

RUSSIAN GAS PHASEOUT IN THE ENERGY COMMUNITY

Modelling the REPowerEU Roadmap by 2028

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Scenarios in gas market modelling

CORE SCENARIOS

- **With Russian gas** (counterfactual): as if REPowerEU were not in place and pipeline deliveries via Turk Stream to HU, SK and GR would continue, + RU LNG is allowed
- **REPowerEU is banning Russian gas in EU MSs**
- **REPowerEU Roadmap extended**: the Russian gas is banned in the EU27 and in the Energy Community CPs (except for Georgia)

COMMON ASSUMPTIONS

- Modelling year 2028
- EU27 demand 3500 TWh/year
- Japan-Korea Marker (JKM) at 40 EUR/MWh
- Storage start-end 30%; storage target 80%;
- LNG regasification terminal capacity limit 80%

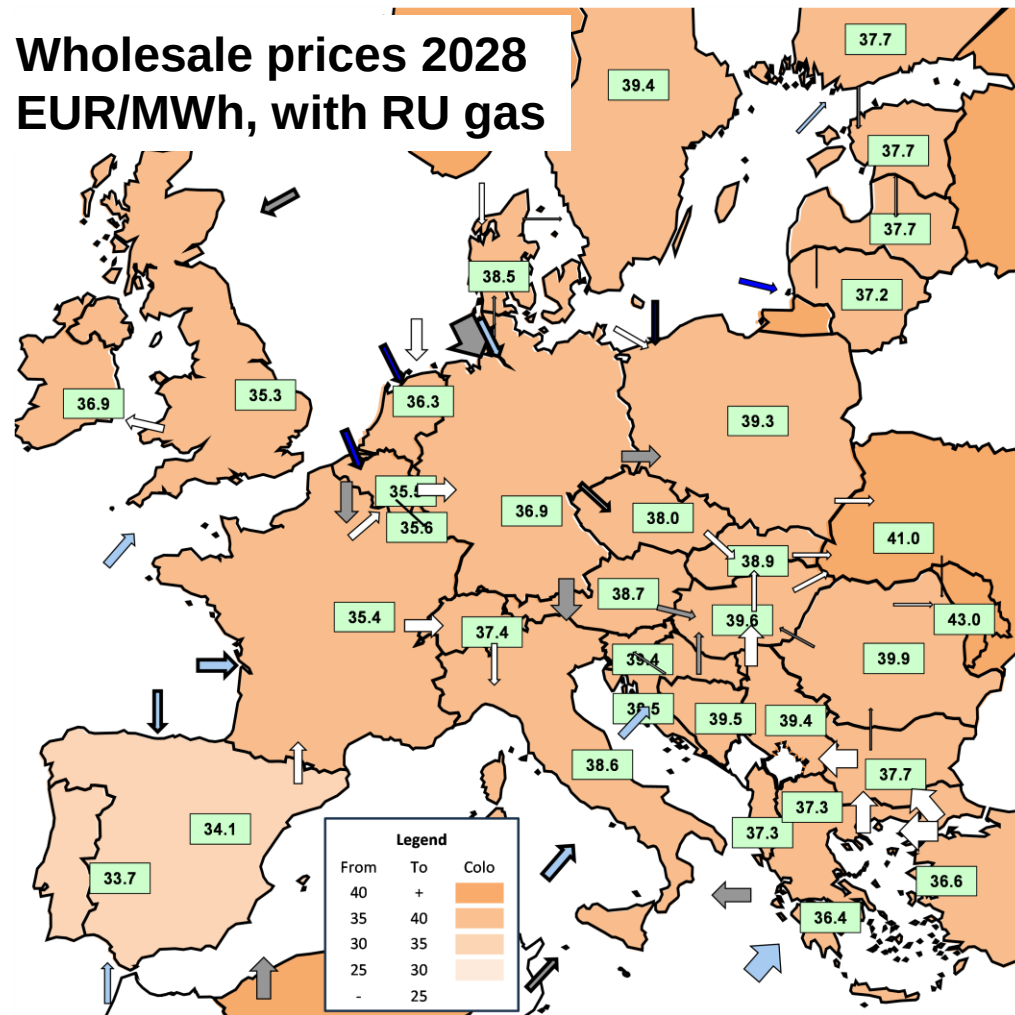
SENSITIVITIES

- **Higher storage stocks:**
10% / 20% /30% additional storage need
- **Lower regasification availability:**
60% / 80% of LNG technical capacities
- **Higher UA import need:**
UA import need at 70 / 110 / 140 TWh/year
- **Higher global LNG prices:**
JKM at 40 / 60 / 70 EUR/MWh

