Jennifer Anders Chair Montana

Bo Downen Montana

Guy Norman Washington

Patrick Oshie Washington



Richard Devlin Vice Chair Oregon

> Ted Ferrioli Oregon

> > Jim Yost Idaho

Jeffery C. Allen Idaho

June 9, 2020

MEMORANDUM

- TO: Council Members
- FROM: Steven Simmons

SUBJECT: Upstream Methane Emissions and The 2021 Power Plan

BACKGROUND:

- Presenter: Steven Simmons
- Summary: This presentation will cover the methodology used to incorporate estimates of upstream methane releases into our power planning. It will also present the staff recommendation for the 2021 Power Plan emission inputs related to the combustion of natural gas and coal.
- Relevance: With the technological advances in natural gas extraction fracking and horizontal drilling gas has been undercutting coal as a fuel for electricity generation for some time now. Natural gas, along with energy efficiency, wind and solar, has been displacing coal leading to a cleaner electrical grid in terms of CO₂ emissions.

However, the primary component of natural gas, methane (CH₄), is a highly potent greenhouse gas. Methane that is released directly to the atmosphere is one of the biggest issues currently facing the natural gas and oil industry. Recent studies indicate that the natural gas supply system may be releasing more methane than previously thought. Reducing these upstream methane leaks could be an important component for any decarbonization strategy. In order to gauge the impact of methane leak reductions, a methodology to incorporate these emissions into the power planning models is required, as well as an estimate of the magnitude of the releases.

- Workplan: A.4. Forecasting and Economic Analyses
- Background: A methodology to incorporate upstream methane emissions into power planning, along with proposed release rates was presented to the Natural Gas Advisory Committee (NGAC) on December 18, 2019.

Following feedback on upstream methane release rates, staff gathered data from additional methane emission studies, normalized the results and proposed a new rate, and discussed at the NGAC meeting on April 9, 2020.

Following feedback from this meeting, staff further refined the analysis to include potential regional differences in methane releases. A final recommendation was communicated to the NGAC on May 01, 2020.

The Northwest Gas Association submitted formal comments on June 9, 2020. The comments are available with the packet.

More Info: The staff recommendation, paper, data and methodology workbook are available on the NGAC web location.

https://www.nwcouncil.org/energy/energy-advisory-committees/naturalgas-advisory-committee June 9, 2020



Richard Devlin, Chairman Northwest Power and Conservation Council 851 SW Sixth Avenue, Suite 1100 Portland, OR 97204 1914 Willamette Falls Drive, Suite 260 West Linn, Oregon 97068 t: 503.344.6637 f: 503.344.6693 www.nwga.org Twitter: @nwgas

RE: Dissent to staff recommendation accounting for upstream methane emissions from the natural gas system.

Dear Chairman Devlin and Council members:

The Northwest Gas Association represents the five natural gas utilities and two transmission pipelines that provide warmth and comfort to 2.5 million households in Idaho, Oregon and Washington, and productive energy for more than 200,000 regional businesses and institutions. The NWGA is a charter participant in the Council's Natural Gas Advisory Committee (NGAC).

NWGA members support and are actively engaged in reducing regional greenhouse gas emissions. We assert that there is a meaningful role to be played by smartly utilizing more than 100,000 miles of existing energy infrastructure represented by the natural gas transmission and distribution systems in the Northwest.

The NWGA also supports objective analyses to understand and account for carbon emissions such as that proposed by staff. In that regard, we wish to acknowledge the work of Steve Simmons. He has been sincerely receptive to stakeholder comments and diligently worked to identify common ground.

Our dissent to the staff recommendation on accounting for upstream methane emissions can be summarized in two parts: 1) the consistent application of life-cycle carbon accounting, and 2) a selected data source.

Consistent application of life-cycle carbon accounting. The need to consistently account for life-cycle carbon emissions was discussed in detail during the NGAC process. We feel it is a critically important issue and that the Council would benefit from more discussion than is included in the recommendation from Council staff.

All types of energy have a higher emissions intensity when upstream emissions are considered. Therefore, an approach including only the non-combustion life-cycle emissions of natural gas (and coal) would not achieve the Council's objective of a true and comprehensive emissions comparison between energy sources. In fact, we contend that it will tilt the scales against natural gas (for both direct use and power generation) at the expense of sound carbon accounting and without scientific support. We further maintain that such a "thumbon-the-scale" approach could negatively affect our shared objective of reducing regional greenhouse gas emissions.

