

### Pennsylvania Proposes Methane Regulations beyond Federal Requirements

Uncertainty in Federal Regulations Magnifies the Role of States in Designing Flexible Policies

February 14, 2017

#### FEBRUARY 4 PA DEP PROPOSAL TO OVERHAUL METHANE REGULATIONS

On February 4, 2017, the Pennsylvania Department of Environmental Quality (PA DEP) proposed **new and revised general permits, as well as revisions to an air quality permit exemption to reduce methane and other emissions** at well sites and compressor stations associated with natural gas operations. The proposals come at a time when **Congress is moving towards repealing a federal methane rule**, drawing attention to state actions.

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#### Proposal in Brief

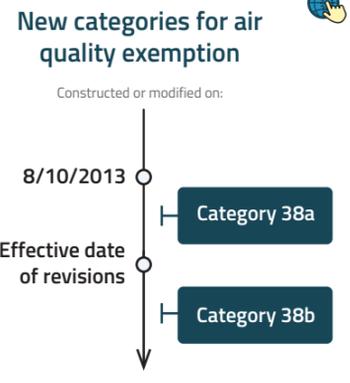
The PA DEP proposals would establish updated **Best Available Technology (BAT)** requirements for emission limits, source testing, leak detection and repair, recordkeeping, and reporting. **New sources would be required to control emissions to the maximum degree consistent with BAT**, which was determined based on applicable federal New Source Performance Standards and National Emissions Standards for Hazardous Air Pollutants. According to PA DEP, the permit proposals have been streamlined to incorporate both federal and state requirements where applicable. After the update, the permits would deal with the following sources:

**GP-5A**  
Air General Permit

**Targets:**  
Sources at unconventional gas well sites  
Remote pigging stations (>200 tons per year)

**GP-5**  
General Operating Permit

**Targets:**  
Gas compressor stations  
Processing plants  
Transmission stations



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#### Approaches in Other States

EPA's 2012 regulations under the NSPS program addressed emissions from the oil and gas industry including hydraulic fracturing, with **volatile organic compound (VOC) control measures expected to reduce methane as an added benefit**. In 2012, EPA published the first federal air standards for natural gas wells that are hydraulically fractured, along with requirements for several oil and gas sources that were previously not regulated. Pennsylvania's proposed regulatory overhaul falls in line with other major oil and gas producing states that have taken a similarly proactive approach.

**CA**

On February 3, the California Air Resources Board issued additional documents related to its draft **methane rules for oil and natural gas sources**. The proposal covers **new and existing sources** and is generally more stringent and broader than that of EPA which covers only new and restructured sources.

**CO**

In February 2014, the Colorado Air Quality Control Commission adopted the **nation's first regulations on methane emissions** supported by environmental groups and oil and gas companies. In addition to implementing EPA's 2012 New Source Performance Standards, the rule directly regulates emissions in the **entire natural gas chain including well site, storage tanks, compression stations, and processing plants**.

**WY**

Wyoming targets **volatile organic compounds** and has similar venting and flaring rules under its Oil & Gas Conservation Commission laws; this rule has been in effect since 2004 for certain regions, and was expanded in 2010 to the southwest portion of the state. The state also **requires green completions** to reduce well completion emissions and capture gas for sale rather than venting or flaring, when feasible.

**ND**

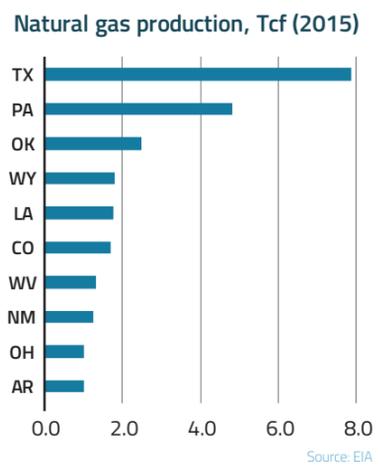
In 2014, North Dakota's Industrial Commission established natural gas capture targets for reducing flared gas and issued a **revision to the state's flaring targets** keeping pace with the rapid production growth in the Bakken region.

