

Ensuring resilience, security and competitiveness in the EU gas sector

Eurogas response to DG TRADE Call for Evidence on DiversifyEU

Diversification is a fundamental matter which can help ensuring resilience and security of supply of the European energy system, as it has been proved by recent energy crisis. Diversification should be encouraged by ensuring the energy environment allows market participants to sign contracts with a broad range of relevant parties, not through another emergency instrument or more far-reaching market interventions. In other words, diversification is the outcome of an enabling environment, not something that must be regulated. The most cost-effective tools leave contracting to market participants and **use public action where only public authorities can act: diplomacy, clear rules, and targeted de-risking.**

Eurogas structures its **key recommendations** around three areas: demand measures, supply diversification and domestic supply. Each should be pursued through market mechanisms, partnerships and pragmatic rules, not mandates or market interventions.

Recommendations:

1. **Demand scenarios:** Publish range-based demand scenarios to ensure realistic medium- and long-term energy contracting through regulatory stability.
2. **Contracting:** Remove EU-side obstacles to contracts so European buyers can fully use the 2026–2030 contract window. Contracting should remain managed by market participants.
3. **Energy diplomacy:** Put energy diplomacy on a standing footing, offering partners clarity on EU rules in exchange for firm supply and investment commitments.
4. **Market reliability:** Restore Europe's standing as a reliable market by avoiding further far-reaching interventions and letting price signals drive storage filling.
5. **Domestic supply:** Treat domestic natural gas and biomethane as strategic security assets, reflecting their security value.
6. **Decarbonised gas:** Align climate and energy rules to enable gas decarbonisation and tackle national gold plating.

1. Realistic demand planning to ensure security of supply

Having projections linked to the climate ambitions is useful, as long as they are complemented by realistic projections ensuring Security of Supply in scenarios where reality is not reaching our ambitions.

Plan with ranges, not a single point

Gas will remain part of Europe's energy system for decades, and planning recognise that openly. EU gas consumption rose by about 2% in 2025 compared to the previous year. ACER estimates that meeting the 2030 RPowerEU targets would now require a further 44% cut from 2025 levels within five years ([ACER, 2026](#)).

Renewables provided around half of EU electricity in 2025 and play an increasingly relevant role for the power system. But the conditions for their growth are changing. Many accessible sites and grid connections are already used, wind capacity growth is flattening, and flexibility is not keeping pace, so negative-price hours are rising. The pace of deployment, and with it of electrification, could differ from today's projections. In this context, flexibility of sources input will remain the backbone of the power system.

The Commission should keep its decarbonisation objectives, but publish demand ranges alongside them. This small step has large effects. Single-point projections feed directly into network planning, investment decisions, supply contracts and European's external suppliers. A credible range gives all of them a more robust basis, and gives suppliers a reason to explore export capacity to Europe.

Electrification and gas work together

Eurogas recognises the role electrification can play in achieving Europe's decarbonisation objectives, alongside other solutions, however with different views on its speed and scale. **Electricity should become more affordable through additional renewable generation capacity, not because gas becomes more expensive due to geopolitical issues and market interventions.** Raising the cost of gas raises energy bills across the board and erodes the competitiveness industry needs to invest in decarbonisation.

There is room to lower power prices. Gas plants often set EU wholesale power prices, so affordable and stable gas also means more affordable electricity. Marginal pricing reflects how competitive markets work, and the 2024 electricity market reform rightly kept it.

Electrification also needs high upfront investment. ACER projects electricity grid investment needs of up to EUR 100 billion a year to 2050, with household grid costs rising 66% by 2050 ([ACER, 2026](#)). With public budgets under strain, **a realistic pace and the most cost-efficient pathways are essential.** Making full use of existing gas infrastructure, increasingly for renewable and low-carbon gases, reduces that burden.

2. Contracting led by market participants

Suppliers choose Europe when European buyers can sign the contracts that suit them, whether long-term, short-term or spot. That choice should be commercial, not shaped by EU rules. In 2024 the EU bought around

30 bcm of LNG on the spot market, more than any other major importer and over twice as much as China or India, whose buyers rely mostly on long-term contracts ([ACER, 2025](#)).