Hundreds of studies on life-cycle emissions, including meta-studies that have been adopted by the U.S. National Renewable Energy Laboratory (NREL) and the United Nations' Intergovernmental Panel on Climate Change (IPCC), utilize and promote consistent carbon accounting across all fuel types rather than picking and choosing certain sources of upstream emissions for inclusion in emissions analysis.

To highlight this inconsistency, please see the illustration below taken from the IPCC.¹

Options	Direct emissions	Infrastructure & supply chain emissions	Biogenic CO ₂ emissions and albedo effect	Methane emissions	Lifecycle emissions (incl. albedo effect)
	Min/Median/Max		Typical values		Min/Median/Max
Currently Commercially Available Teo	hnologies				-
Coal—PC	670/760/870	9.6	0	47	740/820/910
GasCombined Cycle	350/370/490	1.6	0	91	410/490/650
Biomasscofiring	n.a."	-	-	-	620/740/890 ^a
Biomassdedicated	n.a.*	210	27	0	130/230/420"
Geothermal	0	45	0	0	6.0/38/79
Hydropower	0	19	0	88	1.0/24/2200
Nuclear	0	18	0	0	3.7/12/110
Concentrated Solar Power	0	29	0	0	8.8/27/63
Solar PV—rooftop	0	42	0	0	26/41/60
Solar PV—utility	0	66	0	0	18/48/180
Wind onshore	0	15	0	0	7.0/11/56
Wind offshore	0	17	0	0	8.0/12/35

Table A.III.2 | Emissions of selected supply technologies (gCO₂eq/kWh)

The Council has included only "direct emissions" for natural gas in prior Power Plans (the values for direct emissions in the first column of the table). For a natural gas combined-cycle plant, that value would have been between 350/370/490 gCO₂eg/kWh. The corresponding number for solar, wind, and hydropower would be zero. We can support continuing this approach.

However, the Council is moving to include upstream methane emissions from natural gas for the 2021 Power Plan. We do not understand the rationale for assessing upstream emissions for natural gas – circled in blue – and coal, if the Council does not intend to include upstream emissions for other fuel sources (highlighted by the green box). This is an inconsistent application of carbon accounting and will yield incorrect results.

The staff recommendation points out that this effort to account for upstream emissions does not constitute a full life-cycle accounting for natural gas. However, the table depicts that 99.5% of natural gas system emissions occur from direct combustion or methane leakage; only 1.6g/kWh occur otherwise (which we are not opposed to including as part of a broader move to life-cycle accounting for all energy sources).

Therefore, including upstream emissions for natural gas is effectively, if not technically, equivalent to a life-cycle accounting. We believe it is the Council's intention to conduct an apples-to-apples comparison, and including upstream figures from only natural gas does not lead to this result.

¹ Source: IPCC – Climate Change 2014 Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change. Available at: https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_annex-iii.pdf (Page 7)

Selected Data Source. If the Council agrees to consistently account for carbon emissions from all fuel sources, then we can turn our attention to emissions from the natural gas system. Our objective from the start of this process has been to ensure that any approach to assessing upstream methane emissions incorporates distinctions unique to our region: 1) research demonstrates that the natural gas system here is significantly tighter than other regions;² and 2) robust regulation of production in the jurisdictions from which we source our gas yields significantly lower emissions from production than is typical of other producing regions.³

The NWGA appreciates and endorses staff's recommended methodology to account for regional distinctions. We accept the recommendation to allocate 65% of the region's natural gas supplies to Canadian sources and 35% to the U.S. Rockies. We also concur with staff's recommended Canadian-sourced gas emissions rate identified in the life-cycle analyses conducted for the environmental impact statements of the Tacoma LNG project⁴ and the proposed methanol plant at Kalama. Finally, we support staff's recommendation to factor in the reasonable expectation that regional life-cycle emissions will decline over time.

