

The impact of potential US sanctions through H.R. 3364 on European gas markets

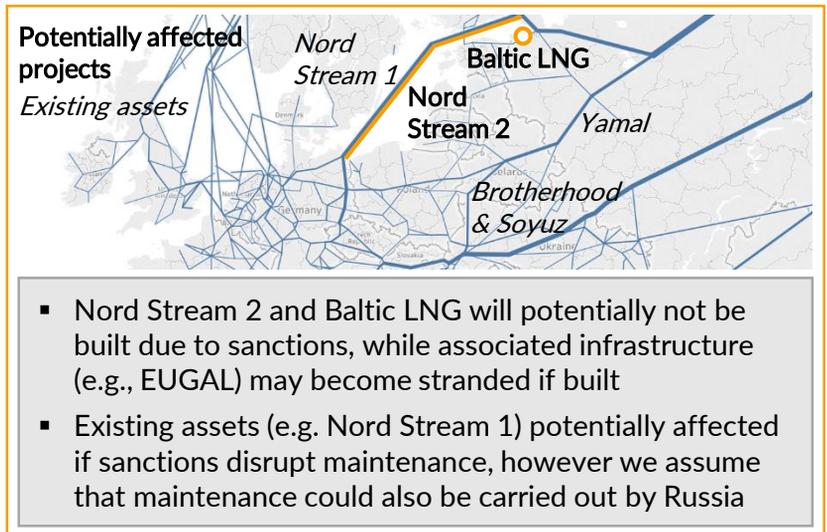
Conclusions

- If US sanctions lead to a cancellation of Nord Stream 2 and Baltic LNG, and if Ukrainian transit capacities decline, European LNG imports rise (+32 bcm in 2025). 69% of the increase would come from the US – however, the benefit to the US is limited, since total US exports only increase by 4 bcm and the remainder is re-routed from other parts of the world. Utilisation of LNG import terminals increases significantly while that of Central/Eastern European transit pipelines drops (**Scenario 1**)
- However, if the Ukrainian network maintains its current capacity, the overall impact on European markets is negligible. Flows through Nord Stream 2 are re-routed through Ukraine (**Scenario 2**)
- In both cases, European import capacities (regasification, pipelines) are sufficient to meet demand

Key changes through H.R. 3364

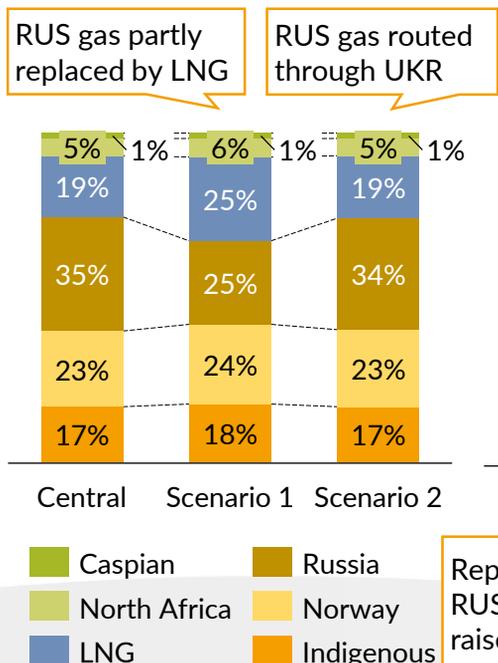
- **More stringent application** of existing sanctions unless against US national interests
- In coordination with US allies, sanctions may be imposed on **anyone who invests ≥ USD 1m¹ in construction or maintenance of Russian energy pipelines**
- Imposition of sanctions on US persons / persons within US who provide or (re-)export goods, services or technology for oil projects **worldwide where > 33% owned by sanctioned Russians**

Potentially affected assets

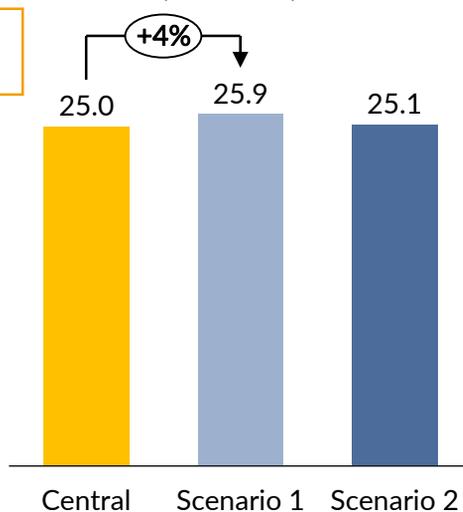


Model analysis

2025 European gas supply mix, %



2025 NW European avg. gas price², EUR/MWh (real 2016)



Scenario 1:

- Nord Stream 2 & Baltic LNG cancelled
- Major Russian supply routes through Ukraine (Brotherhood, Soyuz) interrupted due to escalating conflict or neglected maintenance

Scenario 2:

- Nord Stream 2 & Baltic LNG cancelled
- Ukrainian pipeline network modernised, no supply interruptions

Replacing 10% of RUS gas in EU supply raises prices by 4%

Minor price effect if gas routed through UKR instead of NS2

1) Or ≥ USD 5m over a 12-month period 2) Weighted average by demand of Belgian, German, Dutch and UK prices
 Sources: H.R. 3364 Countering America's Adversaries Through Sanctions Act, news reports, Aurora Energy Research