



EU Methane Regulation requirements for EU importers

Criteria for authorities to evaluate Articles 27-29 compliance solutions

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Executive summary

This six-page paper examines how EU importers of natural gas / LNG and crude oil can meet the requirements of the EU Methane Regulation (EUMR). It outlines the specific challenges posed by these requirements and presents producer-level methane performance certification as a viable compliance solution. The paper proposes criteria for competent authorities to evaluate data reported under the EUMR. It concludes by introducing the non-for-profit, independently governed MiQ certification scheme as an operational solution for compliance.

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1a) Key EUMR requirements for EU importers of natural gas and crude oil

Importers are required to report:		Start reporting obligation / impacted deliveries
Art. 27 (1)	Information about the producer of the imported gas /crude and where it was produced (license area) and whether the producer carried out source- and site-level measurement and quantification, whether emission data were independently verified , etc. Where such information cannot be obtained, a sound justification is sufficient.	Annual reporting obligation starting May 5 th 2025 for prior year deliveries
Art. 28 (1)	Imported gas / crude is subject to MRV measures (applied at the level of the producer) equivalent to the EUMR terms	To be reported for deliveries as of 2027 (no 'sound justification' alternative for deliveries contracted as of Aug 2024)
Art. 29 (1)	The methane intensity of the imported gas / crude at the level of the production	To be reported for deliveries as of 2028 (no 'sound justification' alternative for deliveries contracted as of Aug 2024)

The EUMR importer requirements therefore:

- Focus on producer-level (not basin-level) methane performance and do not require supply chain data
- Establish reporting requirements for EU importers only, not for their suppliers
- Establish binding requirements for deliveries as of 2027 and 2028 (with no sound justification alternative anymore), contracted as of Aug. 2024

- Establish penalties in case of non-compliance of up to 20% of (importer) turnover
 - But do not provide for a detailed compliance mechanism
 - Require competent authorities to evaluate the data demonstrated to them by importers, and thus judge whether such data comply with the EUMR's requirements
- >> **Therefore, importers / industry should develop and propose EUMR compliance solutions**

1b) The compliance challenge for EU importers

- Global natural gas / LNG and crude oil supply chains are complex. Gas / crude is **physically** transported, stored, and shipped **in commingled form** in **integrated / interconnected infrastructure systems** and is **commercially** transacted multiple times – including via exchanges and/or virtual trading hubs – before it is imported into the EU. Market participants also **balance their portfolios**, optimizing multiple supplies and sales on a daily basis (thereby managing supply-side and demand-side risks).
- >> **In many cases, importers can neither physically nor commercially trace imported volumes back up the supply chain to their origin / production-level. An allocation of volumes associated with certain sales to volumes associated with certain supplies would in most cases be arbitrary.**

2a) Introducing the concept of certification

- **Decoupling (unbundling) a product's environmental (GHG) attributes from the product itself through certification schemes is done in many markets.** For example, where an electricity consumer claims to consume 100% renewable electricity, this is generally possible only if that consumer buys certificates which prove that a correlating amount of renewable electricity has been produced in the same grid. Thereby, it is irrelevant whether that consumer is actually buying the renewable electricity directly from the producer / plant or whether the consumer buys it from other intermediary market parties along the supply chain. Important, though, is that no more certificates are issued and claimed than renewable electricity is produced in that grid.
- The opportunity to earn a **market premium** (price paid by market participants for certificates) **incentivizes entities to become** certified by meeting a certification scheme's requirements.
- While a general benefit of certification is that **product-attributes can be marketed decoupled** from the physical product, **certificates can also be sold coupled** with the product, if seller and buyer agree to do so.
- Certification and the marketing of decoupled certificates can complement **existing market frameworks without major reforms**. However, coupled marketing of certificates and products along value chains typically generally requires rules which govern the coupling requirements.

2b) Certification of producer-level methane performance as a compliance solution

- The policy intention of the EUMR importer requirements can be described as to establish **incentives for imported gas / crude to be produced using good ('EUMR equivalent') methane emission reduction practices**.
 - Certification of a producer's methane performance can address the policy intention of the EUMR importer requirements as certification creates incentives for producers and because certificates can provide the **producer-level methane information** required to be reported by EU importers to their authorities (see Section 1a above). Subject to confirmation by authorities, certificates thus may be a reporting format equivalent to the EUMR Annex IX reports.
 - To **avoid risks of (global) greenwashing**, certification schemes can distinguish between certified products at production level from different regions and establish strict **limitations for inter-regional certificate transfers**: certificates may only be transferred (exported) into another region, if a correlating amount of certified product has been (physically) exported to the other region too. This creates a de-facto **coupling of physically exported products and certificates** and, thus, establishes **regional incentives** over and above the facility level incentives.
 - **Region boundaries** can be defined by the scope of their governing legislation and/or by the limits of physically interconnected infrastructure in which the product is transported in commingled form.
- >> **Certification of producer-level methane performance and strictly controlled transfer of certificates between regions supports both: (i) the reporting of producer-level methane performance to authorities, and (ii) the differentiation and development of market incentives for low methane intensity gas.** However, certification schemes must prevent any double use of certificates and be credible by being governed with no conflicts of interest.

