



Brussels, **XXX**
[...] (2021) **XXX** draft

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on methane emissions reduction in the energy sector

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The European Green Deal puts the Union on a path to climate neutrality by 2050 through the deep decarbonisation of all sectors of the economy. Methane is a powerful greenhouse gas, second only to carbon dioxide in its overall contribution to climate change and responsible for about a quarter of current anthropogenic (i.e. of human origin) climate warming. Although it remains in the atmosphere for a shorter period than CO₂ (10-12 years before oxidizing into carbon dioxide that continues to trap heat), on a molecular level, methane is a far more powerful climate forcer (with a global warming potential of 28 times that of CO₂ over 100 years and of 86 over 20 years). In addition, methane contributes to ozone formation, which is a potent local air pollutant that causes serious health problems.

Approximately, 60% of global methane emissions are anthropogenic, of which the largest sources, based on estimations, are fossil fuel production and use (between a fourth and a third), waste (around a quarter) and agriculture (around half of total methane emissions), in particular linked to intensive production.

The Intergovernmental Panel on Climate Change (IPCC) notes¹ that deep reductions in methane emissions must be achieved by 2030 for the world to stay below the 1.5°C (or even the 2°C) 2050 global temperature target. The most recent IPCC report underlines the role of methane as one of the main greenhouse gases responsible for air quality degradation and climate change and points to the lack of attention this gas has received in comparison to CO₂, including as part of most countries' climate commitments. The report outlines that methane levels are at an all-time high and well above the safety limits defined in the previous IPCC Assessment Report. There is thus a need for a sharp, rapid and sustained reduction in methane emissions to slow down global warming and improve air quality. It is important to note that the report concludes that the increase of methane in the atmosphere is the result of human activity and that fossil fuels have been a large contributor to the growth in methane emissions at least since 2007, alongside agriculture (livestock) and wastewater.

The 2030 Climate Target Plan's impact assessment indicates that in the EU the most cost-effective methane emission savings can be achieved in the energy sector. These emissions are a transboundary problem and uncoordinated regulatory treatment across Member States and sectors creates gaps and inefficiencies and may impair the functioning of the Union's single market for energy. As the majority of methane emissions linked to fossil energy consumed within the Union occur outside its borders, only joint action by Member States could present results in this field.

In September 2021, the Union and the United States announced the Global Methane Pledge, which represents a political commitment to reduce global methane emissions by 30% by 2030 (from 2020 levels), launched at the UN Climate Change Conference (COP 26) in November in Glasgow. Eighty-nine countries have committed their support, representing 43.1% of global methane emissions. The Global Methane Pledge includes a commitment to move towards using best available inventory methodologies to quantify methane emissions, with a particular focus on high emission sources.

¹ ADD footnote

The general objective of the Regulation is, in the context of the functioning of the internal market for energy and while ensuring security of supply in the Union, to preserve and improve the environment by reducing methane emissions from fossil energy produced or consumed in the Union.

The specific objectives are the following:

- i. Improve the accuracy of information on the main sources of methane emissions associated with energy produced and consumed within the EU. The goal is to ensure the availability of asset-level data and robust quantification of emissions, and thereby increase the reliability of reporting – including the reporting of GHG inventories data to the UNFCCC – as well as the scope for appropriate measures for mitigation.
- ii. Ensure further effective mitigation of methane emissions across the energy supply chain in the EU. This specific objective addresses the market failure leading to insufficient mitigation of methane emissions by companies.
- iii. Reduce methane emissions related to fossil energy imported to the EU. As the majority of methane emissions linked to fossil energy consumed within the EU occur outside the EU, this specific objective seeks to set incentives to reduce methane emissions in partner countries by creating transparency on the market.

- **Consistency with existing policy provisions in the policy area**

The proposal builds on the Union’s 2030 Climate Target Plan and its impact assessment. The Climate Target Plan showed, on the basis of modelled scenarios, that achievement of increased climate target of at least 55% net greenhouse gas emissions reduction in 2030 is feasible and enables a smoother trajectory to climate neutrality in 2050. It also highlights the need to step-up reductions in methane emissions.

Regulation (EU) 2018/1999 (Governance Regulation) requires Member States to establish national inventory systems to estimate anthropogenic emissions of greenhouse gases and to report their national projections. This reporting is done using UNFCCC methodologies, and is often based on default emission factors rather than source-level measurements, implying a lack of knowledge of the precise origin, frequency, and scope of emissions. In addition, it was deemed to be significantly underestimated by certain studies.

Methane emissions occurring at the level of oil and fossil gas exploration and production, fossil gas gathering and processing, transmission, distribution, underground storage and liquid fossil gas (LNG) terminals, as well as operating, closed or abandoned coal mines and stracta fracture are not specifically regulated at the Union level.

Directive 2010/75/EU (Industrial Emissions Directive, IED) and Regulation (EC) 166/2006 (European Pollutant Release and Transfer Register, E-PRTR), currently under revision, regulate pollutant emissions from industrial installations, notably by setting emission limit values based on best available techniques as permit conditions and by requiring reporting thereof. Those acts do not cover fossil gas upstream mid and downstream (LNG, underground gas storage, transmission, distribution) or coal mining. The revision of the two acts will take into account the need to avoid double regulation. The proposal is thus complementary to the IED and E-PRTR by addressing methane emissions along the entire fossil energy supply chain.

On 14 July 2021, the European Commission adopted a series of legislative proposals setting out how it intends to achieve climate neutrality in the EU by 2050, including the intermediate

target of an at least 55% net reduction in greenhouse gas emissions by 2030. In this context, the following initiatives have relevant links with methane emission measurement and mitigation:

Regulation (EU) 2018/842 (the Effort Sharing Regulation, ESR) contains binding annual greenhouse gas emission targets at country level for Member States from 2021 to 2030 for sectors including transport (without aviation), buildings, agriculture, non-EU ETS industry, waste and parts of the energy sector. It includes methane in its scope and keeps it so in the proposal for revision adopted on 14 July 2021. This initiative is complimentary to the ESR as it introduces specific measures for the mitigation of methane emissions, which the ESR does not include. Those measures will contribute to Member States fulfilling their targets and can also contribute to the trading potential in the ESR between Member States.

Directive (EU) 2018/2001 (Renewable Energy Directive, REDII) is the main EU instrument dealing with the promotion of energy from renewable sources and will facilitate the gradual replacement of fossil energy sources by renewables. . It furthermore contains default greenhouse gas savings values including estimations of methane losses, which can be relevant for the sustainability of biogas and biomethane. These default values can be used by producers in their reporting of greenhouse gas savings of their production to demonstrate that they meet REDII sustainability requirements and indirectly provide incentives for the reduction of methane emissions.

Methane emissions occurring in space heating and cooling appliances are covered in several ecodesign and energy labelling regulations, which provide rules for improving the environmental performance of products, such as household appliances, information and communication technologies or engineering.

Finally, the European Commission is also proposing to revise Directive 2009/73 and Regulation 714/2009 to facilitate the emergence of decarbonised hydrogen and gas markets, by establishing a new market design, facilitating access for renewable and low-carbon gases to pipelines so as to, on the one hand, create the conditions for a hydrogen market and, on the other hand, remove barriers to the decarbonisation of existing natural gas grid. The proposal is complementary as it will improve the climate performance of fossil gas while it will be gradually replaced by renewable and low-carbon gases.

- **Consistency with other Union policies**

This proposal is complementary to action taken in the field of agriculture and waste to reduce methane emissions.

As regards the agriculture sector, several challenges are addressed in the ‘Farm to Fork’ strategy. The full abatement of methane emissions in the agriculture sector would ultimately require significant production and lifestyle changes as detailed in the EU Methane Strategy. The Commission has set up an expert group to analyse life-cycle methane emissions metrics. In cooperation with sectoral experts and Member States, the Commission is developing an inventory of best practices and available technologies to explore and promote the wider uptake of innovative mitigating actions. To encourage carbon-balance calculations at farm level, the Commission will by 2022 provide a digital carbon navigator template and guidelines on common pathways for the quantitative calculation of greenhouse gas emissions and removals. The Commission will promote the uptake of mitigation technologies through the wider deployment of ‘carbon farming’ in Member States and their Common Agricultural Policy Strategic Plans, as from 2021. In the Horizon Europe strategic plan 2021-2024, the Commission will consider proposing targeted research on the different factors that effectively lead to methane emission reductions, focusing on technology and nature-based solutions as well as on the factors leading to dietary shift.

Methane emissions in the waste sector are covered by existing and upcoming planned reviews of environmental legislation. The Landfill Directive requires landfill operators to manage landfill gas by either using it to generate energy or flaring it. In the review of the Landfill Directive in 2024, the Commission will consider further action to improve the management of landfill gas, minimise its harmful climate effects, and harness any of its potential energy gains. Recent changes to EU waste legislation (2018) introduced an obligation to collect biodegradable waste separately by 2024, and set a new target of a maximum 10% landfilling of waste by 2035. As a result of these changes, it is expected that methane emissions from landfills will decrease further. Concerning the treatment and use of wastewater and sewage sludge under the current regulatory framework, namely the Urban Waste Water Treatment Directive and the Sewage Sludge Directive, emissions of greenhouse gases are not specifically tackled. The implementation of the Urban Waste Water Treatment Directive has helped to prevent significant methane emissions due to the collection and treatment of wastewater inefficient centralised facilities. The Urban Waste Water Treatment Directive is currently being reviewed. The Sewage Sludge Directive regulates the use of sewage sludge to protect the environment, and in particular soil, against the harmful effects of contaminated sludge when used in agriculture.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The legal basis of this initiative is Article 194 of the Treaty on the Functioning of the European Union (TFEU), which empowers the Union to establish the measures necessary to achieve the objectives of the Union with regard to policy on energy, in the context of the internal market and with regard for the need to preserve and improve the environment.

Article 192 TFEU is the legal basis for provisions falling specifically within environmental policy, as defined in Article 191 TFEU. The proposal takes into account climate, environmental and health protection requirements, as typical components of different Union policy areas. The proposal does not inherently form part of the Union's environmental policy and it concerns only the energy sector.

• Subsidiarity (for non-exclusive competence)

Methane emissions in the energy sector are a transboundary problem and vary across national and regional levels of the Union. They are relevant in all Member States but to a varying degree, depending on their energy mix and natural endowments, e.g. how many underground coalmines are operated or sealed, how much fossil gas is produced or transported. The scale of gas infrastructure demonstrates the Union wide aspect, with roughly 190,000 km of transmission pipelines across all Member States.

The level of reporting of emissions and the scope of mitigation measures differs by Member State and sub-sector. There are several private and voluntary initiatives, these are however insufficient due to limitations in scope, participation, and enforceability. Diverse national approaches may lead to inconsistencies in regulatory treatment across Member States, increasing the administrative burden on companies operating in more than one Member State, potentially impeding the functioning of the internal market through the creation of barriers to operators, as well as complicating the collection of comparable data across the Union.

In addition, as the majority of methane emissions linked to fossil energy consumed within the Union occur outside its borders, joint action by Member States would be more likely to deliver

results for those parts of the supply chain and preserve the integrity of the internal energy market.

In light of the above, the reduction of methane emissions across the Union would benefit from a homogeneous policy approach at the Union level. The impacts of measures aimed at methane measurement and mitigation and related effects on innovation, cost-effectiveness, and a level-playing field in maintenance of a well-functioning internal market warrant coordination across Member State borders. Coordinated Union policies have a much higher chance of leading to further reductions in methane emissions in the energy sector. Coordinated action at the Union level furthermore facilitates the full consideration of the different capabilities to act among Member States and private entities. It also affords operators the benefits of a single regulatory regime, facilitating adherence and reducing administrative burden relative to the application of fragmented rules across Member States.

Union-level methane policy adds significant value for international climate action. By working to develop a legislation to minimize methane emissions in the energy sector, the Union is sending a strong political signal to external actors, increasing the awareness of the harmful effects of methane emissions on the climate. This signal will not only encourage Union partners to address the problem of methane emissions in the energy sector, but also lead to the creation of an international partnership and thus give the Union a leadership role in addressing methane emissions.

In conclusion, the challenges in reducing methane emissions hence require a harmonised and coordinated approach and cannot be addressed efficiently by individual Member States. Union action is thus justified on grounds of subsidiarity in line with Article 194 TFEU.

- **Proportionality**

The proposal strikes a careful balance between, on the one hand, the regulatory autonomy Member States have for national corrective actions, setting incentives for technological innovation, or deciding on the level of dedicated resources and, on the other hand, the need to address the problems concerning methane emissions that have to be tackled centrally.

As described in Chapter 6 of the Impact Assessment, the costs and regulatory burdens associated with this proposal have been kept as limited as possible. The measures foreseen in this proposal do not extend beyond what is necessary to solve the identified problems and to achieve the objectives set. The foreseen costs on the Commission and Member States are considered as acceptable, also bearing in mind the positive net economic impacts linked to an environmentally and socially cost effective abatement level.

- **Choice of the instrument**

A Regulation is the appropriate legal instrument for this legislative proposal as it imposes clear and detailed rules which do not give room for divergent transposition by Member States. A Regulation ensures that legal requirements are applicable at the same time throughout the Union, therefore it would avoid the inefficiencies and regulatory costs/burdens related to an inconsistent implementation of the methane emission reduction provisions across the Union.

In addition, a Regulation is the adequate instrument to impose direct obligations on economic operators and national authorities. This would be required in order to have clear obligations to quantify report and verify data, as well as to employ measures to mitigate methane emissions, including the phasing out of harmful industry practices such as venting and flaring.

In fact, in order to have consistent and comparable data, it is crucial to have harmonised measurement and reporting requirements. This can be best done via a Regulation, as shown by related EU legal acts, such as Regulation (EU) 2015/757, Regulation (EC) 166/2006 or Implementing Regulation (EU) 2018/2066. On this subject, the level of discretion left to Member States in a Directive would be incompatible with the need for comparable and therefore harmonised data.

Furthermore, with respect to mitigation measures and restrictions on industrial practices, Regulation is the adequate instrument to ensure that provisions target companies directly and a minimum level-playing field is established in those practices.

Finally, a Regulation allows to address in a more direct and conducive manner the urgency of dealing with methane emissions, in the context of the climate emergency and the Union's climate neutrality target, as explained in section 1 above.

The choice of a Regulation ensures that the identified problems and objectives are addressed in the most effective, efficient and proportionate way. It ensures a careful balance between, on the one hand, the regulatory autonomy Member States have for national corrective actions, setting incentives for technological innovation, or deciding on the level of dedicated resources and, on the other hand, the need to address the problems concerning methane emissions that have to be tackled centrally.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

• Stakeholder consultations

In line with the Better Regulation Guidelines for impact assessments, the Commission carried out a comprehensive stakeholder consultation based on a consultation strategy that included a range of methods and tools. The consultation strategy aimed to ensure that all relevant evidence was taken into account, including data about costs, societal impact, and the potential benefits of the initiative. The strategy was designed in line with the intervention logic and combined both backward and forward-looking elements. Several consultation tools were employed: an online public consultation, a targeted consultation on costs of implementing MRV regulation based on OGMP, in-depth interviews and (three) online stakeholder webinars.

