CLEAN AIR TASK FORCE

Proposed Certification Criteria for Implementation of the EU Methane Emissions Regulation

Defining standards for direct tracing and issuing specific guidance for evaluating provenance and producer level data in Annex IX Importer Reports under the EU Methane Regulation.

Summary of recommendations for the European Commission's recommendation on model clauses and guidance for implementation

- **Clarify guardrails on tracing approaches:** While the draft Commission guidance and compliance criteria[1] implies the use of bundled attributes (known as direct tracing and trace-and-claim) and unbundled attributes for complex supply chains involving trading hubs, it should clarify that both approaches are forms of certification and specify respective guardrails applicable to each approach for certification scheme owners.
- **Establish geographic and temporal boundaries for certificate transfers:** Where unbundled certificates are used, environmental attributes should only be transferable to fuels originating from the same basin of production. Certificates should demonstrate temporal alignment with the production and export period of the fuels reported.
- **Define the lifecycle of certificates:** Certification schemes should require clear distinctions between when a certificate is issued, transferred, marked for regulatory use, and permanently retired. This will be critical to create downstream market demand for low-intensity fuels within the EU.

1 At the 15 December Energy Council meeting, EU energy ministers supported the Commission's work to develop guidance, compliance approaches and optional model contractual clauses to support implementation of the import requirements under the EU Methane Regulation.

- **Strengthen registry and certificate-retirement rules:** The Commission should require either a centralised EU mirror registry or federated system of participating registries to allow for verification of certificates against double issuance or double claiming, or reuse of certificates across jurisdictions or markets.
- **Ensure credible claiming of environmental attributes:** Competent authorities should exclusively accept certificates issued within 12 months of the report submission and linked to production occurring in the relevant reporting year or the immediately preceding year, to accommodate verification timelines.

Background

As implementation of the EU Methane Regulation (EUMR) begins, Member States and their designated competent authorities must begin assessing the compliance of reports submitted by fossil fuel importers under Article 27, which will be complemented by further reports on producer's emissions Measurement, Reporting and Verification (MRV) compliance and emissions intensity under Articles 28 and 29.

While there are no MRV or emissions intensity standards required for initial Annex IX reports due in 2025 and 2026, importers must report attributes of imported fossil fuels that include origin, transportation pathway, producer level emissions reports, and methane abatement efforts performed by the producer, among other characteristics. It is therefore essential that this reported data, hereinafter referred to as environmental attributes, credibly reflect the provenance of imported gas and oil volumes, as this sets precedent for admissibility when future obligations are required.

As different pathways in global fossil fuel supply chains vary in complexity, there is no "one size fits all solution" for importers to identify and document the producer and location of origin of fossil fuels. In December 2025, the European Commission and fourteen EU Member States agreed that 'certification schemes, including "trace-and-claim' approaches, could facilitate the transfer of this information across complex value chains, but that further criteria must be specified for what certification schemes are acceptable.

This document sets forth a set of criteria that can be used to evaluate whether the environmental attributes reported by importers meet the EUMR requirements and are grounded in credible evidence of provenance.[2] By establishing these expectations, competent authorities can prevent misreporting, avoid greenwashing, and ensure the Regulation achieves its climate and market objectives. Importantly, these criteria do not prescribe a single compliance system but rather define minimum requirements that can be used by authorities to assess certification schemes, certificates, and importer reports. These requirements are divided into three pillars of integrity, attribution, and reporting claims.

2 The scope of this paper examines criteria for systems to credibly determine the origin and provenance of fossil fuels imported into the European Union, as required by Annex IX. The paper does not consider criteria to evaluate or verify attestations of measured or estimated emissions, which will be required for enforcement of obligations under Article 28 of the EUMR.

Advancing past the "trace-and-claim" and "book-and-claim" proposals

While previous reports and literature on tracing have focused on two leading proposals to tracing,[3] notably "trace-and-claim" and "book-and-claim", these proposals do not reflect the overlap that may occur as a result of how these proposals are implemented. Instead, this guidance refers to "bundled attributes" and "unbundled attributes," which allows for more precise description of how attributes move across each of the natural gas supply chain and the oil supply chain.

Bundled attributes are defined as attributes transferred only with a physically deliverable oil or natural gas volume within a defined supply chain. Unbundled attributes are defined as attributes that can be transferred independently of a specific physical oil or natural gas volume, but their transfer from producer to importer and assigning by an importer with any physical volume is subject to key rules such as geographic limitations, and temporal correlation (see below for further detail).