A large share of global LNG contracts expires before 2030, so many supply positions will be renewed in the coming years. Whether through long-term, short-term or spot contracts is for market participants to decide, and EU policy should not discourage any of them.

Several obstacles sit on the EU side. The EU and its Member States should:

- **Provide workable options to demonstrate methane compliance** for imported gas.
- **Publish range-based demand scenarios**, so buyers and sellers can price risk over the contract durations they choose.
- **Keep demand aggregation voluntary**, under Regulation (EU) 2024/1789, where it helps.

Contracting itself should stay with market participants. The Commission's leverage is political, not commercial. A public buyer would compete for the same scarce flexible cargoes as European companies, add no new molecules, and carry long-term volume and price risk on public balance sheets. Additionally, legal complexities of having a public buyer should be carefully taken into consideration, particularly concerning competition law for the design and functioning of such a public buyer. The measures above close the actual gap at lower cost and risk.

Suppliers make the same point. Contracts rest on trust and partnership and are negotiated between companies so that they work in practice.

3. Energy diplomacy on a standing footing

Diversification is best achieved through energy diplomacy, sufficient access to global markets and without contracting hinderance, not mandates. Global LNG markets showed in 2022 and during the current closure of the Strait of Hormuz that Europe can obtain LNG from the global market as needed. While Europe cannot control such risks, it can mitigate them through **flexibility, access to well-functioning markets, a single, interconnected European market and freedom for companies to choose their contracts and suppliers.**

No supplier country's export policy can be taken for granted. However, imports are not only exposed to policy decisions in the exporting country but also depend on commercial decision made by all counterparties along supply chains. Diversification is therefore about more than countries. Transport routes, contract durations and pricing structures each carry different risks, and a resilient portfolio spreads them, which is why portfolios have become so popular in the industry. **Diversification targets are not the answer. They may not be able to improve security of supply, but carry a risk to add costs without a matching benefit.**

Partnerships built on relationships

Energy partnerships are built between countries with different political systems, business cultures and expectations. The EU should build on its work with partners such as Canada and Argentina, learn from bilateral approaches such as Italy's engagement with Algeria, and draw on the regular dialogue Eurogas holds

with global suppliers. EU engagement should complement the work of Member States and companies, not replace it.

Energy diplomacy should be put on a standing footing rather than conducted summit by summit, as the Commission proposed in 2022. It also rebuilds trust and shows that Europe is a committed long-term customer.

Argentina is an example of such process. Government-level cooperation, through the 2023 Memorandum of Understanding, Global Gateway and the EU–Mercosur agreement, set the conditions. Companies then signed the contracts, with European buyers taking offtake from new Argentine LNG capacity.

Diplomacy starts at home

The most valuable thing the EU can offer partners is clarity on its own rules, in exchange for firm commitments on their side.

What the EU would settle	What partners would offer
A demand outlook to 2040–2050, published as a range	Export capacity and offtake planning anchored on EU demand, not only Asian demand
Workable options to demonstrate methane compliance	Engagement on MRV equivalence, and production moving towards EU requirements
Standardised, proportionate, predictable and streamlined REPowerEU pre-import authorisation process, with clear criteria and rapid decisions.	Timely provisions of reliable information demonstrating compliance with EU import requirements.
Recognition of imported renewable and low-carbon gases in the Union Database	Reliable supply of biomethane and hydrogen derivatives produced to EU standards
Financing instruments aligned with partnership goals, including infrastructure that can carry biomethane, hydrogen and CO ₂	Investment decisions on export infrastructure serving EU markets

Financing is often the binding constraint. Public programmes such as Global Gateway fall well short of what export projects need, and the EU does not fund upstream production directly. **The priority is to open routes for private and development-bank investment**, not subsidies.

4. Restoring Europe’s standing as a reliable market

Emergency interventions have damaged the EU’s reputation as a reliable gas market. The market correction mechanism, rigid storage filling obligations, unclear domestic rules and uncertain demand projections all sent signals that suppliers noticed.

