

The role of liquified natural gas (LNG) in Europe has evolved significantly in the last five years, with every indication that the ship-transported fuel – and the disputes that go with it – will continue to be a mainstay in the European energy mix.

This article reflects on the changed role of LNG in Europe over the last several years and addresses certain of its ongoing challenges, including those arising in light of the 2022 Russian cuts to pipeline gas and the latest developments in the Middle East. For those European buyers entering the LNG market or expanding their portfolio within it, a close consideration of contractual terms and the context in which they may be exercised will be an issue of top priority.

Natural gas has long been a critical source of fuel in Europe. The Groningen gas field in the Netherlands was discovered in 1959, and quickly became, at that time, the world's largest gas field.¹ In 1968, Gazprom's predecessor Soyuzneftexport and Austrian OMV signed the first gas supply agreement between the Soviet Union and western Europe, and Russian pipeline gas began flowing to Austria just a few months later.² West Germany and East Germany followed shortly thereafter. The events of the 1970s, including the 1973 Organization of the Petroleum Exporting Countries (OPEC) embargo and consequent price spikes, caused Europe to sharply reevaluate its energy mix and policy. At the same time, rates of increase in Soviet oil production fell, while natural gas production steadily increased.³ Both West and East Germany began receiving gas deliveries from the Soviet Union in 1973.⁴

Over the next 50 years, Russian gas came to dominate the European energy mix. With insufficient domestic production to meet its demand, Europe was heavily reliant on imported gas, importing 90% of the gas it consumed, 45% of which came from Russia.⁵ Within the last decade, Gazprom was exporting Russian pipeline gas to Germany, Austria, Slovakia, Hungary, Turkey, Czech Republic, Italy, Switzerland, France, Netherlands, Serbia, Slovenia, Croatia, Bulgaria, Poland, Denmark, Finland, and others. The majority of Russian gas came in through pipeline routes into Turkey, Bulgaria, Ukraine and Germany. The natural gas supply to Europe was only moderately diversified, with Russia playing the key supply role.

Today Russian gas makes up a small fraction of the European gas supply. But the European gas portfolio is still not particularly diversified; now the US, once a net gas importer, is the largest source of gas supply to Europe. With the switch from Russian pipeline gas to US LNG, Europe finds itself working under a different contractual framework and different governing laws from those widely used over the last 50+ years. Moreover, with ever more stringent focus on climate and net zero goals on one side of the scale, but with geopolitical disruption threatening fuel supply security on the other, the only industry certainty is that there will be more uncertainty to come.

The cuts to Russian gas, as set out below, caused a significant uptick in opportunistic trading behavior among market participants. Companies decided not to deliver cargoes and pay liquidated damages. Companies decided to extract contractual flexibility from provisions previously seen only as operational measures. Now, with Qatar's LNG capacity significantly curtailed, the global gas market once again finds itself in a situation of supply that is more restricted than anticipated. Will opportunistic behavior increase, and will buyers and midstreamers be left holding the bag? In this regard, is 2026 the new 2022?

While only time will tell, it is the view of the authors that this is likely not the case. 2022 taught market participants some harsh, but critical lessons about the kinds of contractual protections that need to be provided for in new contracting. Further, the suppliers declaring *force majeure* are not really comparable to Gazprom, and are not similarly situated from a contractual perspective. In this regard, getting to grips with specific contractual provisions and what they do and do not allow will be key to moving forward.

Decline of Russian Pipeline Gas – June 2022 Supply Cut and *Force Majeure* Arbitrations

For those in the gas industry, it often seems that historical events rotate on a generational cycle and the more things change, the more they remain the same. As noted above, a significant reason why Europe ultimately came to rely so heavily on Russian gas was due to the events of the 1970s in the Middle East. Those events and the consequent reevaluation of energy policy, as well as concern about dependency on any one geography sound extremely familiar in the current market.

1 NLOG Dutch subsurface portal, [Groningen gasfield](#).

2 OMC, "[50 years of reliable supplies of Russian gas to Austria](#)," June 1, 2018.

3 J. Stern, "[Gas pipeline co-operations between political adversaries: examples from Europe](#)," p. 2, Chatham House, January 2005.

