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Inflation Reduction Act Methane Emissions Charge: Overview and Considerations for Policymakers

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On August 16, 2022, President Biden signed H.R. 5376 (P.L. 117-169), a budget reconciliation measure commonly referred to as the “Inflation Reduction Act of 2022” (IRA). Among other provisions, IRA amended the Clean Air Act (CAA) by adding Section 136. Section 136 directs the U.S. Environmental Protection Agency (EPA) to impose and collect a “waste emissions charge” (WEC) for methane emissions from specific types of facilities that are required to report their greenhouse gas (GHG) emissions to the EPA’s Greenhouse Gas Emissions Reporting Program (GHGRP). This charge is the first time the federal government has directly imposed a charge, fee, or tax on GHG emissions.

Since its inception, the methane charge has received considerable attention from some Members of Congress and a range of stakeholders. Some policymakers have raised concerns about economic impacts resulting from the methane charge, including impacts on natural gas prices. Some policymakers are concerned about the charge in the context of EPA regulations to address methane emissions from the same categories of new and existing facilities. Others point out that methane mitigation could be a key component of U.S. climate policy due to methane’s shorter-term climate impacts compared to other GHGs.

On November 18, 2024, EPA issued a final rulemaking to implement the WEC. EPA’s WEC rulemaking received attention under the Congressional Review Act (CRA). In February 2025, both the House and the Senate passed a joint resolution (H.J.Res. 35) disapproving of EPA’s WEC rule. President Trump signed the measure on March 14, 2025, enacting the resolution (P.L. 119-2). The CRA disapproval does not alter the statutory requirements of CAA Section 136 that direct EPA to implement the WEC. Accordingly, EPA may have to determine how to comply with Section 136 without adopting a rule that is substantially the same as the disapproved rule in violation of the CRA.

In the 119th Congress, P.L. 119-21, a budget reconciliation measure sometimes known as the “One Big Beautiful Bill Act,” which was signed by the President on July 4, 2025, altered the start date for the WEC. When first established by IRA, Section 136 directed EPA to start imposing the WEC on methane emissions released in 2024. P.L. 119-21 changed the WEC effective date from 2024 to 2034.

CAA Section 136 includes several provisions that narrow the scope of facilities and methane emissions that would be subject to the WEC. In 2024, EPA estimated that after these provisions were considered, the WEC would apply to approximately 20 million metric tons of carbon dioxide equivalent (MMT_{CO₂e}) of methane emissions. These emissions represented 0.3% of total U.S. GHG emissions in 2022.

In addition, the WEC is statutorily linked to an EPA CAA Section 111 rulemaking that applies to methane emissions from many of the same facilities that are subject to the WEC. The CAA Section 136 WEC provisions include a conditional exemption from the WEC based on the development of this CAA Section 111 rulemaking. EPA finalized this CAA Section 111 rulemaking in March 2024. EPA published a final rule in December 2025 that extends the compliance deadlines provided in the 2024 final rule. Until this CAA Section 111 rule is in effect in all states, the conditional exemption from the WEC would not be available. The extension of the WEC effective date in P.L. 119-21 provides additional time for this CAA Section 111 rulemaking to go into effect before the WEC is scheduled to take effect in 2034.

A range of factors could play a role in determining the scope of emissions subject to the WEC and its ultimate effects, including (1) the EPA CAA Section 111 Regulation; (2) other federal climate and energy policies; and (3) international policies affecting U.S. natural gas facility operations. The recent statutory and regulatory developments raise a number of questions and considerations for policymakers regarding the WEC and its implementation. For example, one consideration concerns the consequences of the 2025 CRA joint resolution, which disapproved EPA’s 2024 WEC rule. It is uncertain what effects the enacted joint resolution will have on the implementation of the WEC, which is required by statute. Another consideration for policymakers pertains to the CAA Section 111 rulemaking that governs methane emissions from many of the same oil and gas facilities that are subject to the WEC. The scope and implementation of the WEC are directly linked with the CAA Section 111 rulemaking.

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Introduction and Recent Developments

Methane is the second-most-prevalent greenhouse gas (GHG) emitted in the United States (behind carbon dioxide, or CO₂). The primary anthropogenic sources of U.S. methane emissions include livestock operations (enteric fermentation and manure management), natural gas and petroleum operations, and landfills.¹

Some policymakers and stakeholders contend that reducing near-term global warming is an important climate change goal. Due to methane’s chemical characteristics, some argue that methane mitigation (e.g., through a fee on emissions)² is one of the best opportunities to achieve this objective.³ Some groups have raised concerns about the economic impacts, including impacts on natural gas prices, resulting from a fee on methane emissions.⁴

On August 16, 2022, President Biden signed H.R. 5376 (P.L. 117-169), a budget reconciliation measure commonly referred to as the “Inflation Reduction Act of 2022” (IRA). Among other provisions, IRA includes a charge—sometimes described as a fee—on methane emissions from selected entities in the oil and gas sector.⁵ IRA added Section 136 to the Clean Air Act (CAA), directing the U.S. Environmental Protection Agency (EPA) to impose and collect this “waste emissions charge” (WEC).⁶ This charge is the first time the federal government has directly imposed a charge, fee, or tax on GHG emissions.⁷

Since the WEC’s inception in 2022, Congress and the Biden and Trump Administrations have taken a number of actions that affect the implementation of the WEC. In some cases, these developments have generated uncertainty regarding the WEC’s implementation, particularly its scope and effective date.

¹ U.S. Environmental Protection Agency (EPA), *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2022*, 2024, Figure ES-4, <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks> (hereinafter EPA Inventory).

² Policymakers may consider a range of policy options that could be used to limit or remove human-related greenhouse gas (GHG) emissions—including methane. For more information, see CRS In Focus IF11791, *Mitigating Greenhouse Gas Emissions: Selected Policy Options*, by Jonathan L. Ramseur et al.

³ See, for example, Sen. Whitehouse, Senate debate, “Providing for Congressional Disapproval under Chapter 8 of Title 5, United States Code, of the Rule Submitted by the Environmental Protection Agency Relating to the Waste Emissions Charge for Petroleum and Natural Gas Systems: Procedures for Facilitating Compliance, Including Netting and Exemptions,” *Congressional Record*, daily edition, vol. 171 (February 27, 2025), p. S1413; see also Intergovernmental Panel on Climate Change (IPCC), *Climate Change 2021—The Physical Science Basis*, 2021.

⁴ See, for example, American Gas Association et al., Letter to Congressional Leaders, September 2021, https://www.aga.org/globalassets/letter-to-congress-on-methane-fees-090721_final.pdf; Eweline Czapla, “Methane Fees for Petroleum and Natural Gas Systems,” American Action Forum, November 2021, <https://www.americanactionforum.org/insight/methane-fees-for-petroleum-and-natural-gas-systems/>; Americans for Tax Reform, “Dem Reconciliation Bill Contains \$8 Billion Home Heating Tax,” November 2021, <https://www.atr.org/dem-reconciliation-bill-contains-8-billion-home-heating-tax>.

⁵ For further information, see CRS Report R47262, *Inflation Reduction Act of 2022 (IRA): Provisions Related to Climate Change*, coordinated by Jonathan L. Ramseur.

⁶ The phrase “waste emissions charge” is used in the statute and is also the term EPA uses in its rulemakings implementing the charge.

⁷ For almost 20 years, some Members have put forth various legislative proposals that would attach a price to GHG emissions through carbon taxes, emission fees, or cap-and-trade programs. For more information, see CRS Report R45472, *Market-Based Greenhouse Gas Emission Reduction Legislation: 108th Through 118th Congresses*, by Jonathan L. Ramseur.

During the Biden Administration, EPA proposed a rulemaking to implement the WEC on January 26, 2024.⁸ EPA issued a final rulemaking on November 18, 2024.⁹ Based on the underlying statutory text, EPA made a number of determinations in the WEC rulemaking that shape the scope and applicability of the WEC. These determinations would affect which facilities would be subject to the WEC.

