environmental investigation agency

Climate

The EU Methane Regulation

Reducing emissions while maintaining energy security

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Introduction

The EU Methane Regulation is a key piece of climate legislation, aiming to reduce methane emissions from both domestic and imported fossil fuels.

But despite its clear rationale and prolonged roll-out, some industry actors and member states are calling for delays to implementation, arguing it undermines EU energy security – concerns which are unfounded when considering trends in gas demand, diversification strategies and its practical implementation.

This briefing outlines why such claims are unjustified and explains how the EU is well-positioned to cut methane emissions while maintaining a secure and resilient energy system.

1. Phased and practical implementation

The EU Methane Regulation introduces a three-step process to address methane emissions across the fossil fuel supply chain, starting with transparency and culminating in enforceable performance standards from 2030 onward:

- **First**, by 5 August 2026, the European Commission will publish a methane performance profile for member states, EU producers and importers, using data from competent authorities via a methane transparency database – with no obligation for actual methane monitoring or mitigation.[1]

- **Second**, from 1 January 2027, the Commission will introduce monitoring, reporting and verification (MRV) equivalence. For new contracts, importers will need to prove to the authorities that the oil, gas, or coal they are importing into the EU meets the same monitoring and reporting standards set by the EU Methane Regulation.[2] For older contracts, importers must make best efforts to ensure their suppliers meet the requirements, keeping the authorities updated each year and explaining when requirements are unmet. The MRV requirements are based on OGMP 2.0, the most widely recognised reporting framework, hosted by the UN Environment Programme, with 150 companies across 90 countries, including many from major gas-exporting nations to the EU.[3]

- **Third**, from 5 August 2030, for contracts made or renewed after that date, EU producers and importers must prove to authorities that the methane intensity of their product is below the maximum levels set by the Commission – representing in excess of a six-year grace period from the date of adoption of the EU Methane Regulation.[4]

Notably, mitigation measures only apply from 2030 onwards, leaving industry with sufficient time to adapt to the requirements. This approach was designed to avoid market disruptions, with input from industry throughout the legislative process to ensure reasonable timeframes.

For EU operators, the first MRV requirements take effect on 5 August 2025. Extending these requirements to operators outside the EU in 2027 will serve to level the playing field and prevent unfair competition. Many current exporters to the EU, as members of OGMP 2.0, are already complying with the MRV requirements, while many others have the technical capacity to comply easily.[5]

The EU Methane Regulation sets out varying frequencies for leak detection and repair (LDAR) and prohibits venting and flaring – measures that do not apply to importers.[6] For further context, Norway has prohibited venting and flaring since 1971.[7] While these measures go a long way towards addressing domestic methane emissions, the EU imports the vast majority of the fossil fuels it consumes.

Methane abatement across the fossil gas supply chain is not a threat to supply and actually ensures this resource is brought to market more efficiently. The International Energy Agency (IEA) found that if exporters to the EU were to put measures in place to limit flaring, for example, they could increase gas exports by more than 45 billion cubic metres (bcm) using existing infrastructure.[8]

2. Falling EU gas demand

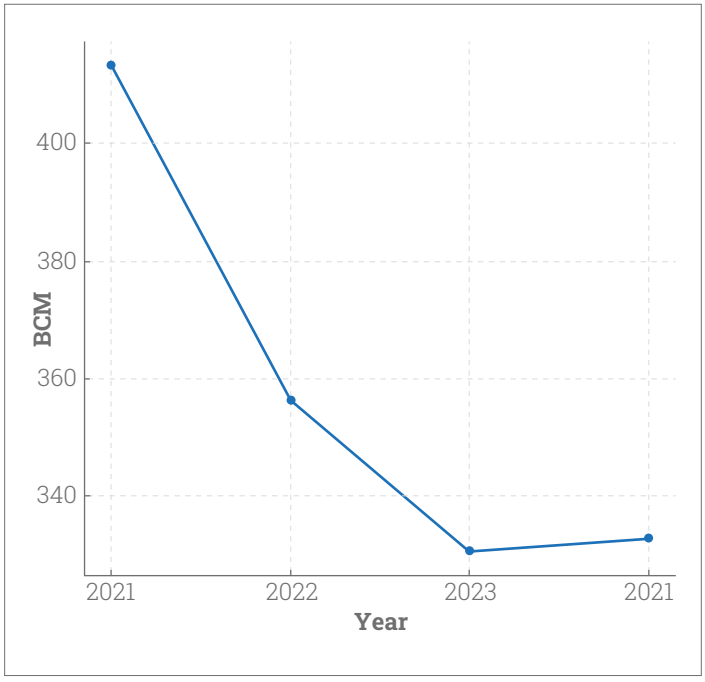
Claims the EU Methane Regulation may jeopardise energy security are unfounded, ignoring clear downward trends in EU gas demand driven by ambitious policies and renewables deployment, including:

- Fit-for-55 Package, which sets out policies to decrease EU gas demand by 30 per cent by 2030 relative to 2019 levels.[9]

- REPowerEU Plan, which sets out policies to further reduce demand while diversifying supply away from Russian fossil fuel sources.[10]

Three years on from REPowerEU, the EU has successfully reduced its gas consumption significantly, as shown in Figure 1. Between August 2022 and January 2025, gas demand was reduced by 17 per cent, equivalent to 70 bcm of gas per year.[11] In parallel, renewable power generation has risen in Europe to a record share of 45 per cent of overall electricity output in 2023, with this trend maintained across 2024.[12]

Figure 1: *EU gas consumption*



3. Stronger energy security through diversification

Despite falling demand, the EU has expanded and diversified its supply base. In 2024, the EU imported a total of 272.9 bcm of fossil gas, making up 80 per cent of total demand.

