

OIL AND GAS METHANE PARTNERSHIP (OGMP 2.0) MODULE

PRESENTATION 3 – The journey to Gold Standard



TO UNDERSTAND THE STEPS REQUIRED BY AN OGMP 2.0 MEMBER COMPANY
TO IMPLEMENT THE FRAMEWORK AND REACH GOLD STANDARD

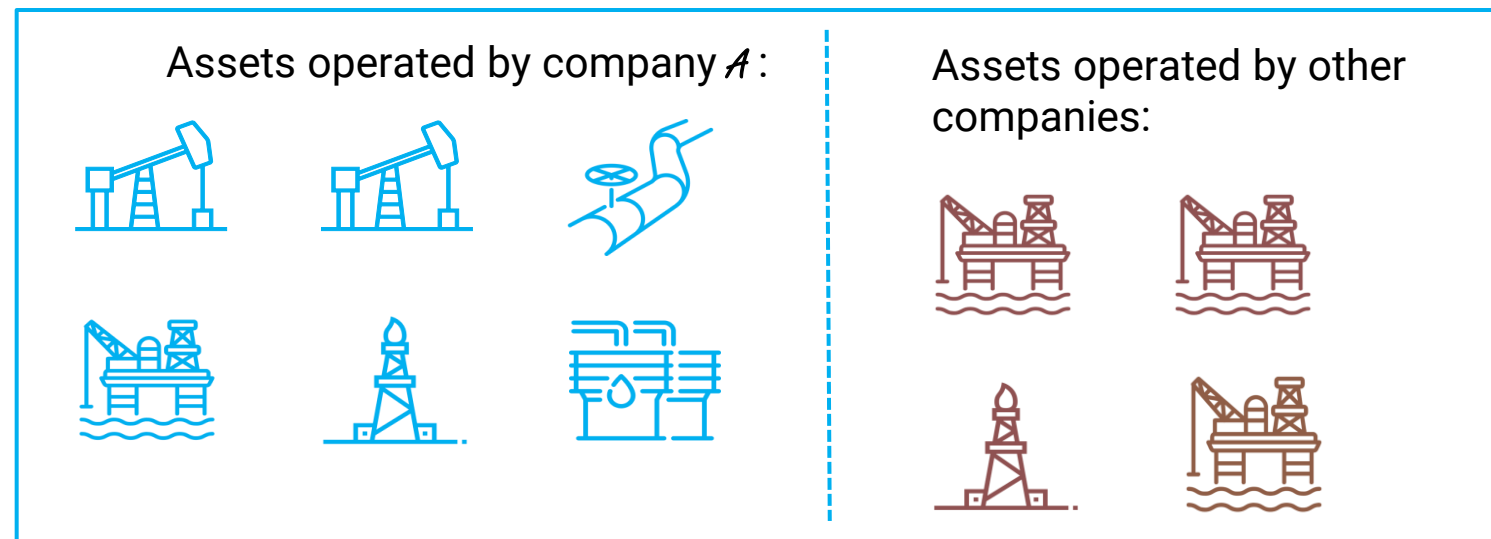
Steps required – overview

1. Compile a list of all assets (operated and non-operated)
2. Determine the materiality of the assets
3. Develop an Implementation Plan - the company's pathway to reach Level 5
4. Define a corporate methane reduction target
5. Report on methane emissions from operated & non-operated assets (minimum requirement Level 1)

Step 1 - List all assets

Asset: operating unit does not refer to a pre-defined level of aggregation of operations: it is up to the company to group facilities within logical business or operating units For example, several production batteries within the same sub-region may be considered as one asset.

Company **A**'s
portfolio (ownership):



Step 2 -Materiality analysis

Portfolio Level Materiality

Based on the list of your assets, perform the **materiality analysis at the portfolio level** (significance of emissions for assets in terms of total emissions, can be performed combining operated and non-operated assets):

- Non-operated assets where the company has a share of less than 5% equity are not required to be reported (but they should be listed in the excluded tab).
- Aggregate total absolute emissions from all operated assets based on best available data and rank them in terms of largest to smallest. The top 95% of these assets are in scope for L4/5 within the 3-year timeline.
- Aggregate total absolute emissions from all non-operated assets based on best available data and rank them in terms of largest to smallest. The top 95% of these assets are in scope for L4/5 within the 5-year timeline.
- Assets (operated and non-operated) that account for less than 5% of total methane emissions are still reported but not required to reach level 4/5.

