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**Working Paper**

## The EU proposal to ban Russian gas imports: Roadblock more than roadmap

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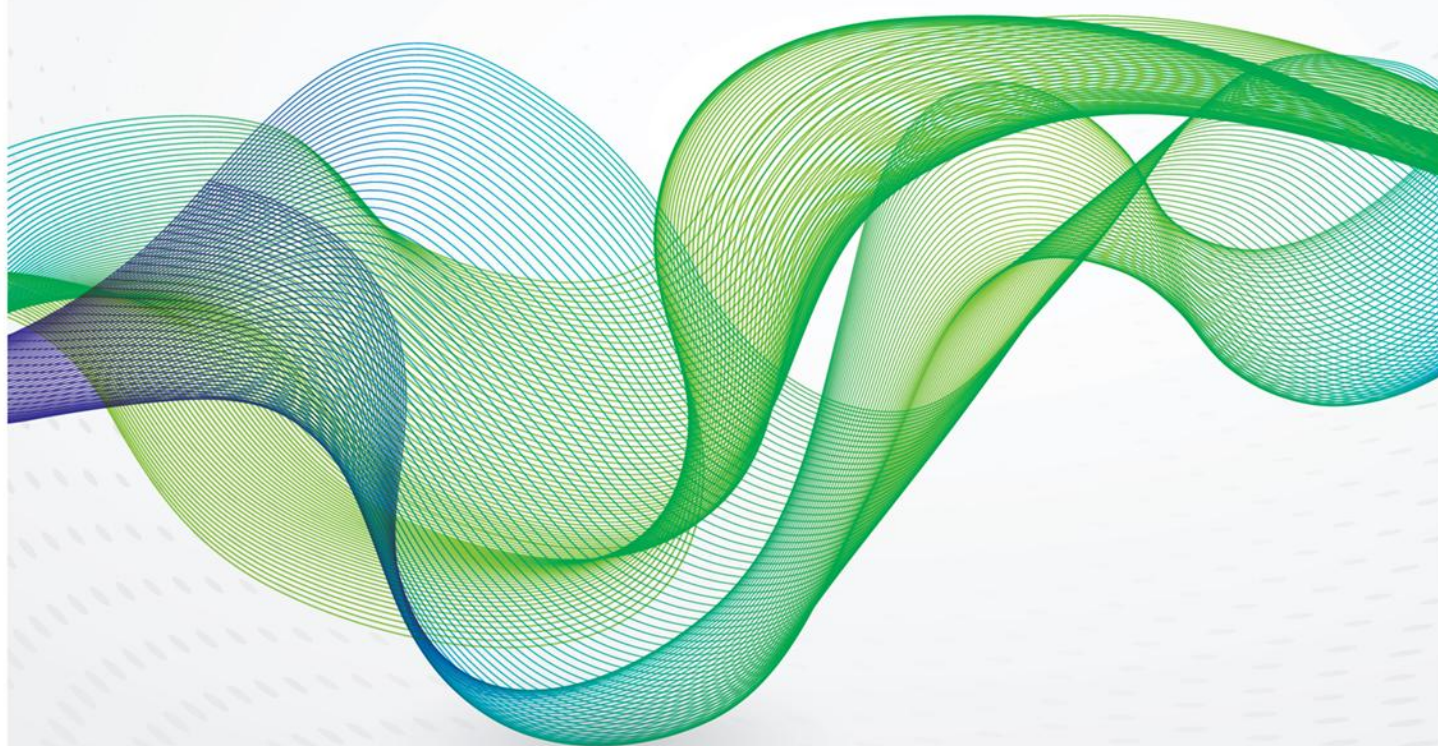
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July 2025

# **The EU Proposal to Ban Russian Gas Imports: roadblock more than roadmap**





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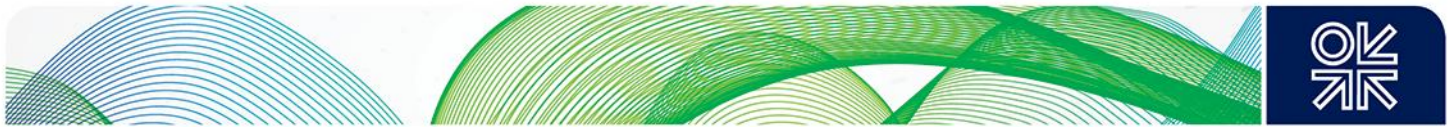
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## Summary and Conclusions

In May 2025, the European Commission (EC) released a Roadmap detailing measures to phase out all Russian pipeline gas and LNG imports to the EU by the end of 2027. On 17 June 2025, the EC introduced a Proposal for a Regulation to enact these measures into EU law. The Proposal includes two key prohibitions: one banning the import of Russian gas into the EU and another prohibiting long-term LNG terminal services for Russian customers. Both prohibitions take effect for new contracts (signed after the Proposal's publication) from 1 January 2026, with transitional periods for existing contracts extending until 1 January 2028.

Our market modelling indicates that the proposed prohibitions would have a limited impact on imports into key Central European countries, albeit prices would be higher. However, if the route via Serbia is lost, Hungary could face a significant shortfall in gas supplies if there are constraints at any other cross-border point. According to this paper's analysis, the Regulation will struggle to execute the complete phase out of Russian gas for reasons largely related to the process and the rules that will govern it. These include the high-risk proposed route for buyers to stop imports under existing supply contracts and the absence of mitigation for those risks; stringent transparency and traceability requirements which place a high burden of proof on buyers and potentially restrict legitimate imports; and the likely disagreement between Member States and the EC over the development of National Diversification Plans (NDPs) that will be required to demonstrate national measures for the phase out.

### ***The impact of the import ban on gas supply contracts: uncertain force majeure route***

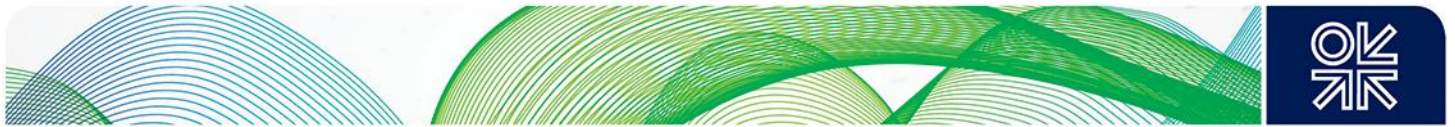
The proposed import ban disincentivises new contracts and poses significant challenges for existing contracts for the supply of Russian gas and LNG. The EC provides no clear guidance on exit strategies for these contracts, beyond assuming the EU ban qualifies as a force majeure (FM) event, leaving buyers exposed to substantial legal and financial risks, including potential arbitration claims filed by the sellers of Russian gas. While the FM route is suggested by the EC, the likelihood of its success is highly case-specific and far from guaranteed.

Contrary to common belief, FM does not trigger immediate contract termination, and the Proposal does not clarify whether termination is required or if suspension of deliveries would suffice for compliance with the import ban. Additionally, the Proposal does not provide risk mitigation strategies to address buyers' potential losses from FM cases. Even if the ban is recognized as a FM event, its suspension or subsequent lifting could still expose buyers to contractual liability at a later stage. Thus, FM either way proves to be a risky strategy for buyers filing notices to comply with the ban.

### ***Transparency and traceability measures: a greater insight but to an uncertain end***

The Proposal introduced stringent transparency and traceability measures. It granted the EC a significantly greater insight specifically into all Russian gas supply contracts – irrespective of their duration, volume, and a share in a Member State's consumption – enabling access to their full texts (except price information). It also streamlined and expedited access to these contracts by obliging EU natural gas buyers to send them directly to the EC in a disaggregated form and without the need for justification on a case-by-case basis. The providers of LNG terminal services to Russian customers would also be obliged to provide the EC with the information on contracted services, affected quantities and contract duration, although the requirements appear less stringent compared to those for supply contracts.

In addition, the Proposal obliged importers to provide Customs Authorities with "appropriate evidence" to verify whether it is Russian gas that is being imported and to assess whether it meets the conditions for exceptions, while allowing Customs Authorities significant discretion to refuse entry if provided evidence is deemed "not conclusive" thus potentially restricting legitimate gas imports. Furthermore, any gas entering the EU through the Interconnection Points (IPs), listed in the Proposal's exhaustive



list, would be deemed Russian and therefore subject to prohibitions, unless “unambiguous evidence” is provided by the importer that the gas has been in transit through Russia but did not originate in Russia. The list includes all IPs through which Russian gas was previously – or is currently – imported in the EU – except the IPs associated with the Ukrainian corridor, thus leaving the door open to gas entering Ukraine on the Russia-Ukraine border for delivery in the EU post-2027.

### ***National plans to phase out Russian gas: the choice between erasing and reconciling differences***

The Proposal obliged the Member States to develop National Diversification Plans (NDPs) by 1 March 2026, describing measures to discontinue all imports of Russian gas. It is far from certain that all Member States’ NDPs will be consistent with the Russian gas phase out deadline and, even if they will, that all of them will be implemented. It is highly likely that there will be disagreements between the EC and the Member States – particularly those reliant on Russian gas supplied through TurkStream or (pre-2025) the Ukrainian corridor – whereas the Proposal did not establish any mechanism for their resolution. The Regulation’s lack of requirement to conduct a quantitative assessment of the phase-out’s impact on security of supply and the internal energy market (IEM) widens the scope for disagreements while also complicating the NDPs alignment with existing national energy plans, in respect of which various indicators (e.g. the N-1 infrastructure standard) are calculated. As an NDP adoption constitutes a solidarity measure – and therefore the application of the energy solidarity principle – the EC is obliged to balance interests of the Member States and of the EU, thus suggesting that differences will have to be reconciled rather than erased.

### ***The impact of the ban on the European gas market***

The impact of the ban on LNG and pipeline gas flows into the EU, in theory, looks to be just about manageable in terms of the most affected EU countries being able to source alternative supplies of gas. While a number of EU governments have objected to the proposed ban citing security of supply issues, our modelling suggests that under most likely scenarios, there would not be any shortage of gas in the most affected countries, although spot and hub prices would be higher. In respect of the LNG ban, the modelling suggests that the loss of Russian LNG into Northwest Europe would simply be replaced by LNG from elsewhere, principally the US, with Russian LNG being diverted to Asia. TTF prices would rise on average by some 20 cents per MMBTU (average 2028 to 2035).

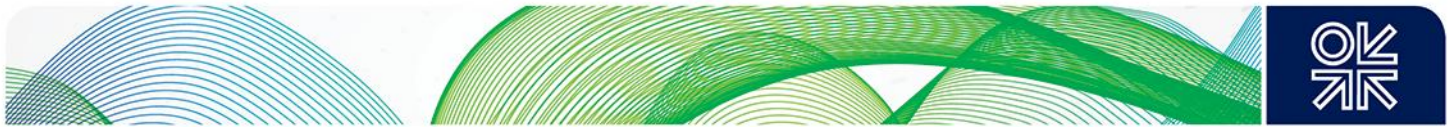
Losing Russian pipeline gas, now delivered by TurkStream, is an additional loss, but reduced flows from Russia into Turkey could be more than offset by rising Black Sea production from Turkey and also Romania. Prices would be a little higher with TTF prices some 27 cents per MMBTU. Prices in central European countries of Austria, Slovakia and Hungary rise slightly more than TTF, by some 35 cents on average in 2028 to 2035. This assumes that gas continues to flow via Bulgaria and Serbia into Hungary. If the cross-border flow between Serbia and Hungary were cut off, though, it seems that Hungary would still just be able to source alternative supplies via Austria and Slovakia but principally by importing Neptun Deep gas from Romania. The price impact is the same as if gas continued to flow across the Serbia/ Hungary cross-border point. However, Hungary remains the most exposed to any disruption, to its remaining cross-border import points, which could reduce gas imports significantly, and leave the country facing a significant shortfall in gas supplies.

### ***Conclusions***

The Proposal marks the most decisive move by the EC towards phasing out Russian gas to date, yet its outcome is likely to be largely limited due to legal and practical constraints. The import bans and restrictions on LNG terminal services exert regulatory pressure on EU market players, but they do not guarantee that imports under all affected contracts will stop by the required cut-off dates.

While strengthening oversight over Russian gas imports, the Proposal’s transparency and traceability measures place a significant burden on importers and other stakeholders, while risking regulatory overreach – particularly if over-zealously implemented – thus potentially increasing costs and





preventing legitimate gas imports from entering the EU. This could have significant consequences for security of supply and potentially increase prices and costs, particularly in central and south-eastern Europe. With the Proposal lacking a mechanism for resolving likely disagreements between the EC and the Member States over the Russian gas phase out requirement in the newly mandated NDPs, the EC will have to balance interests of the Member States and the EU in line with the energy solidarity principle, but such a balancing act is likely to be difficult. In addition, the prospect of some Member States simply ignoring any ban is a distinct possibility. The European Commission, as noted in an article in *The Economist*<sup>1</sup> on 5 July 2025, has shown increasing reluctance to institute infringement proceedings against Member States.

Overall, the Proposal risks becoming a roadblock rather than a roadmap towards the Russian gas-free future. In its political action against the remaining Russian gas molecules, the EC risks undermining the commercial and legal position of European gas importers, places additional financial and administrative burden on European institutions and market players, potentially weakens security of supply of south-eastern and central European countries, and places energy solidarity amongst EU Member States under significant strain. It is not obvious that it is worth taking this risk to discontinue modest volumes of Russian gas in the EU post-2027 under existing contracts. The resulting higher prices, albeit relatively small, from eliminating the import of Russian gas is a European wide problem – and even a global one – although the impact is slightly higher in the most affected central European countries.

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<sup>1</sup> Charlemagne, 'The sleeping policeman at the heart of Europe', *The Economist*, 5 July 2025.



## Introduction

On 6 May 2025 the European Commission (EC) published a Roadmap towards ending Russian energy imports ("The Roadmap"),<sup>2</sup> proposing several measures, aimed at completely phasing out Russian pipeline gas and LNG imports from the EU energy balance by the end of 2027.<sup>3</sup>

- prohibition of imports of Russian gas under new and existing supply contracts,
- new measures aimed at increased transparency, monitoring and traceability of Russian gas imports;
- an introduction of mandatory national plans for the phase out of Russian gas from Member States' energy balances;
- measures aimed at supporting diversification of supplies through demand aggregation and better use of infrastructure.

On 17 June 2025, the EC published the legislative Proposal for a Russian Gas Phase Out Regulation ("The Proposal"),<sup>4</sup> which is intended to translate the Roadmap's measures into EU law. The Proposal closely mirrors the Roadmap, while allowing for some time-limited exemptions. In addition, it introduced a prohibition on the provision of LNG terminal services to Russian customers under long-term contracts – the measure not listed in the Roadmap. If the Regulation is adopted, it will become directly applicable in all Member States.<sup>5</sup> The EC expects adoption to take place before the end of 2025 followed by immediate entry into force.

This paper outlines the context and key provisions of the Proposal, then evaluates its impact on the European gas market. It concludes that the transition away from remaining Russian gas supply will be complex and potentially uneven, considering Member States' diverse political objectives and supply needs.

## 1. The EU plans to phase out Russian gas

### 1.1 The Roadmap's genesis: Energy Union, Versailles Declaration, and the REPowerEU action plan

The Roadmap has been developed in furtherance of the two other (non-binding) documents, adopted by the EU in May 2022:

- the Versailles Declaration – a political pledge, signed by all EU Member States, to phase out Russian gas 'as soon as possible',<sup>6</sup>
- the REPowerEU Plan – an EC policy document, listing various measures that would need to be implemented (and targets that would have to be met<sup>7</sup>) for such phase out to be possible by 2027.

In turn, the Roadmap, the Versailles Declaration, and the REPowerEU action plan are built on the EU's Energy Union policy, which was developed in 2014 in response to the worsening relationship between

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<sup>2</sup> EC (2025a), *The Roadmap*, 12 May 2025. (The document published on 12 May 2025 is a corrigendum of the document first published on 6 May 2025.) Also see 'EU's plan to phase out Russian gas by end-2027', *Reuters*, 6 May 2025 and 'Hungary and Slovakia criticise EU plan to ban Russian gas imports', *Upstream Online*, 7 May 2025.

