



Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With 200 member organisations active in 40 European countries, representing over 1,700 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

11 May 2026

CAN Europe Letter to Ministers ahead of the 12-13 May informal Energy Council

Dear Minister,

Ahead of the informal Energy Council in Cyprus, Climate Action Network (CAN) Europe, on behalf of more than 200 member organisations, representing over 40 million citizens across Europe, would like to share key recommendations on the EU's response to rising energy prices, energy security, and the measures under discussion to accelerate the energy transition.

Almost three months into the US–Israel-led war in Iran and the conflict across the region, this Council convenes amid a deepening fossil fuel crisis, once again exposing Europe's structural vulnerability to imported fossil fuels. Millions of Europeans are already facing rising energy bills and mounting cost-of-living pressures. At the same time, the devastating human toll of the conflict underscores the urgent need for EU Member States to pursue united, constructive diplomacy in support of a just and lasting peace grounded in international law.

This moment makes one fact unmistakably clear: Europe cannot protect households, businesses, or its economy from recurring price shocks while remaining dependent on fossil fuels, regardless of their origin. Any credible EU response must therefore ensure that short-term measures to address the crisis actively reinforce, rather than delay, the transition to a resilient, climate-neutral, and socially just energy system.

The outcomes of the First International Conference on Transitioning Away from Fossil Fuels in Santa Marta, confirm a decisive shift: **the phase out of fossil fuels is now politically unavoidable**. The focus must move from commitments to delivery - through clear, time-bound phase out plans, an end to new fossil fuel expansion, and 1.5°C aligned pathways building on the Global Stocktake. Europe must now match this momentum with action at home and internationally - using its full diplomatic weight to accelerate the global transition.

We urge Ministers to match the scale of this crisis with decisive action: combine targeted, immediate relief for citizens with structural reforms that deliver lasting affordability, resilience, and energy security. Building on the Commission's recent Communication on AccelerateEU plan to addressing the energy price crisis and addressing its remaining gaps, we call on Member States to prioritise the following actions:

1. Develop and implement a concrete plan to phase-out fossil fuels:

The EU must move beyond recognising fossil fuel dependency and establish a clear and coordinated **roadmap to phase out fossil fuels, starting with fossil gas**. This should include the following elements:

- **A Binding annual gas demand reduction target of 7%** in line with the [REPower EU projection](#) and [measures](#) adopted during the last crisis leading to [significant cuts in EU gas demand](#).
- **EU Roadmap to phase out fossil gas imports with a focus on LNG, particularly US LNG.** The Commission President has repeatedly recognised the EU's high fossil fuel import dependency and the need to reduce it. The [legal commitment](#) to phase out Russian fossil gas imports by 2027 should serve as a blueprint to establish a phase out roadmap for LNG imports with a particular focus on US LNG given the [EU's growing reliance on this source](#).
- **Safeguarding the EU Methane Regulation (EUMR) and maintaining an effective penalty system.** Giving Member States a “no penalty” option as recently proposed by the Commission, would seriously undermine the EUMR's effectiveness and lead to deregulation disguised as technical guidance. The [recent IEA report](#) on methane illustrates that properly implementing the EUMR is an energy security measure in itself. It estimates that by applying cost effective methane abatement measures, 200 bcm of “lost” gas, twice the global losses from the Strait of Hormuz closure, could be made available to global gas markets. This would alleviate the energy security and climate crisis simply by avoiding wasting gas.
- **Reject any calls for the development of domestic fossil fuel resources** such as in Romania, Greece or in other EU countries.

2. Tax the massive profits of fossil fuel companies & phase out fossil fuel subsidies:

[Taxation of fossil fuel profits](#) beyond temporary approaches is key to Europe's economy and energy security. The windfall profits of the fossil fuel industry, following Russia's invasion of Ukraine, have been flowing largely to shareholders. This must not be repeated. These colossal profits reflect a profound misallocation of capital: money that could be invested in the EU's productive economy - renewable energy, grid modernisation, storage, electrification, and energy efficiency- is instead dispensed to shareholders.

The EU must now introduce a permanent tax on fossil fuel excess profits, both to raise public revenues and to send a clear signal that fossil fuel investments will only deliver declining returns, thereby redirecting capital towards the energy transition. In the current context, continuing to allocate [substantial](#) public resources to fossil fuels that are fuelling the current energy crisis and deepening Europe's structural dependence is not only counterproductive, it is irresponsible.

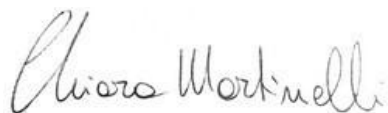
The EU also urgently needs to agree on a [systematic framework](#) and **roadmap for a [staged phase-out](#) of fossil fuel subsidies** in a socially just way, **redirecting public spending towards renewable energy, energy efficiency, and renewables-based electrification** to mitigate the cost-of-living crisis and ensure Europe's competitiveness and resilience.

3. Deliver long term structural solutions for a resilience, affordability, and energy security:

Short-term measures must be anchored in a clear long-term strategy to end Europe's dependence on fossil fuels. This requires accelerating the transition through the full and ambitious implementation of the EU's existing legal framework. At the same time, **investments in renewable energy, energy efficiency, electrification, grids and flexibility** must be scaled up, while removing barriers to deployment and ensuring renewable electricity becomes the backbone of the energy system. This includes accelerating **non-fossil flexibility solutions**, by finalising national Flexibility Needs Assessments, setting ambitious national objectives for storage readiness for January 2027, and launching flexibility support schemes, alongside strengthening grids and interconnections, reforming energy taxation to support electrification, and making full use of EU funds and ETS revenues, including the Social Climate Fund, to address energy and transport poverty.

Looking ahead, Ministers must **actively support and shape the establishment of a strong, binding and future-proof post-2030 EU energy framework**, maintaining ambitious targets for renewable energy and energy efficiency, strengthening renewables-based electrification, and providing the certainty needed to deliver a fully renewable, efficient and resilient energy system.

Yours sincerely,



Chiara Martinelli, Director at Climate Action Network (CAN) Europe

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ANNEX 1

Mythbuster: Debunking 12 misconceptions on Taxing Fossil Fuel Profits

12 MYTHS

BUSTED

Debunking the misconceptions on Taxing Fossil Fuel Profits

May 2026



MYTH #1

We need a windfall tax on fossil fuel profits, not a permanent tax.

Windfall taxes are reactive and temporary; a permanent tax is proactive and transformative. **The fossil fuel industry has long enjoyed under-taxed, colossal profits**—even before the US military attack on Iran or the war in Ukraine.

While well-designed taxes on war-driven surplus profits (i.e. windfall profits) play an important redistributive role, they are not enough to incentivise the transition away from fossil fuels. We need a long-term, stable and predictable differentiated taxation system on fossil fuel profits. **This will provide a structural signal to investors, discouraging investment in fossil fuels and thereby increasing the costs of capital for fossil fuel companies.** It would support a gradual reallocation of capital to renewable energy and related storage. It will also provide a predictable revenue stream for socially just climate action, though declining over the years as fossil fuels are hopefully phased out. Last but not least, it will enhance EU energy security by reducing Europe's dependence on volatile fossil fuel markets.

MYTH #2

We all benefit from the colossal fossil fuel profits.

Studies show that **the top 10%, and especially the top 1%, of the richest people capture the lion's share of these profits,** exacerbating wealth concentration. Currently in the US, the 1% richest get 50% of all oil and gas profits. **At the same time, the broader population bears the costs:** rising energy prices fuel inflation, climate-related disasters strain public budgets, and the long-term environmental toll falls on future generations. Inadequate taxation of these profits further widens inequality and slows the transition to renewable energy.

MYTH #3

National taxes are sufficient; an EU-wide tax is not needed.

A coordinated EU tax on fossil fuel profits **is essential to prevent profit shifting by companies that exploit discrepancies between national tax systems.** Fossil fuel corporations can too easily relocate capital and investments across the EU, or even abroad, to avoid higher taxes in individual countries. In addition, an EU-harmonised approach is a critical component of any strategy to phase out fossil fuels. **As long as fossil fuel investments remain highly profitable, private finance will continue to flow into this sector**—rather than into the areas we urgently need: electrification, renewable energy, public transport, and a just transition. By failing to propose an EU-coordinated tax, the European Commission effectively prioritises the interests of fossil fuel profiteers over those of European people. **An EU framework—like the 2022 solidarity contribution—enables Member States to reach an agreement on how to use the revenue.** This ensures funds are earmarked to support households and businesses struggling with energy prices while accelerating the shift to renewables. Additionally, a tiny portion of the revenue could be allocated to the EU budget to assist Member States most in need, fostering cohesion and a level playing field across the EU.