2c) Different supply-chain scenarios and producer-level methane performance certification

Supply-chain scenario 1:

- **IF** an importer has contracted natural gas or crude oil supplies **directly** (without intermediary) with a single entity that produces the gas/crude ('producer') **AND** that producer **agrees to and does** provide producer-level data (i.e. from the license area) as per Articles 27 – 29, **THEN** certification schemes **CAN** be used by importers to demonstrate compliance **BUT** other solutions may exist.

Supply-chain scenario 2:

- **IF** an importer has **not** contracted gas/crude supplies **directly** with a producer but with an intermediary supplier **AND** subject to that intermediating supplier providing producer-level data from its contracted producers as per Articles 27 – 29, **THEN** certification schemes **CAN** be used by importers to demonstrate compliance **BUT** other solutions may exist.

Supply-chain scenario 3:

- **IF** an importer has **not** contracted gas / crude supplies **directly** with a producer **AND** the supplier (or an exchange as transaction counter-party) of the importer **cannot and does not** provide producer-level data as per Articles 27 – 29, **THEN** certification schemes are an appropriate compliance solution **because** the importer can obtain from its supplier methane performance certificates (that correlate with the export region and the production/supply period) thereby (i) **incentivizing good producer-level methane performance** in the region from where the gas is imported and (ii) being enabled to **provide relevant EUMR producer-level methane performance data** to its authority.

3) Evaluation criteria for competent authorities

Below we are suggesting **minimum evaluation criteria** for competent authorities which can be distinguished into two categories:

- **General criteria** set out by the **EUMR** for all gas/crude imported into the EU, and as applicable to any compliance solution (listed in section 3a).
- **Specific, additional criteria** that are relevant when competent authorities **assess certification schemes** as a compliance solution (listed in section 3b). The specific criteria reflect criteria for certification schemes as promoted in **IEA's** 'Analysis on Prospects for Natural Gas Certification'¹, in **Hart Energy's** 'A Litmus Test for Methane Certification'² and by the NGOs **EDF, RMI** and **CATF** in their recent paper 'A workable solution for implementing the European Methane Emissions Regulation'.³

3a) General criteria for competent authorities when evaluating whether producer-level data reported to them comply with EUMR Article 27 – 29 requirements

General evaluation criteria:

- I. Do the data reported / demonstrated to the authority satisfy the **relevant producer-level data requirements under Annex IX EUMR**?
- II. Are the **monitoring, quantification and reporting** terms **equivalent** to the ones set out in Article 12 and Article 28, including certification at facility level / license area, measurement informed source-level quantification and reconciliation?
- III. Are the **accreditation criteria for independent verifiers equivalent** to the ones set out in Article 9(2) and Article 9(3)? Specifically, do the accreditation criteria require proven expertise of the verifier in GHG-emissions management?
- IV. Are the required **verification activities** and the requirements for the **issuance of a verification statement equivalent** to the requirements set out in Article 8?
- V. For imports as of 2028, are **methane intensities calculated** consistent with the methodology set out in Article 29 EUMR (including rules on co-product allocation and the use of the GWP)?

¹ IEA, Prospects for Natural Gas Certification, July 2025

² Hart Energy, 'A Litmus Test for Methane Certification', 2020

³ A workable solution for implementing the European Methane Emissions Regulation by EDF, RMI, CATF, Sept. 2025

3b) Specific, additional criteria for competent authorities when evaluating producer-level data reported to them using certification schemes

Criteria on avoidance of conflicts of interest, transparency and integrity

- VI. Is the certification scheme **free of conflicts of interest**, i.e. is there a financial and contractual separation between the producer/ operator / data-provider and the issuer of the certificates?
- VII. Are the certification scheme's standard / protocols **publicly accessible**?
- VIII. Does the certification scheme have rules in place that require that the **same volume is not certified multiple times**, i.e. by different certification schemes?
- IX. Does the certification scheme have a system (e.g. like a digital registry) that accounts for all certified volumes and subsequent certificate trades under that scheme and which properly retires certificates upon consumption/ EU import and thus **prevents double-use**/claiming of certificates?

