

Opposition to the Methane Emissions Tax

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Western Energy Alliance opposes the methane emissions taxes currently being considered in Congress.

- Since 2012, EPA has regulated methane emissions via the Clean Air Act (CAA) New Source Performance Standards (NSPS) OOOO and OOOOa, primarily through storage tank vapor capture, pneumatic controllers, and leak detection and repair. The focus is to prevent emissions from new facilities, identify leaks as early as possible, quickly fix them, and remove the emissions from the atmosphere, not attempt to measure and tax them.
- As technology does not exist to effectively measure methane emissions, the bill has a complicated and logically incoherent formula which amounts to taxing industry based on a hypothetical percentage of loss assigned to the basin they operate in. The formula penalizes companies that have achieved lower emissions rates and disincentivizes them to further reduce emissions. The opt-out formula is also unworkable since direct measurements are not feasible.
- Widespread air monitoring systems do not exist that can accurately measure basin-wide methane emissions and reliably distinguish between those from oil and natural gas and those from natural or other manmade sources. At best, studies attempting to determine emissions or percentages of lost methane across entire basins are imprecise estimates, subject to scientific error. Taxing companies based on a large-area estimate with scientific uncertainty and not directly on their actual loss percentage would be antithetical to American tax jurisprudence. It would also be double jeopardy, as companies already face significant costs controlling emissions.
- The absurdity of the approach arises because Congress is attempting to tax companies on something that is immeasurable. Even if methane emissions could be directly measured, rather than waste time and resources measuring them it is much preferable to quickly fix leaks and remove those emissions.
- The extreme impracticability of the proposed tax leads us to believe that the true intent of the tax, combined with other proposals from Congress and the Administration, is not to protect the environment but to regulate American oil and natural gas production out of existence. Since there is no alternative that does everything oil and natural gas do, the result would be more imports of dirty oil and natural gas from Russia and OPEC, which lack our strict environmental regulations, and greater cost to the American consumer. The recent [White House request to Russia and OPEC](#) to increase production to alleviate high prices at the pump is proof positive.
- The bill is part of an agenda of driving the American producer out of business even though the industry has a [four decades-long record](#) of reducing methane emissions and has delivered the most significant reduction in U.S. greenhouse gases (GHG), per the [U.S. Energy Information Administration \(EIA\)](#) and the [International Energy Agency \(IEA\)](#). Oil and natural gas account for 28% of U.S. methane emissions while agriculture is the largest contributor of [anthropogenic methane emissions](#) at 40%, yet only emissions from the oil and natural gas industry are being targeted. We do not advocate for methane taxation of agriculture, as that would be just as impractical, but merely note these percentages for context.