At the start of the 119th Congress, EPA’s 2024 WEC final rulemaking received attention under the Congressional Review Act (CRA). This act created a legislative process that allows Congress to overturn—under specific conditions—certain federal agency actions.¹⁰ In February 2025, both the House and the Senate passed a joint resolution (H.J.Res. 35) disapproving of EPA’s WEC rule.¹¹ President Trump signed the measure on March 14, 2025, enacting the resolution (P.L. 119-2). Therefore, EPA’s 2024 final rule did not take effect. Moreover, a rule subject to an enacted joint resolution of disapproval under the CRA “may not be reissued in substantially the same form, and a new rule that is substantially the same . . . may not be issued, unless the reissued or new rule is specifically authorized by a law enacted after the date of the joint resolution.”¹²

The CRA disapproval does not alter the statutory requirements of CAA Section 136 that direct EPA to implement the WEC. Accordingly, EPA may have to determine how to comply with Section 136 without adopting a rule that is substantially the same as the disapproved rule in violation of the CRA.¹³ Therefore, it is uncertain what effect the enacted joint resolution will have on the implementation of the WEC.

In addition, in the 119th Congress, P.L. 119-21, a budget reconciliation measure sometimes known as the “One Big Beautiful Bill Act,” extended the effective date of the methane emissions charge from 2024 to 2034.

The WEC is statutorily linked to a separate EPA CAA Section 111 rulemaking that governs methane emissions from many (but not all) of the same oil and gas facilities that are subject to the WEC. The CAA Section 136 WEC provisions include a conditional exemption from the WEC based on the development of EPA CAA Section 111 rulemaking. The CAA Section 111 regulation was first finalized during the Obama Administration¹⁴ and subsequently altered during the first Trump Administration, the Biden Administration, and the second Trump Administration.¹⁵ During

⁸ EPA, “Waste Emissions Charge for Petroleum and Natural Gas Systems,” proposed rule, 89 *Federal Register* 5318, January 26, 2024.

⁹ EPA, “Waste Emissions Charge for Petroleum and Natural Gas Systems: Procedures for Facilitating Compliance, Including Netting and Exemptions,” final rule, 89 *Federal Register* 91094, November 18, 2024 (hereinafter EPA, WEC Final Rule).

¹⁰ For more details, see CRS In Focus IF10023, *The Congressional Review Act (CRA): A Brief Overview*, by Maeve P. Carey and Christopher M. Davis.

¹¹ For the House debate on this resolution, see House of Representatives, *Congressional Record*, “Providing for Congressional Disapproval of the Rule Submitted by the Environmental Protection Agency Relating to the Waste Emissions Charge for Petroleum and Natural Gas Systems: Procedures for Facilitating Compliance, Including Netting and Exemptions,” daily edition, February 26, 2025, p. H845, <https://www.congress.gov/119/crec/2025/02/26/171/38/CREC-2025-02-26-pt1-PgH845-5.pdf>.

¹² 5 U.S.C. §801.

¹³ For more information, see CRS Report R43992, *The Congressional Review Act (CRA): Frequently Asked Questions*, by Maeve P. Carey and Christopher M. Davis.

¹⁴ EPA, “Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources,” 81 *Federal Register* 35824, June 3, 2016.

¹⁵ For a list of historical rulemakings related to this issue, see EPA, “Actions and Notices about Oil and Natural Gas Air Pollution Standards,” <https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-operations>.

the Biden Administration, EPA finalized the CAA Section 111 rulemaking in March 2024.¹⁶ At that time, EPA estimated that these Section 111 regulations would not be in effect until 2029 at the earliest.¹⁷ In December 2025, EPA published a final Section 111 rule that extends the compliance deadlines provided in the 2024 final rule.¹⁸ For example, the Section 111 final rule extended the deadline (from March 9, 2026, to January 22, 2027) for states to submit plans to EPA to address methane emissions from existing sources covered by the Section 111 rule. This is the first of several procedural steps in the implementation of the Section 111 rule. This extension would likely add another year to EPA’s prior effective date estimate (i.e., the 2029 estimate is adjusted to 2030). Until this CAA Section 111 rule is in effect, the conditional exemption from the WEC would not be available. The extension of the WEC effective date in P.L. 119-21 provides additional time for this parallel CAA Section 111 rulemaking to go into effect before the WEC is scheduled to take effect in 2034.

In addition, the applicability of the WEC is statutorily linked with EPA’s GHG Reporting Program (GHGRP).¹⁹ Since 2010, this regulatory program has required a number of facilities—including oil and natural gas facilities—to annually report GHG emissions to the agency. The WEC applies to specific types of oil and natural gas facilities that are required to report their GHG emissions to the GHGRP. In September 2025, EPA proposed to eliminate GHG reporting from all facilities, except for oil and natural gas sources.²⁰ For the oil and natural gas sources, EPA proposed to suspend GHGRP requirements until January 1, 2034. If EPA finalizes this reporting suspension, the WEC would not be able to take effect until the suspension is lifted. This regulatory extension is in addition to the statutory extension for WEC provided in P.L. 119-21.

This report provides context for U.S. methane emissions and discusses the scope and applicability of the IRA methane charge. The first section of this report provides background about sources of U.S. methane emissions. The second section discusses the scope and applicability of the methane charge and its rate structure. The third section includes estimated effects of the methane charge. The last section provides considerations for policymakers.

Some of the information and analysis provided below is based on EPA interpretations of the statutory text in CAA Section 136. EPA provided these interpretations during its WEC rulemaking process in 2024. As discussed above, a CRA joint resolution disapproved EPA’s final WEC rule, creating uncertainty regarding EPA’s interpretations and implementation of the WEC in 2034. In addition, the analysis EPA prepared for its 2024 rulemaking is based on information that is subject to change (e.g., facility emissions data).

¹⁶ EPA, “Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review,” final rule, 89 *Federal Register* 16820, March 8, 2024.

¹⁷ In its analysis of the rule, EPA bases this effective date estimate on the timing involved in several procedural steps. For instance, states have 24 months to submit their state plans implementing the rule. EPA must approve or deny state plans within 12 months. At the conclusion of this process, the states generally phase-in a rule’s requirements over several years. See EPA, *Regulatory Impact Analysis of the Waste Emissions Charge*, 2024.

¹⁸ EPA, “Oil and Natural Gas Sector Climate Review: Extension of Deadlines in Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources,” final rule, 90 *Federal Register* 55671, December 3, 2025.

¹⁹ The Consolidated Appropriations Act, 2008 (P.L. 110-161) provided funding to EPA to promulgate a rule that would “require mandatory reporting of greenhouse gas emissions above appropriate thresholds in all sectors of the economy of the United States.” In the accompanying joint explanatory statement, Congress directed EPA to “use its existing authority under the Clean Air Act” to promulgate this rule. In its initial 2009 GHGRP rulemaking, EPA also cited CAA Sections 114 and 208 as providing “broad authority to require the information mandated” by the reporting rule. For more information, see CRS In Focus IF11754, *EPA’s Greenhouse Gas Reporting Program*, by Angela C. Jones.

²⁰ EPA, “Reconsideration of the Greenhouse Reporting Program,” 90 *Federal Register* 44591, September 16, 2025.

U.S. Methane Emissions and Sources

Methane (or CH₄) is the primary component of natural gas, which can be used as either a fuel or as a feedstock for the chemical industry. Natural gas is generally produced from geologic formations in the ground through drilling and extraction activities by the oil and gas sector. As natural gas travels through the interconnected systems of exploration, production, processing, storage, and transmission that deliver natural gas from the wellhead to the consumer, methane emissions can be released into the atmosphere in a variety of ways, including

- intentional venting from equipment (e.g., pneumatic devices);²¹
- unintentional equipment leaks, worker error, or malfunctions;
- routine maintenance of equipment; and
- flaring (burning) of excess natural gas at a petroleum production site, which can result in both uncombusted methane and CO₂ emissions.

