

ACER



European Union Agency for the Cooperation
of Energy Regulators

ACER Unit investment cost indicators under the EU Methane Regulation

**Towards EU Reference Values for Implementation
Costs in Mid- and Downstream Gas Operators**

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Andreas Graf (Policy Officer, Energy Infrastructure)



- **Supporting the integration of energy markets in the EU** (by common rules at EU level). Primarily directed towards transmission system operators and power exchanges.
- **Contributing to efficient trans-European energy infrastructure**, ensuring alignment with EU priorities.
- Monitoring energy markets to ensure that they function well, **detering market manipulation and abusive behaviour**.
- Where necessary, **coordinating cross-national regulatory action**.
- Governance: **Regulatory oversight is shared** with national regulators. **Decision-making** within ACER is collaborative and joint (formal decisions requiring 2/3 majority of national regulators). **Decentralised enforcement** at national level.
- Headquartered in Ljubljana, Slovenia. **Engaged across the EU**.

EU Methane Regulation – Key provisions (Gas Infrastructure)

Scope: Applies across the **domestic gas value chain**
(*incl. transmission, distribution, storage and LNG terminals*)

Key Provisions:

- **Measurement, Reporting and Verification (MRV) (Art. 12)**
→ Measurement systems, data management and emissions reporting
- **Leak Detection and Repair (LDAR) (Art. 14)**
→ Detection equipment, regular surveys and repair obligations
- **Venting and Flaring Restrictions (Art. 15–17)**
→ Limit routine emissions and require mitigation measures
- **Pipeline and Component Integrity (Art. 13)**
→ Preventive measures to reduce emissions from infrastructure

Why this matters:

→ **These provisions drive investment and operational costs for gas network operators**

Methane Regulation – Implementation Timeline

- **2024–2025:** Entry into force and initial implementation of MRV, LDAR, venting & flaring rules
- **From 2025:** Core obligations apply (LDAR surveys, MRV reporting, venting restrictions, integrity measures)
- **From 2025 onwards:** Requirements further specified through implementing acts and standards, with increasing expectations on accuracy

Why this matters:

- **Phased implementation with progressively more detailed and robust requirements partially kicking in only in the future**
- **Current cost data represents a snapshot of an evolving regulatory landscape**

ACER task: unit cost benchmark for operators

Legal basis

Regulation (EU) 2024/1787 on the reduction of methane emissions in the energy sector

Article 3 -Costs of regulated operators

*“1. When fixing or approving tariffs or the methodologies to be used by **transmission system operators, distribution system operators, liquefied natural gas terminal operators** or other regulated companies including where applicable **underground gas storage operators**, regulatory authorities shall take into account the costs incurred and investments made to comply with the obligations under this Regulation, insofar as they **correspond to those of an efficient and structurally comparable regulated operator and are transparent**. The unit investment costs referred to in paragraph 2 may be used by the regulatory authorities to benchmark the costs incurred by the operators.*

*2. **Every three years**, the European Union Agency for the Cooperation of Energy Regulators (ACER) shall establish and make publicly available a **set of indicators and corresponding reference values for the comparison of unit investment costs linked to measurement, quantification, monitoring, reporting, verification and abatement of methane emissions, including from leaks, venting and flaring**, for comparable projects. The **relevant regulatory authorities and the regulated operators** shall provide ACER with all the data necessary for that comparison”.*

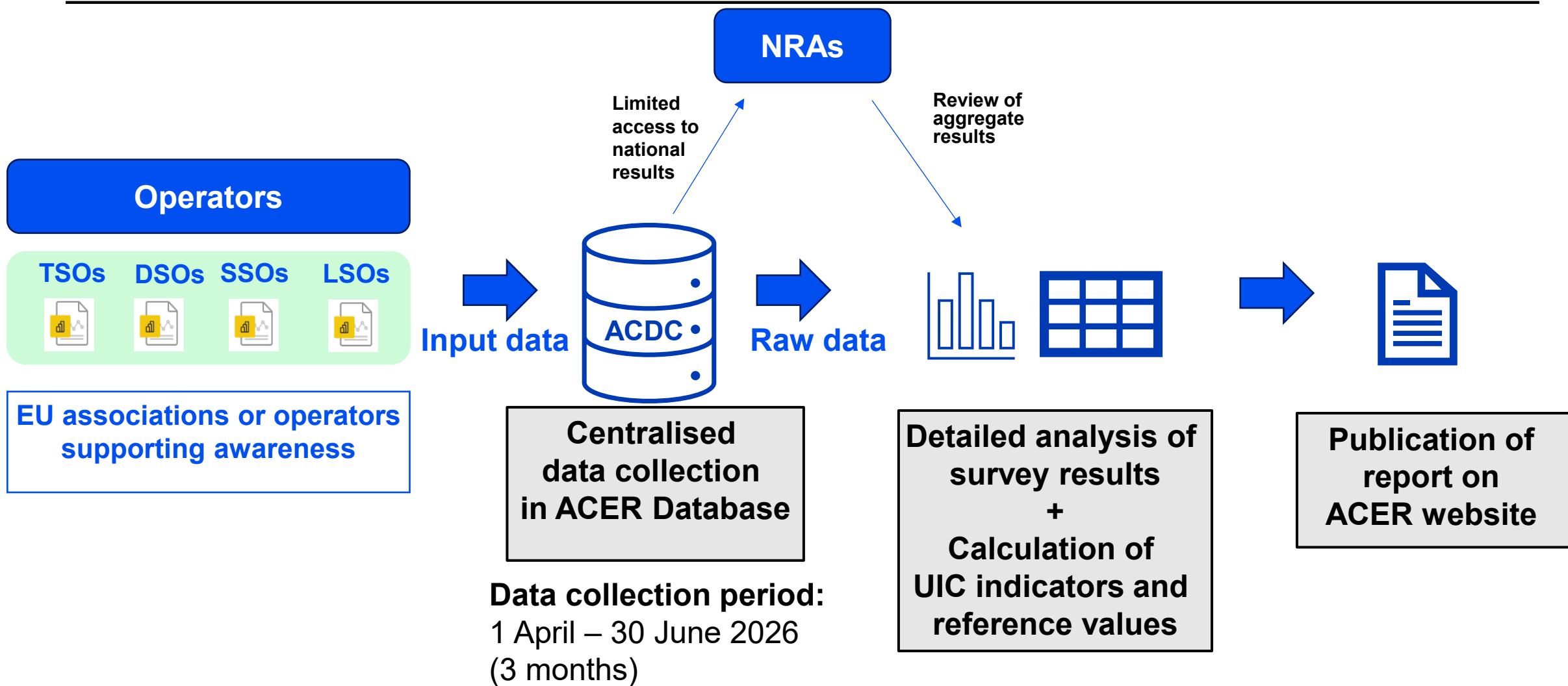
In short:

