HOUSE OF LORDS

Environment and Climate Change Committee

Uncorrected oral evidence: Methane

Wednesday 1 May 2024

10.45 am

Watch the meeting

Members present: Baroness Sheehan (The Chair); Baroness Bray of Coln; Lord Duncan of Springbank; Lord Frost; Lord Giddens; Lord Grantchester; Earl of Leicester; Lord Ravensdale; Earl Russell; Lord Trees; Duke of Wellington; Baroness Whitaker.

Evidence Session No. 8 Heard in Public Questions 131 - 146

Witness

I: Tom Wheeler, Director of Operations, North Sea Transition Authority.

Examination of witness

Tom Wheeler.

Q131 **The Chair:** Good morning and welcome back to session 6. This is our second panel, where the NSTA will be giving evidence about its role in mitigating methane emissions. A very warm welcome to you and thank you for being with us today.

Before we start, I remind all attendees that the session is webcast live and subsequently made available to view via Parliament TV and the parliamentary website, and the transcript will be made public. The witness will have the chance to review the transcript and make any necessary amendments, with the agreement of the clerk.

I remind all members that they should declare any relevant interests the first time they speak. Before asking the first question I will refer to my register of interests as per the parliamentary website and mention that I am a director of Peers for the Planet, which is an unpaid role.

Before asking my first question, may I ask Tom Wheeler to introduce himself?

Tom Wheeler: Good morning. Thank you for inviting the North Sea Transition Authority to speak. I am the director of operations at the NSTA. By way of background, the North Sea Transition Authority stewards our offshore oil and gas resources. It does that to support energy security, reduce emissions and support the UK's transition to net zero.

Q132 **The Chair:** Thank you very much. The question that I would like to start off with is: we have a number of regulators in this field, could you outline who is responsible for what in the fuel supply sector?

Tom Wheeler: We regulate the upstream oil and gas industry, the production, if you like, of domestic UK gas. I do not know an awful lot about incoming LNG, tanker shipments or that sort of thing, but the supply of our domestic gas I can talk to. As I say, we regulate the exploration, development and production activities, and we do that alongside another regulator called OPRED, the Offshore Petroleum Regulator for Environment and Decommissioning, and of course the Health and Safety Executive. There are other regulators as well, which have different roles, but those are the main ones we work with.

As I set out a minute ago, the North Sea Transition Authority's role is first and foremost to secure the UK's supply of oil and gas, but as part of our strategy we see that it is necessary to support the drive to net zero. Part of that is bearing down on emissions wherever it is reasonable to do so. That is, in part, because we think it is essential to maintain our industry's social licence.

I should stress that in most respects OPRED, which I mentioned, is the lead regulator for emissions, but we are very active in this area to help

drive it because we see the importance of sustaining the social licence of the industry.

The Chair: Thank you. We should say at this point that we did invite OPRED on to the panel, but it declined. The Minister from DESNZ will be joining us as part of this session and we will be asking him to clarify OPRED's position. Duke of Wellington, you have a supplementary.

Duke of Wellington: Thank you for allowing me to come in. I am slightly confused because you have mentioned two regulators that we are talking about, and I am always surprised when an industry—of whatever nature it may be—has two regulators. Would it, in your opinion, simplify matters to just have one?

Tom Wheeler: I honestly think it is right. There are overlaps but there are also real benefits, I think, to having clear accountabilities. The best example is health and safety. After the Piper Alpha incident it was clear that economic regulation needed to be divorced from safety regulation because you should not have the same person making the judgment about what is right for safety and what is right for making money.

That same principle, although not quite as important as health and safety, applies across regulators. Each regulator has specific functions and objectives and we all discharge them side by side, but rest assured that we do talk and we do try, wherever possible, to minimise the additional burdens of having to deal with several different regulators.

The Chair: Thank you. Before I hand over to Lord Giddens, can I ask you about emissions from operations that are being decommissioned and those that have already been decommissioned? I know it is not the NSTA's remit but OPRED's remit, but can we quantify what proportion come from the decommissioning side?

Tom Wheeler: It is not something that we ourselves monitor closely. OPRED would have a better view of that. I am not aware of there being a major issue. I think you must be talking about methane leaking from plugged and abandoned wells, which is not something that we consider to be a major issue. We have not seen evidence that it is something that is happening on a wide scale. If it were to be an issue, we would certainly be interested in it, although, as you allude to, I suspect OPRED would lead on that.