4 Ibid.

5 L. Boehm and A. Wilson, "[EU gas storage and LNG capacity as responses to the war on Ukraine](#)," European Parliamentary Research Service, p. 2, April 2022.

The 1970s energy crisis caused high price spikes, supply insecurity and a desire to diversify supply sources. 50 years later, the events of 2022 showed that similar structural issues underpinned the “modern” European gas market. Following the February 2022 Russian invasion of Ukraine, Russia cut its pipeline gas supply to Europe, claiming *force majeure* as a result of alleged technical problems on the Nord Stream 1 subsea pipeline, as well as various regulations and sanctions.⁶ Numerous European buyers commenced arbitration against Gazprom pursuant to the dispute resolution clauses in their respective contracts.

Publicly available information indicates that all of the tribunals hearing the Gazprom underdelivery arbitrations unanimously found that there was no *force majeure*.⁷ These developments are important for three principal reasons.

First, the general public became sharply aware that fuel is actually a precarious commodity. Used to the easy and plentiful flow of Russian gas, it became immediately apparent that with supply source geographically distant from the point of consumption, gas underdeliveries were causing gas and electricity prices to rocket. Long focused on renewables and clean sources of energy, Europe found that it simply was not quite “there” yet. Fossil fuels were still needed critically. Indeed, power plants even turned back the clock and the quantities of coal being burned increased.

Second, a significant number of gas-related arbitrations proliferated. Numerous European buyers have now obtained arbitration awards, but it is not clear where they can be enforced. Most of the awards are against the entity Gazprom export LLC. There is a very limited pool of assets against which to enforce these awards, certain legislative regimes that make it difficult or impossible to do so and questions of notice and due process are still outstanding.

For example, Hungary still purchases and receives Russian gas. In principle, the monetary payments owed by Hungarian gas buyer MVM to Gazprom for gas supply are a valuable asset against which outstanding judgments against Gazprom could be enforced. However, in October 2024, Hungary passed a decree prohibiting claimants from seizing gas payments owed to Gazprom to satisfy outstanding arbitral awards.⁸ Slovakia followed suit shortly thereafter, prohibiting seizing payments to Gazprom, as well as gas flowing from Gazprom.⁹

More recently, Uniper’s bid to enforce a portion of its €13 billion arbitral award against claims payable by French gas marketer Engie to Gazprom was rejected by a French court of appeal.

The Versailles Court of Appeal, asked to enforce a German court order allowing seizing of Engie’s claims, rejected it, finding that the German court had not complied with the service provisions of the Hague Convention.¹⁰ This is a ruling about procedure rather than substance, but the ultimate impact is the same.

The upshot of this is that many gas buyers were burned by their supplier and struggled to enforce their contractual rights in an international legal system that relies on parties acting like rational commercial entities.

Third, as a result of Gazprom’s underdeliveries, *force majeure* arbitrations quickly proliferated throughout the industry, under multiple different substantive legal systems, depending on what the governing law of the relevant contract was. This reflected both an increase in the exercise of the legal system, and a significant increase in opportunistic trading behavior among market participants.

In addition to the more than half a dozen *force majeure* arbitrations against Gazprom, other *force majeure* disputes also quickly came to the fore. The impact of the cuts in Russian gas was not limited to specific European buyers who had contracted with Gazprom. Rather, short-term spot prices hit unseen heights and various market participants sought to optimize their results on the back of those prices, giving rise to a flurry of LNG cargo underdelivery arbitrations. At the same time, in June 2022, Freeport LNG in the US experienced a fire and explosion that took the terminal offline and halted all exports from the facility for an extended period. This contracted supply and gave rise to market price speculation.

Although everything seemed to happen all at once on the heels of the June 2022 Russian gas cut, in fact, opportunistic behavior within the market had been growing for some time. In spring 2021, Russia began cutting back the delivery of piped natural gas to Europe. The cuts coincided with the final stages of construction of the Nord Stream 2 pipeline, which Russia hoped to put into operation “as soon as possible.”¹¹ By mid-August 2021, daily gas flows through the Yamal-Europe pipeline had dropped by 75% compared to its typical daily rate. Gas prices in Europe rose, as the price for spot contracts more than doubled compared with the beginning of 2021.¹²

