S&P Commodity Insights Launches 19 New Satellite-driven Methane Intensity Calculations and Corresponding Premiums for U.S. Natural Gas Production Basins

NEW YORK, April 5, 2022 /PRNewswire/ -- S&P Commodity Insights, the leading independent provider of information and benchmark prices for the commodity and energy markets, has launched new Platts monthly Methane Intensity calculations and corresponding daily methane intensity premiums for 19 separate US natural gas production basins, bringing much-needed visibility to the actual volume of emissions generated through fossil fuel production.

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Deb Ryan, Head of Low Carbon Market Analytics at Commodity Insights, said: "Improved monitoring technology over the last several years has shown that previous methods of measuring the amount of methane generated by a wide variety of different industries dramatically underestimated the true volume of methane being released into the atmosphere. This takes place throughout the production and transport of fossil-fuel derived natural gas."

The transition away from coal burning over the last twenty years has resulted in a sharp increase in natural gas production and, by extent, has contributed to the persistent increase in the amount of associated methane in the atmosphere. Methane is a significantly more potent greenhouse gas (GHG) than carbon dioxide (CO2) and is anywhere from 84 to 87 times more potent over the first 20 years of its lifecycle when released unburned.

Paula VanLaningham, Global Head of Carbon Pricing at Commodity Insights, said:"It has become increasingly clear that tackling methane emissions needs to be one of the top priorities in the fight against climate change, and this hinges on getting an accurate picture of the scope of the challenge. Having that visibility as well as a clearer understanding of the costs it entails, is absolutely critical in tackling the problem."

The methane intensity of natural gas production is calculated by looking at the volume of methane emitted as a percentage of total production (% of total production). Measuring the methane intensity percentage is one way of gauging and measuring the single largest generator of greenhouse gases (GHGs) in the natural gas production process.

Platts' methane emission rate calculation uses satellite data to obtain a more accurate picture of the true scope of methane emissions in the U.S. natural gas process. Data is collected by the Copernicus Sentinel-5P satellite using the TROPOspheric Monitoring Instrument (TROPOMI) attached to the satellite. Platts then uses a top-down atmospheric inversion framework to estimate the average monthly emissions rate using GEOS-chem simulation for each of the 19 production basins.

Platts is also providing first-of-its kind daily pricing data in both dollars per MMBtu ($/mmbtu) and dollars per metric ton of carbon dioxide equivalent ($/mtCO2e) for each of the 19 production basins, using the Platts Methane Performance Certificate

(MPC) assessment. Platts launched MPCs in partnership with Xpansiv CBL in October 2021. An MPC represents 1 MMBtu of natural gas produced with zero methane emissions.

For additional details of the Platts MPC assessment methodology by S&P Global Commodity Insights, see the methodology guide available here: https://www.spglobal.com/commodity-insights/PlattsContent/_assets/_files/en/our-methodology/methodology-specifications/methane_performance.pdf. For additional details of the Xpansiv MPC methodology, visit the Digital Fuels Program Governance Framework here.

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We are a trusted connector that brings together thought leaders, market participants, governments, and regulators to co-create solutions that lead to progress. Vital to navigating Energy Transition, S&P Global Commodity Insights' coverage includes oil and gas, power, chemicals, metals, agriculture and shipping.

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