MYTH #4

The European Commission is right to refuse to table a fossil fuel profit tax

The European Commission is pushing the responsibility to the national level when holding back on an EU-wide fossil fuel profits tax. The Commission highlights a wave of legal suits against the 2022 windfall tax on fossil fuel companies – introduced after the war in Ukraine started – as evidence of legal uncertainties surrounding an EU-wide tax.

But two things are clear: First, any tax on fossil fuel profits, whether at the national or EU level, will inevitably face relentless legal challenges from the fossil fuel industry. Second, if these lawsuits intimidate the Commission into inaction, it means fossil fuel companies wield more power than our governments, by misusing litigation to not pay their fair share of taxes. Norway and the UK show that it is possible to apply a higher tax on fossil fuel profits than the average corporate tax rate.

MYTH #5

A tax on fossil fuel profits would risk increasing the prices of gas and oil for consumers

In short, no, it would not. A variety of structural factors influence energy and electricity prices. Corporate Income Taxes are generally not mentioned in the literature as a determinant of the energy price, and a higher or lower tax on corporate profits does not significantly correlate with higher or lower electricity prices. In addition, the law should explicitly prohibit fossil fuel companies from shifting the tax burden onto households or other businesses. Such a ban has been put in place in several countries, notably in the framework of the EU solidarity contribution. The EU should establish a common methodology to monitor whether fossil fuel corporate profit taxes are being passed on through higher prices. It would allow legislators to underpin such a ban with effective sanctions.

MYTH #6

We cannot prevent fossil fuel companies from shifting profits to avoid taxes

To combat profit shifting and tax avoidance, the EU should put an obligation on fossil fuel companies to report their taxes on a public country-by-country reporting basis. This should include lowering the reporting threshold below the current €750 million consolidated group revenue, and expanding transparency to cover all jurisdictions — not just EU and listed tax havens under the EU country-by-country reporting Directive — so profits and tax payments are fully visible. These measures should be embedded in an EU-wide tax framework for fossil fuel profits.

Additionally, the EU should leverage its influence in the ongoing UN Tax Convention negotiations (August and November 2026) to push for new global rules of international tax cooperation, with the aim of establishing an international tax system for sustainable development. This would create a level playing field and close loopholes for profit shifting worldwide. Such an agreement, which is set to be finalised by 2027, would open up an avenue towards binding global rules that can ensure equitable taxation of all multinational corporations; effective taxation of the super-rich; and international tax initiatives to promote sustainable development, including environmental protection and taxing the companies and polluters at the root of the global ecological collapse.

MYTH #7

A tax on fossil fuel profits has nothing to do with intergenerational justice.

Taxing fossil fuel profits decreases profitability and thereby disincentivises investments in fossil fuels. It generates public financing that can be used for future-oriented investments while operationalising the polluter pays principle.

MYTH #8

A tax on fossil fuel profits will inevitably affect workers in the fossil fuel industry

The fossil fuel sector currently has high profit margins, which makes wage pass-through less likely than in low-margin sectors. However, given the importance of dividend stability for investors in the oil and gas sector, firms may be reluctant to reduce shareholder payouts, which suggests that limited adjustment pressures on labour costs cannot be fully excluded.

It is also important to note that the fossil fuel phase-out will inevitably have an impact on workers in the fossil fuel sector and those in the direct supply chains. **Policies must be in place to ensure workers in the fossil fuel industry don't lose out from the transition away from fossil fuels**, which a tax on fossil fuel profits would encourage. These measures include social conditionalities in public aid to companies to incentivise the creation and protection of quality jobs in the EU; a Just Transition Directive to anticipate and manage changes for workers in the fossil fuel industry; and full implementation of the Adequate Minimum Wage Directive target of collective bargaining coverage of 80%, including in new emerging green sectors.

The net income of the global oil and gas industry was around US\$4 trillion in 2022, equivalent to 4% of global GDP. In 2023, net income was US\$2.4 trillion. **Profits have been significant over the past 15 years.**

These profits are mainly used **to increase shareholder dividends and share buybacks, and to expand fossil fuels**. The industry invested just over \$1 trillion in fuels in 2024, 9% more than in 2023. Clean energy investments made up for \$28 billion in 2023, less than 4% of the sector's total capital expenditure and less than 1% of net income.

The EU is particularly dependent on fossil fuels, importing in 2023 95% of the oil it consumes, 90% of the natural gas and 40.8% of solid fuel, at a total cost of €449 billion. Fossil fuel companies made €180bn in taxable profits in the EU in the two years following Russia's invasion of Ukraine. The US and Israeli strikes on Iran on 28 February 2026 triggered the **sharpest spike in crude oil prices since Russia's invasion of Ukraine in 2022**. If current conditions are maintained until the end of 2026, T&E's analysis estimates excess profit would be generated across the road fuel supply chain — **€39 billion** accruing to refiners and distributors operating largely within the EU, and **€51 billion** flowing to crude oil producers and oil-producing nations.

MYTH #9

The fossil fuel industry does not make that much profit.

MYTH #10

Not much money could be raised.

The tax design matters and will determine how much money can be raised. **Even with a less ambitious tax design, we talk about billions of euros**. The EU solidarity contribution represents a precedent on which to build, with its definition of what the fossil fuel industry is, what revenues from the tax should be used for, and the combination of coordination and national leeway. How much money can be raised will depend on the tax base (which profits are being taxed), the tax rate (at least 33% was the minimum tax rate for the solidarity contribution) and the exemptions allowed (none were allowed in the solidarity contribution and in the future, tax deduction should only be allowed for investments in renewable energy and related storage capacity).

1 trillion US dollars could have been raised since the ten years of the Paris Agreement, if the world's 100 largest oil and gas companies had been charged a 20% surtax on their profits. In the EU, the 'solidarity contribution' in 2022-2023 generated 28.4 billion euros. If profit shifting had been prevented, this could have raised 73.8 billion euros.



MYTH #11

Failing to tax fossil fuel profits has nothing to do with budget cuts at the national level.

The EU has already spent an **additional €22 billion to buy fossil fuels in just one month since the U.S. military attack on Iran**. These costs will inevitably translate into further cuts in social and green spending by our governments – eroding education, public health, nature protection and climate action, making a just transition out of reach.

The **price of inaction is staggering** and will only rise as the closure of the Strait of Hormuz persists, compounded by long-term damage to infrastructure and global supply chain disruptions. **Without higher taxation of the colossal fossil fuel profits, these costs will continue to burden taxpayers**, deepening inequality and delaying the transition to a sustainable future.



MYTH #12

Legal barriers will stop the implementation of a fossil fuel profits tax, even if it is decided.

It's true that some fossil fuel companies have launched legal suits against the previous EU tax on fossil fuel profits. These cases cannot be used as an excuse for inaction. **If governments back away every time fossil fuel companies threaten litigation, they effectively hand the power to block democratic legislative processes to the fossil fuel industry.**

Some of these companies are using Investor-State Dispute Settlement (ISDS) mechanisms, controversial provisions in trade agreements that enable investors to sue countries over policies impacting their profits. **The threat of ISDS claims should be dealt with by getting rid of ISDS.** ISDS undermines countries' policy sovereignty to transition away from fossil fuels.

Some of the ongoing cases also rely on the Energy Charter Treaty (ECT), which the EU already exited, but the so-called sunset clause allows fossil fuel companies to exploit it 20 years after countries leave. European countries must work together to neutralise ECT's sunset clause and stop granting fossil fuel investors privileged rights to challenge public-interest regulation through ISDS. **Investor privileges should not override the public interest, democratic decision-making or the polluter pays principle.**



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ANNEX 2

CAN Europe Input to Energy Security Revision

ENERGY SECURITY REVISION

Advocacy input

WHY THE EU'S FOSSIL FUEL DEPENDENCY NEEDS TO BE TACKLED FIRST TO ENSURE ENERGY SECURITY

The European Union is once again experiencing the consequences of its **structural dependence on expensive fossil fuels**, an exposure that has proven to be not just the main cause of costly climate disruption, but also an economic liability and a strategic vulnerability. Recent crises have underscored how reliance on imported oil and gas leaves the EU highly susceptible to external shocks, price volatility, and geopolitical coercion. **Energy is not merely a commodity; it is a lever of power.** Supplier countries can, and do, weaponize fossil fuel exports to exert political influence, constrain foreign policy choices, and exploit divisions among Member States. Russia has long weaponised its energy against the EU, including before the full-scale invasion of Ukraine. The US is also using its energy as a weapon and even threatened the EU with losing 'favourable' access to LNG if it did not pass the trade deal.

