

Methane policy recommendations for the EU

Addressing methane emissions from
all gas consumed in the EU

I. CONTEXT

The European Union (EU) agreed a climate neutrality target by 2050, including an interim 55% net Greenhouse Gas (GHG) emission reductions target by 2030. The impact assessment of the 2030 climate target plan indicates that methane will continue to be the EU's dominant non-CO₂ greenhouse gas and concludes that stepping up the level of ambition for reductions in greenhouse gas emissions to at least 55% by 2030 compared to 1990 requires an accelerated effort to reduce methane emissions from all key sectors, with projections indicating a step up needed to 35-37% reductions by 2030 compared to 2005.

To deliver the step up needed in methane emission reductions from all natural gas consumed in the EU, it is critical to address methane emissions from natural gas imports as well as from domestically produced natural gas.

II. POLICY RECOMMENDATIONS TO ADDRESS METHANE EMISSIONS FROM ALL GAS CONSUMED IN THE EU

EU methane legislation scope

- We support the EU's aim to propose a legislative framework on methane emissions monitoring, reporting and verification (MRV) by the end of 2021, building on the Oil & Gas Methane Partnership (OGMP) 2.0 methodology. This is an essential first step to enable the implementation of policies aiming to address emissions of methane from all gas consumed in the EU, including from imports.
- We support the inclusion of Leak Detection and Repair (LDAR) and requirements to limit methane emissions from flaring and venting in the EU methane legislation's scope. Strong, uniform regulatory oversight to ensure continuous improvement.
- We encourage the Commission's intent to consider legislation on targets, standards or other incentives to reduce methane emissions from all natural gas consumed in the EU. We believe targets form an integral part of a comprehensive set of policies aiming to address emissions from all gas consumed in the EU. We therefore consider that, along with MRV, LDAR and venting and flaring requirements, the upcoming EU methane legislation by the end of 2021 should include clear steps to enable the EU commission to introduce legislation that reduces emissions from all gas consumed in the EU.

Data transparency and verifiability

- We encourage the EU to support the establishment of the International Methane Emissions Observatory (IMEO) tasked with collecting, reconciling, verifying and publishing anthropogenic methane emissions data at a global level. Verifiability of reported methane emission data will be critical to the credibility of policies with an international scope.
- We support the EU's plan to compile and publish a methane-supply index (MSI), through IMEO, at EU and international level. The MSI will indeed increase transparency of data and empower gas buyers to make informed choices.

Diplomatic outreach to gas exporting countries

- We encourage and offer support to the EU to lead a diplomatic outreach campaign to natural gas exporting countries and companies to encourage them to become active in the Oil and Gas Methane Partnership (OGMP). We also support the EU's intent to pursue closer cooperation with countries that have existing methane regulations and country-level methane emission reductions targets, through bilateral dialogues where the EU will advocate for the need to reduce methane emissions at a global level, based on robust MRV frameworks, and share experiences and identify joint actions.
- We believe the EU's diplomatic outreach campaigns should lead to specific and time-bound agreements that can be monitored over time and that include transparent and agreed-upon consequences for non-compliance. We also understand the challenge the EU faces when trying to regulate emissions outside its own jurisdiction. We believe that focusing bilateral dialogues on establishing methane regulatory equivalence between the EU and gas exporting countries will contribute to certainty of emission reduction outcomes while maintaining regulations within domestic jurisdictions. Equivalence criteria can be developed by the Commission and published as part of a Delegated Act, similar to the way equivalence criteria have been developed under other EU legislative frameworks.

Standards, targets and incentives

- We agree with the EU methane strategy that minimum methane emission standards, targets or other such incentives based on robust scientific analysis can play an effective role to ensure methane emission reductions in the EU and globally. We also acknowledge that defining the levels of targets and the requirements for a smooth implementation and an effective enforcement need further assessment once an EU MRV framework is in place. To that end, we offer support to the EU's impact assessments that will evaluate the implications of putting such an instrument in place, including the independent verification and compliance checks that will be required to effectively enforce it and considering existing legal and contractual requirements.
- Any targets should equally apply to imported gas and EU domestically produced gas to ensure a level playing field for all market participants. Once an EU MRV framework is in place, the EU should consider complementing LDAR and venting and flaring policy requirements with more flexible and technology-neutral target-based policies for domestically produced gas. Market participants within the EU can still apply LDAR and venting and flaring requirements to reach such targets, while also having the flexibility to apply other emissions reduction actions enabled by technological innovation. Such target-based policies for domestically produced gas would provide a basis for the EU to establish regulatory equivalence with gas exporting countries based on quantified emission outcomes.
- We believe regulatory equivalence agreements between the EU and gas exporting countries should be designed to deliver ambitious emission reductions that are consistent with levels of targets to be set by the EU. We encourage the EU to set the levels for such targets as soon as the EU MRV framework is in place and to aim to apply them from 2025. We acknowledge timelines will depend on legislative processes, including impact assessments, and we offer support to the EU Commission to think about the steps required to deliver an implementation date around 2025.

Companies supporting the recommendations