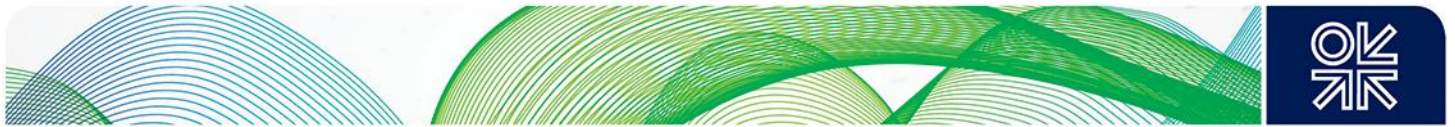
<sup>3</sup> The Roadmap also aims to phase out Russian oil and introduce trade measures against Russian enriched uranium. Coal phase out has already been accomplished by means of sanctions on Russian coal imports.

<sup>4</sup> EC (2025b), *The Proposal*, 17 June 2025.

<sup>5</sup> Unlike EU Directives, EU Regulations do not require transposition into Member States' national laws.

<sup>6</sup> *Versailles Declaration*.

<sup>7</sup> Worth noting that the majority of the targets, listed in the REPowerEU are not expected to be met.



the EU and Russia over the Ukraine's political and security crisis and Russia's role in it, aiming at reducing the EU dependence on Russian gas. Several pieces of EU legislation have been adopted to implement this policy, including the revised Security of Supply Regulation (2017), the Governance Regulation (2018), and the Third Gas Directive amendment (2019).<sup>8</sup>

While the Roadmap itself is not legally-binding, it constituted a statement of intent on the part of the EC to introduce a legislative Proposal in June 2025, which – if adopted – will create legal obligations to implement the Roadmap's measures – including a prohibition on all Russian gas imports to the EU – thus making them legally-binding in all EU Member States. Such a Proposal was introduced by the EC on 17 June 2025.

The Roadmap signalled the EU's willingness to impose – for the first time since Russian (then Soviet) gas started to be imported by European countries – a total ban on all Russian gas imports to the EU under existing and new, short-term and long-term, contracts. Furthermore, it pledged to implement this ban over a relatively short period – two and a half years – and cutting across existing long-term contracts. This inevitably raises a host of legal and financial repercussions for the European buyers of Russian gas and for the owners and operators of pipeline and LNG import infrastructure used for importing it into the EU.<sup>9</sup> The EC maintains that the adoption of the ban by the Council can be secured via qualified majority vote. However, such ban would *de facto* – albeit not *de jure* – amount to EU-level sanctions on Russian gas – a measure that would require unanimity in the Council to pass which is currently absent.

## 1.2 Legal basis for the Proposal

The EC chose to use Art. 207 and Art. 194(2) of the TFEU as the legal basis for the measures outlined in the Proposal. Specifically, the Proposal's prohibition on the importation of Russian gas into the EU and to provide services in its LNG import terminals to Russian customers is based on Art. 207, which outlines the principles of the EU Common Commercial Policy – the area where the EU has exclusive competence, not shared with Member States.

The measures aimed at:

- the submission of relevant information by natural gas importers and its exchange amongst relevant national authorities in Member States and the EC;
- the development of diversification plans by Member States to phase out Russian gas;
- the enhancement of transparency in supply contracts for Russian gas,

are all based on Art. 194(2) of the TFEU, which outlines the EU Energy Policy – the area where the EU has shared competences with Member States.

## 1.3 Russian gas imports in the EU: state of play

In 2024 the EU imports of Russian gas were 52 bcm – not an insignificant volume that would have to be replaced by gas from other sources (mostly LNG) if the EU bans were to be implemented. It was though far lower than pre-2022 levels which had peaked at ~180 bcm. It could be argued that having sharply reduced its dependence on Russian gas since 2021 and having introduced various safeguards in the *acquis*, aimed at curtailing Russia's ability to manipulate supplies in the future, the EU might no longer consider the modest volume of Russian gas as a security threat. With its dependence on Russian gas being down to ~19% of imports by 2024 – and expected to decline further to 14% in 2025 – it is difficult to argue that Europe is exposed to blackmail, as the corresponding volume of Russian gas

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<sup>8</sup> The amendment, also known as “the Nord Stream 2 clause” aimed at making the Third Gas Directive – including its unbundling provisions – applicable to Nord Stream 2.

<sup>9</sup> Apart from repercussions related to contracts analysed in Section 2, these measures could be in conflict with WTO obligations, but this subject is beyond the scope of this paper.



could be replaced by non-Russian alternatives at a much lower cost than during the 2021-23 crisis. However, for political reasons the EC feels that Russian gas (energy) should be completely eliminated – a view shared by some but not all EU Member States. The proposed ban on imports of Russian gas has been presented as necessary to preserve the EU's economic security and competitiveness, despite the fact that its implementation is likely to increase gas prices in all EU Member States.

The Roadmap has also acknowledged that the impact of losing ~15 bcm of Russian gas on 1 January 2025 (due to expiry of the old transit agreement, which enabled Russian gas to flow across Ukraine during 2020-2024, and the failure to agree a new transit arrangement) has 'varied in different regions', thus implying that some Member States were affected to a greater degree than others. The impact of further reductions of Russian gas imports would also have a varied impact. The EC stated that it will 'involve' the concerned – i.e. potentially most affected – Member States and 'ensure' that the legislative proposals made on the basis of the Roadmap will be based on 'adequate assessment of legal and economic impacts to give the necessary certainty to companies'.<sup>10</sup> This promise has failed to reassure Slovakia and Hungary, both of which heavily criticized the Roadmap the day after it was published. The Slovak prime minister, Robert Fico, has branded it 'an economic suicide' whereas the Hungarian foreign minister, Peter Szijjarto, called it 'unacceptable'.<sup>11</sup> One month later both France and Belgium – two of the four biggest importers of Russian LNG<sup>12</sup> – have reportedly refused to endorse the Roadmap, calling for a detailed economic and legal assessment of the proposed prohibitions.<sup>13</sup> In June 2025 Austria has spoken against the total phase out of Russian gas, suggesting that it could remain part of the EU energy balance, once and if a peace agreement is reached between Russia and Ukraine.<sup>14</sup>

#### 1.4 The Proposal's (non-)assessment of impact

While the Proposal for a Regulation has been accompanied by a separate EC document ("Working Document") – titled "Assessing the impact of measures to phase out Russian gas imports" – it does not constitute a formal Impact Assessment Report, which is normally required in respect of legislative initiatives, expected to have "significant economic, social or environmental impacts".<sup>15</sup> The established procedure, normally applied in respect of Impact Assessment Reports, which must include *inter alia* a formal consultation process, has not been followed in the process of developing this document.

Furthermore, as far as its content is concerned, this document does not contain a detailed assessment of economic and legal impacts of the measures outlined in the Proposal, particularly the prohibition on importing Russian gas. The section of the Report devoted to such assessment constitutes only 10 pages, whereas the rest of the Report is effectively a summary of the 2022 REPowerEU action plan and its implementation during 2022-25.<sup>16</sup> While the Working Document refers to various earlier assessments – such as ENTSG's Summer Supply Outlook 2025 and ENTSG's Security of Supply Simulation 2024, both of which modelled the impact of the loss of Russian gas supplies – as the grounds for asserting that there is 'no risk for security of supply' in the EU resulting from the Russian gas phase out by the end of 2027, it does not provide an assessment of the impact of the specific measures outlined in the Proposal on specific Member States and the EU and in the specific – the end of 2027 – timeframe. The Working Document contains no assessment of the prohibition on providing long-term LNG terminal services to Russian customers. It devotes less than one page to the assessment of the impact of the prohibition of Russian gas imports on gas (and electricity) prices. The Working Document's

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<sup>10</sup> EC (2025c), Questions and answers on the EU Roadmap to phase out Russian energy imports, 6 May 2025.

<sup>11</sup> 'Slovakia and Hungary reject EU plan to phase out Russian gas by end-2027', *Reuters*, 7 May 2025,

<sup>12</sup> The Netherlands and Spain being the other two.

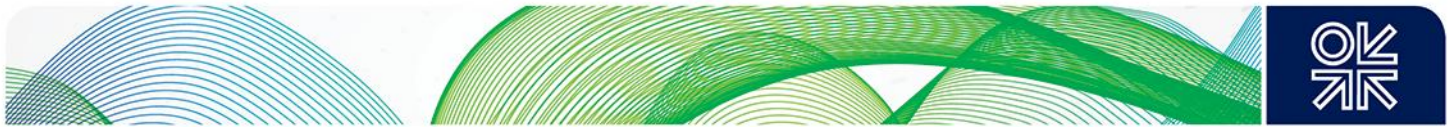
<sup>13</sup> 'EU's top Russian LNG buyers wary of Brussels' gas ban', *Politico*, 3 June 2025.

<sup>14</sup> 'EU should consider resuming Russian gas imports if Ukraine peace reached, Austria says', *Reuters*, 17 June 2025.

<sup>15</sup> EC (2025d), Impact Assessments.

<sup>16</sup> EC (2025e), 'Assessing the impact of measures to phase out Russian gas imports and improve the monitoring of potential energy dependencies', 17 June 2025.





section on “Legal considerations on the impact of existing long-term contracts” also takes less than one page.

### 1.5 Existing EU and national restrictive measures in respect of Russian gas: restrictions on volumes and import capacity

At present, Member States’ buyers are not prohibited by the EU law either from importing Russian gas under existing contracts or signing new contracts. However, the EU Renewable and Natural Gas and Hydrogen (RNGH) Regulation has excluded Russian gas supplies from the EU Energy Platform for demand aggregation and joint purchasing until 31 December 2025 (Art. 47) and potentially beyond (Art. 48).<sup>17</sup>

The only existing EU-level prohibitions, related to Russian gas volumes (analysed by *inter alia* this paper’s authors in an earlier OIES publication<sup>18</sup>) were adopted in June 2024, prohibiting: <sup>19</sup>

- the transshipment of Russian LNG in the EU ports for onward delivery to non-EU countries (affecting ~5 bcm in 2024) as of 26 March 2025, and
- import of Russian LNG to the EU off-grid import terminals (affecting less than 1 bcm) as of 26 July 2024.<sup>20</sup>

At the same time, several EU Member States (e.g. the Baltic countries and Finland) have introduced national bans on the import of Russian gas – based on national legislation – but the volumes involved were relatively small.

As far as EU-level capacity-related restrictions are concerned, the RNGH Regulation contains a provision, enabling – but not obliging – EU Member States to impose import capacity restrictions in respect of Russian gas (both pipeline and LNG), if they wish to do so. Several Member States (e.g. the Netherlands and Germany) have already done so in respect of some of their LNG import terminals.

### 1.6 Obstacles to phasing out Russian gas in the EU

While the Roadmap and the Proposal signal growing EU confidence in its ability to plan for a future without Russian gas, there are several reasons why the EU-level prohibition on Russian gas imports has so far proved elusive:

- the goal of phasing Russian gas out – especially as soon as 2027 – is not equally supported by all Member States, with several European countries expressing concerns about any potential adverse impact on prices (for example already felt in Slovakia, following the halt in Russian gas flows across Ukraine on 1 January 2025);
- the resulting lack of unanimity of Member States in the Council – which would be required for adoption of EU-level sanctions on Russian gas imports – and a questionable legal basis for adopting any measure that would *de facto* amount to sanctions, by qualified majority of Member States;

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<sup>17</sup> Regulation (EU) 2024/1789 on the internal markets for renewable gas, natural gas and hydrogen (“RNGH Regulation”). The Energy Platform (previously known as the EU Joint Purchasing Platform) had originally been established by the *Enhancing Solidarity Regulation* and has since been incorporated into the *RNGH Regulation*. It is unknown whether any contracts have been signed in respect of any other suppliers’ gas aggregated through the Platform.

<sup>18</sup> Yafimava, Ason, Sharples and Stern (2024), ‘EU sanctions on Russian LNG: choices and consequences’, OIES, July 2024.

<sup>19</sup> Council Regulation (EU) 2024/1745 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia’s actions destabilizing the situation in Ukraine, 24 June 2024.

<sup>20</sup> These prohibitions have been analysed in detail in Yafimava, Ason, Sharples and Stern (2024). Paradoxically, these prohibitions led to an increase of Russian LNG imports to the EU, as some volumes affected by the transshipment ban have remained in the EU instead of being transhipped for onward delivery to Asia.



- continued presence of long-term supply, transportation and transshipment contracts underpinning Russian gas imports and not expiring until the 2030s and beyond, thus spelling legal and financial repercussions for European buyers and infrastructure operators, should the EU legislation, adopted in furtherance of the Roadmap, mandate their termination.

Whether the implementation of the Roadmap, and specifically the prohibitions on imports of Russian pipeline gas and LNG into the EU as well as the prohibitions on capacity bookings in EU LNG terminals will result in the phase out of Russian gas by the end of 2027 is by no means certain, as this paper will demonstrate below.

## **2. The Proposal to phase out Russian gas imports: key measures**

The Proposal introduces two prohibitions: one on importing Russian gas into the EU and another on providing long-term terminal services to Russian customers, which may both be suspended in the case of “sudden and significant developments, seriously threatening the security of supply of one or more Member States.”<sup>21</sup> Alongside the two prohibitions, the Proposal introduces two requirements: gas importers into the EU and terminal operators must provide the required information, and Member States must establish national diversification plans.

### **2.1 Prohibitions on imports of Russian gas and on provision of LNG terminal services to Russian customers**

#### **2.1.1 The Roadmap**

The Roadmap proposed the introduction of new legislation for ‘the effective phase out of gas imports from Russia’, specifically a total ban on all Russian gas imports to the EU under existing and new contracts. It proposed to introduce such a ban in two steps:

- initially, in respect of existing short-term supply contracts and new contracts, effective by the end of 2025; and
- subsequently, in respect of existing long-term supply contracts, effective by the end of 2027.

While the Roadmap did not specify a duration of short- and long-term contracts, the Proposal defines a contract with a duration of one year or less as “short-term”, and a contract with a duration of more than one year as “long-term.”

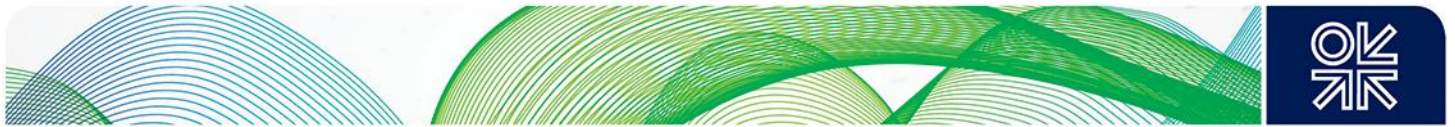
The Roadmap stated that such a ban is expected to have ‘a limited impact’ on prices and on security of supply due to further reductions in EU gas demand, expected arrival of the LNG ‘wave’, increased gas production in Romania, and increased imports from Azerbaijan. However, the Roadmap provided no detailed assessment of the availability of alternative supplies and prices.

#### **2.1.2 The Proposal**

The Proposal introduces prohibitions both in respect of volumes of Russian pipeline gas and LNG as well as LNG import capacity. These measures are outlined under Chapter II of the Proposal – “Stepwise ban of natural gas imports from the Russian Federation”.

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<sup>21</sup> Article 15 of the Proposal.



### 2.1.2.a) Prohibition on imports of Russian gas

The Proposal prohibits imports of natural gas, which ‘originates in or is exported directly and indirectly from’ Russia (“Russian gas”) – both in gaseous state via pipelines and as LNG – from 1 January 2026 (Art. 3), unless one of the following exceptions applies (Art. 4):

- a prohibition on imports applies from 17 June 2026 where the importer can demonstrate to customs authorities that imports of Russian gas are executed under a short-term supply contract (i.e. with a duration not exceeding one year) concluded before 17 June 2025, and not amended thereafter;
- a prohibition on imports applies from 1 January 2028 where the importer can demonstrate to customs authorities that:
  - imports of Russian gas are executed under a short-term supply contract with delivery to an interconnection point (IP) with a landlocked country,<sup>22</sup> and
  - there exists a long-term supply contract (i.e. with a duration exceeding one year) for the import of Russian gas with delivery at the virtual trading (VTP) point of that landlocked country that was concluded before 17 June 2025 and not amended thereafter;
- a prohibition on imports applies from 1 January 2028 where the importer can demonstrate to customs authorities that imports of Russian gas are executed under a long-term supply contract concluded before 17 June 2025 and not amended thereafter.

The Proposal specifies that the imports of Russian gas into the EU are not allowed to exceed the contracted quantities (Art. 5).<sup>23</sup>

### 2.1.2.b) Prohibition on provision of long-term LNG services to Russian customers

In addition to the prohibition on imports of Russian gas, the Proposal also prohibits the provision of “LNG long-term terminal services” in the EU to “entities established” in Russia or “entities controlled by natural persons or legal entities established” in Russia (“Russian customers”) (Art. 5). This prohibition applies from 1 January 2026, unless the provider of such services can demonstrate to customs authorities that those services are provided under a contract concluded before 17 June 2025 and not amended thereafter. Notably the prohibition on provision of LNG terminal services was absent from the Roadmap and only appeared in the Proposal.