Criteria on the correlation of certified volumes / certificates with imported volumes

- X. **Does the certification scheme prevent global greenwashing?** I.e., for a given importer that uses certificates as compliance solution in a specific reporting period, **do the certificates correlate with the imported gas/crude volumes?**:
 - a. Do **volumes specified on the certificates correlate** (match) with the reported volumes imported into the EU? This implies that if an importer imports more gas/crude in the relevant period vs. what is covered by certificates, that the importer provides alternative compliance solutions for those volumes.
 - b. Does the **production-location** (facility / license areas) **that is stated on the certificates correlate** with the region from where the gas/crude has been imported into the EU?
 - c. Does the **time of production correlate with the time of import**? Specifically, has the gas/crude been produced within the [6] months preceding the export to the EU?

3c) Other considerations when authorities assess the use of certification schemes

Considerations regarding market compatibility

- Is the use of the certification scheme for EUMR compliance purposes possible in existing market frameworks without further market reforms?
- Does the use of the certification scheme enable (i) maintaining existing supply chains, (ii) the conclusion of new long-term contractual supply-chain arrangements, and does it (iii) not significantly impact market liquidity / supply security?
- Are costs for producers to be certified and the cost for certificate transactions relatively low, and, therefore, is the impact on end-consumer prices relatively low?
- Is the certification scheme or variants thereof scalable globally including for existing or future non-EU jurisdictions for either regulatory or voluntary purposes?

Considerations regarding future improvements

- Does the certification scheme have a stakeholder feedback loop, does it ensure the use of evolving methane science to update its standards, and does it provide for incorporation of full supply-chain emissions in the future?

4) How the MiQ certification scheme may enable importer compliance

- **MiQ is an independent, not-for-profit organization** established 2019 to tackle methane emissions by certifying the methane performance of oil and gas operators within the oil and natural gas supply chains, including at the producer level.
- The MiQ certification scheme (<https://miq.org/>) is based on a publicly-available standard, requires **source-level quantification** and **reconciliation**, requires reports to be reviewed by independent third-party audit bodies, and is **operational today**.
- MiQ certifies methane performance at **production facility level**, i.e. at the level of a production license area, as required by the EUMR. MiQ certificates specify the exact location of the certified production facility. For an example of certified facilities refer to: <https://www.miqregistry.org/certifications>
- **MiQ accredited auditors** (<https://miq.org/auditors/>) audit an operator's conformity to MiQ's Methane Intensity, Company Practices and Monitoring Technology Deployment requirements. Audits result in the 'certification of conformity' to the MiQ Standard or in non-conformity (i.e. no certification). MiQ certifies a certain Grade (an operator's performance at or below a certain methane intensity).
- **Audit bodies** must have proven sector-specific and methane-specific expertise which may be proven by experience and/or formal accreditations and processes to manage impartiality and independence. Note that audit bodies

recognized by MiQ are not currently accredited by national accreditation bodies (such as per ISO 17029, ISO 14065 or ISO 17065).

- MiQ certificates are kept in a **digital registry** and are retired when their credentials are claimed, preventing double claiming. MiQ certificates can be updated to comprehensively show the data required by Annex IX EUMR.
- MiQ's cross-border certificate system (CIRIS) (<https://miq.org/document/miq-program-guide/>) allows both, bundled and unbundled trading of the commodity and related certificates:
 - **within a region** (e.g. U.S., UK, Nigeria, Algeria or the EU) certificates can be traded bundled or unbundled from the physical and commercial supply chains, or the certificates can be traded bundled with the physical gas. However,
 - **between regions** (e.g. U.S. LNG shipments to the EU) debiting/crediting of certificates from one region to another is controlled and limited to only those volumes actually physically exported (e.g. by LNG cargo) from one region and imported into another. This de-facto establishes bundled trading from (LNG) export terminals to EU import terminals.
- The MiQ system does not allow unconstrained, global book & claim certificate transactions whereby a certificate produced in one region (i.e., Canada) could be paired with gas produced in another region (i.e., Nigeria). Instead, the CIRIS framework **supports targeted incentives for producers** at facility level in individual regions / countries to produce gas at EUMR MRV equivalent terms.
- The MiQ framework therefore provides for a **producer** in a given exporter country to have its produced volumes **certified** (subject to independent verification by accredited third-party auditors), and provides for **suppliers of EU importers** or the importers themselves **can obtain such certificates correlating with the imported volumes** (correlation of production/import times, production/export region, production/import volumes) to demonstrate to their authorities that an amount correlating to the imported volumes has been produced in the exporter country that meets the EUMR requirements (subject to authority recognition).