S&P Global Platts and Xpansiv Launch Methane Performance Benchmark in Natural Gas Market

Registered Source Data Brings Transparency to the Value of Carbon Intensity of Natural Gas
- First MPC Trade Occurs Between Pacific Canbriam Energy and Skeena Bioenergy Ltd -

NEW YORK, Oct. 18, 2021 /PRNewswire/ -- S&P Global Platts, the leading independent provider of information and benchmark prices for the commodities and energy markets, and Xpansiv, the global marketplace for ESG commodities, have launched a new benchmark for methane performance in natural gas production in the United States. Methane Performance Certificates (MPCs) allow a US producer to sell instruments representing zero methane emission natural gas production.

Increased scrutiny of the upstream carbon intensity associated with the production of fossil fuels has prompted investors, consumers, and producers to seek new ways to reduce their carbon footprint, resulting in growing demand for "low-carbon" fuels.

The production and transportation of natural gas, often touted as an alternative to coal or oil, can emit large volumes of methane — a substantially more potent greenhouse gas (GHG) than carbon dioxide. Methane intensity is the measure of methane emissions as a percentage of natural gas produced. MPCs provide a tradeable instrument for achieving a lower intensity, unlocking the market value of reducing the impact of gas production. Each MPC represents 1 MMBtu of gas produced with zero methane emissions.

Xpansiv applies third-party standards, protocols, and certifications to continuously metered data to create Digital Natural Gas (DNG) units, which are digital representations of the complete physical and energy profile of natural gas, providing a provenance chain back to a specific source. MPCs are, in turn, recorded on Xpansiv's digital registry based on the methane-emissions intensity of the produced gas, providing the marketplace with a fungible Methane Performance Certificate product that establishes an incentive and clear price signal for lower carbon-intensive natural gas production.

On October 4, S&P Global Platts launched a daily price benchmark of Methane Performance Certificates in dollars per MPC ($/MPC) and dollars per metric ton of carbon dioxide equivalent ($/mtCO2e) in order to bring transparency to this new market. The new MPC assessment reflects bids, offers, and transactions in the open market, including data from exchanges, as well as information heard in the over-the-counter market. On October 15, Platts assessed MPCs at 3.9cents/MPC or $6.29/mtCO2e.

Mark Callahan, Editorial Director, Americas Generating Fuels and Power Pricing, S&P Global Platts, said:"The launch of daily price assessments for MPCs follows extensive consultation with natural gas market participants. We welcome the opportunity to bring improved pricing transparency to this emerging market. Platts recognizes the role that MPCs can play in enabling producers and commercial, industrial, and utility consumers to differentiate and value cleanly-produced, responsibly-sourced natural gas in the pathway to net-zero emissions goals."

Andrew Pisano, Head of XRegistries, Xpansiv, said:"Grounded in real-time, metered production data and available ambient monitoring, the MPC becomes part of an immutable and auditable data set for natural gas production. It allows the market to

reward producers with low methane leakage by creating a clear market price related to methane release. We are pleased to support natural gas market participants on their path to reach their ESG targets and climate commitments."

As part of the inaugural launch, the first MPC will be transferred between Pacific Canbriam Energy and industrial gas customer Skeena Bioenergy Ltd, a manufacturer of wood pellets exported to the UK, EU, and Japan, displacing coal in electricity generation.

"Skeena Bioenergy has decided to make commodity procurement decisions based on higher standards for fugitive emissions, so reducing the lifecycle impact of its wood pellets," said Skeena President Roger Keery. "This process provides incentives to producers to meet higher standards, employ best practices, and improve transparency. It's an important step forward to lower our GHG footprint."

MPCs can be registered, issued, transacted, and retired in accordance with Xpansiv's Digital Fuels Program to eliminate double counting. Xpansiv's DF Registry maintains a complete record of the MPC and its associated environmental claims, ensuring data quality and enhanced data management.

For additional details of the Platts MPC price assessment methodology, see this subscriber note. For additional details of the Xpansiv MPC methodology, visit the Digital Fuels Program Governance Framework.

S&P Global Platts' parent, S&P Global, has an equity investment in Xpansiv through its S&P Global Ventures arm.

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About Xpansiv

Xpansiv is the global marketplace for ESG-inclusive commodities. These Intelligent Commodities bring transparency and liquidity to markets, empowering participants to value energy, carbon, and water to meet the challenges of an information-rich, resource-constrained world. The company's main business units include CBL, the largest spot exchange for ESG commodities, including carbon, renewable energy certificates, and Digital Natural Gas™; H2OX, the leading spot exchange for water in Australia; XSignals, which provides end-of-day and historical market data; and EMA, the leading multi-registry portfolio management system for all ESG-inclusive commodities. Xpansiv is the digital nexus where ESG and price signals merge. Xpansiv.com

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