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COMMISSION RECOMMENDATION

of 20.7.2026

on the application of penalties provided for in Regulation (EU) 2024/1787 of the European Parliament and of the Council on the reduction of methane emissions in the energy sector in relation to obligations of importers

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THE EUROPEAN COMMISSION

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 292 thereof,

Whereas:

(1) On 4 August 2024, Regulation (EU) 2024/1787 of the European Parliament and of the Council[1] on the reduction of methane emissions in the energy sector entered into force. The Regulation contributes towards the collection of reliable and robust data that should form a sufficient basis for monitoring methane emissions, ensuring transparency and, where necessary, provides for additional action to further curb methane emissions.

(2) In the long term, the reduction of methane emissions in the global oil and gas sector as a result of the implementation of Regulation (EU) 2024/1787 should support the security of supply. Recent findings by the International Energy Agency (IEA)[2] suggest that addressing leaks and tackling routine venting and flaring could free up to 200 bcm of gas. However, that same analysis suggests that only 15 bcm is available in the short term, most of it in countries with no viable export pathways to the Union.

(3) Article 27(1) of Regulation (EU) 2024/1787 requires importers to report to the competent authorities of the Member State in which they are established on an annual basis methane emissions data and information from countries and companies exporting to the Union, including details on whether, and if so how, they are measuring, reporting and abating their methane emissions.

(4) Article 28(1) of Regulation (EU) 2024/1787 requires importers to demonstrate and report to the competent authorities of the Member State in which they are established, that their contracts for the supply of fossil energy cover crude oil, natural gas or coal produced under monitoring, reporting and verification measures applied at the level of the producer equivalent to those set out in Regulation (EU) 2024/1787.

(5) Article 29(1), first subparagraph, of Regulation (EU) 2024/1787 requires importers and Union producers to report to the competent authorities of the Member State in which they are established the methane intensity of the production of crude oil, natural gas and coal placed by them on the Union market.

(6) The obligations set out in Article 28(1) and Article 29(1), first subparagraph, of Regulation (EU) 2024/1787 apply to contracts concluded or renewed on or after 4

[1] Regulation (EU) 2024/1787 of the European Parliament and of the Council of 13 June 2024 on the reduction of methane emissions in the energy sector and amending Regulation (EU) 2019/942 (*OJ L, 2024/1787, 15.7.2024, ELI: http://data.europa.eu/eli/reg/2024/1787/oj*)

[2] IEA Global Methane Tracker 2026, page 4.

August 2024. As regards contracts concluded before that date, importers have an obligation to undertake all reasonable efforts to require equivalence of monitoring, reporting and verification measures at producer level in their contracts in accordance with Article 28(2) of Regulation (EU) 2024/1787 and to report the methane intensity of the production of crude oil, natural gas and coal placed by them on the Union market in accordance with Article 29(1), second subparagraph, of Regulation (EU) 2024/1787.

(7) Article 33(1) of Regulation (EU) 2024/1787 requires Member States to lay down the rules on penalties applicable to infringements of the Regulation and to take all measures necessary to ensure that they are implemented. To date, only a minority of Member States have notified the Commission of their penalty regimes.

(8) Article 33(2) of Regulation (EU) 2024/1787 requires Member States to ensure that the competent authorities have the power to impose at least certain administrative penalties and measures for infringements of the import requirements laid down in Article 27(1), Article 28(1) and (2), and Article 29(1) of that Regulation, provided that any such measures or penalties do not endanger the security of energy supply.

(9) Furthermore, Article 33(7), point (i), of Regulation (EU) 2024/1787 allows Member States to take into account any other aggravating or mitigating factor applicable to the circumstances of the case, including third party actions.

(10) Since 27 February 2026, the Strait of Hormuz, a major maritime point of passage for the global energy trade, has experienced acute geopolitical and economic disruptions leading to its closure. Those disruptions are widely regarded as the largest to affect global energy supplies since the energy crisis in the 1970s, and the largest in the history of the global oil market.

(11) The disruptions in the Middle East are having deep and lasting negative impact on global and European energy markets. Approximately 20% of global liquefied natural gas (LNG) supply[3] and 25% of global seaborne oil trade[4] have been affected. As a result, the expected 2026-2027 LNG growth will not occur, and the LNG glut will be postponed by at least two years, with associated risks of security of supply and price pressure[5]. As regards oil, the overall loss in oil exports has exceeded 13 mb/d, with the associated production curtailment and damage to the energy infrastructure in the region resulting in cumulative supply losses of an estimated 3 billion barrels, including anticipated losses during post-conflict gradual production ramp-up[6]. Suppliers outside the Gulf region have been able to compensate for the gap in LNG and oil supplies only to a limited extent. The damage to the energy infrastructure in the Gulf region, the time required for infrastructure restart and the gradual bottleneck easing all contribute to what will likely be a prolonged period of supply insufficiency and uncertainties in global energy markets. As such, this period is expected to last beyond a full and stable reopening of the Strait of Hormuz.