Russia's share of imports fell from 45 per cent in 2021 to just 19 per cent in 2024, replaced by increased volumes from Norway (which supplied over a third), the US, Algeria and others, thereby diversifying energy sources and increasing EU energy security, as shown in Table 1.[13]

Table 1: *EU fossil gas imports by supplier, share, volume*[14]

Supplier	Percentage of total im-ports	Volume (bcm)
Norway	33.4%	91.1
United States	16.5%	45.1
Algeria	14.4%	39.2
Russia (pipeline)	11.6%	31.6
Russia (LNG)	7.3%	20
United Kingdom	4.3%	11.7
Azerbaijan	4.3%	11.7
Qatar	4.3%	11.7
Others	3.9%	10.6

Globally, a significant expansion of liquified natural gas (LNG) export capacity is taking place. The EU is the intended destination for many of these exports, adding 70.9 bcm LNG regasification capacity in the past three years.[15]

At the same time, many pipeline suppliers, e.g. Algeria, Azerbaijan and Libya, are forecast to increase gas production in the coming years, giving the EU multiple options.[16]

This widening range of gas suppliers boosts EU energy security, especially coupled with falling demand, putting the EU in a strong position to require that reasonable mitigation be taken to reduce methane intensity or otherwise lose access to the EU market.

In short, the increase in LNG capacity in the EU, combined with its falling gas demand, will move it from an under-contracted stance of minus 49 bcm in 2023 of to an over-contracted position of plus 30-40 bcm from 2027-30.[17] In other words, the EU does not need more fossil gas given the increasingly diversified supplier options and over-contracted LNG position.

Looking to the longer term, if the EU reduces greenhouse gas (GHG) emissions by 90 per cent by 2040, as proposed by the Commission, gas demand is forecast to decline to 117 bcm. This level can be fully met by existing gas fields in the EU, Norway and Algeria, along with agreed long-term contracts, which are expected to supply the EU with 118 bcm of gas in 2040.[18]

EU exporters and methane mitigation

In an increasingly competitive gas export environment, producer countries will align with EU import requirements to retain access to the world's largest gas market. We are moving quickly from a sellers' market to a buyers' market, one in which the EU can choose to import gas from countries with similarly ambitious regulations on methane emissions without any risk to energy security.

Under REPowerEU targets, 35 bcm of biomethane will be produced each year and overall gas demand will reduce to 184 bcm in 2030.[19] Discounting the minimal remaining domestic production, the EU will therefore need to import 149 bcm. Pipeline gas of low-methane intensity from nearby suppliers such as Norway and UK would be sufficient to cover the majority of this demand (103 bcm, based on 2024 import flows), with the remainder (46 bcm) coming from more progressive suppliers which take action on methane and comply with the requirements of the EU Methane Regulation.

Many EU export partners are taking steps to address their upstream methane emissions. Azerbaijan recently signed up to the Global Methane Pledge and has agreed to double its gas exports to the EU.[20]

Sixty-five per cent of Algeria's gas exports are destined for the EU, making regulatory alignment a strategic necessity.[21] Ensuring continued access to this key market is worth the cost of compliance. The Algerian Government has signalled its willingness to address methane emissions in recent energy dialogues with the EU[22] and has reinforced its commitment by signing new export agreements with Italy.[23] Canada has set venting limits and LDAR requirements, aiming for a 75 per cent reduction in emissions by 2030,[24] while Nigeria has enacted regulations aiming to eliminate routine gas flaring by 2030 and reduce fugitive methane emissions from oil and gas operations by 60 per cent by 2031.[25]

In exchange for low-methane gas, the EU is well positioned to provide technical assistance to export partners in abating their methane emissions through initiatives such as the Methane Abatement Partnership roadmap.

Support for methane abatement is also provided by international organisations such as the World Bank's Global Flaring and Methane Reduction Partnership and the Climate and Clean Air Coalition's Fossil Fuel Regulatory Programme.

EU energy security is all but guaranteed as producer countries continue to expand export capacity. There will no shortage of options to meet the 2030 EU gas demand.

Conclusion

The EU is well on track to reduce methane emissions associated with its consumption of fossil fuels while also ensuring energy security through a collection of efforts over the years.

Gas demand is structurally declining, with LNG supply from existing contracts expected to exceed demand as early as 2027. Renewables continue to reach record levels of deployment, at lower cost compared with fossil fuels, safeguarding EU energy supply.

As we move towards a buyers' market, the EU must work with progressive fossil fuel producers to implement the EU Methane Regulation, delivering emissions reductions across the supply chain. Now is not the time to backslide on climate progress and unsettle the transition.

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