



JUNE 2021

**PROPOSED PLAN TO REVIEW THE EFFICIENCY
AND EFFECTIVENESS OF THE METHANE
REDUCTION REQUIREMENTS PRESCRIBED IN
THE DRILLING AND PRODUCTION
REGULATION (DPR)**



Introduction and Background

The BC Oil and Gas Commission (Commission) worked with government, environmental non-governmental organizations (ENGOS) and Industry to establish technical and operational regulations that will reduce methane emissions in the upstream natural gas and oil industry by 45 per cent, below 2014 levels, by 2025. The amended Drilling and Production Regulation (DPR) came into effect on Jan. 1, 2020, to address the primary sources of sector methane emissions, including pneumatic devices, fugitive emissions, compressor seals, glycol dehydrators, storage tanks and surface casing vents. The new legislation supports the Province’s CleanBC plan and is expected to have the same effect as taking 390,000 cars off the road each year, reducing methane emissions by 10.9 megatonnes of carbon dioxide equivalent over 10 years.

During the development of the methane regulations, the Commission (in December 2018) committed to stakeholders to complete a review of the efficiency and effectiveness of the new DPR requirements by Dec. 31, 2022. The “Methane Regulatory Review” was to be based on learnings from year 1 implementation of the new regulations (Jan. 1, 2020 to Dec. 31, 2020), with consideration of the following:

- the efficiency and effectiveness of the requirements in reducing methane emissions to meet the outcome of a 45 per cent decrease by 2025 relative to 2014 levels; and
- developments in practices, processes, and technologies to control methane emissions.

This document has been prepared by the Commission to outline the “Methane Regulatory Review” plan which will be initiated in January 2022.

As part of its preparation, the Commission received and reviewed comments and suggestions provided by stakeholders and gratefully acknowledges their contributions, which have been incorporated as appropriate. While the approach and timelines for the Methane Regulatory Review are documented, this plan may be adjusted as needed throughout the review period.

Purpose and Scope

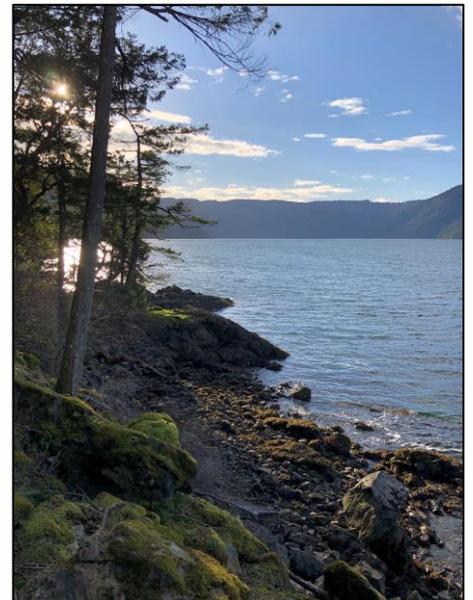
The purpose of the Methane Regulatory Review is to inform the development of recommendations for potential regulatory amendments to the Drilling and Production Regulation.

The Review will include the following sources of methane emissions:

1. Equipment leaks, including unlit flare stacks
2. Storage tanks
3. Compressor seals
4. Pneumatic pumps
5. Pneumatic devices
6. Glycol dehydrators
7. Surface casing vents

The following sources of methane are not included in the review:

1. Incomplete combustion
2. Gas migration



Principles for Proposed Regulatory Amendments

The review will align with the following principles for proposed regulatory amendments, which were developed based on routine Commission work practices.

- A. Changes to regulation are to be science-based.
- B. Specific, simple and transparent, which includes public reporting.
- C. Measurable and credible – emission reductions must be quantifiable and verifiable.
- D. Achieves the equivalent emissions reductions as federal regulations would achieve if they were implemented – maintain equivalency.
- E. Aligns with CleanBC - 45 per cent reduction by 2025 based on a 2014 baseline year.
- F. Limited to the current regulation and methane emission reduction targets.
- G. Works within the existing regulatory framework.
- H. Considers regulatory actions in other jurisdictions.
- I. References standards, where appropriate.
- J. Changes to regulation consider economic impact and are cost-effective.
- K. Changes to regulation ensure an efficient approach to methane management.
- L. Considers only vented and fugitive emissions.

