'No excuse': IEA tells energy firms as methane emissions rise

The fossil fuel industry is failing to tackle methane emissions despite its pledges to uncover and fix leaking infrastructure, according to a report by the International Energy Agency (IEA) published on Tuesday.

In 2022, the global energy industry released into the atmosphere some 135 million tonnes of methane – a potent greenhouse gas responsible for roughly a third of the rise in global temperatures since the industrial revolution, Reuters reported.

Last year's emissions rose above 2020 and 2021 levels, and were only slightly below the record amount released in 2019, despite high energy prices and surging demand for natural gas that provided extra incentives to capture methane, the report said.

Methane is the main component of natural gas, so captured emissions can be sold as fuel.

Although some progress has been made, "emissions are still far too high and not falling fast enough – especially as methane cuts are among the cheapest options to limit near-term global warming," IEA Executive Director Fatih Birol said in a statement. "There is just no excuse."

The energy sector accounts for about 40% of all methane emissions from human activity, second to agriculture.

The IEA said methane emissions from oil and gas alone could be reduced by three-quarters with existing technologies and modest investment of less than 3% of the $4 trillion windfall income gained by oil and gas companies worldwide last year.

"The economic incentives to make those reductions were huge last year," IEA's Chief Energy Economist Tim Gould said. "We had record natural gas prices in many markets around the world. There was an extremely strong economic incentive to bring methane to market."


● iea.org

No 'forcing mechanism'

More than 150 countries have pledged to cut global methane emissions by at least 30% from 2020 levels by the end of this decade – although major emitters including China and Russia have not. Dozens of oil companies have also voluntarily committed to reduce emissions through the Oil and Gas Methane Partnership, and the Oil and Gas Climate Initiative.

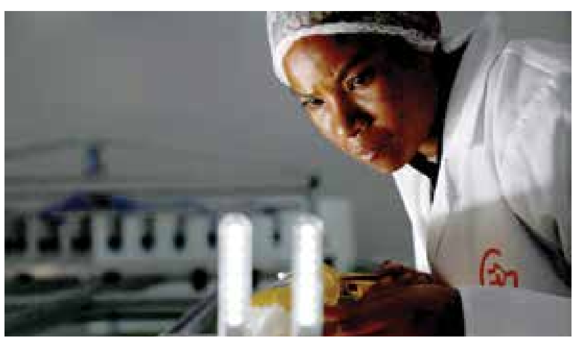
"There are a lot of pledges around, but what you need is a forcing mechanism," said Georges Tijbosch, CEO of MIQ, a methane emissions certification standard.

NOAA physical scientist Lori Bruhwiler said rapid cuts to methane emissions are important, but deep carbon dioxide emission reductions must accompany them if the world is to avoid global warming exceeding 1.5 Celsius (2.7 Fahrenheit) and unleashing more severe impacts.

The IEA report said there were more than 500 super-emitting events from oil and gas operations detected by satellites in 2022. Another 100 were spotted at coal mines. Altogether, the coal industry was responsible for about 40 million tonnes of methane emissions in 2022.

"Coal-related methane emissions in China are equivalent to total CO2 emissions from the whole of sub-Saharan Africa," Gould said.

South African cities scramble to keep lights on


A woman tests LED lights on a solar panel at their factory called Ener-G-Africa, where they produce high-quality solar panels made by an all-women team, in Cape Town, South Africa, on February 9, 2023.
● ESA ALEXANDER/REUTERS

Reeling from South Africa's worst-ever electricity crisis, local authorities across the country are turning to private suppliers to help businesses and households keep the lights on.

President Cyril Ramaphosa has declared a state of disaster over the energy crunch, which is seen wiping as much as 2 percentage points off economic growth this year.

With South Africans spending up to 10 hours a day without electricity due to rolling blackouts by struggling state utility Eskom, the tourist city of Cape Town aims to halve power cuts for its residents by 2026, its executive director for energy Kadri Nassiep said.

Officials plan to procure up to 500 megawatts (MW) from private power companies by 2026 to provide roughly a third of the city's annual 1,500-1,800 megawatts (MW) electricity needs.

They are also looking at offering households monetary incentives to save power during peak demand.

"Our idea is to make up the shortfall that Eskom is not able to provide, so that we can get the economy growing here again, investors interested again, get jobs back," Cape Town mayor Geordin Hill-Lewis told Reuters.

