

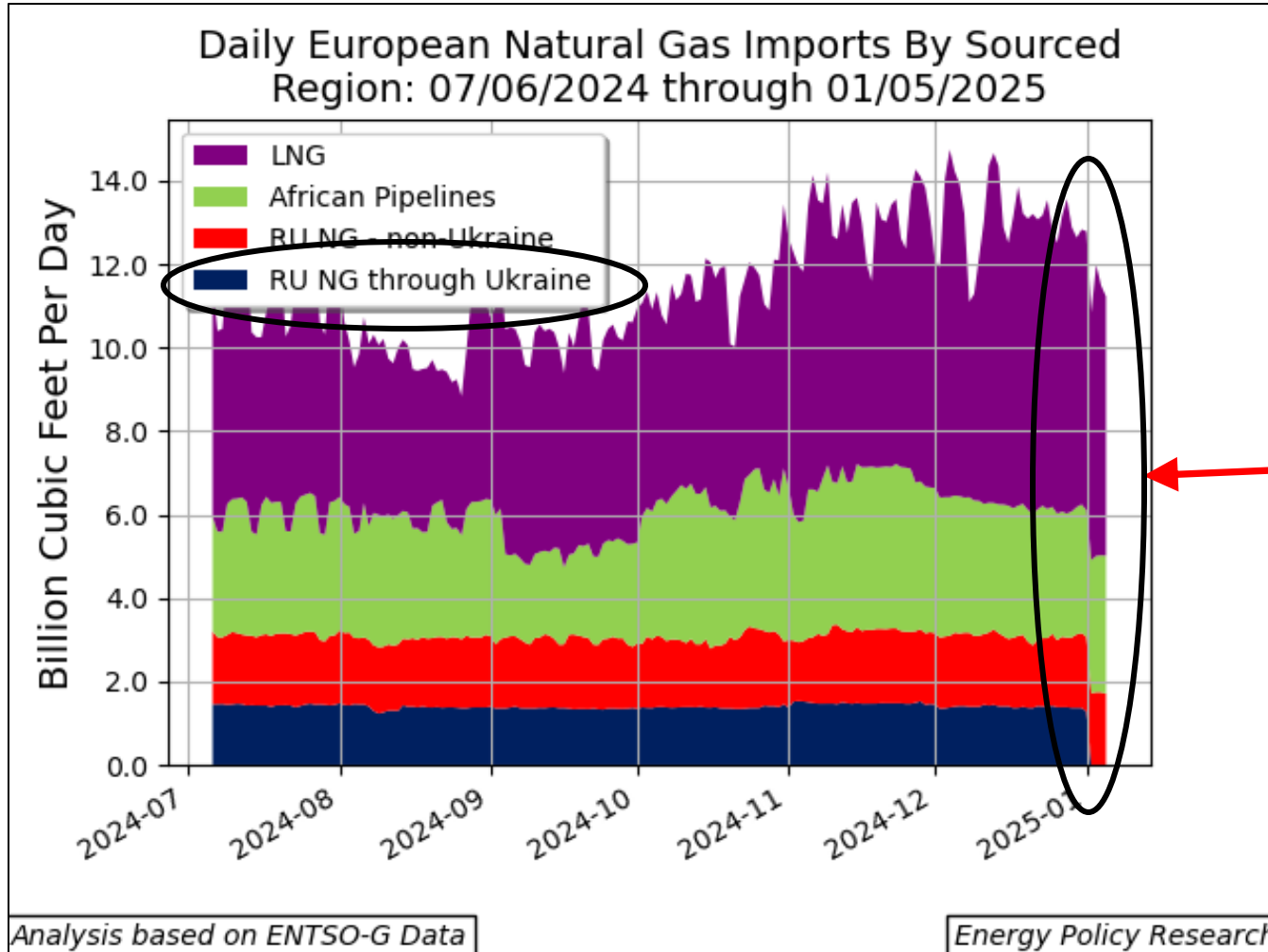
Chart of the Week #2025-01

European Natural Gas Constraints During the Winter of 2024-2025



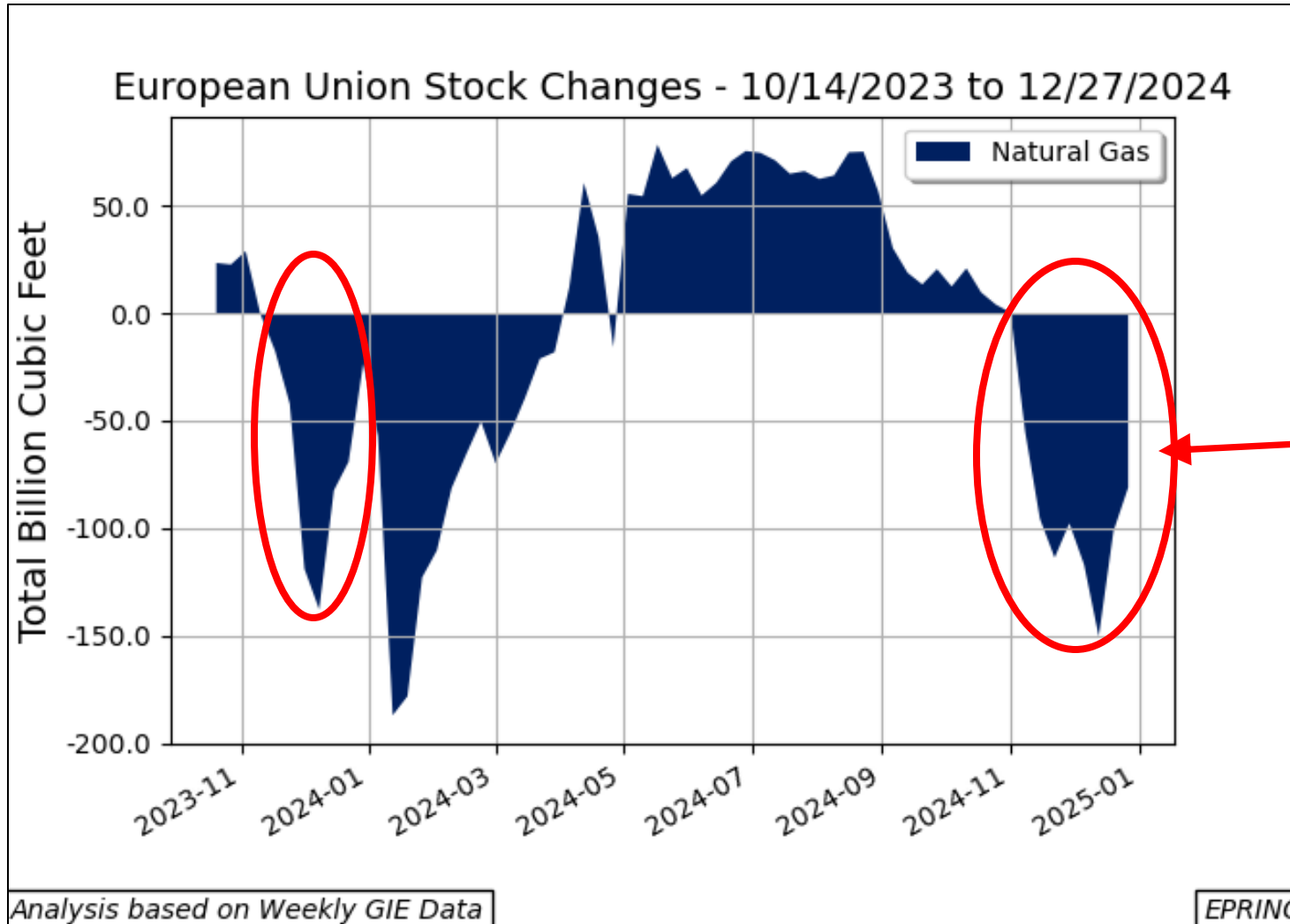
Max Pyziur
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European Natural Gas Constraints During the Winter of 2024-2025



With no imminent indications of a new transit agreement, Ukraine stopped shipping pipelined Russian natural gas on January 1, 2025 to the EU. This was due to the expiration of the prior 5-year agreement that was negotiated in late 2019.

European Natural Gas Constraints During the Winter of 2024-2025



On the heels of a mild 2023-2024 winter and ample natural gas inventories, European natural gas imports abated. But across all of the northern latitudes, 2024-2025 winter temperatures have set in early and are lower. In the EU, this has required more aggressive inventory drawdowns in December.

European Natural Gas Constraints During the Winter of 2024-2025

Background:

- In December 2019, Russia and Ukraine signed a new natural gas transit agreement with terms extending through the end of 2024. Russia agreed to a take-or-pay contract to transit a minimum of 4 BCF/d from 2021 to 2024. Since Russia escalated its war against Ukraine in February 2022, it has been shipping a steady 1.5 BCF/d through Ukraine.
- There are two primary compressor stations located in Russia that had been transiting natural gas into Ukraine: one near Sudzha on Ukraine's northeastern border; the other at Sokhranivka on Ukraine's eastern side.
- Beginning in May 2022, Ukraine's pipeline operator suspended transit from Sokhranivka citing dangers from the war; this made Sudzha the sole entry point.
- On August 6, 2024, two to three brigades of the Ukrainian Armed Forces invaded and occupied a substantial portion of Russia's Kursk Oblast near the town of Sudzha and have continued to hold the territory.
- Russia receives 7-8 billion euros for natural gas exported to Europe. Ukraine currently receives \$800 million in transit fees even though the December 2019 contract stipulates a minimum of \$1.5 billion.

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- This slide deck is available at: <https://eprinc.org/chart-of-the-week/>
- For more information on these charts, please contact Max Pyziur (maxp@eprinc.org).