

New Strategy to Reduce Methane Emissions Impacts Energy and Agriculture Industries

On Friday, March 28, 2014, the White House unveiled its comprehensive, interagency strategy to reduce methane emissions as part of President Obama's Climate Action Plan introduced last summer. The President's Climate Action Plan proposed three key pillars upon which strategies would be developed for cutting pollution that is believed to cause climate change and damage public health. Reduction of greenhouse gas emissions is one of those three key pillars.

The stated goal of the Obama Administration is to reduce U.S. greenhouse gas emissions in the range of 17 percent below 2005 levels by 2020. The increased supply of domestic natural gas, recovered using unconventional drilling techniques that are now profitable, has led to its greater use over coal. Although natural gas emits fewer greenhouse gases than coal, methane is still emitted during gas exploration and production activities. Methane currently accounts for only 9 percent of domestic greenhouse gas emissions; however, even small emissions curtailments have a big impact since methane is over 20 times more potent than carbon dioxide.

The methane emission reduction implementation steps announced last Friday are targeted to curb methane leakage emissions during operations and activities in the domestic energy and agricultural sectors, as well as at landfills. At this point, the steps are voluntary in nature and there has been no legislation from Congress. But the development, completion and implementation of regulations in line with these steps is anticipated.

Impact to Energy Industry: Oil and Gas, Coal Mining

The newly-released strategy builds on methane emission reduction successes to date, while also identifying new actions in partnership with the oil and gas and coal mining energy businesses. Historically, air emissions for oil and gas exploration and production activities have been regulated at the state level. This has led to inconsistent regulations across the states, making regulatory compliance difficult for businesses with multistate operations. Federal agencies (at the direction of President Obama and due to public pressure) are now taking a hard look at implementing national emissions standards for methane.

Methane emissions are known to occur from oil and gas operations due to leakage at different points in the exploration and production process, as well as from intentional gas flaring/burning and venting. By the end of 2014, the U.S. Department of the Interior's Bureau of Land Management (BLM) will propose new standards to reduce venting and flaring of methane from oil and gas operations on federal public lands. Next month, the White House will seek comments regarding the BLM's proposed program for the capture and sale of methane produced by coal mines on lands leased by the federal government or on federal lands.

Within the next few months, the U.S. Environmental Protection Agency (EPA) will begin examining methane emission sources for oil and gas operations (for example, oil and gas venting and flaring). If it decides to move forward with rulemaking, the EPA will complete the process by the end of 2016.

The U.S. Department of Energy is also working to identify additional methane reduction opportunities.

Impact to Agriculture Industry: Dairy

The energy industry is not alone in providing sources of methane gas emissions. The agricultural industry, and cow-derived milk operations in particular, is also a significant source of methane emissions. The U.S. Department of Agriculture, in cooperation with the EPA and the U.S. Department of Energy, announced last Friday that it will seek specific, voluntary actions by stakeholders in the dairy industry to further curb methane leakage by 25 percent by 2020 through better management of cow manure, as well as enhanced deployment of biogas systems.

What This Means to You

As the White House's newly-announced methane gas emission reduction strategy makes clear, much of the Administration's proposed studies and rulemakings will be developed with input from industry as well as other stakeholders. With our industry-specific practice unit structure, our Energy and Food and Agriculture attorneys are well-versed in advising our clients how to best engage regulators to help our clients' input be heard and valued. We work with our clients to file comments to proposed rulemakings, and we assist our clients in operating in compliance with the regulations.

Contact Us

For additional information regarding the impacts of new methane emissions reduction strategy on your energy and agricultural operations and activities, please contact Jim Ash, leader of Husch Blackwell's Food & Agribusiness team, or Sarah Mathews, member of the Energy & Natural Resources team.