Given the above, we accept the blended emissions rate of 1.37% of methane delivered to the region *as a starting point* for the analysis. However, we are opposed to the application of an emissions rate of 2.47% of methane produced to U.S. Rockies production. This rate comes from an Environmental Defense Fund (EDF) study published in Science Direct (Alvarez, 2018). Among other reasons, we oppose the use of this factor because:

- <u>The EDF data represents a U.S national average emissions rate</u> rather than a regionally specific data point. The data are skewed by the inclusion of several prolific oil and other plays that do not comport with the regulatory and operating conditions of the natural gas plays upon which our region relies.
- <u>The EDF data represent emissions from both oil and gas production</u>, rather than distinguishing emissions related to natural gas systems only, which is the relevant factor.
- <u>The EDF study represents a snapshot in time.</u> It is a synthesis of studies conducted from 2012 through 2015, published from 2013 to early 2017. Consequently, the findings do not incorporate advancements in methane reduction technologies, regulations and practices that have been implemented since.
- <u>The recommended EDF rate does not reflect source-based (life-cycle) emissions estimates</u> <u>included in the EDF Study</u>, which more closely approximate the rates estimated by the Environmental Protection Agency (EPA) in its annual Inventory of GHG Emissions and Sinks. While the full EDF study includes both site-based and source-based emission rate estimates, only the site-based estimates were included in the published article.

If a national average must be used for the Rockies, the 2020 EPA Inventory reference case emissions rate for natural gas systems (1.0% of methane produced) is appropriate as it is

² Washington State University/EDF Methane Emissions study: <u>https://methane.wsu.edu/</u> ³ Tacoma LNG Final Environmental Impact Statement:

https://www.cityoftacoma.org/government/city_departments/planning_and_development_services/planning_services/pse_proposed_tideflats_lng_facility/final_environmental_impact_statement___f_e_i_s_. ⁴ Ibid.

produced annually, subject to stakeholder input, and incorporates the latest data, methodologies and practices.

To summarize, we encourage the Council to consistently account for carbon emissions across all fuel types. To single out only coal and natural gas will yield incorrect results. We support the recommended regionally specific approach to estimating life-cycle emissions, including the allocation of gas by source (65% Canada, 35% U.S. Rockies) and use of the Canadian emissions' rate and a declining U.S. emissions' rate over time. However, we oppose applying the EDF's estimated national average emissions rate for oil and gas systems to the U.S. Rockies portion of the Northwest's natural gas supply.

It is with the Council's legacy of producing robust, credible and independent planning and analysis in mind that we encourage the Council to apply its methodologies consistently and to objectively source its data. It is in that spirit that we offer this dissent. And it is in that spirit that we stand ready to support the Council in its efforts.

Thank you for the opportunity to offer constructive dissent. The NWGA is grateful to participate in the Council's Natural Gas Advisory Committee. We especially appreciate the work of Steve Simmons who strives to be inclusive and incorporate diverse perspectives.

Please don't hesitate to contact me with any questions you may have.

Sincerely,

DAN S. KIRSCHNER Executive Director

























Fuel Emission Dates	Natural Gas 2021		Coal			
Fuel Emission Rates	Lbs. CO ₂ e/MMBtu		Lbs. CO ₂ e/MMBtu			
	Com	<u>bustion</u>				
CO ₂	116.88		213.9			
CH ₄	0.0748		0.8245			
N ₂ O	0.6556		1.0519			
Total Combustion	118		216			
	Ups	tream				
	Year 2021	Year 2041				
CH ₄	18.38	10.35	3.51			
Total (Combustion+Upstream)						
Total	136	128	219			





Affiliated Tribes of Northwest Indians AirWorks, Inc. Alaska Housing Finance Corporation Alliance to Save Energy Allumia Alternative Energy Resources Organization American Rivers Backbone Campaign Beneficial State Bank BFA Energy BlueGreen Alliance Bonneville Environmental Foundation Byrd Barr Place City of Ashland City of Seattle Office of Sustainability & Environment CleanTech Alliance Climate Smart Missoula Climate Solutions Coffman Engineers Community Action Center of Whitman County Community Action Partnership Assoc. of Idaho Community Action Partnership of Oregon Community Energy Project Counterbalance Capital Earth Ministry Ecumenical Ministries of Oregon eFormative Options Elevate Energy Energy350 Energy Trust of Oregon Environment Oregon Environment Washington Forth Global Ocean Health Green Energy Institute at Lewis & Clark Law School Grid Forward Homes for Good Home Performance Guild of Oregon Human Resources Council, District XI Idaho Clean Energy Association Idaho Conservation League Idaho Rivers United League of Women Voters Idaho League of Women Voters Oregon League of Women Voters Washington Montana Audubon Montana Environmental Information Center Montana Renewable Energy Association Multnomah County Office of Sustainability National Center for Appropriate Technology National Grid Natural Resources Defense Council New Buildings Institute Northern Plains Resource Council Northwest EcoBuilding Guild Northwest Energy Efficiency Council NW Natural OneEnergy Renewables Opportunities Industrialization Center of WA **Opportunity Council** Oracle/Opower Oregon Citizens' Utility Board Oregon Energy Fund Oregon Environmental Council Oregon Physicians for Social Responsibility Oregon Solar Energy Industries Association Pacific Energy Innovation Association Pacific NW Regional Council of Carpenters Portland Energy Conservation, Inc. Portland General Electric Puget Sound Advocates for Retirement Action Puget Sound Cooperative Credit Union Renewable Hydrogen Alliance Renewable Northwest Save Our wild Salmon Seattle City Light Sierra Club Sierra Club, Idaho Chapter Sierra Club, Montana Chapte Sierra Club, Washington Chapter Small Business Utility Advocates Snake River Alliance Snohomish County PUD Solar Installers of Washington Solar Oregon Solar Washington South Central Community Action Partnership Southeastern Idaho Community Action Agency Spark Northwest Spokane Neighborhood Action Partners Sustainable Connections The Climate Trust The Energy Project Transition Missoula UCONS, LLC Union of Concerned Scientists United Steelworkers of America, District 12 Washington Environmental Council Washington Physicians for Social Responsibility Washington State Community Action Partnership Washington State Department of Commerce Washington State University Energy Program YMCA Earth Service Corps Zero Waste Vashon