Methane is a potent GHG. When averaged over a 100-year time period—the time period often used in annual GHG inventories—methane’s global warming potential (GWP) is 28 times greater than that of an equivalent mass of CO₂.²² Over a 20-year time period, methane’s GWP is 84 times greater than that of CO₂.²³ Due to methane’s shorter-term climate impacts, some scientists contend that “methane mitigation [is] one of the best opportunities for reducing near term [global] warming.”²⁴

Since the early 1990s, EPA has historically prepared an annual *Inventory of U.S. Greenhouse Gas Emissions and Sinks*.²⁵ The United States has historically submitted this inventory to the United Nations in accordance with the Framework Convention on Climate Change.²⁶ EPA published its most recent inventory in 2024, covering U.S. GHG emissions from 1990 through 2022.²⁷

Figure 1 includes methane emissions data from EPA’s most recent inventory. Methane emissions, and other GHG emissions, are typically measured in carbon dioxide equivalents to allow for comparisons between gases.²⁸ As illustrated in the left panel of **Figure 1**, total U.S. GHG

²¹ Methane emissions from pneumatic devices have been one of the largest sources of vented methane emissions from the industry. See EPA, “Pneumatic Controllers,” <https://www.epa.gov/natural-gas-star-program/pneumatic-controllers>.

²² Consistent with international GHG reporting protocols, EPA’s most recent GHG inventory (April 2024) uses the global warming potential (GWP) values presented in the IPCC’s 2013 *Fifth Assessment Report*. Therefore, in EPA’s inventories and in this report, a metric ton of methane equates to 28 metric tons of CO₂ when averaged over a 100-year time frame.

²³ EPA Inventory, Annex 6, Table A-233, <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks>.

²⁴ See, for example, EPA, “Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review,” 86 *Federal Register* 63110, November 15, 2021. To support this argument, EPA cites statements from the IPCC, *Sixth Assessment Report*, 2021, <https://www.ipcc.ch/report/ar6/wg1/#SPM>.

²⁵ See EPA website, “Inventory of U.S. Greenhouse Gas Emissions and Sinks,” <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks>.

²⁶ For more information, see CRS Report R46204, *The United Nations Framework Convention on Climate Change, the Kyoto Protocol, and the Paris Agreement: A Summary*, by Richard K. Lattanzio.

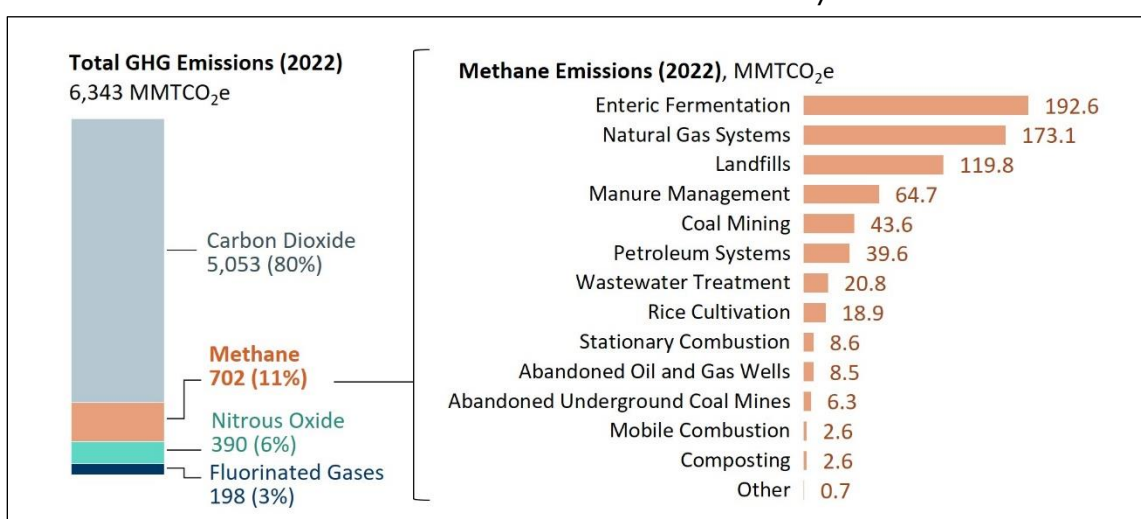
²⁷ As of the date of this report, EPA has not released a complete inventory in 2025, nor submitted an inventory to the United Nations. In previous years, EPA released a draft inventory report (often in February) and published a final inventory report several months later. In 2025, the agency published two draft sections in the report. Thus, the most recent inventory release was in 2024, covering emissions through 2022.

²⁸ A carbon-dioxide-equivalent measure is often used to compare different GHG emissions. Methane’s global warming (continued...)

emissions in 2022 were 6,343 million metric tons of carbon dioxide equivalent (MMT CO_2e). U.S. methane emissions were 702 MMT CO_2e in 2022, accounting for 11% of total U.S. GHG emissions in 2022.²⁹

The right panel of the figure identifies the range of sources that produced these methane emissions. Methane emissions from enteric fermentation (e.g., in livestock)³⁰ accounted for the largest amount, followed by emissions from natural gas systems. Taken together, natural gas and petroleum systems, which are the sectors subject to the WEC, account for the largest combined source of U.S. methane emissions. In aggregate, they comprise approximately 30% of total U.S. methane emissions and approximately 4% of total U.S. GHG emissions.

Figure 1. Estimated U.S. Total Greenhouse Gas Emissions by Greenhouse Gas and a Breakdown of Methane Emissions, by Source
2022 Emissions Estimates from EPA Inventory



Source: Prepared by CRS; emissions data from EPA, *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2022, 2024*, Table 2-1, <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks-1990-2022>.

Note: MMT CO_2e = million metric tons of carbon dioxide equivalent.

The GHG emissions estimates in EPA’s annual inventories use commonly accepted emissions factors and activity data to calculate aggregate estimates for all source categories.³¹ In recent years, the emissions estimates for the natural gas and petroleum system categories have received

potential (GWP) is 28 times greater than that of an equivalent mass of CO_2 . GWP is an index that allows comparisons of the heat-trapping ability of different gases over a period of time, typically 100 years. Consistent with international GHG reporting protocols, EPA’s most recent GHG inventory (April 2024) uses the GWP values presented in the Intergovernmental Panel on Climate Change (IPCC) 2013 *Fifth Assessment Report*. Therefore, in EPA’s inventories and in this report, a metric ton of methane equates to 28 metric tons of CO_2 when averaged over a 100-year time frame.

²⁹ EPA Inventory, Table ES-2, <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks-1990-2022>.

³⁰ *Enteric fermentation* refers to the normal digestive process in ruminant animals, such as cattle, during metabolism and digestion, resulting in methane emissions. For more information, see CRS In Focus IF11404, *Greenhouse Gas Emissions and Sinks in U.S. Agriculture*, by Megan Stubbs.

³¹ EPA explains that “activity data can include fuel consumption or deliveries, vehicle-miles traveled, raw material processed, or commodity produced.” Emissions factors include assumptions (based on scientific observations) about the amount of GHG emissions that would be produced through a certain activity (e.g., coal mining or livestock operations). EPA Inventory, Chapter 1.

scrutiny from a range of stakeholders. For example, some studies found EPA underestimates methane leaking from U.S. oil and gas operations by as much as 50%.³²

Inflation Reduction Act (IRA) Methane Emissions Charge

Scope and Applicability

In 2008, Congress directed EPA to establish the GHGRP.³³ Starting in 2010, EPA's GHGRP regulations have required large emissions sources and fuel suppliers (among others) to annually report GHG emissions to the agency. EPA's GHGRP complements its annual Emissions Inventory. For example, EPA uses the facility-level GHGRP data to help prepare the agency's annual Emissions Inventory.³⁴

GHGRP requirements are codified in 40 C.F.R. Part 98. Part 98, Subpart W includes the detailed requirements for petroleum and natural gas facilities. The reporting requirements in Subpart W apply to facilities that emit 25,000 metric tons of CO₂ equivalent (MTCO_{2e}) or more per year.³⁵ In 2023, approximately 2,300 petroleum and natural gas facilities reported their GHG emissions to the GHGRP.³⁶

Not all of the entities that report emissions under Subpart W are subject to the WEC. The facilities subject to the WEC include the following industry operations:³⁷

- offshore petroleum and natural gas production;
- onshore petroleum and natural gas production;
- onshore natural gas processing;
- onshore natural gas transmission compression;
- underground natural gas storage;
- liquefied natural gas storage;
- liquefied natural gas import and export equipment;
- onshore petroleum and natural gas gathering and boosting;³⁸ and

³² See, for example, Jeffrey S. Rutherford et al., "Closing the Methane Gap in US Oil and Natural Gas Production Emissions Inventories," *Nature Communications*, 2021; and Ramon Alvarez et al., "Assessment of Methane Emissions from the U.S. Oil and Gas Supply Chain," *Science*, June 2018.