As Europe was entering the winter season, by 1 October 2021, gas deliveries through the Yamal-Europe pipeline were seven times lower than in September 2021.¹³ Cuts in gas deliveries continued throughout November 2021 as Gazprom booked only minimal capacities on the Yamal-Europe pipeline and the Ukrainian transmission routes.¹⁴

6 See, e.g., *Energy Voice*, “[Gazprom declares Force Majeure on some European gas buyers](#),” June 19, 2022.

7 See ČEZ press release, “[ČEZ wins arbitration against Gazprom](#),” February 26, 2025; J. Ballantyne, “[Czech energy group declares win against Gazprom](#),” February 26, 2025; J. Ballantyne, “[Uniper reports €13 billion win against Gazprom](#),” *Global Arbitration Review*, June 12, 2024; J. Ballantyne, “[RWE reports win against Gazprom](#),” *Global Arbitration Review*, March 20, 2025; J. Ballantyne, “[Austrian energy group wins ICC award against Gazprom](#),” *Global Arbitration Review*, November 14, 2024; J. Ballantyne, “[Slovenian gas trader reports win against Gazprom](#),” December 15, 2025.

8 Queritius, “[Hungary Legislates to Protect Gas Payments to Gazprom](#),” October 10, 2024.

9 D. Hornak, “Slovakia Shields Gas Provider from Legal Risks of Russian Supply,” June 27, 2024.

10 See A. Boes, “[Three days notice is not sufficient for a €3.6bn claim – French Court of Appeal refuses recognition of German court order in the Uniper-Gazprom Export dispute](#),” February 15, 2026.

11 Euronews, “[Nord Stream 2 construction completed, but Ukraine pledges to continue fight](#),” September 11, 2021.

12 European Commission, Quarterly Report on European Gas Markets, Vol 14, Issue 3 for 3Q of 2021, p.4.

13 V. Afanashev, “[Gazprom reduces Yamal gas supply to Europe as winter price concerns grow across the continent](#),” Upstream, October 1, 2021.

14 Moscow Times, “[Gazprom rejects gas supply increase to Europe](#),” October 20, 2021.

As of 13 October 2021, Gazprom stopped selling gas on its electronic sales platform.¹⁵ On 16 November 2021, the *Bundesnetzagentur* suspended the certification process of the Nord Stream 2 pipeline due to the failure of the owner of the pipeline, Nord Stream 2 AG, to fulfill the requirements of an independent transmission operator under German law.¹⁶ At the same time, Russian gas imports through the Yamal-Europe pipeline and the Ukrainian transmission routes fell by a further 56% and 36% respectively.¹⁷

It was in this atmosphere that ripples began to be felt in the broader global LNG market. In November 2021, Pakistan issued an emergency tender for LNG cargoes after two of its suppliers did not deliver contracted cargoes. Gas trader Gunvor reportedly declared *force majeure* in connection with the Equatorial Guinea LNG plant, while ENI reportedly did not deliver a cargo due to a default by its own supplier.¹⁸ Public reporting on the delivery failures observed that under Pakistan's contracts with these suppliers, Pakistan could recover only 30% of the contractual price on each undelivered cargo.¹⁹ Such liquidated damages provisions are common in LNG contracts. In circumstances of a down or balanced market, they can be sensible. In circumstances of a spiking market, they leave buyers – who are themselves often midstreamers who have already onsold the cargo to another party – without the cargo and without enough funds to buy replacement quantities. Yet for the supplier, it is often a simple economic decision; it comes out monetarily ahead to fail to deliver and pay the penalty, then resell the cargo to the highest bidder.

As discussed in further detail below, as the supply situation in Europe worsened, such incidences increased, raising the question that many market participants are now asking themselves in the wake of the current conflict in the Middle East: Is 2026 the new 2022?

Increased Role of LNG in Europe

As the events of 2022 unfolded, LNG began to grow in importance on the world stage and specifically in Europe. With the majority of European imported gas coming via pipeline from Russia now abruptly stopped, Europe quickly looked to replace critical supply.

Pipeline gas supply from Russia was traditionally very flexible, often with daily, monthly, seasonal and annual offtake flexibility. Underground gas storage was an important tool in which to store offtake, particularly during months in which offtake was required, but demand was not high.

The combination of flexibility in supply and underground storage meant that market participants could manage regulation of supply and demand downstream.

