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CONTRIBUTION

From:	General Secretariat of the Council
To:	Working Party on Energy
Subject:	LU comments on Articles 13 and 27 (imports) of the Methane Regulation (WK 13535/23)

Delegations will find in the annex the LU comments on Articles 13 and 27 (imports) of the Methane Regulation (WK 13535/23).

LU comments on imports/ COM's non-paper

In general, LU is in favour of strengthened provisions for importers, which will ensure a level playing field between EU and non-EU operators, while enhancing the overall emissions reduction potential of the Regulation and security of supply.

LU welcomes the COM's non-paper and its phase-in approach providing first for a collection of data as base for a solid extension of the EU's domestic provisions towards third countries, and reinforcing transparency. Yet, we also see that further work is needed on the concrete implementation steps in terms of scope, ensuring compliance, verification and a prevention of circumvention.

On the elements presented in the non-paper:

- **Timeline:** Having the import standard only take effect in 2030 is too late from our perspective and not consistent with the EU's support of the Global Methane Pledge, which calls for 30% cut of global methane emissions by 2030.
- **Scope:** covering only MRV is too narrow. MRV and LDAR go hand in hand, a reliable MRV is difficult to establish without LDAR. Further, venting and flaring should be covered as well, in particular flaring can be spotted by satellite images. At least there should be a ratchet-up mechanism (which could be combined with an impact assessment) integrating LDAR and venting and flaring, including the development of regulatory equivalence, in phase 2. Moreover, extending the regulatory framework would match the obligations put on domestic suppliers, making it much less susceptible to a WTO challenge while at the same time help to develop a more solid UMIPI and application of UMIPO.
- **Global Methane Emitter Monitoring Tool:** should not only cover exporter countries, but also operators and apply both domestically and outside the EU
- **MRV equivalence:** should be applied already in 2027, which would also help also to develop a more solid UMIPI and application of UMIPO. Further, a simple membership in OGMP is insufficient. A company can be a member, but may fail to fully complying with the OGMP standards. Companies meeting the MRV equivalence obligation by delivering OGMP level 5 quantification should have evidence verified by independent third-party verifiers.
- **Existing contracts:** "best efforts on existing contracts" needs further elaboration. There could be model clauses supporting this effort. Rights and obligations need to be clear.
- **Upstream Methane Intensity & Performance obligation:** needs to apply both domestically and for importers to ensure WTO compatibility. Further, it could be looked into possible default values/ benchmarks to be developed for long-term contracts/ LNG spot market deliveries.
- **Non-compliance:** needs to be concretised what "disincentivised" means in practice (e.g. fees or penalties etc.), i.e. to support implementation and compliance, an enforcement framework should established as well. Inspiration could be taken from due diligence legislation.