(12) Amid fears of prolonged supply shortages, gas and oil prices have surged to their highest levels since the crisis triggered by Russia's full-scale invasion of Ukraine in February 2022. Brent crude oil prices exceeded USD 100 per barrel on 8 March 2026 for the first time in four years, rising to USD 118 per barrel at the peak on 31 March

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3 Gas Market Report, Q2-2026 – Analysis - IEA , page 6

4 Strait of Hormuz - About - IEA

5 Gas Market Report, Q2-2026- page 8

6 According to IEA's Oil Market Report published on 14 April 2026, global oil supply is expected to drop by 3.9 mbbl per day in 2026 or 1423 million barrels in total.

2026. Natural gas prices surged to 62 EUR/MWh on 19 March 2026. Although June 2026 oil prices have stayed closer to USD 80 per barrel and gas prices stood at 42 EUR/MWh, the volatility persists.

(13) The Union relies on the global oil and gas markets to meet its needs. Due to the crisis in the Middle East, the global oil and gas markets have seen a significant tightening of supplies. In order to tackle the exposure of Union consumers and businesses to supply shortages which are causing high and volatile energy prices, the Union must secure reliable and continued fossil fuel imports from other regions.

(14) Regulation (EU) 2024/1787 does not impose restrictions on energy imports to the Union. However, lack of compliance with obligations laid down in Article 27(1), Article 28(1) and (2) and Article 29(1) of that Regulation could result in the application of penalties. The competent authorities in Member States have some discretion on whether to apply penalties for infringements of Regulation (EU) 2024/1787, and to what extent, especially with a view to ensuring that the application of such penalties or liability risks under that Regulation does not endanger the security of energy supply.

(15) In the context of the current supply crisis, the flexibility provided by Article 33 of Regulation (EU) 2024/1787 to Member States regarding the application of penalties has been perceived as a factor contributing to legal uncertainty. The current lack of penalty regimes in most of the Member States, with no possibility to assess the risk of potential non-compliance with the import requirements of Regulation (EU) 2024/1787 has been raised by importers as a major risk factor preventing the signing or renewal of contracts for supply to the Union and increasing the risk of termination of the existing supply contracts.

(16) The perception of legal uncertainty in relation to the penalty regimes applicable across the Union would be reduced if all Member States adopt national penalty regimes. A clear set of rules across all Member States, and a coherent approach throughout the Union, would remove a considerable degree of uncertainty by clarifying the exact conditions and the exact penalties that apply in different national jurisdictions.

(17) Article 33(2) of Regulation (EU) 2024/1787 requires Member States to ensure that the application of penalties does not endanger the security of energy supply. In the gas sector, Regulation (EU) 2017/1938 of the European Parliament and of the Council [7] aims to prevent and respond to potential gas supply disruptions on national and regional levels. Article 11 of Regulation (EU) 2017/1938 establishes crisis levels triggered by events or indications of potential events, such as a disruption of gas supply or exceptionally high gas demand, which may lead to or result in significant deterioration of the gas supply situation. Where a crisis level is declared, Member States have an obligation to ensure that no measures are introduced which unduly restrict the flow of gas within the internal market at any time and no measures are introduced that are likely to seriously endanger the gas supply situation in another Member State. In the oil sector, Council Directive 2009/119/EC[8] lays down rules

[7] Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010 (OJ L 280, 28.10.2017, p. 1, ELI: http://data.europa.eu/eli/reg/2017/1938/oj).

[8] Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products (OJ L 265, 9.10.2009, p. 9, ELI: http://data.europa.eu/eli/dir/2009/119/oj).

aimed at ensuring a high level of security of oil supply through solidarity-based mechanisms, requiring Member States to maintain minimum stocks of crude oil or petroleum products and putting in place the necessary procedural means to deal with a serious shortage.

