Media Memo: The EU Methane Regulation in the Context of Energy Security and Competitiveness

This note provides context for journalists reviewing claims that the EU Methane Regulation could significantly disrupt energy supply or competitiveness. A growing body of analysis indicates that many of these concerns rely on assumptions that do not reflect how the regulation is structured or how energy markets function in practice. Evidence instead shows the regulation improves transparency and performance while supporting Europe's vital decarbonisation pathway and maintaining stable supply incentives in addition to pursuing the already ongoing buildout of renewable energy.

Several key facts help explain why the EU Methane Regulation is unlikely to disrupt energy supply or competitiveness:

1. The regulation does not ban imports

The EUMR does not introduce import bans or border restrictions for oil or gas that does not meet methane performance standards. The regulation relies on monitoring, reporting, verification (MRV) requirements and proportionate penalties (Ecologic Institute, 2025), which Member States must design in ways that do not undermine security of supply. Some modelling assumes non-compliant gas is automatically barred from the EU — this is not what the regulation says and taking this assumption artificially inflates the risk of supply disruptions.

2. Flexible compliance pathways already exist

The regulation provides flexible mechanisms for demonstrating MRV equivalence, enabling compliance as methane data and transparency improve. Scenarios predicting energy shortages or severe price spikes assume that non-compliant gas cannot enter the EU, which artificially inflates projected impacts.

3. Import Requirements are Feasible and already underway

Many exporters supplying the EU already participate in methane transparency initiatives such as OGMP 2.0 or have the technical capacity to align with MRV standards. The regulation is phased in gradually: import requirements apply to fuels produced from 2027, with the first independently verified reports due in 2028**.** Recent OGMP 2.0 analysis also indicates that, under a conservative scenario assuming no further membership growth, production reported at Level 5 would reach around 25% of global output by 2027 and around 30% by 2030, pointing to a rapidly expanding base of measurement-based reporting (OGMP 2.0 Level 5 assessment, 2026).

4. Compliance Costs Are Negligible Relative to Normal Price Swings - Under Any Market Scenario

Estimated compliance costs associated with methane requirements are extremely small compared with normal energy market price fluctuations. Studies suggest the potential impact on EU gas prices could be around €0.07/MMBtu - less than 1% of projected wholesale gas prices (Clean Air Task Force and Rystad, 2023). A forthcoming Carbon Limits analysis of monitoring and reporting costs finds that reaching OGMP 2.0 Level 5 within three years – even for companies with no current methane reporting – would amount to only 0.02-0.5 percent of production value. This is negligible relative to the price swings caused by geopolitical disruptions that have dominated European energy markets in recent years.

5. Market incentives favour continued supply

Europe remains one of the largest and highest-value energy markets globally, creating strong incentives for exporters to continue supplying the EU. Methane mitigation costs are small compared with normal market volatility, and mitigation can improve operational efficiency by reducing product loss (Clean Air

Task Force and Rystad, 2023). This also makes it one of the most cost-effective climate and energy-saving interventions available, reducing short-term loss and long-term economic damages linked to climate impacts (Stoerk, 2025). For suppliers, maintaining access to the EU market - especially in uncertain times - remains economically rational, including in scenarios with moderate penalties. Several exporting countries and national companies are already participating in methane measurement initiatives such as OGMP 2.0 or are making progress through partnerships and technical cooperation (Rystad, 2025)

6. The EU Can Prioritise Lower-Methane Imports without Creating a Cut-Off Risk

Energy outlooks indicate that global LNG capacity is rapidly expanding and will continue to do so in the late 2020s (ACER, 2024), while EU gas demand is projected to gradually decline due to efficiency, electrification and renewables (Ember, 2025; Eurostat, 2026). These trends improve Europe's ability to prioritise lower-methane supply over time. It allows the EU to differentiate among suppliers using verifiable methane data and progressively prioritise lower-methane gas while supply continues to flow (Rystad, 2025), without affecting the EU's decarbonisation objectives.

