks and fugitive losses are common throughout the oil and gas production process.¹¹ The proposed rule seeks to improve monitoring and reporting of methane leakage in the oil and gas industry. Among other changes, the rule would mandate that any leak detected by an acoustic leak detection device be reported, as opposed to the current threshold of 3.1 standard cubic feet per hour or greater. TCS supports stringent requirements for reporting GHG leaks, as well as regular leak detection surveys and measurements for transmission pipelines.

D. Gas Emitted During Super-Emitter Events

As EPA has previously reported, the top 5 percent of emission sources are responsible for roughly half of all methane emissions.¹² These large-scale emissions are usually caused by accidents or similarly non-routine failures that result in large release events known as “super-emitters.” Super-emitters contribute substantially to total GHG emissions from the oil and gas industry, but, as EPA notes, are “not well represented” under the existing rule. One example cited in the proposed rule describes a storage wellhead leak at Aliso Canyon, which released approximately 100,000 metric tons of methane between October 2015 and February 2016.

The proposed rule seeks to ameliorate this by creating a new emissions source, referred to as “other large release events,” to capture abnormal emission events. The rule would set two emissions thresholds for reporting: events that release at least 250 metric tons of CO₂ equivalent (CO₂e) per event—equivalent to approximately 500,000 cubic feet of natural gas—or events that have a methane emission rate of 100 kg/hr or greater at any moment. The rule would also expand the definition of large release events and include planned releases such as degassing and cleaning a tank, which would not have been required under current and previously proposed rules. TCS supports including multiple emissions thresholds to more accurately capture “super-emitter” events and believes the cumulative mass emissions per event threshold should not be increased beyond the proposed amount. TCS also supports the expansion of the definition of large release events to capture emissions data more comprehensively and accurately.

Due to the unpredictable and accidental nature of super-emitter events, efforts to identify and address them are frequently delayed. The proposed rule would encourage more routine monitoring for leaks by establishing an assumed super-emitter event start date 182 days before the event is identified, in the absence of more recent data showing normal levels. TCS supports the proposed requirements. Super-emitter events represent a significant portion of annual GHG emissions and must be identified and addressed as quickly as possible. By compelling reporters to default to an assumed 182-day window in the absence of more current data, the rule encourages more frequent monitoring, leading to quicker

¹¹ Alvarez et al., “Assessment of methane emissions from the U.S. oil and gas supply chain,” *Science*, July 13, 2018. <https://www.science.org/doi/10.1126/science.aar7204>

¹² EPA, “Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review,” 87 FR 74702 (proposed December 6, 2022) <https://www.federalregister.gov/d/2022-24675/p-514>

identification of super-emitter events and, likely, reduced overall emissions. TCS does not believe a 91-day default duration, or any duration less than the proposed level, would be reasonable.

IV. Conclusion

The proposed rule would improve transparency and accountability in the oil and gas sector by improving both the quantity and quality of publicly accessible GHG emissions data. These emissions directly impact taxpayers and contribute to the rising taxpayer costs associated with climate change. Increasing the availability of data on GHG emissions will improve the public's understanding of the processes and policies driving climate change and better inform decisions that ensure emitters, not taxpayers, are accountable for the long-term costs and liabilities created through GHG emissions.