



GLOBAL EYE
INTELLIGENCE

European Gas Supply Dynamics and

STRATEGIC **ALTERNATIVES**



UKRAINE MONITOR

SUMMARY

The European Union (EU) is grappling with the challenge of diversifying its gas supply sources amidst reduced reliance on Russian gas. Gazprom, Russia's state-owned gas giant, faces limitations in alternative supply routes, including Sudzha, TurkStream, and other Balkan routes. The EU's efforts to augment gas imports from Azerbaijan encounter infrastructure and capacity hurdles. Concurrently, there is a growing call for the EU to expedite the transition away from fossil fuels.



CURRENT GAS SUPPLY ROUTES AND LIMITATIONS

1. ALTERNATIVE ROUTES FOR GAZPROM SUPPLY:

- **Sudzha:** This key transit point, located in Russia, is crucial for supplying gas to Europe via Ukraine. However, its capacity is limited and has been subject to geopolitical tensions and operational challenges. Any significant reliance on Sudzha is constrained by these limitations and the broader geopolitical context.
- **TurkStream:** This pipeline, which traverses Turkey, offers a potential alternative route for Gazprom. However, its capacity is constrained, limiting the volume of gas that can be supplied through this channel.
- **Bulgaria, Serbia, Hungary:** These countries are also potential transit points for Gazprom gas. While they offer additional routes, the capacity through these pipelines is insufficient to fully substitute the volumes previously supplied via Nord Stream.



2. CAPACITY CONSTRAINTS:

- The available infrastructure along these alternative routes is not designed to handle the same volumes that were previously transported through Nord Stream. This limitation means that even if Gazprom reroutes some of its gas supply through these pipelines, the overall volume will be reduced.



AZERBAIJAN'S GAS SUPPLY AND EU DIVERSIFICATION EFFORTS

1. EU-AZERBAIJAN AGREEMENT:

- The EU has signed a deal with Azerbaijan to double gas imports to at least 20 billion cubic meters (706 billion cubic feet) per year by 2027. This agreement is part of the EU's broader strategy to diversify its energy sources and reduce dependence on Russian gas.

2. INFRASTRUCTURE AND FINANCING ISSUES:

- According to an Azeri presidential adviser cited by Reuters, the necessary infrastructure and financing to support this increased gas flow are still in development. This delay poses a risk to the timely fulfillment of the EU's diversification goals.

3. DOMESTIC CONSUMPTION IN AZERBAIJAN:

- Azerbaijan's rising domestic energy needs are expected to reduce the amount of gas available for export to Europe. As the country's own consumption increases, the surplus available for export may decrease, impacting the EU's supply stability.

LONG-TERM ENERGY TRANSITION STRATEGY

1. SHIFT AWAY FROM FOSSIL FUELS:


- Carbon Tracker's Coffin emphasizes the necessity for Europe to reduce reliance on fossil fuels. This shift involves increasing the share of non-fossil energy sources in the power generation mix.

2. ENERGY DEMAND REDUCTION AND GRID UPGRADES:

- To mitigate the impact of reduced gas supplies and enhance energy security, Europe must focus on reducing overall energy demand. Upgrading energy grid infrastructure is also crucial to support the integration of renewable energy sources and ensure a more resilient energy system.



CONCLUSION



Europe faces a complex energy landscape with immediate supply challenges and long-term strategic needs. While alternative gas routes, including Sudzha, TurkStream, and Balkan pipelines, provide some relief, they are insufficient to replace the volumes previously supplied by Russian pipelines. The EU's efforts to increase gas imports from Azerbaijan are hampered by infrastructure and domestic consumption issues. The broader goal of transitioning away from fossil fuels and enhancing energy efficiency remains critical for ensuring long-term energy security and sustainability.



A black and white photograph showing the profiles of two men in suits, facing each other. The man on the left is older, with visible wrinkles, and is wearing a dark suit, white shirt, and a patterned tie. The man on the right is younger, with dark hair, and is also wearing a dark suit and white shirt. The background is dark, making the subjects stand out.

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