** % (we capped the technical capacity of LNG regas terminals of the EU by 80% of their capacity, as this was the highest historical utilization during the energy crisis). This is a conservative assumption.*

RESULTS (JKM = 40 EUR/MWH)

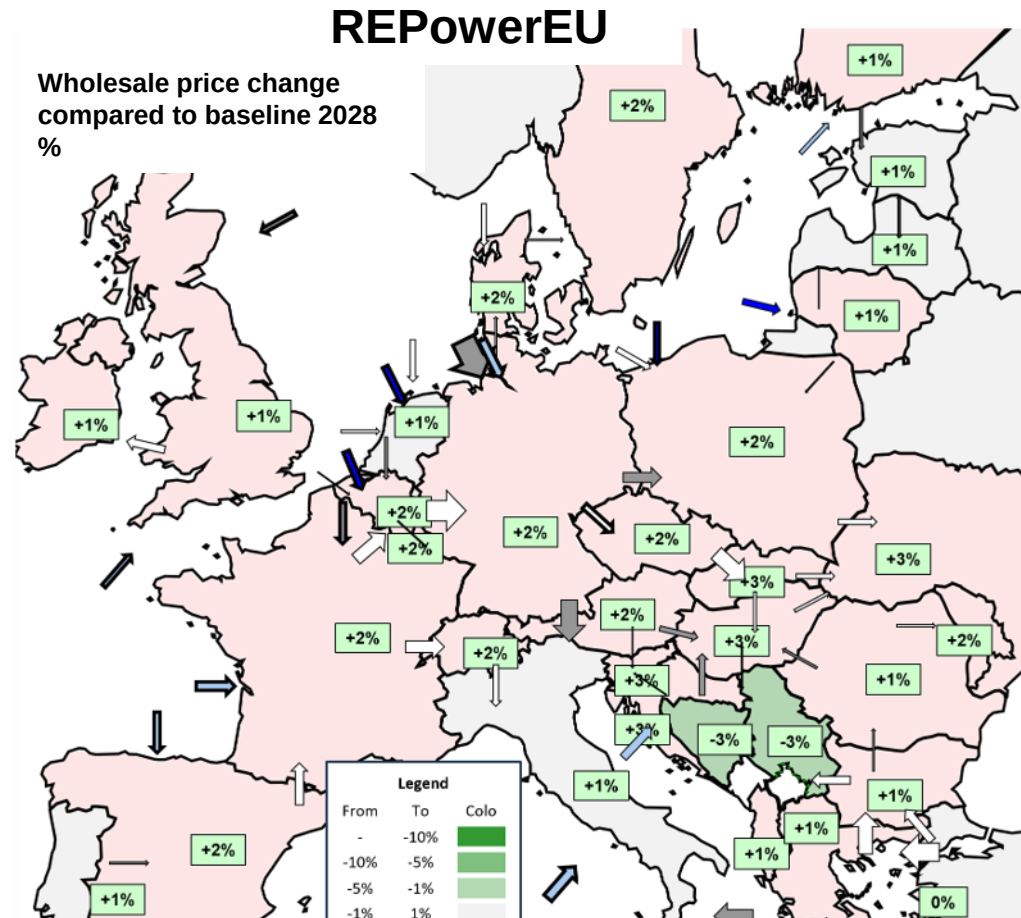
Baseline (counterfactual) 2028 with Russian gas



Numbers in the box depict the wholesale price. Arrows on the map indicate the flows on the pipelines (white arrows) indicating also the volumes (when bold they are 5 times higher) and the congestion of the technical infrastructure (the interconnectors are grey when they are congested in at least 3 months out of the 12 modelled months). Blue arrows represent the LNG regasification facilities. They are dark blue when they are physically congested at least in 3 months. Source: REKK modelling

