

Consultation Response on the Revision of the Governance of the Energy Union and Climate Action

About EIA

The Environmental Investigation Agency (EIA) is an independent non-governmental organisation that campaigns for changes to law and policy, both in domestic and international contexts, supported by effective implementation and enforcement as well as private sector action. EIA's climate programme seeks to keep global warming below 1.5°C through rapid reductions of all the major greenhouse gases and the phase out of fossil fuels.

Introduction

EIA welcomes the chance to inform the European Commission's revision of the Regulation on the Governance of the Energy Union and Climate Action. This revision provides a timely opportunity to modernise the European Union's (EU) climate governance framework for the post-2030 period and to align it more fully with the level of ambition required by the Paris Agreement.

EIA's response focuses on three issues that we consider critical to the integrity and effectiveness of the revised Governance Regulation. First, the risk that administrative simplification is pursued in ways that weaken regulatory obligations and monitoring, reporting and verification (MRV) requirements. Second, the need to preserve the integrity of the EU Methane Regulation in the energy sector. Third, the importance of strengthening the Governance Regulation so that Member States planning, reporting and monitoring provide greater transparency on fossil fuel consumption and production. This would enable the EU to assess whether national trajectories are consistent with its legally binding climate targets as set out by the European Climate Law.ⁱ

I. Simplification, Not Weakening of Ambition

The 2024 evaluation of the Governance Regulation acknowledged that reporting obligations can be streamlined, and the European Commission's Call for Evidence for an Impact Assessment for this revision explicitly identifies simplification among its objectives.ⁱⁱⁱⁱ EIA supports efforts to reduce unnecessary administrative burden and improve coherence across overlapping reporting frameworks. However, simplification should not be pursued in ways that weakens Member States reporting obligations.

The Governance Regulation, adopted in 2018, establishes the framework through which the EU coordinates Member State planning, reporting and monitoring in order to meet the objectives of the Energy Union. Central to this framework are the National Energy and Climate Plans (NECPs), through which Member States set out their contributions to EU climate and energy objectives. By translating EU-wide targets into national planning and reporting processes, the Governance Regulation supports the achievement of the EU's 2030 climate and energy targets under the European Climate Law and the Fit for 55 package, as

well as its longer-term commitments under the Paris Agreement, while providing a mechanism to track collective progress toward decarbonisation.

Robust MRV systems underpin this framework. NECPs, long-term strategies, progress tracking under the Effort Sharing and LULUCF Regulations, and the EU's reporting obligations under the UNFCCC and the Paris Agreement all depend on the quality, comparability and completeness of the data generated through these systems. Strong MRV requirements allow the European Commission to identify implementation gaps, assess whether Member States policies are sufficient to meet EU target and take corrective action where necessary.

The European Commission's latest EU Climate Action Progress Report 2025 highlights persistent data gaps in Member State reporting, including insufficient information on the energy system drivers of greenhouse gas (GHG) projections, incomplete reporting on the costs and impacts of policies and measures, and a lack of sub-national monitoring frameworks.^{iv} The report concludes that Member States must accelerate implementation of climate and energy policies in order to achieve the 2030 targets and stay on track with longer term objectives.

These findings underline the importance of strengthening reporting capacity and improving compliance across member States. They do not support lowering reporting requirements.

Simplification should focus on eliminating duplication, improving data interoperability and modernising digital reporting tools. It should not result in the dilution of substantive regulatory obligations and MRV standards that underpin the EU's climate governance architecture.

EIA therefore calls on the Commission to seek that the revised Governance Regulation:

- Ensures that any simplification of reporting formats is genuinely additive, reducing overlap without removing substantive obligations.
- Maintains the current architecture requiring Member States to report on their contributions towards EU-wide, legally binding targets for renewables deployment and energy efficiency improvements.