Beyond immediate energy security concerns, fossil fuel dependence also carries deeper implications for **democracy**. Revenues from fossil fuel exports often sustain regimes with weak democratic accountability, indirectly linking European consumption to the reinforcement of authoritarian governance abroad. These revenues can also indirectly finance wars and aggression, such as Russia's full-scale invasion of Ukraine or the US and Israeli attacks against Iran. At the same time, sudden price spikes and supply disruptions within Europe fuel inflation with dramatic social consequences and provide a fertile ground for populism and disinformation. **Fossil fuel dependence is becoming a systemic risk. Reducing this dependency must therefore be elevated as a core pillar of the EU's Energy Security Framework.**

Achieving greater energy autonomy can not be the equivalent of diversifying fossil fuel suppliers. **It requires fundamentally reducing demand for fossil fuels through renewables based electrification, energy savings through efficiency and sufficiency, and the rapid deployment of domestic renewable energy and non-fossil flexibility.** In doing so, the EU can strengthen its strategic autonomy, shield its economies from external shocks, and protect the democratic foundations that underpin its political project. By reducing the demand for fossil fuels, space is created to be more selective - through non-price criteria - regarding which countries fossil fuels are still imported from and what level of dependency is deemed justifiable.

Given the inherent vulnerability due to the EU's fossil fuel and fossil gas dependency in particular, **the European Commission has the unique opportunity with the Energy Security revision to propose concrete measures to reduce dependency as a key lever for EU security and strategic autonomy.** These should be articulated around the following four principles.

PRINCIPLE NUMBER 1: EMBED DEMAND REDUCTION IN AN ECONOMY-WIDE FOSSIL GAS PHASE OUT FRAMEWORK

To structurally reduce the EU's fossil gas dependency and increase system resilience, the Commission and European Member States need to develop plans on how to structurally and orderly phase out their extreme reliance on fossil gas. This requires developing an **economy-wide fossil gas phase out framework across sectors (buildings, industry, power) as described in this [Ten Point Plan](#)**. A key component of such a phase out framework could be the introduction of **structural demand reduction** based on legal measures applied by Member States during the crisis in 2022, triggered by Russia's weaponisation of energy after the full-scale invasion of Ukraine. Renewables based electrification, energy savings and efficiency measures and behavioural change are positive measures to achieve lasting structural effect which need to be supported to ensure effective roll out. An increasingly large number of actors are advocating for fossil gas demand reduction. The following points should be explored:

Demand Reduction: Build on the demand reduction framework of Council Regulation (EU) 2022/1369, which required a 15% cut in gas use. By 2025, EU demand had already fallen ~16% compared to the 2017–2021 average. Embedding a binding pathway in the Energy Security framework would shift from crisis response to proactive demand governance, strengthening energy security through lasting fossil fuel reduction. A mandatory annual reduction of 7–8% across all sectors (power, industry, and buildings) should be introduced to ensure structural change (see Annex). Couple demand reduction to **Energy Efficiency First to achieve structural energy savings**. The revised Energy Efficiency Directive (EED) mandates a 11.7% reduction in final energy consumption by 2030 compared to 2020 projections. The expanded application of the Energy Efficiency 1st (EE1st) principle is crucial to make European businesses and households less exposed to fluctuating fossil fuel prices, including through structural demand reduction measures alongside operational energy efficiency. The energy security revision should crosslink both articles 3 on EE1st and 8 on the energy savings obligation to achieve structural energy savings. Finally, the 5% reduction of peak electricity hours should also be reiterated which had a measurable impact on the gas demand. See complementary recommendations on mandatory gas, electricity and electricity during peak hours demand reduction, in this document.

EU Roadmap to phase out fossil gas imports with a particular focus on LNG and US LNG: In the wider context of a fossil gas phase out framework and structural demand reduction measures, tackling the EU's import dependency should be another priority. Given the increased reliance on US LNG imports and the inherent geopolitical and democracy risks, a specific point of attention should be given to US LNG. The legal commitment to phase out Russian fossil gas imports by 2027 should serve as a blueprint to establish a phase out roadmap for LNG imports with a particular focus on US LNG by 2032.

Timely and ambitious implementation of the [EU Methane Regulation \(EUMR\)](#), the first-ever EU Regulation reducing methane emissions from the energy sector and obliging oil and gas producers to monitor, report and verify (MRV requirements) methane emissions from their upstream supply chain. More resilience and energy security will come with a robust, well-implemented EUMR leading to reduced gas losses across the supply chain thereby supporting the EU's transition towards lower gas demand and a more efficient and reliable energy system.

PRINCIPLE NUMBER 2: INTRODUCING BINDING EU AND NATIONAL TARGETS FOR NON-FOSSIL FLEXIBILITY

Further developing Non-Fossil flexibility is the security principle number two, required to support and to secure the increasing build out of renewables. The Energy Security framework needs to give incentives to **prioritise non-fossil flexibility over fossil flexibility** by building on existing regulatory frameworks. The revised Electricity Market Design introduces national Flexibility Needs Assessments (FNAs), to be undertaken by Member States, to calculate the levels of non-fossil flexibility required in their power systems to integrate renewable power (see this [checklist](#)). EU countries will set objectives for energy storage and demand-side response and add them to their NECPs. Based on this, the EU Commission will initiate an EU Strategy on Flexibility to meet EU needs and should set a target on energy storage and demand response.

The Commission and Member States need to strengthen the role of clean flexibility in replacing the role that risky fossil gas currently plays in the energy system. The Flexibility Needs Assessments should be understood as an instrument not just to reduce renewables curtailment; but to support a more fundamental energy system transition. The Commission should strengthen also via the Energy Security revision the role that FNAs can play – making the national target setting a legally binding process; and prompting Member States to use them to reduce their reliance on fossil gas. *This binding target for non-fossil flexibility needs to sit in the Governance Regulation and for regulatory coherence, it should also be included in the revision of the Energy Security framework.*

PRINCIPLE NUMBER 3: REFORMING THE N-1 PRINCIPLE

The number three security principle of the revised energy security framework should be about avoiding incentivising fossil gas infrastructure such as emergency reserves under the N-1 principle. The N-1 principle is a back-up standard in energy systems requiring that the energy infrastructure (both gas and electricity) can continue operating normally even if any single component fails.

Recent examples in certain Member States show that there is a tendency to use the energy security imperative to invest into new fossil fuel infrastructure (e.g. FSRU as a strategic emergency reserve in Ireland, or in Germany 20 GW of extra gas power capacity). To avoid this adverse incentive, the N-1 principle needs to be reformed structurally to incentivise non-fossil flexibility infrastructure and disincentivise fossil gas infrastructure. The following ringfencing points should be integrated :

- The energy security revision should set an obligation on Member States to *prioritise non-fossil flexibility over fossil flexibility infrastructure.*
- In case, non fossil flexibility options are not available, *only fossil legacy (i.e. already existing infrastructure) reserves could be accepted under certain conditions:*
 - only for a limited amount of annual hours use,
 - coupled to mandatory reduction of gas demand and mandatory expansion of non fossil storage options.

- adjust peak gas delivery requirements for gas TSOs, for example, by revising the extreme temperature assumptions that gas grids must meet to ensure comfortable heating, as it entails that the entire system is designed around these high standards.
- Non-fossil flexibility solutions should be supported via the FNAs, with the introduction of national policy blueprints tailored to scale-up these different approaches – with new market mechanisms introduced to support their expansion.
- Meanwhile, as part of the commitment to a fossil fuel phase-out framework, subsidies for fossil fuels must be phased out, with the parallel introduction of a gas infrastructure exit strategy. *This could include placing fossil fuel assets outside the wholesale market e.g. as strategic reserve.*

PRINCIPLE NUMBER 4: DEFINE ENERGY SECURITY MEASURES FOR PROTECTED CONSUMERS

In the context of the revision of the Energy Security Framework and the Governance Regulation, there is a need to introduce an **EU-level definition of protected consumers** putting **vulnerable consumers** suffering from energy poverty at the center. This means that households facing energy poverty should not only be **protected in an emergency**, but also enabled to **benefit from targeted, long-term interventions** which will have benefits for the overall energy security and resilience. Therefore this requires an **EU level KPI to harmonise monitoring and accountability**.

