

OIL & GAS INITIATIVE

PROGRESS REPORT 2016-2017

LEAD PARTNERS

Nigeria, Netherlands

IMPLEMENTERS

Clearstone Engineering Ltd, Petroleum Technology Alliance Canada (PTAC), UN Environment

CCAC OIL & GAS METHANE PARTNERSHIP

BP, ENGIE E&P, ENI, PEMEX, PTT, Repsol, Shell, Southwestern, Statoil, Total

TOTAL BUDGET FROM THE COALITION: \$4,062,033

COALITION FUNDS SPENT SINCE THE START OF THE INITIATIVE: \$1,766,441

CO-FUNDING SINCE THE START OF THE INITIATIVE: \$12,700,000

NOTE

This document presents results from the Climate & Clean Air Coalition's Oil & Gas Initiative reported between July 2016 and June 2017. These results were recorded using the Demonstrating Impacts indicators, which have been approved by partners as the "common currency" to monitor and communicate impacts across the Coalition's initiatives and workstreams¹.

Presented achievements are the result of collaborations between multiple stakeholders, including national governments and cities, international organisations, NGOs, research institutions and the private sector. Some are a direct result of activities funded or co-funded by the Coalition, while others are indirect achievements in which the Coalition's actions played a catalysing role.

¹ The latest version of the Demonstrating Impacts Framework is accessible to partners [here](#) where the online tool to report new results is also accessible and open throughout the year.

DEMONSTRATING IMPACTS SUMMARY

OUTPUTS

9 KNOWLEDGE RESOURCES AND TOOLS

The OGMP Technical Guidance Documents are designed to guide the CCAC Oil & Gas Methane Partnership companies in conducting methane emissions surveys in their participating operations and adopting cost-effective, best-practices mitigation measures. Following a public review process, the [9 guidance documents](#) were fully revised to incorporate comments and new information on best-practices.

1 POLITICAL OUTREACH EVENT

The initiative conducted a regional Workshop on the CCAC Oil & Gas Methane Partnership in Colombia that gathered 45 stakeholders from the region. The workshop was organised and hosted by CCAC Partner CEID-Colombia.

\$6,600,000 OF CO- FUNDING

The initiative secured \$6.6 million from ten oil and gas companies under the umbrella of the Oil and Gas Climate Initiative and from the Environmental Defense Fund. This will fund a series of Oil & Gas methane measurement studies to help fill the most crucial knowledge gaps about the sources and size of emissions in the sector.

OUTCOMES

1 INSTITUTION STRENGTHENED

Technical assistance from the initiative supported better understanding by one of the OGMP Partner companies of how to conduct methane emission surveys, complete Oil & Gas Methane Partnership Annual Reports and identify further institutional strengthening needs.

4 COMMITMENTS

Three new companies, namely Repsol, Engie E&P and Shell, joined the CCAC Oil & Gas Methane Partnership. In addition, ten companies committed to support the CCAC Oil and Gas Methane Studies project.

3 POLICIES AND PLANS

Following their adhesion to the Oil & Gas Methane Partnership BP, Repsol, and Engie E&P submitted their OGMP Implementation Plans. The plans indicate the expected timing of required methane emissions surveys of the participating operations.

IMPACTS

8,698 TONNES OF METHANE REDUCED

As part of their participation to the CCAC, Southwestern Energy, Eni and PTT reported emissions reductions totalling 8,698 tonnes of methane in 2016 at participating operations in Italy, Thailand and the United States of America. Most of the reductions were reported by Southwestern Energy.

NARRATIVE REPORT

OIL & GAS METHANE PARTNERSHIP

- ▶ 2 new companies joined OGMP: Engie E&P and Shell. The 10 OGMP Partner companies together represent about 12.5% of world oil and gas production.
- ▶ OGMP published its first company-specific annual reports (released at a high-level oil and gas industry conference in London in November 2016 by several partner-company CEOs). Companies submitted their second annual reports in mid-2017, to be released publicly later in the year.
- ▶ OGMP conducted a public review process in late 2016 for the OGMP Technical Guidance Documents, and revised the Technical Guidance documents in early 2017 based on stakeholder comments received.

