

API – Keynote Address

Air & Waste Management Association - Louisiana
Annual Conference

Baton Rouge, LA

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October 29, 2024

American Petroleum Institute (API)

*API is the only national trade association that represents all aspects of America's oil and natural gas industry. Our **more than 625 corporate members**, from the largest major oil company to the smallest of independents, come from all segments of the industry. They are producers, refiners, suppliers, marketers, pipeline operators and marine transporters, as well as service and supply companies that support all segments of the industry.*

*API is the oil and natural gas **industry's most influential champion** for **over a 100 years**.*

Lights On Energy



At a time of persistent inflation and geopolitical instability, the American people need more affordable energy and less political gamesmanship.

Here are five actions policymakers can take today to cement American energy leadership, protect consumers and help reduce inflation.

1. **PROTECT CONSUMER CHOICE**
2. **RESTORE THE ROLE OF AMERICAN ENERGY IN BOLSTERING OUR GEOPOLITICAL STRENGTH**
3. **FULLY LEVERAGE OUR ABUNDANT NATURAL RESOURCES**
4. **FIX OUR BROKEN PERMITTING SYSTEM**
5. **ADVANCE SENSIBLE TAX POLICY**



Climate Action Framework

API shares with global leaders the goal of reduced emissions across the broader economy and, specifically, those from energy production, transportation and use by society. To achieve meaningful emissions reductions that meet the climate challenge, it will take a combination of policies, innovation, industry initiatives and a partnership of government and economic sectors.

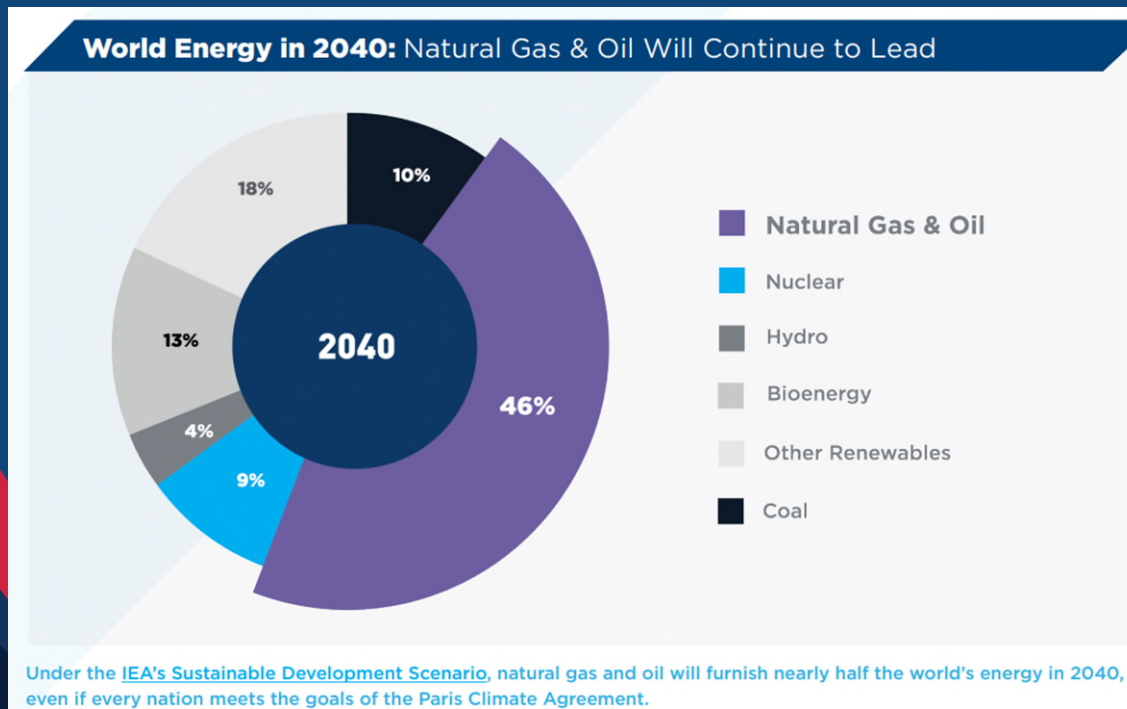
The objective is large enough that no single approach can achieve it.