*All material assets are ranked in terms of **absolute emissions per asset**. This step requires that emissions from operated assets are estimated at least at level 3. All assets that account for 95% of total emissions for a given operator are considered material. For purposes of this ranking we consider total emissions from each asset **without accounting for equity** (for reporting purposes only the equity share of emissions are attributed to a given operator).

Materiality analysis

Asset Level Materiality

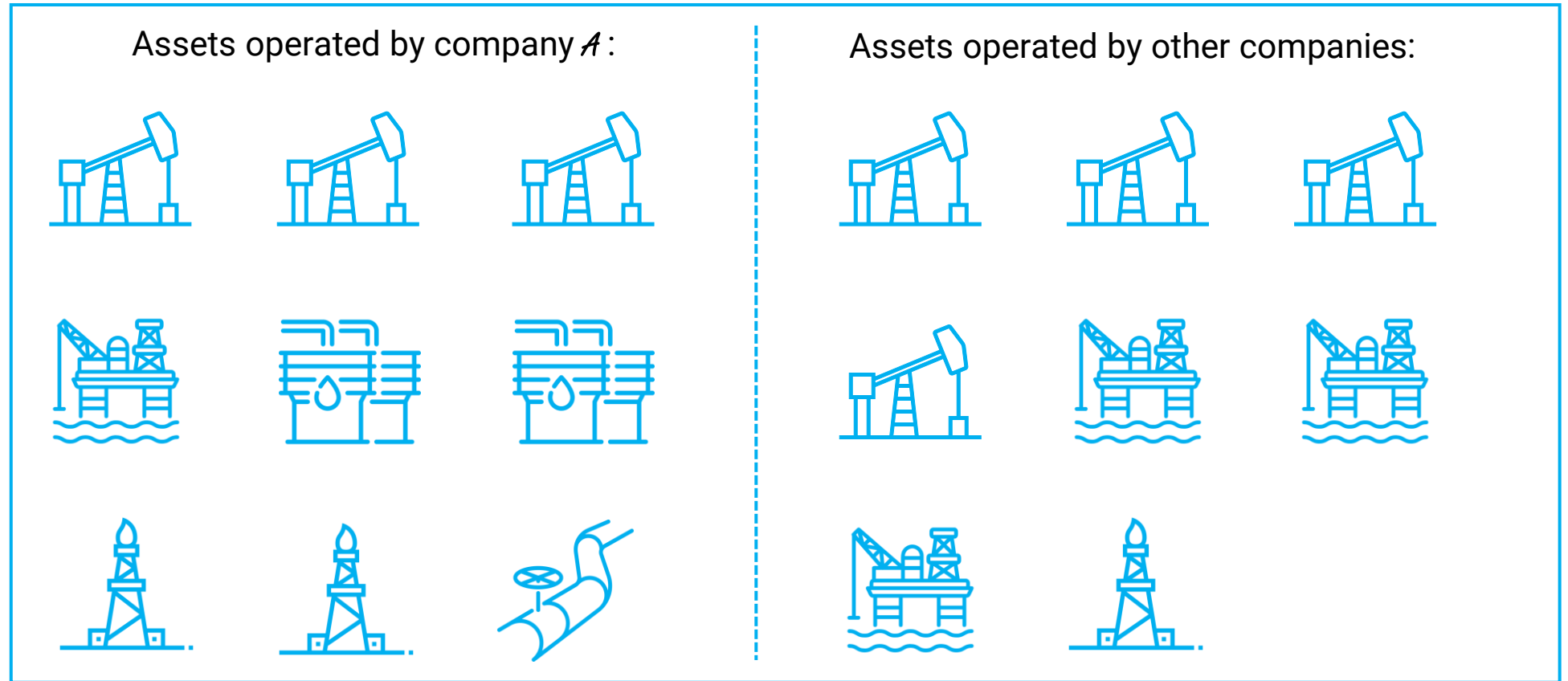
Materiality analysis should also be performed at asset level. The vast majority of emissions should be reported at level 4. In practice, this means:

- Prioritize more complete coverage of Level 4 measurements at assets that account for a larger share of operator-level emissions.
- For a given asset, rank all sources of emissions based on best available data (minimum L3).
- Perform L4 on sources that account for a minimum of 70% of the methane emissions from each asset with a justification as to why >90% is not reached.

