

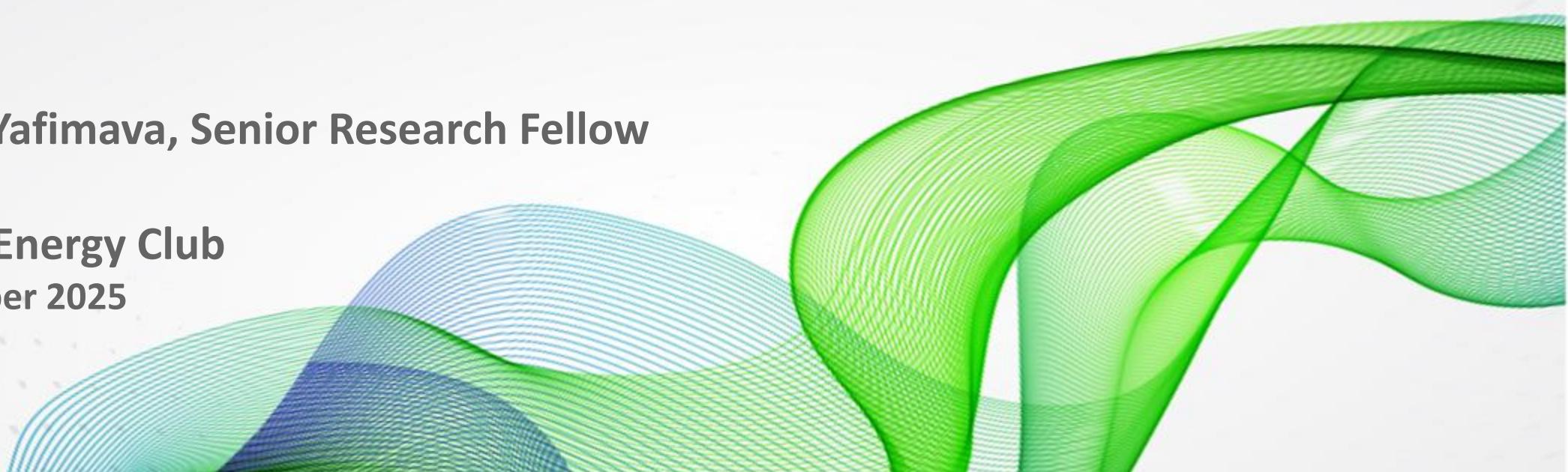


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EU legal/regulatory restrictions on Russian gas: focus on REPowerEU Regulation

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Europe (mostly) says 'no' to Russian gas

- Europe's political position in the aftermath of the Russia-Ukraine war: **energy security = zero Russian gas**
- Russian gas continues to flow to Europe but **dependence is sharply down** (volumes and shares)
- EU sanctions: **transshipment ban** (from 26 March 2025), **ban on imports of Russian LNG** (from 1 Jan 2027)
- (Draft) REPowerEU Regulation: **ban on imports of Russian pipeline gas** (1 October 2027 at the latest) **and LNG** (from 1 Jan 2027 at the latest)
- Impact of a potential Ukraine-Russia **peace agreement?**