While the current framework to capture energy poverty is quite fragmented, different elements exist. The **Energy Efficiency Directive provides a common definition for energy poverty**. Member States assess the number of households affected by energy poverty and, where relevant, to set national reduction targets in **National Energy and Climate Plans**, but implementation remains highly fragmented. Member States are also collecting data to define vulnerable households and SMEs in their **National Social Climate Plans**. But most Member States do not define reduction targets, timelines or robust policies and measures to address energy poverty.

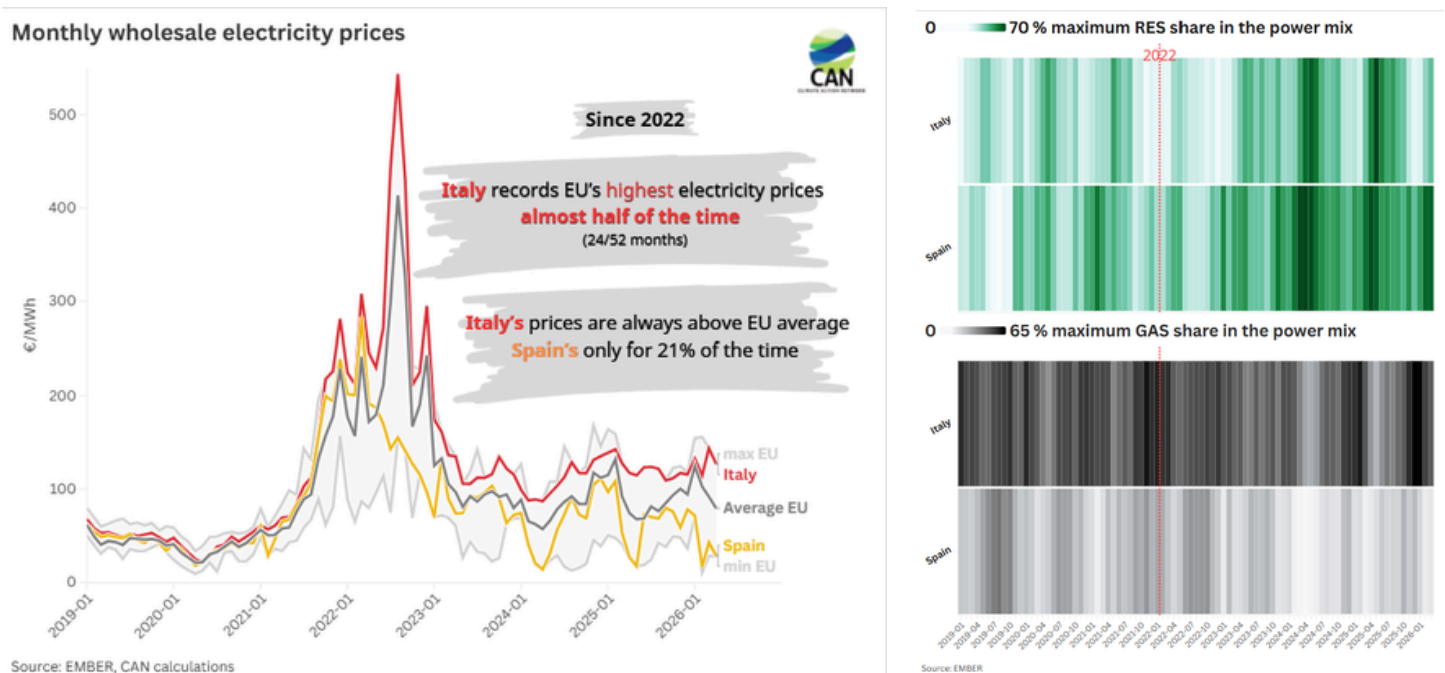
In the absence of a common KPI, this issue continues to be tackled mainly through short-term measures, such as non-targeted subsidies, renovations, rather than through structural solutions. Introducing an EU-level KPI to measure energy poverty under the Governance Regulation but also the Energy Security Framework should enable harmonised monitoring and accountability and support national policies in moving towards targeted, long-term interventions, also in emergency moments.

ANNEX

Reduced fossil gas dependency means energy price relief and more energy security

In power markets, the share of renewables and fossil gas in the energy mix has a direct impact on electricity prices because of marginal pricing. In Spain, high penetration of wind and solar, technologies with near-zero marginal costs, often pushes wholesale prices down, since they displace more expensive generators from the price-setting position. By contrast, Italy relies more heavily on gas-fired generation, which typically sets the marginal price; when gas prices are high, this drives up electricity prices across the system. As a result, Spain has frequently experienced lower prices tied to renewable output, while Italy has seen structurally higher prices due to its greater exposure to fossil fuel costs.

Figure 1: High RES penetration + reduced gas dependency = lower electricity prices



Proposal for an annual gas demand reduction

Overall EU gas demand in 2025 decreased by approximately 16% below pre-crisis levels (2017–2021 average), reflecting a combination of measures and policies triggered by the Russian full-scale invasion of Ukraine. This decline has been accompanied by an accelerated deployment of renewable energy sources, but at the same time demand destruction in several energy-intensive industry sectors.

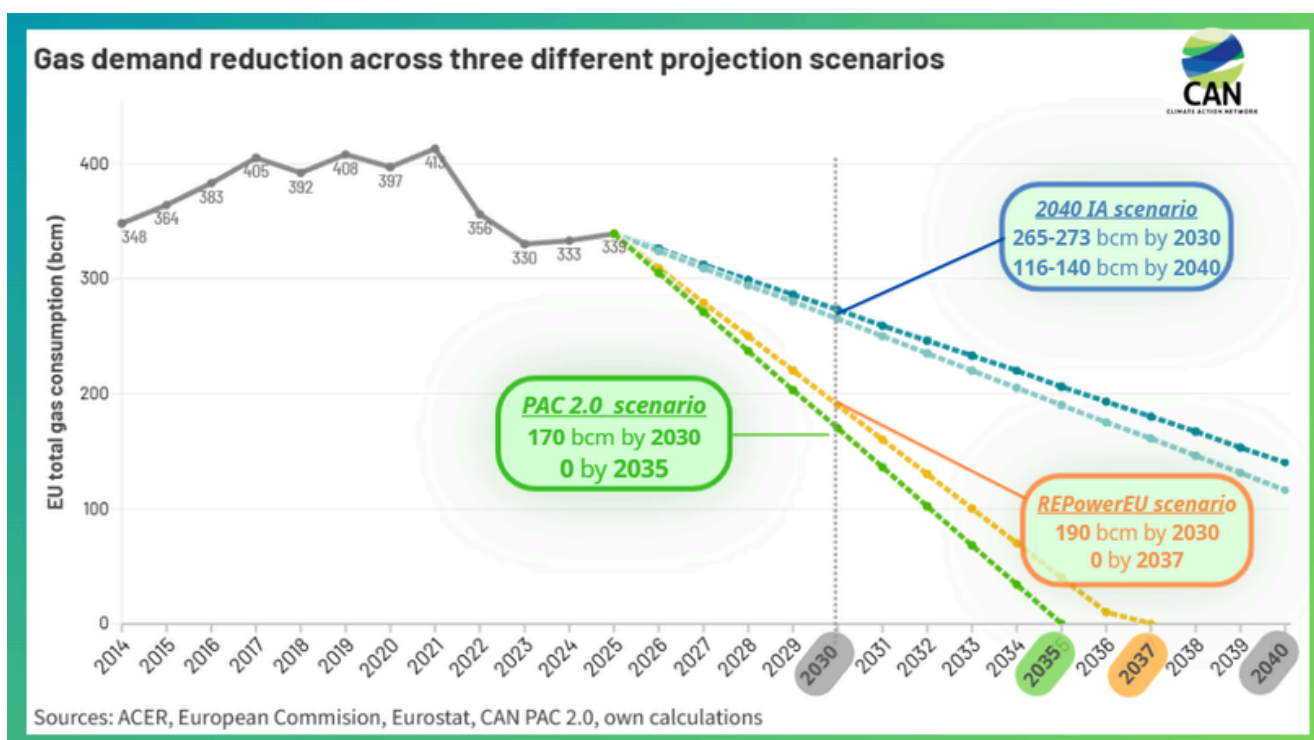
Looking ahead, it is crucial to continue reducing gas demand while ensuring that economic sectors are not adversely affected. Measures targeting structural changes should be sustained and further strengthened.