Materiality analysis

Listing all assets

Company *A*'s
portfolio
(ownership):

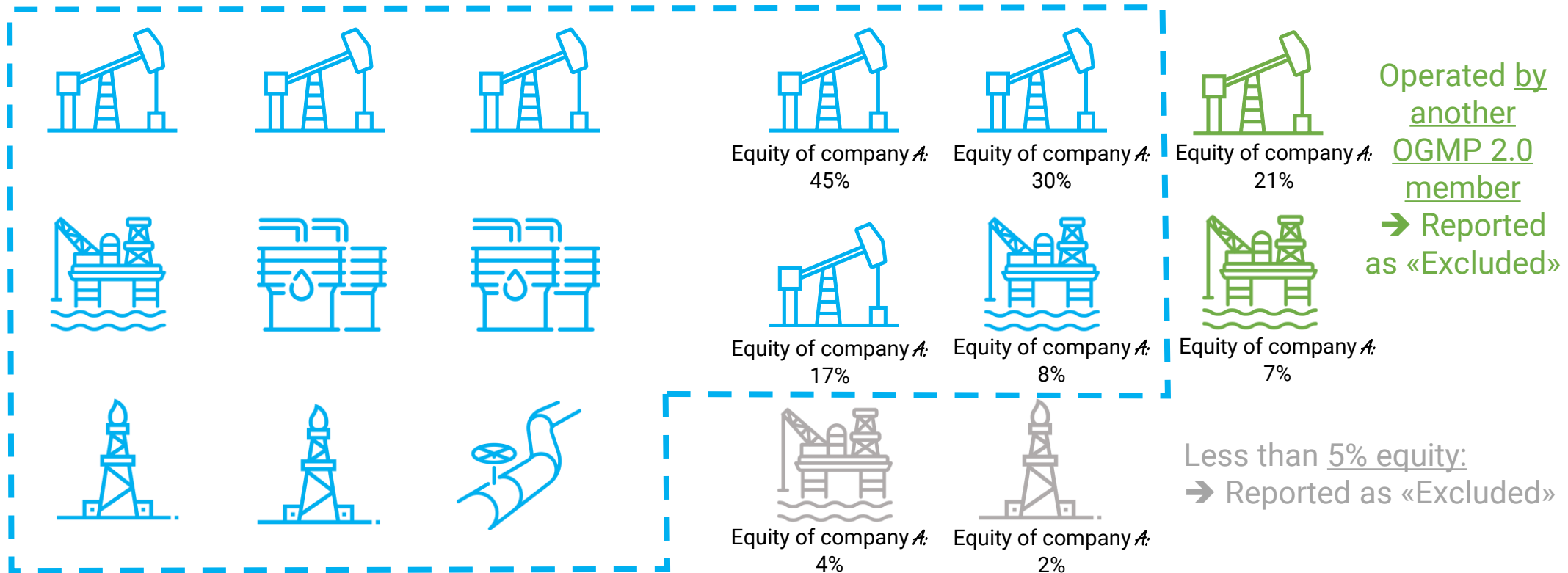


Materiality analysis – portfolio level

Company A reports:

Assets operated by company A:

Assets operated by other companies:



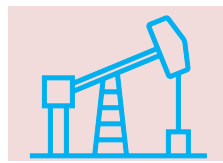
Materiality analysis – portfolio level

Company A reports:

Ranking of assets operated by company A in terms of absolute emissions:



22% of operated assets' emissions



18% of operated assets' emissions



16% of operated assets' emissions



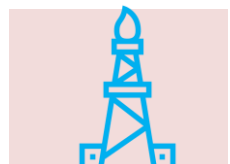
13% of operated assets' emissions



11% of operated assets' emissions



9% of operated assets' emissions



6% of operated assets' emissions



3% of operated assets' emissions



2% of operated assets' emissions

Ranking of non-operated assets in terms of absolute emissions:



70% of non-operated assets' emissions



22% of non-operated assets' emissions



5% of non-operated assets' emissions



3% of non-operated assets' emissions



Ranking of operated and non-operated assets based on emission estimates:

Top **95%** of operated and non-operated assets → **material**
Require level 4/5 quantification for Gold Standard (3 years for operated & 5 years for non-operated)

Assets that account for less than **5%** emissions → **non-material**
Required to report at L3, but level 4/5 not mandatory

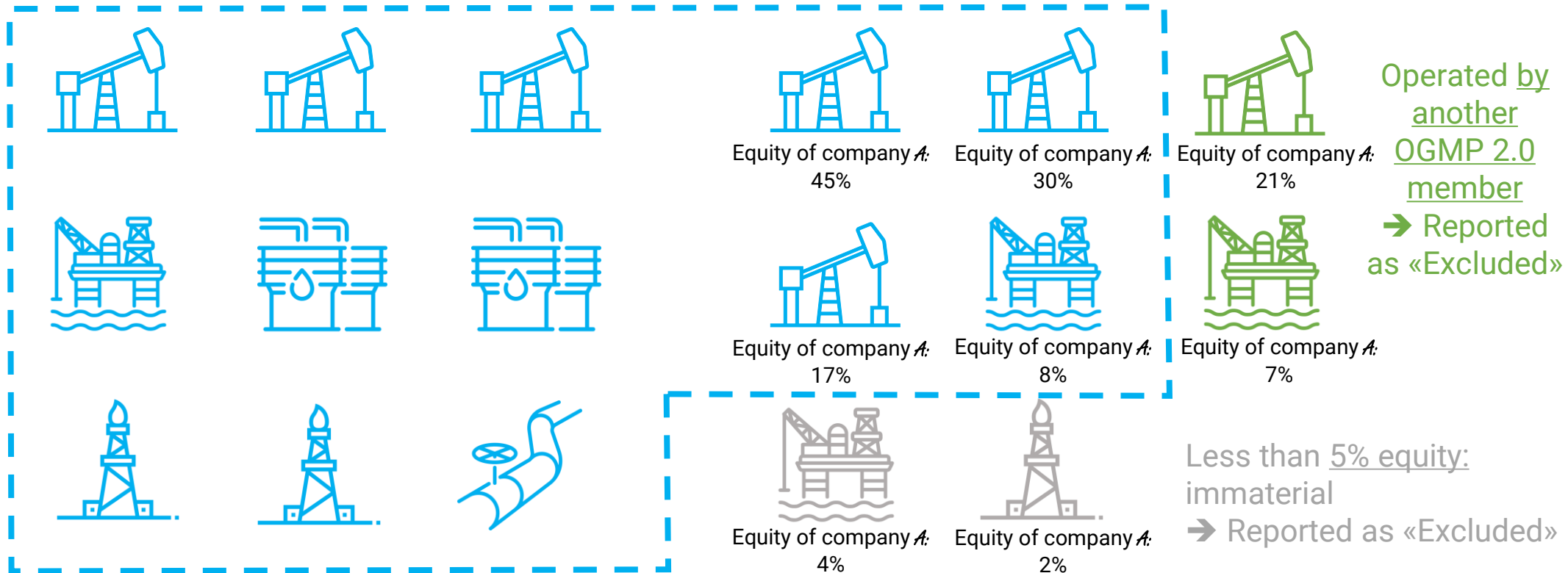
Materiality analysis – equity level

Company *A* reports:

Assets operated by company *A*:

Assets operated by other companies:

Quantification at level 3 required for assessing materiality

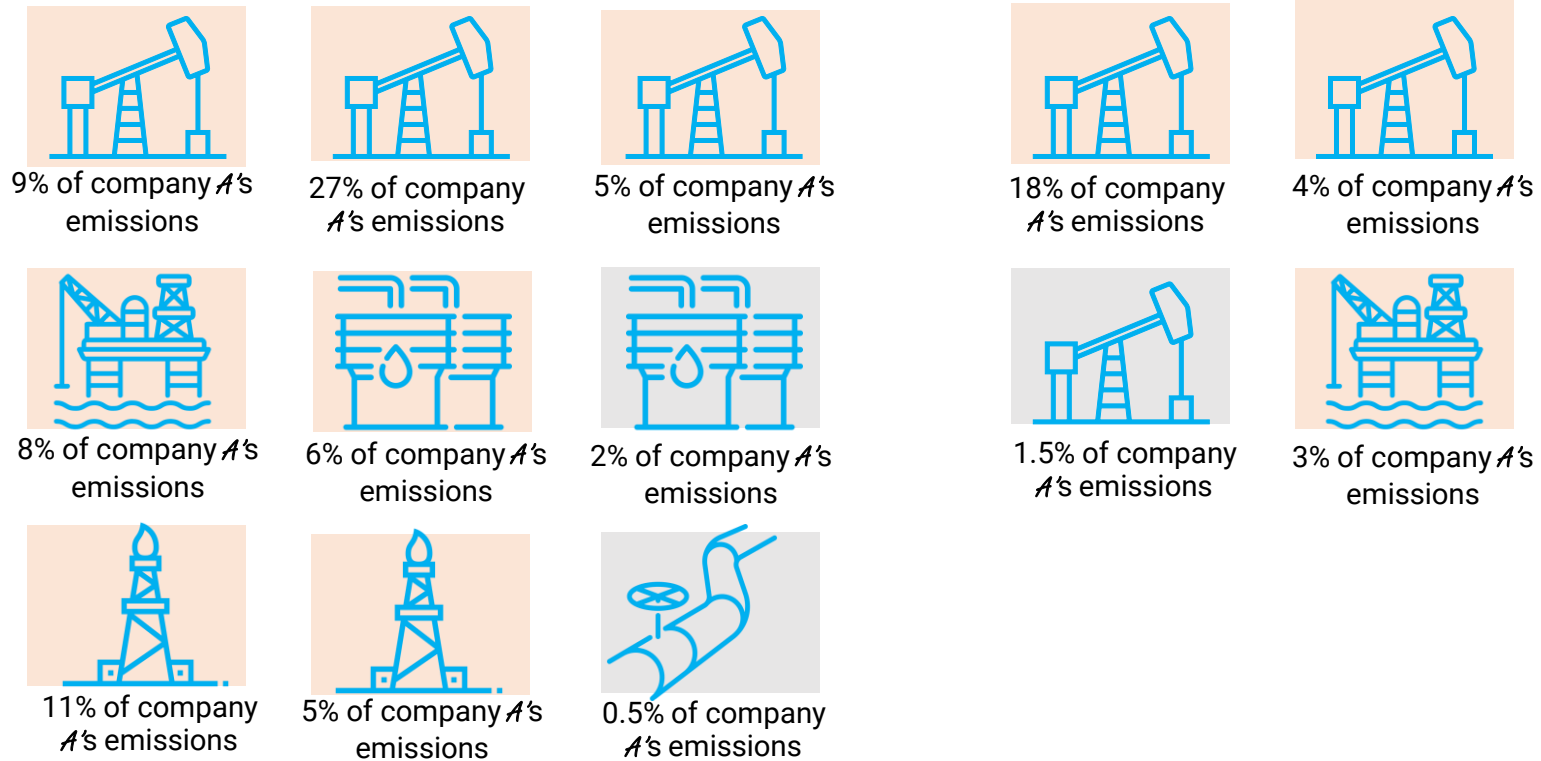


Determining materiality based on emission ranking

Company *A* reports:

Assets operated by company *A*:

Assets operated by other companies:

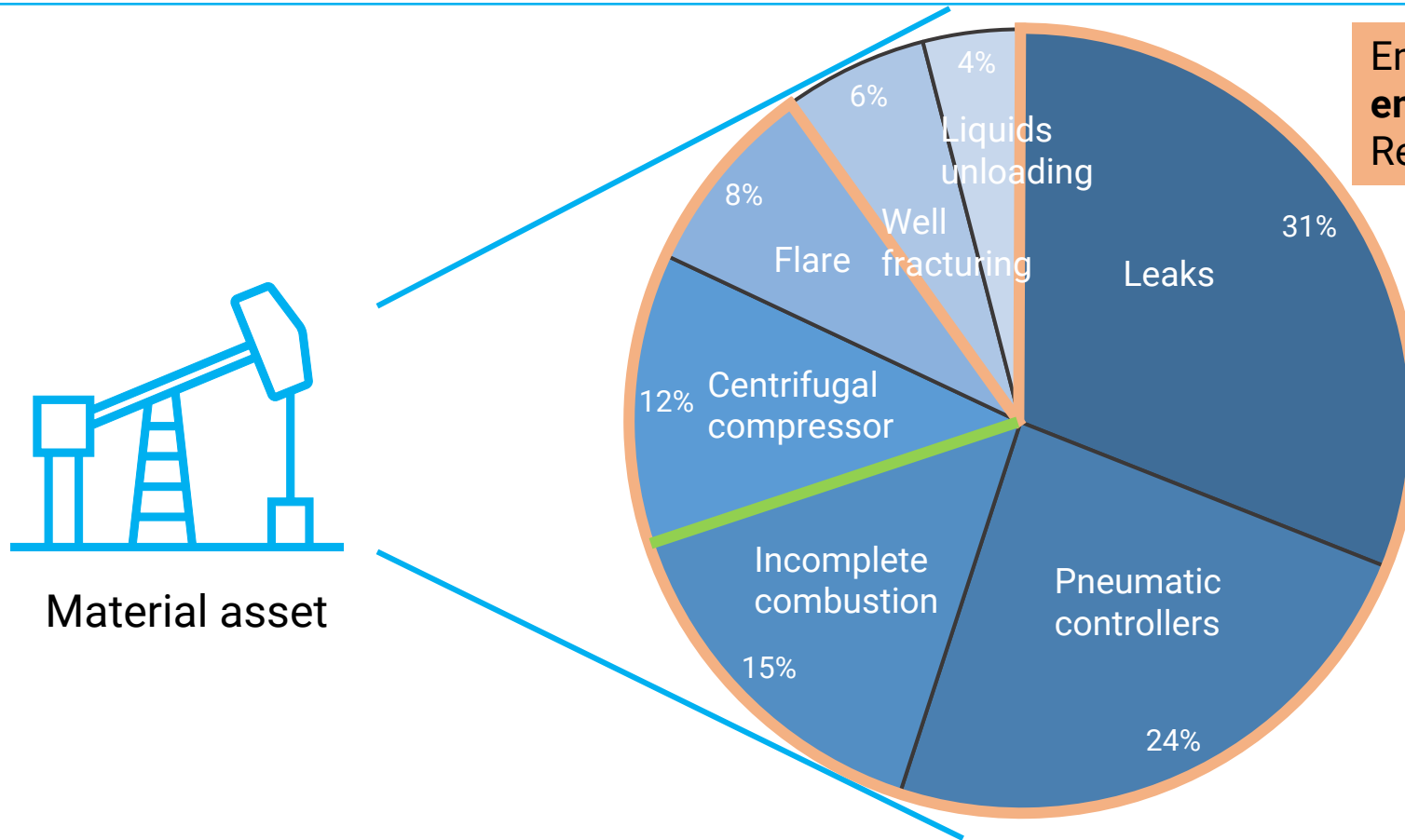


Ranking of assets based on emission estimates at level 3:

Part of the **95% top** emissions → **material**
Require level 4/5 quantification

Part of the **5% bottom** emissions → **immaterial**
Emissions reported but not required to reach level 4/5

Materiality at asset level





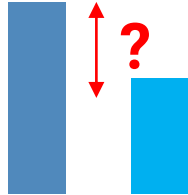





Emission sources contributing to top **90% of emissions at asset level** → **material sources**
Require level 4 quantification *

* Or at least 70% with a justification as to why >90% is not reached

Ranking based on best available data (minimum level 3 estimates)

De minimis (very minor) sources are out of scope of reporting (e.g. incomplete combustion in domestic boilers in the facility's buildings)

Step 3: Implementation Plan - roadmap to Gold Standard

	<h3>Performance target</h3> <ul style="list-style-type: none">• Absolute or intensity• Five-year delivery timeframe 		<h3>Level 4/5 reconciliation considerations</h3> <ul style="list-style-type: none">• Describe and justify the choice of method• Indicate possible technologies/methodologies 
	<h3>Phasing plan</h3> <ul style="list-style-type: none">• Commitment to reach level 4 and 5 on operated assets within 3 years for material assets• Credible path (staged approach, technologies...) 	 <p>NOJV</p>	<h3>Joint venture dynamics</h3> <ul style="list-style-type: none">• List of non-operated assets• Commitment to reach level 4 and 5 within 5 years for material assets 