June 15, 2020

Richard Devlin, Chair Northwest Power and Conservation Council 851 SW Sixth Avenue, Suite 1100 Portland, OR 97204

Dear Chair Devlin and Council members:

The NW Energy Coalition (NWEC) is pleased to write in support of the staff recommendation – with one exception as described below – for the assessment of upstream methane emissions for the 2021 Northwest Power Plan. We appreciate the review of the Natural Gas Advisory Committee and the work by staff member Steve Simmons to prepare a thorough and well documented methodology.

NWEC is committed to achieving the vision of a reliable, clean and affordable Northwest power system, and considers the work of the Council to have even more importance from this point onward in providing clear guidance for the rapid transformation needed to achieve our region's climate, clean energy, reliability, economic and environmental protection goals.

Identifying and rapidly reducing greenhouse gas emissions attributable to the power sector is a crucial aspect of that effort. While the role of carbon dioxide (CO₂) as the "control knob for the climate" with atmospheric and climate system effects for thousands of years is relatively well understood, methane (CH₄) is another very important greenhouse gas with climate impact on relatively short time scales of up to 20 years. The primary locus of emissions for CO₂ is combustion – and indeed, natural gas, primarily composed of methane, creates substantial CO₂ on combustion, as already accounted for in the Council's assessment and methods.

The key concern for methane, however, is emissions in the supply chain prior to combustion in natural gas power plants and otherwise. As staff's report indicates, assessing upstream methane emissions is a complex undertaking, and considerable research is ongoing to acquire more observational data and develop more robust assessment methods. NW Energy Coalition June 15, 2020 – Page 2

Given the relevance and magnitude of methane emissions related to the Northwest electric power system, NWEC believes it is very important to take the initial steps outlined by staff to include upstream methane assessment in the 2021 Plan. We recommend that the Council:

- Take an evidence-based approach to upstream methane emissions, recognizing rapid advances being made in data acquisition, refinement and assessment, but also recognizing the remaining areas of uncertainty and data gaps.
- Focus on data and assessments most relevant for the primary supply basins for Northwest power system use, particularly northeast British Columbia, Alberta, and the Rockies.
- Also fully consider national assessments in providing guidance.
- Invite scientific experts in the field of methane emissions, atmospheric chemistry and climate science to provide views and advice to the Council on the complex data and assessment issues involved.
- Take a flexible and incremental approach to avoid significant under or overestimation of upstream methane emissions and to incorporate new relevant information on an ongoing basis.
- Include one or more elements in the Action Plan for the 2021 Plan to facilitate additional progress on this important topic.

NWEC also supports the efforts by environmental regulators and the natural gas industry to mitigate upstream methane emissions through improved monitoring, reporting, leak detection and response (LDAR) programs, regulatory compliance and other efforts. As verifiable evidence of those efforts develops, that should also be folded into the Council's analysis.

Turning to the specific approach recommended by staff for the 2021 Plan, the key metric is L_d , the aggregate upstream methane emissions rate. The staff methodology is appropriate overall, and we support the recommendation to adopt the EDF Low L_d value for upstream emissions for US sourced natural gas used by the Northwest power sector, primarily from the Rockies region.