III. The Governance Revision Must Not Reopen the MRV Provisions of the EU Methane Regulation

As the European Commission considers options for simplifying reporting obligations under the Governance Regulation, it is essential that these discussions do not reopen or weaken the MRV requirements established under the EU Methane Regulation (EUMR). The MRV provisions of the EUMR were carefully negotiated to ensure practical implementation for both EU operators and exporters, with a gradual phase-in of obligations and requirements for importers only entering into force in January 2027.^v

These provisions were designed to align with internationally recognised reporting frameworks, notably the Oil and Gas Methane Partnership (OGMP) 2.0 standard hosted by the UN Environment Programme. OGMP 2.0 is the most widely recognised methane reporting framework globally, with more than 150 companies across 90 countries participating, including many operators in major gas-exporting countries supplying the EU market.

Based on current membership and company implementation plans, assets reporting at the highest level of measurement and reporting (Level 5) are expected to cover approximately 25% of global oil and gas production by 2027. Evidence from existing reporting further demonstrates the feasibility of these requirements. In 2024, assets reporting at Level 5 recorded an average methane emissions intensity of approximately 0.1%. Many companies operating in countries that export gas to the EU are already OGMP 2.0 participants and are therefore well positioned to meet the MRV requirements established under the EUMR.^{vi} Other companies will have sufficient time to adapt before the equivalence requirements take effect in 2027. This phased timeline was deliberately designed to provide industry with ample time to implement the necessary monitoring systems while allowing the European Commission to establish procedures for determining third-country equivalence through an implementing act under Article 28(6).

Until these provisions take effect, reporting requirements for exporters remain limited. Exporters are required only to provide basic information where available, including the identity of exporters, whether monitoring and reporting systems are in place, and available information on emissions measurement methods and methane intensity. Where such information is not yet available, exporters may provide a justification and outline the steps they are taking to obtain it.

Given this carefully designed implementation timeline and the alignment with widely adopted international standards, there is no justification for revisiting or weakening the MRV provisions established under the EUMR within the scope of the Governance Regulation revision.

II. The Governance Regulation Must support the managed phase out of Fossil Fuels in the EU

The 2024 evaluation of the Governance Regulation concluded that future revisions should support the EU in meeting increasingly ambitious climate and energy objectives, including the transition away from fossil fuels.^{vii} The European Commission should act on this conclusion. If the EU is serious about achieving climate neutrality by 2050 under the European Climate Law, it must accelerate the phase-out of its main source of emissions: fossil fuels.

Fossil fuels are responsible for nearly 90% of human-induced CO₂ emissions globally.^{viii} According to the International Energy Agency (IEA) global demand for coal, oil and natural gas must decline by approximately 90%, 75% and 55% respectively by 2050, with demand

peaking and entering structural decline before 2030, in order to reach net zero emissions by mid-century.^{ix} The EU can remain on track to meet its climate objectives only if Member State planning and reporting frameworks capture these structural shifts in the energy system.

The revision of the Governance Regulation therefore offers an opportunity to strengthen the transparency and accountability of the EU's fossil fuel transition by improving the monitoring and reporting of fossil fuel consumption, production and investment trends at Member State level.

EIA strongly supports the European Commission's proposal to maintain the current architecture of the Regulation based on the five Energy Union dimension (energy security, internal energy market, energy efficiency, decarbonisation, and research, innovation and competitiveness), while complementing it with key performance indicators (KPIs) that track the evolution of fossil fuel use and the progress of the energy transition across Member States. Tracking renewables deployment and energy efficiency gains as currently requested by the Governance Regulation is of course essential. However, these indicators alone are not sufficient to capture progress in the energy transition. An increase in renewable energy and energy efficiency may reduce the need for *new* fossil fuels, without effectively replacing them in the energy mix. For this reason, renewables deployment and energy efficiency improvements are only indirect indicators of the energy transition, similarly to the GHG emission reduction target. Complementary, relevant indicators should cover Member States fossil fuel transition plans, including supply-side and demand-side reduction targets, phase-out dates for existing infrastructure and just transition measures, as well as assessments of alignment with EU-wide decarbonisation targets.