The Proposal defines long-term LNG terminal services as:

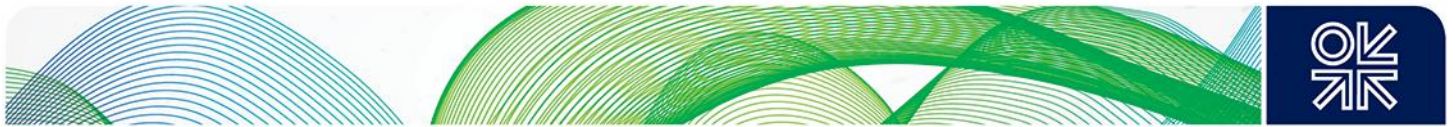
*“services provided by LNG system operators to customers, in particular offloading, storage, sending out, berthing (loading and unloading), regassification, backhaul liquefaction, truck loading, bunkering of LNG, and including ancillary services and temporary storage necessary for re-gasification process and subsequent delivery to the transmission system under contracts with a duration of more than one year”* (emphasis added).

While the Proposal does not specifically list transshipment services per se, the list is non-exhaustive, which suggests that transshipment as well as any other service not listed in the Proposal but provided by a terminal would also be subject to the prohibition.

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<sup>22</sup> Defined in the Proposal as “a country that is entirely surrounded by land and has not direct access to the sea”.

<sup>23</sup> Defined as the quantities that “the buyer or the importer is obligated to purchase and the seller or the exporter is obligated to provide, as specified in the supply contract, excluding volumes arising from adjustments to the contract, such as make-up quantities, shortfall recoveries, or other volumetric modifications under the terms of the contract”, or Annual Contracted Quantities (ACQ) under long-term contracts.



At present, EU LNG terminals provide a variety of services to their customers; these services can be bundled or unbundled. Bundled service 'ship unloading + LNG storage + regasification (send out)' – which constitutes any terminal's essential activity – is offered at all EU LNG terminals. Some LNG terminals offer bundled service 'ship unloading + LNG storage + truck loading'. Bundled service 'ship unloading + LNG storage + ship reloading' is only offered at the Zeebrugge terminal. It includes the LNG being unloaded from a ship, stored and re-loaded (in whole or in part) onto another ship. This service is one of the forms of transshipment service, another being a direct ship-to-ship reload between two LNG ships berthed at the same terminal at two different jetties.

Apart from bundled services, the majority of EU LNG terminals also offer non-bundled services, generally including:

- unloading,
- LNG storage
- regasification
- re-loading or loading,
- transshipment,
- truck loading,
- cooling down,
- virtual liquefaction (natural gas to LNG virtual conversion) and
- bunkering

The Proposal's prohibition means that the provision of any terminal services, both bundled and unbundled, to Russian customers on a long-term basis (i.e. under contracts with a duration of more than one year) will be prohibited as of 1 January 2026. Provision of terminal services under long-term contracts concluded before 17 June 2025 will be allowed until 1 January 2028. As the Proposal placed no restrictions on the provision of short-term terminal services (i.e. under contracts with a duration of one year or less) those will still be allowed. The Proposal does not specify why only long-term services are targeted. In practice, some terminals will continue offering short-term services to Russian customers (except in those Member States where national prohibitions are in place), especially if they are profitable and low-commitment. Feasibility of those services will vary by terminal, based on specific circumstances and risk tolerance.

Indicative of the lack of certainty about the impact of the Russian gas phase-out – both from a commercial and legal points of view – the Proposal grants the EC the power to "authorise one or more Member States to temporarily suspend" all aforementioned prohibitions "in whole or in part" in the case of "sudden and significant developments, seriously threatening the security of supply of one or more Member States" (Art. 15). Such authorisation "may contain certain conditions, in particular, to ensure that any suspension is strictly limited to addressing the threat".

### **2.1.3 Impact of the proposed ban on gas supply contracts**

The proposed ban, effective 1 January 2026, will directly impact supply contracts for Russian pipeline gas and LNG into the EU. The Proposal differentiates between new and existing contracts (signed before and after 17 June 2025 – the publication date of the Proposal – respectively) and provides for three "exceptions" (essentially, transitional arrangements) for existing contracts, as detailed in Table 1 below.





**Table 1: Russian gas imports to the EU: prohibition and exceptions**

Action	Date
<b>Prohibition of Russian gas imports based on <i>new</i> contracts (concluded after 17 June 2025)</b>	1 January 2026
<i>Exceptions</i>	
<b>Imports under <i>existing short-term</i> (&lt;1 year) contracts (concluded before 17 June 2025 and not amended thereafter)</b>	Prohibition applies from 17 June 2026
<b>Imports under <i>existing long-term</i> (&gt;1 year) contracts</b>	Prohibition applies from 1 January 2028
<b>Imports under <i>existing short-term</i> contracts with a delivery to a landlocked country's interconnection point, along with a linked <i>long-term</i> contract with a delivery to its virtual trading point</b>	

The proposed ban impacts a broad and diverse range of supply contracts, including both term and spot agreements. For all affected supply contracts, the main practical challenge is determining how EU buyers can respond to Russian gas sellers in a way that complies with the import ban while minimizing legal and financial risks. This challenge is especially acute for long-term contracts, which may extend into the 2030s or even the 2040s. For example, contracts signed by SPP and MVM with Gazprom are set to expire in 2034 and 2035, respectively. Among the LNG SPAs for Yamal LNG offtake on DES terms, Naturgy's and TotalEnergies' contracts were intended to deliver gas to Europe until 2041.<sup>24</sup>

Much of the anticipation surrounding the publication of the Proposal centred on whether the EC would provide guidance regarding the actions required in response to the proposed ban under affected supply contracts. As outlined below, the Proposal lacks clear solutions. It merely explains what *cannot* be done – import quantities under existing contracts "shall not exceed contracted quantities"<sup>25</sup> meaning they cannot be increased through contractual flexibilities. Furthermore, any contract modifications must be reported, with amended contracts treated as "new contracts"<sup>26</sup>, subject to the 1 January 2026 cut-off date rather than a later one. These restrictions, aimed at preventing "a 'rush' for new Russian gas imports."<sup>27</sup> into the EU, raise two key concerns. First, increased contract quantities may still lead to higher Russian gas imports (LNG imports in particular) throughout 2025. Second, the Proposal discourages parties from reducing quantities through contractual flexibility provisions or progressively redirecting LNG cargos to non-EU countries, as such amendments would reclassify contracts as new (thus triggering an earlier – 2026 – import ban). As a result, the Proposal hinders mutually agreed adjustments that could offer commercially viable solutions, instead prioritizing more adversarial routes like force majeure, which increases risks for buyers.

<sup>24</sup> Naturgy's contract was signed in 2013, for 24 years, with the first delivery in 2018. For a discussion of Yamal offtake contracts in the context of EU sanctions on Russian gas, see Yafimava, Ason, Sharples and Stern (2024), "EU sanctions on Russian LNG: choices and consequences", OIES, July 2024.

<sup>25</sup> Article 4.4 of the Proposal.

<sup>26</sup> Para 17: „amendments to existing supply contracts should be considered as new contracts for the purposes of this Regulation...”

<sup>27</sup> Para 16.



### 2.1.3.a) Force majeure

The concept of force majeure (FM), which essentially refers to unforeseen external circumstances that impede contractual performance<sup>28</sup>, has been widely discussed in recent years as a key legal mechanism supporting measures aimed at ending dependence on Russian gas.

While the legislative Proposal does not explicitly mention FM, it does refer to the concept implicitly in the following passage:

*“This Regulation creates a clear legal prohibition to import Russian natural gas, constituting a sovereign act of the Union beyond the control of gas importers and rendering the performance of natural gas imports from Russia unlawful, with direct legal effect and without any discretion for Member States concerning its application.”<sup>29</sup>*

The reference to an event “beyond the control” of the affected party aligns with comments made by EU Energy Commissioner Jørgensen that the EU ban was beyond any individual company’s control: “It is not them who are breaking the contract, it is indeed force majeure.”<sup>30</sup> The Working Document accompanying the Proposal, under the ‘legal considerations’ heading includes a brief discussion of the concept of FM, which is reproduced in full below:

*“In long-term contracts with ‘take-or-pay’ clauses, so-called ‘Force Majeure’ events may excuse the buyer from liability for non-performance of its ‘take-or-pay’ obligation. ‘Force Majeure’ may be defined differently, depending on the applicable law of the respective contract. Typically, ‘Force Majeure’ refers to unforeseeable events which could not be expected at the time of the signature of the contract, and which prevent a party to the contract to perform the contractual obligations due to external circumstances beyond a party’s reasonable control. Contracts may include specific conditions for ‘Force Majeure’ often providing for examples, as a result of the agreement between parties. Examples of ‘Force Majeure’ events that can qualify under ‘acts of government’ can be laws, regulations, and other acts imposed by governments or public authorities that directly affect the ability of the party to perform its contractual obligations.”<sup>31</sup>*

Accordingly, the Working Document also appears to suggest that a prospective EU ban on Russian gas imports could qualify as an FM event, potentially enabling buyers to avoid liability or damages for non-performance. However, this assertion is not backed by a detailed legal analysis and does not address the significant risks if international arbitration tribunals reject FM-based arguments from EU buyers.

The practical ability to invoke FM under a given contract is highly dependent on the exact wording of the relevant clause and its interpretation under the applicable law. Challenges are likely to arise especially concerning the requirement that an FM event be “unforeseeable,” as FM clauses typically cover only unexpected events that impede contractual performance. Importantly, restrictive measures against Russian gas have been under public and political discussion for years. The Proposal’s own explanatory memorandum refers to previous gas supply interruptions—including those in 2006, 2009, and 2014—which arbitral tribunals may see as prior warning signs, suggesting that buyers should have anticipated and actively sought to mitigate such risks.

Additionally, although many FM clauses often list “acts of government” among qualifying events, others may expressly exclude such acts or do not encompass supranational measures. This ambiguity creates

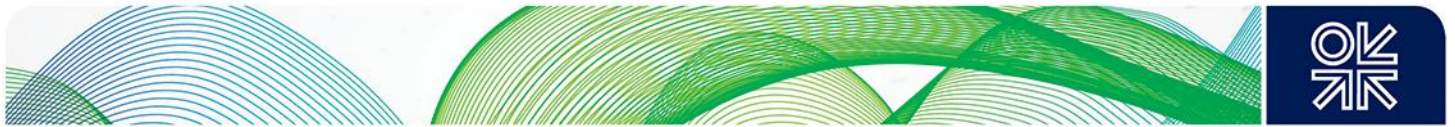
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<sup>28</sup> Ason and Meidan (2020), “Force majeure notices from Chinese LNG buyers: prelude to a renegotiation?”, OIES, March 2020.

<sup>29</sup> Proposal, para. 18.

<sup>30</sup> “Europe will never return to Russian gas, European Commission insists”, *Guardian*, 17 June 2025, (emphasis added)

<sup>31</sup> EC (2025e), ‘Assessing the impact of measures to phase out Russian gas imports and improve the monitoring of potential energy dependencies’, 17 June 2025.



a risk of contractual disputes over whether an EU-wide import ban constitutes FM, especially if contract language appears to limit recognized government acts to those of national authorities.

Another layer of complexity concerns the circumstances under which notices of force majeure are issued, particularly when such notices are filed as a “commercial follow-up” to regulatory action. While an EU-level prohibition may seem beyond the direct control of EU buyers, Russian suppliers could argue that the ban is an outcome-driven policy intended to shield buyers from liability. This argument might be particularly compelling if buyers stand to benefit from it.

Russian counterparties are therefore likely to challenge FM notices in arbitration, and the approach taken by international arbitral tribunals may vary significantly depending on the FM clause, the applicable law, and the specific facts of each case. It should also be noted that, while Gazprom has previously been reluctant to engage in some arbitration proceedings<sup>32</sup>, this does not preclude the possibility of favourable outcomes in future cases, as each dispute will turn on its own merits.

EU buyers face tangible risks of adverse arbitral outcomes. The Proposal and related documents lack risk mitigation options for losses from unsuccessful FM claims made to comply with the import ban. Even if the ban is recognized as FM, its suspension or subsequent lifting would remove the FM shield, exposing buyers to contractual liability. Thus, FM either way proves to be a risky strategy for EU buyers filing notices to comply with the ban.

### 2.1.3.b) Contract termination

Although the Proposal is intended to end Russian gas imports and, if adopted, “[render] the performance of natural gas imports from Russia unlawful”<sup>33</sup>, it does not address the issue of termination of the affected gas supply contracts. There is also a lack of clarity as to whether compliance with the EU ban necessarily requires termination, or whether the suspension of Russian gas deliveries (or other action) would suffice. This presents challenges for EU buyers, as termination provisions in gas supply contracts are typically narrowly circumscribed<sup>34</sup> and may not be readily invoked. Despite increasing evidence of EU buyers, such as OMV and Uniper, terminating Gazprom contracts, termination remains complex and may involve a lengthy negotiation period or recourse to arbitration.<sup>35</sup>

A common misconception in the public discourse is that a notice of FM equates to contract termination. In practice, FM provisions permit the temporary suspension of contractual obligations, with the right to terminate the contract arising only if the FM event endures beyond a contractually defined period (which may range from several days to a number of years, depending on the contract). Should an EU-imposed ban on Russian gas imports be deemed an FM event, buyers may be entitled to suspend performance and, if the FM circumstances persist throughout the relevant period of prolonged FM, seek termination on that basis. However, the feasibility of this approach is dependent upon the wording and interpretation of the relevant FM clauses and, critically, on the willingness of arbitral tribunals to recognize the EU ban as an event of FM (if such qualification is contested by the Russian counterparty). For LNG contracts in particular, prolonged FM may require long lead times for termination (for example, 24 or 36 months) exceeding the import ban’s transitional period. This could leave some supply contracts remain active beyond the Proposal’s cut-off dates (even if not delivering any Russian gas to the EU), potentially exposing buyers to ongoing take-or-pay and other obligations especially if the ban is lifted later.

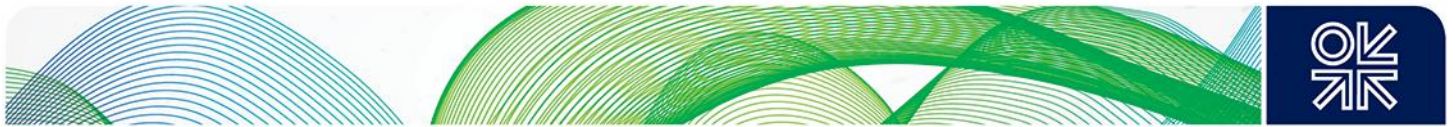
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<sup>32</sup> Stern, Yafimava and Ason (2024), “The Uniper-Gazprom Arbitration Ruling: Is the final curtain coming down on remaining long-term Russian gas supply contracts to Europe?”, OIES, June 2024.

<sup>33</sup> Proposal, para. 18.

<sup>34</sup> See Ason (2022), “International gas contracts”, OIES, November 2022.

<sup>35</sup> See Stern, Yafimava and Ason (2024), “The Uniper-Gazprom Arbitration Ruling: Is the final curtain coming down on remaining long-term Russian gas supply contracts to Europe?”, OIES, June 2024.



## 2.2 Transparency and traceability

### 2.2.1 The Roadmap

The Roadmap also proposed the introduction of new legislative measures, aimed at more effective monitoring and traceability of Russian gas imports to the EU, such as:

- obliging companies to provide information on Russian gas contracts (e.g. volumes and duration) to Member States' relevant authorities and to the EC;
- ensuring that information on actual imports of Russian gas is shared amongst national customs, energy, and security authorities as well as the EC.

While by proposing such new measures, the EC wants to create an EU framework on transparency, monitoring and traceability of Russian gas imports, the Roadmap stated that the EC also aims to include 'similar' transparency requirements for all gas imports in the EU – irrespective of their origin – as part of the ongoing EU energy security architecture revision process.<sup>36</sup> This should make the Roadmap – and the legislative Proposal translating it into EU law – important for all actual and potential suppliers of pipeline gas and LNG to the EU.