To explore the potential for further reductions, three different projection scenarios have been considered as presented in Figure 1: REPowerEU, PAC 2.0, and the Impact Assessment (IA) performed by the European Commission in support of the 2040 climate target.

- The **REPowerEU target** is ambitious, calling for a 53% reduction in gas consumption by 2030 compared to pre-crisis levels, corresponding to an approximate 8% annual reduction compared to average consumption 2017-2021. While REPowerEU formally ends in 2030, continuing this reduction rate beyond 2030 would theoretically lead to zero gas consumption by 2037.
- The **PAC 2.0 scenario** is even more progressive, aiming for a gas phase-out by 2035, which translates into a 58% reduction in gas consumption by 2030 compared to pre-crisis (approximately 7% annual compared to average consumption 2017-2021).
- The **European Commission’s IA scenarios** assess the impact of the Climate Law for the 2040 target are comparatively less ambitious. Considering the EU’s decision to achieve 90% emissions reduction by 2040, this analysis focuses on Scenarios 2 and 3, as the 2040 target lies between the projections of these scenarios. Under these pathways, projected gas consumption would be 265–273 bcm by 2030 and 116–140 bcm by 2040, representing a reduction of more than 200 bcm compared to 2025 levels.

Embedding a binding reduction pathway within the Energy Security framework would mark a **shift from reactive crisis management toward proactive demand-side governance**, ensuring energy security not only through diversification of supply but also through a permanent reduction in fossil fuel dependence. According to the analysis, a possible reduction rate could be an annual 7–8%, assuring that structural measures are in place.

Figure 2: Gas demand reduction across different projection scenarios for 2030 and 2040



RESOURCES

ACER, 2026, [Key developments in electricity and EU gas markets](#)

CAN, 2024, [PARIS AGREEMENT COMPATIBLE SCENARIOS \(PAC\) 2.0](#)

European Commission, 2024, [SWD/2024/63 final – Impact Assessment on the 2040 Climate Target](#)

Eurostat, 2025, [Supply, transformation consumption of gas](#)

For the conversion of gas quantities, [conversion factors from BP](#) were used



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ANNEX 3

Five Reasons Why The EU Methane Regulation Matters



FIVE REASONS · WHY IT MATTERS

Five Reasons Why The EU Methane Regulation Matters



Five Reasons Why The EU Methane Regulation Matters

The war in Iran and the wider region is a dramatic human tragedy that is also triggering a renewed global fossil fuel crisis. Once again, **it exposes Europe's structural dependence on imported fossil fuels** traded on volatile global markets, particularly Liquefied "Natural" Gas (LNG), and contributes to rising energy prices across the continent. These recurring crises highlight the urgent need to **strengthen Europe's energy security by reducing fossil fuel dependency through renewable energy, energy efficiency, renewables-based electrification, and sustained gas demand reduction**. Only by addressing this structural dependence can Europe durably shield its economy and citizens from external shocks and geopolitical instability.

In this context, accelerating the implementation of key energy and climate policies, including the EU Methane Regulation (EUMR), is more critical than ever. The EUMR is the first first-ever regulation targeting methane emissions from the energy sector. As 35% of methane emissions from human activity come from fossil fuel operations, **the EUMR has far-reaching implications for the EU's energy security**, beyond climate objectives, as it can offer, amongst other, large gas saving opportunities in a context of tightening gas markets due to wars. Furthermore, emissions from oil and gas can be reduced by up to 70% using existing technologies, highlighting both the urgency and feasibility of action. The EU Methane Regulation represents a landmark step forward. While it introduces long-overdue requirements to ban routine venting and flaring, to monitor, report, verify (MRV) emissions, and to apply leak detection and repair (LDAR) measures within the EU, its most transformative element lies in its **import framework**. As the EU imports more than 90% of its oil and gas, most methane emissions linked to European energy consumption occur outside EU borders. By addressing emissions across global supply chains, the EUMR has the potential to deliver significant reductions worldwide while holding the EU accountable for the emissions associated with its energy demand.

However, the Regulation's implementation is now facing mounting challenges. The energy security and competitiveness objectives linked to the current geopolitical context, combined with administrative delays, technical complexities, and rising political pressure, are creating uncertainty at a time when consistent execution is essential. Europe's political landscape has shifted, **and the recent efforts to phase out Russian gas have led to new dependency on US LNG**. In parallel, the United States administration and fossil fuel industries have increasingly criticised the EUMR, including in the context of ongoing EU-US trade negotiations that could risk locking the EU into deeper fossil fuel dependency. These pressures are especially concerning given that a significant share of **US gas is fracked gas**, relying on methane-intensive extraction methods, while LNG supply chains remain highly emission-intensive.

INTRODUCTION

Against this backdrop, **the EU Methane Regulation stands at the intersection of climate ambition, energy security, and geopolitical resilience.** In a world marked by intensifying fossil-fuelled wars, volatile energy markets, and accelerating climate risks, methane mitigation represents one of the fastest and most cost-effective opportunities to deliver security, climate and economic benefits simultaneously. Its success will not only determine the EU's credibility as a global climate leader but also influence the stability of its energy system and its capacity to reduce reliance on imported fossil fuels.

This policy brief outlines five key reasons why the EU Methane Regulation matters in the current geopolitical context and why its strong and timely implementation is essential for Europe's climate objectives, energy security, and strategic autonomy.

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Reduce Europe's structural dependence on fossil fuels

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Strengthen energy security through efficiency and transparency

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Protect competitiveness and affordability through low-cost mitigation

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01 Reduce Europe's structural dependence on fossil fuels



TAKEAWAY

A strong EU Methane Regulation helps the EU reduce its reliance on volatile fossil fuel imports and avoid locking itself into long-term dependency on gas - strengthening both energy security and strategic autonomy.

CORE ARGUMENT

Europe's main energy vulnerability is not a lack of supply, but its structural dependence on fossil fuel imports traded on volatile global markets, with over 90% of its fossil fuels consumption being imported. The EUMR is therefore a **tool to reduce the reliance on volatile fossil markets**: recent geopolitical events have shown how quickly disruptions translate into energy crises with higher prices for consumers and supply risks for Europe. Attacking methane rules in the midst of a renewed fossil fuel crisis is a dangerous distraction. Applying these rules, instead, helps saving large quantities of unnecessary lost gas through leaks, venting and flaring, and would help reduce the fossil fuel reliance by prioritising more efficient, methane-low imports.

Avoiding lock-in into long term dependency: the EU gas demand is projected to gradually decline due to efficiency, electrification and renewables, while energy outlooks indicate that global LNG capacity is rapidly expanding and will continue to do so in the late 2020s. **These trends improve Europe's ability to prioritise lower-methane supply over time**. It allows the EU to differentiate among suppliers using verifiable methane data and progressively prioritise lower-methane gas while supply continues to flow, so without creating any short term supply disruption, and without affecting the EU's energy transition objectives on the longer-term.

The EUMR is therefore a **tool to help Europe manage its declining gas consumption**, avoiding locking into long-term fossil gas dependency. By imposing strict methane standards on imports, it reduces the attractiveness of high-emission fossil fuels and discourages long-term reliance on gas. This also helps incentivise ongoing gas demand reduction efforts and helps prevent costly infrastructure lock-in and stranded assets, such as LNG terminals and long-term supply contracts, that would tie Europe to fossil fuels for decades.

80%

According to a recent IEEFA study, the US is now projected to supply **80%** of the EU's LNG imports by 2030. The EU is currently shifting one dependency from Russian gas to another one with US LNG, instead of phasing out fossil gas.



WHY NOW? - GEOPOLITICAL ANGLE



This is particularly relevant now as an intensive lobby from US oil and gas industries, supported by the Trump administration, is endangering the implementation of the EUMR. With the closure of the Strait of Hormuz tightening global oil and gas supplies, the current negotiations on the EU-US Trade Deal, and the US and Central and Eastern Europe Joint Statement on gas supply security, the pressure from the US on the EUMR but also on broader energy policies has undoubtedly increased. Pursuing this way will undermine EU energy security and strategic autonomy, while only satisfying the US energy dominance agenda, enabling interference in EU democratic policymaking. Giving into this external pressure, especially for the EUMR, would only invite more pressure and coercion in the future. Yet, instead of being a threat to the EU's supply, the EUMR is a tool on the long term to manage this dependency, by incentivising methane mitigation measure by US industries who are able to do so, while offering a way to phase out methane intense fracked LNG as of 2030, when the intensity target will be defined and applied by the European Commission.



