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REPowerEU: Delivering Energy Security and a Realistic Transition

Resetting the Narrative for REPowerEU

As the European Commission prepares to update REPowerEU, it must reflect not only how far we've come – but how much of the original vision was based on assumptions that proved unrealistic or undesirable. Gas consumption in the EU has indeed declined sharply in the past years – but not in the way policymakers imagined. Most of this reduction has come from painful demand destruction and lucky weather conditions, not positive structural transformation.

The next chapter of REPowerEU must be grounded in reality. This paper outlines five priority areas to secure the EU's energy future while ensuring a credible path to decarbonisation.

1. Reality Check on EU Gas Demand Projections

The EU has already reduced natural gas demand by more than 80 bcm in just four years – now close to the 2030 trajectory under Fit-for-55. However, most of this reduction was not the result of positive systemic transformation.

- The decline was largely the result of non-structural drivers such as mild winters, lower heating needs, consumers responding to price signals, improved hydro and nuclear output, and most importantly, industrial demand destruction – not efficiency gains or fuel switching. The only notable exception was increased wind and solar capacity deployment.
- Achieving an additional 145 bcm drop by 2030 – effectively halving gas consumption in four years – as implied in current Commission projections, is neither technically viable nor economically desirable.
- Meanwhile, hydrogen and biomethane ambitions have been dramatically scaled down, are not part of the legislative framework, and regulatory complexity is delaying progress on low-carbon solutions.

We need modelling that supports infrastructure planning, guides market expectations, and enables long-term contracting – not one that creates false certainty and deters investment. The current 2030 gas consumption projections risk endangering our Security of Supply.

2. Regulation Must Support Security of Supply

Securing new supply contracts is essential for Europe's energy security and affordability, yet buyers face uncertainty that disincentivises contracting.

- Rules prohibiting the signature of long-term "unabated fossil gas" contracts with duration beyond 2049 remain undefined.
- Unclear and in part unimplementable reporting obligations for EU importers under the Methane Emissions Regulation complicate and, in some cases, impede contracting.
- Key exporters (e.g. Qatar, US) are questioning extraterritorial implications of EU regulation, particularly in light of CS3D and the Methane Emissions Regulation.

With countless gas supply contract duration and pricing models, EU rules should not limit choices. Buyers need flexibility to manage risk and attract diverse and reliable supply.

3. Market Intervention Undermines Trust and Drives Speculation

The EU gas market has held up under extreme stress – yet trust in market fundamentals are being eroded by confusion over the root causes of volatility, speculation, and distortive if well-intentioned emergency interventions.

- Market interventions must be phased out, not normalised. Market interventions have unintended consequences, which in turn increase pressure for more intervention.
- The terms *market manipulation* and *speculation* should not be confused. There is no evidence of systemic manipulation, and the market remains under the supervision of ESMA, ACER and national regulators. Speculation is a component that can be found in any market. Market volatility and regulatory uncertainty drive speculation.
- Tackle the cause, not the symptom. What the market needs most is predictability and a rebalancing of global supply and demand.

We cannot regulate our way out of volatility – we need credible long-term planning and functioning markets.

4. Gas Infrastructure Must Be Backed by EU Policy

The EC's recent openness to supporting external infrastructure investments is welcome, but the current EU financial framework doesn't match this ambition.

- The European Investment Bank remains largely restricted from backing gas infrastructure projects.

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- Europe's approach still lacks coherence compared to other global markets, such as Japan – as referenced in the Affordable Energy Action Plan – where realistic planning in terms of energy demand supports both security of supply and climate goals.

We need to enable strategic investment – at home and abroad – not send mixed signals. There can be no tradeoffs between security of supply, affordability and sustainability.

5. Designing a Deliverable Transition

As the EU sets its sights on the 2040 climate targets and charts a course to climate neutrality by 2050, the focus must shift from theoretical single pathways to multiple realistically deliverable pathways. Meeting the EU's long-term climate goals will require pragmatic planning, technological optionality, and energy system resilience.

- Electrification is a key part of the long-term solution – but it will not deliver alone, nor fast enough.
- Our modelling shows gaseous energy plays a central role in all realistic decarbonisation scenarios – whether it's biomethane, hydrogen or natural gas with CCUS.
- Flexibility, cost-efficiency and system stability all require a strong gas component.

We need pragmatic, range-based projections, reflecting real world uncertainties – not a single politically convenient pathway.

A New Foundation for Energy Security

We cannot treat gas as a measure of last resort. It's a strategic asset – vital for supply stability, industrial competitiveness, and delivering the energy transition.

A revised REPowerEU strategy should:

- Rebuild credibility in EU energy planning
- Support long-term partnerships with global suppliers
- Enable investment in infrastructure and low-carbon solutions
- Recognise the essential role of gaseous energy in a net zero future

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