- ***Accelerate Technology and Innovation*** to reduce emissions while meeting growing energy needs
- ***Further Mitigate Emissions from Operations*** to advance additional environmental progress
- ***Endorse a Carbon Price Policy*** by government to drive economywide, market-based solutions
- ***Advance Cleaner Fuels*** to provide lower-carbon choices for consumers
- ***Drive Climate Reporting*** to provide consistency and transparency

Global Need for Energy

The challenge of meeting the world's growing need for energy while simultaneously ushering in a lower-carbon future is massive, intertwined and fundamental. It is the opportunity of our time – governments, industries, and consumers must rise to seize it together.

The United Nations has projected that global population will increase from 7.7 billion in 2019 to nearly 10 billion in 2050, and energy demand will grow with it – and grow the fastest among many emerging economies that struggle today to alleviate energy poverty.



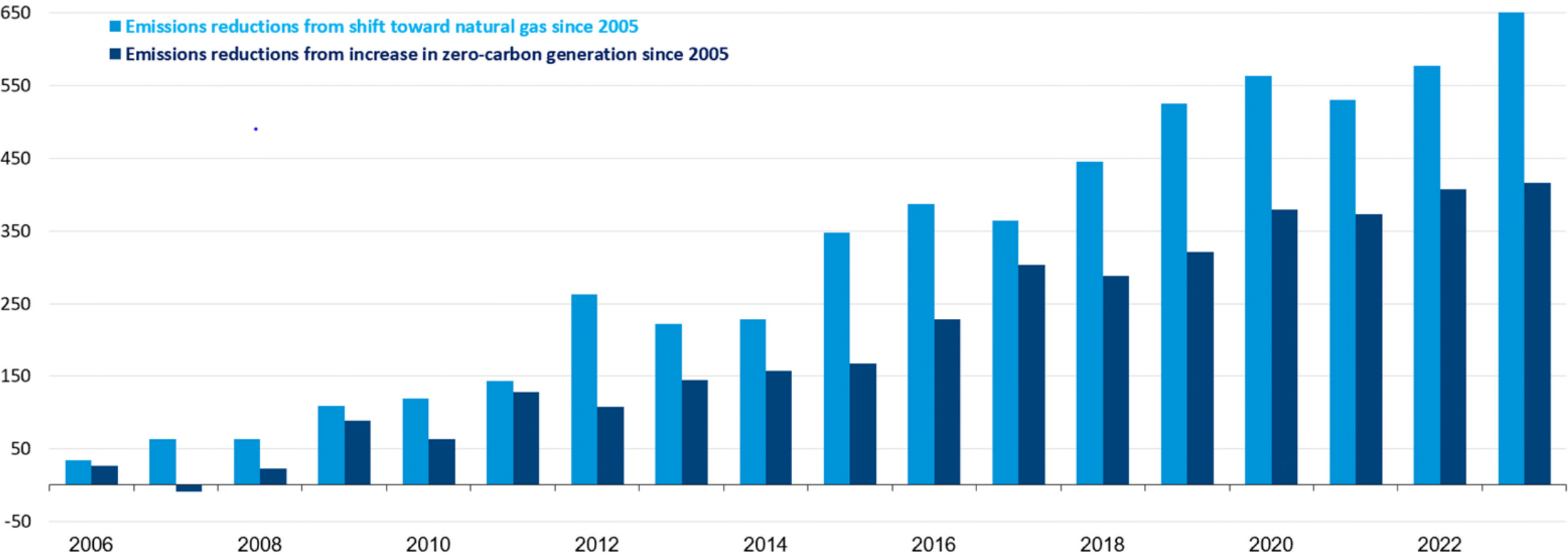
Our industry is at the center of this challenge. Natural gas and oil provide more of the world's energy than any other source and will continue to be leading resources for decades to come.