The open public consultation received 131 responses, of those 126 were submitted by at least partial completion of the online questionnaire and five additional contributions were received in form of email submissions.

In particular, the Agency for the Cooperation of Energy Regulators (ACER) and the Council of European Energy Regulators (CEER) submitted a survey among their members as informal contribution to the open public consultation, expressing the view that “national regulatory authorities broadly support an EU-level harmonized approach to methane emissions monitoring and detection, based in particular on mandatory monitoring of methane emissions.”

Stakeholders expressed widespread support for developing a robust measurement, reporting and verification (MRV) standard for methane emissions in the energy sector. In the open public consultation (OPC), 78% of responses were in support of basing the oil and gas part of the MRV proposal on the methodology of the Oil and Gas Methane Partnership, which was also backed by all the EU oil and gas trade associations. There was also wide support, including by the coal industry, for including MRV provisions for coal (96% of responses to the OPC). Those aspects are included in this proposal.

There was broad support for legislative measures to mitigate emissions in the oil, fossil gas and coal sectors. All oil and gas industry associations that provided a response to the OPC expressed support for putting into Union law an obligation on leak detection and repair (LDAR). NGOs were also widely supportive of such an obligation. All NGOs and industry respondents to the OPC believe that it is feasible to phase out routine venting and flaring associated with energy produced and consumed in the EU. As regards the inclusion of mitigation measures of coalmine methane, the public consultation yielded strong support (80% of responses). Those aspects are included in this proposal.

Ninety-two percent of responses to the OPC were supportive of Union legislation on methane emissions in the energy sector covering oil and gas entering the Union market. Specifically, 96% of responses were supportive of the development of a methane transparency tool at the Union and international levels. This element is included in this proposal.

72% of responses considered that Union legislation on methane emissions in the energy sector should extend obligations to companies importing fossil energy into the Union. 65% of responses considered it feasible to impose the same obligations with respect to MRV, LDAR and venting and flaring on all actors of the oil and gas value chain for oil and gas consumed in the Union. This option would not only entail enforcement challenges and security of supply risks for the Union, but also have uncertain environmental and social benefits and it relies on monitoring, reporting and mitigation data and tools currently not available.

- **Collection and use of expertise**

The proposal and its underpinning impact assessment draw on evidence from the stakeholder input to the extensive consultations carried out in this respect, specific workshops, as well as literature review, analysis and modelling. The literature review included the results of a series of topical studies on key elements of the methane emissions regulations in different countries and EU Member States, limiting methane emissions in the energy sector, as well as evaluations and assessments carried out in the framework of other relevant Commission initiatives.

- **Impact assessment**

Throughout the impact assessment work, a range of measures was considered across all areas to address the identified problems and problem drivers in order to reach the objectives of the initiative. All policy areas included a business as usual option. Preferred options have been identified for three policy areas. Following an assessment of their effectiveness, efficiency, coherence and proportionality, a package of preferred options has been found best suited to contribute to the set objectives. The package of preferred options includes the following main provisions:

Policy area 1 considers gradual options to improve the accuracy of measuring and reporting of methane emissions in the energy sector by obligating companies to carry out asset-level measurements and report direct emissions of methane for economic activities in the EU territory. They include compulsory monitoring, reporting and verification for oil and gas, compulsory monitoring, reporting and verification for oil, gas and coal, and compulsory monitoring, reporting and verification for oil, gas and coal covering also indirect emissions.

The preferred option for policy area 1 is to impose detailed (asset-level) measuring and reporting obligation on all direct fossil sources of methane emissions in the EU energy sector. The key benefit is that this will improve the level of reporting of such emissions and will

increase understanding of the sources and magnitude of those emissions which will lead to more effective abatement of associated emissions.

Policy area 2 contains options for the mitigation of methane emissions in the EU, through leak detection and repair measures and limits on venting and flaring. They aim to ensure further effective mitigation of methane emissions across the energy supply chain. The options includes Commission guidance or mandatory measures on mitigation of methane emissions in the oil and fossil gas sectors, mandatory measures on mitigation of methane emissions in the oil, fossil gas and coal sectors as well as indirect emissions and legislative measure to achieve a certain reduction in methane emissions via a performance requirement.

The preferred option for policy area 2 is to impose obligations to mitigate methane emissions on all direct fossil sources of methane emissions in the EU energy sector, in terms of leak detection and repair and measures to ban venting and flaring. These will lead to greater abatement of methane emissions compared to a business as usual scenario, with associated environmental and social benefits in terms of slowing climate change and reducing air pollution.

Policy area 3 contains options that aims at reducing methane emissions related to imported fossil energy. It includes options on measuring, reporting and mitigating methane emissions linked to EU fossil fuel consumption but occurring outside the EU, including the use of diplomatic action and transparency tools, mandatory measuring, reporting and mitigation applying to all methane emissions from fossil energy consumed in the EU covering the value chain, the establishment of a label on methane emissions and a super emitter monitoring tool, and an obligation to achieve a certain amount of methane emissions reduction applying to all fossil energy consumed in the EU covering the value chain.

The preferred option for policy area 3 is to put forward various instruments dedicated to improving information on methane emission sources from countries exporting fossil energy to the EU as well as incentives for those countries to voluntarily abate their methane emissions or binding measures to achieve those. Similarly to policy area 2, reducing global methane emissions will have environmental and social benefits, for the EU in particular in terms of slowing climate change.

- **Fundamental rights**

The initiative is fully in line with Article 37 of the Charter of Fundamental Rights of the European Union, which requires that a high level of environmental protection and the improvement of the quality of the environment must be integrated into the policies of the Union and ensured in accordance with the principle of sustainable development.

4. BUDGETARY IMPLICATIONS

The proposal includes a number of requirements with budgetary implications. First, the requirement for the European Union Agency for the Cooperation of Energy Regulators (ACER) to establish and make publicly available a set of indicators and corresponding reference values for the comparison of unit investment costs linked to measurement, reporting and abatement of methane emissions for comparable projects, once every three years. While so far ACER has not dealt with costs of network operators due to measurement, reporting and abatement of methane emissions, the additional tasks and their workload for ACER are estimated to be sufficiently covered by 1 additional FTE.

Second, the requirement for the Union to establish and maintain a methane transparency platform including information on imports of fossil energy into the Union, with updates to be

provided every quarter, as well as to establish a global methane monitoring tool that regularly publishes the results of aerial monitoring of large emitters of methane from energy sources, with updates to be provided every month. The additional tasks and their workload for the Commission are estimated to require 2 extra full-time officials.

Section 3 of the Legislative Financial Statement outlines the proposal's budgetary implications and the human and administrative resources required.

5. OTHER ELEMENTS

• Implementation plans and monitoring, evaluation and reporting arrangements

EU climate and energy legislation provides for a comprehensive framework to track progress towards EU targets, to which this proposal will contribute. The overarching framework is provided by the Climate Law and a detailed integrated monitoring and reporting framework is provided by the Regulation on the Governance of the Energy Union and Climate Action. Data collected in the context of the Governance Regulation is made publicly accessible on an e-platform, including indicators for monitoring progress towards Energy Union objectives.

Every two years, Member States are obliged to report on national policies and measures and national systems of policies and measures implemented to achieve their targets under the Effort Sharing Regulation and on their emission projections. The control of Member States' compliance with their annual targets is carried out every 5 years. The implementation and effectiveness of the provisions contained in the proposal will therefore be also tracked under the target achievement under the ESR. The established control mechanisms for the quality of national submissions also allow an evaluation of the effectiveness of the provisions of this proposal in achieving improvements in data quality.

Methane emissions are increasingly subject to public attention, including scientific and stakeholder campaigns to detect and quantify emissions. Supported by better satellite becoming available, such public scrutiny is a valuable resource in monitoring the impact of the proposal and identifying shortcomings in implementation.

As regards monitoring and evaluation of the obligations set out in this proposal, the main responsibility in ensuring application of the provisions will lie with the national competent authorities. With respect to emissions data verification, this proposal provides for the role of independent accredited verifiers. The International Methane Emission Observatory will provide additional scrutiny of submitted methane emissions data, including the possibility to cross-reference them with other sources such as satellite imaging.

The Commission will monitor the implementation of the legal act, through checking the correct application of the measures by the obligated parties and if necessary taking enforcement action. This proposal includes a review clause whereby the Commission will submit a report on the evaluation and review of the Regulation.

• Detailed explanation of the specific provisions of the proposal

The proposed regulation consists of five chapters comprising [39] articles.

Chapter 1 – General provisions

This chapter sets out the scope and the main terms used in the proposed regulation. It also includes a provision recognising the costs of network operators in implementing the Regulation.

Chapter 2 – Competent authorities and independent verification

This chapter lays down the compliance provisions of the Regulation, in addition to the penalties provisions in Chapter 6. It sets out the tasks of competent authorities, in particular the rules concerning inspections and complaints, as well as the role and procedures for independent accredited verifiers with respect to verification of methane emissions data reported by operators.

Chapter 3 – Methane emissions in oil and gas sectors

This chapter lays down the obligations of operators and Member States with respect to measurement and reporting of methane emissions data, as well as obligations for the abatement of methane emissions in the relevant sites.

Chapter 4 – Methane emissions in coal sector

This chapter is divided in five sections to cover the following: monitoring and reporting of methane emissions in operating mines; monitoring and reporting in closed and abandoned underground mines; monitoring and reporting of strata fracture emissions; mitigation of methane emissions in operating underground mines and mitigation in closed and abandoned underground mines.

Each section lays down the obligations of operators and Member States with respect to measurement and reporting of methane emissions data, as well as obligations for the abatement of methane emissions in the relevant sites.

Chapter 5 – Methane emissions occurring outside the Union

This chapter introduces transparency tools for methane emissions occurring outside the Union: an information obligation by importers of fossil fuels with regards to methane emissions linked to production and transport, a transparency list of countries and companies exporting fossil energy to the Union, including information on their international reporting obligations with respect to methane emissions and a global monitoring tool to divulge the magnitude, recurrence and location of methane super-emitters globally.

In addition, to account for imports of fossil energy into the Union, the chapter sets out importer information requirements.

Chapter 6 – Final provisions

This chapter provides in particular for a system of penalties: while recognising that establishing penalties is a national competence, it sets out guiding principles for penalties, in particular criteria for setting penalties, the types of infringements to be penalised, criteria on maximum ceilings, as well as the possibility to impose periodic penalty payments.

It also contains empowerment provisions for the adoption of delegated and implementing acts, as well as a review clause.

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on methane emissions reduction in the energy sector

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 194 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Methane, the main component of natural gas, is second only to carbon dioxide in its overall contribution to climate change and is responsible for approximately a quarter of current anthropogenic greenhouse gas (GHG) emissions.
- (2) On a molecular level, although methane remains in the atmosphere for a shorter period than carbon dioxide (10-12 years, compared to hundreds of years), it has a more significant greenhouse effect on the climate, it contributes to ozone formation and it is a potent local air pollutant that may cause serious health problems. The global methane amount in the atmosphere has risen sharply over the last decade.
- (3) According to recent estimates by the United Nations Environment Programme and the Climate and Clean Air Coalition, methane emission reductions of 45% by 2030, based on available targeted measures and additional measures in line with UN priority development goals, could avoid 0.3°C of global warming by 2045.
- (4) According to EU GHG inventories data the energy sector is estimated to be responsible for 19% of methane emissions within the Union, excluding methane emissions linked to the Union's fossil energy consumption but occurring outside the Union.
- (5) The Union has reduction targets for 2030 for GHG emissions, including binding national emission reduction targets for anthropogenic methane emissions under Regulation (EU) 2018/842⁴.

² OJ C [...], [...], p. [...].

³ OJ C [...], [...], p. [...].

⁴ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018).

However, there is currently no legal framework setting out specific measures for the reduction of anthropogenic methane emissions.

- (6) Rules for accurate measurement, reporting and verification of methane emissions in the oil, gas and coal sectors, as well as the abatement of those emissions, including through leak detection and repair surveys and restrictions on venting and flaring, should be addressed by a Union dedicated legal framework. Moreover, such a framework should contain rules to enhance transparency with regard to fossil energy imports into the Union, and related regulatory equivalence in exporting countries, thus improving the incentives for wider uptake of methane mitigation solutions across the globe.
- (7) Each Member State should ensure that it has at least one competent authority to ensure that operators effectively fulfil the obligations laid down in this Regulation and should notify the Commission of the appointment of competent authorities and any changes thereof. The competent authorities should take the necessary measures to ensure that requirements set out in this Regulation are complied with. The main mechanism available to the competent authorities should be regular inspections, including examination of documentation and records and site checks. The competent authorities should also have the prerogative to issue a notice of remedial actions to be taken by the operator, where they identify a serious breach of the requirements of this Regulation.
- (8) Inspections should take place regularly, based on an appraisal of the environmental risk conducted by the competent authorities. In addition, inspections should be carried out to investigate substantiated complaints and occurrences of non-compliance and to ensure that repairs or replacements of components were carried out in accordance with this Regulation.
- (9) In light of the proximity of some methane sources to urban or residential areas, there should be a possibility for natural or legal persons to lodge duly substantiated complaints with the competent authorities with respect to breaches of this Regulation.
- (10) In order to ensure the performance of tasks of the competent authorities, operators should afford them all assistance necessary. In addition, operators should take all the necessary actions identified by the competent authorities within a reasonable period.
- (11) Competent authorities should keep records of the inspections and the relevant information should be made available in accordance with Directive 2003/4/EC⁵.
- (12) Taking into account the cross-border character of energy sector operations and methane emissions, competent authorities should cooperate with each other and the Commission.
- (13) As party to the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, the Union is required to provide annually an inventory report of anthropogenic greenhouse gas emissions within its territory by sources, as prepared using good practice methodologies accepted by the Intergovernmental Panel on Climate Change (IPCC).
- (14) Regulation (EU) 2018/1999⁶ requires Member States to establish national inventory systems to estimate anthropogenic emissions of GHGs and to report their national projections. This reporting

⁵ Directive 2003/4/EC of the European Parliament and of the Council of 28 January 2003 on public access to environmental information and repealing Council Directive 90/313/EEC (OJ L 41, 14.2.2003, p. 26).

⁶ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

is done using UNFCCC methodologies, and is often based on default emission factors rather than source-level measurements, implying a lack of knowledge of the precise origin, frequency and scope of emissions.

