Storage filling obligations should not be extended

Temporary regulations introduced to help manage through the energy crisis have become distortive under regular market conditions. Based on current price dynamics, rigid storage-filling targets can be a more expensive form of insurance than had been anticipated when the legislation was introduced. Over-prescriptive obligations should terminate at the end of this year, enabling security to be delivered via more dynamic, market-responsive measures. The storage filling level obligations should not be extended beyond 2025.

Key messages

- Circumstances have improved considerably since the initial days of the energy crisis, such that a more considered approach to energy security can now be taken.
- Security of gas supply can be provided in multiple ways – at very different costs. Imposing obligations on storage filling may merely crowd out other means.
- In case authorities insist on retaining storage obligations, these need to be defined well in advance and allowing for more flexibility, enabling affected parties to optimise injection flows, and manage the risks around them.

In 2025 Europe is better prepared for potential gas supply disruptions than it was in 2022, when crisis measures on gas security were introduced. New LNG import capacity has come on-line, transport routes to move gas around Europe have improved, more renewable electricity is in place. In contrast, the European Commission is planning to prolong the Gas Storage Regulation (Regulation (EU) 2022/1032) by another two years.

It is understandable that politicians may want to ensure that gas storage facilities are kept full. However, while the market would deliver a level of supply , enforcing additional injections may turn out to be an expensive form of insurance.

A reasonable level of security should be provided at an affordable cost. For each proposed measure, one must consider the extent to which security is improved, versus the cost of achieving this improvement. Costs can be direct (buying gas, holding storage, payment for demand reduction, etc.) and indirect (market distortion through public intervention, impact on costs to end consumers). Commercial parties will also take into account the risk of further intervention in their investment decisions. At some point, the small improvement gained by an incremental measure will not justify its high cost.

European gas storage fulfils a number of functions. It provides flexibility to the system to allow for short-term demand changes, e.g., as a result of weather conditions. Storage also allows for seasonal variation, as it can be filled in summer when demand is low, for withdrawal in winter. The reservation of large amounts of storage for security of supply reasons will reduce what remains to provide flexibility. It will therefore contribute to increased volatility and raise demands for other forms of flexibility, whose cost and availability vary from country to country. A one-size-fits-all model does not take account of these differences and will likely result in the "wrong level of security", at the "wrong price" for any individual member state. At the same time, the interconnectedness of European gas markets is such that the storage situation of one country cannot be seen in isolation from the situations in other countries.

At the time of writing, the price of gas in summer 2025 is higher than winter 2025/26. Expectations of storage filling obligations beyond what would normally be supported by the market have contributed to increased demand for summer gas, pushing up its price whereas expectations of plentiful gas supplies next winter, together with greater levels of demand-side flexibility (as learned over previous winters) have contributed to relatively reduced demand for the next heating season. Relatively lower winter price together with the costs of storage and financing make mandatory storage obligations an expensive form of insurance. Storage obligations will reduce the propensity to consider alternative (cheaper) forms of insurance.

Where member states still opt for storage filling measures, in spite of potential adverse impacts, it is important that these are defined as clearly as possible for affected market parties, with much advance notice. Late imposition of obligations and amendments will most increase risks and costs for market participants that will be passed to consumers. Equally, the design of potential incentives to reach mandatory filling targets should be smart, limited to what is strictly needed, and allocated in a highly competitive manner.

In future, local flexibility would enable more efficient delivery of supply security, and rules for provision of solidarity between member states could be better defined. As a step in this direction, Energy Traders Europe encourages authorities to allow, starting from 2026, for a broader range of options to improve security rather than focus on restrictive and mandatory measures related to one particular option.