Reducing Emissions

Natural gas has reduced US power sector CO₂ emissions more than renewables

Emission Reductions Relative to 2005 Caused by Changes in the Fuel Mix of Electricity Generation

CO₂ reductions (million metric tons)



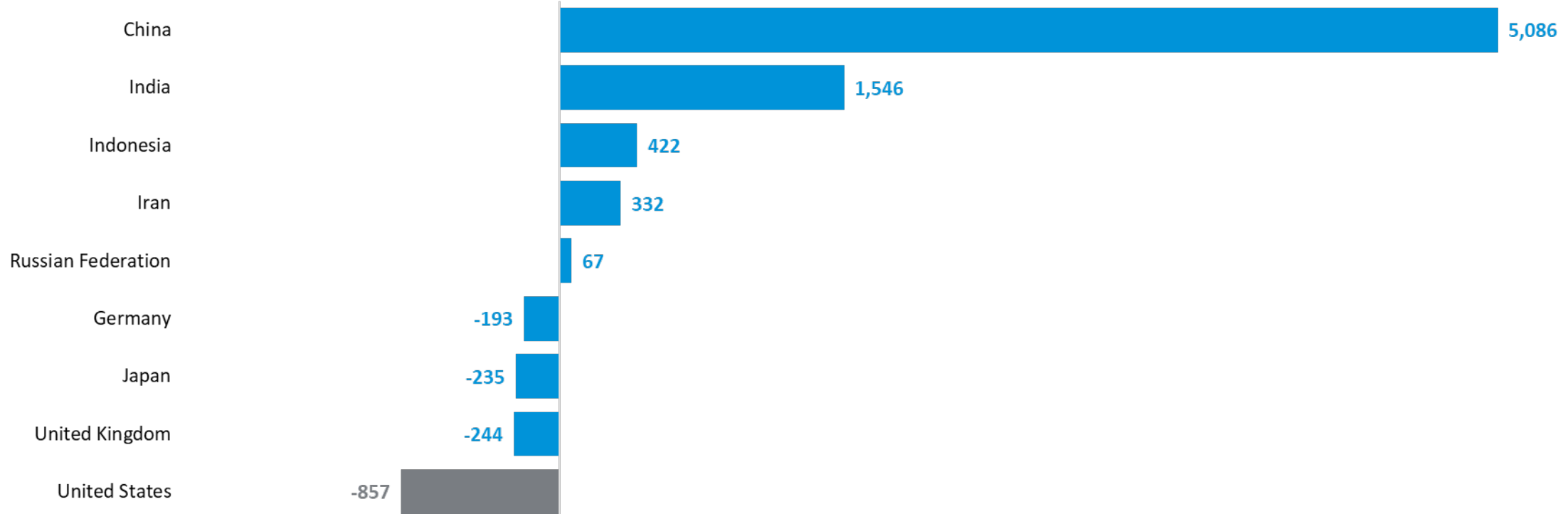
Source: Energy Information Administration.

Reducing Emissions

The U.S. leads the world in CO₂e emission reductions since 2005.

Change in Annual CO₂e Emissions by Select Countries, 2022 Relative to 2005

Carbon dioxide equivalent emissions (*million tons*)



Notes: Emissions estimate includes "carbon dioxide emissions from energy, carbon dioxide emissions from flaring, methane emissions, in carbon dioxide equivalent, associated with the production, transportation and distribution of fossil fuels, and carbon dioxide emissions from industrial processes."

Source: Energy Institute.

