

Statewide Oil and Gas Hydrocarbon Emissions Reductions Initiative

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Planning and Policy Program

Four Corners Air Quality Group meeting



COLORADO

Air Pollution Control Division

Department of Public Health & Environment



SHER Team Overview

- Statewide Hydrocarbon Emissions Reduction (SHER) stakeholder process
- Established by Air Quality Control Commission Regulation No. 7 “Statement of Basis and Purpose” (Nov. 2017) to:
 - Evaluate cost-effective hydrocarbon emission reductions from the statewide oil and natural gas sector
 - Recommend any new proposals for emission reductions by Jan. 2020
- SHER Team meets 2018-2019
- Consists of industry, local government, and environmental NGO representatives



SHER Team Goals

- Stick to the Regulation 7 Statement of Basis and Purpose scope
- Reduce hydrocarbon emissions from the oil and gas industry statewide (within Division jurisdiction)
 - Consider cost-effective strategies
 - Consider near-term and long-term strategies
 - Consider implementation flexibility
 - Consider operational and location difference
 - Consider regulatory and non-regulatory measures



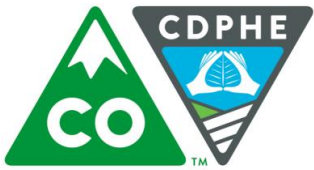
Importance

- Colorado has elevated ozone levels
 - Denver Metro/North Front Range is a Nonattainment Area
 - Some other areas are near the 70 ppb National Ambient Air Quality Standard (NAAQS)
- Greenhouse gas emissions
- Public concern about oil and gas emissions



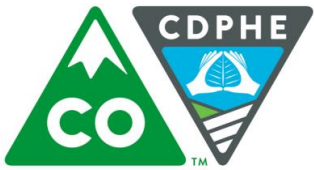
Opportunity to Innovate

- Strong engagement by key stakeholders
 - The Division sees a genuine desire by all parties to achieve meaningful emission reductions
- Not limited by an EPA framework
 - SHER Team is separate from any ozone State Implementation Plan (SIP) or federal emission standard
- Exchange ideas and determine what works best for Colorado
- Colorado has a history of collaborative solutions to complex problems



Regulatory and Non-Regulatory Measures

- Regulations are one of several important tools
 - Provide certainty and enforceability
 - CDPHE is a regulatory agency
- Non-regulatory measures are also important
 - Can be implemented faster
 - More leeway to innovate
 - Requirements appear in regulations only after they are shown to be achievable every time
- SHER Team may recommend either/both measures



What the SHER Team Will Evaluate

- All hydrocarbons
- Options for emission reductions in entire state
 - Not just Denver Metro/North Front Range
- Leak detection with infrared cameras or other technologies
- Transmission segment compressor stations
- Site equipment (e.g., pneumatic controllers and pumps)
- Site operation (e.g., well liquids unloading)
- SHER Team may evaluate additional strategies in 2019



Timeline

- January 2018: kick-off
- February-April: solicit and submit strategies
- May - December: discuss emission reduction strategies
- January 2019: mid-term presentation to Air Quality Control Commission
- January-December: discuss emission reduction strategies, with potential to include additional strategies
- January 2020: present recommendation to Air Quality Control Commission



Public Participation

- Some local governments are at the table
- Public meetings (April in Rifle, fall 2018 in Grand Junction, tbd)
- Mid-term presentation to the AQCC about January 2019
- Email comments to cdphe.commentsapcd@state.co.us



Outcomes

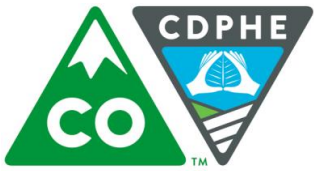
- Some non-regulatory measures could be implemented in 2018
- Recommend statewide hydrocarbon emission reduction strategies for the oil and gas sector
 - Division will present recommendations to the Air Quality Control Commission by January 2020
 - Speaking role for industry, local government, and environmental organizations



Questions?

Submit comments and questions to:

cdphe.commentsapcd@state.co.us



Hydrocarbon Stakeholder Process (Statement of Basis)

While the revisions to Sections XII. and XVIII. to include provisions in Colorado's Ozone SIP are limited to the DMNFR, the Commission acknowledges the importance of reducing hydrocarbon emissions from the oil and gas sector (*i.e.*, upstream, midstream, and transmission) statewide. Therefore, without prescribing any particular outcome, the Commission directs the Division to initiate and lead a stakeholder process over the 2018-2019 timeframe to evaluate potential areas for cost-effective hydrocarbon emission reductions. Stakeholders will nominate topics for evaluation, which may include, but are not limited to, the frequency of LDAR inspections, transmission segment compressor emissions, natural gas-driven and zero emission pneumatic controllers outside the DMNFR (to be informed by the pneumatic study and inspection program), and potential expansion of the requirements adopted in the DMNFR as part of this rulemaking. The Division will brief the Commission on the stakeholder process in January 2019 and present recommendations for any new proposals for emission reductions by no later than January 2020. The Commission intends that one representative of industry, local government, and the environmental community each will have the opportunity to speak during the briefings.