15 June 2026

Rethinking Gas Storage in the Review of the Security of Supply Framework

Eurogas' Two Key Pillars

The EU Gas Storage Regulation was introduced in 2022 as an emergency response to unprecedented market conditions, characterised by exceptionally high prices and acute supply uncertainty. While adequate storage levels contribute to Europe's security of supply, the design of the Regulation - particularly the 90% mandatory filling target - introduced significant market distortions and should be seen as a **crisis-driven intervention rather than a sustainable instrument**. This was also confirmed in the Commission's Gas Market Task Force report[1], which highlights that implementing storage obligations risks amplifying price pressure on gas market. The report suggests considering this in any future reviews of EU and national gas storage provisions and their implementation. Although the framework has since been adjusted to reduce these distortions, including the removal of rigid trajectories and the introduction of flexibilities, these challenges remain particularly relevant in periods of renewed geopolitical tension.

Looking ahead, global LNG supply is still expected to expand, albeit at a lower rate than before the Middle East crisis, improving market liquidity, and thus offsetting some of the challenges posed by the EU phase-out of Russian gas imports by the end of 2027. In this context, **the future Security of Supply framework must strike a balance between resilience, well-functioning market dynamics and affordability.** A one-size-fits-all approach through EU wide storage obligations is ill-suited to Europe's diverse gas landscape, where Member States differ in gas dependency, storage capacity, and access to alternative supply sources.

Eurogas therefore does not support prolonging the current Gas Storage Regulation beyond its expiry in December 2027. While storage remains a key seasonal flexibility tool, European filling obligations distort price signals and risk increasing costs for both storage users and consumers. This is, therefore, inconsistent with security of affordable supply; the price dimension should be taken into consideration in the assessment of the Gas Storage Regulation.

Storage bookings, injections and withdrawals should in principle be based on price signals, supported by transparent and predictable regulatory conditions that incentivise efficient injections without undue intervention. Predictable regulatory conditions mean giving market participants clear information about the measures in place and how those measures will affect them.

To reconcile security of supply with market efficiency and affordability, Eurogas recommends a framework built on two key pillars available to Member States in case actions are needed to ensure security of supply:

[1] Gas Market Task Force (June 2026), "Ensuring well-functioning gas markets - Report by the Gas Market Task Force ("GMTF")"

1. Preventive actions to ensure best conditions for the market

1.1. Facilitating optimal performance of gas markets

Well-functioning markets are the most effective tool in anticipating and addressing supply-demand imbalances. Measures at EU and Member State level must therefore preserve the functioning of markets. Market participants are incentivised to ensure adequate storage levels through price signals, while competition supports efficient market outcomes without the need for intervention.

In this context, **the EU and Member States should prioritise the effective functioning of gas markets**, notably regarding demand-side response, capacity access, congestion management, and secondary capacity trading. To support both market efficiency and security of supply, the following actions should be considered:

- **Ensure that flexibility for gas and LNG contracting is preserved** by minimising additional or overlapping regulatory burdens that may constrain it, such as uncertain EU Methane Regulation importer obligations and REPowerEU pre-authorisation processes[2];
- **Improve investor confidence through updating the EC's natural gas consumption projections**, by introducing **range-based gas demand scenarios** in the EU energy security framework and adapting EU and Member States' regulations to such assessment[3];
- **Strengthen cross-border infrastructure and interconnection capacity**, to enable more flexible flows and increase regional resilience;

[2] Eurogas (March 2026), "Calling for urgent adjustments to EU gas and LNG rules in light of the current market disruptions"
[3] Eurogas (October 2025) "EU Energy Security Framework Revision: Improving diversification, transparency and the complementarity of gas and electricity"

Rue d'Arlon 80 | 1040 Brussels, Belgium | www.eurogas.org | EU Transparency Register: 17909506129-41

- **Ensure proper management of available security of supply instruments**, including allowing the market to provide improved energy planning to identify alternative primary energy sources (e.g., biomethane and biogas). To this end, the European Union should ensure proper regulatory frameworks for domestic biomethane production, gas grid connection implementation, and that no barriers for imports from third countries are in place.

1.2. Reserving market interventions for sustained or systemic security of supply risks

Market interventions should be limited to sustained or systemic security of supply risks that cannot be addressed by the market, as these interventions distort price signals, prevent both additional supplies to come to Europe and demand-side responses, hence leading to inefficient outcomes. Price signals are generally sufficient to ensure market self-correction. Even temporary market stress (e.g. a negative summer-winter spread) does not automatically justify intervention unless caused by disruptions that cannot be addressed by market functioning.

