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How green is your LNG? – Supply chain emissions come under scrutiny

While the Covid-19 pandemic and its effects continue to dominate the news in 2020, a critical development has been playing in the background: the acceleration of policy responses to climate change. The most important was China's announcement in September that it aims to achieve carbon neutrality "before 2060". IOCs have also set targets to reduce and eventually eliminate the emissions from their operations.

These targets are bound to have an impact on the LNG business, with an increasing emphasis on the carbon emissions of the oil and gas industry itself. As a result, the LNG industry will have to provide a more sophisticated response to the decarbonisation agenda than relying on arguments about gas being 'the cleanest fossil fuel' and the benefits of displacing coal.

Coming after the first deals for 'carbon neutral' LNG cargoes in 2019, Pavilion's buy side tender in April this year reflected the increasing interest buyers are showing in the emissions profile of the LNG they buy. There are now signs of producers viewing their emissions footprint as a source of competitive advantage, most recently with NextDecade announcing a plan to add a Carbon Capture and Storage (CCS) stage to its Rio Grande project.

While interest in this area has grown hugely, there is little information available to compare projects and no generally accepted methodologies or rankings that look at emissions along the whole LNG chain. In the first of a series of articles on greenhouse gas (GHG) emissions, LNG Business Review looks at how much emissions the LNG industry does in fact generate and what it can do about it.

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