This has a price. Suppliers and importers factor regulatory uncertainty into contracts through risk premiums, shorter durations and terms that leave more risk with the European buyer. Consumers ultimately pay that cost. It also costs standing: **when markets tighten, suppliers serve the counterparties whose rules they trust.**

The EU should:

- **Avoid further emergency market interventions**, which raise risk premiums rather than lower prices.
- **Let price signals drive storage filling** rather than mandatory targets and fixed trajectories. Rigid targets tell sellers when Europe must buy, and push prices up.
- **Avoid any signal that storage obligations could be set at EU level.** Such signals create expectations and distort prices without necessarily improving security of supply.
- **Make full use of existing infrastructure** by maximising firm capacity, offering short-term products, enforcing use-it-or-lose-it rules and removing national levies at interconnection points.

5. Domestic supply as a strategic asset

Domestic production adds real molecules to the European market. Yet the EU produces only around 8% of the gas it uses, and its output roughly halved between 2019 and 2025, from about 700 to 335 TWh.

Production costs in the EU are often higher than elsewhere – often driven by environmental standards, but imports usually have higher emissions and transport cost and come with the abovementioned risks, hence imported and domestic energy do not carry the same value. **Domestic volumes deliver more resilient and less volatile prices, a value the market does not capture today.** New projects should therefore be judged against the cost of the marginal imports they would replace, not the historical cost of existing fields.

Producing more does not mean consuming more but merely a shift of supply sources. Domestic gas can be traded within Europe, exported, or used to produce low-carbon hydrogen. Short supply chains also tend to carry lower upstream emissions.

The EU should consider shifting policies to clearly support domestic production to reflect the security value of domestic production. Licensing and production remain national competences, but Member States look to the EU for direction. Clear EU political backing would unlock the national debate and, with it, investment.

The same logic applies to **biomethane**, whose main obstacles sit at national level. The EU can help by strengthening its recognition in transport targets and heating policy, and by pressing for full national implementation of existing EU rules.

6. Decarbonising gas supply

Diversifying supply also means decarbonising the gas Europe uses, through renewable gases, low-carbon hydrogen and carbon capture. That requires market creation and pragmatic rules that pull in the same direction.

- **Biomethane.** We see significant potential for biomethane to decarbonise gas consumption – e.g. residential heating and industrial consumption. Additionally, FuelEU Maritime has created willing buyers: the maritime sector is ready to contract volumes and pay a premium. To use this demand, **liquefaction by equivalence must be protected.** It lets biomethane injected anywhere in the grid be supplied to ships as bio-LNG through certified mass balancing. Therefore, we call for the recognition of all liquefaction pathways, including on-site liquefaction, grid liquefaction and equivalence liquefaction, to promote a level playing field and ensure the advantages of all models are harnessed to meet the growing demand for bio-LNG and e-LNG.
- **Imported renewable gases.** Third-country producers of biomethane and other renewable gases should have access to the EU market. **The EU should integrate them into the Union Database,** so that gases certified to EU standards can be traced, traded and recognised on equal terms with EU production.
- **Hydrogen.** Europe is far off track on its hydrogen targets, and the production rules are one of the main obstacles. **The EU needs a hydrogen policy reset:** quick relief on the renewable hydrogen rules, clarity on low-carbon hydrogen, then a structural review.
- **CCS.** Carbon capture is essential to abate emissions where gas remains in use, but its business case is still missing. In this early phase, **the EU should prioritise funding and de-risking across the CO₂ value chain,** including cover for business interruption risk, rather than prescriptive rules.
- **EU ETS.** Eurogas supports the ETS as the cornerstone of EU climate policy and the main driver for decarbonising gas. The review should give industry targeted relief without weakening the long-term price signal, and use ETS revenues on a technology-neutral basis.
- **Gold plating.** National rules that go beyond EU requirements fragment the Single Market and slow the uptake of renewable and low-carbon gases. **The Commission should set up a structured tool for stakeholders to report gold plating,** as part of its simplification agenda.

Eurogas and its members stand ready to support the Commission. Eurogas can offer coordination with EU industry, structured dialogue with suppliers, and timely market feedback on EU needs. **We ask the Commission to assess the measures in this paper alongside any new instrument, on cost, risk and speed,** and to involve market participants in the technical work.