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No Way Back for Russian Gas in Europe?

Infrastructure, commercial, and legal challenges to European imports of Russian gas rebounding from their current level

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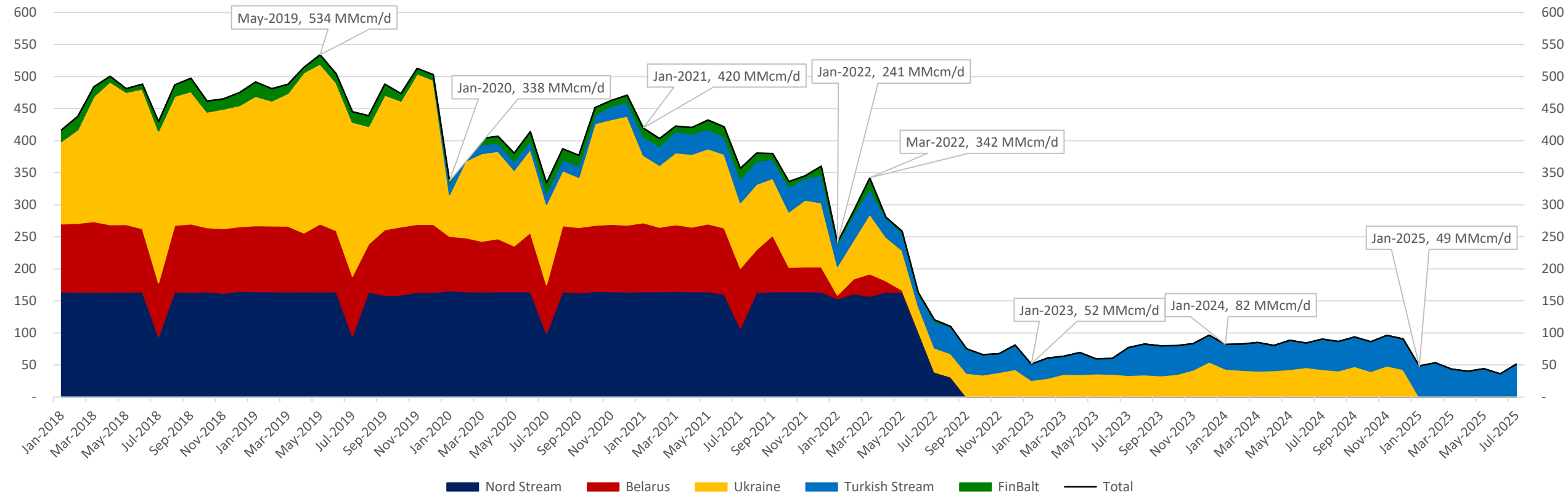




Russian Pipeline Gas Supply to Europe (Excluding Turkey)

Data sources: ENTSOG Transparency Platform

Russian Pipeline Gas Supply to Europe (excluding Turkey) (MMcm per Day)



- Decline in Russian supply via Belarus (mostly Yamal-Europe) from late 2021 followed by decline at Nord Stream from June 2022
- Cessation of flows to Finland (May 2022) and Latvia (31 July 2022), reduction via Ukraine (May 2022) and end of Ukrainian transit (1 Jan 2025)
- Gazprom now supplies Greece, North Macedonia, Serbia, Bosnia-Herzegovina, Croatia, and Hungary via Turkish Stream
- Since the end of transit via Ukraine it is likely that at least part of the flows from Hungary to Slovakia are Gazprom deliveries to SPP (Slovakia)



Infrastructure: Only One Route Remains

Map sourced from ENTSOG Transparency Platform, annotated by the author



- **Nord Stream 1:** Decline in 2022 due to reduction in compressor capacity (sanctions) followed by damage to both lines in September explosion
- **Nord Stream 2:** 1 of 2 lines damaged in Sept 2022 explosion. Cannot be launched until German subsidiary of NS2 AG is revived and approved by BNetzA
- EU 18th sanctions package proposes ban on transactions involving Nord Stream 1 / 2 [\[link\]](#)
- **Yamal-Europe:** Gazprom already reduced utilisation in 2021. Polish sanctions on Gazprom & Russian sanctions on EuRoPol Gaz in 2022. In 2023-24, Polish TSO took control of Yamal-Europe and Orlen (PGNiG) became sole shareholder in Yamal-Europe
- **Ukraine:** Expiry of transit & interconnection agreements on 31 Dec 2024. Cannot restart without Ukrainian government approval.
- **Turkish Stream:** Last remaining route for Russian gas. Bottlenecks at Strandzha-2 (Turkey-Bulgaria), Kireevo (Bulgaria-Serbia), and Kiskundorozsma (Serbia-Hungary)
- Article 7 of EU proposed Regulation on phasing out Russian gas imports assumes that these gas passing through these interconnection points is imported from Russia & is impacted by the proposed ban



Commercial Challenges



Spot Trading:

- Gazprom ceased sales via its Electronic Sales Platform in October 2021 and gave up control over its trading subsidiaries under Gazprom Germania in April 2022
- Could a Russia-based Gazprom Export participate in European trading exchanges?