In this regard, it would be appropriate to revise European Commission's forthcoming guidance and model clauses to specify that "bundled attributes" are required in instances where a direct relationship exists between the importer and producer (including through contractual relationships with intermediaries). In more complex supply chains where fuels are traded through hubs, importers should be permitted to use either "bundled attributes" and "unbundled attributes," provided that the certification scheme follows the guardrails set below, respective to the approach.

Specific evaluation criteria for determining countries and regions of origin and certification methods for Annex IX reporting

Integrity: Key evaluation critera ensuring credibility of unbundled and bundled certificates

These rules aim to ensure that certificates are not double-issued or double-counted, guarantee the presence of audit trails, ensure credible registries and data management, and manage retirement of certificates.

1. Mass balance environmental attribute accounting to prevent double-counting

- A core criterion for credibility for any environmental attribute or certification scheme, is the use of mass balance accounting of the volumes and attributes produced, retired, and exported/imported within a defined geography. Mass balance means that there is a geographic boundary based on a set of criteria for credible attribution, as detailed below, and the total volume of the certificates issued is lower than the total volume of verified production.
- The certificate must assure the final receiving authority that the environmental attributes assigned to physical oil or natural gas volumes are legitimate, meaning that they are assigned exclusively, even after physical commingling and (potentially) multiple commercial transactions from relevant producer to final importer.
- Importers reporting environmental attributes should be able to show that volume of attributes claimed in their report do not exceed the volume of attributes attributed to the appropriate geographic region and are not claimed by other parties (other importers or domestic purchasers of differentiated gas or oil in the producing country) for a specific period (e.g. calendar year) that matches the regulatory requirements or guidance. This requires certificate schemes to

3 These include multiple reports authored and co-authored by Clean Air Task Force, including our report on trace-and-claim, "Harnessing Data-Driven Accountability: How following the money can track fossil fuels across supply chains." Available here.

publicly display the total amount of volumes they have certified, which can be checked against public production data.

2. Data integrity and auditability and digital signatures to prevent double issuance and guarantee retirement

- All environmental, abatement and provenance data used in importer reports must be time-stamped, verifiable, and stored on a digital system that supports audit trails.
- Any approach to reporting environmental attributes or certification scheme should produce unique certificate IDs which is tied to specific data on volume, production region, lifecycle, facility or basin, methodology and 3rd party verifier.
- A certificate registry must clearly show the origin of the certificate and how it has been traded to reach the final importer to ensure environmental attributes are not subject to conflicting claims. Schemes should create public or government-accessible registries that distinguish certificates as either:
  - Issued and transferable;
  - Marked as "used for regulatory compliance" (i.e. Annex IX reporting)[4]
  - Permanently retired
- When multiple registries exist, the owner of the certificate and the associated verifier should provide reasonable assurance that the environmental attribute in multiple registries have not been claimed or used through the chain of custody from generation of the certificate to its use by the importer (or legal entity) or its permanent retirement.
- Reasonable assurance should be provided through mandatory logging of all certificates intended to be used for compliance into a centralised EU registry, or though a federated system whereby every participating registry is visible to allow for systematic checks. Through either approach, each certificate is verified against its unique identification number, and subject to checks for prior issuance, transfer or retirement.
- When certificates are marked as "used for regulatory compliance," it should prevent the certificate from being transferred to another legal jurisdiction, while allowing it to be retired downstream to support voluntary environmental claims within the EU market.[5]
- Competent authorities should have access to the underlying raw data behind certificates issued by certification schemes, including, but not limited to, 3rd party verification reports, producer reports supporting environmental attribute certificates, and technical methodologies. Commercially sensitive material should be kept out of the public domain.
- Third-party verifiers should be fully independent from certificate issuers, and be accredited by EU Member States, as required by Article 8 of the EU Methane Regulation. Auditors of certification schemes should not replace the provisions for independent third-party verification required in the EUMR.

4 A complementary approach could be to retire original certificates and issue new certificates of the same balance that are tradeable in the destination market.

5 A core goal of rigorous guardrails on certification schemes is preventing attributes from being claimed by more than one importer or company in more than one legal jurisdiction. This should not preclude the use of a single certificate to support sequential downstream claims in the same legal jurisdiction, provided that the status, transfer, and retirement of the certificate are transparent and auditable. This will be critical to create market demand for differentiated fossil fuels within the EU.