But Europe was not served by pipelines alone. LNG has been present in Europe for decades prior to the 2022 gas cuts. The first LNG terminal in continental Europe was commissioned in Le Havre, France in 1965.²⁰ LNG import terminals and regasification capacity was concentrated primarily in Spain, Italy and France.

LNG regasification capacity in the EU-27 and the UK had remained relatively stable over the prior decade, growing only 16% from 2012 to end-2021. After the Russian invasion of Ukraine, that growth and development accelerated materially. Since February 2022, European countries have reactivated dormant regasification projects and launched new ones, many of them deployable quickly by chartering floating storage regasification units (FSRUs) and building connecting pipelines.²¹ Europe's regasification capacity increased by 21.5 bcm/year in 2022, and by a record 35.2 bcm/year in 2023. In the three years since the REPowerEU proposal, the EU installed 10 FSRUs and expanded seven LNG terminals.²² In particular:

- Germany, which had no LNG terminals before 2022, built five FSRUs within three years, with another under construction.²³
- The Netherlands has two operational facilities: the Gate LNG Terminal in Rotterdam, which pre-dates the Ukrainian crisis, and the FSRU-based terminal in Eemshaven, which was built in record time in September 2022. Together, the Gate expansion and Eemshaven doubled Dutch LNG import capacity from 12 bcm/year to 24 bcm/year.²⁴ A new terminal called Zeeland Energy Terminal, which has currently completed its first phase of permit procedure, is expected to be operational in 2028/2029.²⁵
- Lithuania was well ahead of its European partners, having had the Klaipėda LNG Terminal, based on the FSRU *Independence*, operational since December 2014. The terminal's capacity alone covers roughly twice Lithuania's own annual gas consumption, with a nominal capacity of 2.77 bcm/year against Lithuania's actual consumption of just 1.5 bcm/year in 2024.²⁶ The gas surplus is used to supply Poland, Latvia and Estonia.²⁷

15 TASS, "[Gazprom still has no plans to sell gas on e-sales platform this week](#)," March 14, 2022.

16 Bundesgesetzagentur Press Release, "[Certification procedure for Nord Stream 2 suspended](#)," November 16, 2021.

17 European Commission, "Quarterly Report on European Gas Markets," Vol. 14, Issue 4 for 4Q of 2021, p. 43.

18 J. Jaganathan, "[Pakistan LNG issues emergency LNG tender after term cargoes cancelled](#)," Reuters, November 2, 2021.

19 *Id.*

20 TotalEnergies, "[General description of the FSRU LE HAVRE project](#)."

21 US Energy Information Administration, "[Europe's LNG import capacity set to expand by one-third by end of 2024](#)," November 28, 2022.

22 "[European LNG Tracker](#)," Institute for Energy Economics and Financial Analysis, updated on October 2025.

23 V. Eckert, "[How Germany is building up LNG import terminals](#)," *Reuters*, December 2, 2025.

24 V. Zaretskaya, "[Europe's LNG import capacity set to expand by one-third by end of 2024](#)," *Hydrocarbon Processing*, November 28, 2022.

25 VTTI, "[VTI and Höegh Evi complete first phase of permit procedure for Zeeland Energy Terminal](#)," August 26, 2025.

26 KN Energies, "['Independence' turns 11: 11 facts about the Klaipėda LNG terminal](#)," October 27, 2025.

27 J. Casey, "[Lithuania takes ownership of FSRU Independence](#)," LNG Industry, December 9, 2024.

- Poland has one onshore LNG terminal in Świnoujście, which opened in December 2015, and expanded in stages to 8.3 bcm/year as of January 2025²⁸. The Gdańsk Bay FSRU is currently under construction and is expected to start operations in the first half of 2028 and produce approximately 6.1 bcm/year²⁹. In September 2025, Gaz-System revived and announced a non-binding call for interest for a second FSRU at Gdańsk³⁰.