Long-Term Contracts:

- Demand for payment in rubles is still in force
 - Several contracts have either expired or been terminated
 - Arbitration cases concluded: Uniper (June 2024), ČEZ (Feb 2025), RWE (March 2025), and Net4Gas (June 2025)
 - Other arbitration cases (ENGIE, Eni, OMV Gas Marketing & Trading) remain outstanding
 - Unlikely that any long-term contracts will be restarted after the conclusion of arbitration
- **Given difficulties regarding arbitration, and EU plans to ban imports of Russian gas, it is unlikely that European buyers will sign new term contracts with Gazprom**



Commercial: Gazprom's LTC Portfolio

Buyer	Volume	Status	Buyer	Volume	Status
Expired or Terminated	-	-	Under legal review	-	-
Austria (OMV)	6.9	Halted Nov 2024. Terminated Dec 2024	Croatia (PPD)	1.0	Suspended Nov 2022. Expires 2027
Bulgaria (Bulgargaz)	3.0	Halted April 2022. Expired Dec 2022	Denmark (Ørsted)	1.9	Suspended 31 May 2022. Expires 2030
Czechia (ČEZ)	-	Expired Dec 2022. Arbitral award Feb 2025	France (ENGIE)	16.0	Suspended 31 Aug 2022. Expires 2030/31
Czechia (RWE Transgas / Net4Gas)	9.0	Halted in May 2022. Arbitral award Jun 2025	Germany (Shell Energy Europe)	1.2	Suspended 2022. Expires 2031
Finland (Gasum)	3.0	Halted in May 2022. Terminated May 2023	Italy (Eni)	22.0	Suspended 31 Aug 2022. Expires 2035
Germany (Uniper)	18.7	Halted in 2022. Arbitral award Jun 2024	Sub-Total	42.1	
Germany (RWE)	0.8	Halted in 2022. Expired Dec 2023			
Germany (VNG - WIEH)	6.0	Halted in 2022 after RU Gov sanctions	Active		
Germany (VNG - Gazprom)	3.5	Halted & expired in 2022	Hungary (MVM)	6.5	Flowing. Expires 2036
Germany (Wingas)	13.5	Halted & expired in 2022	Slovakia	3.5	Flowing. Expires 2034
Germany (GM&T)	4.0	Halted & expired in 2022	Greece (DEPA)	2.0	Flowing but in price arbitration. Expires 2026
Germany (OGMT)	2.0	Halted & expired in 2022	Serbia	2.2	Flowing. Expires Sept 2025
Latvia (Latvijas Gaze)	1.4	Halted in July 2022. Banned from 1 Jan 2023	Bosnia	0.4	Flowing
Netherlands (GasTerra)	4.0	Halted 31 May 2022. Expired Oct 2022	North Macedonia	0.4	Flowing
Poland (PGNiG)	10.0	Halted April 2022. Expired Dec 2022	Sub-Total	15.0	
Slovenia (Geoplin)	0.6	Halted in 2022. Terminated 31 Dec 2022			
Sub-Total	86.4		Total Contract Portfolio	143.5	



Commercial: Contract Expiry

• Gazprom's long-term contracts expiring in Central & SE Europe:

- Several of Gazprom's long-term contracts are due to expire in the next several years in Central & SE Europe and this region is developing alternatives to Gazprom supplies, mostly in the form of LNG
- In Greece, (where *FSRU Alexandroupoli* was launched in 2024), Gazprom's contract with DEPA is currently under price arbitration and expires in 2026
- In Croatia, where Krk LNG import terminal is currently being expanded, Gazprom's contract with PPD has been suspended since Nov 2022 (according to PPD) and expires on 31 Dec 2027
- In Romania, development of the Neptun Deep offshore field in the Black Sea will enable Romania to act as a net exporter to its neighbours. First gas is expected in 2027
- In Jan-Feb 2025, Gazprom's contract with SPP was extended from 2028 to 2034 to offset a reduction in ACQ necessitated by re-routing of supply from Ukraine
- Gazprom's contract with MVM (Hungary) does not expire until 2036
- SPP & MVM are now supplied via Turkish Stream (via Turkey, Bulgaria, & Serbia)
- Gazprom cannot deliver more gas to Central Europe via Turkish Stream due to a bottleneck on the Serbia-Hungary border