### 2.2.2 Existing EU legislation provisions on submission, exchange, and monitoring of contractual information

Existing EU legislation – as the Roadmap itself acknowledged – already includes various measures aimed at increased transparency and traceability of gas imports into the EU (albeit without specifically singling out Russian gas). In particular, the relevant provisions are contained in:

- the Security of Supply Regulation,<sup>37</sup>
- the REMIT Regulation and the REMIT Implementing Regulation,<sup>38</sup>
- the EU Customs Code,<sup>39</sup>

the 14<sup>th</sup> EU sanctions package.

However, the Roadmap stated that information provided in line with these provisions is not sufficiently 'granular' and the Proposal introduced additional measures.<sup>40</sup> This paper overviews both the existing EU legislation and the Proposal with a view to determining whether and how the latter's proposed measures differ from the former's measures, and what additional impact on transparency and traceability of Russian gas imports they might have, if adopted.

#### 2.2.2.a) The Security of Supply Regulation: information exchange (Art. 14)

In 2014, in response to the worsening relationship between the EU and Russia over the Ukraine's political and security crisis and Russia's role in it, the EU developed its European Energy Security and the Energy Union Strategies – the overarching goals of which were to reduce its dependence on Russian gas imports and increase its resilience in the event of potential interruptions.

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<sup>36</sup> Two major pieces of existing legislation with which this revision process is concerned are the *Security of Supply Regulation* and the *Storage Regulation*.

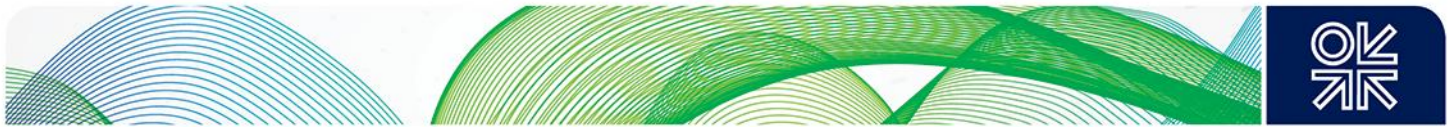
<sup>37</sup> *Security of Supply Regulation*.

<sup>38</sup> *REMIT Regulation*.

<sup>39</sup> *EU Customs Code*.

<sup>40</sup> *The Roadmap*.





The revised Security of Supply Regulation 2017/1938, which entered into force on 1 November 2017, is one of the key pieces of legislation, translating the Energy Union Strategy into law.<sup>41</sup> The Regulation stipulated that security of supply is the ‘shared responsibility’ of natural gas undertakings, Member States, and the EC, and created an obligation to exchange certain information related to gas supply during (different levels of) crisis situations. In particular, where one of the crisis levels – early warning, alert or emergency – has been declared by a Member State, natural gas undertakings are obliged to provide to the Member State’s competent authorities the following information:

- the daily gas demand and supply forecasts (for the three days ahead);
- the daily flow of gas at all cross-border entry and exit points and at all points connecting production facilities, storage facilities and LNG terminals to the network;
- the period, for which supply of gas to protected customers is expected to be ensured (Art. 14.1).

The Regulation also enabled the EC to request the Member State’s competent authority to provide it with *inter alia* the aforementioned information in the event of a regional or Union emergency (Art. 14.2).

The Regulation’s information exchange requirements are not limited to crisis situations only. In particular, the Regulation stipulated that ‘in duly justified circumstances’ and ‘irrespective of a declaration of an emergency’ the competent authority of the most affected Member State – that is the Member State where a contract party of a given contract has most of its sales of gas or customers located – may require natural gas undertakings to provide the aforementioned information or ‘additional information necessary to assess the overall situation of the gas supply in the Member State or other Member States, including contractual information, other than price information’ (Art. 14.4).

Furthermore, the Regulation enabled the EC to require the competent authorities to collect and submit to the EC “information necessary to assess” the gas supply situation, where the EC considers the gas supply “to be at risk or is likely to be at risk that may lead to the declaration of one of the crisis levels. Notably, this requirement does not cover contracts with a duration of less than one year.

For an assessment of the security of supply situation at national, regional or EU level, all natural gas undertakings are obliged to notify to the competent authority the following information in respect of existing contracts with a cross-border dimension and a duration of more than one year:

- contract duration;
- annual volumes;
- maximum daily volumes in the event of an alert or emergency;
- delivery points; minimum daily and monthly volumes;
- conditions for the suspension of deliveries;
- an indication whether the contract (individually or cumulatively with its contracts with the same supplier/affiliates) provides at least 28 per cent of the Member State’s consumption.

The competent authorities are obliged to notify this information to the EC in an anonymised form, and there is no requirement to disclose the identity of the parties to individual supply contracts.

All natural gas undertakings must also notify the competent authority of the most affected Member State their new contracts or modifications of existing contracts with a duration of more than one year (concluded or modified after 1 November 2017), that individually or cumulatively with its contracts with the same supplier provide at least 28 per cent of the Member State’s consumption. They are also obliged (as of 2 November 2018) to notify all their existing contracts fulfilling these conditions. There is

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<sup>41</sup> *Security of Supply Regulation*.



no obligation to notify price information or modifications related to the price only (Art. 14.6). On its part, the competent authority is not obliged to notify such new contract or modification of the existing contract to the EC unless it is in doubt about whether it puts the security of gas supply of a Member State or a region at risk.

Nonetheless, the Regulation contains a “kill shot” clause, which – in circumstances ‘duly justified by the need to guarantee transparency of key gas supply contracts relevant to the security of gas supply’ – enables the competent authority and the EC to request the natural gas undertaking to provide a gas supply contract – excluding price information – where either the competent authority or the EC consider that it ‘may jeopardise’ the security of gas supply of a Member State, of a region or of the EU (Art. 14.7). While this clause refers to the ‘key gas supply contracts’, the Regulation does not specify whether it is limited to contracts of any specific duration, volume or share in the Member State’s consumption, thus implying that *in extremis* a request could be made to provide any contract to the competent authority and to the EC.

Therefore, it could be argued that the Security of Supply Regulation – as it currently stands – already contains provisions, enabling the EC and the Member States’ competent authorities to have access to all supply contracts under which Russian gas is imported into the EU, albeit on a case-by-case basis and subject to justification.

#### **2.2.2.b) The Wholesale Energy Market Integrity and Transparency Regulation (REMIT): data collection (Art. 8) and information sharing (Art. 10)**

The REMIT Regulation, which entered into force on 25 December 2011, obliged market participants (or persons and entities acting on their behalf) to provide ACER with a record of wholesale energy market transactions. The Regulation was amended in 2024, in the aftermath of the 2022-23 energy crisis, its key data collection requirement being strengthened and ACER gaining additional powers. The amended Regulation entered into force on 25 February 2025.

The Regulation stipulated that the information provided to ACER must include *inter alia*:

- the identification of the wholesale energy products bought and sold,
- the price and quantity agreed,
- the dates and times of execution,
- the parties to the transaction and the intermediate or final beneficiaries of the transaction (Art. 8.1).

As far as natural gas is concerned, this requirement covers contracts (and derivatives) for:

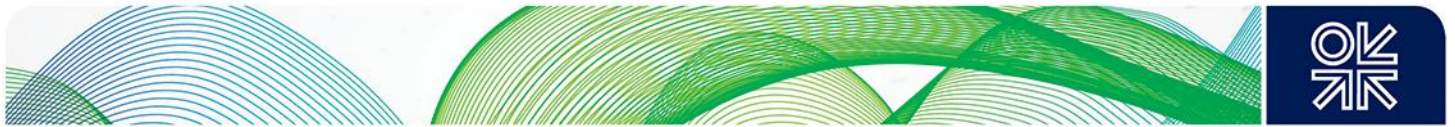
- the supply of natural gas, including LNG, where delivery is in the EU;<sup>42</sup>
- the transmission of natural gas in the EU;
- the storage of natural gas in the EU.

Prior to its amendment in 2024, the REMIT Regulation did not cover contracts (and derivatives) for the storage of natural gas. The extension of its scope to cover storage contracts (and derivatives) reflects the increasingly important role of storage in ensuring the EU security of supply (following a sharp decrease of Russian gas in the EU energy balance and a sharp increase in its reliance on imported LNG) and desire to prevent market manipulation in respect of storage products.<sup>43</sup>

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<sup>42</sup> Contracts for the supply and distribution of gas for the use of final customers are not included unless they are greater than the 600 GWh/year threshold.

<sup>43</sup> Russian entities are prohibited from using the EU storage anyway. Also see Storage Regulation certification requirement.



The REMIT Regulation obliged the EC to draw 'a list of the contracts and derivatives' to be reported, including appropriate *de minimis* transaction thresholds; adopt uniform rules on the reporting of information; stipulate the timing and form in which that information is to be reported (Art. 8.2). In its furtherance, the REMIT Implementing Regulation was adopted, entering into force on 7 January 2014, defining 'the details of reportable wholesale energy products and fundamental data', while also establishing channels for data reporting, timing and regularity (Art. 1).

The Regulation prescribed that, as far as natural gas is concerned, the following contracts must be reported to ACER (Art. 3):

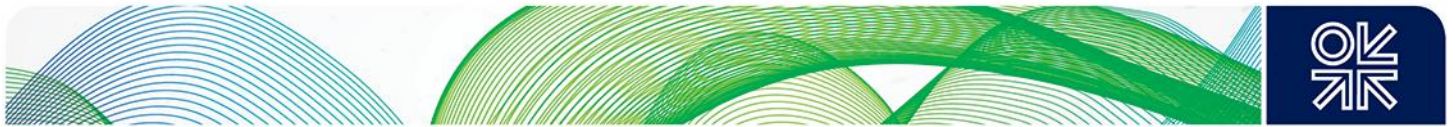
- intraday or within-day, day-ahead, two-days ahead, week-end, after-day supply contracts, other contracts with a delivery period longer than two days, contracts to a single consumption unit with a technical capacity to consume at least 600 GWh/year (all where delivery is in the EU irrespective of where and how they are traded) as well as any derivatives of contracts related to natural gas produced, traded or delivered in the EU;
- transportation contracts in respect of primary and secondary capacity as well as any derivatives of such contracts.

The REMIT Implementing Regulation has also established the rules for the reporting of information related to the capacity and utilisation of facilities for production, storage, consumption or transmission of natural gas, or related to the capacity and use of LNG facilities. Specifically, it obliged the European Network of Transmission System Operators for Gas (ENTSOG) to report information to ACER in relation to the capacity and use of gas transmission facilities as soon as it becomes available on the ENTSOG platform (Art. 9.1). It has also obliged the following players to report to ACER (mandatorily) and to the NRAs (at their request):

- gas TSOs (or third parties on their behalf): day-ahead nominations and final re-nominations of booked capacities (including the identity of the market participants and the allocated quantities);
- LNG system operators: the daily capacity (technical, contracted and available), send-out and inventory, and capacity unavailability announcements;
- market participants (or LNG system operators on their behalf) for each LNG import terminal: date and volumes of unloading and reloading per ship, the name of the terminal customer and names and sizes of the ship using the LNG facility, including for the following month;
- storage system operators for each (group of) storage facility/facilities: the capacity (technical, contracted, available), gas stocks at the end of the gas day, daily injections and withdrawals, and capacity unavailability announcements;
- market participants (or storage system operators on their behalf): the amount of gas the market participant has stored at the end of the gas day.

In addition to provisions on information to be provided to ACER, the REMIT Regulation also obliged ACER to establish mechanisms for sharing information it receives under REMIT Regulation data collection provisions with other authorities, including *inter alia* with the EC, NRAs, competent financial authorities, national competition authorities, European Securities and Markets Authority (ESMA) and Eurofisc, in consultation with them (Art. 10). It also obliged the NRAs to establish mechanisms for sharing information they receive under REMIT Regulation data collection provisions with *inter alia* the national competent financial authorities, competition authorities, tax authorities, in consultation with the ACER and these authorities, unless such mechanisms were established before 7 May 2024. The Regulation also obliged ESMA and competent authorities to transmit to ACER reports of transactions in wholesale energy products received under MiFID Directive.

This overview suggests that ACER already has access to very detailed and granular information under the REMIT Regulation in respect of supply, transmission, and storage contracts, including those related



to Russian gas imports. Furthermore, as the Regulation obliged ACER to establish information sharing mechanisms, other agencies – including the EC, national regulatory authorities, competent financial authorities, and national competition authorities – also can have access to such information.

### 2.2.2.c) The Customs Code

In addition to the Security of Supply Regulation and the REMIT Regulation stipulating the rules for data collection and information sharing related to natural gas (and other energy) supplied, delivered, transported and stored in the EU, the EU Customs Code provides general rules, including in relation to communication of information, applicable to any goods – including natural gas – brought into (or taken out of) the EU customs territory.

Under the EU Customs Code, all information acquired by Customs Authorities – including *inter alia* a customs declaration, temporary storage declaration, re-export declaration (Art. 15) – is covered by the obligation of professional secrecy (Art. 12). Such information must not be disclosed by competent authorities without ‘the express permission’ of the person or authority that provided such information, unless customs authorities are ‘obliged or authorised to do so pursuant to the provisions in force, particularly in respect of data protection, or in connection with legal proceedings’.

At present, customs authorities are not obliged to disclose information related to gas import contracts to national authorities responsible for energy policy.<sup>44</sup> The Proposal for a Russian Gas Phase Out Regulation imposes an obligation on customs authorities to “exchange” the information received from natural gas importers with regulatory authorities, competent authorities, ACER and the EC “to the extent necessary to ensure effective assessment” of whether the gas imported into the EU customs territory is Russian and whether it meets the conditions for exceptions, thus strengthening their oversight over Russian gas supply contracts (see Section 2.2.3).

### 2.2.2.d) The 14<sup>th</sup> EU Sanctions Package (Regulation 2024/17451): transparency provisions related to prohibition on transshipment of Russian LNG in EU ports <sup>45</sup>

On 24 June 2024, the EU adopted Regulation 2024/17451 (the 14th sanctions package),<sup>46</sup> which *inter alia* prohibited the provision of reloading services in the EU for the purposes of transshipment operations – defined as ship-to-ship transfers and ship-to-shore transfers followed by reloading on another ship – of Russian LNG as of 26 March 2025. The national competent authority may authorise such reloading of Russian LNG if it is necessary for its transport to a Member State and such Member State has confirmed that the transshipment is used to ensure its energy supply (Art. 3r) whereas its transshipment through EU ports to non-EU countries is prohibited.

The Regulation stipulated that to ensure compliance with this prohibition, the national competent authorities may establish rules and guidance at national level, including enhanced due diligence requirements for the identification of reloading services provided for transshipment, taking into account the following factors:

- “specificities of the national regulatory framework,
- previous business practices of shippers,
- the time between the unloading and reloading,
- indications of direct commercial connections between the unloading and reloading,

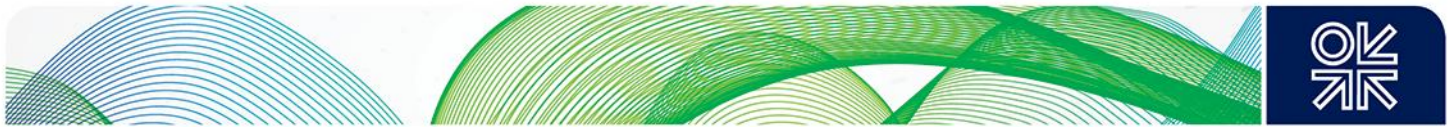
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<sup>44</sup> *The Roadmap*.

<sup>45</sup> Council Regulation (EU) 2024/1745 concerning restrictive measures in view of Russia’s actions destabilizing the situation in Ukraine, 24 June 2024.

<sup>46</sup> *Ibid*.





- and the country of registration of the economic operators involved”.

The Regulation obliged the Member States’ competent authorities to inform the EC about the establishment of such rules and guidance – or decisions not to establish them – by 26 December 2024. It is not publicly known whether and which Member States have established such rules and guidance.

### 2.2.3 The Proposal

The Proposal for a Russian Gas Phase Out Regulation stipulates the measures, additional to those already present in inter alia the Security of Supply Regulation and the Governance Regulation, aimed at more effective monitoring and traceability of Russian gas imports in the EU. These measures are outlined under Chapter III of the Proposal “Submission and exchange of relevant information” and can be divided into three broad groups:

- submission of information by importers and providers of LNG terminal services (Art. 7 and Art. 8);
- monitoring (Art. 9);
- exchange of information (Art. 10).