Q133 **Lord Giddens:** Please focus on whatever aspects of my question you feel are most relevant. With regards to methane emissions, how do you co-ordinate with other regulators such as OPRED and the HSE? Is this co-ordination effective and how could it be improved? Then I have two sub-questions. What different roles do various regulatory bodies play in terms of reducing methane emissions, and what challenges are raised by having multiple regulators for different aspects of the fuel supply sector? It would be good to focus down on two or three main points, if possible.

Tom Wheeler: Sure. On general co-ordination, it is fair to say that we, OPRED and the HSE are very well connected at senior levels and at

working levels. We have very close relationships. OPRED and the HSE both have offices in Aberdeen, as we do. Teams there meet regularly, and I meet senior people regularly to discuss overlaps, and even gaps and where we want to cover them. In terms of co-ordination, I think it is effective and collaborative.

Lord Giddens: You all go down to the pub together then?

Tom Wheeler: Unfortunately, no, we do not. We tend to meet in the offices. I do not think I know any of the other regulators socially, but it is a positive, friendly relationship that we have with them, and we have done for many years.

Lord Giddens: You are like a network, is that what you are saying?

Tom Wheeler: Yes, and we would talk about the issues of the day and discuss how we would tackle them. Things come up and we work out how best to tackle them. We are always careful, though, that there is that formal separation, which I talked about earlier. We have the ability to go and discuss how we might tackle a problem, but we then make sure that when we come to take decisions and take action, we are doing that independently.

Lord Giddens: What about connecting the different roles that the sectors play, which was the second part?

Tom Wheeler: What different roles do regulators play in terms of reducing methane emissions? It is an important area. Frankly, I think it is a bit of a gap because although OPRED has a very good process now, which sets out that when approving a new project it must look at and assess the total impact on the environment, there are some historic projects that have been sanctioned and consented in the past. Methane is not covered by, for example, the UK Emissions Trading Scheme, and it is not covered by the large combustion plant directive, which are two tools that I think OPRED uses to regulate the industry.

We have stepped into that gap. We recognise that the ongoing stewardship and improvement of installations and plant in the North Sea and west of Shetland is a gap, and we have been working quite actively with industry to find ways to improve in that space. The good news is that I think DESNZ is working hard to bring methane emissions within the UK ETS, which will be a big step forward. We are actively supporting that but in the meantime, we are doing our best to fill the gap.

Lord Giddens: That is a useful comment because a lot of climate change brings the archaic into contact with the avant-garde, and those two things do not mix too well.

Tom Wheeler: Yes, indeed.

Lord Duncan of Springbank: To pick up on the Duke of Wellington's point about these two entities, there must be overlaps. What would be an overlap and how would you reconcile either the leadership role or the

resolution in the areas of overlap?

Then, concomitant to that, you said there were gaps. Who would identify the gaps and who would then desire to fill the gaps? You would normally think that there would be someone above who would co-ordinate that, but this is something you seem to have done through your own volition.

Tom Wheeler: I think we all report to a common director in DESNZ so there is certainly co-ordination. That would be a conversation that we would also include DESNZ in if appropriate, and it sets the general direction. These are obviously concerns that we know government has. It is not on the outside of that. However, there is no one greater regulator that tells us all what to do, other than our sponsor in the department.

Lord Duncan of Springbank: It might be quite useful for us to talk to the person you report to in the department then.

Tom Wheeler: Indeed. There are actually two directors who job-share, but I am certain that they are the directors who are accountable for OPRED as well. That would bring that together.

The HSE is completely separate, of course, as it is in the Department for Work and Pensions, and there is no equivalent; you would have to go all the way up through Ministers. I do not see a problem there, frankly, because everyone recognises that the role of the HSE is so important that we know to co-ordinate with it whenever we are doing anything.

Lord Duncan of Springbank: That is helpful, thank you.

Duke of Wellington: Do other countries regulate these matters with multiple regulators?

Tom Wheeler: Every country is different. Yes, I think so. I know for a fact that in the US, for example, there is the economic regulator and the environmental regulator, which work together and have very similar conversations. I am thinking about Norway, which does this very well.

Duke of Wellington: Does Norway have two regulators?

Tom Wheeler: I think it does. That is probably driven by EU regulations because although it is not part of the EU it probably follows that same pattern.

I have to say that I am not too conversant with every other country but from the report that followed Piper Alpha—I do not know whether this idea spread across the world, but certainly in the UK this idea of separation and the value of separation is quite important. While that was separating things in the most critical area of safety, as I say, I think it does apply increasingly to the environment as well, where it is valuable that people can see that there are different people taking different roles.

Q134 **Baroness Whitaker:** There are a lot of regulators. We have mentioned overlap and there may, of course, occasionally be conflict. All these arm's-length regulators will have a government minder within the

appropriate department. My question is: to what extent, in your view, is there effective co-ordination and oversight of methane reduction across different government departments, and at what level?