METHANE STUDIES

- ▶ The Working Group approved \$360,000 over two years from the CCAC Trust Fund to support a project manager position for the studies. The project manager will sit in UN Environment's Energy & Climate Branch with those helping implement the Oil & Gas Methane Partnership.
- ▶ CCAC/UN Environment signed MoUs with 10 oil and gas companies (under the umbrella of the Oil & Gas Climate Initiative) and the Environmental Defense Fund.
- ▶ EDF and the 10 companies under OGCI agreed to commit a total of \$6.6 million to the studies over two years, to be managed by the project manager within UN Environment.
- ▶ The parties agreed a "Framework" document (annexed to the MoUs) describing project governance, including arrangements for safeguarding the scientific independence of the researchers.
- ▶ As part of the governance arrangements, the parties created a Steering Committee, a Chief Science Officer position (EDF's Chief Science Officer will fill this position as an in-kind contribution), and a Technical Working Group. They also started recruiting members for the independent Science Advisory Committee.
- ▶ EDF and its partners (National Environmental Technology Laboratory and the International Energy Agency) completed the Phase-1 study, which identified the major knowledge gaps that the measurement studies should aim to fill under Phase 2.
- ▶ The Methane Studies Steering Committee approved moving to Phase 2.

TECHNOLOGY DEMONSTRATION 2

- ▶ The Working Group approved \$1,018,000 from the CCAC Trust Fund for a project that builds on the previous technology demonstration project to reduce black carbon emissions from flaring by extracting certain hydrocarbon liquids from the flare stream. The goal of the follow-up project is to take several of the previously-identified reduction opportunities to the next step, including preparation of engineering and financial documents that will allow company boards and potential private investors to make final investment decisions.
- ▶ Clearstone Engineering was selected to implement the project through a tender conducted by UNOPS.
- ▶ Clearstone has begun the technical and financial analysis of potential opportunities in the project's target countries: Colombia, Mexico, and Nigeria.

PEER-TO-PEER REGULATORY COMPONENT

- ▶ The Working Group approved \$300,000 for a project to investigate opportunities for conducting peer-to-peer support for regulating methane emissions in the oil and gas industry, and eventually facilitating such support for several developing-country jurisdictions. CCAP and CATF will implement this project.

CHALLENGES

As in the past, recruiting companies to the OGMP continues to be challenging. Dealing with methane emissions is still a new area for many companies, and some may be reluctant to commit to reporting before they fully understand the extent of such emissions. This is why the OGMP encourages companies to start by placing just a few of its assets under the programme, learning by doing, and bringing more of its assets under OGMP protocols over time. There is no minimum share of its assets that a company must start with or maintain under OGMP, but the goal is to eventually include all operated assets, and the requirement to report annually on the share of its assets participating provides an incentive to add new assets at a "reasonable" pace. Continued low oil prices also may make it difficult for some companies to prioritise climate initiatives. If the OGMP is to expand membership significantly, it will need to recruit more state-owned companies in developing countries that produce much of the world's oil and gas. However, many of these companies require training and other forms of technical assistance to help them carry out the required activities.

OPPORTUNITIES

- ▶ OGMP is a potentially useful forum for companies and other stakeholders to share ideas for addressing methane emissions. For example, discussions in the OGMP led to the Methane Studies, which is now a new CCAC project.
- ▶ The collaborative processes and experience sharing of the OGMP help ensure that the Technical Guidance Documents include the latest best-practice solutions. The TGDs are increasingly seen as the standard for cost-effective methane management, e.g., they have already been used by the industry-led Oil & Gas Climate Initiative in Europe and the ONE Future initiative in the US. The recent public review process gives them further legitimacy.
- ▶ The possibility for companies to use mitigation solutions not listed in the Technical Guidance Documents – as long as the company explains the solution and why it is just as good as those recommended in the guidance documents – is designed to encourage innovation.

RESOURCES

- ▶ [OGMP first-year report](#)
- ▶ [OGMP technical guidance documents](#)