

**Opening Statement of Joseph Goffman
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**Hearing on EPA's final regulations for methane in the oil and gas sector
and implementation of the Methane Emissions Reduction Program**

**U.S. House Committee on Energy and Commerce
Subcommittee on Environment, Manufacturing, and Critical Materials**

January 10, 2024

Chair McMorris Rodgers, Ranking Member Pallone, Chair Johnson, Ranking Member Tonko, and Members of the Subcommittee, thank you for inviting me to testify today on EPA's final regulations for methane in the oil and gas sector and implementation of the Methane Emissions Reduction Program.

As required by Congress in the Inflation Reduction Act, the most ambitious climate law in U.S. history and an important pillar of the President's Investing in America Agenda, EPA is taking action to tackle harmful and wasteful methane emissions. Methane is a climate "super pollutant" many times more potent than carbon dioxide at warming the atmosphere and responsible for approximately one-third of the global warming we are now experiencing. Significant and sustained cuts in methane emissions are among the most crucial actions we can take to slow the rate of climate change, which is already having devastating impacts for Americans across the country in the form of more frequent and destructive wildfires, heat waves, extreme precipitation and flooding, and sea level rise.

Oil and natural gas operations are the nation's largest industrial source of methane, accounting for nearly 30 percent of all methane emissions in the United States. These operations also emit other air pollutants harmful to human health, including smog-forming volatile organic compounds (VOCs) and air

toxics like benzene and toluene, which can cause cancer, breathing problems, and neurological illnesses in the people who live and work near oil and natural gas facilities. In the Inflation Reduction Act, Congress ratified EPA's authority to take the action the agency had proposed in November 2021 under the Clean Air Act to address this pollution— and built a three-part framework of additional measures to complement EPA's action to ensure reductions in methane from the oil and gas sector. Under this clear directive, the EPA issued a final rule last December under section 111 of the Clean Air Act to sharply reduce methane emissions from new and existing oil and gas operations. At the same time, EPA is working to implement the three-part framework of the Inflation Reduction Act's Methane Emissions Reduction Program:

- First, utilizing resources provided by Congress in the IRA, EPA is partnering with the Department of Energy (DOE) to provide over \$1 billion dollars for financial and technical assistance to accelerate the transition to no- and low-emitting oil and gas technologies, support methane monitoring, and reduce pollution from oil and gas operations.
- Second, as directed by Congress, EPA has proposed revisions to Subpart W of the Greenhouse Gas Reporting Program to ensure that reporting of methane emissions from oil and natural gas operations is based on empirical data and accurately reflects emissions.
- Third, to take advantage of near-term opportunities for methane reductions while EPA and states work toward full implementation of the final Clean Air Act rule, Congress directed EPA to collect a charge on methane emissions from large oil and gas facilities that are high-emitting and wasteful.

Together, EPA's Clean Air Act rule and the three complementary IRA provisions will accelerate the deployment of practical and cost-effective solutions that many states and leading oil and gas companies have been utilizing for years to minimize or avoid methane emissions, and drive continued innovation in methane detection, monitoring and mitigation techniques.

The EPA's Clean Air Act rule provides the foundation for this effort by putting in place up-to-date standards to minimize emissions of methane and other

harmful pollutants from new operations, as well as a structure for states to develop plans that achieve reductions in pollution from existing sources over a period of several years. The waste emissions charge incentivizes companies to achieve progress in reducing emissions in the near term – and exempts facilities that are subject to and in compliance with the Clean Air Act rule once state plans are in place. The reporting changes in subpart W mandated by the IRA build a more accurate and empirically based record of methane emissions to support the assessment of the charge and track progress in reducing this harmful pollution. And the financial and technical assistance provided in the IRA can be used to support companies’ efforts to monitor and mitigate methane, supporting the overall goals of both the Clean Air Act rule and the waste emissions charge. In this way, the three methane provisions of the IRA operate as a bridge to full implementation of the Clean Air Act rule: a charge to motivate reductions in the near term while the rule ramps up compliance, resources to support states and industry through the transition, and new reporting requirements to ensure the charge is based on the most complete and accurate information.

Action Under the Clean Air Act to Reduce Methane Emissions From New and Existing Oil and Natural Gas Operations

In December, EPA announced comprehensive regulations to reduce emissions of methane and other harmful air pollution from new and existing oil and natural gas operations.