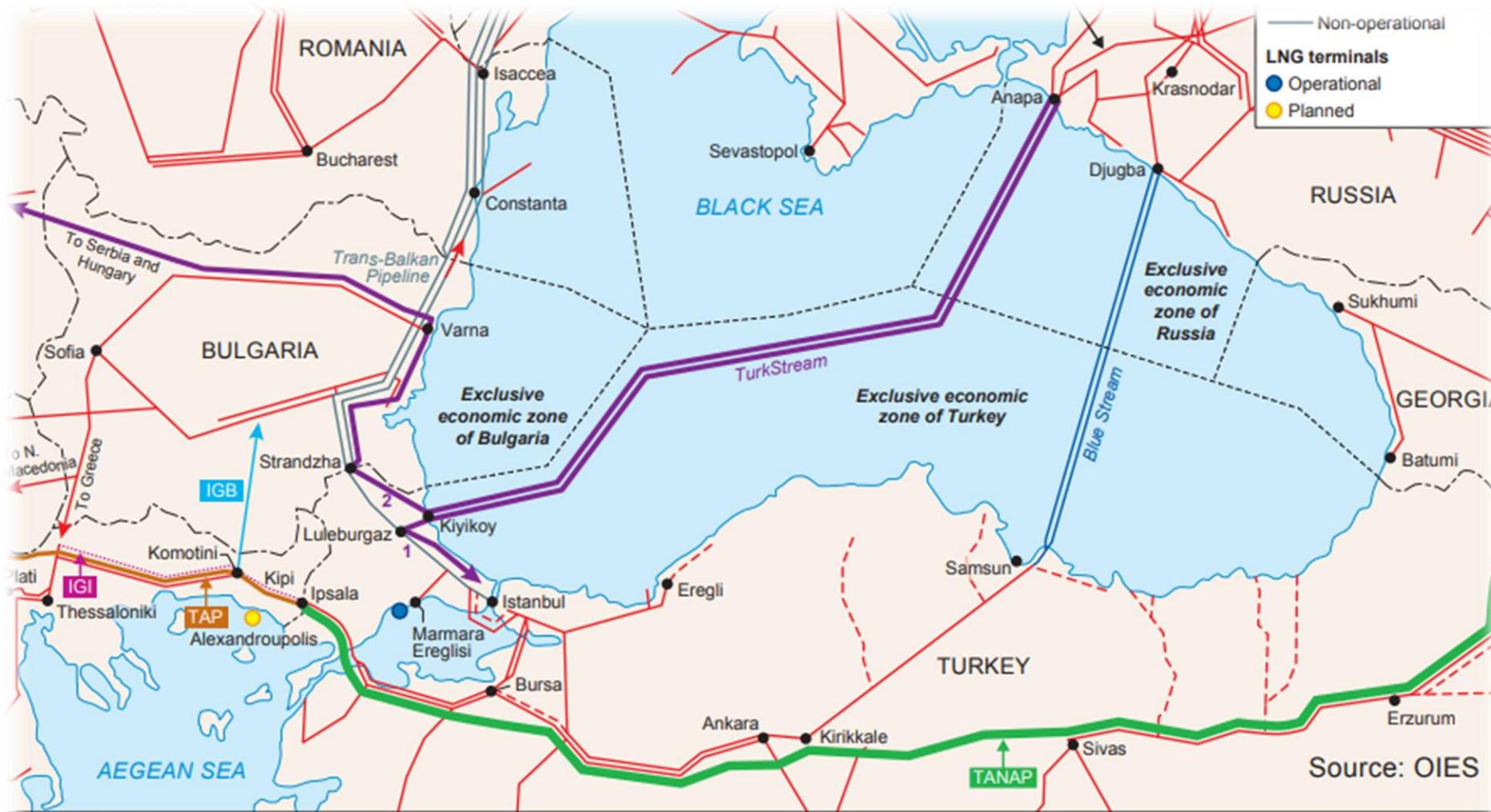


Sharp decline of Russian gas imports over 2022-25 despite the lack of EU import ban

- **Political unwillingness** to have any Russian gas translating into pressure on national gas importers not to renew expiring contracts, not to conclude new contracts, and to seek early termination
- **Non-availability of Russian pipeline gas export capacity** leading to reduction or cessation of supplies to several EU Member States (Poland, Ukraine, Nord Stream)
- Some Member States' **refusal to switch to 'gas for rubles' payment mechanism** followed by supply cut-offs (e.g. Finland, Poland)
- **National import bans** (Baltics, Finland) and/or **phase out measures** (the Netherlands)



TurkStream remains the only corridor delivering Russian pipeline gas to Europe





Existing EU restrictions in respect of Russian gas: import capacity (1)

- Recast Gas Regulation (2024): “security clause” enabling Member States temporarily to restrict Russian imports by imposing **restrictions on Russian pipeline gas and LNG import capacity**
 - Member States have “the possibility” to take “proportionate measures to temporarily restrict natural gas supplies from the Russian Federation and Belarus, for a fixed term, which may be renewed if justified, by limiting up-front bidding for capacity by any single network user at entry points from the Russian Federation or Belarus, where that is necessary to protect their essential security interests and those of the Union”



Existing EU restrictions in respect of Russian gas to Europe: storage (2)

- Recast Gas Regulation: mandatory certification of all SOs
- Regulation 2023/427 (11th Sanctions Package): prohibition on providing gas storage capacity, except for the part of LNG facilities used for storage, to Russian persons
- Amended Storage Regulation:
 - Member State's competent authority is obliged to include information on the share of gas of Russian origin that is being stored as part of the working capacity of storage facilities (where such information is available)