7. Price Drivers are Geopolitical, Not Regulatory

Gas prices are primarily shaped by geopolitical risks and associated market premia. Even as global LNG supply expands in the late 2020s, short-term price volatility will continue to reflect geopolitical tensions rather than methane regulation. Despite declining fossil fuel demand, the EU is likely to remain a premium gas market for a while due to its size and relatively high prices, giving suppliers strong incentives to continue prioritising European buyers. Higher market prices raise the commercial value of captured gas, strengthening the economic case for methane abatement. The revenue from selling previously wasted or vented methane can offset, or even exceed, the cost of installing leak detection, repair, and capture technologies. This turns abatement from a compliance exercise into a profitable investment.

8. The regulation strengthens resilience and transparency

The events of the past few years and weeks have shown that energy security depends not just on volume but also on reliability, transparency and diversification of supply. The EUMR addresses one of the structural blind spots in global energy trade: limited visibility into upstream emissions and operational risks. Better methane data improves comparability across suppliers and helps reduce the kinds of hidden vulnerabilities.

Key takeaway

The EU Methane Regulation is designed as a gradual transparency and performance framework, not a trade restriction. In the current geopolitical context, clarity and predictability matter. Claims of major supply disruptions rely on assumptions the regulation does not contain. The EUMR maintains market openness, provides flexible compliance routes, and strengthens the information base needed for more resilient energy decisions. Claims that the EUMR will impact gas prices are unfunded: the gas market volatility is mainly driven by the current geopolitical instabilities, not regulatory incentives.

Quotes

"Claims that the Methane Regulation threatens Europe's energy security ignore how the law actually works. It doesn't ban fuels, and exporters won't walk away from a premium market. If anything, this strengthens competitiveness by translating climate performance into commercial value." - Brandon Locke, Senior Europe Policy Manager, Clean Air Task Force

“Alarmist talk of a ‘supply cliff’ does not reflect the regulation or today’s market realities. The Methane Regulation adds transparency and stability at a time when both are in short supply. It helps Europe navigate uncertainty without compromising energy security or its vital decarbonisation trajectory.” Léa Pilsner, Director, EU Methane, Environmental Defense Fund Europe

“The war in the Middle East is another stark reminder that Europe's dependence on imported fossil fuels jeopardises its energy security. The EU Methane Regulation adopts a phased implementation approach to avoid market disruption. Any delays or weakening of the provisions will lead to further uncertainty. Now is the time to move forward, with reliable export partners, to increase EU energy security and resilience, while accelerating the energy transition.” Jack Corscadden, Climate Campaigner, Environmental Investigation Agency

“Fossil lobby groups have been undermining the EU Methane Regulation for months. Weakening it would reward inaction and penalize companies already taking responsibility. The rule is key to cutting emissions and reducing fossil dependencies that expose Europe to price shocks and supply risks—undermining it would harm both climate action and energy security.” Sascha Müller-Kraenner, Executive Director, Deutsche Umwelthilfe (DUH)

“ First and foremost, our thoughts are with the people in Iran and the wider region who are enduring immense suffering. At the same time, this tragedy highlights that continued dependence on fossil fuels exposes us to instability, geopolitical shocks, and price volatility.
In this context, the EU Methane Regulation is a part of the solution to strengthen Europe’s energy security while accelerating the phase-out of fossil gas. Policymakers should not fall for fossil fuel industries’ attacks: high gas prices are driven by the extreme volatility of global gas markets and geopolitical tensions, not by requirements to report and verify methane emissions across the supply chain.” Flora Witkowski, Gas Policy Coordinator at Climate Action Network (CAN) Europe

References and further sources

- ACER (2024). Analysis of the European LNG market developments: 2024 Market Monitoring Report. Available here.
- Carbon Limits (2026). Monitoring and reporting costs under the EU Methane Regulation. Available here.
- Ecologic Institute (2025). Penalty Regimes for Violations of the EU Methane Regulation in Selected EU Member States. Debunking the "unmanageable liability" claim. Chapter 2. Available here.
- Ember (2025). EU national targets show gas in decline. Available here.
- Eurostat (2026). Natural gas supply statistics. Available here.
- Clean Air Task Force and Rystad Energy (2023). Impact of EU methane import performance standard. Available here.
- Rystad Energy (2025). The EU Methane Regulation: The 2027 MRV requirement’s impact on EU Oil and Gas Supply. Available here.
- Stoerk et al. (2025). Global methane action pays for itself at least six times over. Available here.
- Wood Mackenzie (2026). Wood Mackenzie estimates that energy costs across all European industrial sectors could fall by €39 billion by 2032. Available here.