- (15) Country data reported pursuant to UNFCCC Reporting Guidelines is submitted to the UNFCCC secretariat according to different tiers of reporting. In this context, it is recommended to use higher tier levels of accuracy for estimating emission sources that have a large contribution to total emissions in a country.
- (16) A tier represents a level of methodological complexity. Three tiers are available. Tier 1 methods typically utilise IPCC default emission factors and require the most basic, and least disaggregated, activity data. Higher tiers usually utilise more elaborate methods and source-specific, technology-specific, region-specific and/or country-specific emission factors, which are often based on measurements, and normally require more highly disaggregated activity data. Specifically, tier 2 requires country-specific, instead of default, emission factors to be used while tier 3 requires plant-by-plant data or measurements and comprises the application of a rigorous bottom-up assessment by source type at the individual facility level. Progressing from tier 1 to tier 3 represents an increase in the certainty of methane-related emissions⁷.
- (17) There is no consistent approach between Member States as concerns the tier level at which they report their energy related methane emissions to UNFCCC. The Union is only empowered to issue recommendations to Member States, for key sectors, to report at higher tier levels, which includes tier 2. Estimation methodologies and reporting of energy related methane emissions hence varies across Member States, and reporting at the lowest, tier 1, level is still very common in a large number of Member States for methane emissions from coal, gas and oil.
- (18) The current reporting requirements and recommendations for use of the different tiers under the UNFCCC system should therefore be improved and harmonised.
- (19) In addition, currently, voluntary industry-led initiatives remain the principal course of action for methane emissions quantification and mitigation in many countries but are not sufficient for addressing the global fossil energy supply chain. Parts of the oil and gas industry globally have recognised the issue and set up the Oil and Gas Methane Partnership (OGMP) voluntary initiative on measuring and reporting of methane emissions.
- (20) The OGMP focuses on establishing best-practices in both emissions quantification and management and equips partner companies with the tools to systematically survey their operations to identify equipment and processes with high potential to emit methane, and to utilise proven methods to minimise these emissions⁸.
- (21) The objectives of OGMP are to improve the availability of global information on methane emissions and to drive mitigation actions to reduce methane emission.. To date, [62] companies have signed up to OGMP, covering [30]% of global oil and gas production and assets in five continents.
- (22) Nevertheless, the OGMP is a voluntary initiative and does not provide full coverage of the Union methane emissions or emissions linked to fossil fuel consumption in the Union. It is also limited to the oil and gas sectors and does not address methane emissions from coal. Finally, OGMP reporting will be provided on an aggregated basis, thus providing limited transparency.

⁷ IPCC (2019) 2019 Refinement to the 2006 IPCC guidelines for national greenhouse gas inventories, https://www.ipcc.ch/site/assets/uploads/2019/12/19R_V0_01_Overview.pdf

⁸ Oil and Gas Methane Partnership, online, accessed 31/08/2021 - <http://ogmpartnership.com/>

- (23) Against this background, it is necessary to improve measurement and reporting of methane emissions, the accuracy of information on the main sources of methane emissions associated with energy produced and consumed within the Union. Moreover, the availability of source-level data and robust quantification of emissions should be ensured, thereby increasing the reliability of reporting as well as the scope for appropriate measures for mitigation.
- (24) For measuring and reporting to be effective, oil and gas companies should be obliged to measure and report methane emissions by source, and to make aggregated data available to Member States so that Member States can improve the accuracy of their inventories reporting. In addition, effective verification of company reported data is needed.
- (25) This Regulation builds on the OGMP 2.0 framework insofar as it meets the above criteria. This will yield reliable and robust data that would form sufficient basis for monitoring methane emissions and if necessary to build additional action to curb emissions.
- (26) The OGMP 2.0 framework has five levels of reporting. Source-level reporting begins at level 3, which is considered comparable with UNFCCC tier 3. It allows generic emission factors to be used. OGMP 2.0 level 4 reporting requires direct measurements of source-level methane emissions. It allows the use of specific emission factors. OGMP 2.0 level 5 reporting requires the addition of complementary site-level measurements. In addition, the OGMP 2.0 framework requires companies to report direct measurements of methane emissions within three years of joining OGMP 2.0 for operated assets and within five years for non-operated assets. Building on the approach taken in OGMP 2.0 with regard to source-level reporting and taking into account that a large number of EU companies had already signed up to OGMP 2.0 in 2021, operators are required to deliver direct source-level measurements of their emissions within 24 months for operated assets and within 36 months for non-operating assets.
- (27) A site-level measurement is a top-down measurement (as opposed to source-level measurement, considered a bottom-up measurement), and typically involves the use of sensors mounted on a mobile platform (such as on vehicles, drones, aircrafts or boats), satellites, or other means to capture a complete overview of emissions across an entire site. This quantification of site-wide emissions, which is independent from source level quantification, allows assessment and verification and reconciliation of source-level estimates aggregated by site, thereby providing improved confidence in reported emissions. This approach taken in OGMP 2.0, of requiring site-level measurements to reconcile source-level measurements, is the approach taken here as well.
- (28) As regards verification of methane emissions data, the OGMP framework gives the role of verification only to the International Methane Emissions Observatory (IMEO). In line with existing Union MRV legislation such as Regulation (EU) 525/2013⁹ (replaced by Regulation (EU) 2018/1999) or Regulation (EC) 166/2006¹⁰, a substantial role for competent authorities is essential to ensure proper verification. In addition, a subsequent verification role by the IMEO should also be envisaged. The reports from operators to the competent authorities should be accompanied by a verification statement issued by an independent verifier, accredited by a national accreditation body pursuant to Regulation (EC) No 765/2008. Verifiers should assess the conformity of the emissions report in terms of reliability, credibility and accuracy of the data and

⁹ Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC (OJ L 165, 18.6.2013, p. 13)

¹⁰ Regulation (EC) No 166/2006 of the European Parliament and of the Council of 18 January 2006 concerning the establishment of a European Pollutant Release and Transfer Register and amending Council Directives 91/689/EEC and 96/61/EC (OJ L 33, 4.2.2006, p. 1).

methods used and issue a verification assessment only where they conclude the emissions report complies with the applicable requirements of Union law.

- (29) Verifiers should be independent from the operators, who should afford them with all assistance necessary to enable or facilitate the performance of the verification activities, notably as regards access to the premises and the presentation of documentation or records.
- (30) Unintentional leaks of methane lead to loss of methane into the atmosphere. Methane leaks can occur during drilling, extraction as well as processing, storage, transmission and distribution to end-use consumers. Some emissions can result from imperfections in, or ordinary wear and tear of, technical components such as joints, flanges and valves, among others, or damaged components, for example in the case of accidents. Corrosion or damage can also cause leaks from the walls of pressurised equipment.
- (31) While venting of methane is typically intentional, resulting from processes or activities and devices that are designed to do it, it can also be unintentional, as in the case of a malfunction or an accident.
- (32) According to data from the Union's national GHG inventories, more than half of all direct energy sector methane emissions is estimated to come from unintentional release of emissions into the atmosphere. In the case of oil and gas, this represents the largest share of methane emissions.
- (33) In order to reduce those emissions, operators should take all such measures reasonably applicable or available to them to minimise methane emissions in their operations.
- (34) More specifically, methane emissions from leaks are most commonly reduced by methane leak detection and repair (LDAR) surveys, where inspections are carried out to identify leaks, to be followed by repair of found leaks. Operators should therefore conduct periodic LDAR surveys. LDAR surveys should also cover surveying of components that vent methane, to survey for unintentional venting of methane.
- (35) A harmonised approach to ensure a level-playing field for all operators in the Union should be set up. This approach should include minimum requirements for LDAR surveys, while leaving an adequate degree of flexibility to Member States and operators. This is essential to allow innovation and the development of new LDAR technologies and methods, thus preventing the lock-in of technology, to the detriment of environmental protection. New technologies and detection methods continue to emerge and Member States should encourage innovation in this sector, so that the most accurate and cost-effective methods can be adopted.
- (36) The approach should also reflect a number of additional principles. First, LDAR surveys should be primarily aimed at finding and fixing leaks, rather than quantifying them. Second, those areas with a higher risk of leaks should be checked more frequently. Third, all leaks irrespective of size should be recorded and monitored, as small leaks can develop into larger ones. Finally, repairs should be followed by verification and confirmation that they have been effective.
- (37) In order to allow for future, more advanced methane emissions detecting technologies to be used, the size of methane loss at or above which a repair is warranted should be specified. Companies should then be obligated to use detection devices which are able to detect methane losses down to that level of emissions, though allowing them the choice of detection device.
- (38) The frequency of surveys should be guided not only by the need to repair components from which methane is escaping above the methane emission threshold but also by operational considerations, taking into account risks to safety. Thus, where a higher risk to safety or higher risk of methane losses is identified, the competent authorities should be allowed to recommend a higher frequency of surveys for the relevant components.

- (39) Venting consists in the release of uncombusted methane into the atmosphere either intentionally from processes or activities or devices that are designed to do it, or unintentionally in the case of a malfunction. In light of its potent GHG emission effect, venting should be banned except in the case of emergencies, malfunction or during certain specific events during which venting is unavoidable.
- (40) Flaring is the controlled combustion of methane for the purpose of disposal in a device designed for said combustion. When done during the normal production of oil or fossil gas and as a result of insufficient facilities or amenable geology to re-inject methane, utilise it on-site, or dispatch it to a market, this is considered routine flaring. Routine flaring should be banned. Flaring should only be permissible when it is the only alternative to venting and where venting is not prohibited. Venting is more harmful to the environment as the released gas typically contains high-levels of methane, whereas flaring converts the methane into less harmful CO₂.
- (41) Using flaring as an alternative to venting makes sense if flaring devices are efficient at combusting methane. If flaring devices have low combustion efficiency, it means that methane escapes, with the same effects as if it had been vented in the first place. For this reason, a combustion efficiency requirement should also be included for the cases in which flaring is admissible. Use of pilot burners, which give more reliable ignition as they are not affected by the wind, should also be regulated.
- (42) Re-injection, utilisation on-site or dispatch of the methane to a market should always be preferable to flaring - and therefore venting - of methane. Operators that vent should provide proof to the competent authorities that flaring was not possible and operators that flare should provide proof to the competent authorities that re-injection, utilisation on-site or dispatch of the methane to a market was not possible. ,
- (43) Operators should report venting and flaring events to the competent authorities and should ensure that equipment and devices are up to the standards laid down in Union law.
- (44) Where assets related with oil and fossil gas upstream exploration and production, fossil gas gathering and processing, transmission, distribution, underground storage and liquid fossil gas (LNG) terminals have been closed or abandoned, monitoring and reporting obligations should still apply. Member States should have a predominant role in this case, in particular to establish an inventory of such assets.
- (45) UNFCCC data shows that coal mine methane emissions are the biggest single source of methane emissions in the EU energy sector. In 2019, direct emissions from the coal sector represented 31% of emissions, almost equal to direct methane emissions from fossil gas and oil combined (33%).
- (46) Currently, there is no EU-wide specific regulations limiting methane emissions from the coal sector, despite availability of a wide array of mitigation technologies.
- (47) Methane is produced during the coal formation process. However, the methane-emitting capacity of coal varies greatly between different deposits. Studies show that methane content tends to increase with increased mining depth and with coal rank. Coal is classified into four main ranks: anthracite, bituminous, subbituminous, and lignite. The ranking depends on the types and amounts of carbon the coal contains and on the amount of heat energy the coal can produce. Methane emissions are primarily linked to hard coal underground mining activities, both in operating and abandoned mines¹¹.

¹¹ (2020) N. Kholod et al Global methane emissions from coal mining to continue growing even with

- (48) The disturbance of coal and surrounding strata throughout coal mining processes releases methane trapped in coal seams and any associated gas-bearing strata. Such methane is called coal mine methane (CMM). Methane can be captured before, during and after mining by pre- and post-mining drainage techniques, respectively. Changes in geology, methane content, mining rate, and interactions between workings in different seams lead to variations in methane flows. In active underground mines, methane concentration in the air is continuously controlled as it constitutes a health and safety hazard.
- (49) In the case of underground coal mines, the vast majority of the methane emissions occur through ventilation and drainage or degasification systems.
- (50) Ventilation and drainage or degasification systems represent the two main ways of lowering methane concentrations in a mine's airways. Methane drainage systems capture methane from coal deposits to prevent the gas from entering mine airways. In the EU, drained coal mine methane is, if recovered, most commonly used for power generation on site.¹² However, current practices differ by Member State and by mine, with some of the methane recovered through drainage being subsequently vented instead of used. Methane concentration can also be reduced via the use of ventilation systems, where influxes of fresh air to the mine dilute methane concentrations in the underground workings of a mine. Such air is then released through outlet ventilation shafts and referred to as ventilation air methane (VAM). Even at low concentrations (often kept below 1%), large volumes of air exhausted from ventilation shafts result in very large methane emissions from mine ventilation shafts. It is estimated that globally, 60-80% of coal mine methane is emitted as VAM¹³. At present, best practice method for VAM quantification can be achieved using continuous emissions monitoring systems. VAM can be mitigated with or without energy recovery, though the solutions remain comparably expensive^{14,15}, principally because the concentrations of methane emanating from ventilation systems are very low.
- (51) Once production is halted and a mine is closed or abandoned, it continues to release methane, referred to as abandoned mine methane (AMM). The emissions can occur at well-defined point sources such as ventilation shafts or pressure-relief vents. However, some AMM emissions happen in a dispersed manner through outcrops, fractured ground above shallow workings, and drift seals. With increased climate ambition and shifting energy production to less carbon-intensive energy sources, the AMM is likely to increase in the EU. In mines where operations have ceased, methane emissions can be prevented by flooding the mine, but this is not systematically done and has environmental risks. It is estimated that even 10 years after mining is ceased, methane from non-flooded mines continues to be emitted at levels attaining approximately 40% of emissions recorded at the time of closure¹⁶. However, treatment of AMM remains fragmented due to different ownership and exploitation rights across the EU, and certain Member States do not have inventories of closed or abandoned coal assets. Furthermore, due to geological constraints and environmental considerations, a one-size-fits-all approach to mitigate methane emissions from abandoned underground coal mines is not possible¹⁷. Member states

¹² declining coal production, Journal of Cleaner Production, Volume 256, 120489
RC (2015) Environmental and Sustainability Assessment of Current and Prospective Status of Coal Mine Methane Production and Use in the European Union

¹³ Forthcoming publication.

¹⁴ Ventilation Air Methane (VAM) Utilization Technologies, EPA, July 2019
https://www.epa.gov/sites/production/files/2017-01/documents/vam_technologies-1-2017.pdf

¹⁵ JRC (2015) Environmental and Sustainability Assessment of Current and Prospective Status of Coal Mine Methane Production and Use in the European Union

¹⁶ (2020) N. Kholod et al Global methane emissions from coal mining to continue growing even with declining coal production, Journal of Cleaner Production, Volume 256, 120489

¹⁷ Best Practice Guidance for Effective Methane Recovery and Use from Abandoned Mines (UNECE, 2019)

should be therefore free to establish their own mitigation plan, taking into consideration the aforementioned constraints and technical feasibility of AMM mitigation.