The final rule will deliver meaningful climate and health benefits for all Americans by building on innovative technologies and proven solutions that leading oil and natural gas-producing states and companies are using, and have committed to use, to minimize or eliminate this harmful pollution. The final rule will avoid an estimated 58 million tons of methane emissions from 2024 to 2038. That’s a nearly 80 percent reduction, using available, cost-effective technologies, compared to what emissions would be without the rule. In 2030 alone, this rule would achieve methane reductions that are equivalent to the annual emissions of 28 million gasoline-powered cars. The reductions in ozone-

forming pollution that will necessarily result from applying methane controls will have long-lasting benefits for public health, preventing up to 97,000 cases of asthma symptoms and 35,000 lost school days a year.

EPA carefully considered the nearly 1 million comments it received on two proposals as we developed this rule. Many features of the final rule respond directly to industry comments received during this process. For example, the final rule provides owners and operators greater flexibility to use a range of advanced and less costly monitoring technologies to identify leaks at well sites, centralized production facilities, and compressor stations. These advanced monitoring provisions enjoyed broad support from commenters, including industry, states, and environmental organizations. Many methane detection technologies and other cutting-edge solutions are being developed and deployed by small businesses providing good-paying jobs across the United States. EPA also provided extended compliance deadlines for the implementation of emission standards for certain types of new sources.

EPA recognizes that although small and low-producing wells account for roughly half of all oil and natural gas methane emissions and so are an important part of the emissions picture, small operators can also face compliance challenges. For this reason, the final rule provided additional compliance flexibility for certain types of sources located at small or low-producing well sites.

EPA estimates that the rule will yield net climate and ozone health benefits of \$97 to \$98 billion dollars from 2024 to 2038, the equivalent of \$7.3 to \$7.6 billion a year, after accounting for the costs of compliance and savings from recovered natural gas. By avoiding methane emissions that otherwise would have been wasted, the rule will increase recovery of natural gas valued at \$7.4 to \$13 billion from 2024 to 2038, the equivalent of \$820 to \$980 million a year. In other words, the natural gas recovered as a result of the rule would be enough to heat nearly 8 million homes for the winter.

Financial and Technical Assistance

EPA and DOE are working together to provide over \$1 billion in financial and technical assistance, funded under the Inflation Reduction Act, to support monitoring and mitigation of methane emissions from the oil and gas sector - including funds for activities associated with low-producing conventional wells.

The first round of formula grant funds to states were conditionally awarded last month. EPA and DOE announced that fourteen states will receive a conditional commitment of \$350 million in funding to help oil and gas well owners and operators voluntarily and permanently reduce methane emissions from low-producing conventional wells.

The second round of grants will be a competitive opportunity, expected to be opened in the first quarter of this calendar year. EPA and DOE intend to make funds available to a variety of stakeholders for mitigating and monitoring methane emissions from low-producing wells and other oil and natural gas assets and related activities.

Revisions to the Greenhouse Gas Reporting Program regulations for oil and gas facilities (Subpart W of 40 C.F.R. Part 98)

As required by Congress in the Inflation Reduction Act, last August EPA proposed changes to Subpart W of the Greenhouse Gas Reporting Program. The proposed revisions would improve the accuracy of reported emissions of greenhouse gases, including methane. EPA expects to finalize the revisions prior to Congress's August 2024 deadline, in time for companies to begin implementing changes to their greenhouse gas reporting practices in the 2025 reporting year.

Waste Emissions Charge

Congress required EPA in the Inflation Reduction Act to collect a charge on wasteful emissions of methane from applicable oil and gas facilities. This Waste

Emissions Charge encourages the highest-emitting facilities to meet or exceed the levels of performance that already are being achieved by leading companies. The Waste Emissions Charge will incentivize companies to reduce large and wasteful emissions in the near term by deploying readily available technologies and best practices. In addition to the health and climate benefits, this will help level the playing field for industry leaders already employing best practices.

EPA engaged extensively with industry and other stakeholders in developing a proposed rule to implement the Waste Emissions Charge, which EPA submitted for interagency review in September of last year and expects to issue soon for public comment. This proposed rule will address how the charge should be calculated based on Subpart W emission reports and clarify how owners and operators can utilize exemptions and compliance flexibilities provided by Congress in the IRA. We look forward to receiving public comment on this proposal and intend to issue a final rule on a schedule that provides industry and other stakeholders with sufficient time to plan for compliance.

Conclusion

As supported by Congress' actions under the Inflation Reduction Act, EPA's comprehensive methane programs are designed to work together to ensure near-term reductions of harmful emissions in order to protect human health and the environment. Together, the complementary suite of actions Congress envisioned will advance the adoption of clean, cost-effective technologies, reduce wasteful practices, and yield significant economic, public health, and environmental benefits.

I look forward to your questions. Thank you.