#### 2.2.3.a) Submission of information

##### ***Information on Russian gas supply contracts***

As far as information related to Russian gas imports and supply contracts is concerned, the Proposal obliges importers to provide Customs Authorities with “all relevant information” necessary to implement the prohibitions on imports by 1 January 2026 (Art. 8), including “appropriate evidence” to verify whether it is Russian gas that is being imported. It also obliges importers to provide Customs Authorities and other authorities involved in monitoring with “appropriate evidence” to assess whether Russian gas imported under existing contracts meets the Regulation’s conditions for exceptions (see Section 2.1.2).

The Proposal provides a non-exhaustive list of Information to be provided as part of such evidence, including:

- the date of the conclusion and the duration of the supply contract as well as the identity of its parties;
- the contracted quantities, including all flexibility rights;
- the producer of the gas and the country of production, and the country where the gas was further processed;
- the delivery points, including possible flexibilities;
- the port of first loading (for LNG imports);
- any modification of the supply contract, including its content and date (except modifications related solely to the price).

It also obliges Customs Authorities to share the aforementioned information with the EC (Art. 13) (see Section 2.2.2). The Proposal also amends the Security of Supply Regulation by obliging the natural gas undertakings to provide this information directly to the EC as well (presumably so that the latter could compare and cross-check both data sets) (Art. 13).

The Proposal stipulates that “more detailed information” may be requested – except price information – if necessary for assessing whether the imported gas is Russian and whether it meets the conditions for exceptions, enabling Customs Authorities to require the following information:



*“the text of certain provisions of the gas supply contract in full or the text of entire gas supply contract, except price information, especially where certain contractual provisions are interrelated, or where the full knowledge of the formulation of the contractual provisions is crucial for the assessment” (emphasis added).*

Notably the Proposal provides Customs Authorities with significant discretion over whether to allow Russian gas imports into the EU Customs Territory, as it allows them to ‘refuse the release for free circulation of the goods’, if the provided evidence is considered being “not conclusive” (Art. 7).

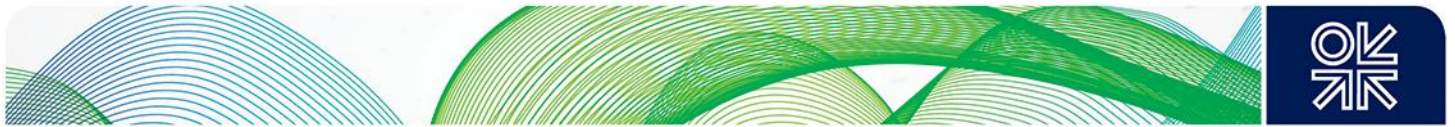
The Proposal also provides an exhaustive list of Interconnection Points (IPs). Any gas entering the EU through these IPs will be deemed Russian and therefore subject to prohibitions, unless the importer provides “an unambiguous evidence” that the imported gas has been in transit through Russia but does not originate in Russia. Interestingly, the list includes all the IPs through which Russian gas was previously – or is currently – imported into the EU via all Russian gas export corridors – Yamal-Europe, Nord Stream, and TurkStream, Northern Lights, and a pipeline to Finland – except the Ukrainian corridor. None of the Ukraine-Russia, Ukraine-Slovakia, Ukraine-Hungary, Ukraine-Poland, Ukraine-Moldova IPs are listed. This suggests that the gas that is imported via these IPs will not be automatically deemed being Russian, thus leaving the door open to gas entering Ukraine on the Russia-Ukraine border for onward delivery in the EU beyond 2027.

The Proposal also amends the Security of Supply Regulation (Art. 14.6) and introduces an obligation on the natural gas undertakings to provide contractual information directly to the EC. No such obligation currently exists, although the EC is already empowered by the Security of Supply Regulation to make a reasoned request to the natural gas undertaking to provide the contract (excluding price information) for the assessment of its impact on the security of gas supply (the so called “kill-shot” clause, see Section 2.2.2). At present, short of a “kill-shot” clause, another way for the EC to receive contractual information (only in respect of contracts with a duration of more than one year and covering at least 28% of Member States’ annual gas consumption, and only in anonymised form) is from Member States’ competent authorities, which are obliged to notify to the EC the following data:

- contract duration;
- yearly contracted volumes;
- contracted maximum daily volumes in the event of an alert or emergency;
- contracted delivery points;
- minimum daily and monthly gas volumes;
- conditions for the suspension of gas deliveries.

The amendment would require all natural gas undertakings to provide directly to the EC the following information relating to all supply contracts for Russian gas – and irrespective of their duration, date of signature, or share in a Member State’s gas consumption (Art. 13) – without the EC having to request (and justify) it first:

- the same information as the Proposal requires importers of Russian gas to provide to Customs Authorities as evidence that the imported gas is Russian and that it meets the exception conditions (see above);
- information on quantities to be supplied and taken, including information on flexibilities under take-or-pay and deliver-or-pay provisions;
- nominations for pipeline gas supplies and delivery schedules for LNG;
- annual contractual quantity (ACQ) flexibilities, including make-up quantities;
- conditions for suspension or termination of gas deliveries, including force majeure provisions;



- governing law of the contract and arbitration mechanism;
- key elements of other commercial agreements that are relevant for the execution of the contract (except price information).

The Proposal also specifies that this information will have to be provided “for each contract in a disaggregated format including the full relevant text parts”, particularly where “the full knowledge of the formulation of the contractual provisions is crucial for the security of supply assessment or where certain contractual provisions are interrelated”.

The Proposal would clearly grant the EC a significantly greater insight into all Russian gas supply contracts – irrespective of their duration, volume, or share of a Member State’s consumption – than it has had previously. It would also streamline and expedite access to these contracts by requiring natural gas undertakings to submit them directly to the EC in a disaggregated format, rather than the current practice of receiving some contracts from competent authorities in anonymized form.

Although the Proposal’s disclosure requirements in respect of (some) contractual information are themselves not new, and notwithstanding its professional secrecy requirements, the expanded scope and granularity of these obligations together with the information exchange provisions, under which contractual information will become more easily available to a wider circle of parties than has previously been the case, may raise concerns amongst the industry’s players.

#### **Information on EU LNG terminal services for Russian customers**

As far as information on long-term EU LNG terminal services provided to Russian customers is concerned, the Proposal obliges their providers to provide:

- Customs Authorities with relevant information for implementing the prohibition on provision of such services by 1 January 2026, and establish which existing long-term contracts meet the transition phase exception (thus allowing such services to continue until 1 January 2028);
- the EC with information concerning services booked by Russian customers, including “contracted services, affected quantities and contract duration”.

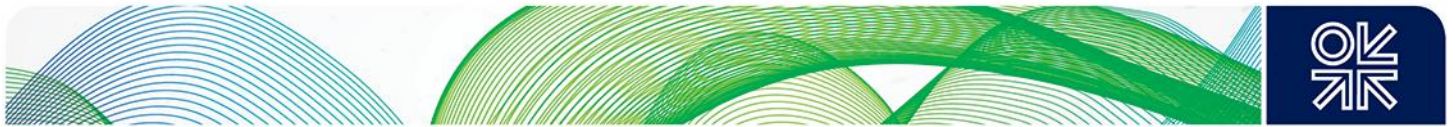
#### **2.2.3.b) Monitoring of the import prohibitions and exceptions**

The Proposal obliged Customs Authorities and (where relevant) competent authorities and Regulatory Authorities and ACER to:

- “ensure effective monitoring’ of prohibitions on imports of Russian gas and on provision of long-term LNG terminal services to Russian customers, by making “full use of their enforcement powers”, and
- “cooperate closely with relevant national authorities, authorities from other Member States, ACER or the [European] Commission” (Art. 9).

The Proposal amended the Security of Supply Regulation by obliging the EC to:

- Carry out “a continuous monitoring of an exposure” of the EU’s energy system to Russian gas supplies (on the basis of *inter alia* contractual information provided to the EC in line with the Proposal);
- assess the implementation of the Russian gas phase out on the basis of Member States’ National Diversification Plans (NDPs) and publish a report providing “a comprehensive overview” of the implementation progress, which may be accompanied by a recommendation from the EC on how to ensure “secure” supply diversification and a timely phase out of Russian gas (see Section 2.3.3).



Notably, while the Proposal preserved the Regulation's obligation on the EC to carry out continuous monitoring of security of gas supply measures – irrespective of the origin of gas supplies – it removed the requirement on the EC to develop its conclusions on how to enhance the security of gas supply on the basis of the assessments of Member States' PAPs and EPs. By doing so it has effectively equated the security of gas supply to the phase out of Russian gas, with no comparable assessment required to be made in relation to non-Russian gas supplies.

### **2.2.3.c) Exchange of information**

The Proposal enables a two-way information sharing between Customs Authorities on one hand, and national competent and regulatory authorities, ACER and the EC on the other (Art. 10). In particular, the Proposal obliged Customs Authorities to exchange the information received from gas importers with regulatory authorities, competent authorities, ACER and the EC “to the extent necessary to ensure effective assessment” of the prohibitions on imports and terminal services. It also promotes cross-border cooperation by obliging Customs Authorities from different Member States to exchange information “to the extent necessary” and “cooperate with each other in order to avoid circumvention”. In turn, the Proposal obliged ACER and the EC to share relevant information they have on contracts for the import of Russian gas with customs authorities.

In addition, the Proposal obliged ACER to publish a report by 31 August 2026 and 2027 – the two years within which the Proposal prohibits any Russian gas imports into the EU – to provide “an overview” of Russian gas supply contracts and assess the impact of the phase out on energy markets. These reports are to be based on ACER's own information (particularly, information collected by ACER under REMIT Regulation, see Section 2.2.2) as well as additional information provided to it by customs authorities in line with the Proposal's requirements.

## **2.3 National Plans for phasing out Russian gas**

### **2.3.1 The Roadmap**

The Roadmap proposed the introduction of new measures requiring Member States to ‘plan and monitor’ the EU-wide phase-out of Russian gas, mandated by prohibitions of Russian gas imports. It stipulated that Member States' national plans must contain the following information:

- the volumes of Russian gas imports under existing contracts (including contracts with “take-or-pay” clauses, obliging buyers to pay for the contracted gas regardless of whether it has been taken);
- a timeline within which Russian gas is to be phased out;
- diversification options and technical capabilities to replace Russian gas (e.g. with supplies from non-Russian suppliers, ‘green’ gases and/or electrification).

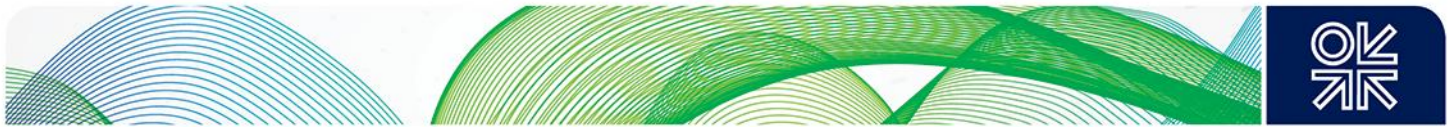
The Roadmap did not specify whether the legislative Proposal will stipulate the development of new national plans, aimed specifically at the phase out of Russian gas, or whether those plans that are already developed by Member States under existing EU legislation, will be adjusted to accommodate the Russian gas phase out requirement.

The time period, stated in the Roadmap, within which Member States would have to develop and submit their plans – the end of 2025 – is extremely short.

### **2.3.2 Existing EU law provisions on national energy plans**

Under existing EU law, the EU Member States are already obliged to develop various national plans in respect to energy in general, and natural gas in particular, including:





- the Security of Supply Regulation (in force since 1 November 2017) requires Member States to develop and submit to the EC their national Preventive Action Plans (PAPs) and Emergency Plans (EPs), containing regional chapters, for coordinating the planning for, and response to, emergencies (Art. 8 – 10);
- the Governance Regulation (in force since 24 December 2018)<sup>47</sup> requires Member States to develop and submit to the EC their national Energy and Climate Plans (ECPs) outlining Member States's actions and policies to achieve the EU's 2030 climate and energy targets.

While the PAPs and the EPs aim at preparing for, and responding to, emergencies, the ECPs aim at outlining specific policies and actions, ensuring that the Energy Union objectives – which are not explicitly defined by the Regulation but include the 2030 targets on GHG emissions, renewables, efficiency, and electricity interconnections – are collectively met and adhered to by the EU and the Member States.

Planning and monitoring the Russian gas phase out have not been explicitly (or implicitly) required to be part of the PAPs, the EPs or the ECPs – although ECPs must contain national objectives for increasing the diversification of energy sources and supply and reducing energy import dependence from third countries.<sup>48</sup> This is not surprising as both the Security of Supply Regulation and the Governance Regulation were adopted in furtherance of the EU's Energy Security Strategy and the Energy Union Strategy, which aimed at reducing dependence on Russian gas rather than at eliminating it. Nonetheless, the Governance Regulation and the Security of Supply Regulation are sufficiently broad to allow the incorporation of additional measures, envisaged in the Roadmap, such as planning and monitoring the Russian gas phase out. Yet the EC decided to introduce a new separate category of national plans aimed at the Russian gas phase out – the National Diversification Plans (NDPs) – requirements for which are analysed in Section 2.3.3. Prior to analysing the NDPs, this paper provides a brief analysis of how the Proposal's Russian gas phase out requirement might impact the content of the PAPs, the EPs, the ECPs as well as their relationship with the NDPs.

### **2.3.2.a) The Security of Supply Regulation: Preventive Action Plans (PAPs) and Emergency Plans (EPs)**

While preparing their PAPs and EPs as well as underlying common (regional) and national risk assessments,<sup>49</sup> Member States are obliged to take into account the results of (latest available) ENTSOG's Union-wide simulation of gas supply and infrastructure scenarios, including scenarios of a prolonged disruption of a single supply source. ENTSOG is obliged to carry out such simulation every four years. It carried out its most recent simulation in 2024 (two years ahead of the 1 November 2026 deadline), in the aftermath of the 2022-23 energy crisis.<sup>50</sup>

While preparing its 2024 simulation report, ENTSOG – in cooperation with Gas Coordination Group (GCG) – re-assessed its assumptions, methodology, disruption scenarios and the composition of the list of Risk Groups, that it used for preparation of its previous reports (in 2017 and 2021). As a result of the re-assessment, disruption scenarios involving Russian gas supply have been dropped and the Eastern Gas Supply Risk Group – including twenty two Member States and created for assessing the risk factors that could lead to the loss of Russian supply to these countries via various export corridors (Ukraine, Yamal-Europe, Nord Stream and TransBalkan) – has been dissolved.<sup>51</sup> Meanwhile, a new

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<sup>47</sup> For information about the genesis of the Governance Regulation, see Yafimava (2018), "Building new gas infrastructure in the EU: what are the rules of the game?", OIES, July 2018, Section 4.

<sup>48</sup> Yafimava (2018), "Building new gas transportation infrastructure in the EU".

<sup>49</sup> Risk Group is a group of countries created in order to analyse various risk factors which could lead to the materialisation of the major transnational risk to the security of gas supply in that particular group.

<sup>50</sup> ENTSOG (2025).

<sup>51</sup> The list of Risk Groups and their composition is set in the Security of Supply Regulation Annex I.



LNG Risk Group – which includes all EU Member States – has been created. Also, the composition of (several) other remaining Groups has been amended to include countries that previously were members of the Eastern Gas Supply Group (e.g. Czechia, Finland, Latvia, Lithuania and Estonia were made part of the North Sea Group).

Importantly, the changes in the composition of the list of Risk Groups have been made by ENTSOG – in cooperation with the GCG – purely for the purposes of simulation exercises. At present, the formal list of Risk Groups, as established by the Regulation in Annex I, has remained unchanged and still includes the Eastern Gas Supply Risk Group and does not include the LNG Supply Group.<sup>52</sup> The EC has amended Annex I several times since the Regulation's entry into force, using its power to update the composition of any given Risk Group through adoption of a Delegated Act to “reflect the evolution of the major transnational risks to the security of gas supply in the Union and its impact on Member States”. While the Regulation allows the EC to change the composition of any given Risk Group, it is silent on whether the EC has the power to dissolve a Risk Group. While at present the list remains unchanged, it cannot be ruled out that the EC will adopt a Delegated Act amending the list in line with ENTSOG's simulation report and it would enter into force unless rejected by either the Council or the Parliament.

