Friday April 12, 10:30-11 Eastern Time – virtual meeting with OMB on Subpart W

Ryan Newcomer (Targa Resources)
Dan Bissonette (Enterprise Products)
Jared Cooper (Kinder Morgan)
Jena Resnik (Antero Resources)
Matthew Hite (GPA Midstream Association)
Doug Jordan (Teocalli Explorations)
Jaron Hill (MHT Consulting)
Stacy Dieffenbach (Bryan Research & Engineering)

OMB OIRA meeting on Final Subpart W (30 mins) – Virtual

Hello, thank you for meeting with us today on the changes to the greenhouse gas reporting rule that were proposed on August 1, 2023 primarily impacting Subparts C and W. GPA Midstream has served the U.S. energy industry since 1921 and represents over 50 domestic corporate members that directly employ 55,000 employees that are engaged in the gathering, transportation, processing, treating, storage, and marketing of natural gas, natural gas liquids, crude oil and refined products, commonly referred to as "midstream activities."

Since the initial development of the greenhouse gas reporting rule in 2009, GPA has participated in every rulemaking related to Subpart C and Subpart W. We are supportive of many of the proposed changes in Subpart W, especially the proposed options to use more data from direct measurements to calculate emissions. However, there are three overlapping and related rulemakings at play – this Subpart W rulemaking, the OOOOb/OOOOc rulemaking, and the Waste Emissions Charge rulemaking. These three rules are inextricably linked and all impact each other, but it is unclear if the impact and burden of these rulemakings have been evaluated collectively.

For example, while GPA understands that EPA has a congressional mandate to revise Subpart W, we contend that EPA must fully acknowledge that these proposed changes will have significant financial implications to GPA members. This is not just due to new monitoring and reporting requirements, but also due to the impact of reported methane emissions on the Inflation Reduction Act's waste emissions charge. In our time with you today, we want to emphasize the significant impact of the proposed changes to combustion emissions, and I'll turn it to Ryan to talk through this.

For some brief background of reporting under the GHGRP, Subpart C is the section under which industries report GHG emissions from stationary fuel combustion. Whereas Subpart W is the section which was promulgated to collect information related to venting, flaring, and fugitive emissions from Petroleum and Natural Gas Systems. Except for 3 of the 10 industry segments under Subpart W, all other industries (including other oil and gas facilities such as refineries and chemical plants) report stationary fuel combustion emissions under Subpart C. The 3 industry segments that incongruently report stationary combustion emissions under Subpart W include Production, Gathering & Boosting, and Distribution.

GPA firmly believes that **ALL** segments of Petroleum and Natural Gas Systems should report stationary fuel combustion emissions under Subpart C (as all other industries report). There is no fundamental reason why stationary fuel combustion emissions should be reported in a special way for Oil & Gas facilities or for any particular segments of the industry. Emissions associated with stationary fuel combustion are not waste emissions and should not be confused with Subpart W's purpose of collecting information related to venting, flaring, and fugitive emissions. Rather, stationary fuel combustion emissions are a direct result of beneficial use of gas that when combusted generates motive power for critical energy infrastructure.

Treating the Petroleum and Natural Gas Industry differently than all other industries is not only illogical, but it will also result in significant financial impacts when considering this proposed rule's relationship with the separately proposed Waste Emission Charge rule, which would subject all methane emissions reported under Subpart W to the WEC. Under the Subpart W proposed rule, EPA intends to increase the reported amount of un-combusted methane from engines (which are reported as combustion sources under Subpart W) by over 600 times previously reported amounts. While GPA does not disagree with this change, EPA has vastly underestimated how this will affect the Petroleum and Natural Gas System Industry. For one member company, this "simple technical revision" would result in previously reported methane emissions of 3,500 MT from engine combustion to over 16,000 MT which would subject the company to much higher Waste Emission Charges. This increase in reported emissions would not be due to excessive venting, flaring, or fugitive leaks, but only because the company is using fuel gas in a beneficial manner that results in combustion emissions. The impact to GPA members is not isolated and will result in hundreds of millions of dollars of inappropriate Waste Emission Charges.

In past rulemakings and in this proposed rule, EPA has failed to address the flawed reporting structure of Subpart W. Even more troubling to GPA is that in this proposed rule, EPA sought comment on an approach that would further penalize Petroleum and Natural Gas System facilities by requiring all 10 industry segments to report combustion emissions under Subpart W. GPA implores OMB to ensure that the final Subpart W rule is appropriately revised to require reporting of **ALL** stationary combustion emissions for Petroleum and Natural Gas Systems under Subpart C. This would bring the industry in line with **ALL** other industries and result in the fair and equitable treatment of the Petroleum and Natural Gas System Industry.

EPA proposes that large release events must be assumed to start on either (1) the date of the most recent monitoring or measurement survey or must be assumed to have a duration of 182 days.

The 182-day assumption is potentially extremely costly. Especially in the case of low-pressure gathering pipelines where parametric data might not definitively show when a leak started, Subpart W would have us assume a 182-day event duration. Right now, the remote detection technology just isn't there to survey frequently at a 100 kg/hr detection threshold without huge expense because this is currently limited to aerial surveys. So, the 182-day assumption is either extremely expensive in surveys because we would need to fly a lot more to establish a lack of leak or extremely expensive in methane fees.

This rule must minimize the "backstop" as much as possible. We suggest 30 days at most. The rule should also allow event duration to be assessed by more than "monitored process parameters" or "monitoring or measurement survey". For example, operators' inspection logs should be an accepted credible limit on event duration.

GPA also submitted comments about the overall deficiencies in EPA's "Assessment of Burden Impacts" for this rule, and we are concerned that flawed analysis could significantly be downplayed this rule's impact on reporters.

For example, it appears EPA did not provide labor estimates for emission sources that are already reported under the rule; however, many (if not all) sources have changed data collection, calculation, or reporting requirements under the proposal that impact labor.

Further, the EPA's estimation of operations and maintenance costs covers only select monitoring requirements, neglecting, for example, the flare monitoring requirements that EPA proposes must be implemented for a reporter to claim 98 percent destruction efficiency, or performance test monitoring for combustion methane slip, or measuring individual component fugitive emissions to develop site-specific emission factors. EPA must address the fact that reporters will need to incur these costs to be afforded the opportunity to accurately assess their methane emissions as opposed to using emission factors. Additionally, because of the waste emission charge associated with Subpart W emissions, reporters will need to incur cost to provide additional quality assurance. These are examples of ways in which these related Subpart W, OOOOb, and waste emissions charge rules must be assessed holistically to understand the cumulative burden imposed.