The EDF managed research program, which has now been running for a decade, is supported across many relevant sectors, involves rigorous field research protocols and scientific review, assesses emissions from many US supply basins, especially the Rockies, and has resulted in numerous peer reviewed publications.

However, we do not support the staff's recommendation for Canadian natural gas sources based on provincially adopted L_d values. Because Canadian gas, primarily from northeast British Columbia but also various parts of Alberta, comprises about two-thirds of Northwest gas supply, this is an important issue to consider as the Council finalizes the 2021 Plan.

NWEC believes that while the provincial values for upstream emissions have been widely cited, they are based on earlier baseline assessments that have not been updated for many years.

NW Energy Coalition June 15, 2020 – Page 3

However, quite a lot of new research is now available, and below we provide a capsule summary of several relevant publications:

- Atherton et al. $(2017)^1$ conducted an extensive field survey of gas and oil production areas in northeastern British Columbia, covering more than 1,600 well pads and processing facilities. They conclude: "Our calculated emission frequency values, combined with estimated and pre-established emission factors for wells and facilities, provided a CH4 emission volume estimate of more than 111 800 ± 15 700 t per year for the BC portion of the Montney. This value exceeds the province-wide estimate provided by the government of BC even though the Montney only represents about 55 % of BC's total natural gas production."
- Wisen et al. (2020)² reviewed natural gas well leakage data from the British Columbia Oil and Gas Commission. They found that about 11% of over 21,000 wells reported leakage during their lifetime, twice the rate indicated from earlier research in Alberta, and highlighted that both BC and Alberta have almost no leakage reporting from abandoned or retired wells.
- Ravikumar et al. (2020)³, as part of a field study of leak detection and response (LDAR) efforts, reviewed emissions studies in both Alberta and British Columbia and likewise concluded: "Both ground-based and aerial-measurements in Alberta showed higher vented and total methane emissions compared to provincial regulatory estimates. Similarly, mobile measurements using truck-mounted sensor systems in British Columbia and Alberta have consistently shown that a majority of the emissions are dominated by a small number of high-emitting sites, often identified as 'super-emitters.'"
- O'Connell et al. (2019)⁴ surveyed 1,299 oil and gas well pads and 2,670 unique wells and facilities in Alberta, and found: "As a result of measured emissions being larger than those reported in government inventories, this study suggests government estimates of infrastructure affected by incoming regulations may be conservative. Comparing emission intensities with available Canadian-based research suggests good general agreement between studies, regardless of the measurement methodology used for detection and quantification."

¹ Atherton et al., 2017, "Mobile measurement of methane emissions from natural gas developments in northeastern British Columbia, Canada," *Atmospheric Chemistry and Physics*, 17, 12405–12420, 2017, DOI: 10.5194/acp-17-12405-2017.

² Wisen et al., 2020, "A portrait of wellbore leakage in northeastern British Columbia, Canada," *Proceedings of the National Academy of Sciences*, 117 (2) 913-922; DOI: 10.1073/pnas.1817929116

³ Ravikumar et al., 2020, "Repeated leak detection and repair surveys reduce methane emissions over scale of years," *Environmental Research Letters* 15 (2020) 034029, DOI: 10.1088/1748-9326/ab6ae1

⁴ O'Connell et al., 2019, "Methane emissions from contrasting production regions within Alberta, Canada: Implications under incoming federal methane regulations. *Elementa* 7: 3. DOI: 10.1525/elementa.341

NW Energy Coalition June 15, 2020 – Page 4

After our review of the literature, including the examples cited here, NWEC believes the Canadian L_d upstream emissions metric should be updated to a higher value reflecting the more recent research.

To summarize, the Canadian L_d value proposed by staff is a methane loss rate of 0.77%. In comparison, that is about two-fifths of the EPA rate of 1.82%, and less than one-third of the EDF Low rate of 2.47%. We conclude the Canadian value is out of date and implausibly low given the results of numerous peer-reviewed studies in British Columbia and Alberta.

We recommend that the Natural Gas Advisory Committee be reconvened later this year to review the upstream methane emissions rate for Canadian supply areas, including presentations from experts having direct experience with these issues. It may be appropriate as a starting point to consider the EDF Low rate and adjust from there.

NWEC again thanks Council staff and the NGAC for close attention to this important issue and urges the Council to move forward with the staff recommendation to include the assessment of upstream methane emissions for the 2021 Plan, with an upward adjustment for the Canadian emissions rate.

Sincerely,

Jud Sente

Fred Heutte Senior Policy Associate NW Energy Coalition fred@nwenergy.org