Now, the Duke of Wellington, I think, has asked my next questions about the pros and cons of a single regulator, which you have answered very interestingly. Perhaps you could refer to that within government. What is the co-ordinating role of DESNZ? Does the Cabinet have any role? Are any policy issues accelerated upwards? At what level is all this dealt with within government?

Tom Wheeler: My knowledge and direct interest are focused on energy. It is worth bearing in mind that we think that the industry, compared with some of the other sources of methane, is relatively small. We know we emit a lot of carbon dioxide and we have a real handle on how we are going to tackle that.

On methane, we believe that it is a relatively small problem, both in the scale of what we emit in methane terms as part of our whole envelope of emissions and in the total amount emitted versus the rest of the country, the rest of industry, and agriculture and other bits of the country.

I am not an expert, I have to say, on the ETS. I think that covers primarily industrial things. That is something that we support—the extension of ETS to methane. We are actively helping DESNZ to explore that. Where that goes beyond into areas where I know there is an issue, such as agriculture and people who use energy emissions from downstream sources, my knowledge is probably no better or possibly worse—probably worse—than yours, I am afraid.

Baroness Whitaker: What is the co-ordinating mechanism within DESNZ to co-ordinate the efforts of all these regulators and the direct departmental interests, which they also represent?

Tom Wheeler: I am afraid I do not know; I am sorry. I could guess.

Baroness Whitaker: You are not involved personally?

Tom Wheeler: No, we are not involved. We are very much involved in methane from our industry, and we proactively talk to our directors and would talk to Ministers about that if the opportunity arose. I do not see much beyond upstream oil and gas, I am afraid.

The Chair: Before I move on to Lord Grantchester, I will ask you about something that I think I heard you say. You can correct me if I am wrong. Your view is that the methane emissions from the oil and gas sector are not significant compared with other sectors that emit methane, and therefore, it is not a big issue for the NSTA to bear down on methane emissions. Would that be correct?

Tom Wheeler: There are two things I would say. First, I think that there are two data points. One is, based on the nationally accepted data, which, again, OPRED leads on the collation of, and that goes into the

national accounting on emissions, that about 1.7% of total methane emissions come from upstream oil and gas. That is still a significant amount and something we want to bear down on. What I would say is, if you use that same number and put it within the amount of emissions from our industry, it is about 7% on a carbon equivalent basis.

While it is important and we are doing our best to limit it, the thing that we think will actually make the biggest difference is reducing the amount of carbon dioxide that is released from power generation to run these platforms, which we think is between 75% and 80% of the total emissions that our industry produces on a CO_2 equivalent basis.

It is not that we do not think it is important. We do and we are bearing down on it. A recent guidance document that we published talked specifically to that point, and the teams are stewarding people to reduce it wherever possible. It is just that actually, rationally, our focus is on where we can make the biggest impact, which we think is in power gen, followed by flaring, which is the proper combustion of methane.

The Chair: Maybe we can pick up some of those points later.

Q135 **Lord Grantchester:** In describing how you monitor methane emissions, and please do, to what extent are they verified effectively? Who would be responsible for that in the web of regulations? It is a bit confusing to me. Who would then collate the data together to produce a sector-wide analysis, an overview of emissions? Is all this complexity conducive to progress? How are discrepancies that arise dealt with by the regulatory framework and is it seamless?

Tom Wheeler: The key data set for all oil and gas emissions is called EEMS—the Environmental and Emissions Monitoring System. It is run by OPRED, and fed into the National Atmospheric Emissions Inventory, I think it is called. That is where I got those numbers, the 1.7 and the 7%, from. We have no direct role in that process.

We do use its data and we produce our own emissions monitoring report, which uses its data and our own knowledge of the industry to say what has been going well, benchmarking, who is doing a good job, who is not doing a good job and all that sort of thing. The formal, official statistics, if you like, go through the OPRED process.

You mentioned verification. The majority of emissions from our industry fall under the scope of the UK ETS system, and there is a verification scheme associated with that. That captures the verification issue there. As I said, unfortunately methane is not directly covered by the EU ETS. I think it is fair to say that there is currently a bit of a gap there. What I will say is that most of the biggest sources of methane are actually incidentally covered by the verification of the EU ETS, because those sources come through the combustion, through the flare stack in one of two forms. With all of those, the volumes of methane going into them are measured. We know quite well how much methane will then be emitted as a consequence of those operations.