02



Strengthen energy security through efficiency and transparency



TAKEAWAY

Robust, well-implemented EUMR would enhance the EU's real energy security by reducing gas losses across the supply chain, making every cubic metre count and increasing transparency requirements of the supply chain through the MRV obligations.

CORE ARGUMENT

Global mitigation efforts from the fossil fuel sector can save roughly 100 billion cubic metres (bcm) of fossil gas annually; with further 100 bcm being made available through the elimination of non-emergency flaring globally each year. This amount is roughly equivalent to two-thirds of the European Union's actual annual consumption, knowing that the EU gas demand is set to decline in coming years. It is also equivalent to almost double the quantity of gas that passed through the Strait of Hormuz in 2025, which would also allow in the longer term to alleviate tightened gas markets due to the current fossil crisis. And while energy efficiency improves, electrification expands, and renewables grow, **current European supply needs are guaranteed by already concluded long term contracts**. By 2027, the volume of gas meeting high methane standards is expected to be twice EU demand, allowing Europe to be selective with suppliers without tightening markets.

The EUMR does not represent any direct threat for the EU's security of supply as it cannot be the reason for short term supply shortages. **Non compliance leads to proportionate sanctions, not import bans**. The Regulation offers flexible compliance pathways where penalties are the last resource for non-compliance, they are proportionate and do not trigger unmanageable liability risks. The highest fines are reserved for exceptional situations involving repeated, deliberate, and uncorrected violations - circumstances that do not arise from simple mistakes or negligence. Any responsible organisation that makes a genuine effort to comply with the Regulation faces no realistic risk of incurring maximum-level fines. Routine errors, or even more serious breaches that are promptly addressed would not be expected to trigger such penalties.

Energy security depends not just on volume but also on reliability. The EUMR defines MRV requirements for importers, which will provide information on the origin of fossil fuel imports, enabling buyers, regulators and policymakers to make informed, secure and efficient energy decisions that benefit energy security. By bringing **transparency** to Europe's energy sector, the EUMR provides a clear, harmonised view of emissions and gas flows across the supply chain - a missing piece in today's EU energy framework. This helps identify hidden risks, strengthens the security and resilience of energy imports, improves EU control over its supply chain, increases market transparency, and supports diversification away from higher-risk sources.

100+100

Methane mitigation measures can save **200bcm** of gas: roughly 100 billion cubic metres (bcm) of gas could be made available annually through global efforts, with further 100 bcm of flared gas that could be captured using existing technologies. This is almost two times the quantity of gas that passed through the Strait of Hormuz in 2025!



WHY NOW? - GEOPOLITICAL ANGLE

Suppliers already know how to comply - Many companies are already measuring methane, showing that compliance is fully achievable, and most have the technical ability to meet MRV standards. Even under a conservative scenario, fossil fuel production with full measurement could cover about 25% of global outputs by 2027 and 30% by 2030, demonstrating a quickly growing base of fossil fuel imports available for measurement-based reporting. In parallel, the IEA's latest update of the Global Methane Tracker shows that, if countries with spare export capacity and gas importers were to implement abatement measures straight away across their upstream and downstream operation, nearly 15 bcm of gas could be made available in a sufficiently short period of time to provide some immediate relief to gas markets.



03



Protect competitiveness and affordability through low-cost mitigation



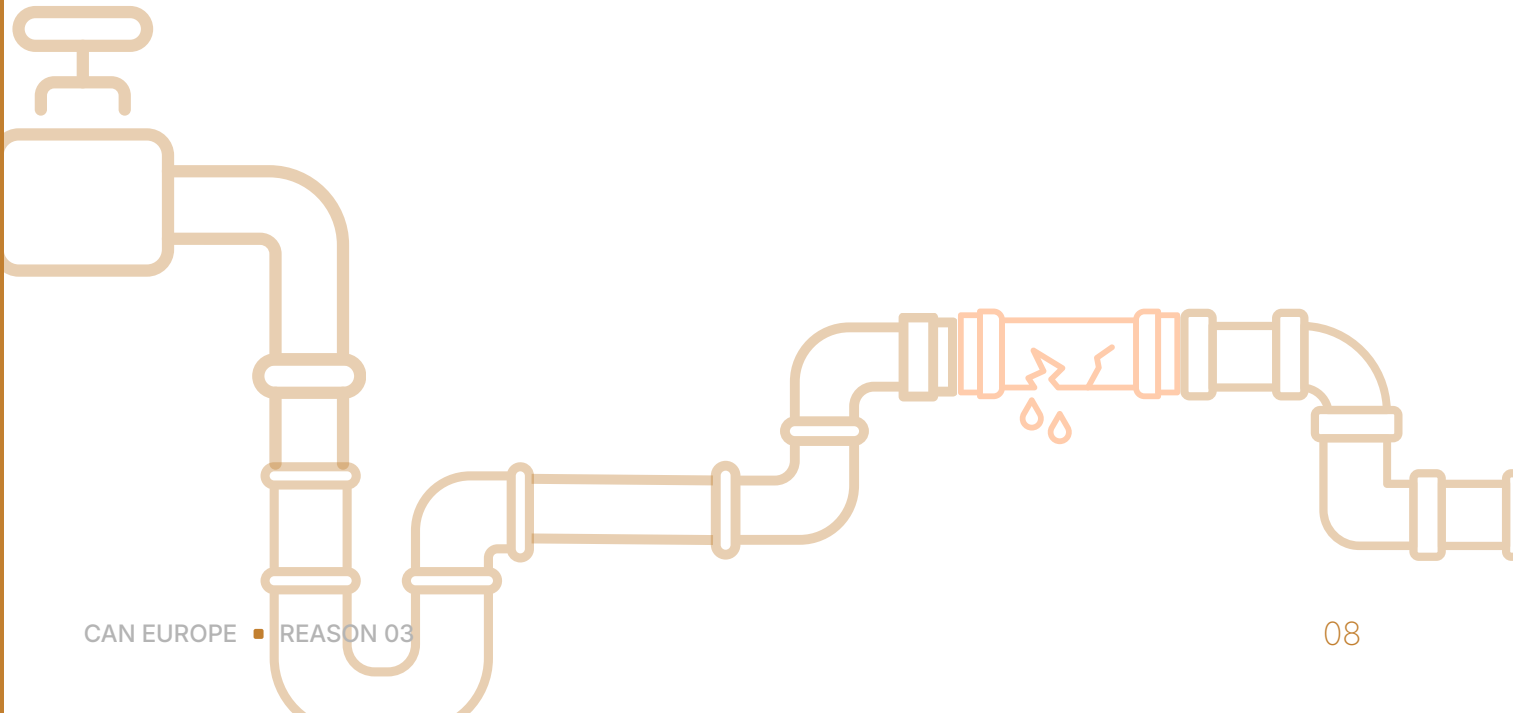
TAKEAWAY

The EU Methane Regulation delivers cost-effective emissions reductions by reducing waste, keeping compliance costs low, and avoiding any significant impact on consumer energy prices.

CORE ARGUMENT

Wasted methane is wasted money: In the oil and gas sector, **large quantities of already extracted and produced gas are not being put to a productive use**, because of unrepaired leaks and venting and flaring events. Reducing emissions is cost-effective and profitable in many cases. With over 200 bcm of gas being lost every year, EUMR-compliant leak detection, repair, and flaring reduction programs can recover a significant portion of this gas, directly translating into financial returns for companies; and with the potential of reducing over 30% of global methane emissions from the oil and gas sector. Methane abatement allows for cost-effective gas savings opportunities: around **30% of methane emissions can be avoided at no net costs**, as the market value of the captured gas covers the cost of the abatement measures.

Compliance pays off with minimal costs compared to normal energy price volatility: Monitoring, reporting and verification requirements are a standard operational step, not a burden. Even for companies starting from scratch, the cost is minimal, estimated at **just 0.03% to 0.6% of production value**, and it will decrease as processes become routine. The economic impact on suppliers would remain moderate relative to normal fluctuations in oil and gas prices. The revenue from selling previously wasted or vented methane can offset, or even exceed, the cost of installing leak detection, repair, and capture technologies.



It is **imports of fossil fuels that are driving up energy prices** in Europe, not key policies such as the EU Methane Regulation. Studies suggest that from 2031, the first year of full fee implementation, the potential impact on EU wholesale gas prices could be around €0.07/MMBtu, less than 1% of projected wholesale gas prices. That's negligible compared to the price swings routinely triggered by geopolitical shocks. There will be minimal impact on oil and gas prices for EU consumers as new costs are low and can be absorbed into profit margins.