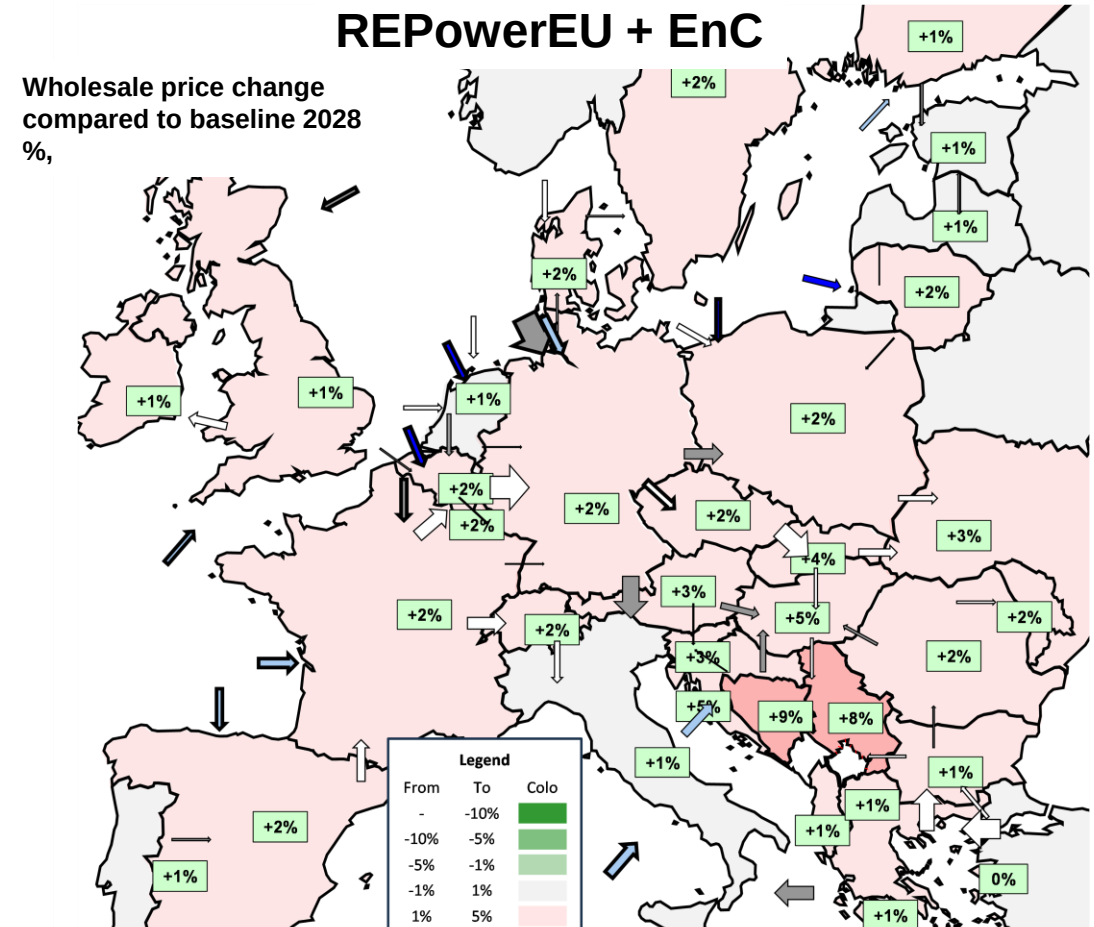
- Russian gas is already minor in the mix of the EU27 - 11% in 2025 (Bruegel)
- West-to-East pipeline flows, congestions on the network
- High utilisation of LNG regasification terminals
- Main source of LNG is US
- Wholesale gas prices in EU markets vary:
 - Iberian Peninsula: 33-34 EUR/MWh
 - NW Europe 35-37 EUR/MWh
 - Central Europe 39-40 EUR/MWh
 - RS, BA 39.5 EUR/MWh
 - MK 37 EUR/MWh
 - UA, MD 41-43 EUR/MWh

Full phase-out of Russian gas from EU27+ CPs has negligible impact: in the EU MSs (1-5%) and somewhat higher in CPs (1-9 %)



Implementing a Russian gas ban from 2028 in the EU27 would result in a **+1-3 %** price increase, with HU, SK and HR, SI being on the higher end.

Some contracting parties with existing Russian contracts would benefit from additional trade opportunities and see a -3% price decrease (RS and BA) provided that they can prove that the volumes traded are of non-Russian origin.



