From: [redacted] Chief Strategy Officer

OGCI Climate Investments LLP

25 Argyll Street

London, W1F 7TS UK

March 13, 2024

Comments to: Ordinance amending the thirty-sixth ordinance implementing the Federal Emission Control Act

To: The Ministry of Environment,

The purpose of this letter is to offer comments from industry participants regarding the proposed changes to the UEVR in 36 BlmSchV. As context, our firm OGCI Climate Investments LLP (OGCI CI LLP) is a European-based private-markets investor focused on fast and capital-efficient decarbonization of heavy industry. Our firm holds two investments in methane-emission and flare-gas reduction companies that will be severely negatively impacted should amendment to the thirty-sixth ordinance be passed.

OGCI CI LLP would like to offer three arguments for consideration by the Ministry of Environment regarding the pending decision as to whether the UERV program will be modified.

1. The **financial losses** on investments whose success was linked to the current UERV program expiration of January 1, 2026.
2. The **increase in GHG emissions** connected to the potential failure of companies and projects linked to the UERV program
3. The **loss of confidence** in future carbon regimes that a retroactive change, such as the proposed amendment, could bring forth.

**Financial losses:**

As of March 2024, OGCI CI LLP holds two significant equity investments in early-stage companies (ICA-Finance and Flare2Value International Ltd.) which are focused on UERV market development. These companies enable or implement projects that reduce methane and flare gas emissions from oil and gas operations. Both companies will face significant financial challenges, which may include in a worse case insolvency in 2025, if the UERV schedule is amended as proposed. Furthermore, other industry participants in the methane reduction ecosystem that are reliant on the UERV to implement investments could face financial losses that are significantly greater than OGCI CI LLP. The reason for their greater financial exposure is the fact that these companies have pre-invested in project development and capital equipment for UERV-reliant projects that were intended to be executed through 2025. Some of these participants are small companies from developing nations like Nigeria.

**Increasing GHG Emissions**

Climate Investment estimates that our two companies operating in the UER space could deliver between 8 and 10 million metric tons of CO2e GHG avoidance by 2030. The early closure of the UER market and the potential failure of these companies could risk that progress on avoiding methane emissions is significantly stalled.

**Loss of confidence in carbon markets:**

International carbon markets are in a fragile state. Progress on international compliance markets ("Article 6 markets") has stalled since COP28 and Voluntary Carbon markets are dealing with challenges around transparency and reliability. The proposed retroactive and unexpected changes to the UER market will increase the perception of regulatory risk in carbon markets and result in further loss of confidence in future carbon regulatory regimes.

Our firm, OGCI CI LLP, requests that the government continues to support the decarbonization of critical sectors by reconsidering the amendment; and maintains the regulation as through to the end of the originally intended period.

Yours sincerely,

[redacted]

*Duly authorized on behalf of OGCI CI*