70%

Methane abatement allows for cost-effective gas savings opportunities: 70% of global emissions can be cut with existing technologies and 30% of methane emissions can be avoided at no net costs (as the market value of the captured gas covers the cost of the abatement measures).



WHY NOW? - GEOPOLITICAL ANGLE

Oil & gas companies are earning billions in windfall profits due to war in the Middle East, and can afford to comply with the EU methane regulation. With shipping disruptions through the Strait of Hormuz, the profitability of US LNG is sky-rocketing, and US LNG exporters stand to pocket a multi-billion-dollar windfall. Companies that claim the rules risk adding to the price of oil and gas earn more in one quarter than the entire sector would spend on methane compliance over a decade. Meanwhile, billions have already been siphoned from ordinary people to oil and gas companies due to soaring energy prices since the start of the war.

04 Deliver the regulatory stability businesses need



TAKEAWAY

The EU Methane Regulation provides businesses and investors with predictable rules that reduce risk. Amid geopolitical uncertainty, energy market volatility, and deregulatory pressures, companies need stable, enforceable standards to plan investments, secure financing, and maintain clearly regulated access to Europe's gas market.

CORE ARGUMENT

The EU Methane Regulation provides **businesses and investors with predictable rules that reduce risk, unlock capital, and ensure continued access to Europe's fossil gas market.** A uniform EU framework simplifies cross-border operations, reduces the likelihood of disputes, and allows companies to plan long-term investments with confidence. While some jurisdictions, including the US, have weakened methane rules, the EU has reinforced its commitment with the EUMR. Amid geopolitical uncertainty, energy market volatility, and deregulatory pressures, companies need stable, enforceable standards to plan investments, secure financing, and maintain clearly regulated access to Europe's gas market, which imports roughly 90% of its supply.

Exporters won't exit a premium market: The EU remains one of the world's most valuable energy markets. In 2025, the bloc spent approximately €396 billion on fossil fuel imports. This **purchasing power creates strong incentives for exporters to comply with European regulatory requirements** rather than risk losing access to the market. Furthermore, market design favours continued and low methane intensive supply. With global gas markets shifting from a sellers' to a buyers' market, producers are incentivising to comply to maintain access to the EU market.

Clear methane rules protect EU competitiveness: They ensure a level playing field for EU and non-EU suppliers, prevent stranded assets, and give regulatory certainty. Timely implementation attracts investment, drives innovation, and positions EU companies as global leaders as markets like Japan, South Korea, and the UK also increase transparency and drive down methane emissions through collective standards.

94%

According to the EU Commission's Impact Assessment, 65% of respondents supported prescriptive MRV measures, and 94% agreed that MRV must be accurate to fairly assess company performance.

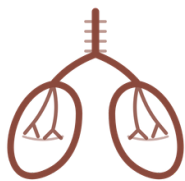


WHY NOW? - GEOPOLITICAL ANGLE

Investors increasingly demand transparency and verified environmental performance. Over 300 global financial institutions have signed the Climate Action 100+ initiative, calling for robust methane disclosure. In the EU Commission's Impact Assessment, an overwhelming majority of respondents, 65%, supported prescriptive measures for MRV in the oil and gas sector, highlighting the necessity of robust data collection and reporting as the foundation for performance-based regulation. A further 94% of respondents, including companies and business associations, agreed that MRV needs to be solid and accurate to enable fair assessment of company performance. This broad-based endorsement underscores how clear, standardized MRV rules benefit business: they reduce regulatory ambiguity, offer clarity for long-term planning, and lay the groundwork for fair and comparable performance evaluation, especially in a fast-evolving regulatory context.



05



Protect public health and the climate



TAKEAWAY

Reducing methane emissions protects human health and reduces social injustice by cutting harmful air pollution that disproportionately impacts vulnerable communities worldwide.

CORE ARGUMENT

Methane is a **highly potent climate pollutant**, around 80 times more powerful than CO₂ over a 20-year period, making rapid methane reductions one of the most effective ways to slow global warming in the near term.

But **methane also plays a major, often overlooked, role in air pollution** by contributing significantly to the formation of ground-level ozone (smog). Ground-level ozone is a well-known driver of **respiratory and cardiovascular disease**: short-term exposure triggers breathing problems, asthma attacks and inflammation, while long-term exposure increases the risk of chronic diseases, strokes, and premature mortality. The EEA's latest assessments show that cutting anthropogenic methane emissions could avoid hundreds of thousands of premature deaths, that 95% of urban Europeans remain exposed to air pollutant concentrations above World Health Organization (WHO) recommendations and that new evidence suggests that air pollution may also cause dementia. Air pollution remains the single **greatest environmental health risk in the EU**: in 2023, over 182,000 premature deaths were linked to long-term exposure to fine particulate matter (PM_{2.5}). 63,000 deaths to ozone (O₃) exposure and 34,000 deaths to nitrogen dioxide (NO₂) exposure.

Specifically, **a 45% reduction in human-caused methane emissions would prevent approximately 260,000 premature deaths and 775,000 asthma-related hospital visits globally each year**. Implementing the EU Methane Regulation (EUMR) in full is a concrete step towards achieving this reduction: by requiring stringent methane mitigation across both EU operations and imported fossil fuels, the EUMR directly targets the largest sources of methane in the energy sector. In practice, this means that EU demand for cleaner energy supply chains can help prevent thousands of pollution-related deaths and illnesses every year, both within Europe and in producing regions, turning a regulatory measure into a powerful tool for protecting human health.

Beyond aggregate global benefits, methane reduction is also a matter of environmental and social justice. The burdens of air pollution, from fossil fuel production, harms particularly communities already facing disadvantage, including Indigenous peoples, racial minorities, and low-income groups, bearing the heaviest burden, often in “sacrifice zones” near polluting infrastructure. By tackling methane emissions at the source and across supply chains (not just within the EU), a robust Methane Regulation helps protect those communities from needless harm, reducing health inequalities and increasing and protecting social rights.

260K

A 45% reduction in human-caused methane emissions would prevent approximately 260,000 premature deaths and 775,000 asthma-related hospital visits globally each year.



WHY NOW? - GEOPOLITICAL ANGLE

As the war in Iran exposes the global dependence on fossil fuels, let's not forget that the massive destruction of fossil fuel infrastructures drives a massive surge in methane and other carbon pollution, increasing global warming. Satellite data revealed that gas infrastructures are spewing methane and carbon dioxide into the atmosphere as airstrikes intensify and the Strait of Hormuz remains closed, endangering human lives not just from the direct impacts of the war, but also on the longer term from the hidden impacts of this massive air pollution.

In parallel, within the EU, recent studies have shown that the implementation of the EUMR is showing rapid evidence of progress in terms of concrete methane cuts, even if it is being implemented too slowly. There is a real urgent need to implement the EUMR consistently across the Member States, to protect EU citizens, as emissions impact Europe in an unequal way: Eastern and south-eastern European countries suffer the most significant health impacts from air pollution due to high pollution levels.



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**Co-funded by
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Co-funded by the European Union. Views and opinions expressed are however those of the authors only and do not necessarily reflect those of the European Union or CINEA. Neither the European Union nor the granting authority can be held responsible for them.

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ANNEX 4

Recommendations on the Application of Penalties under the EU Methane Regulation by Member States



Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With 200 member organisations active in 40 European countries, representing over 1,700 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

07/05/2026

RECOMMENDATIONS ON THE APPLICATION OF PENALTIES UNDER THE EU METHANE REGULATION BY MEMBER STATES

A focus on methane emissions from fossil gas operations

The EU Methane Regulation (EUMR) establishes a legal framework requiring Member States to adopt penalties that are effective, proportionate and dissuasive. Robust and timely penalties are not a secondary element of the Regulation: they are essential to its implementation, credibility and effective results in terms of methane emission reductions. The latest update by the IEA of the [Global Methane Tracker 2026](#) highlights the urgent need to improve methane reductions, while stressing both the feasibility and the incredibly fast and positive results of effective methane mitigation measures.

To address technical implementation issues of the EUMR without touching the effectiveness of the regulation, the forthcoming Commission guidance on penalties can play an important role in supporting coherent implementation across the EU. **However, such guidance must remain fully aligned with the EUMR legal framework and avoid creating loopholes, excessive flexibilities or de facto exemptions** that would weaken enforcement and undermine the objectives of the Regulation.