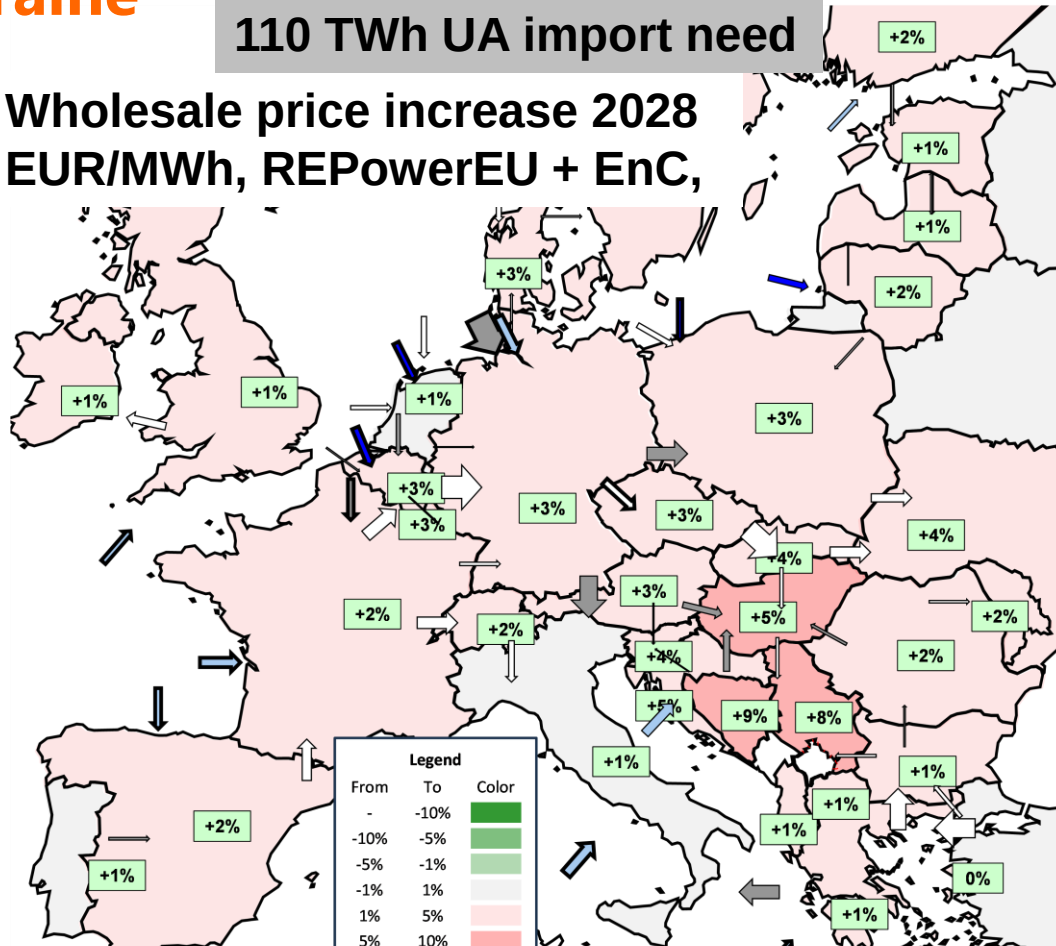
Implementing a Russian gas ban from 2028 in the EU27 + CPs would result in a **+1-5%** price increase in EU MSs, with CEE forming a higher priced zone.

Contracting parties losing Russian contracts would see the **+8-9%** price increase (RS and BA). MK (+1%) is moving with Greece, while UA (+3%) and MD (+2%) follow the CEE gas price trends.

