

U.S. Environmental Protection Agency

EPA Docket Center, Air and Radiation Docket, Mail Code 28221T

1200 Pennsylvania Avenue NW

Washington, DC 20460

Attn: Docket No. EPA-HQ-OAR-2023-0434

RE: Comments on Proposed Waste Emissions Charge for Petroleum and Natural Gas Systems

Dear Agency Officials:

EOS at Federated Hermes Limited (EOS)<sup>1</sup> appreciates the opportunity to submit comments in support of the Environmental Protection Agency's (EPA) proposed rule that fulfils the Congressional directive in the Inflation Reduction Act's (IRA) Methane Emissions Reduction Program (MERP)<sup>2</sup> which requires the EPA to impose and collect an annual Waste Emissions Charge (WEC) on facilities with annual emissions exceeding 25,000 tons of CO<sub>2</sub>e and methane emissions above thresholds specified by Congress in the IRA<sup>3</sup>.

EOS is a leading stewardship service provider advising on \$1.4tn<sup>5</sup> assets on behalf of global international institutional investors. Our purpose is to support clients to be active and responsible owners, seeking alignment between their investee companies and the long-term fiduciary interests of their investors. The views expressed in this communication are those of EOS and do not necessarily represent the views of all our clients or our affiliates, or their clients.

EOS supports the regulatory strengthening of methane emissions reduction in the United States. This is consistent with our earlier support of the EPA's standards of performance and emissions guidelines to reduce emissions from exploration and production<sup>6</sup>; PHMSA's pipeline safety rule to reduce emissions from gathering, boosting and transmission<sup>7</sup>; and the EPA's revisions to oil and gas reporting requirements in Subpart W of the greenhouse gas reporting program<sup>8</sup> to ensure emissions reported to the EPA are accurate and based on real world empirical data.

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<sup>1</sup> EOS is the trade name under which Hermes Equity Ownership Services Limited operates. EOS is a subsidiary of London-based Federated Hermes Limited.

<sup>2</sup> [Methane Emissions Reduction Program | US EPA](#). Full proposal [2024-00938.pdf \(govinfo.gov\)](#).

<sup>3</sup> [Waste Emissions Charge | US EPA](#)

<sup>4</sup> The WEC applies to emissions at \$900 per metric ton of methane occurring in 2024, \$1,200 per metric ton of methane in 2025, and \$1,500 per metric ton in 2026 and thereafter. [Fact Sheet: Proposed Rule: Waste Emissions Charge for Petroleum and Natural Gas Systems \(epa.gov\)](#)

<sup>5</sup> As of December 31, 2023

<sup>6</sup> [EOS consultation letter in support of Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review](#)

<sup>7</sup> [EOS consultation letter in support of Pipeline Safety: Gas Pipeline Leak Detection and Repair](#)

<sup>8</sup> [EOS consultation letter in support of Greenhouse Gas Reporting Rule: Revisions and Confidentiality Determinations for Petroleum and Natural Gas Systems](#)

We are writing in support of the proposed rule for the WEC to allow the use of the data identified through Subpart W to calculate the waste emissions charge fees as a key part of the implementation and success of the IRA. The WEC fees will be mitigated through the level of preparedness demonstrated by the state level and PHMSA plans and so help to incentivize good industry practices.

We believe with this regulation, in combination with the previous and upcoming regulations regarding methane performance, the EPA can play a constructive role enhancing the US oil and gas sector's global competitiveness, and ensure the US sector is able to meet energy demands in an economically viable fashion, by providing regulatory certainty that helps elevate average US-wide methane performance to meet customer demands for low methane emission suppliers.<sup>9</sup>

We continue to emphasize our position that the final proposed rule should be principles based, and seek to promote the following principles:

- Enhance reporting transparency, credibility, and comparability;
- Promote best operating practices;
- Improve public health and safety and human rights; and
- Further value chain regulatory oversight and transparency.

We believe this letter in support of a methane WEC that applies to the largest emitters is consistent with our fiduciary responsibility to our clients and their beneficiaries to seek to enhance shareholder returns. We encourage your agency to move swiftly to finalize the proposed rule and would be happy to further discuss our views in a call or meeting at your convenience. Thank you for your consideration.

Respectfully,

Dana Barnes, Associate – Engagement

Diana Glassman, Director – Engagement

EOS at Federated Hermes Limited

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<sup>9</sup> In July 2023, [the EU, Japan and South Korea, who are all large liquefied natural gas \(LNG\) customers, along with the US and Australia, participated in a joint statement affirming the importance of transparency for methane emissions data in the fossil fuel energy sector and supporting accelerated methane reduction in the LNG value chain. Big LNG buyers and producers to tighten methane monitoring | Financial Times \(ft.com\)](#)