Because we are measuring the flare stack, for example, to know about flaring, which is required for the UK ETS, we also know that something called cold flaring, when the flare is not lit, which is a form of venting, we can measure and verify the measurement of that. We know that a proportion of flared gas that is sent to the flare stack is only partially combusted. I think about 8% of the methane sent to the flare stack is not combusted. We can measure that, although that varies. We are looking into how that varies according to meteorological conditions and things such as that.

There is a gap that leaves somewhere around 40% which is currently not verified, but it is calculated based on industry reports.

Lord Grantchester: I think you are trying to stress that the gap is meaningful?

Tom Wheeler: Yes.

Lord Grantchester: I am also then wondering, in terms of all this monitoring and verification, does it help regulators produce action plans about what needs to be improved?

Tom Wheeler: Yes. We recognise that there is a gap there. Some time ago we published what we called a stewardship expectation that says people need to adopt best practice in measurement and verification of emissions, which would absolutely include methane. I mentioned the recent emissions reduction plan that we published only last month, which also stresses that. Just last week, actually—to show that we are in action on this—a report was published by the Net Zero Technology Centre, which we commissioned and worked on jointly with it, which has set out all the ways we can improve. We have put in a single place a road map for industry to say, "Here are 15 or 20 technologies that we think you can and perhaps should be using to better calculate, measure and verify your emissions". That would cover CO_2 and methane. We are in action on this already.

Lord Grantchester: It is producing an iterative process, whereas all the monitoring and collecting of data then produces effective management plans to an overall improvement plan that then is monitored?

The Chair: Could you answer that briefly, and then we must move on.

Tom Wheeler: Yes. Currently this is all measured. All the potential for methane is calculated or measured and reported. What we have said is that perhaps there is a bit of a gap, because unlike everything that is covered by the UK ETS, it is not verified independently by someone from government. I think that is something that DESNZ is working on. We support it.

Q136 **Baroness Bray of Coln:** To be clear, how are methane emissions accounted for in the national inventory in the areas that you regulate?

Tom Wheeler: It is that process that I mentioned. Operators report their emissions to OPRED and that is through a system called the Environmental and Emissions Monitoring System—EEMS. OPRED then gathers that data in and processes it and then it submits it to the National Atmospheric Emissions Inventory, which is, in my understanding, the thing that tells us exactly what the country is doing, and OPRED is actually doing that right now. Some of the data in here is 2022, because we are waiting for the 2023 figures from OPRED now.

Baroness Bray of Coln: Those are what you receive as reports? Do you then take that report forward in the area?

Tom Wheeler: Yes. Our primary role is as the day-to-day steward of the operation. We would take that data and, as I mentioned, we do a benchmarking report. We use it across the board. We publish our benchmarking report, our emissions monitoring report that sets out what is good practice, where there are things that we think we can improve on, and the progress that we are making as an industry. Then we would have individual conversations with any operators which we thought were emitting more than was reasonably necessary as well. Perhaps we will come on to permitting, which is a separate issue, but in terms of measuring and understanding, that would be the process.

Baroness Bray of Coln: The impression I am getting is that you get reports from the other bodies, and you then put them together and pass them on?

Tom Wheeler: In this area, yes. On emissions, yes. We think the best and most comprehensive data is the EEMS data. We use that with our own knowledge of the infrastructure to then write reports in this area about where we think improvements can be made, and then use that to inform our stewardship.

Baroness Bray of Coln: So that is a role you play in in terms of reporting the current situation?

Tom Wheeler: I do not think we have a very involved role on reporting. We are more users than providers of that.

Q137 **Earl of Leicester:** What steps can be taken by operators to improve methane measurement, monitoring, reporting and verification? To what extent are you supporting those improvements?

Tom Wheeler: To answer your last question first, we are very supportive of it. I have already mentioned that through our stewardship and ultimately through regulation we require that people do what we regard as reasonable to adopt best practice on methane measurement verification.

As I mentioned, last week we published a report that highlights for people how they can improve in this space. It is an area that we know can be improved on. The big opportunity—I do not want to reiterate it, I might be in trouble with the department for putting pressure on it in

this—would be to bring it within the UK ETS, which would give it that extra push. At the moment, operators have a leeway to report this, and we would check and OPRED would check that they are using the right methods to calculate it, but it is not verified in the way that some other streams are.

Earl of Leicester: How often are operators coming to you and saying, "We found a new way to improve the monitoring" or similar?

Tom Wheeler: It does happen. We have conversations with good operators about exactly that. On venting, I have nothing in the forefront of my mind, but on flaring, for example, we had conversations with BP about how it can improve on the calculation of volumes of methane that go into the flare stack, and the challenges of properly calculating and measuring that. At a working level, I am sure we are having these conversations about that because as I say, we insist on people doing that.