- Under Article 3 of the EU Methane Regulation, regulators must consider methane compliance costs — but only if:
 - Efficient
 - Structurally comparable
 - Transparent
- Every 3 years ACER must develop unit investment cost indicators and reference values.
- These indicators and reference values may be used by regulators to benchmark the costs incurred by operators.

What role can MERR-UIC indicators play?

- Addresses a **major data gap** — The EU is a leader in methane mitigation in the energy sector, and this is the first initiative to assess the costs for midstream and downstream actors to implement ambitious methane regulations.
- May help to:
 1. build a shared understanding of needed investments and their cost-efficiency, as well as general cost levels and drivers across EU gas operators.
 2. support tariff-setting processes by providing NRAs with a “reference point” to assess the recognition of methane abatement costs.
 3. map how these costs are being recognised by national regulatory authorities (NRAs) in different regulatory systems across the EU.
 4. inform the future review of the EU Methane Regulation (due in 2028).

ACER data collection and analysis



Scope of ACER Unit cost benchmark

Reporting obligations & selection criteria

Operator type	Who is included	Selection criteria / simplification	# of Operators (Total → Selected)
TSO	Most transmission system operators	Nearly full coverage (minor exceptions for interconnectors and very small/regional operators)	~45 → 42
DSO	Largest distribution system operators	Largest DSOs by connection points; ≥100k; max 4 per MS	~1,226 → 85
	Smaller distribution system operators	Largest DSOs by connection points; 10k–100k; max 4 per MS	
LSO	All operational LNG terminal operators	All operators in GIE database with operational LNG terminals	~38 → 25
SSO	Most storage operators	All operators in GIE database with >5 TWh working gas capacity	~66 → 31

Indicative UIC indicators & reference groupings

(to be refined based on collected data)

Possible reference value groupings:

- **By operator size:**
e.g. Small/Medium/Large TSOs, DSOs, LSOs and SSOs
- **By methane management maturity:**
e.g., participation in OGMP 2.0

Possible UIC indicators

Normalized total cost (CAPEX/OPEX):

- **All:** per unit of gas throughput (€/bcm or €/mcm)
- **TSOs/DSOs:**
 - per km of pipeline (€/km) OR
 - per unit of *technical capacity* (€/bcm or €/mcm)
- **LSOs:** per unit of *LNG capacity* (€/Nm³)
- **SSOs:** per unit of *storage capacity* (€/bcm)

Normalized CAPEX/OPEX by cost category

- e.g. CAPEX/OPEX for MRV in €/bcm

Relative share of CAPEX vs OPEX by operator type and cost category (%)

Relative share of each cost category (%)

Ensuring fair and meaningful benchmarking

Key challenges:

- Diverse operator profiles (size, assets, emissions)
- Scale effects across operators
- Lumpy CAPEX / investment cycles
- Data gaps and varying data maturity

Our approach

- Normalisation to account for scale differences
- Grouping operators into comparable clusters
- Multi-year CAPEX smoothing
- Aggregation where needed (data gaps / confidentiality)
- Transparency on data limitations

Timeline (high level)

Last update: 08/07/2026

	Type of Activity	2024				2025				2026				2027			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Scoping, planning, literature review	Scoping Task																
NRAs and stakeholders' consultation on scoping concept paper + workshop	<i>Consultation</i>																
Development of draft data collection questionnaire with NRAs	Scoping Data collection																
Stakeholders' consultation on the draft questionnaire + workshop	<i>Consultation</i>																
Selection of IT data collection tool	IT development																
Development of proposed list of operators																	
Testing and finalisation of the data collection questionnaire	Finalisation of questionnaire																
Data collection from operators (Ongoing - 1.4-31.7)	Data collection																
Data analysis, draft results of indicators and reference values	Data analysis																
Presentation of draft results and report / Feedback from NRAs & stakeholders	<i>Consultation</i>																
Final approval and publication of the report	Publication																

Thank you. Any questions?



European Union Agency for the Cooperation
of Energy Regulators

✉ info@acer.europa.eu
🖱 acer.europa.eu

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