The composition of Risk Groups is important because their members' competent authorities are obliged to make a common assessment at the Group level – Common Risk Assessment – of the risk factors that could lead to the loss of the major source of supply for which that Group was created. Risk Assessments must demonstrate that supply and infrastructure standards are met<sup>53</sup> – both at the national and (where appropriate) regional levels, even if and as Russian gas is phased out, as stipulated by the Roadmap. It would have been impossible for the members of the Eastern Supply Risk Group to meet these standards if all Russian pipeline gas supply were to be lost. Dissolution of the Eastern Supply Risk Group would mean that its members' competent authorities would no longer be obliged to meet supply and infrastructure standards at the Group level. Instead, they would have to meet these standards at the level of other Groups, of which some of them are also members. In other words, the elimination of the entire Eastern Supply Risk Group enabled the ENTOSG 2024 report to demonstrate that all (remaining) Risk Groups would be able to meet infrastructure and supply standards.

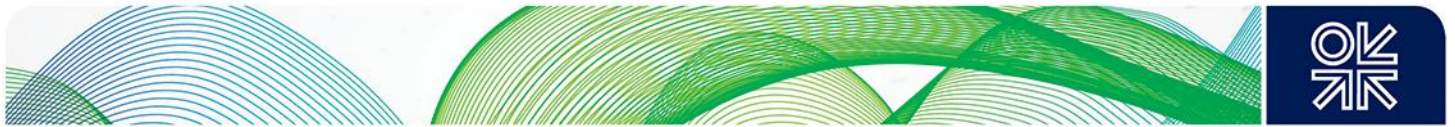
ENTSOG stated that the decision to dissolve the Eastern Group was made “due to changes in their major supply infrastructure and significant overlap with the North Sea risk group”. Indeed, most of the major supply infrastructure, which was previously transporting Russian gas to the countries in this Group – Nord Stream, Yamal-Europe, and the Ukraine corridor – is no longer operational, whereas Russian gas supplies via TransBalkan have been replaced by supplies via TurkStream. As far as an overlap with the North Sea is concerned, it is hardly significant as only eight out of twenty two members of the Eastern Group are part of the North Sea Group (Denmark, Germany, Luxembourg, Poland, Sweden, Belgium, France, Netherlands). Also, nine countries are part of the South East Supply Group (Bulgaria, Greece, Italy, Hungary, Austria, Croatia, Romania, Slovenia, Slovakia).

ENTSOG's 2024 report assumes in all its simulations, including disruption scenarios, a complete loss of Russian pipeline gas supply. Having assumed inoperability of all Russian pipeline gas export

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<sup>52</sup> EC (2021).

<sup>53</sup> *Supply standard* is considered met when the necessary measures have been taken to ensure the gas supply to the Member State's protected customers in all of the following cases: (a) extreme temperatures during a 7-day peak period occurring with a statistical probability of once in 20 years; (b) any period of 30 days of exceptionally high gas demand, occurring with a statistical probability of once in 20 years; (c) for a period of 30 days in the case of disruption of the single largest gas infrastructure under average winter conditions. *Infrastructure standard* is considered met when the necessary measures have been taken to ensure that in the event of a disruption of the single largest gas infrastructure, the technical capacity of the remaining infrastructure is able to satisfy total gas demand during a day of exceptionally high gas demand occurring with a statistical probability of once in 20 years as well as establishing permanent physical bi-directional capacity on all cross-border transmission interconnection points.



corridors and a loss of all Russian pipeline gas supplies, the report simulated disruptions on the remaining gas export corridors (Norway, North Africa, and Turkey), carrying non-Russian pipeline gas to Europe. The scenario under the LNG Supply Risk Group – which reflects a lower LNG supply potential – anticipates a situation in which Europe is unable to attract sufficient LNG, particularly to replace Russian LNG. This scenario can therefore be interpreted as a complete loss of Russian pipeline gas and Russian LNG supplies. Thus, in its 2024 simulation report, ENTSOG – instead of actually simulating the disruption of remaining operational Russian gas export infrastructure and resulting loss of supply as well as assessing its impact on the EU gas supply security – simply assumed that all such infrastructure is not operational – despite the fact that TurkStream is operational and highly utilised – and no Russian pipeline gas was coming through it (while the LNG Supply Risk scenario also assumed a loss of Russian LNG supplies). In so doing it forces Member States to plan for the phase out as part of their PAPs and EPs (as they are obliged to take this report into account) thus implementing – rather than assessing the impact of – the EU's REPowerEU Russian gas phase out policy.

As Member States are obliged to take the results of ENTSOG's simulation into account when preparing their Common and National Risk Assessments,<sup>54</sup> PAPs and EPs, the way the ENTSOG's 2024 simulation was conducted, effectively forces all Member States to prepare their Risk Assessments as well as their PAPs and EPs on the assumption that there will be no Russian gas in the EU system, even if some of these Member States have spoken – or at least cautioned – against its complete phase out.

### 2.3.2.b) The Governance Regulation: Energy and Climate Plans (ECPs)

#### ***ECPs: the Russian gas phase out is an option but not a requirement***

ECPs are required to contain a description of the national objectives, targets, and contributions in respect of each dimension of the Energy Union, namely: 1) energy security; 2) internal energy market (IEM); 3) energy efficiency; 4) de-carbonization; 5) research, innovation, and competitiveness, as well as a description of policies to meet them.

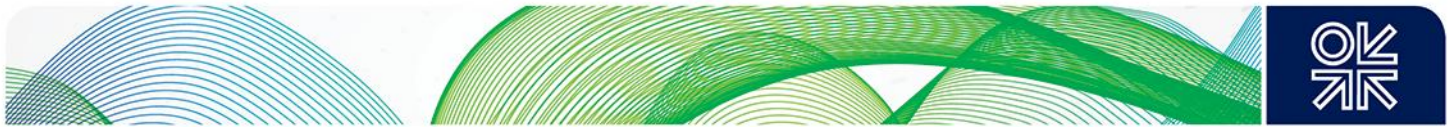
In relation to *the energy security dimension* Member States are obliged to include their objectives, policies and measures on increased diversification of sources and supplies from non-EU countries. However, Member States are not obliged to include a description of objectives, measures and policies, aimed specifically at phasing out Russian gas in the 2027 (or any other) timeframe. Therefore, those Member States that want to phase out Russian gas from their balances, may declare that a total phase out is indeed their objective and outline available alternatives for replacing it. However, some Member States may declare that their diversification objectives are more modest than ensuring a total phase out of Russian gas by 2028 on the grounds that phase out is not feasible, either economically (cost) or physically (lack of supplies or infrastructure). Therefore, they may want Russian gas to remain part of their balances for longer, as removing it too fast could have an adverse impact on their energy security. They could also argue that any measure resulting in weakened national energy security cannot be considered as contributing towards strengthening energy security of the EU as a whole – with a reference to the energy solidarity principle. Alternatively, some Member States may declare that their objectives in respect of Russian gas could be revised in favour of the faster phase out, provided that financial measures are agreed at the EU and/or regional level, compensating for the loss of Russian supplies. In relation to the IEM dimension, Member States are obliged to include their objectives in respect of key transmission infrastructure. Some Member States may declare that the re-started operation of the Ukrainian corridor for gas transit or continued utilisation of TurkStream are necessary for ensuring their energy security.

On its part, the EC is obliged to assess the Member States' draft ECPs (and their updates) (Art. 9), commenting inter alia on “the level of ambition” of objectives towards achieving the Energy Union

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<sup>54</sup> First of which had to be prepared by 1 October 2018 with updates to be provided every four years thereafter (or more frequently if warranted) thus suggesting the next wave of Risk Assessments is due by 1 October 2026.





objectives, on corresponding existing and planned policies, including consistency and interactions between them, as well as any additional policies that might be required. Therefore, while assessing any Member State's draft ECP, which does not stipulate the Russian gas phase out by 2028, the EC could issue a negative assessment, concluding that:

- the phase out of Russian gas envisaged by a Member State in its draft ECP is not sufficiently fast;
- policies and measures to diversify away from Russian gas are inadequate and may undermine the energy security of the EU as a whole.

The EC is also obliged to assess the Member States' final ECPs (Art. 13), assessing *inter alia* whether they comply with the Regulation's requirements and EC recommendations and whether national objectives, set in respect of all Energy Union's dimensions, are sufficient for achieving its objectives. Therefore, while assessing any final ECP which does not stipulate the Russian gas phase out by 2028, calls for continued operation of TurkStream or re-started operation of the Ukrainian transit corridor, the EC could conclude that:

- a Member State's measures in respect of increasing the diversification of energy sources and supply from third countries and reducing import dependence – e.g. in the form of preserving any Russian gas supply beyond 2027 – are not sufficient for the collective achievement of the Energy Union objectives, and
- a Member State's national objectives for gas transmission infrastructure – e.g. in the form of renewed reliance on the Ukrainian transit corridor or continued reliance on TurkStream – are not sufficient for the collective achievement of the Energy Union objectives.

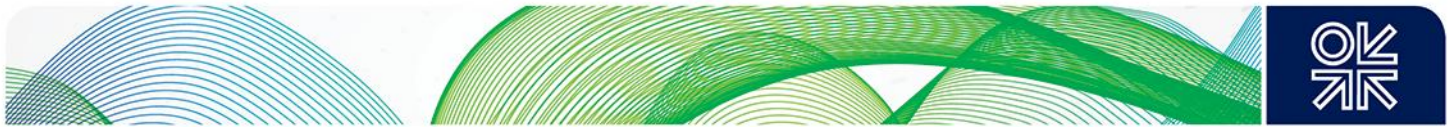
However, even though the EC has a significant degree of discretion in making a judgement on whether the measures included by Member States in their ECPs are sufficient, adequate, and consistent with reaching the Energy Union objectives, it cannot force Member States to align their ECPs with the EC recommendations, including in respect of the Proposal's Russian gas phase out requirement. Although a Member State is obliged to take 'due account' of the EC recommendations 'in a spirit of solidarity' between Member States and the EU and between Member States themselves, as well as to explain how it has done so in its progress report (Art. 34), it has a right not to address the EC recommendation (given that it has provided justification for doing so) (Art. 9.3). Therefore, Member States' final ECPs could diverge from the EC recommendations in respect of the Russian gas phase out.

On the other hand, while a Member State has a right to adopt an ECP diverging from – or indeed ignoring – the EC's recommendation, its ability to do so would also depend on the position of other Member States. This is due to the Regulation's strong emphasis on cross-border regional cooperation, whereby each Member State is obliged 'to identify opportunities for regional cooperation and consult neighbouring Member States, including in regional cooperation fora' 'well before' submitting its draft ECP. Member States are also obliged to 'cooperate with each other [...] to meet the objectives, targets and contributions' set out in their ECPs 'effectively' (Art. 12). While some Member States could be against a Member State's draft ECP, which envisages continued presence of Russian gas and a slower phase out than stipulated in the Proposal – yet other Member States could be supportive. For example, it is possible that Slovakia and Hungary – adjacent EU Member States – would be supportive of each other's ECPs if they were to diverge from the Proposal's phase out requirement, about which both countries expressed strong reservations. Such potential disagreements between the EC and dissenting Member States as well as between Member States on the implementation of the Proposal's requirement of Russian gas phase out and its timing, would have to be resolved.

### ***The ECPs and measuring the progress towards the Energy Union objectives***

Given a possibility – and indeed likelihood – of significant divergence of views between the EC and some Member States in respect of the Roadmap's Russian gas phase out requirement and its impact





on the progress towards reaching the Energy Union objectives, it is important that some metrics exist by which such progress can be measured. While the Governance Regulation itself does not contain such metrics, they have been defined by the EC as part of its State of the Energy Union Reports.<sup>55</sup> Correspondingly, progress made in respect of each dimension of the Energy Union can be measured by certain indicators.

In particular, the progress reached in respect of *the energy security dimension* is measured by:

- net import dependence,
- supply concentration index, and
- N-1 rule,

whereas the progress reached in respect of *the IEM dimension* is measured by:

- market concentration index,
- wholesale gas prices, and
- household switching rates.

Clearly, the extent and the pace of the Russian gas phase out from Member States' balances – and policies and measures aimed at securing alternatives – would have an impact on each of these indicators, which would differ for different Member States. The phase out would worsen some of these indicators for some Member States. For example, it is difficult to see how Hungary would meet the N-1 standard if no gas arrives via TurkStream.

As the EC has not specified the (range of) value(s) that each of these indicators should attain for the progress towards the Energy Union objectives being considered sufficient, a significant degree of discretion exists over concluding whether a Member State has made sufficient progress towards attaining the Energy Union objectives. On the other hand, given that the EC metric of indicators is not legally binding on Member States – as it is not enshrined in EU legislation – the latter would also be able to argue that measures included in their ECPs are sufficient, adequate, and consistent for reaching the Energy Union objectives.

### 2.3.3 The Proposal

The Proposal obliged Member States to develop their National Diversification Plans (NDPs), describing “measures, milestones and potential barriers” to diversify their gas supplies and “discontinue all imports” of Russian gas in line with the 1 January 2028 import prohibition deadline (Art. 11) and including the following information:

- the volume of Russian gas imports under existing supply contracts and on LNG terminal services contracted by Russian customers;
- a description of existing and planned measures aimed at replacing Russian gas, including:
  - quantities expected to be phased out,
  - milestones and timeline of implementation,
  - envisaged options for alternative supplies and supply routes (insofar as available);

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<sup>55</sup> EC (2017): ‘Monitoring progress towards the Energy Union objectives – key indicators’, Second Report on the State of the Energy Union, 1 February 2017.



- any potential technical, contractual or regulatory barriers to replacing Russian gas imports and options to overcome those barriers.

The Proposal noted that measures aimed at replacing Russian gas may include *inter alia*:

- support measures for energy companies' diversification efforts;
- utilisation of the Aggregate EU Platform;<sup>56</sup>
- regional cooperation.

The Regulation obliged Member States to submit their NDPs to the EC by 1 March 2026 while also obliging the EC to "facilitate" their preparation and implementation. It also obliged the EC to assess the implementation of the Russian gas phase out based on these NDPs, report its assessment to the GCG, and publish an annual report providing an overview of progress achieved (while also amending the Security of Supply Regulation to include this obligation). The EC would also have a right to issue a recommendation, which Member States would be obliged to 'take into consideration' and update their NDPs within 3 months.

It is useful to understand why the EC chose to mandate the development of separate new NDPs, aimed specifically at planning and monitoring the Russian gas phase out by 1 January 2028, instead of recommending Member States to amend their ECPs (see Section 2.3.2.b)) – already developed under the Governance Regulation – to include the Proposal's measures, aimed at the phase out. As noted earlier, the Governance Regulation's provisions stipulating the ECPs' content are sufficiently broad to allow the incorporation of such measures. It is argued here that in addition to EC unwillingness to complicate further the (already complex and multilayered) process of ECPs development, the main rationale for the EC's decision to mandate the development of separate NDPs was its determination to create a direct obligation on Member States to make the 2028 Russian gas phase out a part of their plans, as there is no obligation to do so in the ECPs.

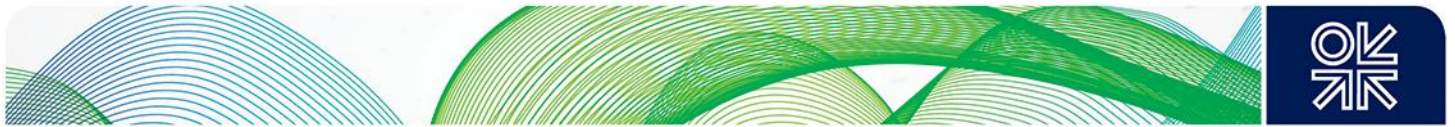
By deciding to mandate the development of separate new NDPs under the Proposal – which does not articulate the Member States' and the EC rights and responsibilities in respect of their development – the EC also appears to aim, if not at having more power in forcing Member States to amend their NDPs to include the phase out measures – as Member States would be obliged to 'take into consideration' its recommendations rather than automatically accept them – then at least to have more discretion over the NDPs' content and timing, than it has in respect of the ECPs. Nonetheless, it is far from a given that all Member States' NDPs will be consistent with the 1 January 2028 phase out deadline, and even if they will, it is far from a given that all of them will be implemented.

The Proposal does not envisage any assessment of the impact of the measures aimed at the Russian gas phase out, on various dimensions of the Energy Union – including security of supply or the functioning of the internal market. As noted earlier, the EC has developed such metrics as part of the State of the Energy Union Reports, whereby the progress made in respect of each dimension – as specified in the Governance Regulation – would be measured by certain indicators. In particular, progress reached in respect of the energy security dimension is measured by net import dependence, the supply concentration index, and the N-1 rule, whereas progress reached in respect of the IEM dimension is measured by the market concentration index, wholesale gas prices, and household switching rates. This raises a question of how the new NDPs, outlining the Russian gas phase out by 1 January 2028, will be reconciled with the existing ECPs developed under the Governance Regulation.

