

Fact Sheet:

Methane: A ticking time bomb for Australian investors



Investors have an opportunity to incentivise more rapid action on methane – a potent greenhouse gas and a major contributor to fossil fuel companies’ Scope 1 emissions – by incorporating methane reporting and abatement into their engagement with companies.



Leading companies in Australia’s oil & gas and coal mining sectors are not taking sufficient action to reduce methane emissions, while planning substantial expansions of production that would outweigh any existing abatement action, relying instead on buying carbon credits to meet their climate-related targets.



By not implementing structural methane abatement measures, companies will rely on purchasing carbon offsets, increasing risk exposure in the event of a rising Australian carbon



Methane abatement can be undertaken with mature technologies at relatively low cost, and offers potential financial benefits for companies through the use and sale of captured gas.

Australia’s key oil & gas and coal companies are exposed to emission risks

	Oil and Gas			Coal	
	APA	woodside	Santos	BHP	Whitehaven
Overall Methane Risk Exposure	Moderate	Moderate	Moderate	High	High
Reporting Risk	Low	Moderate	Moderate	High	High
Emissions Target Risk	Low	High	High	High	High
Expansion Plans Risk	High	High	High	High	High
Abatement Action Risk	Moderate	Moderate	Moderate	High	High
Methane Costs Risk	Low	Low	Moderate	Moderate	Moderate

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Prioritising methane abatement makes economic sense

Reporting risks

- Lack of direct measurement creates high underreporting risks.
- Independent measurements suggest actual emissions could be twice as high in oil & gas and three times for open-cut coal mines which dominate BHP and Whitehaven's assets.
- Limited disclosures impede risk assessment.

Emission target risks

- Santos, Woodside, BHP and Whitehaven have not set explicit methane emissions reduction targets.
- APA Group has a 30% methane emissions reduction target by 2030 – well below what's required under the IEA's net zero pathway.

Expansion plan risks

All five companies assessed have major expansion plans that could materially increase their methane emissions.

Whitehaven

Whitehaven intends to double production capacity by 2050.

BHP

BHP has proposed significant coal mine expansion, including a plan to produce coal at Peak Downs until 2116.

APA

APA Group is considering new pipelines to connect Beetaloo, which would blow its methane emission targets.

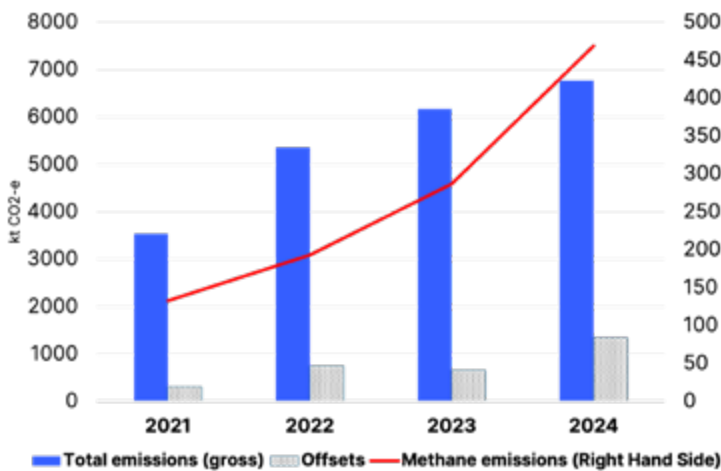
Santos

Santos is targeting a 14% production increase just in the next two years.

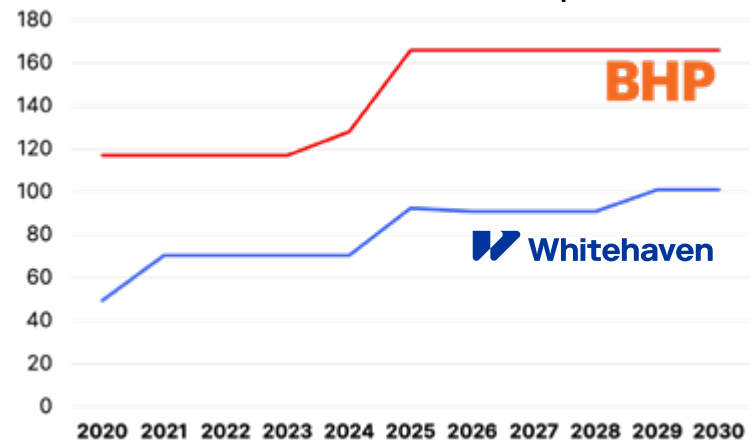
woodside

Woodside's reported methane emissions tripled since 2021, and it is still pursuing a range of new growth projects.

Woodside's methane emissions since 2021



Capacity of approved and proposed coal mines where BHP and Whitehaven hold an ownership interest



Abatement action risk

- Santos, Woodside, APA and BHP have all undertaken limited steps to abate their methane emissions.
- This is despite mature technologies being available at low cost of abatement or even net financial benefit.

Methane costs risks

- The lost value from not capturing and using methane could exceed AU\$200m/yr for the oil and gas sector, and AU\$700m for the coal sector.
- Coal companies could face increasing carbon offset costs – for example, BHP's annual offset costs could be as high as US\$40 million by 2050.

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