Q138 **The Chair:** How confident are you about the robustness of the data that you receive and on which you base your relations with the operators on?

Tom Wheeler: Again, I have a good degree of confidence. I am not certain that it is absolutely right. There will undoubtedly be an error band around it because of how these things are.

The Chair: We heard in the previous session that there definitely was a gap or improvements that could be made to MMRV.

Tom Wheeler: Yes, and I think that is absolutely fair. I may be naive on this, but I do not think industry will systematically lie to us about stuff. In fact, we have industry tell us sometimes when it has made mistakes. It will report accidents to us.

The Chair: One last question from me, very quickly. Do all operators monitor all emissions—flaring, venting and fugitive emissions? Do you mandate them all to report all emissions?

Tom Wheeler: Yes, they would be required to. Again, I think that would be OPRED, but it would absolutely be required to monitor that. Our role, because the methane is a product, we would require them to tell us about any methane which is not exported. They need to tell us, "We have produced 100 units of methane"—hopefully a large proportion of that is exported to UK consumers, but then two units might be flared, and half a unit might be vented. We would expect that.

The Chair: Fugitives as well.

Tom Wheeler: Yes, exactly. Fugitives would fall within another category.

Q139 **Earl Russell:** I will move on to your role in leak detection and repair and I have three or four short questions about that. In relation to leak detection and repair, who is responsible for managing that? How are incidents recorded and reported by you? What proportion of total

emissions from the fuel supply sector are fugitive? Finally, can you talk us through some of the difficulties of repairing infrastructure where you have leaks, the time process, and so on?

Tom Wheeler: The key point on this is that leaks are first and foremost going to be an HSE issue. Every installation has a duty holder on it.

Earl Russell: Are you informed about those by the HSE? What is your relationship there?

Tom Wheeler: Yes, we would expect to become aware of it. Funnily enough, a leak, because it is not consented—because you do not consent to an accident—it does not actually fall within a formal requirement on us in relation to the volume of methane that was released. They do not need a consent for an accident. It is a funny gap.

Earl Russell: These leaks are reported to you as well?

Tom Wheeler: I would absolutely expect that I would find out about a methane leak of any significance whatever within a day, probably from the operator and certainly from the HSE within a few days of that. In terms of making sure that these platforms are not leaking, and if they are that that is detected quickly, that is absolutely the duty holder's primary responsibility, because, of course, if they let these things run, there are very serious health and safety consequences.

Earl Russell: Within your organisation, once you are aware of them, what processes do you go through with tracking and monitoring?

Tom Wheeler: To be honest, with a leak we would be overtaken. It would be the HSE. In any significant leak, a platform would shut down production almost immediately. It would take a few minutes to empty the system out, and then it would be the HSE, I think, unless it was on an offshore installation that the leak had been resolved, which would not allow continuing production from that until it had been.

Earl Russell: You would get a report back from the HSE when that incident was finished detailing what the cause was, what was done?

Tom Wheeler: Yes.

Earl Russell: Could I move you on then to what proportion of emissions you think are fugitive emissions? This crosses over with the HSE again, but within your organisation, how is that monitored and tracked?

Tom Wheeler: We think that fugitives account for about 7% of the total emissions of methane from UK installations. This is something that I discussed with the team, that the definition of what is a fugitive and what is other types of emissions is sometimes a bit unclear.

Earl Russell: Can we add that to the background uncertainty about some of the calculations? There is obviously some uncertainty about that figure of 7%.

Tom Wheeler: Yes, as I say, because it is not verified, I think there must be a degree of uncertainty. There is absolutely uncertainty because, for example, most of those fugitives will be what they call seeps from every flange on the platform. If you have 1,000 pipes joined together, they will make an assumption that for every joint, every flange, a tiny amount of methane will be leaking out for every day that you are operating.

The Chair: I will move on, if that is okay. We are covering the same ground again.

Lord Duncan of Springbank: I have a question about the leaks. If the HSE is responsible for the halting and so forth, and safety, does it have any responsibility for monitoring the quantity of the leak itself? Is there any way that that is measured, or is its responsibility in this regard solely for the safety of the operation?

Tom Wheeler: Where I know of any significant leaks that have happened, you always get a quantification. Again, there is a big error band around that. I do not know whether that is through operator's good offices or whether the HSE insists on it to understand the severity, but for all the leaks—and thankfully there are very few of any significance—I would come to know that we think that a thousand tonnes of whatever it is—

Lord Duncan of Springbank: You would get that from the HSE or would you get that from somewhere else?