- (52) Methane from underground mines is also released through cracks in the coal seams occurring as a result of mining activities, as well as during post-mining processes such as coal handling, transport, storage, and processing. Precise quantification of these emissions is difficult because the surface of coal is directly exposed to air in these cases. However, for post-mining activities, the Intergovernmental Panel on Climate Change (IPCC) guidelines advise that the highest precision of methane emissions from such activities can be derived using site-specific coal post-mining emission factors¹⁸.
- (53) Underground mining, particularly longwall mining, relaxes strata above the mine workings, leading to strata fractures. Currently, there is no EU-wide specific regulations on reporting and raising public awareness on strata fracture methane emissions incidents, despite such incidents leading to property damage and constituting a significant health and safety threat.
- (54) Operating surface coal mines in the EU produce lignite and are not associated with significant methane emissions (166 kilotonnes in 2019, versus 828 kilotonnes for underground coal mining, according to EU GHG inventories¹⁹). Measurement of surface coal mine methane emissions is challenging due to their diffuse nature over a wide area. Therefore, emissions from surface mines are rarely measured despite available technology²⁰. The IPCC advises that the highest precision of methane emissions from surface mines can be derived using basin-specific coal emission factors²¹. However, even greater precision can be obtained using mine- or deposit-specific emission factors, since coal basins span deposits with different methane-bearing capacity²². Emission factors can be derived by measuring gas content of the seams sampled from exploration borehole cores, since basin emission factors can vary greatly for large coal basin areas²³.
- (55) Currently, no Union or international coal-specific measurement, reporting, and verification standard exists. In the Union, reporting of methane emissions from the coal industry is part of the GHG emission reporting under the EU Climate Monitoring Mechanism, included in the integrated reporting system of the Governance Regulation²⁴. Methane emissions data from underground mines is also included in the European Pollutant Release and Transfer Register (E-PRTR)²⁵.
- (56) Effective mitigation of methane emissions from operating and closed or abandoned surface lignite mines and strata fracture methane is currently limited by technology. However, effective and

¹⁸ 2006 IPCC guidelines for national greenhouse gas inventories,
[Microsoft Word - V2_Ch4_Fugitive_Emissions_Final_V2.doc \(iges.or.jp\)](#)

¹⁹ Methane emissions for the energy sector in Kilotonnes, disaggregated by emission category source, as reported to UNFCCC in April 2021 by EEA on behalf of the EU <https://unfccc.int/ghg-inventories-annex-i-parties/2021>

²⁰ Forthcoming publication

²¹ 2006 IPCC guidelines for national greenhouse gas inventories,
[Microsoft Word - V2_Ch4_Fugitive_Emissions_Final_V2.doc \(iges.or.jp\)](#)

²² Bilans Zasobow Zloz Kopalin, stan na 31.12.2020^o, State Geological [Surowce mineralne \(pgi.gov.pl\)](#)

²³ Forthcoming publication

²⁴ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1)

²⁵ Regulation (EC) No 166/2006 of the European Parliament and of the Council of 18 January 2006 concerning the establishment of a European Pollutant Release and Transfer Register and amending Council Directives 91/689/EEC and 96/61/EC (OJ L 33, 4.2.2006, p. 1)

detailed monitoring, reporting, and verification of the scale of these emissions could support research and development on mitigation technologies of these emissions in the future.

- (57) With regard to the final use of hard coal produced, underground mines can be divided into thermal and coking coal mines. Thermal coal is used primarily as an energy source and coking coal is an essential fuel and reactant in the process of steelmaking. A significant proportion of thermal coal in the Union is mined at no or near-zero methane emissions. In Poland, the Union's biggest hard coal producer, it is estimated that ~50% of thermal coal is mined at no or near-zero methane emissions²⁶, therefore priority should be put to decrease output at thermal coal mines emitting significant quantities of methane.
- (58) Coking coal production is typically associated with increased methane emissions due to superior coal quality and typical occurrence at deeper parts of the coal seams. However, it is recognized that coking coal, is still needed in the near future, which has been reflected by the inclusion of this type of coal in the Union's list of critical raw materials²⁷.
- (59) The Union is dependent on imports for 70% of its hard coal consumption, 97% of its oil consumption, and 90% of its fossil gas consumption. There is no precise knowledge on the magnitude, origin or nature of methane emissions linked to fossil energy consumed in the Union but occurring in third countries.
- (60) Global warming effects caused by methane emissions are cross-border. Although some fossil energy producing countries are beginning to act domestically on methane emissions from their energy sectors, many exporters are not subject to any regulation in their respective domestic markets. Such operators need clear incentives to act on their methane emissions. One such incentive would be the availability of transparent information to the market on methane emissions.
- (61) Currently there is limited accurate data (UNFCCC Tier 3 or equivalent) on international methane emissions. Many fossil exporting countries have so far not submitted any data to UNFCCC.
- (62) At the same time, there is evidence of large increases of methane emissions from oil and gas production activities globally from 65 to 80 Mt/year in the last 20 years²⁸.
- (63) The nine largest exporters of fossil energy to the Union are considered to be responsible for half of the world's methane emissions²⁹.
- (64) As announced in the Communication on the EU Methane Strategy³⁰, the Union is committed to working in cooperation with its energy partners and other key fossil energy importing countries to tackle methane emissions globally.
- (65) Energy diplomacy on methane emissions has already yielded important outcomes. In September 2021, the Union and the United States announced the Global Methane Pledge, which represents a political commitment to reduce global methane emissions by 30% by 2030 (from 2020 levels), launched at the UN Climate Change Conference (COP 26) in November in Glasgow. Eighty-nine countries have committed their support, representing 43.1% of global methane emissions. The

²⁶ In strat. (2020). energy.instrat.pl.

²⁷ [EUR-Lex - 52020DC0474 - EN - EUR-Lex \(europa.eu\)](#)

²⁸ Global Assessment of Oil and Gas Methane 1 Ultra-Emitters; T. Lauvaux, C. Giron, M. Mazzolini, A. d'Aspremont, R. Duren, D. Cusworth, D. Shindell, P. Ciaï; April 2021.

²⁹ <https://www.iea.org/articles/methane-tracker-database>

³⁰ COM(2020) 663 final

Global Methane Pledge includes a commitment to move towards using best available inventory methodologies to quantify methane emissions, with a particular focus on high emission sources.

- (66) In October 2020, the Union in partnership with the United Nations Environmental Programme, the Climate and Clean Air Coalition and the International Energy Agency, launched the establishment of the independent International Methane Emissions Observatory (IMEO). The IMEO has been tasked with collecting, reconciling, verifying and publishing anthropogenic methane emissions data at a global level. Support for setting up the IMEO was subsequently provided by the Council in its January 2021 conclusions on Climate and Energy Diplomacy³¹.
- (67) An important deliverable of the IMEO is the setting up of a market transparency tool or ‘Methane Supply Index’, as explicitly referred to in the Communication on the EU Methane Strategy³². It would provide methane emission data from different sources of fossil energy from around the globe - including from source-level estimations and measurements as well as from aerial/satellite monitoring - thereby empowering buyers of fossil energy for consumption in the Union or elsewhere to make informed purchasing decisions on the basis of the methane emissions of fossil energy sources.
- (68) The widespread publication and recognition of such data could help operators to address the awareness gap and provide information about cost-effective measures available to them. However, the outcome in terms of environmentally and socially beneficial methane emissions abatement would still be too uncertain, as it would depend on many factors outside of the Union’s control, such that additional measures still need to be taken to improve international methane emissions abatement in the energy sector.
- (69) For this reason, in parallel to continuing its successful diplomatic work to achieve such global commitments, the Union is further encouraging significant methane emissions abatement globally, and in particular in the countries supplying fossil energy to the Union.
- (70) Therefore, importers of fossil energy to the Union should be required to provide information on measures related to measurement, reporting and mitigation of methane emissions undertaken by exporters in the country where the energy was produced.
- (71) Member States should communicate this information to the Commission, based on which the Union should set up and manage a transparency database for fossil energy imports into the Union, explaining whether the exporting companies have signed up to the OGMP for oil and gas companies and to such an equivalent, internationally or Union recognised standard for coal companies, when one is eventually set up. Such information should demonstrate the degree of commitment of companies in exporting countries to measure, report and have verified their methane emissions according to the highest level of UNFCCC reporting. This should apply to both companies that have signed up to OGMP, and to companies located in the Union obligated to deliver such information. Such a transparency database would inform importers of fossil energy to the Union, who should be free to choose whether to base their purchasing decision on the information which it contains.
- (72) The transparency database should also describe the efforts undertaken by countries exporting fossil energy to the Union to regulate their energy sector methane emissions, and contain an assessment of the extent to which the legislation in those countries is comparable to Union existing regulatory framework.

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- (73) In addition, the Union should put in place a global methane super emitter monitoring platform, providing information on the magnitude, recurrence and location of high methane-emitting sources. This should further encourage real and demonstrable results from the implementation of equivalent methane regulations and effective mitigation actions by companies supplying fossil energy to the Union.
- (74) The tool should pool data from the European Space Agency’s Copernicus programme as well as other satellites and services that regularly publish the results of aerial monitoring of super emitters from around the world. The term ‘super-emitter’ refers to a specific site or facility with disproportionately high-emissions for a site or facility of that kind. As of [date], where the tool identifies particularly high methane emissions, the Commission may establish bilateral dialogues with the countries concerned to discuss the different scenarios envisaged for methane emissions policies and measures. As of [date], where the tool identifies particularly high methane emissions, the Commission should establish bilateral dialogues with the countries concerned to discuss the different scenarios envisaged for methane emissions policies and measures.
- (75) In combination, these measures should enhance transparency for buyers to take informed sourcing decisions and improve the possibility of wider uptake of methane mitigation solutions across the globe. In addition, they should further incentivise international companies to sign up to international methane measurement and reporting standards such as OGMP or to adopt similar measurement, reporting and mitigation measures existing in the Union.
- (76) In due course, methane emissions data published as part of the methane super emitter monitoring platform as well as other sources of methane emissions, including from inventory reports delivered to the UNFCCC, can be compiled into a Union database on global methane emissions. Such data could form the basis for the union to develop a Methane Supply Index.
- (77) Member States should ensure that infringements of this Regulation are sanctioned by effective, proportionate and dissuasive penalties, which may include fines and periodic penalty payments, and take all measures necessary to ensure that they are implemented.
- (78) In order to play a significant deterrent effect, penalties should be adequate to the type of infringement, to the possible advantage for the operator and to the type and gravity of the environmental damage.
- (79) When imposing penalties, due regard should be given to the nature, gravity and duration of the infringement in question. The imposition of penalties should be proportionate and should comply with Union and national law, including with applicable procedural safeguards and with the principles of the Charter of fundamental rights.
- (80) In order to ensure more consistency, a list of the types of infringements that should be subject to penalties should be included.
- (81) In order to facilitate the more consistent application of penalties, common non-exhaustive and indicative criteria for the application of penalties should be included.
- (82) The deterrent effect of penalties should be reinforced by the possibility to publish the information related to the penalties imposed by Member States, in compliance with data protection requirements as set out in Regulation (EU) 2016/679 and Regulation (EU) 2018/1725.
- (83) [The Commission should be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU) concerning [xx].]
- (84) [In order to ensure uniform conditions for implementation, implementing powers should be conferred on the Commission to adopt detailed rules with regard to the [xx], in accordance with

Article 291 TFEU. Those powers should be exercised in accordance with Regulation (EU) No 182/2011.]

- (85) Operators and competent authorities should be given a reasonable period in order to prepare themselves to meet the requirements of this Regulation.
- (86) Since the objective of this Regulation, namely the [xx], cannot be achieved by the Member States individually and can therefore, by reason of its scale, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

HAVE ADOPTED THIS REGULATION:

Chapter 1

General Provisions

Article 1

Subject matter and scope

1. This Regulation lays down rules for accurate measurement, reporting and verification of methane emissions in the energy sector in the Union, as well as the abatement of those emissions, including through leak detection and repair surveys and restrictions on venting and flaring. This Regulation also lays down rules on tools ensuring transparency of methane emissions from imports of fossil energy into the Union.

2. This Regulation applies to oil and fossil gas upstream exploration and production, fossil gas gathering and processing, transmission, distribution, underground storage and liquid fossil gas (LNG) terminals, as well as to operating underground and surface coal mines, closed and abandoned underground coal mines and fissures in strata as a result of mining activity, unless otherwise specified.

Article 2

Definitions

For the purposes of this Regulation, and in line with the scope defined in Article 1, the following definitions shall apply:

- (1) ‘Methane emissions’ means all direct emissions occurring from all components that are potential sources of methane emissions, whether as a result of intentional or unintentional venting, incomplete combustion in flares or from other components and unintentional leaks. Those components are from all assets that are controlled or owned, fully or in part, by an [operator or mine operator].
- (2) ‘Transmission system operator’ means transmission system operator as defined in Directive 2009/73/EC.
- (3) ‘Distribution system operator’ means distribution system operator as defined in Directive 2009/73/EC.

- (4) ‘Operator’ means any natural or legal person who operates or controls the asset or, where this is provided for in national legislation, to whom decisive economic power over the technical functioning of the asset has been delegated.
- (5) ‘Mine operator’ means any natural or legal person who operates or controls the coal mine or, where this is provided for in national legislation, to whom decisive economic power over the technical functioning of the mine has been delegated.
- (6) ‘Verification’ means the activities carried out by a verifier to assess the conformity of the documents transmitted by the operators with the requirements of this Regulation.
- (7) ‘Verifier’ means a legal entity carrying out verification activities which is accredited by a national accreditation body pursuant to Regulation (EC) No 765/2008 and this Regulation.
- (8) ‘Source’ means a component that releases methane into the atmosphere whether intentionally or unintentionally, intermittently or persistently.
- (9) ‘Asset’ means a business or operating unit, which can be composed of several facilities or sites. It includes assets under the operational control of the [operator or mine operator] (operated assets) and assets which are not under the operational control of the [operator or mine operator] (non-operated assets).
- (10) ‘Emission factor’ means a coefficient that quantifies the emissions or removals of a gas per unit activity. Emission factors are often based on a sample of measurement data, averaged to develop a representative rate of emission for a given activity level under a given set of operating conditions.
- (11) ‘Generic emission factor’ means a standardised emission factor for each type of emission source which is derived from inventories or databases, but in any case not verified through direct measurements at the source-level.
- (12) ‘Specific emission factor’ means an emission factor derived from direct source-level measurements.
- (13) ‘Direct measurement’ means direct quantification of the methane emission at source-level with a methane measuring device.
- (14) ‘Site-level methane emissions’ means all sources of emissions within an asset.
- (15) ‘Site-level measurement’ means a top-down measurement and typically involves the use of sensors mounted on a mobile platform (e.g., vehicles, drones, aircrafts, boats), satellites, or other means to capture a complete overview of emissions across an entire site.
- (16) ‘Undertaking’ means a natural or legal person carrying out at least one of the following functions: upstream oil and fossil gas exploration and production, fossil gas gathering and processing, transmission, distribution and underground, including LNG.
- (17) ‘Leak detection and repair survey’ means a survey to identify sources of methane emissions, including leaks and unintentional venting.
- (18) ‘Venting’ means the release of uncombusted methane into the atmosphere either intentionally from processes or activities/devices that are designed to do it, or unintentionally in the case of a malfunction.
- (19) ‘Flaring’ means the controlled combustion of methane for the purpose of disposal in a device designed for said combustion.
- (20) ‘Emergency’ means a temporary, unexpected, infrequent situation in which the methane emission is unavoidable and necessary to prevent an immediate and substantial adverse impact on safety [of

personnel? E.g. for oil drilling in an offshore platform], public health or the environment. It does not include an event arising from or related to:

- i. Failure of the operator to install appropriate equipment of sufficient capacity for the expected or actual rate and pressure of production;
- ii. Failure of the operator to limit production when the production rate exceeds the capacity of the related equipment or natural gas gathering system (except when the excess production is due to a downstream emergency, malfunction, or unscheduled repair and lasts for no longer than 8 hours from the time of notification of the downstream capacity issue);
- iii. Scheduled maintenance;
- iv. Operator negligence; or
- v. Repeated failures (four or more within the preceding 30 days) of the same piece of equipment; or emergencies at the same operation.