Landlocked countries rely on foreign infrastructure:

- The Czech Republic has secured LNG access through capacity bookings at terminals in the Netherlands and Germany.³¹
- Austria, through OMV, holds capacity at the Dutch Gate terminal and signed LNG supply agreements (including with BP and ADNOC) to secure imports.³²

The identity of LNG importers into the EU has also shifted as the geopolitical landscape has changed. A 2015 EU briefing reported that, at that time, LNG supplies to the EU arrived principally from Qatar, Algeria and Nigeria.³³ That briefing noted that “[o]nce the US completes several liquefaction facilities to develop its LNG export capacity, its competitive producers will be in a position to place significant volumes of LNG onto global markets. The International Energy Agency (IEA) predicts that the US ... could potentially export significant volumes of LNG to the EU.”

That is exactly what happened. Between 2010 and today, the US significantly ramped up its LNG production. Cheniere began exporting LNG cargoes from Sabine Pass in 2016. There are now eight major LNG export terminals in the US (Corpus Christi, Freeport, Sabine Pass, Cameron, Calcasieu Pass, Plaquemines Phase 1, Cove Point and Elba Island), with several more facilities under construction. The US, once a net importer, is now Europe’s largest LNG supplier.³⁴ In 2025, the EU imported 57% of its LNG from the US.³⁵ Based on the LNG deals signed to date, by 2030 the EU could be importing up to 80% of its LNG from the US and 40% of the EU’s total gas supply.³⁶

The rapid acceleration in US LNG imports to Europe goes hand-in-hand with EU policy to eliminate Russian gas imports into the bloc. Despite the Russian gas cuts in 2022 and subsequent termination of numerous long-term contracts between European buyers and Gazprom, in 2025, Russian gas still accounted for 13% of EU imports, worth a reported €15 billion annually.³⁷

The EU proceeded to enact a series of measures aimed at reducing and then eliminating Russian gas in the EU. In 2024, the EU enacted a sanctions package that prohibited transshipments of Russian gas at EU ports.³⁸ The same sanctions package prohibited provided goods, technology or services to LNG projects under construction in Russia, such as Arctic LNG 2 or Murmansk LNG, with the goal of limiting the future expansion of Russian LNG capabilities.³⁹

In January 2026, the EU formally adopted a regulation to finally phase out EU imports of Russian pipeline gas and LNG. The stepwise approach adopted in this regulation seeks to ban imports of Russian LNG by the beginning of 2027, and imports of Russian pipeline gas from autumn of 2027.⁴⁰ The EU’s press reporting notes that before authorizing the entry of any gas imports into the EU, the importing country will verify the country where the gas was produced.⁴¹

In an increasingly global LNG world, it is not clear exactly how this will be achieved, Gas molecules are fungible and do not bear a country’s flag. When they are combined in a tank or in a cargo, they are indistinguishable from one another. An LNG ship arriving at, for example, a Qatari export terminal bearing a larger heel to keep gas cool will intermix the gas molecules in that heel (wherever they may have been produced) with the Qatari LNG it is loading onto the LNG Ship. That LNG Ship might halt somewhere and do a ship-to-ship transfer to partially discharge a cargo, and perhaps stop again somewhere to load a partial cargo before arriving in the EU. This may pose issues for how importing EU countries will verify the country in which gas was produced.

Challenges for LNG

Unlike pipeline gas, LNG contracts do not provide for increasing or decreasing volumes on a daily or monthly basis, depending on how downstream demand fluctuates. LNG arrives in cargoes (usually in full cargo lots), at predetermined intervals. But gas supply and demand in Europe can fluctuate rapidly, particularly due to weather conditions that affect heating demand and electricity generation. This creates operational challenges where supply arrangements are relatively inflexible, making it harder to adjust volumes quickly in response to market changes.

In the last several years, the LNG spot market has flourished. With it, there is a market to sell cargoes that may not be needed in one part of the world, or could produce higher value elsewhere. This market, however, can create incentives for suppliers to disregard existing contractual commitments.

28 “[European LNG Tracker](#),” Institute for Energy Economics and Financial Analysis, updated on October 2025.

29 B. Szalai, “[FSRU terminal construction in Gdańsk Bay proceeds on schedule](#),” CEEnergy News, November 24, 2025.

30 “[Poland’s Gaz-System revives plan for second Gdansk FSRU](#),” GIIGNL, September 15, 2025.

31 “[CEZ books capacity at HEH’s Stade LNG terminal in Germany](#),” LNG Prime, November 23, 2025.

32 “[ADNOC Closes Acquisition of 24.9% Stake in OMV](#),” ADNOC, February 29, 2024.