Process

The main steps in the review process are outlined below:

1. Stakeholders will make submissions to the Commission outlining the changes to regulation they recommend, with associated rationale and supporting documents. Multiple opportunities for stakeholder submissions will be provided.
2. The Commission will review available relevant publications, stakeholder submissions and other information it considers to be appropriate for review of the regulations.
3. The Commission will review and evaluate its experience with implementing the regulations.
4. The Province will prepare and model different scenarios for changes to regulation.
5. The Province will engage with the Alberta and the federal government to obtain the most recent data on methane emissions, recent data on scientific studies measuring actual emissions, and costs for modeling purposes.
6. The Commission will propose changes to the regulations based on the above noted review. The proposed changes will be provided to stakeholders for comment.
7. The Commission will determine what changes to regulation will proceed and will amend the regulations, if needed.

Note:

- The Province does not anticipate providing stakeholders modelling showing projections of B.C.'s methane emissions under the current regulations prior to the formal review scheduled to start in 2022 and the model will not be made available to stakeholders.
- No anticipatory report describing the Commission's understanding of the current and future impact of the regulations is planned.

Roles and Responsibilities

The roles and responsibilities of review participants are outlined in Table 1. Consistent with the approach described above, the BC Oil and Gas Commission is the lead organization and will work in collaboration with government to determine the regulatory approach.

With respect to Indigenous peoples, the proposed approach is to include updates on the review during routine engagements and regular regulatory updates. Additional communication materials will be prepared, as needed.

Table 1: Roles and Responsibilities

Participant Group	Role and Key Tasks
Methane Regulatory Review Lead	
BC Oil and Gas Commission	<ul style="list-style-type: none"> • Consider need for regulatory revisions and amend regulation, where and when necessary • Organize and lead all workshops and present, when needed
Government	
Province of B.C.	<ul style="list-style-type: none"> • Provincial Methane Modelling <ul style="list-style-type: none"> ○ Model various scenarios ○ Determine parameter sensitivity analysis ○ Compare model results to CleanBC • Consider how model results affect provincial policy and equivalency agreement • Provide Greenhouse Gas Emissions Reporting Regulation Information to participants for consideration • Participate in all workshops, including as presenters when needed
Environment and Climate Change Canada	<ul style="list-style-type: none"> • Federal Methane Modelling <ul style="list-style-type: none"> ○ Model various scenarios ○ Determine parameter sensitivity analysis ○ Compare model results to expected federal regulation performance • Consider how modeling results and other information affect equivalency agreement • Participate in select workshops
Stakeholders	
Industry - Canadian Association of Petroleum Producers (CAPP), Explorers and Producers Association of Canada (EPAC), Canadian Energy Pipeline Association (CEPA), Select Permit Holders	<ul style="list-style-type: none"> • Make submissions to the Commission regarding requested regulatory revisions and rationale • Participate in select workshops and present when needed
ENGOS - Environmental Defense Fund (EDF), Pembina Institute, David Suzuki Foundation (DSF), Environmental Defence, Clean Air Task Force (CATF)	<ul style="list-style-type: none"> • Make submissions to the Commission regarding requested regulatory revisions and rationale • Participate in select workshops and present when needed

Schedule

The review will start in Jan. 2022 and be complete by Dec. 2022. The schedule is subject to change and is provided in Figure 1.

Preliminary modeling by the Province began in November 2020.

Preliminary analysis began in July 2020.

Figure 1: Review Schedule

Deliverable	2022											
	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Research Results Review Workshop	Jan 11 and 12											
Industry/ENGO Written Submissions		1-Feb										
Industry/ENGO Oral Submissions		15-Feb										
Provincial Workshop			8-Mar									
Federal Workshop				5-Apr								
Proposed Changes Workshop (Round 1)					10-May							
Industry/ENGO Written Submissions						7-Jun						
Proposed Changes Workshop (Round 2)							12-Jul					
Industry/ENGO Written Submissions								9-Aug				
Commission Check in with Government									1-Sep			
Commission Revise DPR as necessary												
Federal, B.C. Modelling												