Full phase-out of Russian gas from EU27+ CPs and more import need of Ukraine

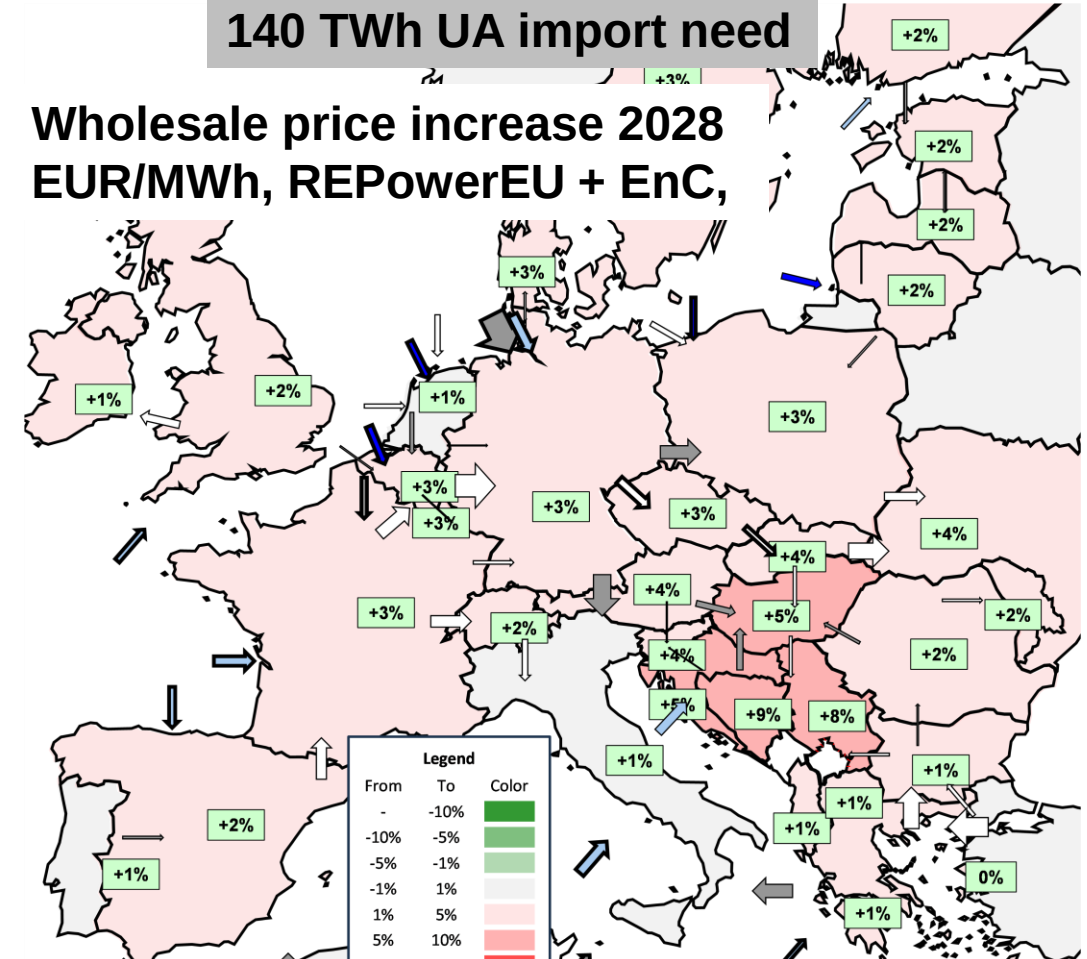
110 TWh UA import need

Wholesale price increase 2028
EUR/MWh, REPowerEU + EnC,



140 TWh UA import need

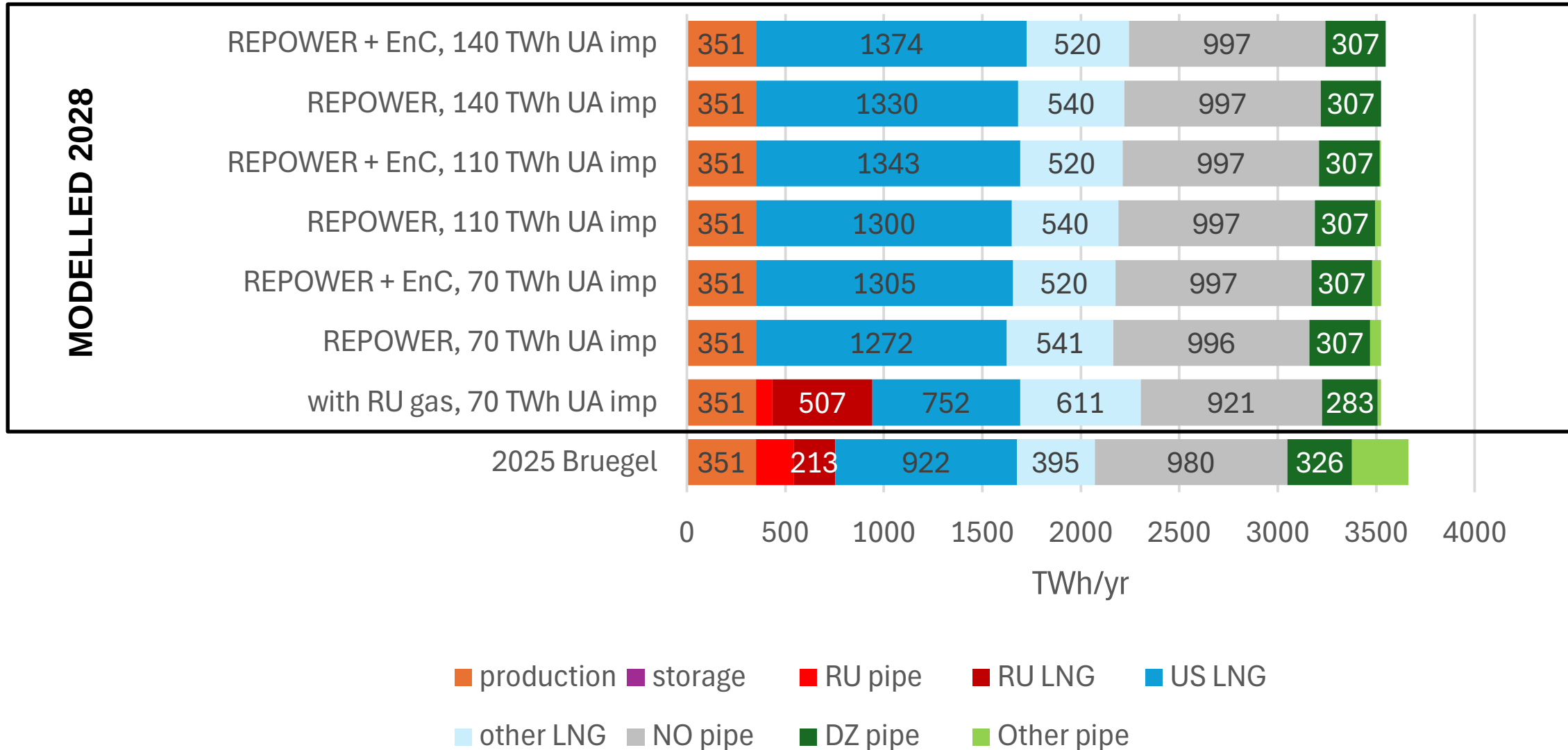
Wholesale price increase 2028
EUR/MWh, REPowerEU + EnC,