Link to the Implementation plan guidance: <https://www.ogmpartnership.com/ogmp-20-implementation-plan-guidance>

Implementation plan key steps

1

Preparation

- Methane and OGMP2.0 awareness
- Resource allocation
- Compile list of assets (to be validated by the OGMP2.0 team)

4

Level 4 plans

- Planned or current Level 4 Technologies & Methodologies
- Resource allocation

2

Materiality analysis: Portfolio level

- Emissions estimations for operated and non-operated assets (equity>5%)
- Identification of material and immaterial assets
- Commitment to reach L4 and L5 (required timeframe)

5

Plans for site-level and L5 reporting

- Analysis of technologies to conduct site-level measurements
- Resource allocation

3

Materiality analysis: Asset level

- Emissions estimation based on the best available data
- Identification of material sources at asset level (at least L3)

6

Non-operated assets

- Communication, access to data
- Works with NOJV partners to progressively achieve Level 4 and Level 5

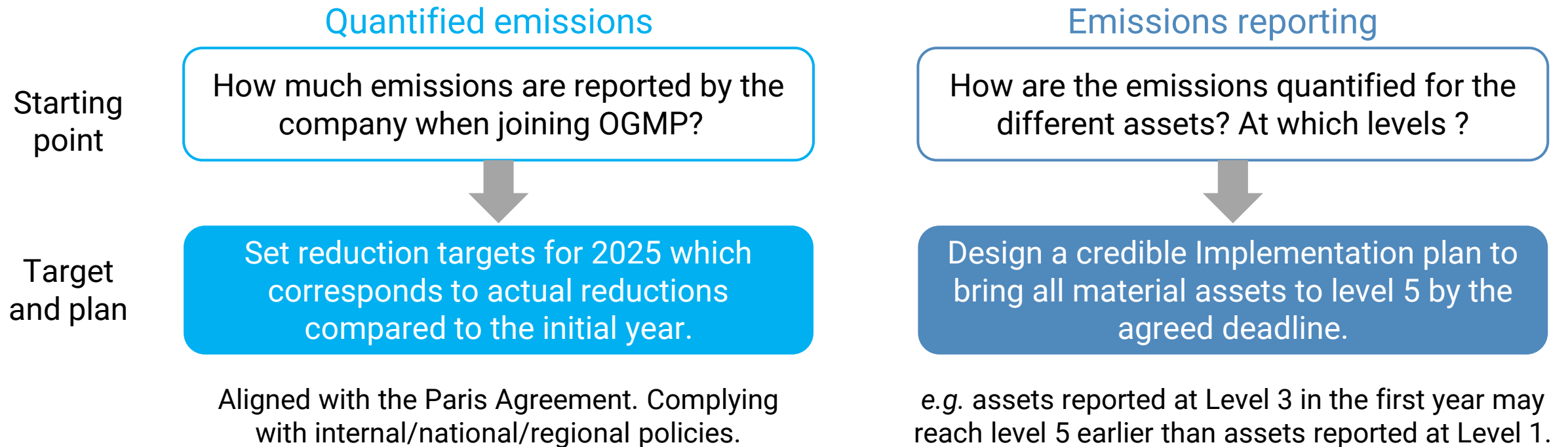
Members are required to submit an **implementation plan** describing current methane emissions estimates and how they plan to achieve Gold Standard Reporting by the agreed dates.

Members have the option to revise their plan every year.

