15/11/2023 | **Jutta Paulus MEP (**Co-Rapporteur in ITRE; Co-Rapporteur im ENVI: Pascal Canfin MEP)

BRIEFING on the EU Methane Regulation

Deal after final trilogue between EP, COM and Council

I. Background

Climate Killer Methane:

- **Second most important greenhouse gas**, main component of natural gas, concentration in the atmosphere currently higher than at any time since measurements began. Short lifespan: after approx. 12 years, methane is broken down into carbon dioxide (CO2), but calculated over a period of 20 years, methane is more than 80 times as harmful to the climate as CO2.
- Methane is responsible for **24% of global warming** and is a precursor for the formation of ground-level ozone. This makes methane not only a **climate problem** but also an **environmental and health problem**.
- According to the latest synthesis report of the Intergovernmental Panel on Climate Change (IPCC), the goal of **limiting global warming to 1.5 degrees can only be achieved with rapid and effective methane reduction measures**. Halving methane emissions by 2030 could reduce the rise in the global average temperature by 0.3 degrees Celsius. According to a report by the International Energy Agency, measures in the energy sector alone could avoid 0.1°C by the middle of the century. For comparison: the effect corresponds to the total emissions from transport - worldwide.
- No more excuses: In the **energy sector**, **75 per cent of methane emissions** can be reduced without additional costs, because gas that is not unnecessarily emitted can be sold and used
- More than half (59 per cent) of methane emissions worldwide are man-made: **agriculture** (approx. 45-50 per cent), **waste management** (25 per cent) and the **energy sector** (25-30 per cent). For Europe, the breakdown by sector is as follows

EU-Methane Regulation:

- **To date** - more than 20 years after the EU Commission's first methane strategy - there has been **no regulation of methane emissions in the EU**. The current EU methane strategy was announced in the Green Deal and published in 2020. An own-initiative report by the EU Parliament on the methane strategy already called for all sectors to be addressed and for it to be extended to imports. Proposal for EU methane regulation came in December 2021.
- Achieving **the EU climate target** also requires a methane reduction. Methane emissions are not addressed in emissions trading, but fall under the **EU Effort Sharing Regulation**.
- At the initiative of the EU and others, over 100 countries have committed to the **Global Methane Pledge** at the 2021 and 2022 UN climate conferences: The aim is to reduce methane emissions by at least 30 per cent by 2030.
- In terms of global impact, the EU Methane Regulation could become the **most far-reaching EU climate law in the Green Deal**
- In September 2023, negotiations between the Parliament, Commission and Council **("trilogue negotiations"**) began to reach a joint agreement on the new EU Methane Regulation; the last trilogue ended on 15 November 2023 at 03:30.