Where exceptional measures are necessary, priority should be given to market-based measures, such as time-spread incentives or premium mechanisms reflecting storage opportunity costs. These instruments would compensate providers for costs and risks of storing gas instead of using it, and should be **temporary, targeted, proportionate, and communicated to market participants in a timely manner to ensure clarity and transparency**.

In limited cases where an emergency is declared as per Article 11 (c) of the Regulation (EU) 2017/1938 and the possibility to use market-based measures are exhausted, public funding could be used as a last resort, to address temporary negative spreads or support last-resort filling obligations, while still avoiding imposition of neutrality charges for gas market participants. Such potential temporary emergency measures are exemplified in the second pillar of this paper. These should be **allocated gradually to avoid demand peaks and price distortions**.

Finally, **sourcing-related interventions such as diversification obligations should always be avoided**, as they risk reducing flexibility, increasing costs, and ultimately undermining security of affordable supply, particularly in a context where EU regulatory requirements already constrain market flexibility, limiting available supply sources and contractual arrangements – e.g. EU Methane Regulation. These measures would:

- Force suppliers to source gas from less competitive origins;
- Create competitive disadvantages for large suppliers, which are likely to bear the obligation;
- Significantly increase operational and logistical costs;
- Ultimately risk undermining security of affordable supply.

1.3. Conducting harmonised risk assessments combining gas and electricity sectors

Recent energy crises and geopolitical events have highlighted the importance of robust risk preparedness frameworks to ensure security of supply in the EU. **Eurogas supports extending the risk assessment horizon from short-term (1-year) evaluations to longer-term (10-year) assessments, and welcomes ENTSOG proposal to introduce a mid-term adequacy analysis** alongside its existing work.

Rue d'Arlon 80 | 1040 Brussels, Belgium | www.eurogas.org | EU Transparency Register: 17909506129-41

To strengthen system resilience, risk and adequacy assessments across energy vectors should be better aligned, particularly between gas and electricity. This should reflect cross-sectoral dependencies and shared vulnerabilities through **joint risk assessment exercises involving TSOs and DSOs across all relevant sectors, including hydrogen, at both national and EU level**. **In addition to infrastructure availability, such assessments should also consider the availability of gas molecules and electricity as key system inputs**, taking into account the evolving nature of gas demand driven by electrification, industrial change, and reduced gas use in power generation in the long term.

Integrated scenario frameworks should be further developed to capture gas–electricity interdependencies, including how gas supports the power system during peak demand or periods of low renewable generation. Climate-related stress tests should also be harmonised across sectors, using consistent assumptions on events such as cold spells affecting heating demand and Dunkelflaute conditions reducing wind and solar output. This would improve coherence between gas and electricity planning and support a more integrated approach to EU-wide security of supply.

2. Alternative measures to consider in case of emergency instead of Gas Storage Regulation, including strategic gas reserves

Given the current geopolitical context and continued supply uncertainties, we acknowledge the need for the EU to ensure a robust, reliable and operational security of supply framework. However, **from a market perspective, it is clear that the current Gas Storage Regulation and its mandatory filling obligations are not the appropriate instruments to ensure the required long-term resilience.** They risk distorting market signals, undermining efficient storage use and leading to inappropriate price increases, and should therefore not be renewed beyond their current expiry in December 2027, with binding filling obligations on network users avoided.

Instead, alternative approaches could be considered to preserve market functioning while ensuring preparedness for clearly defined emergency situations. This could allow Member States to strengthen their security of supply toolkit without weakening the economic signals that underpin efficient storage use. A proper impact assessment should be carried out, taking into account also the substantial costs associated with this political decision.

Underground gas storage infrastructures already provide substantial security of supply value through **seasonal, short-term and operational flexibility**, when allowed to operate under predictable and market-based conditions. Emergency mechanisms, if needed, should therefore be **complementary to, rather than in competition with, commercial storage markets**.

One option is the development of **strategic gas reserves, to be established on a voluntary basis and strictly restricted for crisis use.** Such reserves could be established at national level, based on Member State choice without any imposition at EU level, within a general EU framework ensuring consistency in implementation, transparency, and compatibility with internal market principles. Particular attention should be paid to the

Rue d'Arlon 80 | 1040 Brussels, Belgium | www.eurogas.org | EU Transparency Register: 17909506129-41

activation criteria linked to withdrawal decisions, which should be defined in line with the levels of crisis defined in Regulation (EU) 2017/1938.

Other targeted instruments could be explored to support security of supply in a more market-compatible manner. These should be tailored to national circumstances and designed to complement, rather than replace, market signals. For example, countries with limited or no storages, having no possibility to implement strategic reserves, could decide to have extra transmission capacity to use in emergency situations. Any support mechanisms should remain **limited in scope, avoid interfering with commercial storage operations, and be activated only where strictly necessary**.

