As the undersigned investors representing $3.89 trillion in assets under management, we write today to express our support for the Pennsylvania Department of Environmental Protection’s (DEP) efforts (25 PA. CODE CHS. 121 AND 129) to regulate methane emissions from existing oil and gas infrastructure. While addressing the public health and economic impacts of COVID-19 remains paramount at this time, we welcome DEP’s continued efforts to cut waste and mitigate climate change—another impending public health and economic challenge—by reducing methane emissions from oil and gas operations. In fact, today’s current public health crisis makes smart, cost-effective policies to cut air pollution and protect our climate even more important. In support of these goals, we would also like to hear the companies in our portfolios publicly support the Pennsylvania DEP’s regulation of methane.

As investors, we collectively direct trillions of dollars with a view to ensure sound financial returns for our beneficiaries. We recognize the significant financial risks posed by climate change as well as the enormous economic opportunities provided by low-carbon and climate-resilient technologies, markets and business models. It is estimated that around a quarter of man-made methane emissions—which have more than 80 times the global warming potential than carbon dioxide—come from the oil and gas sector. Therefore, it is critical that methane emissions from this sector are appropriately and comprehensively addressed.

Methane mitigation technologies have proven themselves cost-effective when implemented, driving additional revenue through the capture of otherwise lost product. The efficient use of product is particularly valuable during shocks such as COVID-19. What’s more, improvements in technologies continue to drive declines in capital and operational costs of methane mitigation, making them more affordable to producers large and small.¹ As Pennsylvania’s oil and gas industry experiences strong production and looks to increase export levels, strong methane standards support global competitiveness in a world with increasingly stringent climate policies and corporate supply chain emissions-reduction goals.

Investors have made engagement with oil and gas companies on methane a key priority in recent years, working with companies to set targets and align their operational practices accordingly. Yet, while some companies are demonstrating leadership on managing methane emissions, industry performance is not uniform. Recent analysis from the Environmental Defense Fund has found that Pennsylvania’s oil and gas companies are emitting over 1.1 million tons of methane annually, more than 16 times what is reported to the state.² Without a level

playing field, the poorest performers will shape the public narrative on natural gas, overshadowing proactive measures of industry leaders and risking the industry’s social license to operate. As the second largest producer of natural gas in the country, Pennsylvania plays a key role in setting leading standards for other states to follow.

For these reasons, we write today to urge DEP to finalize a strong existing-source methane rule that will complement the new-source general permits already in place, as well as to encourage industry leaders to support DEP’s adoption of a strong rule. The draft of this existing-source rule should be improved in two ways:

1. Extending the regulations to include low-producing wells. More than half of Pennsylvania’s oil and gas-related methane emissions come from low-producing wells. Yet, DEP’s own analysis shows that only a few hundred of the 71,000 low-producing wells in the state would be required to conduct regular inspections under the draft regulations.

2. Maintaining a frequency of quarterly leak detection and repair (LDAR) inspections. Research has shown that increasing the frequency of inspections can greatly reduce emissions at reasonable cost\(^3\) by limiting the number of unaddressed leaks between surveys.\(^4\)

We appreciate DEP's leadership in moving forward this important regulation. The finalization of strong regulations will help Pennsylvania’s oil and gas sector maintain its viability for the foreseeable future while addressing the economy-wide risks of climate change.

Sincerely,

Adrian Dominican Sisters, Portfolio Advisory Board
Aegon Asset Management
Aquinas Associates
As You Sow
Boston Common Asset Management
Boston Trust Walden Company
California State Teachers’ Retirement System (CalSTRS)
Church Investment Group
Committee on Mission Responsibility Through Investment of the Presbyterian Church U.S.A.

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\(^4\) Ravikumar et al. “Repeated leak detection and repair surveys reduce methane emissions over scale of years.” 26 Feb. 2020
Congregation of Sisters of St. Agnes
Corporate Responsibility office - The Province of Saint Joseph of the Capuchin Order
Dana Investment Advisors
Domini Impact Investments
EOS at Federated Hermes, on behalf of its clients
Everence and the Praxis Mutual Funds
EverHope Capital
Felician Services, Inc.
Federated Hermes International
Figure 8 Investment Strategies
Friends Fiduciary Corporation
Hannon Armstrong
Kendall Sustainable Infrastructure
Leadership Team of the Felician Sisters of North America
Legal & General Investment Management
Maryknoll Sisters
Mercy Investment Services, Inc.
Miller/Howard Investments, Inc.
Missionary Oblates International Pastoral Investment Trust
NEI Investments
NorthStar Asset Management, Inc.
Northwest Coalition for Responsible Investment
New York City Office of the Comptroller
New York State Common Retirement Fund
Pennsylvania State Treasurer Joe Torsella
Pax World Funds
Region VI Coalition for Responsible Investment
Robeco
Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA
Sisters of St. Francis of Philadelphia
Sisters of the Humility of Mary
Sisters of the Presentation of the BVM of Aberdeen SD
Skye Advisors
Socially Responsible Investment Coalition
Sonen Capital
The Episcopal Church (DFMS)
Trillium Asset Management
United Methodist Women
Unitarian Universalist Association
Wespath Benefits and Investments
Zevin Asset Management