

Chart of the Week #2025-01

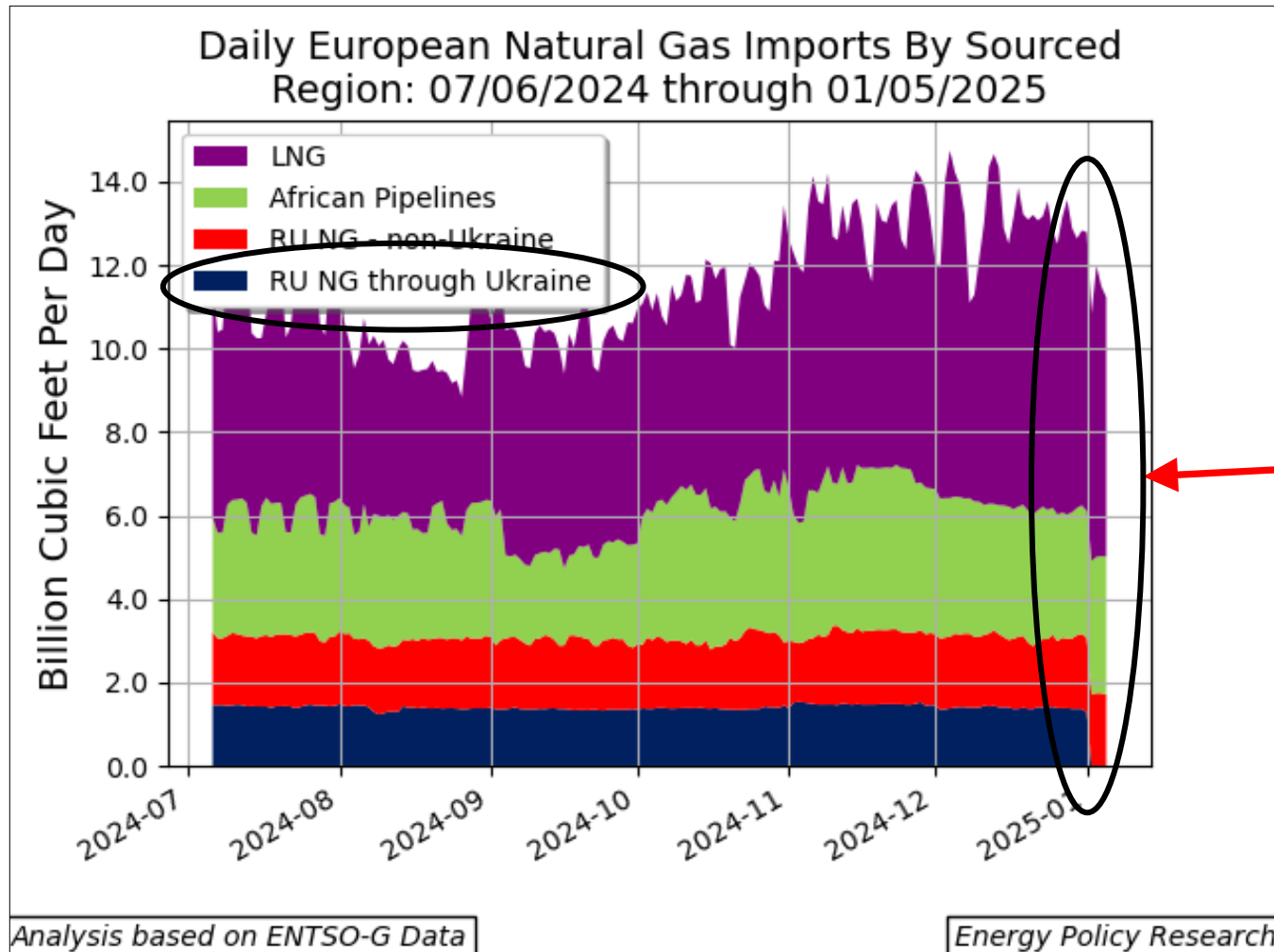
European Natural Gas Constraints During the Winter of 2024-2025



