

EU Methane Regulation: A Strategic Tool for Energy Security

Strategic Context

The EU Methane Regulation (EUMR) is a strategic tool that positions Europe to set standards, strengthen resilience, and accelerate the clean energy transition. Europe's energy security strategy, REPowerEU, was designed in response to Russia's invasion of Ukraine and the urgent need to reduce dependence on Russian fossil fuels. It rests on three pillars: Diversification of supply, affordability and the transition to clean energy. The EUMR is a strategic enabler that strengthens Europe's ability to control its energy dependencies, leverage its position as a major consumer, and reduce methane pollution without risking to compromise supply security.

Implementation challenges are expected, but they reflect normal industry adjustments to new legal requirements for greater transparency and improved information. Attempts to weaken the regulation would send the wrong signal at a critical moment, just as the EU prepares to review its energy security framework. That review is essential for building resilience against future shocks and reducing reliance on volatile fossil markets, while boosting renewables and energy efficiency.

Key Findings

A new study commissioned by Environmental Defense Fund Europe and conducted by Rystad Energy provides compelling evidence that the EUMR is not only compatible with energy security - it could enhance it.

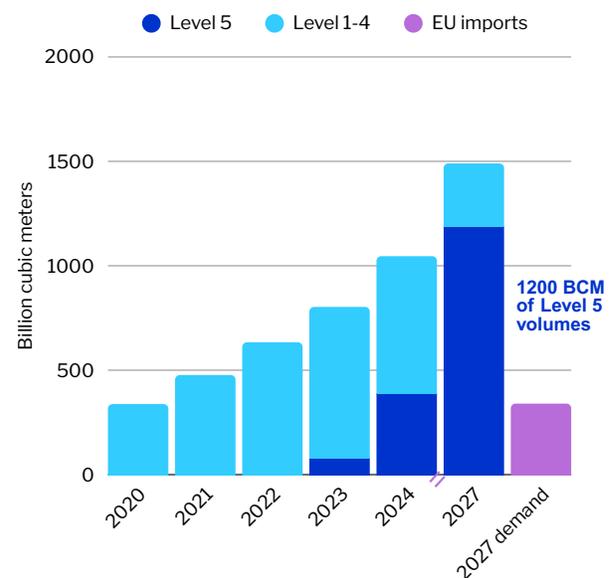
Global LNG Market Dynamics

The analysis projects that global LNG supply will grow by approximately 4% annually, creating an oversupplied market from 2028 to 2032. This oversupply gives the EU significant leverage to demand greater transparency and environmental performance, confirming that Europe can set high standards without risking to compromise supply.

Compliance Is Achievable

By 2027, the global supply of gas capable of meeting OGMP2.0 Level 5 standards - the highest level of methane emissions monitoring and reporting - will exceed the EU's demand. This means the EUMR's MRV requirements can be implemented without tightening the market or creating supply risks. For crude oil, sufficient compliant supply will be available to meet EU refinery needs, and the global oil market offers diverse sourcing options, ensuring Europe is not dependent on any single country.

Projected global 2027 OGMP2.0 Level 5 gas volumes exceed the EU's forecasted demand



Sources: Rystad Energy Ucube; OGMP: Rystad Energy research and analysis; Industry Interviews, aggregate OGMP2.0 gas volumes split by level, historic and 2027 forecast, and EU import demand