(21) ‘Malfunction’ means a sudden, unavoidable failure or breakdown of equipment beyond the reasonable control of the operator that substantially disrupts operations. It does not include a failure or breakdown that is caused entirely or in part by poor maintenance, careless operation, or other preventable equipment failure or breakdown.

(22) ‘Routine flaring’ means flaring during the normal production of oil or fossil gas and in the absence of sufficient facilities or amenable geology to re-inject methane, utilise it on-site, or dispatch it to a market.

(23) ‘Flare stack’ means a device equipped with a burner used to flare methane.

(24) ‘Coal mine’ means a site where coal mining is or has taken place. This covers lands, excavations, underground passageways, shafts, slopes, tunnels and workings, structures, facilities, equipment, machines, tools; on the surface or underground; used in, or resulting from the work of extracting lignite, subbituminous coal, bituminous coal, or anthracite from its natural deposits in the earth by any means or method, including the work of preparing the coal to be extracted.

(25) ‘Operating coal mine’ means a coal mine where at least 50% of its revenue comes from the work of extracting lignite, subbituminous coal, bituminous coal, or anthracites, and one of the following four conditions apply:

- i. Mine development is underway.
- ii. Coal has been produced within the last 90 days.
- iii. Mine personnel are present in the mine workings.
- iv. Mine ventilation fans are operative.

(26) ‘Underground coal mine’ means a coal mine where coal is produced by tunnelling into the earth to the coalbed, which is then mined with underground mining equipment such as cutting machines and continuous, longwall, and shortwall mining machines, and transported to the surface.

(27) ‘Surface coal mine’ means a coal mine where coal lies near the surface and can be extracted by removing the covering layers of rock and soil.

(28) ‘Ventilation shaft’ means a vertical passage used to move fresh air underground and/or to remove methane and other gases from an underground coal mine.

(29) ‘Methane drainage station’ means a station collecting methane from a coal mine methane drainage system.

- (30) ‘Methane drainage system’ means a system that drains methane from coal seams and/or surrounding rock strata and transports it to a common collection point. Methane drainage systems may comprise multiple methane sources.
- (31) ‘Post-mining activities’ are activities after coal has been mined and brought to the surface. These include coal processing, storage, and transport.
- (32) ‘Continuous measurement’ means a measurement where the reading is taken at least [every minute/5 minutes]
- (33) ‘Ventilation Air Methane (VAM)’ means methane emitted from coal seams, and other gas-bearing strata, that enters the ventilation air and is exhausted from the ventilation shaft at a low concentration, typically in the range of 0.1% to 1.0% by volume.
- (34) ‘Coal deposit’ is an area of the land containing significantly mineable quantities of coal assets, defined according to national methodology on documenting geological mineral deposits of Member States.
- (35) ‘Coal emission factor’ means a coefficient that quantifies the emissions or removals of a gas per unit activity. Emission factors are often based on a sample of measurement data, averaged to develop a representative rate of emission for a given activity level under a given set of operating conditions.
- (36) ‘Closed coal mine’ means a coal mine with an identified owner or licensee and closed according to the applicable licensing requirements or other regulations
- (37) ‘Abandoned coal mine’ means a coal mine where an operator or licensee cannot be identified, or that has not been closed in a regulated manner.
- (38) ‘Strata fracture’ means a fracture caused by mining activities underground thereby creating fissure through which methane can escape to the surface
- (39) ‘Coking coal mine’ refers to a mine where at least X% of the output comes from selling coking coal, that is coal that meets the requirements for making coke.
- (40) ‘Longwall mining’ means a type of underground mining where coal is extracted mechanically from a coalface typically around 250-350m in length. The coalface is generally equipped with a machine, known as a “Shearer”, that cuts the coal and loads it onto an Armoured Face Conveyor (AFC) that runs the length of the coalface. The face is accessed by two parallel roadways that are used for transporting produced coal away from the face as well as materials, services and ventilation. After each pass of the shearer, the face supports are advanced and the strata behind the coalface is allowed to collapse.
- (41) ‘Drained methane’ means methane captured from coal seams to prevent it entering mine airways. Methane can be removed from coal seams in advance of mining using pre drainage techniques and from coal seams disturbed by the extraction process using post drainage techniques.
- (42) ‘Sealed shaft’ means a ventilation shaft where methane emissions, verified at varying atmospheric pressures, do not occur.
- (43) ‘Importer’ means a natural or legal person established in the Union who places fossil energy from a third country on the Union market.
- (44) ‘Placing on the market’ means the first instance of making available fossil energy on the Union market.
- (45) ‘Exporter’ means a natural or legal person from a third country who provides fossil energy destined for the Union market.

Article 3

Costs of network operators

1. When fixing or approving transmission or distribution tariffs or their methodologies by transmission system operators or distribution system operators, regulatory authorities shall take into account the costs incurred and investments made to comply with the obligations under this Regulation, insofar as they correspond to those of an efficient and structurally comparable network operator.
2. Every three years, the European Union Agency for the Cooperation of Energy Regulators (ACER) shall establish and make publicly available a set of indicators and corresponding reference values for the comparison of unit investment costs linked to measurement, reporting and abatement of methane emissions for comparable projects.

Chapter 2

Competent authorities and independent verification

Article 4

Competent authorities

1. Each Member State shall designate one or more competent authorities responsible for monitoring and enforcing the application of this Regulation.

Member States shall notify the Commission of the names and contact details of the competent authorities by [date]. Member States shall notify the Commission of any changes to the names or contact details of the competent authorities.

2. The Commission shall make publicly available a list of the competent authorities and shall keep that list regularly updated.

Article 5

Tasks of the competent authorities

1. The competent authorities shall take the necessary measures to ensure that requirements set out in this Regulation are complied with.
2. Operators and mine operators shall afford the competent authorities all assistance necessary to enable or facilitate the performance of the tasks of the competent authorities referred to in this Article, notably as regards access to the premises and the presentation of documentation or records.
3. The competent authorities shall cooperate with each other and with the Commission in order to ensure compliance with this Regulation.

4. The competent authorities shall submit the information provided to them in the reports referred to in Articles [12, 20, 22 and 27] to the Commission.

The Commission, in agreement with the United Nations Environment Programme, shall adopt a Decision to amend the Memorandum of Understanding between the European Commission and the United Nations Environment Programme in order to attribute a verification role to the International Methane Emissions Observatory, in particular with regards to the following:

- (a) Aggregation of methane emissions data according to appropriate statistical methods;
- (b) Independent corroboration of company reported methane data and methodologies;
- (c) Development of data aggregation and analysis methodologies in line with scientific and statistical good practice to ensure a high level of accuracy of emission estimates;
- (d) Publication of aggregated company reporting by core source and by level of reporting, distinct between operated and non-operated assets;
- (e) Disclosure of data from companies in compliance with competition and confidentiality requirements;
- (f) Reporting of findings on major discrepancies between data sources.

Article 6

Inspections

1. The competent authorities shall carry out inspections to check if operators or mine operators comply with the requirements set out in this Regulation, the first inspection to be completed by [date].

The inspections may include, inter alia, examination of documentation and records that demonstrate compliance with the requirements of this Regulation, methane emissions detection and concentration measurements and site checks or field audits. Where an inspection has identified a serious breach of the requirements of this Regulation, the competent authorities shall issue a notice of remedial actions to be taken by the operator or mine operator, as part of the report described in paragraph 4 of this Article.

2. After the first inspection as referred to in paragraph 1 of this Article, the competent authorities shall draw up programmes for routine inspections, including the frequency for each type of [site or asset]. The period between inspections shall be based on an appraisal of the environmental risk and shall not exceed [3 years]. Where an inspection has identified a serious breach of the requirements of this Regulation, the subsequent inspection shall take place within 1 year.

3. The competent authorities shall carry out non-routine inspections:

- (a) to investigate substantiated complaints in the terms of Article [7] and occurrences of non-compliance as soon as possible after the date the competent authorities are made aware thereof;
- (b) to ensure that repairs or replacements of components were carried out in accordance with Article [14].

4. Following each inspection, the competent authorities shall prepare a report describing the legal basis for the inspection, the procedural steps followed, relevant findings and conclusions on whether any further action is necessary.

The report shall be notified to the operator concerned within [two months] of the inspection. If the report was triggered by a complaint in the terms of Article xx, the competent authorities shall notify the complainant once the report is publicly available.

The report shall be made publicly available by the competent authorities in accordance with Directive 2003/4/EC within [4 months] of the inspection. Where information is kept confidential in accordance with Article 4 of Directive 2003/4/EC, the competent authorities shall indicate in the report the type of information that has been withheld and the reason therefor.

5. Operators shall take all the necessary actions identified in the report referred in paragraph 4 of this Article within the period determined by the competent authorities or an otherwise reasonable period agreed with the competent authorities.

Article 7

Complaints lodged with the competent authorities

1. Any natural or legal person which considers that it has suffered injury as a result of a breach of the requirements of this Regulation by operators or mine operators, may lodge a written complaint with the competent authorities.
2. The complaints shall be duly substantiated and contain sufficient evidence of the alleged breach and of the injury resulting therefrom.
3. Where it becomes apparent that the complaint does not provide sufficient evidence to justify pursuing an investigation, the competent authorities shall inform the complainant of the reasons for their decision not to pursue an investigation.
4. Without prejudice to the rules applicable pursuant to national law, the competent authorities shall keep the complainant informed of the steps taken in the procedure and, where applicable, inform them of appropriate alternative forms of redress, such as recourse to national courts or any other national or international complaints procedure.
5. Without prejudice to the rules applicable pursuant to national law, the competent authorities shall take a decision within a reasonable of the lodging of the complaint. That period may be suspended, in order to allow for the provision of complementary information which may be needed to fully assess the validity of the complainant's case.

Article 8

Verification activities and verification statement

1. The verifier shall assess the conformity of the reports with the requirements laid down in Articles [12, 20, 22 and 27].
2. The verifier shall issue a verification statement confirming the conformity of the emissions report and specifying the verification work carried out, once its assessment concludes with reasonable assurance that the emissions report complies with the requirements of this Regulation.

Where the assessment concludes that the emissions report does not comply with the requirements of this Regulation, the verifier shall inform the operator or the mine operator thereof within [time]. The operator shall submit a revised emissions report to the verifier.

Article 9

General obligations and principles for the verifiers

1. The verifier shall be independent from the operator and mine operator and shall carry out the activities required under this Regulation in the public interest. For that purpose, neither the verifier nor any part of the same legal entity shall be an operator or mine operator, the owner of an operator or mine operator, or be owned by them, nor shall the verifier have relations with the operator or mine operator that could affect its independence and impartiality.
2. In carrying out the verification activities referred in Article [9], the verifier shall review all data sources and methodologies used and assess their reliability, credibility and accuracy, in particular:
 - (a) the choice and employment of emission factors;
 - (b) the calculations leading to the determination of methane emissions;
 - (c) any risks of inappropriate measuring or reporting.

The verifier may conduct spot-checks to determine the reliability, credibility and accuracy of the data sources and methodologies used.

3. The verifier shall only issue a verification statement referred in paragraph [2] of Article [9] if reliable, credible and accurate data and information enable the methane emissions to be determined with a reasonable degree of certainty and provide the reported data is coherent with the estimated data, complete and free of inconsistencies.
4. Operators and mine operators shall afford the verifier all assistance necessary to enable or facilitate the performance of the verification activities, notably as regards access to the premises and the presentation of documentation or records.

Article 10

Accreditation of verifiers

1. Verifiers shall be accredited for activities under the scope of this Regulation by a national accreditation body pursuant to Regulation (EC) No 765/2008.
2. Where no specific provisions concerning the accreditation of verifiers are laid down in this Regulation, the relevant provisions of Regulation (EC) No 765/2008 shall apply.

Chapter 3

Methane emissions in the oil and gas sectors

Article 11

Scope

This Chapter applies to upstream oil and fossil gas exploration and production, fossil gas gathering and processing, transmission, distribution, underground storage and liquid fossil gas (LNG) terminals.

Article 12

Monitoring and reporting

1. Within 12 months from the date of entry into force of this Regulation, operators shall submit a report to the competent authorities containing source-level methane emissions estimated using generic but source-specific emission factors for all sources.

2. Operators shall submit a report to the competent authorities containing direct measurements of source-level methane emissions for operated assets. Reporting at this level may involve the use of source-level measurement and sampling as the basis for establishing specific emission factors used for emissions estimation.

The report shall be submitted within 24 months from the date of entry into force of this Regulation

3. Operators shall submit a report to the competent authorities containing direct measurements of source-level methane emissions for operated assets as in paragraph 2, complemented by measurements of site-level methane emissions, thereby allowing assessment and verification of the source-level estimates aggregated by site.

The reports shall be submitted within 36 months from the date of entry into force of this Regulation and every year thereafter.

4. Undertakings established in the Union shall submit a report to the competent authorities containing direct measurements of source-level methane emissions for non-operated assets. Reporting at this level may involve the use of source-level measurement and sampling as the basis for establishing specific emission factors used for emissions estimation.

The report shall be submitted within 36 months from the date of entry into force of this Regulation.

5. Undertakings established in the Union shall submit a report to the competent authorities containing direct measurements of source-level methane emissions for non-operated assets as in paragraph 4, complemented by measurements of site-level methane emissions, thereby allowing assessment and verification of the source-level estimates aggregated by site.

The reports shall be submitted within 48 months from the date of entry into force of this Regulation and every year thereafter.

6. The reports provided for in this Article shall be accompanied by the verification statement issued in the terms of Articles [8 and 9] of this Regulation, cover the last available calendar year period and include at least the following information:

- (a) Data per detailed, individual, emission source type;
- (b) Detailed information on the [direct] quantification methodologies employed to measure methane emissions;
- (c) All methane emissions for operated assets;
- (d) The share of methane emissions corresponding to the share of ownership of non-operated assets;
- (e) A list of the entities with operational control of the non-operated assets.