Existing EU restrictions in respect of Russian gas: imports (3)

- Regulation 2025/2033 (19th sanctions package): a ban on imports of Russian LNG
 - From 1 Jan 2027 for long-term contracts, and within six months as of the entry into force for short-term contracts,
 - ban on the provision of related technical or financial assistance and on brokering services
- Regulation 2024/1745 (14th sanctions package): imposing restriction on transhipment of Russian LNG in EU ports
 - a ban on LNG transhipment with a grace period of 9 months
 - a ban on 'new investment and the provision of goods, technology and services for the completion of LNG projects'
 - a ban on purchase, imports or transfer of Russian LNG to terminals not connected to the grid
- Recast Gas Regulation: excluded Russian gas from the Energy Platform



The 19th sanctions package (October 2025) a ban on Russian LNG imports

Action	Date
Prohibition on imports of Russian LNG (under <u>existing and new contracts</u>)*	25 April 2026
Prohibition on technical assistance, brokering services, finance and financial assistance or any other related services*	
Exceptions	
Imports of Russian LNG under <u>existing long-term contracts</u> (duration >1 year, concluded before 17 June 2025 and either not amended or only amended in line with specific criteria)	Prohibitions apply from 1 January 2027

* To “be complied with regardless of any provision pursuant to other Union legislation with overlapping scope” (Reg 2025/2033)



The EC proposal for a REPowerEU Regulation: a ban on imports and LNG terminal services (1)

- **A ban on imports of Russian gas (pipeline and LNG) from 1 January 2026**
 - **transition periods** (exemptions) for existing contracts range between 17 June 2026 and 1 January 2028
 - **any amendments to existing contracts considered as new contracts**
- **A ban on provision of any long-term (>1 year) LNG terminal services to Russian customers from 1 January 2026**
 - provision of long-term services under existing contracts (concluded before 17 June 2025) to be allowed until 1 January 2028
- **An emergency clause:**
 - the EC to have the power to “authorise Member States to temporarily suspend” both bans



The EU Proposal for a REPowerEU Regulation: transparency, traceability & monitoring requirements (2)

- EC can have access to **full text of contracts** (to be sent in a disaggregated form and without the need for justification)
- Importers to provide Customs Authorities with “**appropriate evidence**” **if imported gas is Russian** and meets conditions for exceptions
- **Significant discretion** of Customs Authorities **to refuse entry** if evidence “not conclusive” potentially restricting legitimate gas imports
- **Gas entering through listed IPs deemed Russian** (and banned) unless “**unambiguous evidence**” provided it is ‘in transit’



The EU Proposal for a REPowerEU Regulation: national phase out plans (3)

- Member States to develop **national plans by 1 March 2026** with measures to discontinue all imports of Russian gas
- **uncertain if plans will be consistent with the phase out deadline and whether they will be implemented**
- **disagreements between the EC and Member States** are highly likely and the lack of requirement of quantitative assessment widens the scope for disagreements with **no mechanism to reconcile**
- National plan is a **solidarity measure** suggesting the EC and Member States interests must be balanced



Potential impact of the proposed Regulation: supplies and prices (1)

- The Jan 2028 ban would have a limited impact both in terms of volumes and prices
 - As the LNG wave will be in full swing (replacing Russian LNG) and significantly more Turkish and Romanian gas production will be available (replacing Russian pipeline gas via Turkstream)
 - Hungary is most exposed
- But bringing **the ban forward to Jan 2026** would have a dramatic impact on prices
 - As the LNG wave will just be starting whereas Turkish and Romanian production still limited
 - Prices in several Central European countries increasing by \$8-9/MMBtu
 - TTF and Japan spot prices higher by \$1/MMBtu in 2026 and 2027



Potential impact of the proposed Regulation: legal and financial risks for European buyers (2)

- The proposed import ban poses **significant challenges for existing contracts**
- The EC assumes the ban qualifies as a force majeure (FM) event, leaving buyers exposed to substantial legal and financial risks
- **The likelihood of the FM route success is highly case-specific and far from guaranteed!**
- Draft Regulation **does not provide risk mitigation strategies to address buyers' potential losses from FM cases** as 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



