



TO REDUCE FUTURE TAX LIABILITY

BUSINESSES SHOULD FOCUS ON GETTING ACCURATE METHANE EMISSIONS MEASUREMENTS AND USING THAT INTEL TO FORMULATE AND ADOPT AN EMISSIONS REDUCTION PLAN.



PLANCKTON
DATA

It's no secret that companies are facing increasing pressure from investors and other stakeholders to reduce methane emissions. The recently adopted Inflation Reduction Act (IRA) Methane Emissions Charge also provides a compelling financial incentive.

There are several notable tenets of the IRA Methane Emissions Charge that are likely to impact companies on their net zero journey. Starting in 2024, all onshore oil and gas companies operating in the U.S. will be charged for applicable methane emissions under the act. The tax applies to petroleum and natural gas facilities currently subject to greenhouse gas (GHG) emission reporting per EPA regulations as defined in 40 C.F.R. Part 98, Subpart W. The IRA methane charge applies to:

- Onshore, offshore petroleum and natural gas production.
- Onshore natural gas processing, gas transmission compression.
- Underground natural gas and liquefied natural gas (LNG) storage.
- LNG import and export equipment.
- Onshore petroleum and natural gas gathering and boosting, transmission pipelines.

It will be the first time the federal government has imposed a fee on GHGs. The 2024 tax is \$900 per metric ton of methane, increasing to \$1,200 in 2025 and \$1,500 in 2026 – which equates to \$36, \$48 and \$60 per metric ton of CO₂e, respectively. Application and enforcement of the cross-cutting measure is likely to be of interest to executives including presidents, CEOs, and sustainability leaders as well as CIO and CTOs due to the technical nature of the reporting requirements. Read a summary of the new methane tax [here](#).

The new tax sets statutory thresholds for “methane waste” by facility type and imposes escalating taxes for emissions above those thresholds, including:

- Any reported subpart W emissions in excess of 0.2% of natural gas sent to sale from natural gas and petroleum production facilities.
- Any reported subpart W emissions exceeding 0.05% of natural gas sent to sale from nonproduction facilities.
- Any reported subpart W emissions exceeding 0.11% of natural gas sent to sale from natural gas transmission facilities.

Simply put, thousands of companies are only a few years away from being taxed on methane emissions. One upside this looming tax provides is an opportunity for businesses to proactively get an accurate

The first step in solving any challenge is identifying the problem – in this case that means quantifying methane emissions and calculating potential tax liability. This information can be used to guide financial and operational decisions related to equipment maintenance, replacement or upgrades. Having accurate, up-to-date information about emission sources allows companies to optimize improvement efforts, integrating the changes that will offer the greatest benefit. Obtaining emissions information as close to the source as possible is a key element in identifying and adopting improvements and accurately computing the tax amounts. Is it more advantageous to capture, flare, or vent methane? Or a combination? Without a clear picture of the emission landscape, it's tough to know.

Since the ability to make more informed decisions in the field directly benefits the bottom line, investing in data that derives insights offers a measurable return on investment. Additionally, automating the data collection process provides advantages in both the near and long term. Though companies currently report emissions annually, the reporting cycle changes to monthly under the IRA Methane Emissions Charge. Access to accurate data and the ability to estimate and compute tax amounts quickly and correctly provides a competitive advantage.

Planckton Data can help. Our proprietary platform manages the entire carbon data lifecycle by automating data collection and conversion. We can identify the source of methane emission sources and provide scenario modeling to inform financial and operational decisions. And we produce insights

Interested in learning more about our platform and how we can help you best navigate the requirements of the IRA Methane Emissions Charge?

Reach out www.plancktondata.com today and let's discuss how our services can benefit your business.