Tom Wheeler: I do not know where that would come from. That would come probably from my team, who would tell me what is going on. I think the operator, actually, would tell us that. It would be working it out because it would want to understand why it happened and try to work out how to stop it happening another time.

Lord Duncan of Springbank: But it would not have to tell you? Are you just relying upon it telling you?

Tom Wheeler: I think we could insist on it.

Lord Duncan of Springbank: Do you insist on it?

Tom Wheeler: I would certainly want to know, yes. I do not know that we have a specific formal channel we would use to do that, but I have never encountered any pushback. Again, I would take the operator's word for it. If the operator told me it was 1,000, unless I thought that was incredible, I would—

Lord Duncan of Springbank: You would not seek to quantify it by any other means than its word?

Tom Wheeler: I have not done in the instances that have happened in the past, no.

Q140 **Duke of Wellington:** I must say, it does seem from your replies that the reporting and regulating are quite complicated. There are so many different links in the chain of reporting, if I understood your answer correctly, with a whole lot of acronyms that I am afraid I do not now remember. I do not know quite how you would be in a position to quantify or indeed recommend either incentives from the government side to reduce emissions or indeed what enforcement powers you have if you find emissions to be excessive or needing to be reduced. I do not quite understand how that all works. Perhaps you could clarify that a bit for me.

Tom Wheeler: The questioning started on the accounting, and I picked up on the national accounting, so I went down that route. We also permit the flaring and venting of methane. We permit production of oil and gas, and then if that production is not sent to market, operators need to request permits to either flare or vent the product. That would apply, indeed, to oil in certain circumstances.

That is a separate process which initially was actually about protecting the product but has now actually increasingly become both about that and about mitigating climate impacts. For us, that is a very rigorous process. We insist on knowing exactly where the product that has been produced has gone and would check that. We can limit consent. I mentioned our reports: if we feel that an operator is not doing everything it should be doing to reduce flaring or venting, we would tell it, "Next year you are not going to get as big of a flare or vent consent as you request unless you take these reasonable steps to reduce it".

Duke of Wellington: I am sorry to interrupt, but I thought I heard in your answer to a previous question that you are not always aware of the size, quantity or volume of the emission, and therefore how can you possibly know whether that particular operator is operating within the permitted level of emissions?

Tom Wheeler: The regime we are using was not designed for this specific purpose.

Duke of Wellington: Right.

Tom Wheeler: The purpose has come later. Leaks, if you like, are not consented because you need consent to a conscious activity and a leak is not that, so we do not give a consent. If someone leaks methane on a platform, they do not need a consent, they do not seek a consent from us.

Duke of Wellington: By definition, if there is a leak, they are exceeding their permitted level of emissions. Is that not correct?

Tom Wheeler: I think that ought to be accounted for, and perhaps in the EU ETS it ought to be accounted for. It should be accounted for in the UK ETS, but the original purpose of the licensing power that we use is about "What are you intentionally doing with the product?" Bear in mind, leaks are a very small—not fugitives or venting or flaring. Those

categories we would absolutely need to be consented, but not leaks is the point.

The Chair: We are very short of time, so I will move on to Lord Duncan.

Q141 **Lord Duncan of Springbank:** This would have been easier for you, I think, if your colleague from OPRED had been here, because the balance between you would have been useful, certainly for us, and you have been left holding the can a little bit. The question I have is perhaps a bit more general. Are there things that you think should be done better? We have been skirting around the question of overlap and potential conflict and various reporting responsibilities. Is there anything that you think could be improved with particular changes?

Tom Wheeler: Yes. I personally think, and the NSTA thinks, that we should bring methane within the UK ETS as number one. Number two, industry can do better, but this is a process that we are working with it on. As I have mentioned, we are ramping up our intervention on this to make it harder for people to go on flaring and venting, and we are also helping them by, for example, the report I mentioned earlier, which sets out the good opportunities that people have to measure and verify their emissions from these areas.

I would say those are two areas where we can do better, but I think in one case it is in hand, and the other one is a process. We need to keep getting better. We will not stop until it is, I hope, zero.

Lord Duncan of Springbank: Do you have a series of forecasts which you are then aspiring to meet?

Tom Wheeler: Yes. Industry has set itself some goals. I do not know whether any are specifically on methane. There are various goals that are around in industry and elsewhere. You will probably have heard of the North Sea transition deal, which says by 2030 it needs to reduce total emissions by at least 50%. We are actually pushing industry to go further.

Various operators have signed up to global standards. I have to check, but the Oil & Gas Methane Partnership, which certainly most of the big operators are signed up to, which sets out some standards on things such as verification, metering, and all that sort of stuff. We would certainly encourage that. We are very supportive of that and would encourage more operators to get involved in that.