Legal issues: EU Proposes Ban on Russian Gas

Legal obstacles to Russian pipeline gas:

- In January 2025, Reuters reported that 10 EU Member States (Czech Republic, Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, Poland, Romania and Sweden) had signed a proposal to ban Russian pipeline gas and LNG at the earliest date possible
- None of these countries currently receive Russian gas or LNG
- In May 2022, REPowerEU set the political target of eliminating EU dependence on imported Russian fossil fuels by 2027
- EU Roadmap for phasing out Russian energy published on 6 May 2025, followed by legislative proposal on 17 June 2025
- Opposition from governments of Slovakia & Hungary, but plan is for co-decision process that requires only qualified majority
- If the draft regulation becomes law, question of enforcement remains. What if SPP and/or MVM continue to take pipeline supply from Gazprom, with the support of their own national governments?
- **The plan for a formal ban on Russian gas exacerbates the commercial challenges that could prevent a Russian gas 'rebound' in Europe**



EUROPEAN COMMISSION

Strasbourg, 17.6.2025

COM(2025) 828 final

2025/0180(COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on phasing out Russian natural gas imports, improving monitoring of potential energy dependencies and amending Regulation (EU) 2017/1938

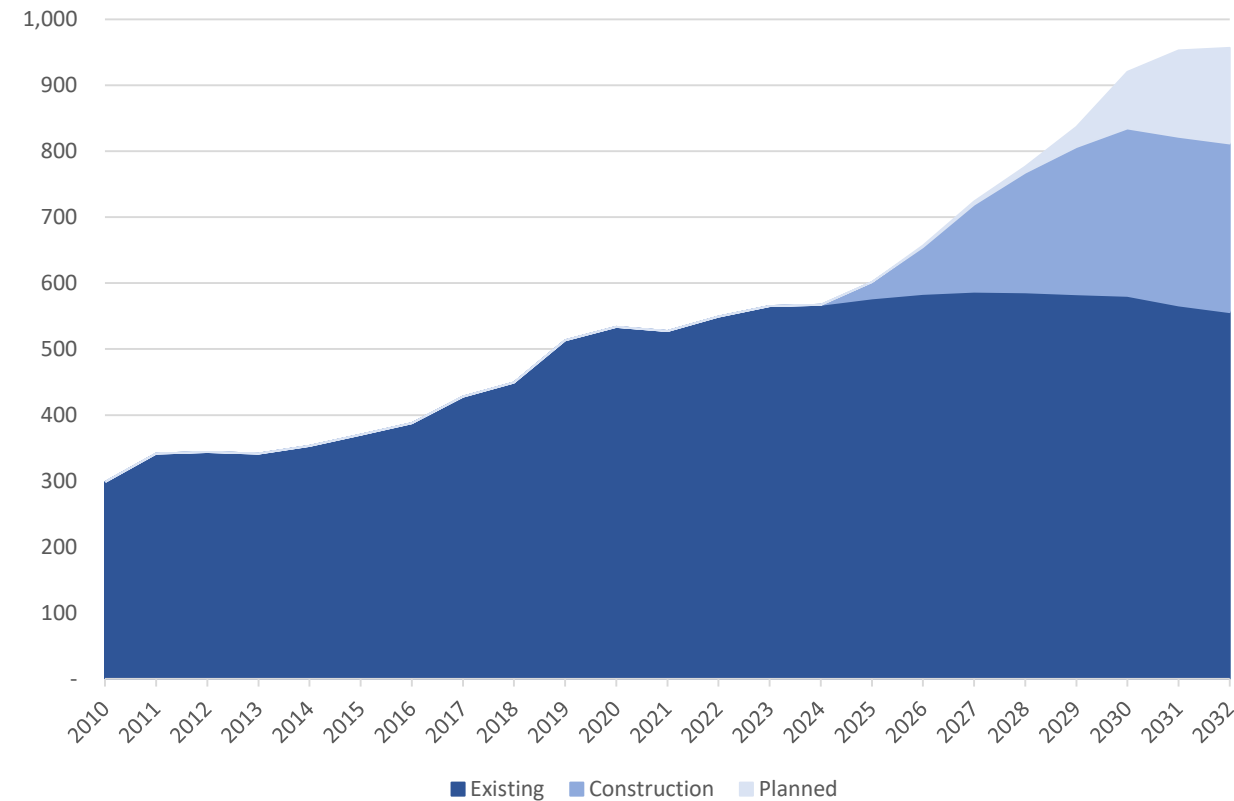
{SWD(2025) 830 final}

“The proposed Regulation will follow the co-decision legislative process, meaning that it will be for the European Parliament and Council to adopt it. Adoption in the Council will require qualified majority. The Commission will continue to work very closely with the Member States on diversification efforts and infrastructure improvements, especially with those that are the most impacted.”



Conclusions

Global LNG Liquefaction Capacity (Bcma)



Russian Pipeline Gas

- Russian pipeline gas supplies to Europe have already declined by 90% compared to their 2019 peak, and will decline further by 2027 if Greek contracts are not renewed
- In addition to infrastructure, commercial, and legal challenges, Gazprom will face an increasingly supply-long European market in 2025-2030, which reduces the incentives for European buyers to renew their commercial relations with Gazprom
- Only two EU member states substantially impacted by ban on Russian pipeline gas imports (Slovakia & Hungary)

Russian LNG

- Until a ban comes into effect, Europe may continue to receive c.20 Bcma of Russian LNG, to Spain, France, Belgium, and Netherlands
- If a ban is enforced, Russian LNG cargoes will be directed to non-European markets, increasing shipping costs and reducing profits for Novatek
- It will become easier for European buyers to source replacement non-Russian cargoes as global LNG supply grows in 2025-2030

- In the case of both pipeline gas and LNG supplies from Russia to Europe, the combination of infrastructure (pipelines and LNG liquefaction / transshipment), commercial (arbitration / contract expiry), and legal (sanctions) challenges are set to be exacerbated by competition from non-Russian (LNG) suppliers
