



Canada's Methane Regulations for Oil & Gas Sectors



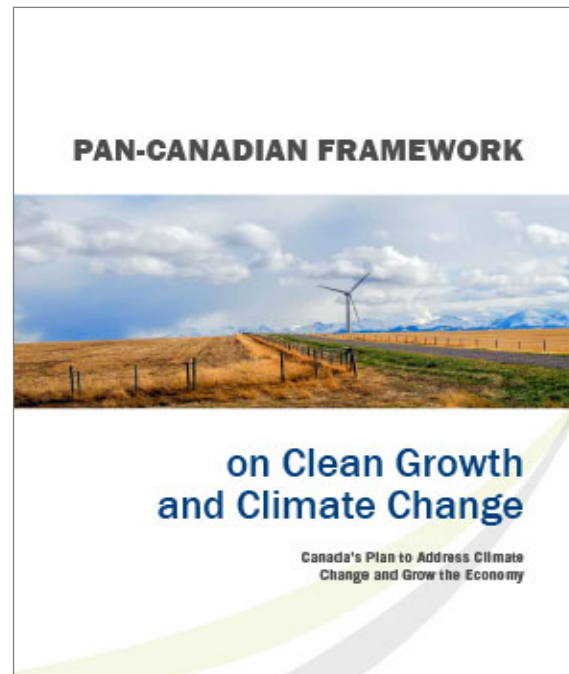
*Methane from a storage tank
« seen » with an infrared camera*

Outline

- Impact of COVID-19
- Equivalency Agreement Status
- Programs to Meet Methane Reduction Targets
- Emission Reductions Funding

Domestic Action

- Pan-Canadian Framework included commitments to **reduce methane emissions** from key sectors, including:
 - **Oil and gas**
 - Agriculture
 - Landfills
- In 2018, ECCC published federal methane regulations to reduce emissions from the upstream oil and gas sector by 40-45% compared to 2012 levels



Federal Methane Regulations

The Regulations require onshore and offshore oil and gas facilities to comply with operating and maintenance standards:

- **Standard for fugitive emissions (leaks):**
 - Implementation of a **Leak Detection and Repair Program** to inspect and repair leaks (using traditional or alternative methods)
- **Standards for venting emissions:**
 - **Site limit** for intentional venting (excludes emergencies, blowdowns)
 - **Specific limits** for compressors and pneumatic devices
 - **Green Completions** for well completion with hydraulic fracturing

Timeline for implementation & registration

- **Registration before April 30, 2020**, or within 120 days of being covered by any requirements
- **Mandatory record keeping** for inspection purposes and on-demand reporting to ECCC
- **January 1, 2020**: Coming into force for requirements for **fugitive equipment leaks, compressors and well completions**
- **January 1, 2023**: Coming into force for requirements for **facility venting and pneumatics**

Methane Regulations – Links

- Methane webpage on CEPA Registry: <https://pollution-waste.canada.ca/environmental-protection-registry/regulations/view?id=146>

Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)

(SOR/2018-66)

About the regulations

Read the regulations

Legislative change

These regulations introduce operating and maintenance standards for the upstream oil and gas industry. They ensure that fugitive or venting emissions of methane are reduced when there is a higher potential to emit methane.

[Announcements related to the COVID-19 pandemic](#)

Additional information

- [Schedules and other forms](#)
- [Factsheet: technical information](#)
- [Factsheet: general information](#)
- [Guidance document](#)
- [Order Declaring that the Provisions of the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds \(Upstream Oil and Gas Sector\) Do Not Apply in British Columbia](#)
- [Canada's methane regulations for the upstream oil and gas sector](#)
- [Video on reducing methane emissions from storage tanks](#)

Equivalency Agreements – Status

- Equivalency Agreement for methane now in effect in BC
- Proposed Equivalency Agreements with AB and SK published and open for public comment
- **SK consultations close July 14, 2020**
 - [Canada-Saskatchewan equivalency agreement consultation: release of methane from the oil and gas sector](#)
 - [Saskatchewan equivalency with federal methane regulations: emissions reduction estimation](#)
- **AB consultations close August 5, 2020**
 - [Canada-Alberta equivalency agreement consultation: release of methane from the oil and gas sector](#)
 - [Alberta equivalency with federal methane regulations: emissions reduction estimation](#)
- Standing down federal regulations removes dual regulatory requirements

Equivalency – Details

- Equivalency Agreements require federal and provincial regulations to have same environmental outcome over 5 year period
 - Same purpose and effect
 - Resident's right to request investigation
 - Measurement methods to ensure scientific validity and comparable results
 - Enforcement consistent with federal and penalties to encourage compliance
- Emissions assessment undertaken by ECCC uses same modelling methodology for both federal and provincial regulations (presented in detail in agreement)
- Final Equivalency Agreements reviewed annually to ensure methane emissions outcomes are on-track

Update on regulatory compliance during the COVID-19 pandemic

- Federal methane regs allow non-application of LDAR provisions where they could pose a serious risk to human health and safety
- Health and safety risks due to COVID-19 relevant in context of this non-application

Non-application to certain equipment components

28 (1) Sections 29 to 36 do not apply in respect of:

c) an equipment component used at an upstream oil and gas facility whose inspection would pose a serious risk to human health or safety

Update on regulatory compliance during the COVID-19 pandemic – continued

- Need to follow directions of public health authorities during these extraordinary circumstances
- Canada's laws to protect the environment, human health, and conservation **remain in effect**
- ECCC will continue to enforce laws and regulations in a fair, predictable, and consistent manner
- Officials will take into account challenges regulatees face as a result of pandemic
- Regulated communities expected to act responsibly and prevent or minimize impacts of non-compliances, documenting:
 - nature and dates of non-compliances
 - how COVID-19 contributed
 - decisions and actions to prevent, mitigate, respond and come into compliance at earliest opportunity

Regulatory Implementation and Stimulus

- GOC recognizes challenge of implementing methane regulations during the current economic situation and COVID
- Stimulus funding creates an opportunity to help industry reduce GHG emissions by complying with regulations, even though investment dollars are limited

Federal Government measures in the energy sector

- Focus on how regulations and covid stimulus funding can work together to **support evolution of sector in sustainable way**
- For example, **\$1.72 billion** to AB, SK and BC to clean up orphan / inactive oil and gas wells will create thousands of jobs and have lasting environmental benefits
- Another key measure is **\$750 million fund** to reduce sector emissions, with a focus on methane onshore and \$75 million offshore
- Expanded eligibility for new **Business Credit Availability Program** to help Canadian businesses get financing during period of uncertainty
 - Available to medium-sized businesses with larger financing needs, **beginning with companies in Canada's energy sector**, to help them maintain operations and keep their employees on the job