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BP Participation in CCAC OGMP 2.0 - Consequence Analysis and Recommendation

The Issue

The Climate and Clean Air Coalition Oil and Gas Methane Partnership (OGMP) was launched in 2014 with an aim to provide companies with “**a credible mechanism to systematically and responsibly address their methane emissions, and to demonstrate this systematic approach and its results to stakeholders.**”

Progress within OGMP has been limited with no expansion in participation and no material methane reductions reported – in part related to the focus on ‘core methane sources’, many of which are predominantly used in US onshore operations.

Recent changes in the chairmanship of the OGMP (with the EU Commission becoming a co-chair) has led to an increased urgency for meaningful progress. The intent is to transition OGMP to an initiative that provides a benchmark for best-in-class methane management performance for signatories.

In summary, the key proposed changes are:

- **Inclusion of all operated methane emissions**, reported by source, within 3 years (previously signatories were able to determine the scope and timeframe for inclusion, and BP had determined BPX would not be in scope as they joined the API Environmental Partnership);
- **Inclusion of NOJV methane emissions on a 100% basis** (not equity share);
- **Declaring targets**, either methane reduction (at least 45%) or near-zero intensity target (currently defined as 0.25%), and;
- **Assessment of reporting uncertainty and reconciliation with alternate techniques** (e.g. top-down measurements) – and demonstration of improvement over time (at a pace determined by the member company).

This represents a significant change in the scope and intent of OGMP, which only included operated emissions and focussed on number of sources per ‘core’ source category.

Current participants would need to re-join to the revised initiative, and a decision on whether to join is required on 9th January 2020. However, currently there are two material issues which need to be addressed in order for BP to consider re-joining:

- **BPX operated reporting:** membership of OGMP 2.0 would require BPX operated emissions to be reported by source type; this is considered a **medium and manageable impact**;
- **NOJV reporting:** the requirement for reporting of NOJV methane emissions on a 100% basis would require approval from all Partners and potentially host Governments. This is considered a **significant and unmanageable impact**.

This paper presents **Upstream HSE’s view** on these issues and recommended way forward.

1. Consequence Analysis for BPX

Note: This considers only the impact of reporting operated emissions as the consequences of reporting *non-operated* emissions are the same for BPX as for other NOJVs (see below).

	New Reporting Framework Requirement	Consequence of the proposed CCAC OGMP Reporting Framework	Impact
1.1	Inclusion of all operated methane emissions, reported by source, within 3 years Medium impact.	<ul style="list-style-type: none"> EPA reporting requires BPX to report all operated methane emissions by source type at a reporting unit (RU) level. This is aligned with the CCAC-OGMP 2.0 Framework. BPX submit different data to BP Group, based on additional emission sources vs EPA submission. Reporting of emissions by RU to BP Group has been done by BPX previously but there are two potential issues: <ul style="list-style-type: none"> If the data that BPX submits to BP Group is supplied to CCAC, then this will be a mismatch with the EPA submitted numbers. Onboarding the BHP assets into BPX reporting systems (for both EPA and BP Group) has been more challenging than expected. The proposed Framework does allow for 3 years to provide operated data at RU level which may not allow for enough time to integrate reporting systems. The methodology used by BPX to report methane emissions to BP Group is thought to meet level 4 in the proposed Framework because it is based on equipment-specific emission factors and activity factors (e.g. flow-rates and run-times). The EPA methodology would only meet level 3 in the Framework because it is based on generic emission factors. 	M
1.2	Declaring targets, either methane reduction (at least 45%) or near-zero intensity target (currently defined as 0.25%) No change or impact to BPX.	<ul style="list-style-type: none"> The Target submitted will be at the Upstream level (aligned with the 0.2% RIC target and performance already disclosed in the Sustainability Report) not the Region level. Our Commitment will be based on RIC (0.2%), no change is required as this already includes BPX. BP are achieving our methane intensity target. Upstream methane reductions will continue to be managed via SERs & Carbon Fund. 	L
1.3	Assessment of reporting uncertainty and reconciliation with alternate techniques (e.g. top-down measurements) – and demonstration of improvement over time.	<ul style="list-style-type: none"> Reconciliation will be managed at the Upstream level via existing reporting mechanisms Direct methane quantification efforts currently underway via DIO/UT/Regions will be reconciled at the Upstream level 	M/H

	Medium to high impact	<ul style="list-style-type: none"> BPX already use Level 3 methodologies for calculation of methane emissions via EPA reporting. BPX will be required to share and disclose more data from methane detection technology deployments over time – but this is expected to happen anyway regardless of CCAC OGMP membership. 	
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2. Consequence Analysis for NOJVs

	New Reporting Framework Requirement	Consequence of the proposed CCAC OGMP Reporting Framework	Impact
2.1	Inclusion of NOJV methane emissions on a 100% basis (not equity share), on a best endeavour's basis within 5 years Significant and unmanageable impact	<div style="text-align: center; font-size: 2em; font-weight: bold;">Redacted - Privilege</div>	H

Recommendation

Based on the current draft Reporting Framework for CCAC-OGMP 2.0 the current Upstream position, based on feedback from BPX and the NOJV Directorate, is that that BP **should not re-join** the initiative as currently proposed.

- **The impact on BPX being incorporated into the CCAC OGMP 2.0**, and the requirement therefore to report operated methane emissions by source, has been assessed by Upstream HSE as medium but is considered to be manageable. For BP to re-sign the CCAC OGMP initiative BPX would have to be included in the scope of reporting, and this would result in some additional reporting burdens to the BPX team. The medium and manageable consequence is attributed to:
 - Alignment between the EPA reporting requirements and the proposed framework, which is manageable given BPX's current approach to reporting (see above)
 - Significant methane detection technology deployment in BPX will require progressively more reporting of results to the Upstream Central Team for reconciliation and reporting to CCAC OGMP, but it is assumed this will need to happen regardless of CCAC OGMP membership if BP is to continue to demonstrate its commitment to leading on methane.
 - It should be noted that BPX may view this as a more material issue, in particular relating to reporting of operated methane emissions by source and reconciliation with alternate techniques. This relates primarily to resourcing levels within the BPX HSE Team which is a broader issue than just CCAC OGMP

Redacted - Privilege

It should, however, be noted that the reputational risk to the BP Group of **not** re-joining CCAC-OGMP (for whatever reason) is potentially significant, including damage to the EDF relationship.

Therefore, it is also recommended that a compromise position be sought that would enable BP to re-join CCAC-OGMP.

A potential compromise position would be to agree to report the BP equity share of methane emissions from NOJVs on an aggregate basis and in-line with the scope of BP's Sustainability and Annual Reporting, and to commit to influencing NOJV partners to implement practical measures to reduce methane emissions on a prioritised and reasonable endeavours basis.

It is our understanding that other CCAC-OGMP members (namely Shell and Total) have similar concerns to BP on the reporting of NOJV emissions as proposed and would likely support such a compromise position.

Sue Ford and Rob O'Brien

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