The recommendations below build on [previous work by CAN Europe and the Ecologic Institute](#) on EUMR implementation and penalty regimes across Member States. They aim to support legally robust, harmonised and effective implementation of Article 33 EUMR across the European Union. In that perspective, we recommend the European Commission's guidance document to include following 5 guiding principles:

1. The guidance should **recognize the central role of penalties and incentivise harmonised implementation across Member States**;
2. It should **define and limit the use of the “security of energy supply” exemption by including clear time limitation** of the sanction suspension and applying it only to importer-related obligations;
3. It should **define minimum levels of sanctions across Member States** to avoid “enforcement shopping” by gas operators;
4. The guidance should also **provide common methodologies for calculating economic benefit and environmental damage**; and
5. It should **avoid any indirect deregulation of the EUMR** through technical recommendations.

1. Recognise the central role of penalties and support harmonised implementation across Member States

Risk identified

The current state of implementation across the EU already creates **significant legal uncertainty and enforcement gaps**. Most Member States have still not adopted penalty regimes, while several have not yet formally tabled draft legislation. As a consequence, in many Member States, violations of the EUMR are still practicably not sanctionable. This situation creates several risks:

- compliant companies face a **competitive disadvantage** compared to non-compliant operators;
- uneven national approaches create incentives for “**enforcement shopping**”, particularly for importers;
- weak or excessively flexible guidance risks encouraging a **race to the bottom** among Member States when designing national penalty regimes, and is penalising ambitious Member States;
- fragmented enforcement **undermines both the internal market** and the environmental objectives of the EUMR.

Envisaging overly broad flexibility in the guidance would further weaken incentives for implementation and risk normalising ineffective enforcement approaches across the Union.

Recommendations:

The Commission guidance should:

- explicitly recognise that **robust penalties are central to the effectiveness and credibility of the EUMR**;
- strongly encourage Member States to urgently adopt complete and operational penalty regimes fully aligned with Article 33 EUMR;
- clarify that **penalties must create a real incentive to comply** and must not fall below the economic benefit of non-compliance;
- promote **convergence of national approaches** and coordination among competent authorities to avoid fragmentation and enforcement shopping;
- **encourage Member States to build on existing implementation models that are compatible with the EUMR framework**, including examples such as the Danish model identified in the Ecologic Institute analysis;

The guidance should clearly state that flexibility in implementation cannot result in ineffective enforcement or undermine the obligation for penalties to remain effective, proportionate and dissuasive.

2. Define and limit the use of the “security of energy supply” exemption

Risk identified

Envisaging a broad or **undefined interpretation of “security of energy supply”** would risk transforming an exceptional safeguard into a structural exemption mechanism. Allowing broad and undefined indicators to justify postponement or suspension of penalties would create significant legal uncertainty and open the door to disproportionate use of this exemption. Without clear safeguards, this could:

- create an **incentive for “non-compliance”** leading into indirect “stop-the-clock” effects for implementation the EUMR, which concretely could result into deregulation under the guise of technical implementation exemptions;
- undermine harmonisation and **strengthen enforcement shopping risks**;
- allow affordability concerns, contractual constraints or general market conditions to be used as **de facto exemptions from compliance**.

Such an approach would go beyond the limited safeguard foreseen under Article 33 EUMR and risk undermining the effectiveness of the Regulation as a whole.

Recommendations:

The Commission guidance should:

- **Include clear time-limitation to the usage of the security of supply exemptions**;
- clarify that the “security of energy supply” safeguard must remain **time-limited, exceptional and proportionate** to the risk created on energy supplies and exceptional,
- require any suspension or postponement of penalties to **include mandatory periodic reviews or evidence-based reassessments** of the energy supply risk, done by independent third-parties;
- **clarify that security of supply considerations should only apply to importer-related obligations** and should not be extended to domestic operational requirements under the Regulation;

To ensure consistency and legal certainty, the Commission should align the interpretation by Member States and competent authorities of the security of energy supply considerations with existing EU emergency frameworks. In particular:

- References to the **Gas Security of Supply Regulation (Regulation (EU) 2017/1938)** are welcomed but should be **limited to the most serious crisis situations corresponding to Article 11 crisis levels 2 (“alert”) and 3 (“emergency”)**, which allow a clearer and more evidence-based assessment of concrete risks of disruptions of gas supplies.
- The Commission should also build on the safeguards and governance models developed under the **REPowerEU framework (Regulation (EU) 2026/261)** concerning the phase-out of Russian gas imports.

Outside these narrowly defined crisis situations, no additional broad indicators justifying disapplication or postponement of penalties should be envisaged. No general grace periods, grandfathering mechanisms or affordability-based indicators should justify adapting the enforcement or suspending sanctions in case of non-compliance with the EUMR.

3. Define minimum levels of sanctions across Member States

Risk identified

The absence of **minimum sanction benchmarks** across the EU creates a significant risk of divergence between national regimes. While the EUMR establishes maximum ceilings, the absence of guidance on minimum levels risks encouraging very low or symbolic sanctions that fail to comply with the EUMR and do not remove the economic benefit of non-compliance. This creates:

- unequal enforcement across Member States and incentives for enforcement shopping;
- competitive distortions within the internal market;
- incentivize a “race to the bottom” by Member States, that could pressure some Member States to revise their ambition or adopt weaker regimes to avoid perceived competitiveness impacts.

Without a common floor, the effectiveness and credibility of the EUMR are placed at risk.

Recommendations:

The Commission guidance should:

- **define a harmonized minimum level of penalty across the EU**
- clarify that penalties must systematically exceed the economic benefit derived from non-compliance and discourage very low or undefined minimum penalties;
- support convergence in national methodologies for calculating sanctions.

The guidance should emphasise that a harmonised minimum level of sanctions is necessary to ensure a level playing field and avoid fragmentation of enforcement across the Union, and can also refer to existing models such as the sanction regime developed under the REPowerEU regulation to ban Russian Gas imports that defines a harmonized minimum fine level.

4. Provide common methodologies for calculating economic benefit and environmental damage

Risk identified

Providing guidance **focused primarily on proportionality, while simultaneously allowing broad security of supply considerations** to influence proportionality assessments, risks creating an **imbalance between the principles of effectiveness, proportionality and dissuasiveness**. Without common methodologies, Member States may apply widely divergent approaches to:

- estimating environmental damage,

- assessing avoided compliance costs,
- calculating economic benefit,
- evaluating aggravating and mitigating factors.

This would create uncertainty, inconsistent enforcement and incentives for weak sanctions that do not effectively discourage non-compliance. Allowing security of supply considerations to become part of broad proportionality assessments would also risk **duplicating the existing exemption mechanism already foreseen under Article 33, thereby opening the door to excessive use of this argument for almost any infringement.**

Recommendations:

Overall, the Commission should clarify that **penalties must remain clearly higher than the cost of compliance** in order to be genuinely dissuasive; support consistent application of aggravating and mitigating factors under Article 33(7) and ensure that the **principles of effectiveness, proportionality and dissuasiveness are applied in a balanced and coherent manner.**

The Commission guidance should include model methodologies for calculating:

- the **economic benefit derived from non-compliance**,
- **avoided compliance costs**,
- environmental damage linked to methane emissions,
- methane-related impacts on human health and safety;

The guidance should provide **practical indicators and examples to support coherent case-by-case assessments** across Member States and explicitly avoid creating a situation where broad proportionality assessments become an indirect pathway for systematically weakening sanctions. The objective of the guidance should be to strengthen implementation incentives, not create additional incentives for delay or non-compliance.

5. Avoid any indirect deregulation of the EUMR through technical recommendations

Risk identified

Technical implementation guidance must not become a vehicle for reopening, delaying or weakening the EUMR through indirect deregulation. Creating broad flexibility mechanisms, indefinite postponements or weak enforcement expectations would effectively amount to a de facto “stop-the-clock” approach, despite the absence of any legislative amendment to the Regulation itself.

Such an approach would:

- reward external political and industrial pressure seeking to delay or eliminate the implementation of the EUMR, thus weakening the autonomy of EU policymaking;

- create incentives for further future attempts to weaken EU environmental legislation through political pressure rather than democratic legislative processes;
- Systematic impunity of unlawful behaviour would question the effectiveness of rule of law in the EU and undermine the legal certainty and credibility of EU climate legislation.

Recommendations:

The Commission guidance should:

- clarify that **technical guidance cannot alter, suspend or weaken obligations established in the Regulation;**
- emphasise that implementation challenges must be addressed through enforcement support, coordination and practical science-based methodologies, not through broad exemptions or weakened sanctions;
- **send a clear signal that the EU remains committed to the full implementation of the EUMR** and to maintaining the integrity of EU climate and environmental law.