³³ See the Consolidated Appropriations Act, 2008 (P.L. 110-161) and its accompanying joint explanatory statement. For more information about the Greenhouse Gas Reporting Program (GHGRP), see CRS In Focus IF11754, *EPA's Greenhouse Gas Reporting Program*, by Angela C. Jones. See also EPA's GHGRP website, <https://www.epa.gov/ghgreporting>.

³⁴ In addition, EPA states that "the GHGRP dataset continues to be an important resource for the Inventory, providing not only annual emissions information, but also other annual information, such as activity data and emission factors that can improve and refine national emission estimates and trends over time" (EPA Inventory, p. 3-6).

³⁵ As discussed in footnote 22, GHG emissions are measured in MTCO_{2e} because GHGs vary by global warming potential.

³⁶ EPA, "GHGRP Petroleum and Natural Gas Systems," <https://www.epa.gov/ghgreporting/ghgrp-petroleum-and-natural-gas-systems>.

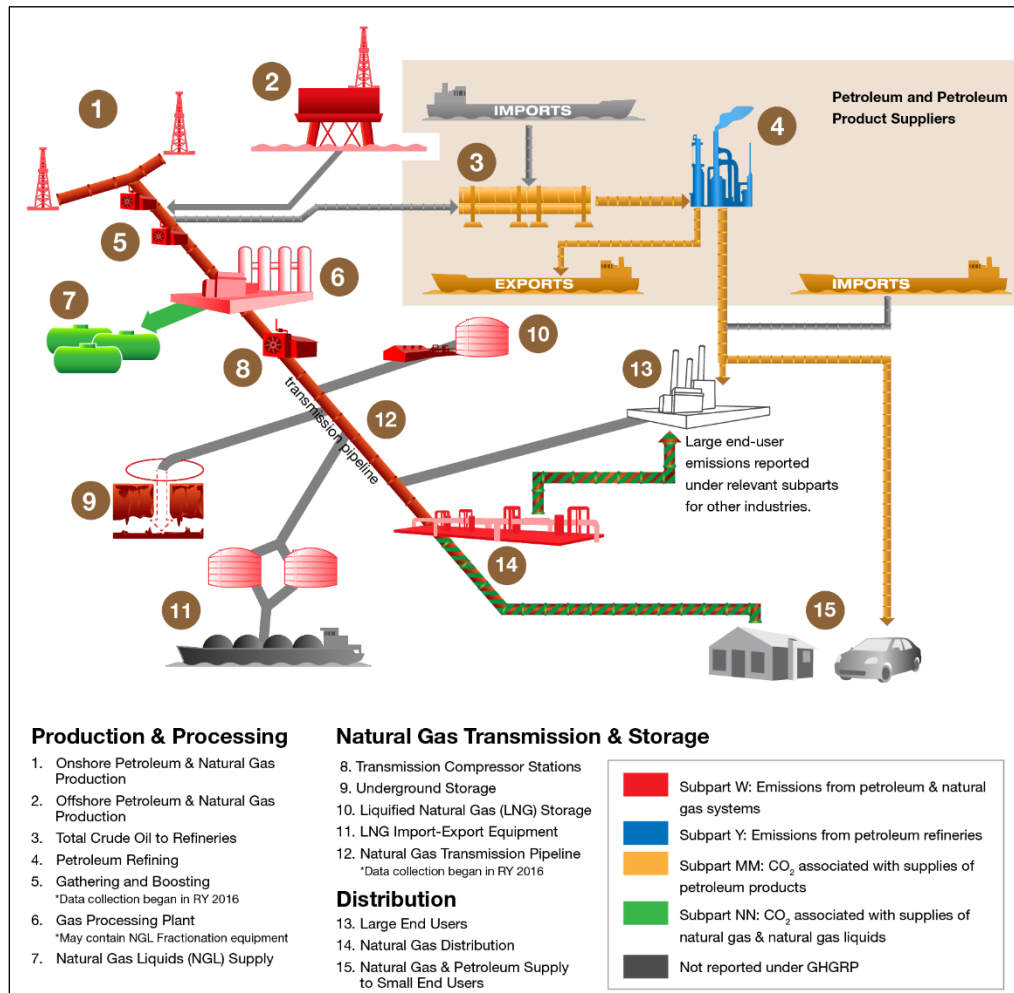
³⁷ 42 U.S.C. §7436(d).

³⁸ According to EPA, "Gathering and boosting stations receive natural gas from production sites and transfer it, via (continued...)"

- onshore natural gas transmission pipelines.

Figure 2 illustrates the petroleum and natural gas system entities that are required to report their GHG emissions in EPA’s GHGRP. The entities with red labels are subject to Subpart W reporting requirements. Two facility categories that report emissions under Subpart W are not subject to the WEC: (1) natural gas distribution facilities and (2) facilities EPA describes as “other oil and gas combustion facilities.”³⁹

Figure 2. Petroleum and Gas Entities Subject to EPA’s GHG Emissions Reporting Program (GHGRP)



Source: Reproduced from EPA, “GHGRP and the Oil and Gas Industry,” <https://www.epa.gov/ghgreporting/ghgrp-and-oil-and-gas-industry>.

Note: “RY” refers to reporting year for EPA’s GHGRP.

gathering pipelines, to transmission pipelines or processing facilities.... Boosting processes include compression, dehydration, and transport of gas to a processing facility or pipeline” (EPA Inventory, p. 3-95).

³⁹ EPA states these are “stationary fuel combustion emissions from facilities that are associated with the petroleum and natural gas industry, but that do not report process emissions from any of the above source categories.” EPA, *2011-2020 Greenhouse Gas Reporting Program Sector Profile: Petroleum and Natural Gas Systems*, 2020, <https://www.epa.gov/ghgreporting/ghgrp-petroleum-and-natural-gas-systems-sector-profile>.

CAA Section 136 includes several provisions that narrow the scope of facilities and methane emissions that would be subject to the WEC. Pursuant to CAA Section 136, the scope of emissions subject to the WEC is based on (1) the number of facilities reporting emissions under Subpart W, as described above; (2) the number of Subpart W facilities with emissions subject to the WEC threshold of 25,000 MTCO₂e; (3) the number of facilities with emissions subject to the WEC after applying facility-specific fuel sales thresholds; and (4) the number of facilities subject to the WEC after “netting” emissions across facilities under common ownership.

Table 1 identifies EPA’s estimated effects (prepared in 2024) of these provisions on the number of facilities that would be potentially subject to the WEC. EPA estimated these effects in a *Regulatory Impact Analysis* that accompanied the agency’s 2024 final rule.⁴⁰ Although EPA’s final rule is no longer in effect, some of the information and analysis in the rule and its *Regulatory Impact Analysis* may provide instructive context for policymakers.

Column A identifies the number of petroleum and natural gas facilities by category that reported their GHG emissions to EPA in 2022 pursuant to the regulations in Subpart W. (As discussed above, natural gas distribution facilities, which report emissions under Subpart W, are not subject to the WEC.)⁴¹ Column A indicates 2,112 total facilities reported methane emissions under Subpart W. Onshore petroleum and natural gas production facilities accounted for 459 of the total facilities.