The Commission shall be empowered to adopt an implementing act to establish a reporting template.

7. For site-level measurements, appropriate quantification technologies must be used which can provide such measurements. Relevant technologies include, but are not limited to, sensors mounted on planes, drones, boats, trucks or any other vehicle or structure that would allow all site level emissions to be measured. Satellite measurements could also be conducted for site-level measurements, if allowing for adequate resolution.

8. In the case of significant discrepancies between the emissions quantified using source-level methods and those resulting from site-level measurement, additional measurements shall be carried out within [x] months of the first set of measurements.

9. Methane emissions measurements shall be conducted by an ISO 17025 accredited service provider.

10. Where information is kept confidential in accordance with Directive (EU) 2016/943³³, operators shall indicate in the report the type of information that has been withheld and the reason therefor.

Article 13

General mitigation obligation

Operators shall take all reasonable measures available to them to minimise methane emissions in their operations.

Article 14

Leak detection and repair

1. [Within [xx] months from the date of entry into force of this Regulation/By [date]], operators shall submit a leak detection and repair programme to the competent authorities, including at least the elements set out in Part I of Annex [I].

The programme must be approved by the competent authorities. The competent authorities may require the operator to amend the programme taking into account the requirements of this Regulation.

2. Operators shall carry out a methane leak detection and repair survey of all relevant components under their responsibility in accordance with the leak detection and repair programme referred in paragraph 1 by [date of the first survey].

Thereafter, leak detection and repair surveys shall be repeated within [3/6] months from the previous survey.

3. Without prejudice to the requirements set in paragraph [2], for components that were found to be emitting [500 parts per million] or more of methane during any of the previous surveys, operators shall survey those components as soon as possible after the repair in the terms of paragraph [5], and no later than [15 days/1 month] thereafter to ensure that the repair was successful.

³³ Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016)

Without prejudice to the requirements set in paragraph [2], for components that were found to be emitting below [xx] parts per million of methane, operators shall survey those components no later than [1/3] months after the emissions were detected, to check whether the size of loss of methane has increased.

Where a higher risk to safety or higher risk of methane losses is identified, the competent authorities may recommend that surveys of the relevant components take place more frequently.

4. In carrying out the surveys, operators shall use devices that allow detection of loss of methane from components not lower than [500 parts per million].

5. Operators shall repair or replace all components found to be emitting [500 parts per million] or more of methane.

The repair or replacement shall take place immediately after detection, or as soon as possible thereafter but no later than [xx] days after detection, provided operators can demonstrate that safety or technical considerations do not allow immediate action and provided operators establish a repair and monitoring schedule.

Safety and technical considerations shall be limited to taking into account safety to personnel and humans in proximity, environmental impacts, concentration of methane loss, accessibility to component, availability of replacement component. Environmental impact considerations may include instances whereby repair could lead to a higher level of methane emissions than if repair was not carried out.

In instances when a system shutdown is required before the repair can be undertaken, operators shall minimise the leak within one day of detection and shall repair the leak by the end of the next scheduled system shutdown or within a year, whichever is sooner.

6. Without prejudice to the reporting obligations pursuant to paragraph [7] of this Article, operators shall record all identified leaks, irrespective of their size, and shall continually survey them to ensure that they are repaired in accordance with the terms defined in paragraph [5] of this Article.

Operators shall keep the record for at least [five] years and shall provide that information to competent authorities upon their request.

7. After each survey, operators shall submit a report with the results of the survey and a repair and monitoring schedule to the competent authorities of the Member State where the relevant assets are located within [time] from the conclusion of each survey. The report shall include at least the elements set out in Part II of Annex [I].

The competent authorities may require the operator to amend the report or the repair and monitoring schedule taking into account the requirements of this Regulation.

8. Operators may delegate tasks with respect to the obligations set out in this Article. Delegated tasks do not affect the responsibility of operators and must not prevent the effectiveness of supervision by the competent authorities.

9. Member States shall ensure that certification, accreditation schemes or equivalent qualification schemes, including suitable training programmes, are available for service providers with respect to leak detection and repair surveys.

Article 15

Limits to venting and flaring

1. Venting shall be prohibited except in the circumstances defined in this Article. Routine flaring shall be prohibited.
2. Venting shall be allowed in the case of an emergency or malfunction.
3. Venting shall be allowed where unavoidable and strictly necessary for the operation, repair, maintenance or testing of components or equipment and subject to the reporting obligations set out in Article [15]. This shall include the following specific situations where venting cannot be completely eliminated:
 - (a) During normal operations of certain components where venting cannot be completely eliminated, provided that the equipment meets all the specified equipment standards and it is properly maintained and regularly inspected to minimise methane losses.
 - (b) To unload or clean-up liquid holdup in a well to atmospheric pressure;
 - (c) During gauging or sampling a storage tank or other low-pressure vessel;
 - (d) During loading out liquids from a storage tank or other low-pressure vessel to a transport vehicle in compliance with applicable standards;
 - (e) During repair and maintenance, including blowing down and depressurizing equipment to perform repair and maintenance;
 - (f) During a bradenhead test;
 - (g) During a packer leakage test;
 - (h) During a production test lasting less than 24 hours;
 - (i) When methane does not meet the gathering pipeline specifications, provided the operator analyses methane samples twice per week to determine whether the specifications have been achieved and routes the methane into a gathering pipeline as soon as the pipeline specifications are met;
 - (j) During commissioning of pipelines, equipment, or facilities only for as long as necessary to purge introduced impurities from the pipeline or equipment;
 - (k) During pigging, blow-down to repair or purging a gathering pipeline for repair or maintenance, and only if the gas cannot be contained or redirected into an unaffected portion of the pipeline.
4. Where venting is allowed pursuant to this Article, operators shall vent only if flaring is not technically feasible or risks endangering safety of operations or personnel. In such a situation, as part of the reporting obligations set out in Article [16], operators shall demonstrate to the competent authorities the necessity to opt for venting instead of flaring.
5. Where flaring is allowed pursuant to this Article, operators shall flare only if either re-injection, utilisation on-site or dispatch of the methane to a market are not feasible for reasons other than economic considerations. In such a situation, as part of the reporting obligations set out in Article [16], operators shall demonstrate to the competent authorities the necessity to opt for flaring instead of either re-injection, utilisation on-site or dispatch of the methane to a market.

Article 16

Reporting of venting and flaring events

1. Operators shall notify the competent authorities of all venting and flaring events:
 - (a) Caused by an emergency or a malfunction,
 - (b) Lasting 8 hours or more cumulatively within a 24 hour period from a single event, or
 - (c) Exceeding [volume of emissions] in accordance with the elements set out in Annex [II].

The notification shall be done without undue delay after the event and at the latest within [48 hours] from the start of event or the moment the operator became aware of it.

2. Operators shall submit quarterly reports of all venting and/or flaring in accordance with the elements set out in Annex [II].

Article 17

Requirements for flaring standards

1. Where a facility is built, replaced or refurbished, or where new flare stacks or other combustion devices are installed, operators shall install only combustion devices with an auto-igniter or continuous pilot and a design destruction removal efficiency of at least 98% for hydrocarbons.
2. Operators shall ensure that all flare stacks or other combustion devices meet the requirements of paragraph 1 within one year from the date of entry into force of this Regulation.
3. Operators shall conduct weekly inspections of flare stacks in accordance with the elements set out in Annex [III].

Article 18

Closed and abandoned assets

1. Member States shall set up an inventory of all closed and abandoned assets in their territory or under their jurisdiction, including at least the elements set out in part [xx] of Annex [xx], within 12 months from the date of entry into force of this Regulation.
2. Where an owner or licensee can be identified, it shall be subject to the monitoring and reporting obligations set out in Article 12, as applicable to operators.
3. Where an owner or licensee cannot be identified, Member States shall be subject to the monitoring and reporting obligations set out in Article 12, as applicable to undertakings.

Chapter 4

Methane emissions in the coal sector

SECTION I

MONITORING AND REPORTING IN OPERATING MINES

Article 19

Scope

1. This Section applies to operating underground and surface coal mines.
2. The scope of methane emissions from underground coal mines covers:
 - (a) Methane emissions from all ventilation shafts in use by the mine operator.
 - (b) Methane emissions from drainage stations and from the methane drainage system, whether occurring as a result of intentional or unintentional venting, or incomplete combustion in flares.
 - (c) Methane emissions occurring during post-mining activities.
3. The scope of methane emissions from surface coal mines covers:
 - (a) Methane emissions occurring at the coal mine, during the mining process.
 - (b) Methane emissions occurring during post-mining activities.

Article 20

Monitoring and reporting

1. For underground coal mines, mine operators shall perform continuous ventilation air methane emissions measurement and quantification on all ventilation shafts used by the mine operator, using apparatus with a methane concentration sensitivity threshold of at least [X]. They shall also take sample-based measurements [frequency to be added].
2. Drainage stations operators shall perform continuous measurements of volumes of vented and flared methane, regardless of the reasons for such venting and flaring activity.
3. For surface coal mines, mine operators shall use deposit-specific coal emission factors to quantify emissions resulting from mining operations. These coal emission factors shall be established on a quarterly basis, in accordance with the methodology described in part X of Annex X.
4. Mine operators shall estimate coal post-mining emissions using coal post-mining emission factors, updated on [frequency info] and based on deposit-specific coal samples and in accordance with the elements set out in part X of Annex X [which will contain information on the elements that will need to be taken into consideration as well as methods of their measurement].

5. Mine operators and drainage station operators shall submit a report to the competent authorities containing yearly source-level methane emissions data as required in this article. The report shall be submitted by the end of February each year, cover the last available calendar year period and include the elements set out in part X of Annex X [[which will contain technical details of the reporting granularity and elements covered](#)].
6. The reports provided for in this Article shall be accompanied by the verification statement issued in the terms of Articles [8 and 9] of this Regulation.
7. Where information is kept confidential in accordance with Directive (EU) 2016/943, mine operators shall indicate in the report the type of information that has been withheld and the reason therefor.

SECTION II

MONITORING AND REPORTING OF STRATA FRACTURE METHANE EMISSIONS

Article 21

Scope

This Section applies to methane emissions from fissures in strata occurring as a result of mining activity.

Article 22

Monitoring and reporting

1. Where a mine operator of the mining activities associated with the fissures in strata can be identified, it shall perform methane emissions detection and concentration measurements, in accordance with the elements set out in part X of Annex X, if the damage is located above a coal deposit whose methane-bearing capacity is equal or exceeds 4.5 m³ of methane per tonne of dry, ash-free coal. The measurements shall be done within [xx] days from the moment when the mine operator is made aware of the facts.
2. Where a mine operator of the mining activities associated with the fissures in strata cannot be identified, Member States shall be responsible for fulfilling the obligation set out in paragraph 1.
3. The competent authorities shall make publicly available, on a quarterly basis, a list of all events of mining damages involving a loss of methane, which shall also include any methane concentration measurements undertaken during inspections.
4. The reports provided for in this Article shall be accompanied by the verification statement issued in the terms of Articles [8 and 9] of this Regulation.
5. The Commission shall be empowered to adopt delegated acts in accordance with Article [xx] supplementing this Article by developing the requirements for monitoring and reporting of strata fracture methane emissions.

SECTION III

MITIGATION OF METHANE EMISSIONS FROM OPERATING UNDERGROUND COAL MINES

Article 23

Scope

This Section applies to the methane emissions referred to in paragraph 2 of Article [19].

Article 24

Mitigation measures

1. Venting and flaring of methane from drainage stations shall be prohibited as of [day/month/2024], except in the case of emergency or malfunction. In such cases, operators shall vent only if flaring is not technically feasible or risks endangering safety of operations or personnel. In such a situation, as part of the reporting obligations set out in Article 27, operators shall demonstrate to the competent authorities the necessity to opt for venting instead of flaring.
2. Venting of methane through ventilation shafts in coal mines emitting [x tonnes of methane/tonne of coal mined] and other than coking coal mines, shall be prohibited as of [day/month/2027].
3. The Commission shall be empowered to adopt delegated acts in accordance with Article [xx] supplementing this Article by developing restrictions on venting methane from ventilation shafts for coking coal mines.

Article 25

Reporting of venting and flaring events

1. Mine operators shall notify the competent authorities of all venting and flaring events:
 - (a) Caused by an emergency or a malfunction,
 - (b) Lasting 8 hours or more cumulatively within a 24 hour period from a single event, or
 - (c) Exceeding [volume of emissions] in accordance with the elements set out in Annex [II].

The notification shall be done without undue delay after the event and at the latest within [48 hours] from the start of event or the moment the operator became aware of it.

2. Mine operators shall submit quarterly reports of all venting and/or flaring in accordance with the elements set out in Annex [xx].

SECTION IV

METHANE EMISSIONS FROM CLOSED AND ABANDONED UNDERGROUND COAL MINES

Article 26

Scope

This Section applies to the following methane emissions from abandoned and closed underground coal mines where coal production has been permanently or temporarily ceased:

- (a) methane emissions from coal mining equipment, use of which has been discontinued;
- (b) methane emissions from unsealed and sealed ventilation shafts which continue emitting methane, and
- (c) methane emissions from other well-defined point emission sources outlined in part X of Annex X.

Article 27

Monitoring and reporting

1. Member States shall set up an inventory of all closed coal mines and abandoned coal mines in their territory or under their jurisdiction, including at least the elements set out in part X of Annex X [[which will contain requirement to check for methane leakages from sealed shafts](#)], within 12 months from the date of entry into force of this Regulation.
2. Continuous measurement of methane emissions shall be installed on all leaking elements outlined by the scope of this article and fulfilling at least one of the following criteria:
 - (a) Excluded from utilisation less than 10 years ago
 - (b) Directly linked to coal deposits with methane-bearing capacity exceeding 4.5 m³ per tonne of dry, ash-free coal at the time of mining and no later than 50 years ago.

The measurements shall be the responsibility of the mine operator in the case of closed mines and the responsibility of Member States in the case of abandoned mines.

Measurement equipment shall be installed within 18 months from the date of entry into force of this Regulation.

The sensitivity threshold of the measurement apparatus used on the equipment outlined by the scope of this article shall be of at least [X]

3. Mine operators or designated authorities shall submit a report to the competent authorities containing yearly source-level methane emissions data. The report shall be submitted by the end of February each year, cover the last available calendar year period and include the elements set out in part X of Annex X.

The first report shall be submitted no later than 24 months from the date of entry into force of this Regulation.

4. The competent authority shall make the reporting data publicly available no later than the end of March of that year.
5. The reports provided for in this Article shall be accompanied by the verification statement issued in the terms of Articles [8 and 9] of this Regulation.
6. Where information is kept confidential in accordance with Directive (EU) 2016/943, mine operators shall indicate in the report the type of information that has been withheld and the reason therefor.