Q142 **Lord Ravensdale:** I declare my engineering interests in the register. I would like to get into a bit more detail on the Duke of Wellington's earlier point about enforcement powers. Perhaps you could tell us a bit more about the enforcement powers that you have to support a reduction in methane emissions from both upstream and downstream activities. Also, please give us a flavour of some of the enforcement actions you have taken to date in the sector.

Tom Wheeler: Sure. Downstream we do not touch. The easy answer to that is: it is all upstream. Basically, our authority ends when we get to the gas terminal at the UK transmission network. Upstream I began to talk about earlier. We do stewardship, which is good practice, and benchmarking, but our enforcement starts with permits. We issue permits to people to deliberately flare, vent or release fugitives of methane—

Baroness Whitaker: That is not enforcement.

Tom Wheeler: The data that I referred to we use to inform: who are the best people who will be reasonably relaxed about issuing the permits they request? Who do we think are laggards and should do more? We will steward them to do better.

Every year operators will get a permit to flare, vent and release a certain amount. If they exceed that without further consent, they will be in breach and we can sanction them. We have been in action sanctioning companies recently for that. If there is a good reason why this happens—and unexpected problems sometimes require more flaring and venting than thought at the beginning of the year—we will look at that constructively and work with them and see what can be done.

On enforcement, yesterday we issued our biggest fine for a venting breach—£225,000—but we are gradually increasing that. At the moment, we are capped: £1 million is the biggest fine we can issue as the authority.

Lord Ravensdale: Was that because the company exceeded the consent to vent?

Tom Wheeler: It was found to have exceeded a vent consent, yes.

Lord Ravensdale: Do you face any challenges in effectively enforcing this compliance as a regulator?

Tom Wheeler: Not any more than any other area. The industry is not used to having people look quite so closely at its business. We have gone through a cycle and we have seen some fines for people thinking, if you wind the clock back five or 10 years, it was quite loosely regulated. Because we have stepped that up, a bow wave of people probably would not have meant be caught out, but perhaps did not have the resources lined up to deal with the increased scrutiny. That has been a bit of a challenge.

On the verification point, I would like to have a firmer hand on exact emissions, but that is common in lots of areas that we deal with.

Q143 **Lord Trees:** I would like to ask about zero routine venting and flaring. We are aware that there seems to be an agreed target to do that by 2030, but we heard in the previous session there are opinions that that could or should be achieved even earlier than that. Could you offer an opinion about the barriers to operators achieving that zero routine venting and flaring by 2030? Are they technical? Are they logistical? Are

they economic or corporate policy reasons?

Tom Wheeler: It is all those, apart from possibly in most cases corporate policy. We will consent new platforms now for zero routine flares. We would not consent now a new platform to have routine flares on it at all. The challenge—

Lord Trees: From the word go, it would have to have zero routine flares?

Tom Wheeler: Yes. It would still have flaring because it is needed for safety systems, but the routine flaring would be zero from the get-go for new installations built from this point forward and indeed from a few years ago.

The issue has been that we have many old installations that were consented under a different regime. All those technological, logistical and cost barriers are there, and they need to be overcome. It is technically complex. Bear in mind that these are safety systems, and it is fair to say that the industry absolutely and rightly focuses on safety at all times. It needs to find robust alternative solutions to deal with the fluids that would have been flared.

Lord Trees: It is a technical issue. New rigs are designed and engineered to enable that, which was not formerly the case?

Tom Wheeler: Yes.

Duke of Wellington: Could I ask a quick supplementary?

The Chair: Quickly. A quick answer, please.

Duke of Wellington: You said earlier that you issue the permits yearly. You also said that the older rigs have received consent under a former regime. Does that mean that you do not give annual permits to the older rigs?

Tom Wheeler: When I said "consent", I probably misspoke slightly. I meant that they would have been approved. The nature of the installation would have been described in the field development plan, which could be 30 or 40 years old.

Duke of Wellington: Do those older rigs get annual permits?

Tom Wheeler: Yes, they would still get annual permits.

Duke of Wellington: It would be open to you to say, "We will not in two or three years' time give you such a large permitted"—

Tom Wheeler: We do that, but we would not go to zero until we had reached the right point, which may be 2030.

Q144 **The Chair:** Before moving on to Lord Frost, could I ask a question on enforcement? To what extent is the current level of fines that you impose a sufficient deterrent? Can you give some examples of fines that you

have imposed recently?

Tom Wheeler: I have briefly touched on it.

The Chair: Briefly, yes. What is the current level? Is it a sufficient deterrent?