Attribution: Key evaluation criteria for assigning environmental attributes to physical volumes

These criteria set basic standards for a certificate, either bundled or unbundled, to credibly represent a physical volume of gas, based on geography, financial transactions, or other evidence.

1. Criteria for unbundled certificates: Geographic boundaries on certificate transfer and attribution

- Where there is low similarity in methane intensity across basins in a single country, it is necessary to implement restrictions on the conditions under which unbundled certificates can be used with a physical volume. Trading or transfer of unbundled certificates should be limited to basin of production, meaning they can only be attached to a physical volume originating in the same basin as the certificate.[6]
- Narrowing the geographic scope of mass-balance systems makes it more likely that the import standards will incentivize producers to improve performance, rather than just rewarding producers with previously existing better performance due to favourable asset mixes and other features.[7]
- This approach is supported by EEMDL's analysis on the potential environmental impacts of various approaches to certification.[8]

2. Criteria for bundled certificates: Chain-of-custody evidence

- Chain-of-custody focuses on the legal and contractual documentation of transactions involved as the fuel moves from producer to exporter. This aims to establish a connection between a particular volume with a particular geographic region at a specific point in time.
- A certification system using bundled certificates should allow for verification of where and how attributes were assigned and transferred contractually along the supply-chain, which can be recorded on a tamper-proof and fully auditable registry to ensure transparency and auditability.
- Each importer report to its competent authority should be backed by an auditable chain of custody. At a minimum, this should include evidence such as oil or gas purchase agreements, shipping documentation, and custody transfer metering records that show the physical movement of the reported volumes. This should show physical access for the volumes to reach exporter terminals.
- Where available, documentation demonstrating the transfer of legal title for the reported volumes (i.e. bills of lading, delivery confirmations, etc.) should be provided to substantiate the chain of custody.

3. Criteria for bundled and unbundled certificates: Temporal correlation between certificate and date of production and export

- Regardless of whether a bundled or unbundled system is used, reported environmental attributes should demonstrate a clear and credible temporal link with the fossil fuel volumes they are attributed to. As the EU Methane Regulation requires annual Annex IX reporting, any attribute with a temporal granularity of more than one year cannot be used for reporting.

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6 Significance of regional performance values should be determined based on the selected methodology for methane intensity.

7 The best approach to certification approaches largely depends on whether demand for low-intensity gas is scarce or saturated. For emissions reductions to occur, marginal demand must drive the creation of new low-intensity gas. In low-demand scenarios, trace-and-claim drives more emissions due to the scarcity of low-intensity gas in most regions.

8 See, EEMDL. "European Union Methane Regulation: Comparing the Emissions Reduction Potential of Certification Compliance Pathways." Available here.

- This should be done through rules that define a 'production period' and a 'certificate claim period,' and clear delineation on certificates of the date of export. This should ensure that the production of a specific fossil fuel volume corresponds to the same period stated when it is claimed. Additionally, this would ensure that volumes produced during any year of the EU's annual reporting cycle are not counted towards a different year.
- Clear rules authorizing the transfer and attribution of certificates to physical volumes should be established, including geographic boundaries and temporal restrictions aligning certificate creation with gas and oil production and export as well as deadlines for third-party verification.
- Certification schemes should clearly define the relationship between production periods, emissions reporting periods (including for other reporting frameworks), and issuance of certificates. If the public disclosure of emissions data is delayed, then schemes should clearly define how certificates are issued and aligned with this data.

Claims: Key criteria for use of certificates for regulatory reporting

These criteria concern the conditions under which EU importers should be permitted to use bundled and unbundled certificates as evidence in mandatory reporting for Annex IX.

- Competent authorities should accept unbundled and bundled certificates to support Annex IX reporting obligations, given that claims are specific, and bounded to a specific volume, geography and time period. Claims for Annex IX reporting must strictly reflect the scope and boundaries of the environmental attributes described in the certificate, and importers should be prohibited from implying environmental performance for other volumes based on data in a certificate.
- Competent authorities should not accept certificates that make or imply company-wide or regional environmental performance.
- For purposes of Annex IX reporting, competent authorities should exclusively accept certificates issued within 12 months of the date of the report submission. Additionally, competent authorities should only accept certificates linked to production occurring in the reporting year or the immediately preceding year.
- Environmental attributes should remain linked to the production period in which they are generated. Verification and issuance of certificates should occur no later than 12 months following the end of the production year.