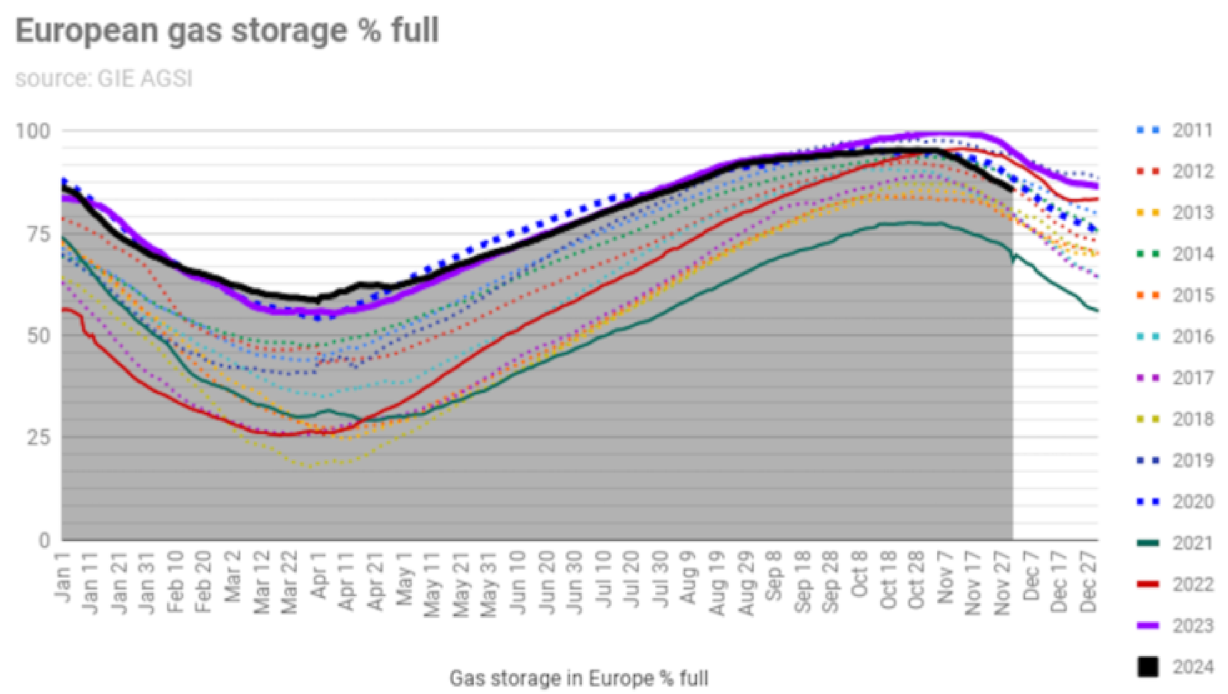
Europe gas storage concerns fuel market uncertainty



The gas held in storage covers about 30% of the EU's daily needs during the winter, rising to 50% on the chilliest days

The relatively low amount of gas in storage in the European Union – with levels 36% below where they were this time last year – is putting upward pressure on prices, according to the International Energy Agency.
Europe's stockpiles of natural gas have been a closely watched metric since the invasion of Ukraine triggered a dramatic downturn in Russian supply to the region.
The network of gas storage sites across the European Union is the second largest in the world after the US and has become an increasingly important buffer against supply shocks and price spikes.
As Moscow squeezed the flow of pipeline gas, the EU had managed to avoid a winter supply crunch by curtailing overall gas demand and boosting its imports of liquefied natural gas.
But 2025 could up the pressure.
Europe leans on its gas inventories in the winter, when

average consumption doubles as the heating is turned up.

While the continent’s gas suppliers – from Norway and Algeria to Qatar and the US – typically boost their production to maximum levels, it’s not enough to meet the increased demand.

As a result, the gas held in storage covers about 30% of the EU’s daily needs during the winter. This proportion can top 50% on the chilliest days, especially if wind speeds are low and electricity output from renewable sources slumps.

The energy crisis sparked by Russia’s invasion of Ukraine saw the EU introduce legally binding targets for gas storage across the bloc from 2022. This was to ensure security of supply.

Inventories must be at least 90% full by November 1 and there are also interim milestones to be met in February, May, July and September. Some countries fell short of their goals in February 2025.

The five-year agreement allowing Russian gas to transit through Ukraine and into Europe expired at the end of 2024. Prior to the deal coming to an end, the route had accounted for less than 5% of Europe’s gas needs, down from more than 15% at the start of the accord.

Moscow didn’t completely turn off the taps to the region; Russian pipeline gas is still flowing via the TurkStream line through Turkiye.

If US President Donald Trump succeeds in brokering a peace deal between Russia and Ukraine, there’s a possibility that the transit agreement could be revived.

The EU’s gas stockpiles quickly depleted over the 2024-25 heating season. Colder weather than a year earlier and more windless days increased demand for gas and forced countries to tap their storage.

Combined with the loss of Russian pipeline gas via Ukraine, the bloc’s depots were only 44% full in mid-February, well below the 65% seen a year prior and the lowest level for this time of year since the 2022 energy crisis.

There’s no immediate threat of Europe running out of gas, but there are concerns about the pace of storage refills needed to

be ready for the next winter.
Fears over how Europe will replenish its storage stoked a surge in the price of summer gas contracts and drove near-term prices to a two-year high on February 10. In turn, energy bills have remained elevated, prolonging pain for Europe’s households and businesses, just as recession risks are back in focus for the likes of Germany and the UK.
European consumers and governments are now entering their fourth year of high and volatile gas prices.
If a peace deal is reached between Russia and Ukraine, it could revive the transit of gas via that route into Europe. Whether the EU would return to importing Russian pipeline gas remains to be seen.
It’s unlikely the bloc would want to relinquish control of its energy security back to Moscow.