Tom Wheeler: The maximum we can fine is £1 million. The largest fine we have done to date is £225,000 for a vent consent breach. Is that a deterrent? Financially, no, but reputationally it is an issue.

The Chair: Do you name and shame?

Tom Wheeler: Absolutely. We would release that in the press. Also, as an ultimate sanction, if an operator wilfully or negligently did this over and over again, we have powers to require it to change and, in the extreme event, revoke the licence. But we have not taken those steps in this way because industry tends to come into line once we have fined.

The Chair: Is £250,000 a sufficient deterrent?

Tom Wheeler: We will need to keep the pressure on as these things get harder. Increasing it might be beneficial, but politicians and Ministers will have to decide that.

Q145 **Lord Frost:** I declare my interest as a trustee of the Global Warming Policy Foundation. I want to follow up Lord Trees' question and probe a little bit further on the 2030 date. Notably, the *Independent Review* suggested that ending routine venting and flaring could be rolled forward to 2025. From your perspective as the regulator, is this technically and operationally feasible or only at considerable cost?

Tom Wheeler: Certainly, bringing that forward would be technically and economically challenging, in reality. In truth, operators have been planning for 2030 since about 2021, which in itself is quite a challenge. From now until 2030, they have to do these projects in big three-week shutdowns. They are planning to do only two of those, probably, between now and 2030 on any installation. Fitting that in and getting the supply chain ready and planning the projects is already a challenge, although it seems a long way away.

If you brought it forward, some platforms would get there. Some platforms would be forced to either temporarily or permanently cease production because the industry could not get that much work done, materially, before 2030. That is my sense of where we are on this, but that is probably what industry would say as well. Judging by how long these projects take and my understanding of how difficult they can be, my judgment is that that is probably fair.

Q146 **The Chair:** We heard some evidence to the contrary in the previous session. Of course, we have the EU's 2027 deadline, which is expected to be met. For me, there is a big question about why we cannot step up to the mark in the same timeframe.

On best practice, could you do a comparison between the UK and, say, countries such as Norway and the US? We seem to be falling short of the efficiency levels they have made on tackling methane emissions. Why?

Tom Wheeler: Norway I know better than the US. Norway, to its credit, in 1971 made its platforms zero routine flare and vent going forward, which means that its stock of platforms does not have this problem. We have the biggest inventory of major installations. Nowhere else in Europe has anything like the scale of offshore industry that we have, other than Norway. We have the challenge of getting a supply chain that can deliver these projects, which takes time to plan and to build. I know the US—

The Chair: We have been planning this for some time, have we not?

Tom Wheeler: But aiming at 2030 is the point. The commitments were made in 2021 to a 2030 date and so people have been doing work before then. Indeed, before then, we had been telling big installations that they would need to have zero routine flares. But it started in earnest in 2021.

The Chair: Is there no way that we could accelerate our reduction of methane emissions?

Tom Wheeler: People will have zero routine flaring before 2030. Total has announced that it will put in a zero routine flare system into one of our biggest platforms, Elgin. It will not all happen in 2030 because the supply chain could not do it all to meet 2030, but some people need to go earlier to spread the burden on these technical skills that you need to do these changes.

The Chair: Thank you. We are out of time, but I will allow a quick supplementary from Earl Russell.

Earl Russell: I have a couple of quick points. You said it is quite difficult to pull this date forward from 2030 to 2025. Do you have a road map of all the fields and when they are slated to do this work or is that not under your control? Does overall project management sit with you?

Tom Wheeler: Yes, there is. A couple of weeks ago I sent a letter to all the people who currently routine flare. This is flaring but it would cover venting. It said, "Can you tell me what your current plans are, how much you currently flare and how much you routinely flare?" We are waiting on that data, which will come in midway through this month. That will tell us. We have an idea of it through our—

Earl Russell: You have an overview. I guess the point I wanted to go on to make is that you then have that co-ordination and level of policy that you can do your best to push.

Tom Wheeler: Absolutely. The team will then focus on working out who will do it, who has told us that they have a plan and we believe them, who needs a bit of help and who is being a laggard and needs—

Earl Russell: You see one of your roles is to try to progress that date as

far as you possibly can?

Tom Wheeler: We are looking for people to do it and to take steps as quickly as they can. We are working to the deadline, to be honest. We are trying to get the last one over the line in 2030. To get the last one over the line in 2030, we need to get some over the line in 2024 and 2025.

The Chair: Excellent. Thank you very much, Mr Wheeler, for agreeing to come before our committee. It was much appreciated. However, I echo Lord Duncan saying that we did miss the presence of OPRED. But with that, I formally end this session of the methane inquiry and we will now move into private session. Thank you.