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U.S. Environmental Protection Agency
EPA Docket Center, Office of Air and Radiation Docket, Mail Code 28221T
1200 Pennsylvania Avenue, NW
Washington, DC 20460

March 26, 2024

Subject: Waste Emissions Charge for Petroleum and Natural Gas Systems, Docket ID No. EPA–HQ–OAR–2023–0434

Dear Agency Officials:

On behalf of the California Public Employees' Retirement System (CalPERS), thank you for the opportunity to provide comments regarding the Environmental Protection Agency's (EPA) proposed rule, as outlined in the Inflation Reduction Act's (IRA) Methane Emissions Reduction Program (MERP). This rule aims to impose and collect an excess methane waste emissions charge on covered oil and gas facilities. We firmly believe that such a charge is crucial for holding companies accountable for excess emissions, encouraging reductions, and standardizing best practices, thereby mitigating climate-related risks for investors. We fully support the EPA's proposal and urge the agency to promptly finalize it.

Climate change presents significant risks to both the economy and the financial system. As the largest public pension fund in the United States, we manage approximately $490 billion on behalf of more than 2.1 million individuals. In order to manage the myriad direct and indirect climate-related risks our portfolios are exposed to across all timeframes, addressing greenhouse gas emissions is paramount. At 84x as potent as carbon dioxide (over a 20-year timescale)[1], methane emissions are a particularly significant concern. This is why we believe that implementing comprehensive and effective regulations is essential for building stakeholder confidence, providing certainty, and aiding companies and investors in managing climate-related risks and opportunities.

Methane emissions reduction is a highly effective method of limiting global warming, with the oil and gas industry possessing readily available, cost-effective solutions. The proposed waste emissions charge, mandated by Congress through the IRA, provides a sensible financial

[1] International Energy Agency, Methane abatement options https://www.iea.org/reports/methane-tracker-2020/methane-abatement-options#abstract

incentive to expedite the adoption of these measures. Importantly, this charge applies solely to the largest polluters, ensuring small producers are not unduly burdened.

The proposed rule aligns with Congress's intent to reinforce the EPA's federal methane standards, complementing rather than duplicating regulatory requirements. Additionally, the financial support provided under MERP, including funding for methane monitoring and mitigation, further incentivizes emissions reduction.

We urge the EPA to finalize this strong proposal swiftly, ensuring that exemptions are retained to encourage compliance and that emissions reports are based on reliable, unbiased data. In doing so, the agency will effectively incentivize equitable methane pollution reductions, provide long-term certainty, and mitigate climate-related risks for investors.

We thank you for your consideration and we welcome the opportunity to work with you on this important effort. Please do not hesitate to contact Travis Antoniono, Investment Director, Sustainable Investments, at (916) 795-2238, or Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance.

Sincerely,

Marcie Frost
Chief Executive Officer