Table 1. EPA’s Analysis of Number of Subpart W Reporting Facilities and Facilities with Emissions Subject to WEC After Applying Thresholds and Netting

Data from EPA 2024 Regulatory Impact Analysis—Derived from GHGRP Year 2022

| Facility Type | A Number of Facilities Reporting Subpart W Emissions | B Number of Facilities with Emissions Subject to the WEC | C Number of Facilities with Emissions After Applying Thresholds | D Number of Facilities with Emissions Subject to WEC After “Netting” |
|--|---|---|---|--|
| Onshore petroleum and natural gas production | 459 | 393 | 226 | 202 |
| Onshore petroleum and natural gas gathering and boosting | 350 | 310 | 201 | 125 |
| Onshore natural gas transmission compression | 659 | 22 | ~5 | ~0 |
| Onshore natural gas transmission pipeline | 44 | 20 | 4 | 4 |
| Natural gas processing | 444 | 180 | ~53 | ~16 |
| Offshore petroleum and natural gas production | 116 | 23 | 17 | 16 |
| Underground natural gas storage | 51 | 1 | 1 | 1 |
| Liquefied natural gas import and export equipment | 11 | 7 | 0 | 0 |
| Liquefied natural gas storage | 5 | 0 | 0 | 0 |
| Total Number of Facilities^a | 2,112 | 954 | ~507 | ~364 |

⁴⁰ EPA, *Regulatory Impact Analysis of the Waste Emissions Charge*, 2024 (hereinafter EPA RIA).

⁴¹ According to EPA reporting data, 157 natural gas distribution facilities emitted approximately 11 MMTCO₂e of methane in 2022. If these facilities were subject to the charge, this group would rank third in methane emissions. See EPA Greenhouse Gas Reporting Program, Facility Level Information on Greenhouse Gases Tool (FLIGHT), <https://ghgdata.epa.gov>.

Source: Prepared by CRS; based on Table 4-1 in EPA, *Regulatory Impact Analysis of the Waste Emissions Charge*, 2024. Column A includes facilities that are subject to the WEC. EPA's analysis used 2022 facility reporting data from its GHGRP.

Notes: Several of the numbers above include “~.” In its analysis, EPA explained that for facilities in the natural gas processing and onshore natural gas transmission compression categories, EPA used estimates of natural gas and petroleum throughput (in lieu of using confidential business information) to estimate the number of facilities subject to the WEC after applying the thresholds and netting.

- a. In its analysis, EPA stated that “a subpart W reporting facility may include operations from multiple co-located industry segments. The counts [i.e., number of facilities] presented reflect each industry segment reported, while the total count includes only unique facilities, and as a result may not match the sum of industry segment reporting.”

WEC 25,000 MTCO_{2e} Emissions Threshold

Column B indicates the number of facilities with methane emissions that would be subject to WEC after accounting for the 25,000 MTCO_{2e} emissions threshold. In its 2024 WEC final rule analysis, EPA pointed out that many of facilities that report under Subpart W (listed in Column A) would not be subject to the WEC charge. The reason for this reduction is due to the differing emissions reporting thresholds in the GHGRP. For instance, a number of facilities release GHG emissions that are subject to multiple GHGRP subparts (e.g., stationary combustion, petroleum refineries), including Subpart W.⁴² Although the total GHG emissions from these facilities trigger reporting for multiple subparts, including Subpart W, the Subpart W emissions from these facilities are below the 25,000 MTCO_{2e} threshold for the WEC. In its analysis, EPA determined (based on 2022 data) that about half of the facilities reporting Subpart W emissions would be subject to the WEC.⁴³ These 954 facilities are listed in Column B, and all report Subpart W emissions that exceed the 25,000 MTCO_{2e} threshold. The others report Subpart W emissions, but their emissions do not exceed the 25,000 MTCO_{2e} threshold.

Specific Emissions and Sales Thresholds

Column C in **Table 1** indicates the number of facilities that would be subject to the WEC after applying additional thresholds—based on both emissions and fuel sales—specific to facility types.

- For petroleum and natural gas production facilities, the charge applies only to the number of reported tons of methane that exceed 0.2% of the natural gas sent to sale from such a facility.
- For nonproduction facilities, such as gathering and boosting facilities,⁴⁴ the charge applies to methane emissions that exceed 0.05% of the natural gas sent for sale from the facility.
- For natural gas transmission facilities, the charge applies to methane emissions that exceed 0.11% of the natural gas sent for sale from the facility.

⁴² EPA's GHGRP regulations include a number of subparts that apply to a range of emissions sources (e.g., electricity generation, cement production, and manure management). In some cases, a facility may need to report under multiple subparts.

⁴³ Table 4-1 of EPA RIA.

⁴⁴ According to EPA, “gathering and boosting facilities” refers to “pipelines and other equipment that collect petroleum/natural gas from onshore production gas or oil wells and then compress, dehydrate, sweeten, or transport the petroleum/natural gas” (EPA, *2011-2023 Greenhouse Gas Reporting Program Industrial Profile: Petroleum and Natural Gas Systems*, 2023, <https://www.epa.gov/ghgreporting/ghgrp-petroleum-and-natural-gas-systems-sector-profile>).

These thresholds effectively allow for some amount of methane to be released from these facilities without being subject to the charge, thus decreasing the quantity of emissions reported under the GHGRP that are subject to the charge. This outcome would likely occur more frequently at facilities with comparatively high natural gas sales. Column C indicates, for example, that after applying the emissions thresholds for onshore petroleum and natural gas production facilities, the number of these facilities subject to the WEC would decrease from 393 facilities to 226 facilities.

Emissions Netting

The emissions thresholds described above also play a role in emissions netting, which further narrows the WEC scope. CAA Section 136 allows facilities “under common ownership or control” to “net” their emissions across different applicable facilities, potentially reducing the total emissions that would be subject to the WEC.⁴⁵ If a facility’s methane emissions are below the emissions threshold applicable to that facility category (e.g., onshore production), the facility can generate what EPA describes as “negative emissions.” A facility can then apply these negative emissions to other facilities under a common ownership to reduce its potential WEC obligation at these other facilities. For example, consider a scenario in which an entity owns both an onshore natural gas production facility and a natural gas processing facility. In this scenario, assume that (1) the methane emissions at the onshore production facility exceed the emissions threshold by 100 metric tons, and are thus subject to the WEC; and (2) the methane emissions at the processing facility are below the threshold by 200 metric tons (i.e., negative emissions) and thus are not subject to the WEC. The entity that owns both of these facilities can combine (“net”) the positive 100 metric tons with the negative 200 metric tons, resulting in a net of 100 negative metric tons for both of the entity’s facilities. Therefore, none of this entity’s methane emissions would be subject to the WEC.

Column D in **Table 1** indicates EPA’s estimates of the effects of netting for different facility categories. As the table indicates, each of the above provisions would narrow the scope of facilities with emissions subject to the WEC. After applying each of the above provisions, EPA estimated that the total number of facilities with emissions potentially subject to the WEC would be decreased from 2,112 facilities to 364 facilities (based on data from 2022).

Table 2 includes EPA’s estimates of the annual methane emissions that would be subject to the WEC after considering each of the steps discussed above. For comparison purposes, the methane emissions are measured in MMTCO₂e. Column A includes the annual estimated methane emissions that facilities are expected to report under Subpart W. As in **Table 1**, these facilities include only facilities potentially subject to the WEC.⁴⁶ Column A indicates the annual methane emissions from these facilities would total approximately 59 MMTCO₂e.

⁴⁵ 42 U.S.C. §7436(f). In EPA’s final WEC rule, the agency decided to allow netting at the parent company level, rather than at the level of owners and operators of individual facilities, as proposed.

⁴⁶ As discussed above, two facility categories that report emissions under Subpart W are not subject to the WEC: (1) natural gas distribution facilities and (2) facilities EPA describes as “other oil and gas combustion facilities.”