The Proposal also did not mention any specific forums and did not establish any specific mechanism for cooperation between Member States and the EC in developing the NDPs, particularly as far as

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<sup>56</sup> Formerly known as the EU Joint Purchasing Platform.



reconciliation of potentially divergent views of (some) Member States and the EC in relation to the Russian gas phase out is concerned.

Here it is important to recall *the energy solidarity principle* and its potential impact on the implementation of the Proposal's Russian gas phase out. The Proposal's multiple references to a spirit of solidarity (*Preamble*, paras 10 and 23) and indeed the principle of energy solidarity (*Preamble*, para 28), in line with which the proposed phase out is to be carried out, are important, as in 2021 the EU General Court ruled that energy solidarity constitutes a justiciable principle of EU law.<sup>57</sup> This ruling – subsequently upheld by the EU Court of Justice (CJEU) judgement – meant that the EU solidarity measures, aimed at preventing crisis situations and coping with emergencies – thus including *inter alia* adoption of the ECPs, the PAPs, the EPs and indeed the NDPs – would constitute the application of the energy solidarity principle, thus creating rights and responsibilities for the EU and for the Member States.<sup>58</sup> Furthermore, the CJEU judgement stated that 'the principle of energy solidarity requires the EU institutions, including the [European] Commission, to conduct an analysis of the interests involved in the light of this principle, taking into account the interests both of the Member States and of the EU as a whole' and 'to balance those interests where there is a conflict'. However, it has not provided any guidance on how these interests could be balanced and by which criteria such balancing is to be measured. Ultimately, the CJEU has not defined the exact criteria for, and is lacking guidance on, the application of the energy solidarity principle.

There is significant scope for potential disagreements between some Member States and the EU (and between the Member States themselves) in respect of the Roadmap's Russian gas phase out requirement. The CJEU has not however explained how Member States' interests could be balanced, as solidarity measures – including the NDPs, the ECPs, the PAPs and the EPs – are being decided upon and implemented. This leaves a possibility of future disputes – and therefore, litigation – open.

### 3. Impact of the proposed ban on the European gas market

The proposed regulation does not include a detailed market assessment of the impact of the ban, instead referencing previous studies. This sub-section evaluates the ban's effects on the European gas market using NexantECA's World Gas Model, analyzing the ban on Russian LNG and pipeline gas separately before considering their combined impact. It should be noted that the analysis considers annual flows and prices and compares the ban scenario with a reference case. The analysis does not look at peak day or seasonal flows, although given the large storage facilities in the most affected Central European countries, higher peak demand is not considered to be an issue.

#### 3.1 Ban on LNG imports

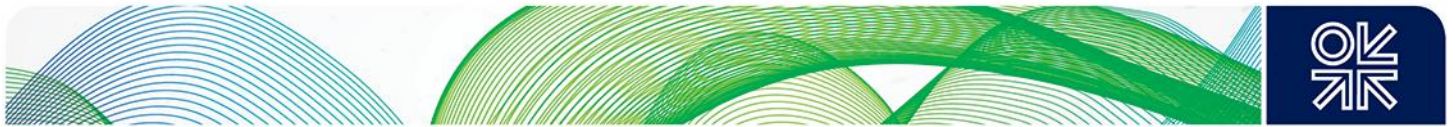
Currently Russian LNG comes into Europe under term contracts and on a spot basis. The long-term contracts extend into the 2030s for delivery to Belgium, Spain, Netherlands and France. With transshipment to non-EU countries having already been banned, some long-term contract LNG destined for Asia is also delivered into Europe. Over the last two years Russian LNG cargoes have largely gone to those four countries.

The scenario of the imposition of a ban on Russian LNG is compared with a reference case where there is no ban. Around half the LNG coming to Europe in 2024 came from the US, with Qatar and Russia around 20 bcm each or some 13 percent. The ban, if implemented and enforced, would effectively end

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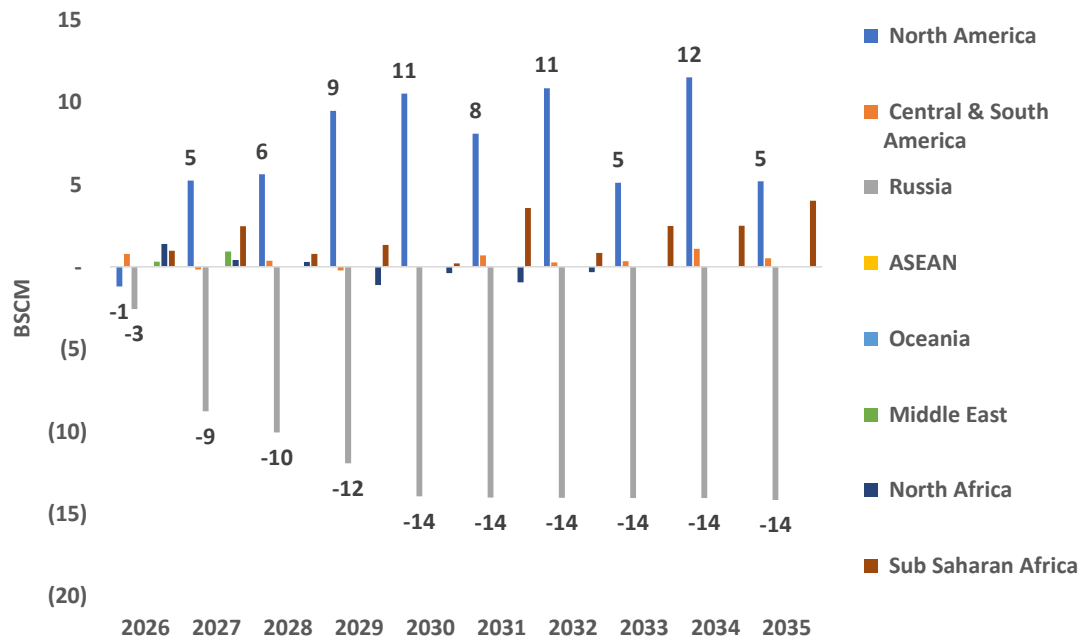
<sup>57</sup> CJEU (2021a), Court of Justice of the EU, press release No 129/21, Luxembourg, Judgement in Case C 848/19 P, 15 July 2021; CJEU (2021b), Court of Justice of the EU, Judgement of the Court, Case C 848/19 P, 15 July 2021.

<sup>58</sup> Yafimava (2023), 'EU solidarity at a time of gas crisis: even with a will the way still looks difficult', OIES, February 2023.



all Russian LNG to Europe in 2027<sup>59</sup>. The impact of the ban, through to 2035, in terms of differences from the reference case is shown in Figure 1 below.

**Figure 1: Europe LNG Imports: LNG Ban Less Reference**

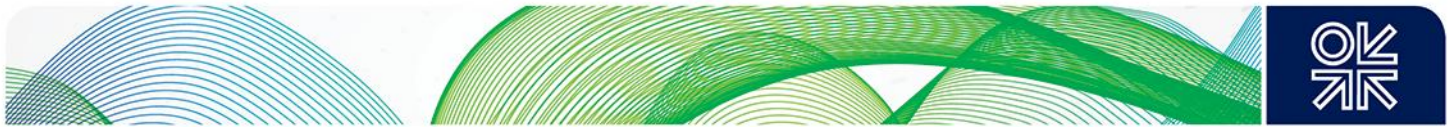


Source: NexantECA World Gas Model, OIES

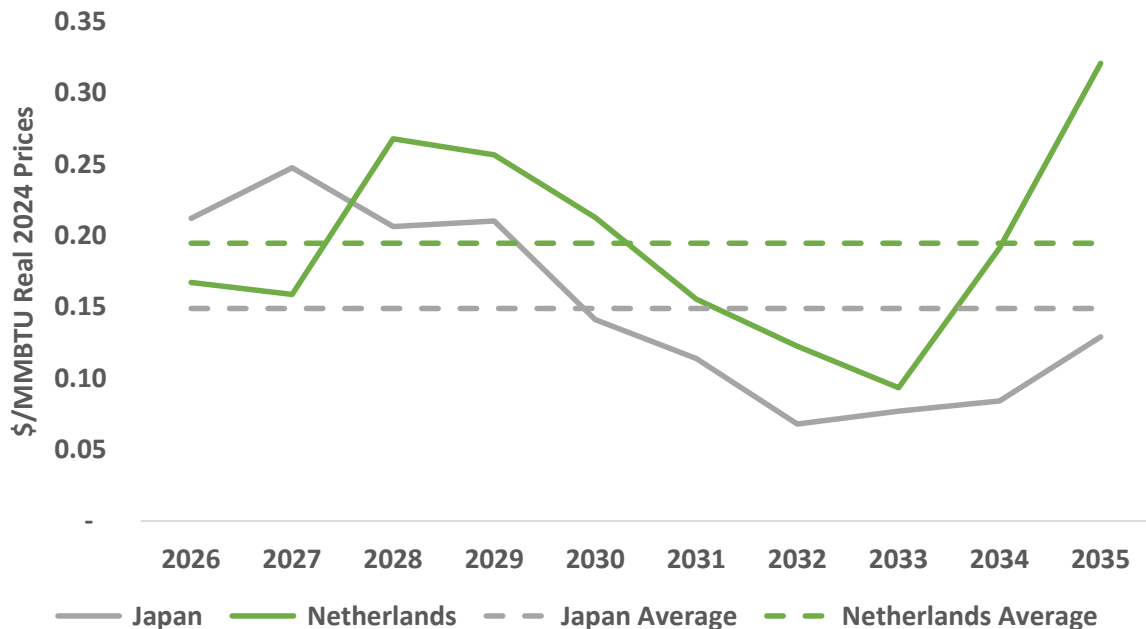
The Reference case has imports of Russian LNG declining from around 20 bcm to some 10 to 14 bcm in any case as the wave of LNG, especially from the US, comes on. In the LNG ban case, the loss of Russian LNG is largely replaced by US LNG. Russian LNG is diverted to Asia, replacing the US LNG which would otherwise have gone to that region (Figure 2). This is a less optimal solution for the global gas market and as a result spot prices are marginally higher.

<sup>59</sup> Note the ban would not extend to Turkey but for modelling purposes we have assumed nowhere in Europe gets any Russian LNG.





**Figure 2: Spot Prices: LNG Ban Less Reference**



Source: NexantECA World Gas Model, OIES

Spot prices in both Europe and Asia rise marginally by some 15 cents per MMBTU for Japan and 20 cents for TTF. The prices are only around 2.5 percent higher which is well within any forecasting error.

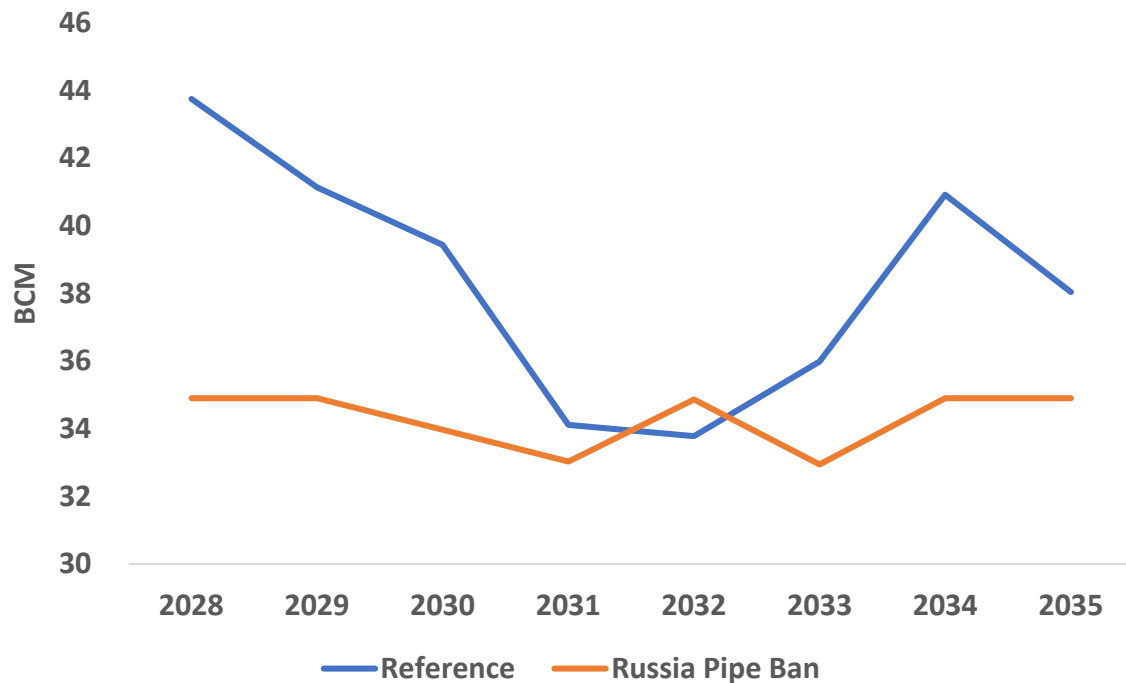
### 3.2 Ban on imports of pipeline gas and LNG

The ban on pipeline imports from Russia has been modelled by constraining the flows on the second leg of TurkStream to just enough volumes to supply North Macedonia and Serbia via Bulgaria, including any volumes required for Serbia to transit to Bosnia & Herzegovina. This limits the capacity on the second leg of TurkStream to just over 3 bcm – a reduction in capacity of just over 12 bcm. However, the reduction in Russia's pipe exports to Turkey are less than the reduction in capacity as illustrated in Figure 3 below. As well as the TurkStream pipes, Turkey also imports Russian gas by Blue Stream, which has been running below its 16 bcm capacity for a number of years now.

In the first year of the ban (2028) pipeline imports from Russia are some 10 bcm lower than in the reference case. However, this difference diminishes over time since Turkish imports from Russia were likely to decline anyway as Turkish Black Sea production grows from some 3 bcm at the moment to 10 bcm in 2029. Also more Russian gas flows along Blue Stream if TurkStream is curtailed.



**Figure 3: Turkey Pipe Imports from Russia**

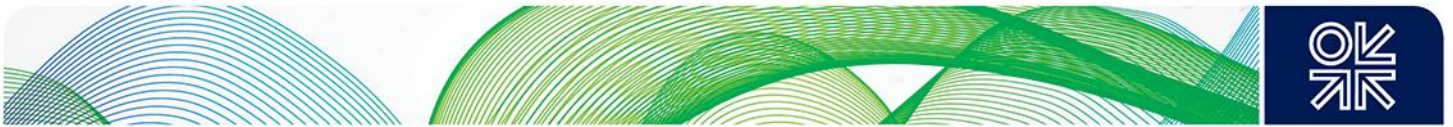


Source: NexantECA World Gas Model, OIES

Almost all the gas currently supplying EU countries on TurkStream flows into Bulgaria and on into Serbia for Hungary and potentially into Austria and Slovakia. These three countries were, up until the end of 2024, also supplied in part by transit volumes via Ukraine. The map below shows the route of pipeline flows once TurkStream gas lands in Turkey (Figure 4).

Even with the ban on Russian pipeline imports, the cross-border flows from Turkey into Bulgaria are little changed with, in effect, rising Turkish gas production available to offset the lower pipeline imports from Russia (Figure 5). Bulgaria exports to Serbia are also little changed between the two scenarios as are onward Serbian flows into Hungary, which remains well supplied.

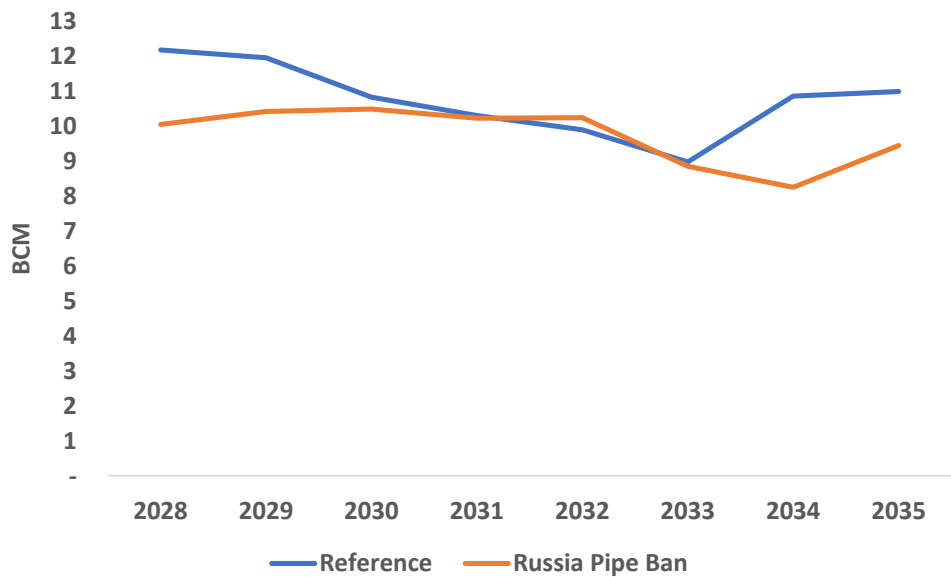
The other country potentially most impacted by the loss of Russian pipeline gas – Slovakia – continues to be supplied by gas transiting Poland, the Czech Republic and Austria. Austria remains largely supplied by gas transiting Germany, although the interconnection point at Oberkappel operates at full capacity.



