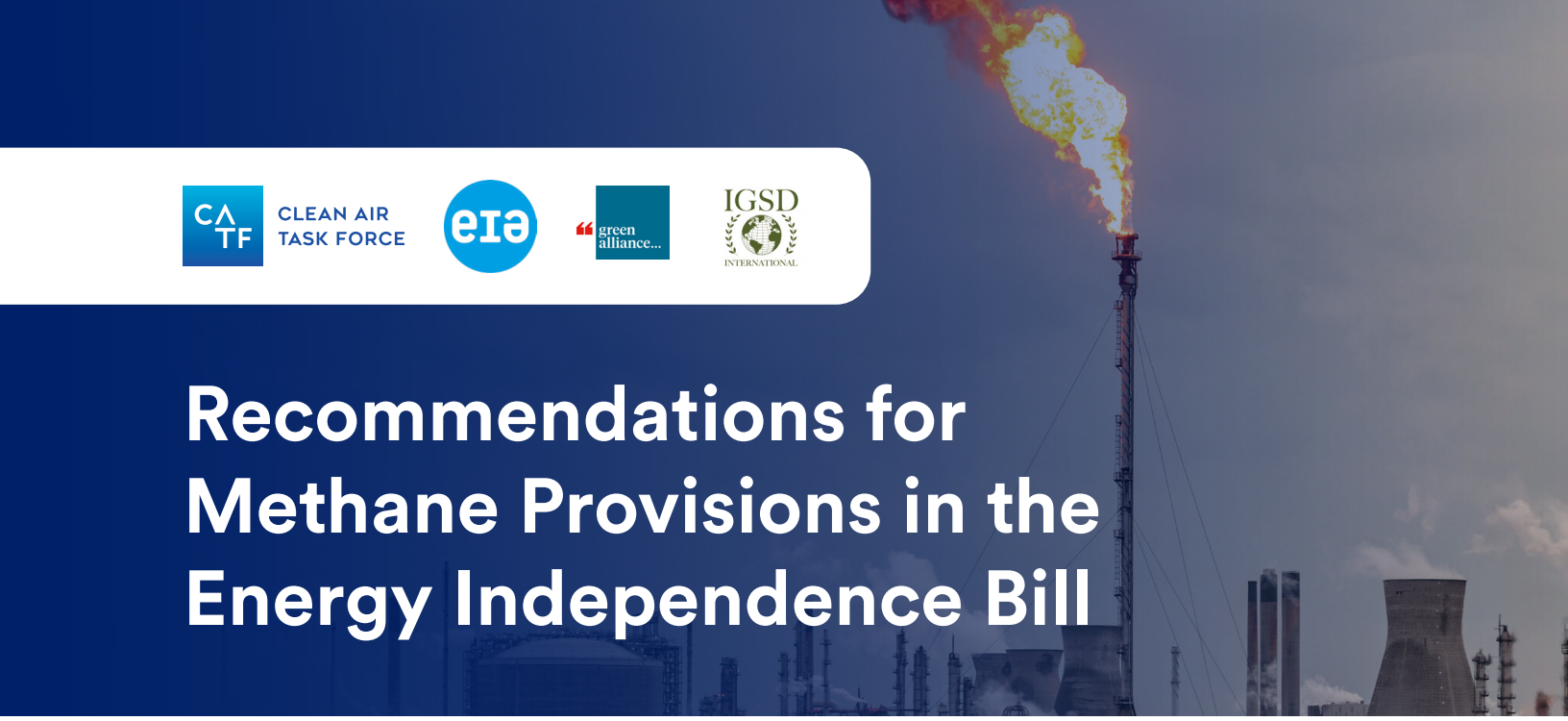

Recommendations for Methane Provisions in the Energy Independence Bill

Securing energy security, energy affordability, and climate ambition through methane mitigation

Reducing methane emissions from the oil and gas sector is the fastest-acting interventions available to limit near-term temperature rise, and can also support the UK's energy security, competitiveness, and a credible North Sea Transition. The UK has agreed to international commitments under the Global Methane Pledge and led COP30 commitments to achieve significant reductions from fossil fuel production, including its new initiative to develop a near-zero methane fossil fuel marketplace.[1]

To support these goals and ensure the UK continues to demonstrate credible leadership, the UK should pursue domestic legislation on methane emissions with measures that support both climate objectives and energy security. Studies show that UK installations are emitting methane at rates far above official reporting.[2] This is both a climate and energy security dilemma for the UK, as gas that is vented or leaked from infrastructure is gas that does not reach British homes and businesses. Therefore, it is imperative that mandatory rules on methane mitigation be implemented on any continued drilling in the UK.

The Energy Independence Bill should include methane mitigation solutions

- **Monitoring, reporting and verification (MRV):** The Bill should establish a mandatory, measurement-based MRV framework for all oil and gas operations on the UK Continental Shelf, requiring direct measurement rather than engineering estimates, aligned with EU methane regulation standards taking effect from January 2027. Alignment avoids duplicative compliance burdens for exporters to EU markets, and could secure regulatory equivalency under Article 28 of the EU's Methane Regulation and supports the credible development of the UK-led near-zero marketplace.

