

CASE STUDY: Managing GHG emissions across the value chain

As the key link between U.S. natural gas producers and global markets, Cheniere is the fulcrum that enables the United States to export rapid, near-term GHG emissions reductions to our customers around the world.

The fact that we source and deliver natural gas from approximately 100 counterparties¹ illustrates that emissions reductions must be a collaborative, industrywide effort. In this context, the breadth of our supply chain and the global reach of our customer base mean that we enjoy unique leverage and influence in the industry. That is why we are leading efforts to engage with our suppliers and other value chain participants to support increased transparency and advance scientific research.

The U.S. natural gas industry has already taken steps to improve its emissions transparency and voluntarily reduce methane emissions. In fact, approximately 70% of the gas volumes we purchased in 2020 came from companies committed to a voluntary methane emissions reduction target. Furthermore, Cheniere and many of our value chain partners support regulatory measures — including existing measures relating to emissions reporting and potential new U.S. regulations to manage methane emissions — that will improve industry performance and create a level playing field for domestic and international operators.

We are working to further enhance industry transparency and improve performance by encouraging collaboration across our supply chain. In 2020, we hosted our second annual supplier sustainability workshop, to promote best practices on methane management and work with suppliers to assess the emissions profile of our supply chain. The number of participants in 2020, almost 70, was nearly double the attendees in 2019. We also recently co-hosted a seminar to engage academic, policy and private sector experts on climate policy and trends related to tracking and

reducing methane emissions across the industry. This event — hosted in partnership with Gas Infrastructure Europe (GIE) and Marcogaz, the technical association of the European natural gas industry, the European Commission and the Florence School of Regulation — is an illustration of our efforts to increase dialogue and transparency across our industry.

In 2020, we also supported several new studies through the Collaboratory to Advance Methane Science (CAMS), including a first-of-a-kind study to measure the GHG emissions of an LNG vessel during loading, transit, unloading and return. This research will identify emissions hotspots and mitigation opportunities, helping to fill data gaps and improve understanding of shipping emissions across the industry. It will also improve our ability to quantify the contribution of methane emissions from LNG vessels to the overall lifecycle emissions profile of LNG. We are working with shipping providers to optimize the efficiency of our portfolio of charter vessels. Based on existing charter agreements in place as of April 14, 2021, 86% of our fleet by the end of 2022 will be composed of XDF/MEGI vessels (25 XDF/MEGI vessels and four steam vessels). Vessels with XDF/MEGI engines² are the most efficient and low-emissions LNG ships on the market.

“We’re at the nexus of our upstream suppliers in North America and our customers around the world. We believe that, because of that position, we have a responsibility and commercial incentive to support and encourage efforts to increase the monitoring, reporting and verification, as well as mitigation, of methane emissions to maximize the climate benefits of LNG for our customers.”

Anatol Feygin
Executive Vice President and Chief Commercial Officer

¹ “Counterparties” includes producers, marketers, processors and pipelines.

² XDF refers to vessels with low-pressure dual fuel (LPDF), 2-stroke engines. MEGI (Main Engine Gas Injection) refers to vessels with high-pressure dual fuel (HPDF), 2-stroke engines.