2.1. Strategic gas reserves

2.1.1 Ensuring security of supply while avoiding market interventions

Strategic gas reserves could be a viable option for Member States to enhance security of supply while preserving market stability. Properly designed, they can provide a buffer against extreme supply disruptions and geopolitical crises while avoiding market distortions and price spikes.

Such reserves could be strictly limited in scope and size, defined *ex ante*, fully separated from commercial inventories and governed by transparent rules in terms of financing, procurement, and management. A limited reserve can also serve as a temporary operational buffer in case of technical disruptions, until market-based responses take effect.

Where introduced, strategic reserves could be **managed by an entity designated by the relevant Member State** to provide dedicated emergency stock, separate from commercial inventories, to be released only upon national authorisation with respect to the high-level framework established at EU level.

2.1.2 Allowing Member States discretion while setting EU level principles

The adoption of strategic reserves should not be imposed at European level but be established on a voluntary basis by Member States, respecting the **principle of subsidiarity.** This would allow Member States to decide the best option to ensure their own security of supply, considering their specific characteristics – e.g., consumption patterns, supply exposure, availability and type of storage. Therefore, strategic reserves should be assessed on a case-by-case basis, including in the design of capacity management measures (definition of volumes, modalities for building the reserve, activation triggers, and replenishment mechanisms), and in light of the performance that available infrastructures allow.

The **European Union could, after carefully assessing the options, develop a strategic storage framework** to ensure the system can meet a pre-defined, limited demand under extreme crisis scenarios. Considering the principle of subsidiarity as key element, the EU framework could consist of **high-level principles** to be respected by Member States, such as:

- Precise **definition of the mechanism at national level**, with concrete definitions of extreme risk scenarios and **triggering conditions** that could allow the release of the stored volumes, connected to the emergency crisis level defined in the Gas Security of Supply (SoS) Regulation (EU) 2017/1938 and only in cases where market-based measures have been exhausted and have proven insufficient to ensure security of physical supply.

Rue d'Arlon 80 | 1040 Brussels, Belgium | www.eurogas.org | EU Transparency Register: 17909506129-41

- **Design and implementation processes should take place well before a crisis occurs**, rather than during one, in order to prevent worsening any potential impacts on the market.
- Such mechanism shall **not interfere with the commercial and market-based filling of storages**.
- The Gas Coordination Group should be used as a forum for Member States that decide to establish strategic reserves to inform their counterparts.

Still following the principle of subsidiarity, and in addition to the decisional power of Member States regarding potential adoption of strategic reserves and who would benefit from volumes withdrawn from these reserves, **Member States (the "Competent Authority") should also have the last decision to authorise withdrawal of gas volumes from strategic reserves in an emergency situation, respecting the key principles defined at European level**.

2.1.3 Costs of filling and maintaining strategic gas reserves and regional collaboration

One key aspect to consider is that strategic reserves entail significant costs to procure and maintain, including procurement of gas, transmission, storage and associated service fees. These costs should be borne by the Member States and reflected in their budgets, rather than being socialised across suppliers and other market participants or embedded in increased transportation tariffs. Implementing strategic reserves would be a political choice rather than a market-driven necessity and could risk distorting proper market functioning if put on market participants. It would also disregard the cross-sectoral role of security of gas supply.

In line with established or within new solidarity agreements among Member States, activation conditions, costs and compensation topics connected to strategic reserves should be considered, and economic fairness should be ensured. **Regional risk assessments and regional chapters can also be efficient additional tools in this context, for coordination of deployment in a cross-border manner**.

Bilateral or multilateral agreements could be established among Member States without storages in their own territory that wish to establish strategic reserves in another State's territory. These **strategic reserves could be established by one single Member State, or jointly with other States**. In such cases, the agreement should clearly define costs-sharing and withdrawal conditions, while respecting the general EU-established framework. It is important to note that such agreements could be challenging to negotiate among Member States, considering the effects of a crisis situation from a political and operational point of view. Nonetheless, Member States should have the possibility and decision-making power on whether to establish such agreements.

2.1.4 Safeguarding commercial storage markets

If introduced by Member States, strategic gas reserves should be designed as a **permanent structural mechanism intended strictly for emergency situations**: it should not function as a safeguard that can be routinely used every winter, but rather as a **last resort instrument** to address exceptional supply disruptions that could endanger EU security of supply. They should be compatible with market and regulatory frameworks of the respective Member States, and should only be released at the emergency crisis level defined in the Gas Security of Supply (SoS) Regulation (EU) 2017/1938 and market-based solutions have been exhausted or have proven insufficient.