II. Trilogue Results

- **Methane reduction target:** Parliament had called for a clear target. However, this point could not be pushed through in the trialogue. The Commission took the view that a general reduction target could not be enshrined in a regulation for the energy sector.
- **Measurement, reporting, verification (MRV):** All production sites and downstream infrastructure must record and report emissions. They must be verified by an independent verification body and the competent authorities.
- **Dealing with leaks (LDAR):** Leaks must be detected, reported and closed. There are ambitious timetables and specifications for the sensitivity of the measuring instruments used and the deadlines for repairs. The "best" production sites are allowed longer periods for leak detection, but must have very ambitious methane intensities. Better conditions for the "front runners" were a prerequisite for the approval of some member states, and the Parliament was able to push through good limit values in the negotiations.
- **Prohibition of methane venting and flaring:** Routine venting is prohibited and is only permitted in emergencies. For flaring, there is a list of situations in which flaring is permitted, but it must be done with at least 99% efficiency.
- **Coal**: Limit value of a maximum of 5 tonnes of methane emissions per 1000 tonnes of coal production from 2027 and a maximum of 3 tonnes from 2031. This gives Poland, which is in a more difficult starting position historically and socially, more time for implementation. The European Commission is to submit a delegated act for the critical raw material coking coal (required for traditional steel production).
- **Closed or abandoned coal mines, oil and gas extraction sites:** Member States must record abandoned mines and extraction sites and adopt a methane reduction schedule within three years. For Member States with a large number of old extraction sites, the period is extended to 6 years. Coal mines that have been abandoned for more than 70 years or flooded for more than 10 years no longer have to be measured.
- **Extension to the petrochemical sector:** In addition to the gas, coal and oil sectors, Parliament also called for the petrochemical industry to be included in the EU Methane Regulation. The reason: the chemical industry essentially uses the same technologies and equipment as the oil and gas industry. Already today, 15% of oil and gas consumption goes to the chemical industry as a raw material, and the trend is rising. This was a red line for the Council of Member States, and the Commission also took the view that the sector was already adequately covered by the Industrial Emissions Directive. In the latter, the specifications for measuring emissions and leak detection will be updated in 2030 and must then be adapted to the specifications in the Methane Regulation.
- **Imports**: The agreement gradually extends the measures to the production of oil, gas and coal imported into the EU. The EU imports more than 4/5 of its gas and oil requirements and 2/5 of its coal requirements. Unlike the CBAM (carbon border adjustment mechanism), this is not a pricing but a regulatory measure.
- From 2025: Obligation of importers to ensure transparency regarding origin, measures to measure emissions, membership of the Oil and Gas Methane Partnership
- From 2026: Commission publishes and updates transparency database for producers and creates profiles for countries of origin (regulatory measures, signatories to Global Methane Pledge, etc.)
- From 2026: Instrument for monitoring super emitting events (in cooperation with the UN), penalties for imports at whose production sites super emitting events occur
- From 2027: obligation for importers to select only producers with equivalence in measuring, reporting and verifying emissions
- From 2027: Methodology for the classification of methane intensity classes, delegated act
- From 2028: Reporting obligation for methane intensity of imports

- From 2029: methane intensity threshold for imports into the EU

  From 2030: Penalties for imports above the threshold value

  Existing contracts should be supplemented with these points where possible. New or extended contracts must contain corresponding clauses.

  If the EU Methane Regulation is applied to imports from 2030, this will reduce **around 400 million tonnes of CO2 equivalent annually**, equivalent to two thirds of Germany's emissions. (Assumption: producers apply the necessary measures not only to exports to the EU, but to their entire production facilities).

III. Assessment

MRV: Binding rules on measuring and reporting emissions at last! Transparency is the key to reduction. Firstly, companies can then see which values they are missing out on. Secondly, customers can make individual decisions about which provider they choose. Thirdly, the reports on methane emissions to the IPCC will be put on a sound data basis.

LDAR: The centrepiece of the regulation, the most important way to reduce emissions. As a parliament, we were able to push through ambitious timetables and good thresholds for the obligation to repair. In return, we have accepted some exemptions, for example for offshore extraction sites more than 700 metres deep.

Decommissioned mines and extraction sites: We had to accept a number of exemptions and weakening of our very ambitious position. However, these mainly concern very old extraction sites where, according to scientific opinion, no or very few methane emissions are to be expected, and there is still an obligation to include the relevant sites in the inventory and an obligation to contain methane emissions if these are reported, including by third parties.

Imports: the most important part of the regulation in terms of its global impact on climate protection! For us as Parliament and as Greens, the timetable is not satisfactory. However, we had to accept that the Commission is unable to define a reliable methodology as long as there is no reliable data. So far, all publications and assessments worldwide have been based on industry data, averages and estimates. This is not sufficient for a legally tenable commitment to a specific threshold value. We therefore had to accept that progress can only be made gradually. Nevertheless, the inclusion of imports in the regulation is already an unmistakable signal that producers worldwide must prepare themselves for the fact that the world's largest market could be closed to them if they do not curb their methane emissions. I expect that this announcement alone will lead to corresponding measures.

COP 28: The EU can travel to the climate conference in Dubai with confidence: We are delivering on the Global Methane Pledge. I assume that we will have many discussions at this climate conference with countries that either want to know what is in store for them as producer countries or are considering similar legislation as importing countries.