Table 2. EPA’s Estimates of Subpart W Methane Emissions and Methane Emissions Subject to WEC after Applying Thresholds and Netting

Estimated Annual Emissions in Million Metric Tons of Carbon-Dioxide-Equivalent (MMT_{CO₂e})

| | A | B | C | D |
|--|--|--|---|-------------------------------|
| Facility Type | Methane Emissions Reported Under Subpart W | WEC Emissions from Facilities Subject to Subpart W | WEC Emissions After Applying Thresholds | WEC Emissions After “Netting” |
| Onshore petroleum and natural gas production | 30.8 | 23.8 | 17.1 | 14.8 |
| Onshore petroleum and natural gas gathering and boosting | 15.1 | 11.8 | 7.8 | 3.9 |
| Onshore natural gas transmission compression | 4.5 | 0.5 | 0.2 | 0.1 |
| Onshore natural gas transmission pipeline | 2.4 | 0.8 | 0.4 | 0.4 |
| Natural gas processing | 2.7 | 1.2 | 0.8 | 0.3 |
| Offshore petroleum and natural gas production | 1.5 | 0.8 | 0.6 | 0.6 |
| Underground natural gas storage | 0.3 | 0.003 | — | — |
| Liquefied natural gas import and export equipment | 0.1 | — | — | — |
| Liquefied natural gas storage | — | — | — | — |
| Total Emissions | 58.8 | 39.2 | 26.9 | 19.9 |

Source: Prepared by CRS; based on Table 4-3 in EPA, *Regulatory Impact Analysis of the Waste Emissions Charge*, 2024. EPA noted that these estimates do not account for mitigation and market responses. Column A includes facilities subject to the WEC. EPA’s estimates are for the reporting year 2024.

Notes: CRS converted metric tons of methane emissions into metric tons of carbon dioxide-equivalent emissions. This term of measure is used because GHGs vary by global warming potential (GWP). GWP is an index developed by the Intergovernmental Panel on Climate Change (IPCC) that allows comparisons of the heat-trapping ability of different gases over a period of time, typically 100 years. Consistent with international GHG reporting requirements, EPA’s most recent GHG inventory (published in 2024) uses the GWP values presented in the IPCC’s 2013 *Fifth Assessment Report*. For example, based on these GWP values, a ton of methane is 28 times more potent than a ton of CO₂ when averaged over a 100-year time frame. EPA’s inventory is available at EPA, "Inventory of U.S. Greenhouse Gas Emissions and Sinks," <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks>.

Column B reduces this amount by including only the annual methane emissions that would be subject to the WEC’s 25,000 MTCO₂e emissions threshold. As discussed above, a number of facilities report methane emissions under Subpart W that are below the 25,000 MTCO₂e threshold for the WEC, and thus are not subject to the WEC. Column B identifies the Subpart W methane emissions that are above this threshold for each facility type. Column B indicates that the annual methane emissions from these facilities would total approximately 39 MMTCO₂e.

Column C includes EPA’s annual methane emissions estimates after applying the facility-specific emissions and fuel sales thresholds (discussed above). As indicated in Column C, EPA estimated that the WEC thresholds would decrease the annual methane emissions subject to the WEC to approximately 27 MMTCO₂e.

Column D includes EPA’s methane emissions estimates after emissions netting (discussed above). As the column indicates, EPA estimated the netting process would result in approximately 20 MMTCO₂e of annual methane emissions subject to the WEC.

EPA’s annual emissions estimate can be compared to several points of reference for context. For example, EPA’s 2024 estimate of the methane emissions potentially subject to the WEC (20 MMTCO₂e in **Table 2**) can be compared to EPA’s 2022 GHG Inventory estimates of the total methane emissions from the same facility types.⁴⁷ **Table 3** indicates that the 2022 Inventory methane emissions for the subset of facilities types that match the applicability of the IRA methane charge were 188 MMTCO₂e.⁴⁸ As the Inventory estimates are intended to capture all of the methane emissions in petroleum and natural gas systems, the inventory estimates are higher than the methane emissions reported under Subpart W.⁴⁹ For example, the inventory estimates include facilities that emit less than 25,000 MT of CO₂e per year.

Table 3. EPA GHG Emissions Inventory Estimates of Methane Emissions from Petroleum and Natural Gas and Systems (2022)

Million Metric Tons CO₂e (MMTCO₂e)

| Facility Type | Methane Emissions |
|---|-------------------|
| Total onshore petroleum and natural gas production | 84.7 |
| <i>Onshore natural gas production</i> | 46.2 |
| <i>Onshore petroleum production</i> | 33.5 |
| Total offshore petroleum and natural gas production | 5.8 |
| <i>Offshore natural gas production</i> | 0.6 |
| <i>Offshore petroleum production</i> | 5.1 |
| Natural gas gathering and boosting | 42.8 |
| Natural gas processing | 15.1 |
| Natural gas transmission and storage | 39.6 |
| Total of above facility types | 188.0 |

Source: Prepared by CRS; data from EPA, *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2022, 2024*, Table 3-44 and Table 3-73, <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks>.

As an additional point of comparison, EPA’s estimate of 20 MMTCO₂e of methane emissions ultimately subject to the WEC accounted for about 0.3% of the total U.S. GHG emissions in 2022 (6,343 MMTCO₂e as depicted in **Figure 1**).

Rate of Charge

Pursuant to IRA, the WEC was scheduled to start in calendar year 2024 at \$900 per metric ton of methane, increase to \$1,200 in 2025, and increase to \$1,500 in 2026. The charge remains at \$1,500 in subsequent years.⁵⁰ As discussed above, P.L. 119-2 changed the starting year from 2024 to 2034. Therefore, the first WEC rate of charge is scheduled to be \$1,500 in 2034, which equates to \$54 per MTCO₂e. The cost per MTCO₂e is the measure commonly used in carbon tax and

⁴⁷ This comparison includes estimates prepared in different years. The 2022 EPA Inventory estimates are from the most recent release of EPA’s annual inventory in 2024.

⁴⁸ For example, the emissions in **Table 3** do not include emissions from natural gas distribution.

⁴⁹ Some have argued that EPA’s inventory estimates of methane emissions from these systems have underestimated the magnitude of emissions. See, for example, Ramon Alvarez et al., “Assessment of Methane Emissions from the U.S. Oil and Gas Supply Chain,” *Science*, June 2018.

⁵⁰ The rate of the charge does not include an inflation adjustment.

emissions charge proposals.⁵¹ This methane charge rate is comparable to the carbon tax and emissions charge rates in recent legislative proposals.⁵²

Conditional Exemption⁵³

The WEC is statutorily linked to a separate, but related, EPA CAA Section 111 rulemaking that governs methane emissions from many (but not all) of the same oil and gas facilities that are subject to the WEC. The CAA Section 111 regulation was first finalized during the Obama Administration⁵⁴ and subsequently altered during the first Trump Administration, the Biden Administration, and the second Trump Administration.⁵⁵

Section 136 allows for an exemption from the emissions charge if future, final EPA CAA Section 111 regulations addressing methane emissions (1) are “in effect in all states,”⁵⁶ and (2) will “result in equivalent or greater emissions reductions as would be achieved” by an EPA rule proposed in November 2021.⁵⁷ Section 136 directs EPA to determine whether future methane regulations will meet these conditions.

On March 8, 2024, EPA finalized the CAA Section 111 rulemaking for methane emissions from the oil and natural gas sector.⁵⁸ The Section 111 final rule establishes new source performance standards⁵⁹ and emissions guidelines for the oil and gas source category for methane emissions.⁶⁰ In the WEC final rule, EPA determined that facilities in compliance with the CAA Section 111 regulations would likely have emissions below the thresholds described above, and thus not subject to the WEC.

Another implementation determination for EPA was how to interpret the Section 136 phrase “in effect in all states.” In its WEC proposed rule, EPA concluded that the conditional exemption would become available when “each and every state” that contained WEC-applicable facilities had EPA-approved state plans implementing the final rule for methane emissions. In its 2024 WEC final rule, EPA altered this determination, deciding that states could be eligible for the WEC conditional exemption on an individual basis. Thus, if a state had an EPA-approved state plan in

⁵¹ See footnote 28.

⁵² For more information, see CRS Report R45472, *Market-Based Greenhouse Gas Emission Reduction Legislation: 108th Through 118th Congresses*, by Jonathan L. Ramseur.