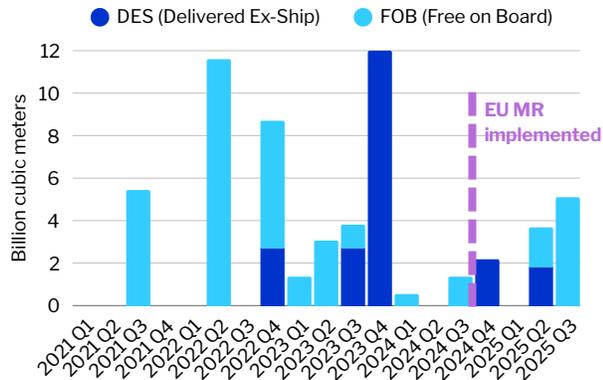
Policy Implications

- The EU can set standards without risking to compromise energy security. LNG market conditions provide an opportunity to embed transparency and environmental standards, supporting REPowerEU goals and resilience. Setting strong standards complements the push for renewables and efficiency, the real drivers of independence, while ensuring climate goals apply to residual fossil use.
- No delay or reopening of the EUMR is needed. Implementation challenges are normal and manageable. Energy security remains intact when viewed through an EU-wide lens that considers oil and gas supply collectively.
- The EU Methane Regulation strengthens resilience through transparency and leverage. It is not a constraint but a cornerstone of Europe’s future-ready energy strategy, safeguarding supply security while accelerating the clean energy transition.

Industry Confidence

EU importers are continuing to sign long-term LNG contracts, confirming industry confidence in meeting demand while complying with the regulation. After Russia’s invasion of Ukraine, FOB and DES LNG contracts spiked in 2022–2023. Accounting for those war-driven impacts, there’s been no clear change in contracting since the EUMR took effect in August 2024. Sustained contracting underscores that companies are planning for compliance, signaling confidence in the market’s ability to meet demand.

No clear change in LNG contracting activity post EUMR taking effect in 2024

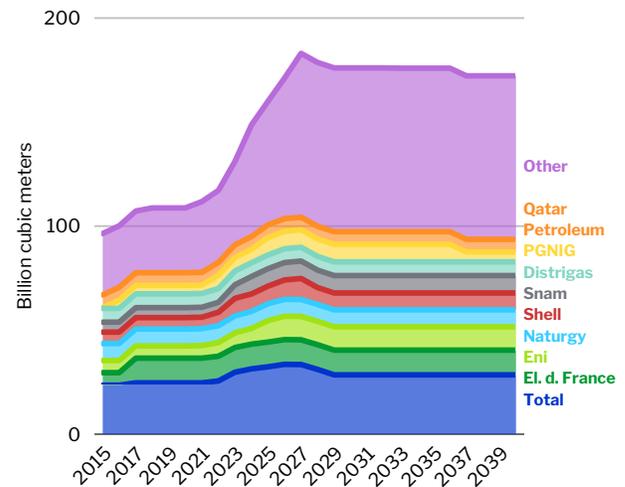


Signed contracts to the EU split by FOB and DES, 2010-2025. Data include only identified contracts. Source: Rystad Energy research & analysis; LNG Trade Tracker.

Infrastructure & Flexibility

Europe has expanded its regasification capacity and sharply reduced its reliance on Russian gas, making the system far more flexible and resilient. EU importers continue to book regasification capacity, signalling confidence in the market’s ability to meet demand and comply with the regulation.

Strong commitment from EU importers to contract regasification capacity



Booked regasification capacity in the EU by company, Sources: Rystad Energy research and analysis; Rystad Energy GasMarketCube; Rystad Energy LNGTradeCube

Implementation Challenges - Supply Security Holds

Challenges are expected – related to tracing, MRV attribution, verification, penalties, and contracting – reflecting the expected complexities of regulating new parts of the value chain and introducing transparency. These are normal industry adaptations, not systemic risks. While some Member States will need to re-balance their gas sourcing, especially because of past Russian dependency or existing non-OGMP 2.0 Level 5 supply arrangements, Europe has a strong safety net: global LNG oversupply, flexible sourcing options, and an extensive intra-European pipeline network. Together, these factors ensure EUMR feasibility without jeopardizing supply security.

Environmental Defense Fund Europe

Avenue des Arts 47, Brussels 1000, Belgium

For more information, please contact Dr. Léa Pilsner, Director, EU Methane Policy, lpilsner@edf.org