33 A. Benjamin Wilson, “[Liquefied Natural Gas in Europe](#),” European Parliamentary Research Service, p. 8, November 2015.

34 A. Maria Jaller-Makarewicz, “[EU risks new energy dependence as US could supply 80% of its LNG imports by 2030](#),” Institute for Energy Economics and Financial Analysis, January 19, 2026.

35 Id.

36 Id.

37 Council of the EU, Press release, “[Russian gas imports: Council gives final green light to a stepwise ban](#),” January 26, 2026.

38 European Commission, “[Questions and Answers on the 14th package of restrictive measures against Russia](#),” June 23, 2024.

39 Council of the EU, Press release, “[Russian gas imports: Council gives final green light to a stepwise ban](#),” January 26, 2026.

40 Id.

41 Id.

In some instances, suppliers may choose to divert cargoes even where they are promised elsewhere, particularly when the financial gains from selling into another market exceed any liquidated damages that may be payable under the existing commitments as compensation for the failure to deliver.

At the same time, LNG markets in Europe operate within an increasingly stringent regulatory environment shaped by the EU's carbon pricing framework. The EU's emissions requirements are primarily structured around two key instruments: the EU Emissions Trading System (EU ETS) and the Carbon Border Adjustment Mechanism (CBAM). Together, they form the core of the EU's carbon pricing framework.

The EU ETS is a market-based cap-and-trade system that charges major polluters for their greenhouse gas emissions.⁴² It was introduced in 2005, effectively creating the first, and one of the largest carbon markets in the world. Under the scheme, emissions from power generation, industrial manufacturing and aviation, which account for roughly 40% of the EU's total greenhouse gas emissions, are capped.⁴³ Each operator must hold allowances equal to the tonnes of CO₂ equivalent it emits in a year. These allowances are first sold through auctions, and can then be traded on the market. All operations are carried out electronically through a union registry, which works like an online banking system for carbon allowances. Over time the total cap is lowered, and companies are thus forced to decrease their aggregate emissions. They must also monitor, report and surrender allowances annually, and if they emit more than the amount that they are allowed, they face heavy penalties.⁴⁴ Revenues from auctions help fund climate action in the EU institutions and the member states⁴⁵.

Complementing the EU ETS, CBAM aims to prevent "carbon leakage" by ensuring that certain carbon-intensive imports face a carbon cost comparable to that borne by EU producers. Under CBAM, importers of certain carbon-intensive goods must report the embedded emissions to ensure that the carbon price of imports, subject to CBAM, is equivalent to the carbon price of domestic production, subject to EU ETS.⁴⁶ CBAM was not applied to imports of LNG in the initial phase, but LNG is a sector that is being considered for further phases of application. This could have a very significant impact, both on the costs of LNG and the delivery markets suppliers might find more attractive.

Current Status

With the increase in US LNG imports into Europe and expanding regasification capacity in Europe, the outlook for 2026 was one of surplus supply, though that can quickly change in circumstances of conflict, as we are now seeing in the Middle East.

Rather, despite efforts to increase capacity, it is unclear whether the global LNG market really has meaningful spare capacity.

Construction of new LNG terminals has also seen a pause due to concerns of market saturation, periods of oversupply and rising construction costs. In December 2025, Energy Transfer announced that it would be suspending the development of its Lake Charles LNG export facility in Louisiana, citing rising costs and fears of a global oversupply as new LNG output becomes available.⁴⁷ That could change, however, with the recent Iran conflict and fear of supply shortage if it persists.

That is not to say all new constructions have halted. Projects like the Port Arthur LNG project in Texas are advancing, with Phase I targeted to begin exporting in 2027 and Phase II reaching final investment decision (FID) in September 2025.⁴⁸ TotalEnergies and Mozambique also agreed to restart construction on its Mozambique LNG project, following a five-year suspension due to escalating violence in the region.⁴⁹ These developments matter in Europe because of the current contraction of supply due to the Iran conflict, and the questions market participants have about how quickly more supply may come online.