Strengthened transparency around fossil fuel consumption and production across Member States would therefore provide the analytical foundation needed to manage the EU's fossil fuel phase-out in line with its climate objectives. Fossil fuel use accounts for 75% of greenhouse gas (GHG) emissions in the EU.^x By systematically tracking the evolution of fossil fuel use through NECPs and associated reporting, the Governance Regulation would allow the European Commission to assess whether national plans and policies are collectively consistent with the Union's decarbonisation trajectory. Where significant gaps emerge between current trajectories and the fossil fuel reductions required to meet EU climate targets, the evidence generated through could inform the development of additional policy instruments at EU level. This could include, where appropriate, future legislative proposals establishing sectoral measures or targets designed to ensure that Member States collectively deliver the fossil fuel phase-out implied by the EU's climate commitments.

Increased monitoring would also strengthen regulatory certainty for investors and industry, accelerating the reallocation of capital toward renewable energy and clean technologies. By progressively reducing dependence on foreign fossil fuel exports, they would strengthen energy security in the EU, the importance of which was only heightened by the Russian invasion in Ukraine and the US's aggressive fossil fuel diplomacy. The latest shock on oil

prices following the US' attack on Iran once more proves this point. In addition, the EU's credibility as a climate leader matters more than ever on the global stage. Ensuring greater transparency of Member States' action to align with global climate goals in the EU's governance framework would demonstrate that Europe's climate ambitions extend beyond carbon accounting and represent a genuine commitment to a safer world for all.

Finally, the Governance Regulation update is an opportunity to deliver more on fossil fuel subsidies that undermine the European Union's environmental objectives, fiscal coherence and energy independence. These subsidies artificially maintain the competitiveness of fossil fuels against clean energy alternative, therefore delaying the energy transition, while primarily benefitting the highest income households.^{xi} As it stands, Member States' reporting through NECPs is inconsistent and incomplete, as it follows loose requirements regarding inventory scope, fossil fuel subsidies definitions and phaseout timelines.^{xiii} The revised Regulation must set harmonised EU-wide definitions of fossil fuel subsidies, as well as mandatory, transparent and regular reporting by Member States. This would provide the necessary information for the EU to explore the need for further action to phase out fossil fuel subsidies in ways that align with decarbonisation targets and other international commitments.

EIA therefore calls on the Commission to use the revised Governance Regulation to:

- Complement the current EU governance architecture with KPIs tracking the fossil fuel phaseout in line with its own legally binding decarbonisation objectives by 2040 and 2050.
- Require Member States to report on existing fossil fuel transition plans within NECPs, covering supply-side and demand-side reduction targets and policies, phase-out dates for existing infrastructure, and worker and community transition measures, with an assessment of their alignment with EU decarbonisation targets.
- Extends MRV provisions to cover fossil fuel production, consumption and reserves data at national level through NECPs.
- Harmonise Member States reporting requirements on the implementation of national fossil fuel subsidies phase out objectives by clarifying definitions and inventory scope.

Conclusion

EIA urges the Commission to approach this revision as an opportunity not merely to streamline existing obligations but to significantly strengthen the EU's climate governance architecture.

A revised Governance Regulation that protects and expands MRV integrity, while improving transparency of Member States fossil fuel consumption, production and related subsidies, would raise the bloc's understanding of its own energy transition trajectory, and where necessary, inform the adoption of course-correction measures at EU-level. This information

is essential for the Commission to evaluate whether the EU is adequately progressing toward its 2040 and 2050 decarbonisation targets and fulfilling its Member States' commitments under the Paris Agreement.

For more information

Ines Urman

Climate Campaigner

Environmental Investigation Agency

Inesurman@eia-international.org

Kim O'Dowd

Senior Climate Campaigner

Environmental Investigation Agency

kimodowd@eia-international.org

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