Methane Target

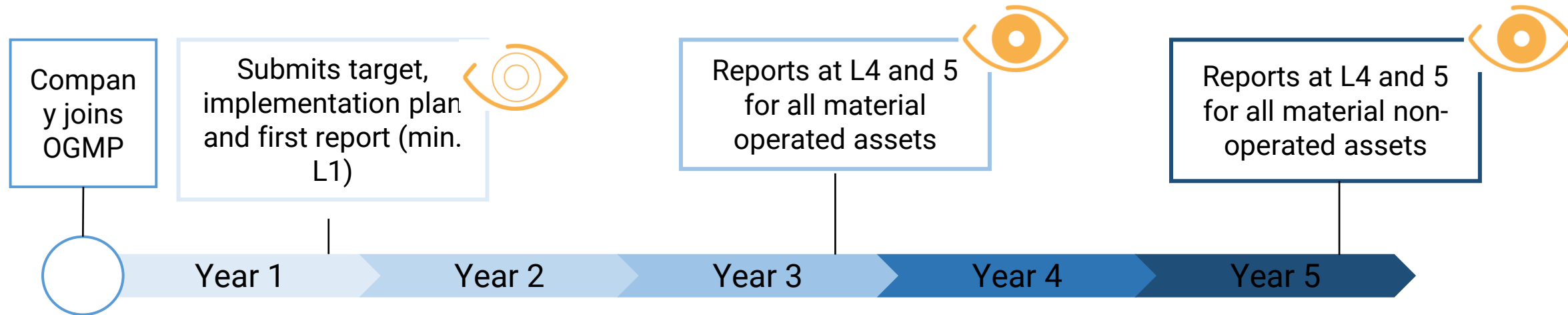
- Data availability, quality and further implications
- Scope
- Management involvement on target setting decisions


Step 4: Setting targets consistent with the starting point




Companies are encouraged to review and revise targets following changes in their portfolio, methodology and/or findings during their methane journey

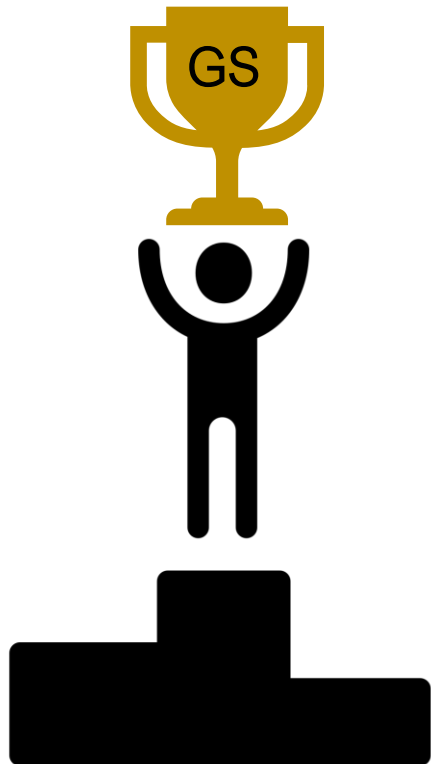
Reporting timeline: how to obtain and maintain Gold Standard



 Gold Standard Reporting once L5 is achieved within 3 years for material operated assets + other criteria

 Gold Standard Pathway can be granted sooner, to recognise company progress towards Gold Standard Reporting

At the end of the journey: rewards of the Gold Standard



Detailed and robust methane inventory: key for **implementing mitigation strategies**. Mitigation reduces emissions and recovers economic value of gas losses.

Demonstrates responsible methane emission management: **positive image** in the eyes of regulators, investors and the general public.

Compliance with **national or international regulations**: adapt to current and anticipate future regulations - more and more stringent on reporting and levels of emissions.

Reporting principles: adaptability within a guided framework



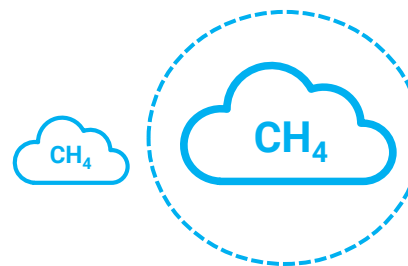
Flexible quantification methods.
Companies adopt the accurate methods that best suit their situation.



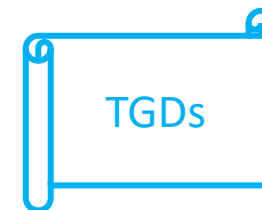
Documentation of the methods used for the purpose of **transparency**.



Recognition that measurement methodologies & technologies are still emerging and experience **continuously improves**



Focus on improving the quality of the data reported and reducing uncertainty on the **largest sources** of emissions first



Updated **guidance** in the TGDs and reporting templates provided by OGMP

**Phased approach to Gold Standard with a different timeline for operated and non-operated assets.
Quantification methods are documented and flexible.**

Thanks for your attention.

Training material developed by: **CARBON LIMITS**

In collaboration with the **UNEP OGMP 2.0 Team**