Besides the increase of traditional LNG export facilities, there has also been a rise in floating liquefied natural gas (FLNG) facilities. These FLNG facilities are massive, mobile offshore vessels that process, liquefy, store and transfer natural gas directly above subsea fields, bypassing the need for pipelines and onshore plants. They also provide access to remote fields, such as gas reserves that are too far from shore or too small for pipelines, have a lower environmental footprint and can be redeployed to new fields once the original reservoir is depleted. Upcoming FLNG projects include AMIGO LNG in Mexico, Kasuri FLNG in Indonesia, ZLNG in Malaysia and a yet-unnamed project between Excelerate Energy and Iraq to develop the country's first FLNG import terminal. Again, as supply is restricted by geopolitical conflict in the Middle East, market participants look to see when and how much additional supply may be generated elsewhere in the world.

At the same time, while renewables form an increasing portion of the fuel mix in many countries, they are inherently subject to variability and lack of meaningful storage opportunities. The unprecedented April 2025 blackout in Spain, for example, showed that as grids and power mixes become more complicated, they need consistent and attentive management.⁵⁰ There have been other incidents elsewhere, including the prolonged "Dunkelflaute", i.e., a period of time in which there was little to no output by solar panels and wind turbines in Germany, which also shrunk the country's renewables output in late 2024.⁵¹

42 ["About the EU ETS."](#) European Commission.

43 ["EU Emissions Trading System \(EU ETS\)."](#) International Carbon Action Partnership.

44 ["EU Emissions Trading System."](#) Environmental Protection Agency.

45 ["About the EU ETS."](#) European Commission.

46 ["Carbon Border Adjustment Mechanism."](#) European Commission.

47 S. Dang and A. Somasekar, ["Energy Transfer scraps development of Lake Charles LNG export project."](#) Reuters, December 19, 2025.

48 ["Sempra's Port Arthur Phase 2 wins US approval to export LNG."](#) Reuters, May 30, 2025; ["Sempra Infrastructure Advances Port Arthur LNG Phase 2, Strengthening US Global Energy Leadership."](#) Port Arthur LNG Press Release, September 24, 2025.

49 ["TotalEnergies restarts US\\$20 billion LNG project in Mozambique after 5-year freeze."](#) Al Jazeera.

50 R. Bousso, ["Don't blame renewables for Spain's power outage."](#) Reuters, April 30, 2025.

51 ["Prolonged 'Dunkelflaute' shrinks Germany's renewables output in early November."](#) Clean EnergyWire, November 11, 2024.

In that regard, despite calls for lower emissions and decarbonization, LNG is likely to be a persistent player in the European energy market.

That said, with Europe's increasingly stringent regulatory environment that LNG players must operate within, there has been a notable rise in "optimization" behavior. Market participants have to consider their portfolios from a risk reduction and value optimization perspective. The EU's requirement to lower emissions, and other environmental regulations aimed to promote clean energy, have made it more expensive to send gas to Europe compared to other regions. Driven by a need to enhance efficiency, manage volatility and improve profitability amid the changing global market dynamics and EU regulatory constraints, the LNG industry has seen a significant rise in optimization behavior among market players. These include commercial and portfolio optimization to manage risk and increase value, technical and operational optimization, and shipping and logistics optimization.

Another relatively new development is the growing push to transition LNG import terminals to receive bio-LNG, also known as liquefied biomethane. The process starts with biomethane, which is produced from organic waste and injected into the existing natural gas grid. This bio-LNG is then taken by an LNG import terminal, where it is liquefied using the terminal's existing, but modified, infrastructure. The reason for this push is because bio-LNG offers up to 92% reduction in net CO₂ emissions compared to traditional marine fuel, making it an effective alternative towards climate neutrality and meeting the targets set by the EU to reduce greenhouse gas intensity in marine fuels.⁵² The compatibility of bio-LNG and conventional LNG (given their nearly identical physical properties) also makes it appealing for the industry; allowing the use of existing terminal infrastructure without major technical overhauls.

Major terminal operators in Europe, particularly Spain and the Netherlands, have already modified, or are in the process of modifying, their infrastructure to supply this renewable fuel. Spanish company Enagás, for instance, is already offering bio-LNG services at its regasification terminals in Barcelona and Huelva.⁵³ In the Netherlands, Uniper has also initiated bio-LNG production at its Gate terminal in Rotterdam.⁵⁴

Similarly, there have also been calls to repurpose LNG import terminals to handle hydrogen or ammonia, a derivative of hydrogen. Studies on this, however, show that it is still in its early stages due to both legislative uncertainty (lacking action at a regulatory level), and procedural uncertainty (given the novelty of technologies used).⁵⁵

The 2026 Middle East Crisis: What Comes Next?