⁵³ CAA Section 136 includes two other exemptions from the WEC. One exemption involves emissions caused by delays in environmental permitting for specific activities. EPA’s analysis did not include an estimate of facilities that could be eligible for this exemption. The other exemption involves oil and natural gas wells that are permanently shut or plugged.

⁵⁴ EPA, “Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources,” 81 *Federal Register* 35824, June 3, 2016.

⁵⁵ For a list of historical rulemakings related to this issue, see EPA, “Actions and Notices about Oil and Natural Gas Air Pollution Standards,” <https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-operations>.

⁵⁶ CAA Section 302 (42 U.S.C. §7602) defines “state” as “the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa and includes the Commonwealth of the Northern Mariana Islands.”

⁵⁷ EPA, “Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review,” proposed rule, 86 *Federal Register* 63110, November 15, 2021.

⁵⁸ EPA, “Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review,” final rule, 89 *Federal Register* 16820, March 8, 2024.

⁵⁹ Examples of performance standards from this rule include phasing out routine flaring of natural gas from new oil wells and requiring routine monitoring of methane leaks from specific equipment.

⁶⁰ For more background, see CRS In Focus IF12217, *The Legal Framework for Federal Methane Regulation*, by Benjamin M. Barczewski.

effect addressing methane emissions from the oil and natural gas sector, the WEC-applicable facilities in that state could be eligible for the WEC exemption.

In its 2024 WEC final rule, EPA provided estimates regarding the timing of the conditional exemption. EPA noted that states have 24 months to submit state plans implementing the March 2024 methane emissions rule. EPA must approve or deny these plans within 12 months of receipt. EPA stated that state plan requirements are often phased in over three years; thus, EPA estimated that the conditional WEC exemption would not be available until 2029 at the earliest.

In March 2025, the Trump Administration announced that it would be reconsidering the CAA Section 111 rulemaking—finalized under the Biden Administration in March 2024.⁶¹ In December 2025, EPA published a final rule that extends the compliance deadlines provided in the CAA Section 111 final rule.⁶² In particular, EPA’s 2025 rule extends the deadline for states to submit their implementation plans from March 7, 2026, to January 22, 2027. This extension would likely alter EPA’s prior estimate (discussed above) of the conditional WEC exemption becoming available in 2029 (at the earliest), potentially adding about a year to the estimate. Further changes to the compliance deadlines for the Section 111 rule could alter the effect and the timing of the conditional WEC exemption.

Several of the facility categories covered by the WEC would not be subject to the 2024 methane emissions regulations. Facility categories include offshore oil and gas production, LNG storage, LNG import and export, and transmission pipelines. Thus, methane emissions from these particular facility categories would not be eligible for this conditional exemption if it becomes available. Based on EPA’s estimates in **Table 1**, 20 of the 364 facilities potentially subject to the WEC would not be eligible for the conditional exemption. **Table 1** indicates that 16 of these 20 facilities are offshore oil and gas production facilities. Based on EPA’s analysis (included in **Table 2**), the methane emissions from offshore facilities—after applying the emissions thresholds and netting exemptions—would account for 0.6 MMTCO₂e.

Potential Effects of the Methane Charge

A range of factors could play a role in determining the scope of emissions subject to the WEC and the WEC’s ultimate effects on GHG emissions levels and economic measures, such as natural gas prices. A comprehensive analysis of these factors and their potential effects is beyond the scope of this report. Selected factors include the following:

- **EPA CAA Section 111 Regulation of Petroleum and Natural Gas Systems.**
The CAA Section 111 regulations could potentially provide a conditional exemption from the WEC for many facilities, if the Section 111 regulations are in effect (as discussed above) before the WEC takes effect. These EPA CAA Section 111 regulations have been subject to change with different administrations. The degree to which these regulations would affect the methane emissions charge—scheduled to go into effect in 2034—depends on the scope, applicability, and timing of the final Section 111 regulations in place in 2034. As noted above, the conditional exemption is not available to all facility types.

⁶¹ EPA, “Trump EPA Announces OOOO b/c Reconsideration of Biden-Harris Rules Strangling American Energy Producers,” press release, March 12, 2025, <https://www.epa.gov/newsreleases/trump-epa-announces-oooo-bc-reconsideration-biden-harris-rules-strangling-american>.

⁶² EPA, “Oil and Natural Gas Sector Climate Review: Extension of Deadlines in Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources,” final rule, 90 *Federal Register* 55671, December 3, 2025.

- **Changes to Equipment or Operations.** A fee on methane emissions from petroleum and natural gas systems provides an economic incentive for facilities to modify their equipment and operations in order to avoid paying the charge. Economic theory suggests facilities would likely find ways to reduce onsite methane emissions until the costs associated with these changes reach the level of the charge. At that point, facilities would pay the charge for the remaining emissions. The degree to which facilities make such changes would likely be based on site-specific economic conditions.
- **Funding for Technological Improvements.** IRA included supplemental funds of \$850 million to EPA to provide grants to facilities subject to the methane charge for a range of objectives, including “improving and deploying industrial equipment and processes” that reduce methane emissions. The act also included supplemental funds of \$700 million for “marginal conventional wells” for the same purposes. Based on a December 2024 EPA press release, the Department of Energy and EPA had awarded, in aggregate, \$1.36 billion of the Section 136 funds to various eligible entities. These funds may lead to methane reductions at oil and natural gas facilities, thus affecting the impact of the WEC. P.L. 119-21 repealed the Section 136 funding provisions and rescinded any unobligated funds.
- **Other Federal Climate and Energy Policies.** Other federal climate and energy policies could affect the WEC’s impact. For example, some policies could shape the portfolio of fuels and sources of energy used in various economic sectors—namely, electricity, transportation, and industry. These changes may result in a decrease or increase in the use of natural gas, which would affect the methane emissions subject to the WEC. For example, IRA included a number of climate- and energy-related policies that could affect the U.S. energy portfolio.⁶³ P.L. 119-21 repealed a number of the climate-related provisions and funding programs established by IRA.⁶⁴
- **International Climate and Energy Developments.** U.S. natural gas production levels may be influenced by climate and energy policies in other countries. For example, in 2024, the European Union (EU) finalized methane emissions regulations that apply to both domestic natural gas production, as well as natural gas imports.⁶⁵ In particular, starting in 2030, natural gas imports into the EU must meet certain methane intensity requirements.⁶⁶ Implementation details are under development and uncertain, but this EU program could have some impact on

⁶³ For more information, see CRS Report R47262, *Inflation Reduction Act of 2022 (IRA): Provisions Related to Climate Change*, coordinated by Jonathan L. Ramseur; and CRS Report R47385, *U.S. Greenhouse Gas Emissions Trends and Projections from the Inflation Reduction Act*, by Jonathan L. Ramseur. See also Rhodium Group, “A Congressional Climate Breakthrough,” July 28, 2022, <https://rhg.com/research/inflation-reduction-act/>; and Princeton University Rapid Energy Policy Evaluation and Analysis Toolkit (“REPEAT Project”), *Preliminary Report: The Climate and Energy Impacts of the Inflation Reduction Act of 2022*, <https://repeatproject.org/>.

⁶⁴ See, for example, CRS Insight IN12624, *IRA Tax Credit Repeal in the FY2025 Reconciliation Law: Part 1*, by Nicholas E. Buffie; and CRS Insight IN12625, *IRA Tax Credit Repeal in the FY2025 Reconciliation Law: Part 2*, by Nicholas E. Buffie.

⁶⁵ Regulation (EU) 2024/1787 of the European Parliament and of the Council of 13 June 2024 on the reduction of methane emissions in the energy sector and amending Regulation (EU) 2019/942, OJ L, 2024/1787, 15.7.2024, <https://eur-lex.europa.eu/eli/reg/2024/1787/oj/eng>.

⁶⁶ Although the EU requirements are not yet determined, emissions intensity typically refers to an industry’s (or facility’s) total GHG emissions divided by a measure of its total production, which may be measured by weight, volume, or value.

natural gas facility operations in the United States, potentially affecting the methane emissions subject to the WEC.

