



A GUIDE TO Inflation Reduction Act (IRA)

Inflation Reduction

On August 16, 2022, President Biden signed H.R. 5376 (P.L. 117-169), a budget reconciliation measure commonly referred to as the “Inflation Reduction Act of 2022” (IRA).

Key Definitions

Methane Emissions Reduction Program

was created by the Inflation Reduction Act and provides new authorities under the Clean Air Act to reduce methane emissions from the oil and gas sector through the creation of this program.

Waste Emissions Charge (WEC) for methane applies to petroleum and natural gas facilities that emit more than 25,000 metric tons of CO₂ equivalent (mtCO₂e) or more per year equivalent per year as reported under Subpart W of the Greenhouse Gas Reporting Program.

Key Statements

- In August 2022, the Inflation Reduction Act of 2022 (IRA) was signed into law. Section 60113 of the IRA amended the CAA by adding section 136, “Methane Emissions and Waste Reduction Incentive Program for Petroleum and Natural Gas Systems.” CAA section 136(c) directs the Administrator of EPA to impose and collect a WEC on methane emissions that exceed statutorily specified waste emissions levels from an owner or operator of an “applicable facility.” The waste emissions level is a facility-specific amount of methane emissions (metric tons) calculated using segment-specific methane intensity levels defined in CAA section 136(f)(1)–(3) and the amount of natural gas (or oil, in certain circumstances) that the facility sends to sale.
- The IRA is the first-ever federal charge, fee or tax on greenhouse gas emissions.
- The IRA imposes the charge on certain natural gas and petroleum facilities for methane emissions occurring after January 1, 2024.
- The WEC is required by CAA section 136(e) to apply to emissions occurring in the following years. The WEC only applies to the subset of a facility’s emissions that exceed the levels set by Congress.

Methane Charge Measure	2024	2025	2026	After 2026
Dollars per metric ton of CH ₄ emissions	\$900	\$1200	\$1500	\$1500
Dollars per metric ton of CO ₂ equivalent	\$36	\$48	\$60	\$60

Who Reports

The GHGRP requirements are codified in 40 C.F.R. Part 98. Subpart W includes the detailed requirements for petroleum and natural gas facilities. The IRA methane charge applies only to a subset of the petroleum and natural gas system facilities that are required to report GHG emissions in Part 98, Subpart W.

For petroleum and natural gas production facilities, the charge applies only to the number of reported tons of methane that exceed 0.2% of the natural gas sent to sale from such a facility.

The facilities subject to the charge include the following industry operations:

- Offshore petroleum and natural gas production
- Onshore petroleum and natural gas production
- Onshore natural gas processing
- Onshore natural gas transmission compression
- Underground natural gas storage
- Liquefied natural gas storage
- Liquefied natural gas import and export equipment
- Onshore petroleum and natural gas gathering and boosting
- Onshore natural gas transmission pipelines

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CH₄

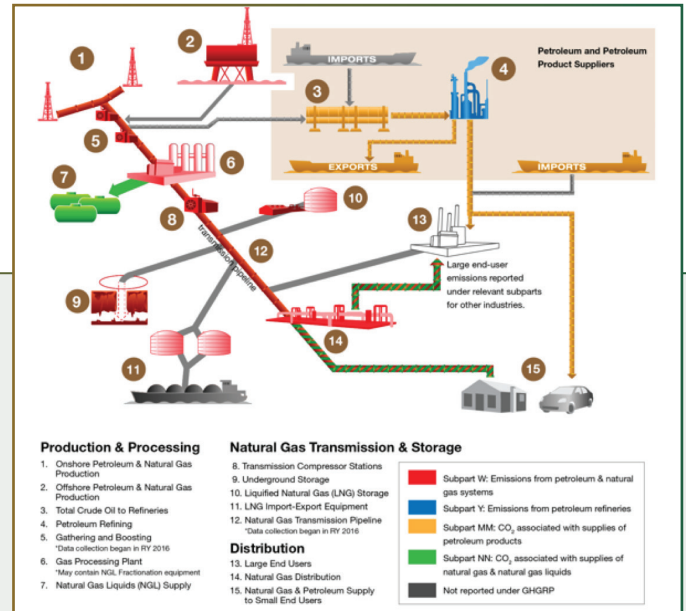


Patented Pneumatic Vent Gas Capture and Utilization System

Route exhaust gases from a level controller/dump valve, high/low controller/dump valve or pneumatic temperature controller to VentHawk and it directs the gas to the pilot line of the separator’s burner system for clean utilization.