Article 28

Mitigation measures

1. Pursuant to the inventory referred to in Article 27, Member States shall develop and implement a mitigation plan to address abandoned mine methane emissions as referred to in Article 26.
2. Venting from equipment referred to Article 26 shall be prohibited as of [day/month/ 2030], unless mitigation is not technically feasible or risks endangering safety. In such a situation, as part of the reporting obligations set out in Article [29], operators or designated authorities shall demonstrate to the competent authorities the necessity to opt for venting instead of flaring.

Article 29

Reporting of venting and flaring events

1. Mine operators shall notify the competent authorities of all venting and flaring events:
 - (a) Caused by an emergency or a malfunction,
 - (b) Lasting 8 hours or more cumulatively within a 24 hour period from a single event, or
 - (c) Exceeding [volume of emissions] in accordance with the elements set out in Annex [II].

The notification shall be done without undue delay after the event and at the latest within [48 hours] from the start of event or the moment the operator became aware of it.

2. Mine operators shall submit quarterly reports of all venting and/or flaring in accordance with the elements set out in Annex [xx].

Chapter 5

Methane emissions occurring outside the Union

Article 30

Importer information requirement

1. Importers shall provide the information set out in Annex [xx] to the competent authorities of the Member State in which the import is taking place.

The Commission shall be empowered to adopt delegated acts in accordance with Article [xx] amending or supplementing the information to be provided by importers.

2. By [date] each year, Member States shall submit the information provided to them by importers to the Commission.

The Commission shall make the information available in the terms of Article 31.

3. The Commission shall be empowered to adopt an implementing act in accordance with Article [xx] establishing a common format for the submission.

Article 31

Methane transparency database for imports into the Union

1. The Commission shall establish by [date] and maintain a methane transparency database with the information submitted to it pursuant to Article 30.

The database shall be structured by exporter and include also the following information:

- (a) A list of countries where fossil energy is produced and exported to the Union;
- (b) For each country referred in subparagraph (a),
 - (i) whether it has mandatory regulatory measures in place on energy sector methane emissions, covering the elements set out in this Regulation on measurement, reporting and verification and mitigation of energy sector methane emissions;
 - (ii) whether it has signed up to the Paris Agreement ;
 - (iii) [whether it is delivering the national inventories in line with the requirements of the United Nations Framework Convention on Climate Change/the last three national inventory submissions pursuant to the United Nations Framework Convention on Climate Change];
 - (iv) whether the national inventories submitted pursuant to the United Nations Framework Convention on Climate Change include tier 3 reporting of energy methane emissions, where applicable;
 - (v) the amount of energy sector methane emissions according to the national inventories submitted pursuant to the United Nations Framework Convention on Climate Change, where applicable;

2. The transparency database shall be available to the public free of charge through the internet and shall be available at least in English.

The data shall be up to date, easily accessible, downloadable and available for at least five years.

3. This Article shall be subject to the provisions of Directive (EU) 2016/943³⁴.

Article 32

Super emitters monitoring tool

1. The Commission shall establish by [date] a global methane monitoring tool based on inputs from the European Space Agency Copernicus programme and from other certified providers of satellites and services data that regularly publish the results of aerial monitoring of super emitters of methane globally.

The tool shall be made available to the public and provide regular updates at least on the magnitude, recurrence and location of high methane-emitting sources of energy.

2. As of [date], where the tool identifies particularly high methane emissions, the Commission may establish bilateral dialogues with the countries concerned to discuss the different scenarios envisaged for methane emissions policies and measures.

3. This Article shall be subject to the provisions of Directive (EU) 2016/943³⁵.

Chapter 6

Final provisions

Article 33

Penalties

1. Member States shall lay down the rules on penalties applicable to infringements of the provisions of this Regulation and shall take all measures necessary to ensure that they are implemented.

2. The penalties provided for must be effective, proportionate and dissuasive and may include:

(a) fines proportionate to the environmental damage, calculating the level of such fines in such way as to make sure that they effectively deprive those responsible of the economic benefits derived from their infringements and gradually increasing the level of such fines for repeated serious infringements;

³⁴ Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016)

³⁵ Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016)

(b) periodic penalty payments to compel operators to put an end to an infringement, comply with a decision ordering remedial actions or corrective measures, supply information or submit to an inspection, as applicable.

Member States shall notify the rules on penalties to the Commission by [date] at the latest. In addition, Member States shall notify any subsequent amendment affecting such rules to the Commission without delay.

3. The types of infringements by operators subject to penalties shall be at least the following:

[to be completed]

4. Member States shall take into account at least the following indicative criteria for the imposition of penalties, as appropriate:

- (a) the duration or temporal effects, the nature and the gravity of the infringement;
- (b) any action taken by the undertaking, operator or mine operator to timely mitigate or remedy the damage;
- (c) the intentional or negligent character of the infringement;
- (d) any previous infringements by the undertaking, operator or mine operator;
- (e) the financial benefits gained or losses avoided directly or indirectly by the undertaking, operator or mine operator due to the infringement, if the relevant data are available;
- (f) the size of the undertaking, operator or mine operator;
- (g) the degree of cooperation with the authority;
- (h) the manner in which the infringement became known to the authority, in particular whether, and if so to what extent, the operator timely notified the infringement;
- (i) any other aggravating or mitigating factor applicable to the circumstances of the case.

5. Member States shall publish annually information on the type and the size of the penalties imposed under this Regulation, the infringements and the operators upon which penalties have been imposed.

Article 34

Exercise of the delegation

The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

[...]

Article 35

Committee procedure [examination procedure]

1. The Commission shall be assisted by the Energy Union Committee established by Article 44 of Regulation (EU) 2018/1999.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Where the Committee delivers no opinion, the Commission shall not adopt the draft implementing act and the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011 shall apply.

Article 36

Committee procedure [advisory procedure]

1. The Commission shall be assisted by the Energy Union Committee established by Article 44 of Regulation (EU) 2018/1999.
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

Article 37

Review

1. By [date], [and every X years thereafter], the Commission shall submit a report on the evaluation and review of this Regulation to the European Parliament and to the Council. The report shall be made public.
2. In the context of the evaluation and review referred to in paragraph 1, the Commission shall examine, in particular, the application and functioning of:
 - [(a) Article [xx] on the methane transparency database for imports into the Union with particular regard to the mandatory regulatory measures in place in the countries referred to in [xx]]
 - [(b) ...]
3. For the purpose of this Article, the Commission may request information from Member States and competent authorities.
4. The Commission shall, if appropriate, submit proposals to amend this Regulation. This shall in particular concern the rules relating to the methane transparency database for imports to recognise measures of third countries that ensure a comparable level of effectiveness as this Regulation with respect to measurement, reporting and verification and mitigation of energy sector methane emissions.

Article 38

Amendments to Regulation (EU) 2019/942

In Article 15 of Regulation (EU) 2019/942 the following point is added:

“5. ACER shall issue recommendations on indicators and reference values for unit investment costs for complying with the obligations under [methane Regulation] pursuant to Article xx [Costs of network operators] of [methane Regulation]”.

Article 39

Entry into force

This Regulation shall enter into force on the [...] day following that of its publication in the *Official Journal of the European Union*.

[It shall apply from [date].]

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT 'AGENCIES'

Contents

1.	FRAMEWORK OF THE PROPOSAL/INITIATIVE.....	47
1.1.	Title of the proposal/initiative.....	47
1.2.	Policy area(s) concerned	47
1.3.	The proposal relates to	47
1.4.	Objective(s).....	47
1.4.1.	General objective(s).....	47
1.4.2.	Specific objective(s).....	48
1.4.3.	Expected result(s) and impact	49
1.4.4.	Indicators of performance	49
1.5.	Grounds for the proposal/initiative	49
1.5.1.	Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative	49
1.5.2.	Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.	50
1.5.3.	Lessons learned from similar experiences in the past.....	51
1.5.4.	Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments.....	51
1.5.5.	Assessment of the different available financing options, including scope for redeployment	51
1.6.	Duration and financial impact of the proposal/initiative	51
1.7.	Management mode(s) planned	51
2.	MANAGEMENT MEASURES	52
2.1.	Monitoring and reporting rules	52
2.2.	Management and control system(s)	52
2.2.1.	Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed.....	52
2.2.2.	Information concerning the risks identified and the internal control system(s) set up to mitigate them.....	53

2.2.3.	Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)	53
2.3.	Measures to prevent fraud and irregularities.....	54
3.	ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE.....	54
3.1.	Heading(s) of the multiannual financial framework and expenditure budget line(s) affected	54
3.2.	Estimated impact on expenditure	56
3.2.1.	Summary of estimated impact on expenditure.....	56
3.2.2.	Estimated impact on [body]'s appropriations.....	59
3.2.3.	Estimated impact on [body]'s human resources	61
3.2.4.	Compatibility with the current multiannual financial framework	64
3.2.5.	Third-party contributions	64
3.3.	Estimated impact on revenue	65

LEGISLATIVE FINANCIAL STATEMENT 'AGENCIES'

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

This present LFS concerns a number of requirements included in the Commission proposal on a methane legislative proposal, as follows:

1. The requirement for the European Union Agency for the Cooperation of Energy Regulators (ACER) to establish and make publicly available a set of indicators and corresponding reference values for the comparison of unit investment costs linked to measurement, reporting and abatement of methane emissions for comparable projects, once every three years.
2. The requirement for the Union to establish and maintain a methane transparency platform including information on imports of fossil energy into the Union, with updates to be provided every quarter.
3. The requirement for the Union to establish a global methane monitoring tool that regularly publishes the results of aerial monitoring of large emitters of methane from energy sources, with updates to be provided every month.

1.2. Policy area(s) concerned

Policy area: Energy
Activity: European Green Deal

1.3. The proposal relates to

a new action

a new action following a pilot project/preparatory action³⁶

the extension of an existing action

a merger of one or more actions towards another/a new action

1.4. Objective(s)

1.4.1. General objective(s)

The general objective of the initiative is, in the context of the functioning of the internal market for energy and while ensuring security of supply in the Union, to preserve and improve the environment by reducing methane emissions from fossil energy produced or consumed in the EU. This objective contributes to the 'Fit for 55' package³⁷, specifically to the greenhouse gas emissions reduction targets of at least 55% by 2030 compared to 1990 as set out by the European Climate Law Regulation and to the EU's objective of achieving climate neutrality by 2050.

³⁶ As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

³⁷ See Annex 5 for interlinkages with other initiatives

1.4.2. *Specific objective(s)*

To achieve the general objective, three specific objectives are addressed by this initiative:

- i. Improve the accuracy of information on the main sources of methane emissions associated with energy produced and consumed within the EU. The goal is to ensure the availability of asset-level data and robust quantification of emissions, and thereby increase the reliability of reporting – including the reporting of GHG inventories data to the UNFCCC – as well as the scope for appropriate measures for mitigation. This specific objective creates the basis for future improvements on specific objective ii).
- ii. Ensure further effective mitigation of methane emissions across the energy supply chain in the EU. This specific objective addresses the market failure leading to insufficient mitigation of methane emissions by companies.
- iii. Reduce methane emissions related to fossil energy imported to the EU. As the majority of methane emissions linked to fossil energy consumed within the EU occur outside the EU, this specific objective seeks to tackle methane emissions in cooperation with partner countries and international organisations. It also seeks to strike the balance between the security of supply aspects of the EU's high import dependency for fossil fuels, a large share of methane emissions linked specifically to EU consumption occurring outside EU borders, and the market failures rooted in the absence of information on emissions for importers and of market signals for exporters.

Requirement 1 is linked to objectives i and ii, while requirements 2 and 3 are linked to objective iii.

As regards requirement 1, in the proposal, both transmission and distribution system operators are obligated to measure, report and abate methane emissions according to certain specific requirements. The proposal therefore requires regulatory authorities to take into account the costs incurred and investments made to comply with these obligations included when fixing or approving transmission or distribution tariffs or their methodologies by transmission system operators or distribution system operators, insofar as they correspond to those of an efficient and structurally comparable network operator. Tasking ACER to establish and make publicly available a set of indicators and corresponding reference values for the comparison of unit investment costs linked to measurement, reporting and abatement of methane emissions for comparable projects would allow national regulators to derive and take into account appropriate and comparable levels of costs when fixing or approving transmission or distribution tariffs.

As regards requirements 2, it tasks the Union to set up and manage a transparency list for fossil energy imports into the Union, informing whether there is regulatory equivalence with the mandatory requirements on measurement, reporting and verification and mitigation of energy sector methane emissions under Union law in the country of origin supplying the oil, fossil gas or coal to the Union. Furthermore, the transparency list should also explain whether the exporting companies have signed up to an international standard methane emission and reporting standard for oil and gas companies (the Oil and Gas Methane Partnership) and to such an equivalent, internationally or Union recognised standard for coal companies, when one is eventually set up.

As regards requirement 3, it tasks the Union to put in place a global methane super emitter monitoring tool, providing information on the magnitude, recurrence and location of high methane-emitting sources. This should further encourage real and demonstrable results from the implementation of equivalent methane regulations and effective mitigation actions by

companies supplying fossil energy to the Union. The tool should pool data from the European Space Agency's Copernicus programme as well as other satellites and services that regularly publish the results of aerial monitoring of super emitters from around the world. The term 'super-emitter' refers to a specific site or facility with disproportionately high-emissions for a site or facility of that kind.

Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

As regards requirement 1, the additional resources will allow the agency to carry out the tasks necessary to fulfil its mandate under EU legislation as per the requirement under this legislative proposal namely to allow national regulators to derive and take into account appropriate and comparable levels of costs when fixing or approving transmission or distribution tariffs.

As regards requirements 2 and 3, these measures in combination would enhance transparency for buyers to take informed sourcing decisions and improve the possibility of wider uptake of methane mitigation solutions across the globe. In addition, they would further incentivise international companies to sign up to international methane measurement and reporting standards such as the Oil and Gas Methane Partnership or to adopt similar measurement, reporting and mitigation measures existing in the Union.

1.4.3. Indicators of performance

Specify the indicators for monitoring progress and achievements.

Requirement 1: the availability of estimations of appropriate and comparable levels of costs when fixing or approving transmission or distribution tariffs.

Requirements 2 and 3: increased fossil buying decisions on the basis of information related to methane emissions reporting, abatement and existence of adequate methane regulations and wider uptake of methane measurement, reporting and mitigation across the globe.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The European Green Deal Communication indicates that the decarbonisation of the gas sector will be facilitated, including by addressing the issue of energy-related methane emissions. It also calls on the EU to engage with third countries on cross-cutting climate and environment issues, including via action to reduce methane emissions. In addition, and in response to the request expressed in Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action (the Governance Regulation), the Commission adopted an EU strategy to reduce methane emissions ('the Methane Strategy') in October 2020.

The Methane Strategy announces that:

- The Commission will deliver legislative proposals in 2021 on:
 - o Compulsory measurement, reporting, and verification (MRV) for all energy-related methane emissions, building on the Oil and Gas Methane Partnership (OGMP 2.0) methodology
 - .