Estimated Effects from EPA's 2024 Regulatory Analysis

EPA's 2024 regulatory analysis of its final rule included estimates of effects that may be of interest to policymakers. In its 2024 analysis, EPA assumed that the WEC would be in effect from 2024 to 2028, after which most facilities would be subject to the methane emissions regulations and thus exempt from the WEC.⁶⁷ As noted above, this underlying assumption is no longer valid, because P.L. 119-21 extended the WEC starting date from 2024 to 2034. This shift in the effective date also changes the WEC starting price from \$900 per metric ton to \$1,500 per metric ton. Although some of EPA's underlying assumptions for its estimates are no longer valid, the selected estimates below provide some context for the scope and magnitude of the potential effects from the WEC.

- EPA estimated the WEC would result in a cumulative emissions reduction of 34 MMTCO_{2e} of methane emissions between 2024 and 2035. Most of the reductions occur between 2024 and 2027, during which the annual average reductions equate to about 6 MMTCO_{2e}.⁶⁸ Nearly all (99.7%) of these reductions are due to mitigation activities (e.g., equipment replacement) taken to reduce WEC payments, rather than decreased production activity resulting from the final rule.⁶⁹ EPA estimated that these mitigation activities would be less expensive than paying the WEC.
- EPA estimated revenue from the WEC payments would average about \$525 million per year between 2024 and 2027 (in nominal dollars). After this time period, EPA assumed that most facilities would be in compliance with the CAA Section 111 methane emissions regulations, and would thus be exempt from the WEC.⁷⁰ This estimate was based on WEC prices of \$900 per metric ton of methane in 2024, \$1,200 in 2025, and \$1,500 in 2026 and 2027. If the WEC goes into effect as scheduled in 2034, its starting price would be \$1,500 per metric ton of methane.
- EPA estimated that the WEC would increase the price of natural gas by 0.01% in 2024 and 2025, and by 0.04% in 2026 and 2027. As with the above revenue estimates, these natural gas price estimates were based on WEC prices of \$900 per metric ton of methane in 2024, \$1,200 in 2025, and \$1,500 in 2026 and 2027. If WEC goes into effect as scheduled in 2034, the starting price of \$1,500 per metric ton of methane could alter these estimates.

⁶⁷ As discussed above, several of the facility categories covered by the WEC would not be subject to the 2024 CAA Section 111 methane emissions regulations, and thus would not be eligible for the conditional exemption from the WEC. These facility categories include offshore oil and gas production, LNG storage, LNG import and export, and transmission pipelines.

⁶⁸ CRS calculations (using a GWP of 28 for methane) based on EPA's estimates in Table 5-8 of EPA RIA.

⁶⁹ Table 5-8 of EPA RIA and preamble discussion in the final rule (EPA, WEC Final Rule, p. 91155).

⁷⁰ Table 5-10 of EPA RIA.

Considerations for Policymakers

Recent statutory and regulatory developments raise a number of questions and considerations for policymakers regarding the WEC and its implementation. Some of these developments have generated uncertainty regarding the WEC's implementation.

A key consideration concerns the consequences of the 2025 CRA joint resolution (P.L. 119-2), which disapproved EPA's 2024 WEC rule. As a result of this disapproval, EPA may not issue a new rule that is "substantially the same form" as the original rule, and a new rule "may not be issued, unless the reissued or new rule is specifically authorized by a law enacted after the date of the joint resolution."⁷¹ Although the CRA disapproval stopped EPA's 2024 WEC rule from taking effect, the provision in CAA Section 136, which directs EPA to "impose and collect a charge on methane emissions," remains. Therefore, EPA may have to determine how to comply with this directive without promulgating a new rule that is substantially the same as the 2024 final rule. A few federal agencies have reissued rules following disapproval under the CRA, including two agencies that were under a statutory mandate to regulate on a certain issue.⁷² In the latter two cases, the agencies looked to the legislative history of the disapproval resolution that overturned the rule to understand Congress's specific objections. The agencies then focused on changing those aspects of each rule when reissuing them.⁷³ It is uncertain whether EPA would be able to take a similar course of action, considering the specific statutory text in Section 136, which prescribes the applicability and rate of the methane charge. Some Members may consider authorizing EPA to issue a new rule to address this implementation uncertainty.

Another consideration for policymakers pertains to the CAA Section 111 rulemaking that governs methane emissions from many—but not all—of the same oil and gas facilities that are subject to the WEC. As discussed above, the scope and implementation of the WEC are directly linked with the Section 111 rulemaking. In particular, the WEC provisions in CAA Section 136 provide a conditional exemption from the WEC if the Section 111 rule is "in effect in all states." In its 2024 WEC rule, EPA interpreted this phrase to mean that if a state had an EPA-approved state plan in effect addressing methane emissions, the WEC-applicable facilities in that state would be exempt from the WEC. As this 2024 WEC rule was disapproved by CRA, future applications of this key phrase are uncertain. For example, in EPA's first interpretation of this phrase, the agency concluded that the exemption only would be available if "each and every state" had EPA-approved plans in accordance with the Section 111 rulemaking. To address this uncertainty in future agency interpretations, Members could consider clarifying the original intent behind the "in effect in all states" phrase in CAA Section 136.

Another consideration concerns the timing of the CAA Section 111 rulemaking and its implementation, both of which are uncertain. Thus, the timing of WEC's conditional exemption is uncertain. Although P.L. 119-21 extended the effective date of the WEC from 2024 to 2034, providing more time for EPA and the states to implement the Section 111 regulations, the process steps involved in the Section 111 rulemaking could take a number of years. Based on EPA estimates and the recent compliance extension provided by EPA, the Section 111 regulations may not be in effect until 2030 at the earliest. This estimated schedule could be further extended if

⁷¹ 5 U.S.C. §801.

⁷² Department of Labor, "Federal-State Unemployment Compensation Program," final rule, 84 *Federal Register* 53037, October 4, 2019; and Securities and Exchange Commission, "Disclosure of Payments by Resource Extraction Issuers," final rule, 86 *Federal Register* 4662, January 15, 2021.

⁷³ For further information, see CRS Report R43992, *The Congressional Review Act (CRA): Frequently Asked Questions*, by Maeve P. Carey and Christopher M. Davis.

EPA provides additional compliance extensions. To address this timing uncertainty, Members could consider including schedule deadlines for the Section 111 rulemaking in statutory text. In addition, stakeholders may pursue legal challenges to EPA's Section 111 rulemaking, which could further alter the estimated schedule for CAA Section 111 compliance.

Policymakers may also want to consider the role of the WEC in a scenario in which the CAA Section 111 rulemaking is in effect, and the conditions of the WEC exemption are met. In this scenario, nearly all of the facilities subject to the WEC would be eligible for the conditional exemption from the WEC (see **Table 1**), but the WEC would continue to apply to an estimated 20 facilities, most of which are offshore oil and gas production facilities. EPA estimated the methane emissions from these offshore facilities would be 0.6 MMTCO₂e (**Table 2**), which accounts for less than 0.01% of total U.S. GHG emissions.⁷⁴ Members may want to consider the costs and benefits of applying the WEC to this subset of facilities and how these costs and benefits compare to the effects of the CAA Section 111 regulations, which (under this scenario) now apply to the larger group of oil and natural gas facilities.

In addition, some policymakers may want to consider the analysis EPA prepared in its 2024 WEC rule. In particular, some Members may want to examine the agency's application and interpretation of statutory text and the agency's estimates of facilities and their methane emissions that would be potentially subject to a future WEC rulemaking (documented in **Table 1** and **Table 2**). Based on such an examination, some Members may want to direct EPA to prepare a new analysis with different interpretations of the underlying statutory text. As discussed above, EPA estimated that the methane emissions subject to the WEC would account for about 0.3% of the total U.S. GHG emissions. Some Members may want to assess the estimated scope of the WEC and potentially consider modifying the statutory text to adjust the scope of the WEC.

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Specialist in Environmental Policy

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⁷⁴ Based on U.S. GHG emissions in 2022 of 6,343 MMTCO₂e (see **Figure 1**).