

End of transit via Ukraine – Information from the conclusions of the Commission’s assessment

1. Introduction on the Ukraine transit agreement

On 30 December 2019, Gazprom and Naftogaz Ukrainy signed agreements outlining the transit arrangements for the period from 1 January 2020 to **31 December 2024**. The transit agreement was facilitated by the European Commission, ensuring a stable transit framework and putting an end to years-long arbitration cases between Russian and Ukrainian gas companies. As per the agreement, at least 225 bcm of gas would be transited or paid, 65 bcm in 2020 and 40 bcm per year from 2021 to 2024.

The current Ukraine-Russia transit agreement is therefore expected to end on 31 December 2024. The Ukrainian authorities have ruled out the possibility of any negotiation with Russia. Hence, the most realistic scenario is that the transit agreement will lapse and no Russian gas will flow through Ukraine.

The Commission, in line with the RepowerEU’s objectives of phasing out Russian gas by 2027, has worked with the Member States most impacted by the end of the transit to ensure that the EU was prepared for a scenario without Russian imports via Ukraine as of 1 January 2025.

DG ENER has been collaborating with Austria, Bulgaria, Croatia, Czechia, Germany, Greece, Hungary, Italy, Poland, Romania, Slovakia and Slovenia. The group, chaired by the Commission, has been working on ensuring that alternative supplies were available for the impacted Member States through analyses and information exchange.

Following the discussions of the Energy Council meeting of 4 March 2024, further analysis was performed to assess the availability of infrastructure and volumes, as well as to consider potential impacts on gas prices and exports to Ukraine and Moldova.

The analysis has been regularly updated and discussed with Member States within a **dedicated working group on preparedness for the end of the Ukraine transit agreement**.

2. The Current Situation

The Ukrainian natural gas network is interconnected to the European network at the level of four Member States: Hungary, Poland, Romania and Slovakia. Historically, Gazprom has had a number of long-term gas supply contracts with a large number of European Member States, particularly the countries of Central and Eastern Europe among which many are landlocked countries with little access to alternative sources. This particular physical situation as well as the historical ties with Russia explains in part the important role played by Russia in the gas supply of the region.

In 2022, following successive cuts in supplies to its customers, prompted by political intentions in the context of Russia's full-scale invasion of Ukraine, the volumes delivered to European customers via Ukraine have decreased drastically, to 14.65 bcm in 2023 ⁽¹⁾,

(1) GTSOU data

compared with 40 bcm/y before the war. On 1 December 2024, the EU had received around 13.7 bcm from Russia via Ukraine.

Following these 2022 cuts, only Austria, Czechia, Hungary, Italy, Slovenia and Slovakia continued to receive Russian gas via Ukraine in 2023 (Bulgaria and Romania to a lesser extent, on spot markets). Of these countries, Austria and Slovakia imported the largest share of these volumes, and for which these imports via Ukraine represent the largest share of their demand.

3. The EU gas infrastructure capacity:

In terms of infrastructure, the European gas system has sufficient capacity to cope with the end of the Ukraine transit agreement. Thanks to the recent development of LNG import capacities and interconnections capacities, the EU gas system is resilient and flexible. This is notably the result of EU policy on the internal market and infrastructure and notably the implementation of key projects of common interest, including financial support from the Connecting Europe Facility. With the current level of integration and diversification of the European gas market, all the Member States can have access to LNG and pipeline imports from alternative routes, making possible the entire replacement of the gas currently transiting through Ukraine. Further regional efforts are undertaken in the CESEC high-level group to remove some remaining regulatory barriers that hamper the diversification strategies in affected countries. This would particularly help maximising the use of existing infrastructure.

4. The Alternative Gas Supply Routes:

Four major diversification routes could be used to bring the volumes needed to replace Russian gas into the region, with volumes mostly originating from LNG terminals in Germany, Greece, Italy and Poland but also possibly from Türkiye.

The import route via Germany, is relying on the significant recent expansion of the German LNG import capacities and imports of pipe gas from Norway, the Netherlands and Belgium, could flow additional volumes of gas to Austria, Czechia and Slovakia via existing infrastructure, taking into consideration available import volumes and available technical capacities.

The import route via Poland can facilitate the access to Norwegian gas and LNG for the Central European States, and Ukraine. Thanks to the Poland-Slovakia gas interconnector, the gas can flow to Slovakia and then further to Czechia, Austria, Hungary and Ukraine, depending on the actual import needs.

The import route via Italy, considering current capacities, can transport gas northward via Austria and then towards Slovakia and/or Slovenia, supporting regional energy diversity and security.

The Trans-Balkan route can flow gas from Greece, Turkey and Romania to the North, supplying Southern and Central Europe, including Ukraine and Moldova via existing infrastructure interconnection points between Greece, Bulgaria, Romania, Hungary, Moldova, Ukraine and Slovakia.

5. Impact on Ukraine and Moldova

In its assessment, the Commission also considers the **impact of the end of the transit agreement on Ukraine and Moldova**, including by considering the energy flows, possible exports and imports to these countries.

Regarding Ukraine, due to the war-related demand destruction as well as resilient and stable gas production, **Ukraine is self-sufficient and has not imported gas last winter**. The end of gas transit has no direct impact on Ukraine's security of supply since the Russian gas transit via Ukrainian territory is not consumed in the Ukrainian market. Concerted efforts are underway to address supply concerns, notably through the collaboration between the Commission and the Energy Community Secretariat, and the recently created "Security of Supply Working Group" between ENER-JRC and Ukraine.

Regarding Moldova, apart from the Transnistria region, Moldova is not importing Russian gas and is also making use of the Ukrainian gas storages. However, Moldova's Transnistria region, is fully reliant on Russian gas transported via Ukraine. This gas also fuels the MGRES power plant in Transnistria, on which Moldova relies for most of its electricity needs. Therefore, **it is critical for Moldova access additional alternative supply to cover Transnistria's gas demand**.

Conclusions

The European Union is well-prepared to face the end of gas transit via Ukraine, thanks to the collaborative efforts of the Commission and Member States.

The EU's Security of Gas Supply framework has been significantly strengthened in recent years through initiatives such as gas storage filling targets, energy efficiency measures, renewable energy deployment, and voluntary demand reduction measures.

As a result, the EU's gas security of supply for the winter of 2024-2025 looks reassuring. Gas demand remains 18% lower than pre-crisis levels, and storage levels reached over 95% as of 1 November. The past two years have seen record levels of renewable energy deployment, and the end of transit via Ukraine has been largely priced into gas market prices, with minimal impact.

The Commission's assessment indicates that the impact of the end of transit via Ukraine on the EU's security of supply is limited in both volume and scope, affecting only a few countries. Austria and Slovakia are the most concerned Member States due to the high share of Russian gas imports via Ukraine.

The 14 billion cubic meters per annum (bcma) currently transiting via Ukraine can be fully replaced by LNG and non-Russian pipeline imports via alternative routes.

The assessment also shows that the European gas infrastructure is flexible enough to provide non-Russian gas to Central and Eastern Europe via alternative routes.

To facilitate this, the Commission is working with concerned transmission system operators (TSOs) to harmonize gas quality requirements in regions bordering Ukraine, with a Memorandum of Understanding signed at the CESEC Ministerial on 29 October 2024.

The limited impact on gas prices of Gazprom's recent decision to halt supplies to OMV following an arbitral award demonstrates the effectiveness of anticipation in mitigating the effects of Russian supply cuts.

Further regional efforts and cooperation are ongoing, including with Ukraine and Moldova, with a focus on finding alternative solutions for Moldova, which relies heavily on Russian gas for its electricity generation, located in Transnistria.