- **The expected wave of new LNG supply in 2025-2030 reduces the incentive for European buyers to return to imports of Russian gas**



March 2025

No Way Back? Challenges to Russian Pipeline Gas in Europe Make Near-Term Rebound Unlikely

Summary

The potential for a 'rebound' or 'return' of Russian pipeline gas supplies to the European market has gained significant traction in the mainstream media in the past two months. This paper explains the precise reasons for the decline in Russian pipeline supply to Europe and, in doing so, assesses the challenges in overcoming those obstacles. In summary, the challenges that must be overcome include:

Transportation capacity: Both lines of Nord Stream 1 are damaged, Nord Stream 2 is unable to launch without approval from the German authorities, and the Yamal-Europe pipeline is closed to transit via Poland due to sanctions. Transit via Ukraine halted on 31 December 2024 and will not restart in the absence of a durable and lasting political settlement to end Russia's invasion of Ukraine. This leaves only Turkish Stream, which is currently operating close to full capacity.

Spot trading: Gazprom halted sales via its Electronic Sales Platform in October 2021 and withdrew from its downstream European trading subsidiaries in April 2022. Re-establishing subsidiaries may not be possible if arbitration awards remain outstanding and Gazprom assets in Europe remain at risk of seizure for enforcement of awards.

Long-term contracts: Gazprom has already seen several long-term contracts expire without renewal since April 2022, while others have been terminated either following the conclusion of arbitration or unilaterally. Other contracts have been suspended following the refusal of Gazprom's counterparties to accede to the demand to pay in rubles or following the closure of pipeline transportation capacity routes. Both the ruble payment and supply shortfall issues have resulted in arbitration cases, and Gazprom's approach at present is to file anti-suit injunctions with Russian arbitration courts, rather than pay awards made to its European counterparties in European arbitration courts. This implies that once Gazprom's European contracts have expired or been terminated, European buyers are unlikely to sign new terms with Gazprom.

What's left? As a result of the developments analysed in this Insight, Gazprom has been left with just one delivery route to the European market (the Turkish Stream pipeline and its onward connections from the Turkey-Hungary border as far north as Hungary and Slovakia), and roughly 15 Bcma of long-term contracts from a portfolio that was an estimated 150 Bcma prior to 2022.

To conclude, it is unlikely that the challenges relating to delivery routes, spot trading, and long-term contracts will be overcome in order to enable the volume of Russian pipeline supply to Europe to 'rebound' from its current level, especially if it is to happen before the wave of new LNG supply renders Europe a much more competitive market than when Gazprom mostly withdrew from it in 2022-24.

Thank you!

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