- o Obligation to improve leak detection and repair (LDAR) of leaks on all fossil gas infrastructure, as well as any other infrastructure that produces, transports or uses fossil gas, including as a feedstock.
- The Commission will consider legislation on eliminating routine venting and flaring in the energy sector covering the full supply chain, up to the point of production.
- As part of the EU's diplomatic and external relations action, the Commission will address methane emission reductions in all relevant sectors with partner countries and promote global coordination of efforts to address energy-sector methane emissions.
- The Commission will support the establishment of a detection-and-alert process for methane super-emitters using EU satellite capability, and share this information internationally through the foreseen international methane emissions observatory.

1.5.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.

The reduction of methane emissions across the European Union would benefit from a homogeneous policy approach at the EU level given the strong interlinkage between Member States through cross-border infrastructure – in this context particularly gas infrastructure – and the integrated EU energy market. The impacts of measures aimed at methane measurement and mitigation and related effects on innovation, cost-effectiveness, and a level-playing field in maintenance of a well-functioning internal market warrant coordination across Member State borders. Coordinated EU policies have a much higher chance of leading to further reductions in methane emissions in the energy sector. Coordinated action at the EU level furthermore facilitates the full consideration of the different capabilities to act among Member States and private entities. It also affords operators the benefits of a single regulatory regime, facilitating adherence and reducing administrative burden relative to the application of fragmented rules across Member States.

The EU and its Member States are part of a global oil market in which collective action carries more weight vis-à-vis exporters than individual national measures. The EU is also the biggest gas import market in the world and can thus influence global methane emissions through its purchasing power, provided a harmonised approach towards such imports. The EU gas market allows for flexible and short-term (spot) trading of gas. While long-term contracts with specific suppliers still exist, the 'hydrogen and gas market decarbonisation package', which is part of the Fit-for-55 package, addresses such contracts and seeks to limit their duration to avoid locking-in fossil gas use and to send a signal to decarbonise the gas sector in line with the European Green Deal. Hence, an increasing part of imports may become subject to methane emission considerations in purchasing decisions.

EU-level methane policy adds significant value for international climate action. By working to develop a legislation to minimize methane emissions in the energy sector, the EU is sending a strong political signal to external actors, increasing the awareness of the harmful effects of methane emissions on the climate. This signal will not only encourage EU partners to address the problem of methane emissions in the energy sector, but also lead to the creation of an

international partnership and thus give the EU a leadership role in addressing methane emissions.

1.5.3. The initiative is fully in line with Article 37 of the Charter of Fundamental Rights of the European Union, which requires that a high level of environmental protection and the improvement of the quality of the environment must be integrated into the policies of the Union and ensured in accordance with the principle of sustainable development. Lessons learned from similar experiences in the past

Not applicable

1.5.4. Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments

This initiative is included in the Commission work programme for 2021 (COM(2020) 690 final) under point g) ‘Reducing methane emissions in the energy sector’ of the European Green Deal ‘Fit For 55’ Package’ and will contribute to the greenhouse gas emissions reduction targets of at least 55% by 2030 compared to 1990 as set out by the European Climate Law Regulation and to the EU’s objective of achieving climate neutrality by 2050 also included in the ‘Fit for 55’ Package.

1.5.5. Assessment of the different available financing options, including scope for redeployment

See point 2.2.1

1.6. Duration and financial impact of the proposal/initiative

limited duration

- Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY
- Financial impact from YYYY to YYYY

unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Management mode(s) planned³⁸

Direct management by the Commission through

- executive agencies

Shared management with the Member States

Indirect management by entrusting budget implementation tasks to:

- international organisations and their agencies (to be specified);
- the EIB and the European Investment Fund;

³⁸ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: <https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>.

- bodies referred to in Articles 70 and 71;
- public law bodies;
- bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

Comments

[...]

[...]

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

Concerning Requirement 1:

According to their financial regulation, ACER has to provide, in the context of their Programming Document, an annual Work Programme including details on resources, both financial and human, per each of the activities carried out.

The Agency reports monthly to DG ENER on budget execution, including commitments, and payments by budget title, and vacancy rates by type of staff.

In addition, DG ENER is directly represented in the governance bodies of ACER. Through its representative in the Administrative Board, DG ENER will be informed of the use of the budget and the establishment plan at each of their meetings during the year.

Finally, also in line with financial rules, the Agency is subject to annual requirements for reporting on activities and the use of resources through the Administrative Board and its Annual Activity Report.

Concerning Requirements 2 and 3:

The tasks directly implemented by DG ENER will follow the annual cycle of planning and monitoring, as implemented in the Commission and the executive agencies, including reporting the results through the Annual Activity Report of DG ENER.

2.2. Management and control system(s)

2.2.1. Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

Concerning Requirement 1:

Due to its mandate, ACER is best placed to establish expertise related to the implementation of Requirement #1, as well as to ensure that the regulatory authorities of Member States take into account its recommendations on indicators and reference values for the comparison of unit investment costs.

DG ENER established a control strategy for managing its relations with ACER, part of the 2017 Internal Control Framework of the Commission. The Agency revised and adopted its own Internal Control Framework in December 2018.

Concerning Requirements 2 and 3:

The legislative proposal clearly sets out that the tasks under requirements #2 and #3 will be assigned to the Commission, especially considering that (i) the amounts needed to implement the methane transparency list and the methane monitoring tool will remain to be clarified as part of the implementation process and (ii) during implementation DG ENER needs to ensure close coordination and support with other mechanisms established under Green Deal initiatives.

Subject to decision taken during the implementation, these tasks may be carried out internally or outsourced to an external service provider, via a public procurement procedure. In the case the tasks are procured from a service provider, the procurement will be implemented under direct management, in full application of the provisions of the Financial Regulation. The control strategy for procurements in DG ENER includes specific ex-ante legal, operational and financial controls on the procurement procedure (review by the advisory committee for procurement and contracts) as well as on the signature of contracts. In addition, expenditure made to procure goods and services is subject to ex ante and, when necessary, ex-post and financial controls.

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

Concerning Requirement 1:

Risk 1: Currently, ACER has a structural resources shortage. The Commission is of the opinion that ACER should get 25 additional FTEs. This increase, if granted by the Budget Authority, would gradually solve the understaffing problem as regards existing tasks. In order to avoid future understaffing, it is essential that ACER's gets adequate additional resources for tasks stemming from new legislation like this proposal.

While so far ACER has not dealt with costs of network operators due to measurement, reporting and abatement of methane emissions, the additional tasks and their workload for ACER are estimated to be sufficiently covered by 1 additional FTE.

Concerning Requirements 2 and 3:

The main policy and implementation risks related to these tasks are

- 1) Delay in the development and operation of the methane transparency list and the methane monitoring tool
- 2) A lack of reliable or sufficient data
- 3) Absence of sufficient internal capacity to manage the data and publish the results
- 4) Cyber-attacks on the publicly available IT infrastructure

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*

The allocation of additional tasks for the existing mandate of ACER is not expected to generate specific additional controls at the Agency, therefore, the ratio of control costs over value of funds managed will remain unaltered for ACER.

Similarly, the tasks assigned for DG ENER will not result in additional controls or change in the ratio of control costs.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

ACER applies the anti-fraud principles of decentralised EU Agencies, in line with the Commission approach.

In March 2019 the Agency adopted a new Anti-Fraud Strategy, repealing Decision 13/2014 of the Administrative Board of the Agency. The new strategy, spanning over a three-year period, is based on the following elements: an annual risks assessment, the prevention and management of conflicts of interest, internal rules on whistleblowing, the policy and procedure for the management of sensitive functions, as well as measures related to ethics and integrity.

DG ENER also adopted a revised Anti-fraud Strategy in 2020. The ENER AFS is based on the Commission Antifraud Strategy and a specific risk assessment carried out internally to identify the areas most vulnerable to fraud, the controls already in place and the actions necessary to improve DG ENER's capacity to prevent, detect and correct fraud.

Both the ACER regulation and the contractual provisions applicable to public procurement ensure that audits and on-the-spot checks can be carried out by the Commission services, including OLAF, using the standard provisions recommended by OLAF.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. ³⁹	from EFTA countries ⁴⁰	from candidate countries ⁴¹	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation

³⁹ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

⁴⁰ EFTA: European Free Trade Association.

⁴¹ Candidate countries and, where applicable, potential candidates from the Western Balkans.

02	[02 10 06]	Diff./Non-diff.	YES	NO	NO	NO
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- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]		YES/NO	YES/NO	YES/NO	YES/NO

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure on ACER

EUR

Heading of multiannual financial framework	2	European Strategic Investments - Agency for the Cooperation of Energy Regulators (ACER)
---	---	---

ACER			Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
Title 1:	Commitments	(1)	152 000	304 000	456 000	608 000	760 000	760 000
	Payments	(2)	152 000	304 000	456 000	608 000	760 000	760 000
Title 2:	Commitments	(1a)						
	Payments	(2a)						
Title 3:	Commitments	(3a)	100 000	200 000	300 000	400 000	500 000	500 000
	Payments	(3b)	100 000	200 000	300 000	400 000	500 000	500 000
TOTAL appropriations for ACER	Commitments	=1+1a +3a	252 000	504 000	756 000	1 008 000	1 260 000	1 260 000
	Payments	=2+2a +3b	252 000	504 000	756 000	1 008 000	1 260 000	1 260 000

3.2.2. Summary of estimated impact on expenditure on DG ENER

DG ENER			Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
Operational Expenditure	Commitments	(3a)	100 000	200 000	300 000	400 000	500 000	500 000
	Payments	(3b)	100 000	200 000	300 000	400 000	500 000	500 000

TOTAL appropriations for DG ENER (Not administrative)	Commitments	=1+1a +3a	100 000	200 000	300 000	400 000	500 000	500 000
	Payments	=2+2a +3b	100 000	200 000	300 000	400 000	500 000	500 000

Heading of multiannual financial framework	7	'Administrative expenditure'
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EUR

		Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
DG: ENER							
• Human Resources		304 000	608 000	1 216 000	2 432 000	4 864 000	4 864 000
• Other administrative expenditure							
TOTAL DG <.....>	Appropriations	304 000	608 000	1 216 000	2 432 000	4 864 000	4 864 000

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	304 000	608 000	1 216 000	2 432 000	4 864 000	4 864 000
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EUR

		Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework	Commitments	656 000	1 312 000	2 272 000	3 840 000	6 624 000	6 624 000
	Payments	656 000	1 312 000	2 272 000	3 840 000	6 624 000	6 624 000

3.2.3. *Estimated impact on ACER and DG ENER's appropriations*

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR

Indicate objectives and outputs ↓			Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL						
	OUTPUTS													
	Type ⁴²	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost		
SPECIFIC OBJECTIVE No 1 ⁴³ ...														
- Accurate information on the main sources of methane emissions associated with energy produced and consumed within the EU		100 000		100 000		200 000		300 000		400 000		500 000		500 000
Subtotal for specific objective No 1				100 000		200 000		300 000		400 000		500 000		500 000
SPECIFIC OBJECTIVE No 2 ...														

⁴² Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

⁴³ As described in point 1.4.2. 'Specific objective(s)...'

- Effective mitigation of methane emissions across the energy supply chain in the EU		100 000		100 000		200 000		300 000		400 000		500 000		500 000
Subtotal for specific objective No 2				100 000		200 000		300 000		400 000		500 000		500 000
- Reduction of methane emissions related to fossil energy imported to the EU		200 000		200 000		400 000		600 000		800 000		1 000 000		1 000 000
Subtotal for specific objective No 3				200 000		400 000		600 000		800 000		1 000 000		1 000 000
TOTAL COST				400 000		800 000		1 200 000		1 600 000		2 000 000		2 000 000

The operational appropriations are needed to outsource work to gather necessary data in a regular and comprehensive manner.

Data is provided until the end of the current MFF, but the activity is expected to have unlimited duration.

Th

3.2.4. Estimated impact on ACER's human resources

3.2.4.1. Summary

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR

	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
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Temporary agents (AD Grades)	152 000	304 000	456 000	608 000	760 000	760 000
Temporary agents (AST grades)						
Contract staff						
Seconded National Experts						

TOTAL	152 000	304 000	456 000	608 000	760 000	760 000
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Staff requirements (FTE):

	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
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Temporary agents (AD Grades)	1	1	1	1	1	1
Temporary agents (AST grades)						
Contract staff						
Seconded National Experts						

TOTAL	1	1	1	1	1	1
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Please indicate the planned recruitment date and adapt the amount accordingly (if recruitment occurs in July, only 50 % of the average cost is taken into account) and provide further explanations.

3.2.5. Estimated requirements of human resources for the parent DG

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full amounts (or at most to one decimal place)

	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027
• Establishment plan posts (officials and temporary staff)					
20 01 02 01 and 20 01 02 02 (Headquarters and Commission's Representation Offices)	2	2	2	2	2
20 01 02 03 (Delegations)					
01 01 01 01 (Indirect research)					
10 01 05 01 (Direct research)					
• External staff (in Full Time Equivalent unit: FTE)⁴⁴					
20 02 01 (AC, END, INT from the 'global envelope')					
20 02 03 (AC, AL, END, INT and JPD in the Delegations)					
Budget line(s) (specify) ⁴⁵	- at Headquarters ⁴⁶				
	- in Delegations				
01 01 01 02 (AC, END, INT – Indirect research)					
10 01 05 02 (AC, END, INT – Direct research)					
Other budget lines (specify)					
TOTAL	2	2	2	2	2

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

⁴⁴ AC = Contract Staff; AL = Local Staff; END = Seconded National Expert; INT = agency staff; JPD = Junior Professionals in Delegations.

⁴⁵ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

⁴⁶ Mainly for the EU Cohesion Policy Funds, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime Fisheries and Aquaculture Fund (EMFAF).

Officials and temporary staff	Supervise completeness and quality of data gathering. Analysis of data.
External staff	

Description of the calculation of cost for FTE units should be included in the Annex V, section 3.

3.2.6. *Compatibility with the current multiannual financial framework*

- The proposal/initiative is compatible the current multiannual financial framework.
- The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.
 The Fit for 55 initiative was not factored in the calculation of MFF headings. This specific initiative being new, it will require reprogramming both for the line of the contribution to ACER, and the lines that would support additional work within DG ENER.

- The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework⁴⁷.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.
 [...]

3.2.7. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

EUR million (to three decimal places)

	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations co-financed								

⁴⁷ See Articles 12 and 13 of Council Regulation (EU, Euratom) No 2093/2020 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027.

3.3. Estimated impact on revenue

- The proposal/initiative has no financial impact on revenue.
- The proposal/initiative has the following financial impact:
 - on own resources
 - on other revenue
 - please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ⁴⁸						
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article								

For miscellaneous 'assigned' revenue, specify the budget expenditure line(s) affected.

[...]

Specify the method for calculating the impact on revenue.

[...]

⁴⁸ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.