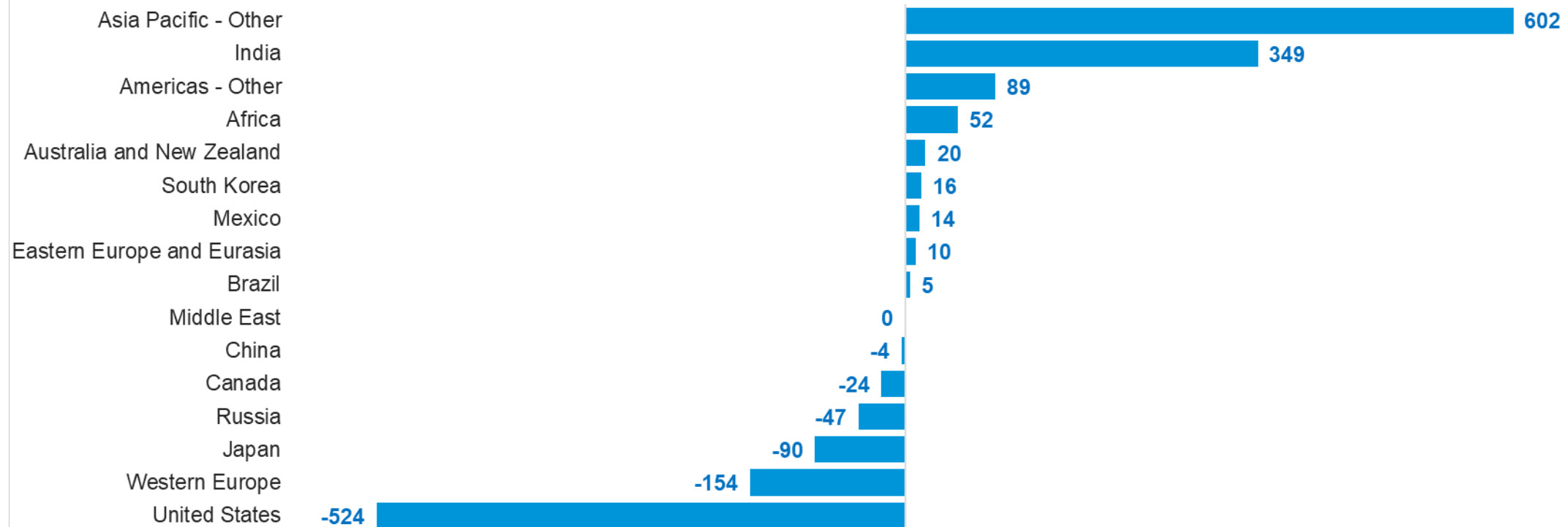
Reducing Emissions

Future U.S. power sector emissions reductions won't matter if the rest of the world continues burning coal

CO₂ emissions from coal-fired power generation in India, developing economies in Asia, and China are projected to increase rapidly

Change in CO₂ emissions from power generation from 2024 to 2040

million metric tons



Note: Based on Energy Information Administration's International Energy Outlook 2023 - Reference Case

Source: Energy Information Administration; API calculations.

Reducing Emissions

U.S. methane emissions reductions – progress

United States Onshore Production and Upstream Methane Emissions

Change between 2015-2022 (percent)