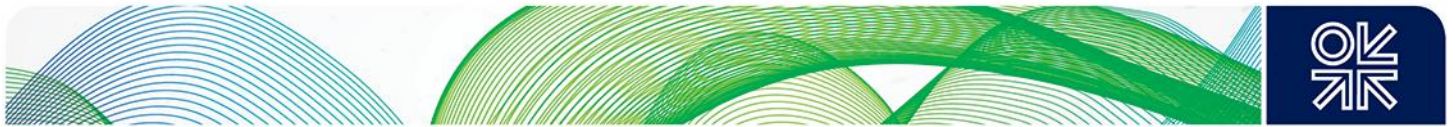
**Figure 4: Pipeline Routes**



**Figure 5: Turkey Pipe Exports to Bulgaria**



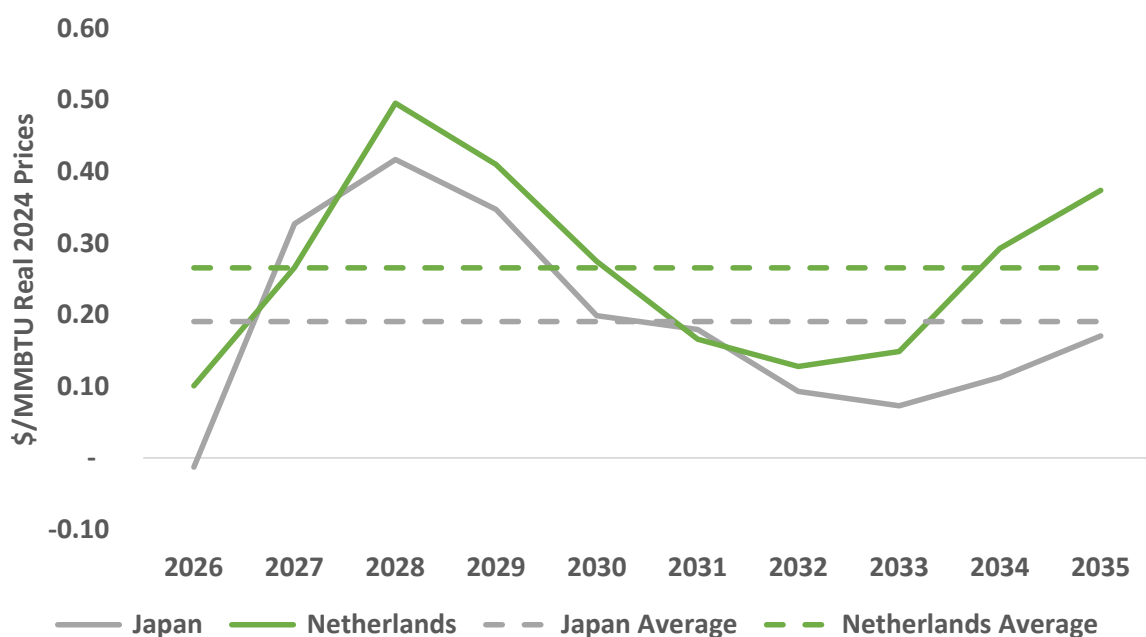
Source: NexantECA World Gas Model, OIES



Even with the ban on Russian pipeline gas, the available infrastructure and gas supply, especially from and through Turkey, remains enough for the market to balance. The situation is also helped by production from Romania's Neptun Deep field starting in 2027 and ramping up quickly. This enables Romania to satisfy its own demand and also supply Moldova, with some volumes available for Hungary.

Spot prices in Asia and Europe are higher than in the reference case but on average only by around 20 cents per MMBTU for Japan and some 27 cents for TTF – marginally higher than in the LNG Ban only case (Figure 6). Prices over the rest of Europe are also generally higher than in the reference case. Prices in Austria, Slovakia and Hungary rise slightly more than TTF, by some 35 cents on average.

**Figure 6: Spot Prices: Pipe and LNG Ban Less Reference**



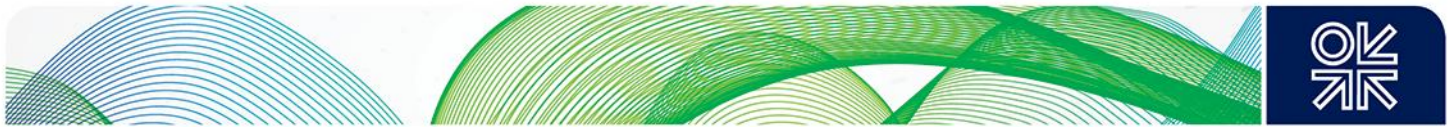
Source: NexantECA World Gas Model, OIES

An alternative sensitivity was also considered in which the new production in Turkey and Romania did not materialise or, for some reason, was not available for export. In such a case Turkey, and to a lesser extent, Greece, import a lot more LNG, which by 2028 is in the middle of the LNG export capacity expansion wave. LNG imports into Turkey and Greece are some 12 bcm higher on average between 2028 and 2035 than in the reference case. The higher LNG imports are then “effectively” re-exported through Bulgaria and transited onwards. This does put slightly more upward pressure on prices in the LNG market with Japan spot and TTF price some 32 cents to 37 cents per MMBTU higher than in the reference case. The impact on Austria, Slovakia and Hungary prices is larger, however, with prices some 60 cents per MMBTU higher from 2028 to 2035.

### 3.3 Tracking the molecules

The proposed regulation appears to require that gas molecules are tracked coming into the EU to establish that the origin of the gas is not Russian, but the commingling of gas from many different sources in Turkey, renders it almost impossible to track the molecules. Given where TurkStream comes into Turkey, and its close proximity to the cross-border point with Bulgaria at Strandzha-2/Malkoclar, it is likely that the physical molecules will be of Russian origin. There is a direct connection on the second TurkStream leg to, and over, the Bulgarian border, although the pipeline then immediately connects to the main Bulgarian system just after the border. The molecules are then commingled, with other gas coming from Turkey, which is also likely to be physically Russian gas.





The commercial molecules, however, could be very different, if Hungary, in particular, as the most impacted EU country, enters into gas supply contracts with entities in Turkey and/or arranges for the import of LNG. It should be possible, therefore, to show that commercially the molecules are not Russian, even though everyone knows physically that they are Russian. It is to be hoped that the final Regulation is pragmatic and flexible enough to make the process of tracking the commercial molecules a relatively simple process and that it will not be excessive.

However, if the Regulation is overreaching and interferes with the flows of gas from Turkey and through Bulgaria and Serbia to Hungary, then there could be different consequences for central European countries. A sensitivity case was run on the NexantECA World Gas Model, where the flow of gas between Serbia and Hungary was effectively stopped because of overreaching regulation, which stopped the flow of gas into Bulgaria from TurkStream – other than for onward delivery and consumption in Serbia, North Macedonia and Bosnia. In such a scenario, Hungary is just about able to put together additional imports from Austria, Slovakia, Croatia and Romania to replace the loss of flows via Serbia. The key sources for Hungary would be to import gas from the new Neptun Deep field in Romania, as well as LNG via Croatia. Slovakia would need to import more from Czech Republic (effectively from Germany or Poland) and Austria would need to import more from Italy. The capacity utilisation at the cross-border points in the region would however sharply increase with little margin for error in the infrastructure. The impact on spot prices – TTF and central European countries is similar to the Russia pipeline gas and LNG ban – 27 cents higher for TTF and 35 cents for central European countries. In this scenario, however, Hungary is very reliant on importing Neptun Deep gas from Romania and LNG via Croatia. Hungary would have little or no redundancy at any of its cross-border import points, in the absence of the route via Serbia and any curtailment of capacity would result in significant gas shortages.

## Conclusions

The Proposal marks the most decisive move to date by the EC towards phasing out Russian gas, although its outcome is likely to be largely performative due to legal and practical constraints. The import bans and restrictions on LNG terminal services exert regulatory pressure on EU market players, but they do not guarantee that imports under all affected contracts will stop by the required cut-off dates.

The Proposal assumes that the ban constitutes an FM event but provides little guidance on exit strategies, exposing buyers to substantial legal and financial risks due to the highly bespoke nature of contracts. The FM route is uncertain, especially if challenged in arbitration, as it does not trigger immediate contract termination. The Proposal fails to clarify whether termination is required or if suspending deliveries suffices but, in practice, termination may be unavailable at short notice, particularly where lead times for termination due to prolonged FM exceed several months, leaving contracts active post-2027 and buyers exposed to ongoing liabilities. Most critically, by designating contracts amended after the Proposal's publication as “new contracts” (and subject to the more immediate – 2026 – import ban), the Proposal constrains the commercial flexibility of the parties. This restriction, justifiable to prevent increased gas volumes, expansively discourages contract adjustments without clear rationale, compelling buyers to pursue higher-risk strategies, such as the FM route, rather than negotiated transitions away from Russian gas.

The Proposal grants the EC streamlined and expedited access to the full text of all Russian gas supply contracts (except price information) and obliges importers to provide evidence to Customs Authorities (and to the EC) that the imported gas is not of Russian origin and is not exported directly or indirectly from Russia, with entry potentially refused if evidence is deemed inconclusive. While these measures strengthen oversight over Russian gas imports, they place a significant burden on importers and other stakeholders and risk regulatory overreach – particularly if over-zealously implemented – thus increasing system costs and preventing legitimate gas imports from entering the EU. Specifically, it could create an artificial barrier for the flows of gas from Turkey and through Bulgaria and Serbia to Hungary, with adverse consequences for the region currently supplied by Russian gas via TurkStream.



Any gas entering the EU through the IPs listed in the Proposal's exhaustive list would be presumed Russian and therefore subject to prohibitions, unless "unambiguous evidence" is provided by the importer that the gas has been in transit through Russia but did not originate in Russia. It is interesting that the list includes all IPs through which Russian gas was previously – or is currently – imported in the EU – except the IPs associated with the Ukrainian corridor, thus leaving the door open to gas entering Ukraine on the Russia-Ukraine border for delivery in the EU post-2027.

The impact of the ban on LNG and pipeline gas flows into the EU, in principle, looks to be manageable. The affected EU countries should be able to source alternative supplies of gas. While a number of EU governments have objected to the proposed ban citing security of supply issues, our modelling suggests that under most likely scenarios, there would not be any shortage of gas in the most affected countries, although spot and hub prices would be higher by relatively small amounts. The modelling suggests that the loss of Russian LNG into Northwest Europe would simply be compensated by LNG from elsewhere, principally the US, with Russian LNG being diverted to Asia. TTF prices would rise on average by some 20 cents per MMBTU (average 2028 to 2035).

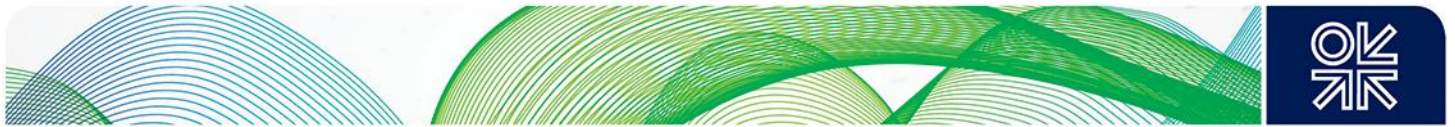
Losing Russian pipeline gas, now delivered by TurkStream, is an additional loss, but reduced flows from Russia into Turkey are more than offset by rising Black Sea production from Turkey and also Romania. TTF prices would be just some 27 cents per MMBTU higher. Prices in Austria, Slovakia and Hungary rise slightly more than TTF, by some 35 cents on average in 2028 to 2035. This assumes that gas continues to flow via Bulgaria and Serbia into Hungary. Even if the cross-border flows between Serbia and Hungary were cut off, it seems that Hungary would still just be able to source alternative supplies via Austria and Slovakia but principally by importing Neptun Deep gas from Romania. The price impact is the same as if gas continued to flow across the Serbia/Hungary cross-border point. However, Hungary remains the most exposed to any disruption to its remaining cross-border import points which could reduce gas imports significantly and leave the country facing a significant shortfall in gas supplies.

Tracking the molecules into the EU requires the cooperation of third parties outside the EU, whether it be pipeline gas and LNG suppliers, gas infrastructure operators, non-EU governments and regulatory authorities. While the non-EU parties want to sell their pipeline gas or LNG into the EU market, it is not certain whether they have sufficient incentives to cooperate. Some parties may simply decide it is not worth the effort to comply. The sellers and other parties in Turkey will be particularly important in this respect.

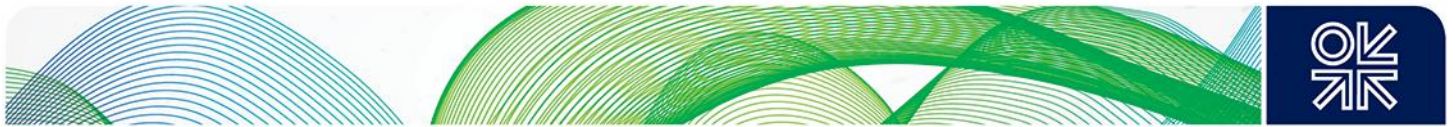
While the Proposal creates a new obligation on Member States to develop national diversification plans (NDPs) describing measures to discontinue all imports of Russian gas, it is far from certain that all NDPs will be consistent with the Russian gas phase out deadline and, even if they do, that all of them will be implemented. It is possible – and indeed likely – that there will be disagreements between the EC and some Member States in respect of the phase out – and its timing – but the Proposal did not establish any mechanism for their resolution. Such disagreements are made easier by the fact that the Proposal does not envisage any quantitative assessment of the impact of the phase out on security of supply and the functioning of the IEM, thus raising questions of consistency between NDPs and other national energy plans developed by Member States for which various metrics (e.g. the N1 infrastructure standard) have been developed and assessed. Ultimately the EC is obliged to balance the interests of the Member States and the EU if there is a conflict, in line with the energy solidarity principle, though the lack of guidance on how to do so leaves open a possibility of future disputes. In addition, the prospect of some Member States simply ignoring any ban is a distinct possibility. The European Commission, as noted in an article in *The Economist*<sup>60</sup> on 5 July 2025, has shown increasing reluctance to institute infringement proceedings against Member States.

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<sup>60</sup> Charlemagne, 'The sleeping policeman at the heart of Europe', *The Economist*, 5 July 2025.



Overall, the Proposal risks becoming a roadblock rather than a roadmap towards the Russian gas-free future. In its political action against the remaining Russian gas molecules, the EC risks undermining the commercial and legal position of European gas importers, places additional financial and administrative burden on European institutions and market players, potentially weakens security of supply of south-eastern and central European countries, and places energy solidarity amongst EU Member States under significant strain. It is not obvious that it is worth taking this risk to discontinue modest volumes of Russian gas in the EU post-2027 under existing contracts. The resulting higher prices, albeit relatively small, from eliminating the import of Russian gas is a European wide problem – and even a global one – although the impact is slightly higher in the most affected central European countries.



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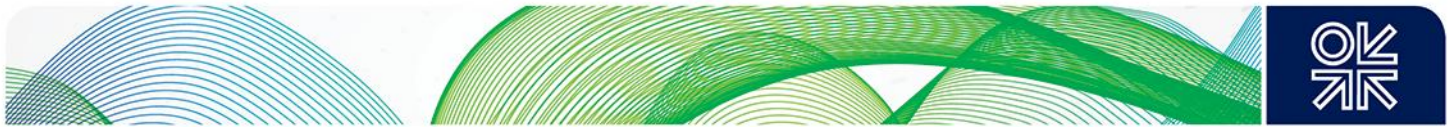
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