

Interruption of Russian gas supplies to Ukraine: No immediate impact on EU customers

Brussels 19 June 2014 – The decision on Monday by Gazprom to cut the supply of gas intended for use in Ukraine is currently not impacting EU customers. Gazprom is continuing to supply gas to Ukraine for transit to the EU, but companies are nevertheless ready to keep up supplies or minimise the impact in case there is a disruption.

“We appeal to Ukraine to maintain the transport of gas intended for EU customers,” says Eurogas President Jean-François Cirelli. At the same time, he urges the parties involved to settle their payment dispute in a lasting agreement to preserve trust in the European gas market. *“Eurogas members regret the recent development but are confident that a solution to the dispute can be found soon,”* he continues.

“The situation is serious, but the European gas market is set up to deal with supply disruptions over a significant period of time,” Mr Cirelli explains. The industry has made large investments in recent years that increase security of supply. The European gas grid has been further developed and integrated. Following the adoption of the EU Regulation on security of gas supply, possibilities have been enhanced to change the direction of the gas flow in the pipelines (reverse-flow mechanisms).

In case of a supply disruption, immediate options are notably to draw on the volumes stocked in gas storage facilities throughout the EU, to import LNG and to increase production in the EU and Norway. Moreover, some of the Russian supplies delivered through pipes transiting through Ukraine could be redirected to reach the EU via other pipelines.

In the medium term, it is crucial to ensure the development of gas in Europe. Gas will continue to have a key role to play in the European energy mix, including for security of supply, if an effective energy transition is to be achieved. To this end, there are three key steps that need to be taken now and should be decided by the European Council on 26/27 June:

1. Full implementation and enforcement of all existing legislation that enables the free and fair trade of gas between and within each EU Member State. Much remains to be done.
2. Reconfirmation that it is the responsibility of companies to maintain commercial relations with suppliers, although it is important that their efforts are supported by political dialogue of the EU and Member States with supplier countries. Any mandatory concept of grouped purchasing, e.g. a gas purchasing agency, would distort the market and risks lowering security of supply and increasing prices.
3. Setting up a clear and consistent political framework that encourages companies to seek and develop diverse supply sources and routes (including major pipeline projects, LNG imports, and the connection of Europe to new gas fields).

Eurogas is a member of the EU Gas Coordination Group and, as such, maintains and regularly updates for the European Commission a list of experts that are ready to help official monitoring of the situation. The European gas industry will, of course, itself continue monitoring and responding to the situation and is fully committed to managing it in the best interests of their customers.

Note to Editors: Eurogas is an association representing 45 companies and associations engaged in the wholesale, retail and distribution of gas in Europe. Eurogas provides data and information relevant to EU decision makers and opinion formers in making the right policy choices.

Press contact: Tracey D’Afters, Tracey.DAfters@eurogas.org, tel. +32 2 894 48 05

Eurogas • Av. de Cortenbergh 172 • 1000 Brussels • Belgium • www.eurogas.org