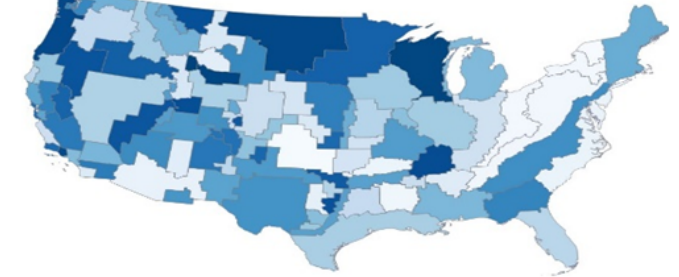
Oil & natural gas production*

39%

-37%

Methane emissions

U.S. onshore basins



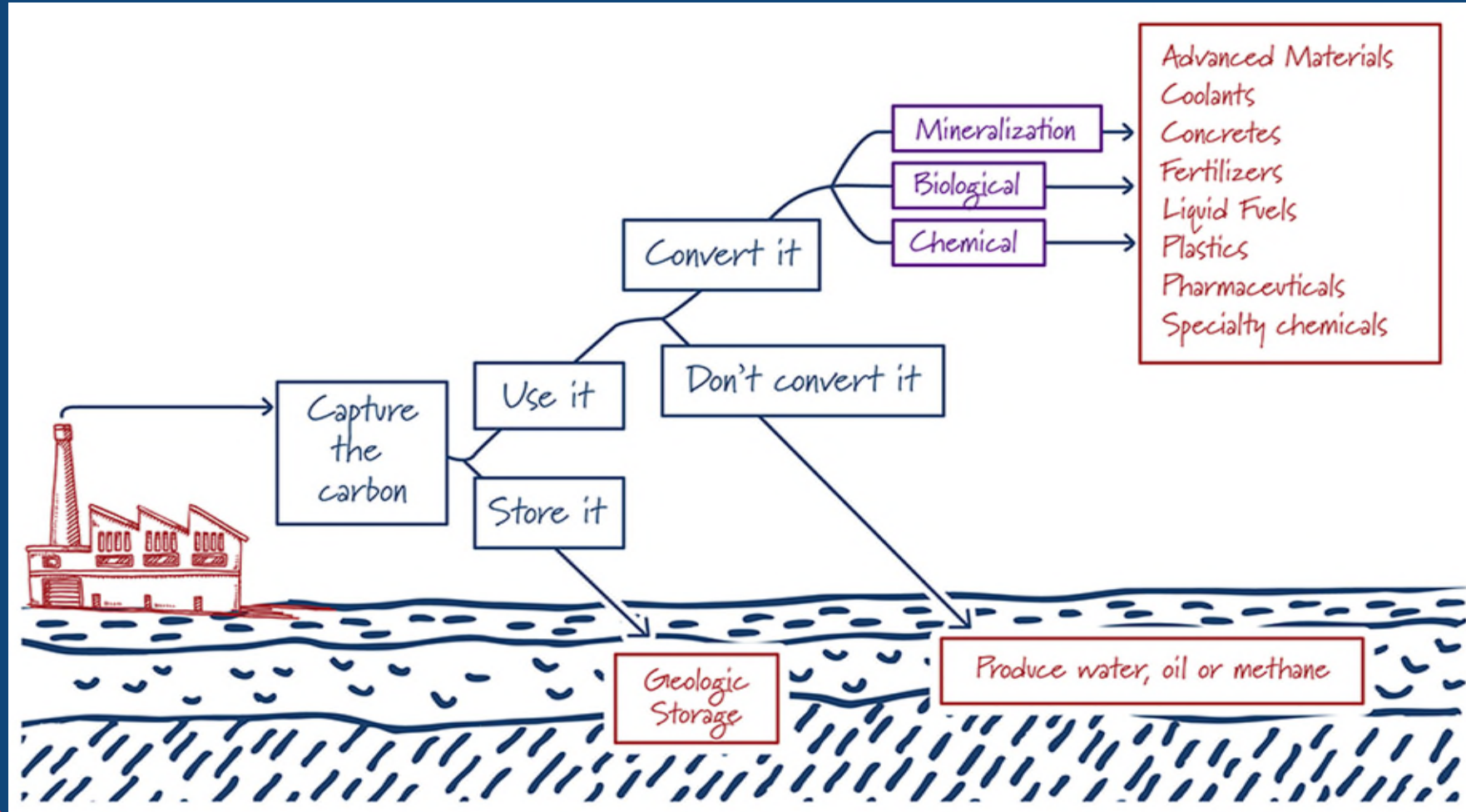
-55%

Methane intensity

Note: *Production in barrels of oil equivalent. Methodology based on NGSi protocol, May 2023.