Debt-laden Eskom said earlier this month that it was only able to supply 56.6% of the power needed nationally in the 2022/23 financial year.

The electricity crunch has been years in the making, a product of factors including delays in building new coal-fired power stations and easing regulation to enable renewable energy producers to swiftly bring projects onstream.

Cape Town's Nassiep said the city was taking steps towards total energy independence from Eskom beyond 2030.

It issued a 200-MW solar energy tender last year and expects to follow that up with another for up to 300 MW of battery storage in the next few weeks.

Other cities including Johannesburg are looking at issuing similar tenders though unstable political coalitions have delayed their finalisation.

Johannesburg's bulk energy supplier, City Power, in November requested proposals from private companies for an up to 36-month purchasing agreement and hopes to add 500 MW to the city's grid, then mayor Mpho Phalatse announced in January.

The neighbouring Ekurhuleni municipality has signed deals with 46 private power companies for 700 MW, according to its 2020/2021 annual report.

Hill-Lewis said Cape Town also plans to change its energy policy to allow households and businesses that produce solar power to sell the excess to the city.

EU carbon hits record 100 euros amid soaring pollution cost

The price of permits on the EU's carbon market hit 100 euros ($106.57) per tonne for the first time on Tuesday, a milestone that reflects the increased costs that factories and power plants must pay when they pollute.

The benchmark EU Allowance (EUA) contract rose to a high of 100.70 euros per tonne and was trading at 100.21 euros per tonne by 11.35 GMT, Reuters reported.

EUAs are the main currency in the EU's Emissions Trading System (ETS) that forces manufacturers, power companies and airlines to pay for each tonne of carbon dioxide they emit as part of the bloc's efforts to meet its climate targets.

The more emitters have to pay for EU carbon permits to cover each tonne of C02 they produce, the greater the incentive to invest in low carbon technologies and switch to less-polluting fuels.

EU countries and lawmakers agreed reforms to the EU carbon market late last year, creating a bullish mood that has been heightened in recent weeks as companies approach an April deadline to buy and submit enough CO2 permits to cover last year's emissions.

Traders also said expectations of cooler weather and low wind speeds increased demand for permits from fossil fuel power generators in recent days and buying by speculators also drove prices.

The price hike also follows an increase in power sector demand for CO2 permits in 2022, when dwindling Russian gas supplies helped to fuel a 7% increase in EU power generation from coal, the most CO2-intensive fossil fuel, despite the high CO2 price.

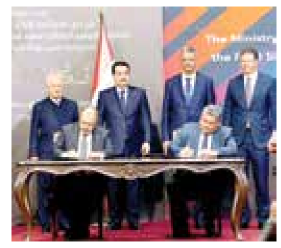
The return to coal has raised fears for Europe's climate targets, although EU policymakers say it is a short-term response – and the high price of fossil fuels, both coal and gas, will ultimately accelerate a shift to renewable energy.

Still, rising carbon prices are a cause of political tensions in the EU and breaching the 100-euro threshold is likely to reignite debates over prices.


Smoke billows from the chimneys of Belchatow Power Station, Europe's biggest coal-fired power plant.
● PETER ANDREWS/REUTERS

NEWS IN BRIEF

Iraq signs energy deals with UAE, China



REUTERS – Iraq signed deals with UAE firm Crescent Petroleum and two Chinese companies on Tuesday for the development of six oil and gas fields as it seeks to produce much needed natural gas for power stations and cut imports burdening the country's budget.

UAE-based Crescent Petroleum signed three 20-year contracts to develop oil and natural gas fields in Iraq's Basra and Diyala provinces in northeastern Baghdad.

Brent oil slips in volatile session

REUTERS – Brent oil slipped in a volatile session on Tuesday as concern about a demand-denting global economic slowdown outweighed supply curbs and prompted investors to take profits on the previous day's gains.

The focus in the wider financial market is firmly on the release on Wednesday of the minutes of the U.S. Federal Reserve's latest meeting, after recent data raised the risk of interest rates remaining higher for longer.

Eurozone business activity grows

REUTERS – Euro-area business activity rose at the fastest rate in nine months in February – raising the likelihood that the bloc can avoid a downturn this quarter.

The better-than-expected performance was driven by services, which saw the strongest growth since June in surveys of purchasing managers by S&P Global. Manufacturing output also improved as supply-chain bottlenecks eased further.