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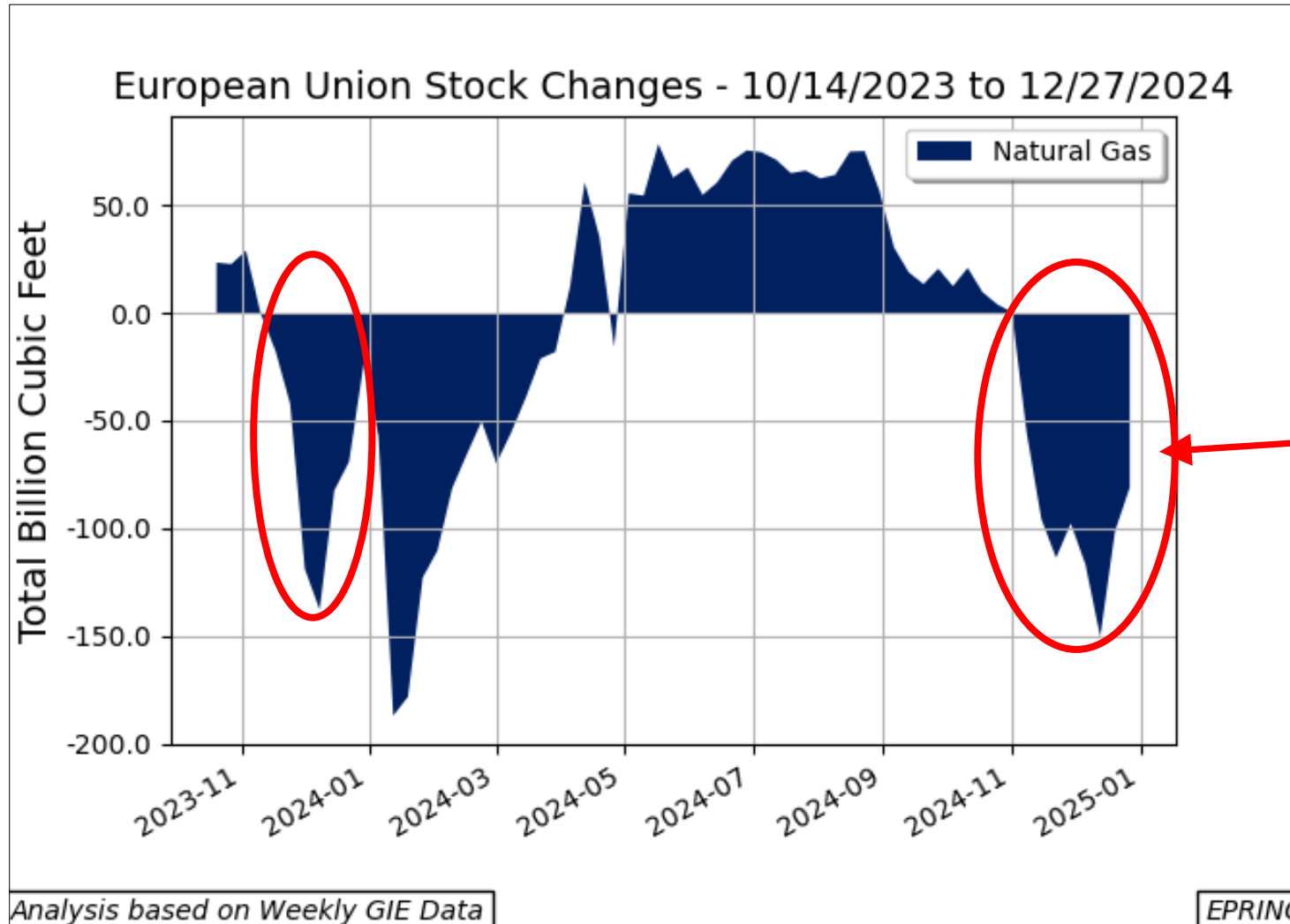


European Natural Gas Constraints During the Winter of 2024-2025



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.

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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).