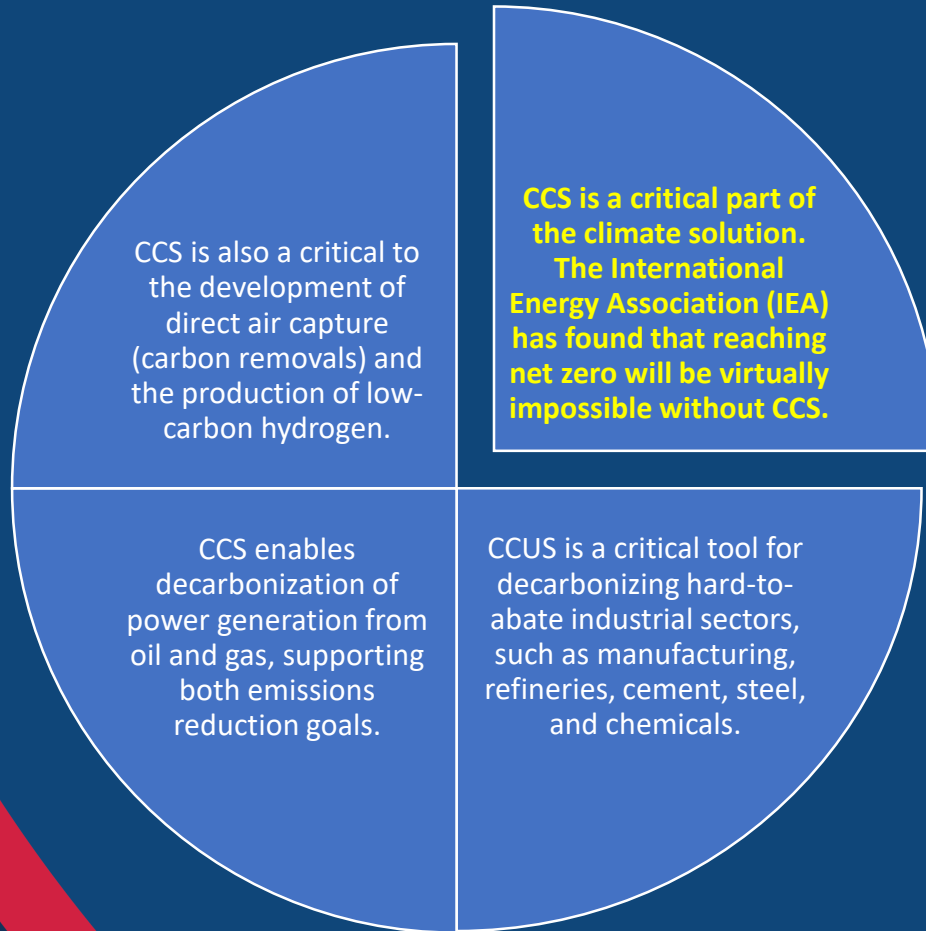
Source: Environmental Protection Agency.

Carbon Capture and Storage (CCS)



Graphic produced by ClearPath

Why is CCS Important?



Federal Incentives



45Q tax credit for carbon sequestration: The IRA expanded the 45Q tax credit for carbon sequestration, providing tax credits of \$85 and \$160 per ton of CO₂ permanently stored by CCS and DAC.



