Press Release

Methane Fees for Petroleum and Natural Gas Systems

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The Biden Administration has named regulating methane emissions a priority, and to date, the key proposal to address them in the Build Back Better Act (BBBA) is the imposition of a “methane fee.” In a new insight, Director of Energy Policy Ewelina Czapla analyzes the costs and emissions reductions of the proposed methane fee in the BBBA. Czapla notes, however, that the fee is absent from the administration’s Build Back Better framework, released October 28, raising questions about its future.

Key points:

- The BBBA includes various provisions aimed at addressing climate change, including a methane fee that would be in effect as of 2023.
- As proposed, the methane fee would be specifically targeted at the natural gas and petroleum industries and charge a $900-$1,500 fee per ton of methane.
- The fee would result in an annual cost between $42 billion and $72 billion, and as much as $417 million in fees per facility but would address only 2.6 percent of total annual greenhouse emissions.

Read the analysis