Rue d'Arlon 80 | 1040 Brussels, Belgium | www.eurogas.org | EU Transparency Register: 17909506129-41

The designated entities charged with managing strategic reserves should **procure gas progressively over time, when market conditions are most favourable, therefore avoiding price distortions**. Tendering process to procure stocks should be used, to ensure transparency and competition of the filling of strategic reserves. Purchases or sales of gas in or out of the reserves should be market-based, respecting market price and being tendered.

It is important to recognise that allocating capacity volumes to strategic reserves removes part of the storage capacity from the market; keeping this in mind, the **size of strategic reserves should be determined based on robust statistical analysis and strict criteria, ensuring that the volumes are proportionate and justified**.

2.1.5 Defining volumes and withdrawal conditions for strategic reserves

Where Member States decide to introduce strategic reserves for gas, these need to be carefully linked to a **defined security objective** and regulated to avoid negative effects on the European gas markets. Additionally, **both volumes and release policies need to be clearly defined**.

The definition of **volumes** to be maintained in strategic storages should be connected to the objective for establishing strategic reserves decided at Member State level, considering the level of additional security to ensure and the costs each Member State is willing to take on board from a political perspective. As such reserves would be linked to the emergency level, these should be limited to volumes needed for safeguarding gas supplies to protected customers in case of exceptionally high gas demand, significant disruption of gas supply or other significant deterioration of the gas supply situation. Therefore, volumes should not be imposed at the European level, but decided by each Member State implementing strategic gas reserves. Member States could also coordinate at bilateral or regional level, to consider the possibility to use cross-border storage. This cooperation could be connected to regional assessments and defined coordination among Member States – e.g. solidarity agreements and Risk Groups as per Regulation (EU) 2017/1938.

When it comes to **withdrawal conditions**, these should be subject to the discretion of Member States respecting the high-level principles established by the European Commission. As general principles, **withdrawal should only happen when it is clear that market measures cannot handle the crisis at hand, and following the declaration of the emergency crisis levels defined in the Gas Security of Supply (SoS) Regulation (EU) 2017/1938.** Security of physical supply should also be a key condition for withdrawal: **volumes of strategic reserves should be made available only when market-based solutions have been exhausted and have proven insufficient to deal with the crisis at hand**. For example, volumes could be withdrawn from strategic reserves if volumes offered by the market are insufficient to meet TSO demand for balancing regardless of price. Another example is to avoid the introduction of mandatory curtailment of the industry in the territory of the Member State involved. This would ensure that reserve release conditions do not create expectations on the market that would distort normal market functioning and attraction of necessary supplies. Anything else would be counterproductive and undermine security of affordable supply.

Finally, the **release price of strategic reserves and the potential refilling of strategic reserves** after their use should be decided at the national level or in the relevant multilateral agreements. The volumes from strategic reserves should never be offered at a lower price than what could be procured by market participants, to prevent market parties stopping gas procurement and relying on reserves instead. This would

Rue d'Arlon 80 | 1040 Brussels, Belgium | www.eurogas.org | EU Transparency Register: 17909506129-41

distort the market, by creating competition between strategic reserves and commercial storages, ultimately undermining the defined scope of the reserves established.

2.2 Additional measures to increase filling of storages

Where Member States choose to incentivise filling storages levels for security of supply purposes, **any measure taken should follow the principle of being market-based**, to avoid market distortions and price spikes. Examples include:

- **Keeping markets informed about upcoming auctions** to increase transparency;
- Providing **multi-year capacity auctions**;
- Offering a higher number of sessions over an extended timeframe for **booking capacity**;
- Anticipating **annual capacity allocation**;
- Introducing **flexible storage services** like counterflow injection during the winter withdrawal phase;
- Widening the set of storage products;
- Reducing restrictions and timelines for **secondary market transactions** involving space, injection, and withdrawal capacities – e.g., possibility to trade both bundled and unbundled products;
- Ensuring stringent application of the **use-it-or-loose-it mechanism** for storage capacity;
- Since reserve prices of storage auctions should reflect the expected winter/summer spread, **negative reserve prices should also be allowed** to correctly reflect market signals, based on national consideration and compensation mechanisms;
- Discussing storage filling at the Gas Coordination Group (or any other useful fora) to share best practices;
- Avoiding organising all auctions simultaneously.

A key element to underline is that **"one-size-fits-all" solution at EU level is not the correct approach, as every Member State has physical, commercial and political differences**. Moreover, the budget each Member State is willing to invest in security of supply emergency measures will inevitably vary across Member States. Therefore, market-based instruments, such as the ones illustrate above, should always be considered available to Member States.

Rue d'Arlon 80 | 1040 Brussels, Belgium | www.eurogas.org | EU Transparency Register: 17909506129-41