1 COP30 statement signed by the UK and 10 other states 'Drastically Reducing Methane Emissions in Global Fossil Fuel Sector', November 2025

2 S. N. Riddick and D. L. Mauzerall, 2023, *Likely substantial underestimation of reported methane emissions from United Kingdom upstream oil and gas activities.* Available here.

- **Leak detection and repair (LDAR):** Regular survey-based LDAR should be a statutory obligation across all producing assets, with defined inspection frequencies and repair timeframes. The current voluntary approach has failed to eliminate known, persistent leaks.
- **Venting and flaring:** The Bill should set the 2030 venting and flaring ban in law, with a clear mechanism to ensure operators are investing ahead of 2030 in the necessary technology. Routine flaring should be phased out on a defined timeline, with limited exceptions for safety-related emergency use.
- **Import performance standards:** The Bill should establish MRV and methane performance requirements for fossil fuels imported into the UK, consistent with the EU approach. In a buyers' market, with UK gas demand expected to fall by nearly 30% between 2030 and 2035, the ability to apply methane standards to imported gas is a lever of market power, not a constraint on supply.[3]
- **Inactive wells:** Inactive wells continue to emit methane long after use unless properly remediated, reclaimed or plugged. Inactive wells contribute to air and groundwater pollution, continually leaking toxic substances and posing a risk to local communities and the environment. However, to date, the UK has not undertaken an inventory of its inactive wells and their methane emissions or put in place measures to ensure they do not continue emitting methane.
- **Technology standards:** Further measures that target emissions from the normal operation of equipment such as compressors and pneumatic devices is needed. At present, the UK has no binding requirements mandating the use of low-emission equipment across the fossil fuel sector. The IEA has found that many lower- or zero-emitting technologies can perform the same functions as conventional equipment, often at low or even negative cost. Regulations that limit emissions from specific equipment types, or mandate their replacement with lower-emitting alternatives, can therefore deliver substantial and cost-effective emissions reductions. The Energy Independence Bill should include clear technology standards for low-emissions equipment, aligned with international best practice.

Methane rules will not raise UK energy prices or threaten energy security

A recurring concern is that mandatory methane standards on oil and gas production will increase operator costs and feed through to higher consumer energy bills. The quantitative evidence does not support this, first because methane monitoring and abatement costs are low, and second because domestic production costs are too low to pass any marginal increases on to consumers.

MRV and methane mitigation costs are low

Analysis by EDF and Carbon Limits quantifying the cost of methane monitoring across the oil and gas value chain found that per-asset MRV costs represent 0.03-0.6% of production revenue.[4] Modelling by Rystad Energy commissioned by Clean Air Task Force found that the maximum incremental cost of EU-equivalent methane import performance standards on LNG exporters is €0.07/MMBtu on average for gas and €1.33/barrel for oil, which is less than 1-2% of market prices.[5] This is equivalent to about a cent per liter of diesel or petrol.

These costs can be offset by the value of gas recovered through reduced flaring, improved leak detection and repair, and improved equipment standards. The IEA estimates that around 40% of oil and gas sector methane globally can be abated at no net cost – the value of captured gas exceeds the cost of abatement at current market prices.[6]

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3 Data from Rystad Energy, commissioned by CATF in 2025.
4 EDF & Carbon Limits. "EU MR MRV compliance costs." 2026. Available here.
5 Data from Rystad Energy Research and Analysis, prepared for Clean Air Task Force in 2026.
6 International Energy Agency, Global Methane Tracker 2026, 2026. Available here.

Furthermore, most of UK's oil and gas is produced by large companies that can afford investments in emissions reductions. The NSTA's own production database, the Petroleum Production Reporting System (PPRS), shows that the top ten operators in the UK account for 90% of UK oil and gas production, of which the top five operators make up 71% of production.[7]

UK gas prices are set by the market, not by domestic production costs

UK wholesale gas prices track the National Balancing Point hub, which moves in line with European TTF and global LNG prices. North Sea producers are price-takers: they receive the prevailing market price regardless of their own cost structure. Compliance costs are absorbed into operator margins, not passed through to consumers. This has been shown in quantitative research by CATF and Rystad Energy, with additional analysis showing that compliance penalties are unlikely to impact energy security because they are minor compared to regular market fluctuations.[8]

Furthermore, Norway's model proves costs are not passed on to consumers. Norway has operated under strict methane, flaring, and offshore carbon tax requirements since the early 1990s. Norwegian gas does not command a premium over less-regulated producers. Norwegian operators simply absorb compliance costs from their margins. UK North Sea producing assets are in an equivalent position; because capital costs are largely paid off, there is sufficient margin to absorb methane requirements without any effect on consumer prices. UK domestic production is now approximately half of national consumption, meaning the price-setting marginal unit is LNG or Norwegian pipeline imports, not UK North Sea output.

7 NSTA Petroleum Production Reporting System (PPRS) December 2024 field-level data.

8 CATF. "EU Methane Regulation Penalties: Why proportionate, phased penalty regimes pose no energy security risks." 2026. Available here.