The figure to the right illustrates the segments of the Petroleum and Natural Gas Systems source category that were required to report under the GHGRP for 2021.

Operations Covered by the GHG Reporting Program

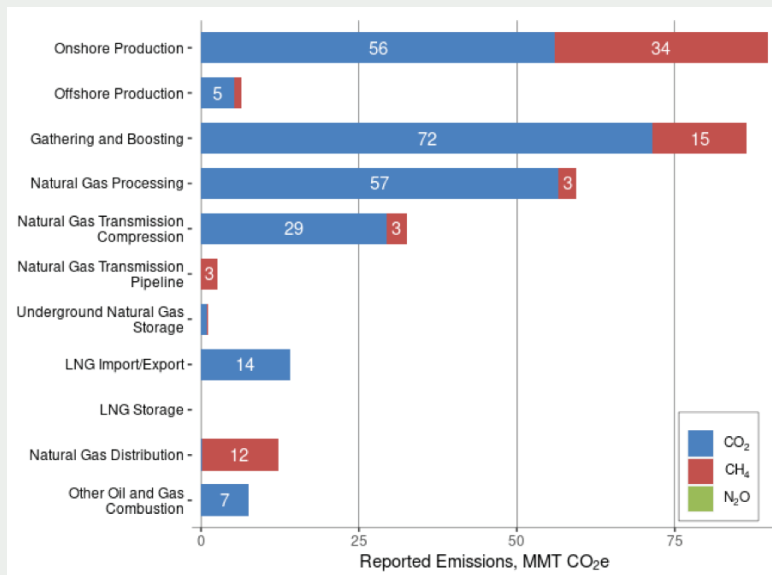


Methane Emissions by Greenhouse Gas

Source: USEPA 2011-2021 GHGRP Summary Profile

The figure below presents reported emissions in 2021 by industry segment and greenhouse gas. For all segments combined, carbon dioxide (CO₂) emissions accounted for 241 MMT CO₂e of reported emissions and methane (CH₄) emissions accounted for 71 MMT CO₂e of reported emissions. Nitrous oxide (N₂O) emissions accounted for 0.2 MMT CO₂e of reported emissions.

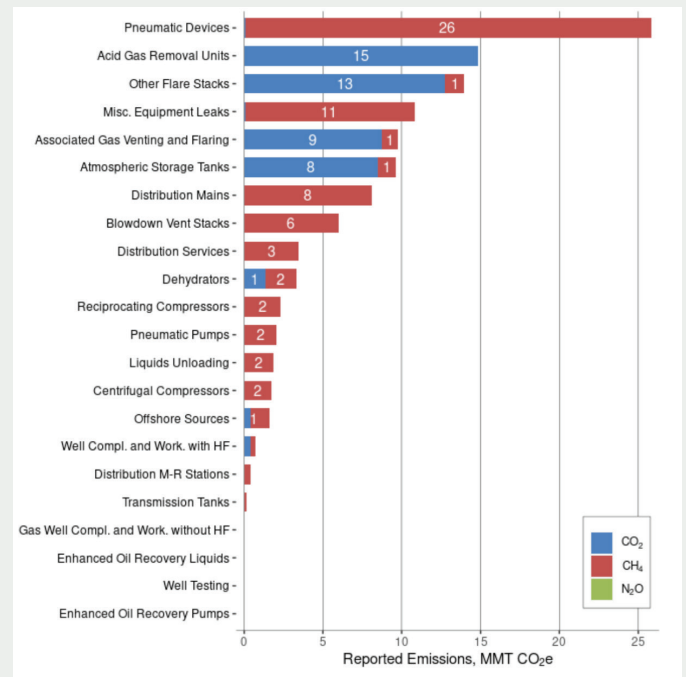
2021 Reported Emissions by Greenhouse Gas



Process Emissions by Source

Source: USEPA 2011-2021 GHGRP Summary Profile

2021 Reported Process Emission Sources



VentHawk & VentHawk CH₄



VentHawk and VentHawk CH₄: engineered solutions to eliminate the amount of reported methane emissions in all reporting segments.

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*Information obtained from Inflation Reduction Act, signed by President Biden on 8/16/22.