

Oil & Gas industry

Germany's Uniper warns EU methane rules will hit Europe's energy supplies

Gas importer says restrictions threaten 'new layer of challenge' to continent's energy security



The energy sector has been calling on the European Commission to lay out clearer guidelines on how they can comply with the methane legislation © AFP via Getty Images

Stephanie Findlay in Houston, **Laura Pitel** in Berlin and **Ian Johnston** in Brussels

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The chief executive of German gas importer Uniper has warned that incoming EU methane legislation will restrict Europe's access to energy, as the Iran war disrupts supplies and drives prices higher.

Mike Lewis said EU rules requiring exporters to the bloc to report methane emissions by the start of next year would "reduce very significantly" the company's ability to sign new contracts.

"We're adding another layer of challenge to sourcing gas for Europe," said Lewis, speaking at the Ceraweek energy conference in Houston.

"We create problems for Europe in terms of gas supply problems. For our customers, in terms of gas prices."

The EU's methane legislation was adopted in 2024 to limit methane emissions from imports of energy to the bloc. It requires suppliers to monitor and repair methane leaks and bans practices such as routine flaring, where gas leaks at oil and gas facilities are burned off instead of being captured.

Critics have warned that the requirements are so strict that few importers to the bloc will be able to meet them, although the legislation does include provisions that could allow member states flexibility if security of supply was threatened.

Natural gas prices in Europe have soared to their highest levels since Russia's full-scale invasion of Ukraine in 2022 following Iranian attacks on energy sites in the Middle East.

Düsseldorf-based Uniper, once Europe's largest importer of Russian gas, was nationalised by the German government in late 2022 after it was taken to the brink of collapse by Moscow's decision to cut supplies to Europe.

Lewis said the company had since worked to diversify its supplies. "We're playing catch-up, we have to rebuild that long-term contract position," he said, explaining that Germany had to source about half its gas from the short-term market.

The energy sector has been calling on the European Commission to lay out clearer guidelines on how they can comply with the methane legislation.

"Ideally we would like a so-called stop the clock where the requirements are postponed for a couple of years," Lewis said. "We need crystal guidance."

One energy trader told the FT: "If by October they come up with a very clear, legally strong compliance design that allows me to sign a contract, I'm fine. If they don't do that, this stop the clock becomes inevitable."

Matt Schatzman, chief executive officer of US liquefied natural gas company NextDecade, said his company had "been promised they'll resolve it. It's a big problem for Europe if they decide to go ahead."

Andrew Puzder, US ambassador to the EU, told the FT this week that the methane rules should be amended because it would be impossible for most US producers to comply.

Charlie Riedl, executive director for trade association the Center for Liquefied Natural Gas, said US companies importing gas to Europe did not know how to comply with the legislation.

“Importers are unsure of how to satisfy the legislation as it’s currently written,” he said. “The contracting piece of this is incredibly challenging because we’re talking about a potential 20 per cent penalty attached to non-compliant imports.”

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