- Ukrainian import need was tested at 70 (baseline), 110 and 140 TWh/yr
- Results on the map visualize the change compared to the 70 TWh UA import need.
- Additional 40-70 TWh/ yr UA import need added +1% price effect of introducing REPowerEU for the EnC.
- Regional effect spreading to HU, SK and PL, that provide the routes for the additional volumes.

Russian gas is substituted by US LNG in all scenarios

EU27 SUPPLY STRUCTURE MODELLED 2028



Sensitivity runs confirm the robustness of the results

- **HIGH UA IMPORT NEED**

did not change the results, UA is supplied via: HU, SK and PL

- Additional 40 TWh/ yr UA import need would add 0.3 EUR/MWh price effect of introducing REPowerEU for the EnC
- Additional 70 TWh/yr UA import need would add 0.5 EUR/MWh price effect of introducing REPowerEU for the EnC

- **HIGHER STORAGE STOCKS**

(keep 40/50/60% in storage by end of withdrawal season for security of supply) >

Resulted in a further 1-2% price increase on top of the balanced storage scenario of the baseline (30% starting stock -30% end of season stock)

- **LOWER LNG REGASIFICATION AVAILABILITY:**

resulted in a 1-2% price increase on top of the scenarios.

- **HIGHER GLOBAL LNG PRICES**

(JP = 40/60/70€/MWh) have a huge impact on European gas price level, but the Russian gas phase out has the same limited effects

Conclusions

CORE SCENARIO RESULTS

- Russian gas phaseout does not cause any security of supply issues, EU27 markets and the Contracting Parties can be supplied with alternative sources (mainly US LNG)
- Due to changing supply routes, new flow patterns emerge which may challenge some TSOs' revenue streams
- Banning Russian gas does not have a major price impact in Europe: price increase is ~ 1 EUR/MWh in 2028 except for RS and BA, where ~3 €/MWh was modelled.

SENSITIVITY SCENARIOS

- Results are robust also in a higher global price environment (JP: 60-70 EUR/MWh). The price change due to the REPOWEREU Roadmap implementation in CPs have a 1-3% price increasing impact in the EU27, UA, MD and MK. On the other hand, RS and BA price increase is in the range of 8-10%.
- High JKM prices combined with increased UA import need is the worst-case scenario: RS and BA price increase due to a Russian gas ban is 8-12% depending on UA import need.

„Russian gas phaseout has negligible impact" is valid primarily under the model assumptions used (functional regional cooperation and stable transit agreements). Different political, technical or regulatory assumptions could lead to materially different outcomes for Energy Community Contracting Parties

THANK YOU FOR YOUR ATTENTION

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