Major concerns raised in respect of the Proposal

- Proposal's wording is open to an interpretation that transparency and traceability requirements in respect of contracts for Russian gas **could apply to all contracts** raising concerns about its scope
- Definition of an importer and **a lack of contractual visibility as to where the gas came from**
- Reliance of **FM is an extremely risky strategy** to ensure compliance under existing supply contracts
- An overly strict implementation of traceability requirements ('hunting' not only a commercial Russian molecule but also a physical Russian molecule) could result in artificial **restrictions on legitimate gas imports**



(Unofficial) Provisional Agreement (December 2025)* (1)

- Phase out **deadline for LNG imports** brought forward to **1 Jan 2027** and **for pipeline imports – 30 September 2026**
- Amendments not increasing volumes/timings to be considered **as existing contracts**
- No ban on provision of LNG terminal services
- **Prior authorisation** on imports of gas
 - 1 month ahead where exemption is sought for Russian gas imports
 - 5 days ahead for imports of gas not produced in Russia
 - no authorisation required for countries **on the EU list** which exported >5 bcm exports to the EU in 2024 and prohibited imports of Russian gas or apply other restrictive measures or no import infrastructure
- **Prior notification** if in transit
- *NB as published by Contexte*



(Unofficial) Provisional Agreement (December 2025)* (2)

- Member States to establish **penalties** for failure to comply, informing EC within 2 years
- **Emergency clause** allowing the EC to **suspend import bans and authorisations**
- **Implementation period of 6 weeks** added in respect on import bans and exemptions
- **National plans** to be developed by **1 March 2026 but not to be published** unless a Member State agrees

* NB as published by Contexte



REPowerEU Regulation's ban on Russian gas imports (Provisional Agreement)*: a timeline

Actions	Date from which prohibition applies
Prohibition on imports of Russian gas under <u>new</u> contracts	6 weeks after Reg's entry into force
Exceptions	
Imports of pipeline gas under <u>existing short-term</u> contracts	17 June 2026
Imports of LNG under <u>existing short-term</u> contracts	25 April 2026
Imports of LNG under <u>existing long-term</u> contracts	1 January 2027
Imports of pipeline gas under <u>existing long-term</u> contracts	30 Sep 2027 (or 1 Nov 2027 if storage target at risk)
Imports under a <u>short-term</u> contract with delivery to a landlocked country to fulfil <u>an existing long-term</u> contract with delivery of Russian pipeline gas to a landlocked country for which the delivery at the original delivery point at an EU border with a non-EU country can no longer be executed	Source: OIES <i>*NB as published by Contexte</i>



Conclusions

- **Sanctions Package** (cut-off date 1 Jan 2027) provision to ban imports of Russian LNG only was developed in parallel, in response to US pressure
- **REPowerEU Regulation** effectively amounts to sanctions on all Russian gas (transition periods between 25 April 2026 and 30 Sep 2027), but **does not guarantee that imports will stop by these cut off dates** and complicates the commercial and legal position of European buyers
 - transparency and traceability measures result in significant burden on importers – whereas cooperation of non-EU parties is far from guaranteed – potentially increasing costs and preventing legitimate gas imports
 - impact on supplies and prices likely limited but stronger than initially expected as the deadlines have been brought forward, Hungary would be exposed
- An increasingly **divergent positions between the EU and the US** on potential peace agreement on Ukraine create additional headwinds for implementation of the REPowerEU Regulation



Thank You!

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<https://www.oxfordenergy.org/wpcms/wp-content/uploads/2025/07/The-EU-Proposal-To-Ban-Russian-Gas-Imports-roadblock-more-than-roadmap-NG-199.pdf>

<https://www.oxfordenergy.org/wpcms/wp-content/uploads/2025/09/Comment-EU-Ban-on-Russian-Gas-Part-2.pdf>

July 2025

THE EU Proposal to Ban Russian Gas Imports: roadblock more than roadmap

THE OXFORD INSTITUTE FOR ENERGY STUDIES

OIES Paper: NG 199

Katja Yafimava, Agnieszka Ason and Mike Fulwood, OIES

September 2025

The EU Proposal to Ban Russian Gas Imports: Part 2 – Bringing it Forward

THE OXFORD INSTITUTE FOR ENERGY STUDIES

OIES ENERGY COMMENT

Mike Fulwood, Senior Research Fellow, OIES