Geopolitical tensions in the Middle East have once again highlighted the vulnerability of global LNG supply chains. The region remains central to global LNG markets, with the Gulf states, particularly Qatar, one of the world's largest LNG exporters, playing a critical role in balancing global gas supply. The recent conflict with Iran has highlighted the critical importance of strategic transit routes and where things can go wrong. The prime example of this at present is the Strait of Hormuz, through which roughly one-fifth of global LNG supply passes. QatarEnergy has declared force majeure on gas imports and shut down its gas liquefaction facilities.⁵⁶ Ongoing drone strikes in the region pose significant risk to other LNG production operations.

Disruptions to production and shipping in the region have already tightened global LNG availability and driven sharp increases in gas prices, complicating Europe's efforts to rebuild gas storage ahead of next winter.⁵⁷ This challenge is particularly acute as Europe has become increasingly reliant on LNG imports following the sharp reduction of Russian pipeline gas since 2022, with LNG expected to account for nearly half of Europe's gas supply.

In this context, geopolitical instability affecting key LNG suppliers and shipping routes underscores the continued importance of secure maritime corridors, logistical resilience and stable global supply chains in determining the availability and price of LNG in Europe. While the full impact of the current crisis remains uncertain, its implications for global LNG flows, pricing dynamics and Europe's ability to secure supply ahead of the next winter season will need to be closely monitored.⁵⁸

In particular, it remains to be seen whether "2026 is the new 2022" in terms of opportunistic behavior in the market. While Qatar does not supply a large portion of Europe's LNG, its supply is critical to Asian buyers. Where Asian buyers do not receive cargoes and need them for their own downstream commitments, Asian prices rise. This may create an irresistible opportunity for certain LNG suppliers with ships bound for Europe to consider what else they might do with their cargoes, and how much they can receive.

LNG projects, too, might find reasons to declare *force majeure* or supply unavailability to certain buyers but not to others. A wave of high-value arbitrations coming out of the US in the wake of 2022 showed how this can come to pass.

52 ["The Mugaros Energy Terminal is now ready to supply bioLNG to ships and tankers."](#) Eganosa, February 4, 2026.

53 ["Enagás ready to provide bio-LNG to ships at Huelva and Barcelona terminals."](#) Offshore Energy, February 21, 2025.

54 ["Uniper initiates bioLNG production at Gate terminal."](#) Offshore Energy, July 31, 2024.

55 ["Conversion of LNG import terminals requires a reliable legal framework."](#) Institute for Climate Protection, Energy and Mobility e.V. (IKEM), 2025.

56 M. Rasha, ["Exclusive: Qatar shuts gas liquefaction, will take weeks to restart, sources say."](#) Reuters, March 4, 2026.

57 N. Buli, ["Europe faces gas storage scramble as Iran conflict tightens supply."](#) Reuters, March 5, 2026.

58 These developments will be examined in greater detail in our next update.

In the end, however, there has been a significant amount of new contracting in the post-2022 world. Buyers and midstreamers learned many lessons coming out of the 2022 era, and new contracting has focused a significantly more scrutinous eye on contractual terms, including those governing *force majeure*, willful misconduct and liquidated damages provisions. Part of what made 2022 so problematic was both the cut in supply, and the difficulty in recovering compensation from the party cutting supply. 2026 bears some real resemblance to 2022 in many ways, but not in the latter. If anything, the post-2022 era has made market participants much more used to using legal proceedings, often expedited in order to get real-time or close to real-time resolution. Further, where counterparties are regular commercial entities rather than actors of a state waging war, the promise of recompense is materially strengthened.

For European LNG buyers entering or expanding their role in the market, these issues will continue. It will be critical to work closely with internal and external legal departments to scrutinize contractual terms, together with the relevant portfolios, to determine how issues may be addressed as they arise.

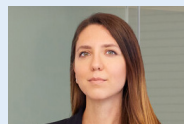
If you have any questions on the subject matter of this piece, please contact the authors. The views expressed in this piece are those of the authors and not the firm or any of its clients.

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