

Methane to Markets Ministerial Meeting

Track 3: Oil & Gas

Financing, Market Challenges, & Opportunities

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Transferable Environmental Benefits Add Value to Clean-energy Projects

- Such systems have been in place in the United States since 1976
- They have produced billions of dollars in cost-saving
- They have produced hundreds of millions of dollars in profits
- They have improved the environment
- These systems are being extended to renewable energy trading and GHG trading
- They are endorsed by the OECD, IEA, EBRD, World Bank, EU, and many many other organizations....simply put: **they work!**

Transferable Environmental Benefits Add Value to Oil and Gas Modernization Projects

- Environmental trading includes GHG trading and renewable trading
- These benefits can add **5-15-50%** to the IRR of a project
- BUT to capture these benefits, regulatory systems must be put into place that create a tradable property right

We Know These Project Types

- Up-grading pipelines
 - Compressor improvements
 - Value Sealants
- Reducing the flaring of natural gas

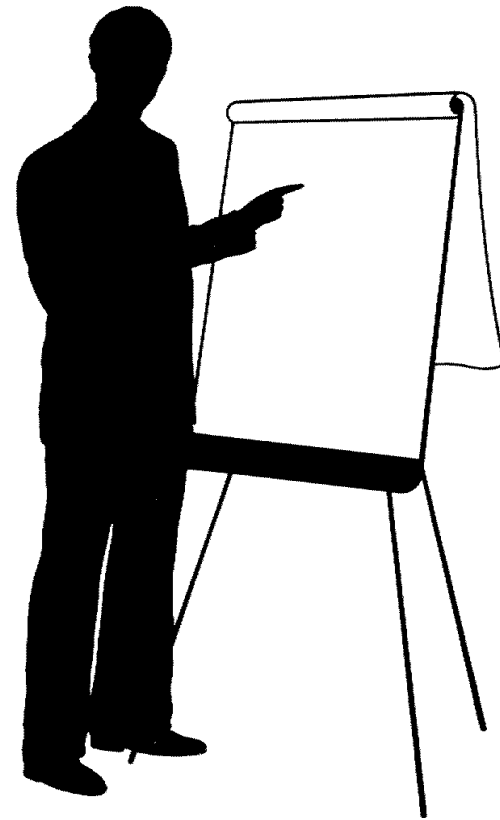
Based on my experiences with these projects I know the IRR of an oil and gas project can be enhanced by environmental trading, but.....

What Must Be In Place

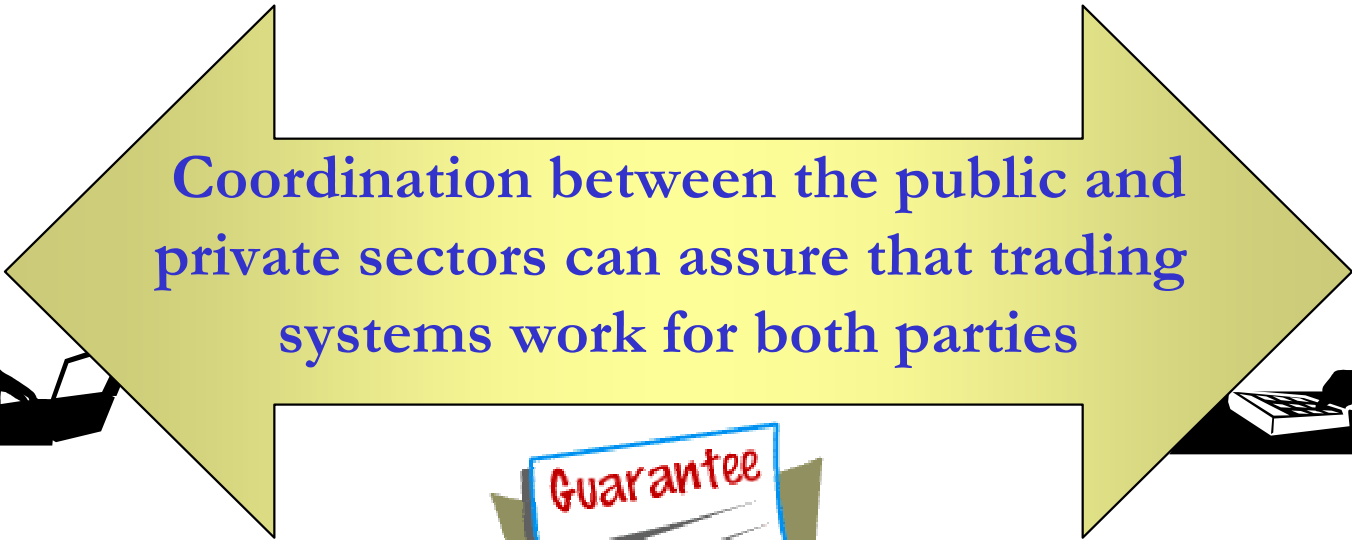
- Legislation
- Regulations
- Policies
- Tools
 - Inventories
 - Registries
 - Procedures

Do You Want to Make Money From Methane Reductions?

- ✓ Create property rights
- ✓ Create the human-capital needed to operate environmental trading systems
- ✓ Create the tools need to support environmental adding
- ✓ Create a transparent process
- ✓ Follow the rules



Finally: To Monetize These Benefits Remember, The Regulator is Your Partner



Coordination between the public and private sectors can assure that trading systems work for both parties