(18) Whereas the existing rules regarding the security of gas and oil supply provide the key elements for assessing risks to the security of supply, the evaluation of such risks may differ if conducted individually by each Member State. Although the Union's security of energy supply has been maintained for the time being, the crisis in the Middle East has caused damages the effects of which persist and are likely to endanger security of energy supply across the Union if supply is diverted to other markets, thus requiring a coordinated approach to the application of penalties across all Member States. The aim of this Recommendation is therefore to increase clarity and legal certainty regarding the implementation of Article 33(2) of Regulation (EU) 2024/1787 in the context of the crisis in the Middle East.

(19) In order to not endanger the security of energy supply, as provided for in Article 33(2) of Regulation (EU) 2024/1787, and to tackle the exposure of Union consumers and businesses to potential energy supply shortages causing high prices, Member States should not apply the penalties provided for in Article 33(5), points (m), (n) and (o), of Regulation (EU) 2024/1787 for a limited period of time, except in cases of fraudulent breaches of those obligations. This should contribute to ensuring that importers conclude supply contracts for the upcoming period without the risk of penalties, findings of non-compliance or liability, while still continuing to take the necessary actions to achieve compliance with the import requirements of Regulation (EU) 2024/1787.

(20) At the same time, the grace period for the non-application of penalties should not extend beyond what is necessary to ensure that contracts are concluded for sufficient volumes to prevent supply shortages due to the current crisis. According to current forecasts, supply shortages in the global gas and oil markets are likely to continue with repairs to damaged infrastructure in the Middle East projected to take between three and five years[9]. Recent information on contracting[10] for oil and gas volumes points to reduced contracting activity for newly signed supply volumes for the 2029 and 2030 horizon that appear to be lower than expected for deliveries in three years based on the forward supply curve of a market operating under normal conditions. For example, the share of newly signed to total contracts for natural gas drops by more than 10% from 2028 to 2029, indicating potential obstacles to contracting. It is the flexibility of global oil and gas markets that allow for rapid response to any crisis situation serving as a shock absorber. This flexibility needs to be preserved. A grace period of three years would contribute to ensuring continuity of operations without exacerbating the tightening supply of crudes linked to the reduced deliveries from the Persian Gulf.

(21) The Commission therefore considers it appropriate that Member States should not apply the penalties provided for in Article 33(5), points (m), (n) and (o) of Regulation (EU) 2024/1787 to infringements of the obligations due in 2027, 2028 and 2029.

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[9] See statement from Qatar Energy of 19 March 2026

[10] Commission Services assessment based on information from Cedigaz, Bloomberg New Energy Finance, London Stock Exchange Group.

(22) A grace period of not applying penalties could result in an increased risk of non-compliance by importers with their monitoring, reporting and verification obligations under Regulation (EU) 2024/1787. However, in the presence of the global energy supply shortages and fierce competition for available cargoes caused by the current crisis, such a grace period, strictly limited to what is necessary to mitigate the effects of the crisis, and excluding cases of fraudulent breaches, is not out of proportion to the resulting risk of insufficient enforcement of those obligations.

(23) This Recommendation is limited to proposing a grace period in the application of certain penalties or liability in light of the specific circumstances and conditions described. The obligations set out in Article 27(1), Article 28(1) and (2) and Article 29(1) of Regulation (EU) 2024/1787 continue to apply, even if it is recommended that Member States do not apply the related sanctioning provisions in Article 33(5), points (m), (n) and (o), of that Regulation. Member States should actively monitor and incentivise compliance progress during this period. This Recommendation does not prevent Member States from applying the same grace period to penalties regarding Union producers if they consider that imposing those penalties could similarly endanger the security of energy supply.

(24) This Recommendation does not prevent Member States from laying down national penalty regimes in accordance with Article 33 of Regulation (EU) 2024/1787. Under normal market conditions and when there is no risk to the security of energy supply, and beyond the scope of this Recommendation, Member States may apply penalties for infringements of Regulation (EU) 2024/1787 that are effective, proportionate and dissuasive. The level, severity and nature of penalties applied to a concrete infringement should be determined taking into account the factors set out in Article 33(7) at the very least. Member States are encouraged to establish national penalty regimes as a matter of priority.

HAS ADOPTED THIS RECOMMENDATION:

The Commission recommends that Member States should not apply the penalties provided for in Article 33(5), points (m), (n) and (o), of Regulation (EU) 2024/1787 in relation to infringements by importers of the obligations due in 2027, 2028 and 2029 except for cases of fraudulent breaches of those obligations. Member States should actively monitor and incentivise compliance progress during this period.

The Commission shall monitor and review the application of this Recommendation by 1 January 2028, in the context of the review under Article 36 of Regulation (EU) 2024/1787.

Done at Brussels, 20.7.2026

For the Commission
Dan Jørgensen
Member of the Commission