**OH**

In 2014, Ohio passed regulations targeting emissions of **volatile organic compounds and other toxic gases**.

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#### Federal Regulations: Repeals and Legal Challenges



The BLM's **Methane and Waste Prevention** rule, aimed to address venting and flaring from federal oil and gas activities, is **on the verge of being overturned** after the U.S. House of Representatives passed a resolution of disapproval (**H.J. Res 36**) to repeal the rule under the Congressional Review Act and is awaiting Senate action. The February 3 House measure comes on the heel of similar resolutions that cleared Congress on February 2 to repeal two energy industry rules – **Stream Protection Rule (H.J. Res. 38)** and **Disclosure of Payments by Resource Extraction Issuers (H.J. Res. 41)**.

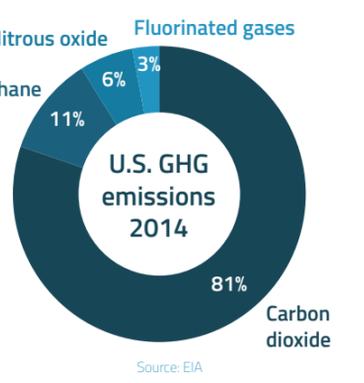
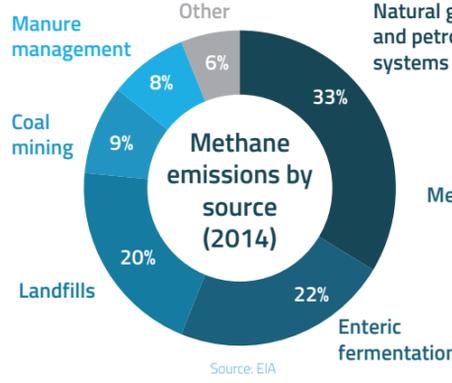


Industry groups have filed a **lawsuit against the BLM's methane rule arguing that it duplicates EPA and state regulations** and criticized the bureau for not recognizing industry success in efficiently capturing methane and reducing flaring. The Independent Petroleum Association of America notes that reducing methane emissions is in the best interest of the industry as companies seek to capture and sell as much of their product as possible, but their efforts are impeded by a **lack of gathering lines and other infrastructure to collect gas at the wellhead to transport the product to the market**. The North Dakota Petroleum Council, which supports natural gas capture, observes that a **one-size-fits-all federal approach cannot address state-specific requirements**.

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#### Role of Methane in Reducing Emissions

Uncertainty in federal regulations has drawn attention to landmark emission rules coming from major oil and gas producing states. While other state programs regulate VOC emissions, **Colorado and Pennsylvania directly regulate methane emissions**. As methane and VOCs are emitted from the same facilities, reducing toxic gas emissions also addresses methane, which is the main component of natural gas and a potent greenhouse gas. Although natural gas burns cleaner than other fossil fuels, fugitive emissions during the production, storage, and delivery have the potential to **undo much of the greenhouse gas benefits**. According to the Environmental Protection Agency (EPA), methane has **25 times the heat-trapping potential of carbon dioxide over a 100-year period**.



#### BOTTOM LINE

**Tailor-Made Regulations**  
With the federal regulations being rolled back or tested in court, states have the opportunity to tailor regulations to their unique circumstances. Colorado's regulations of 2014 are a standing example of state, industry and environmental group collaboration on addressing methane regulation. While regulations from both the EPA and BLM have faced stiff opposition despite years of rulemaking process and being modeled in part from Colorado's rules, the opposition is attributed to the particulars in the rules, rather than protesting federal expansion per se, indicating that states are better equipped to provide more practical solutions.

**Cooperation and Innovation**  
Moving forward, regional cooperation and industry innovation alongside federal and state standards will play a key role in facilitating methane reduction nationwide. States can identify emissions reduction strategies that work best for their jurisdictions while accommodating potential innovations in natural gas leak detection technologies. State and federal agencies should continue to collaborate with the industry and engage in field studies to assess and facilitate progress in reducing emissions. In addition, addressing permitting, infrastructure, and pipeline delays will help industry reap the benefits of cutting methane emissions.

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