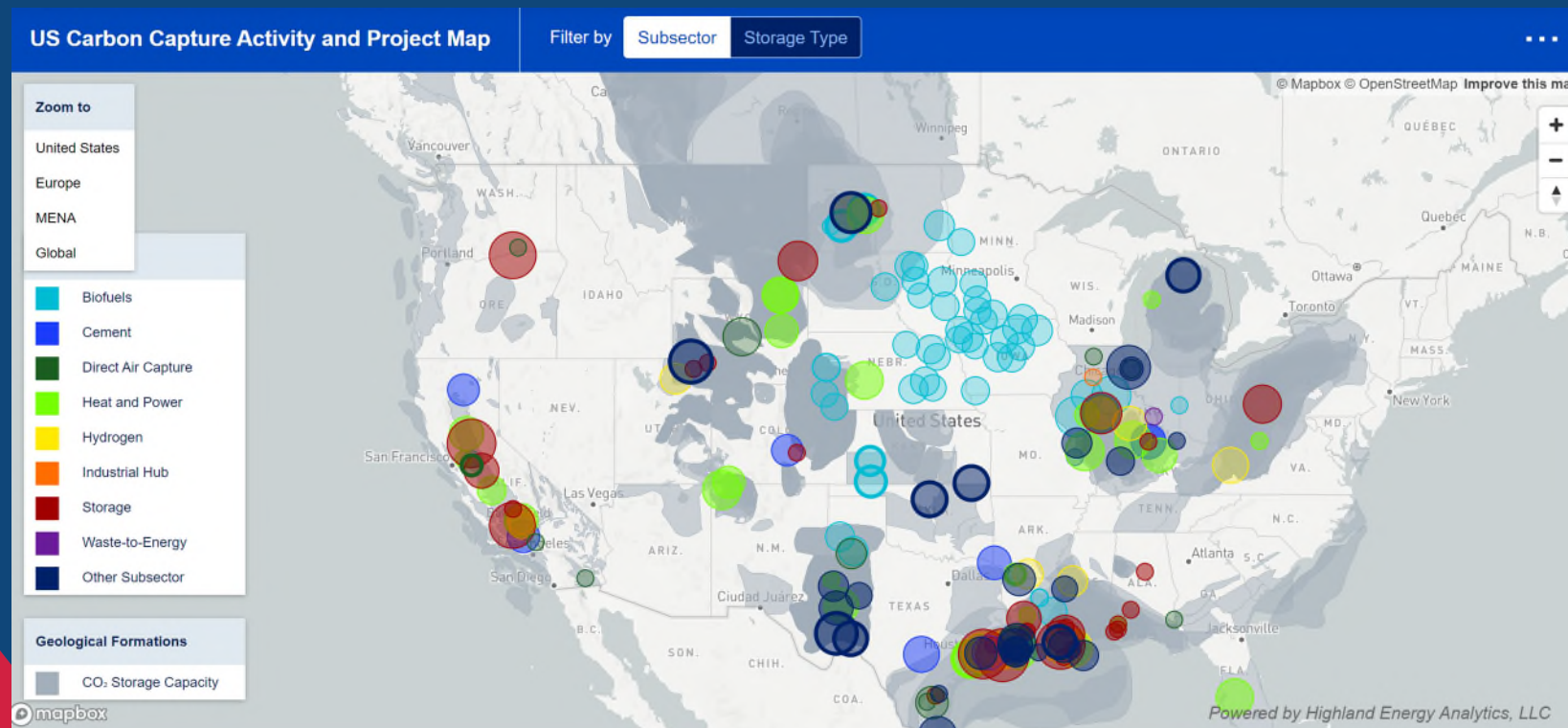
DAC Hubs and Hydrogen Hubs: IJA appropriated \$3.5 billion and \$8 billion for DAC Hubs and Hydrogen Hubs respectively, aiming to provide demonstrations and accelerate the commercialization of these technologies. Multiple of the announced hydrogen hubs plan to utilize CCS.



Carbon Dioxide Transportation Infrastructure Finance and Innovation (CIFIA): The IJA appropriated \$2.1 billion to CIFIA for low-interest loans and grants to support the buildout of CO₂ infrastructure.

Outlook for CCS

- Louisiana at forefront of CCS growth. There are 47 projects/facilities (293 US) representing 141 MTs capacity (932) representing 15% of US planned projects with 50% of these projects operational by 2027. ([CCUS Projects Database - Data product – IEA](#))



Key Regulatory Issues for Louisiana Operations

- Methane
- LNG/Leasing in Gulf of Mexico
- Vehicles/Fuel Standards
- TSCA/Risk Assessment Methodology
- NSPS/MACT Standards
- Monitoring
- NAAQS
- Permitting

Regulatory Actions with Near Term Impact

- NSPS Kc – Storage Tanks
- Gasoline Distribution Terminals
- Combustion Turbines
- HON/MON
- RMP
- MM2A
- AERR?