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"The Cruel Winter of 2026"

Challenges, risks and contacting trends in LNG supplies to Europe amid geopolitical turbulence

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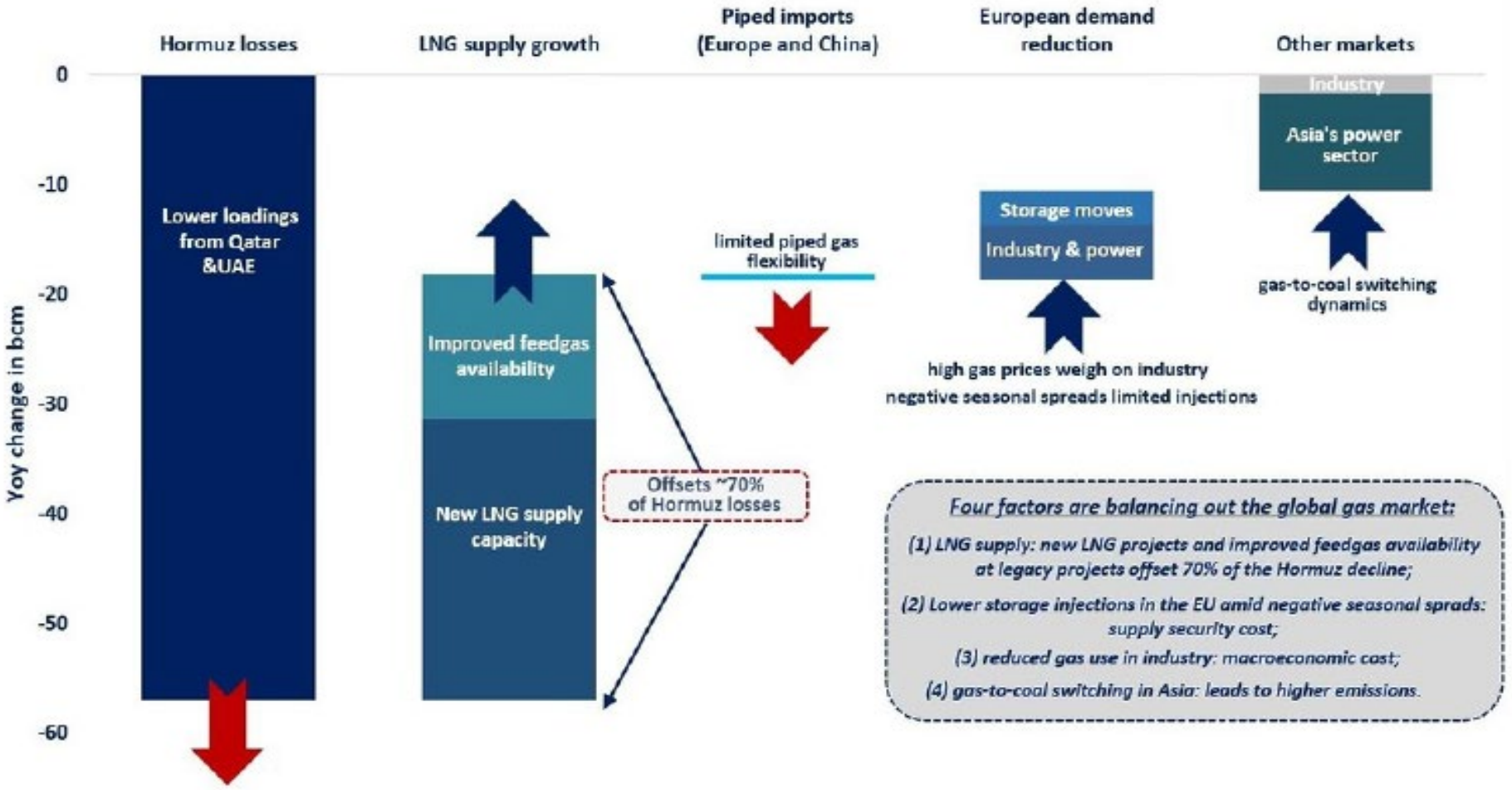
A Completely New Energy Landscape

The global energy system is now governed by worrying geopolitical instability and supply disruptions over and above to standard complex market dynamics which all together result in painful implications across regions, sectors and the whole spectrum of economic and social activities

Factors affecting gas and LNG prices

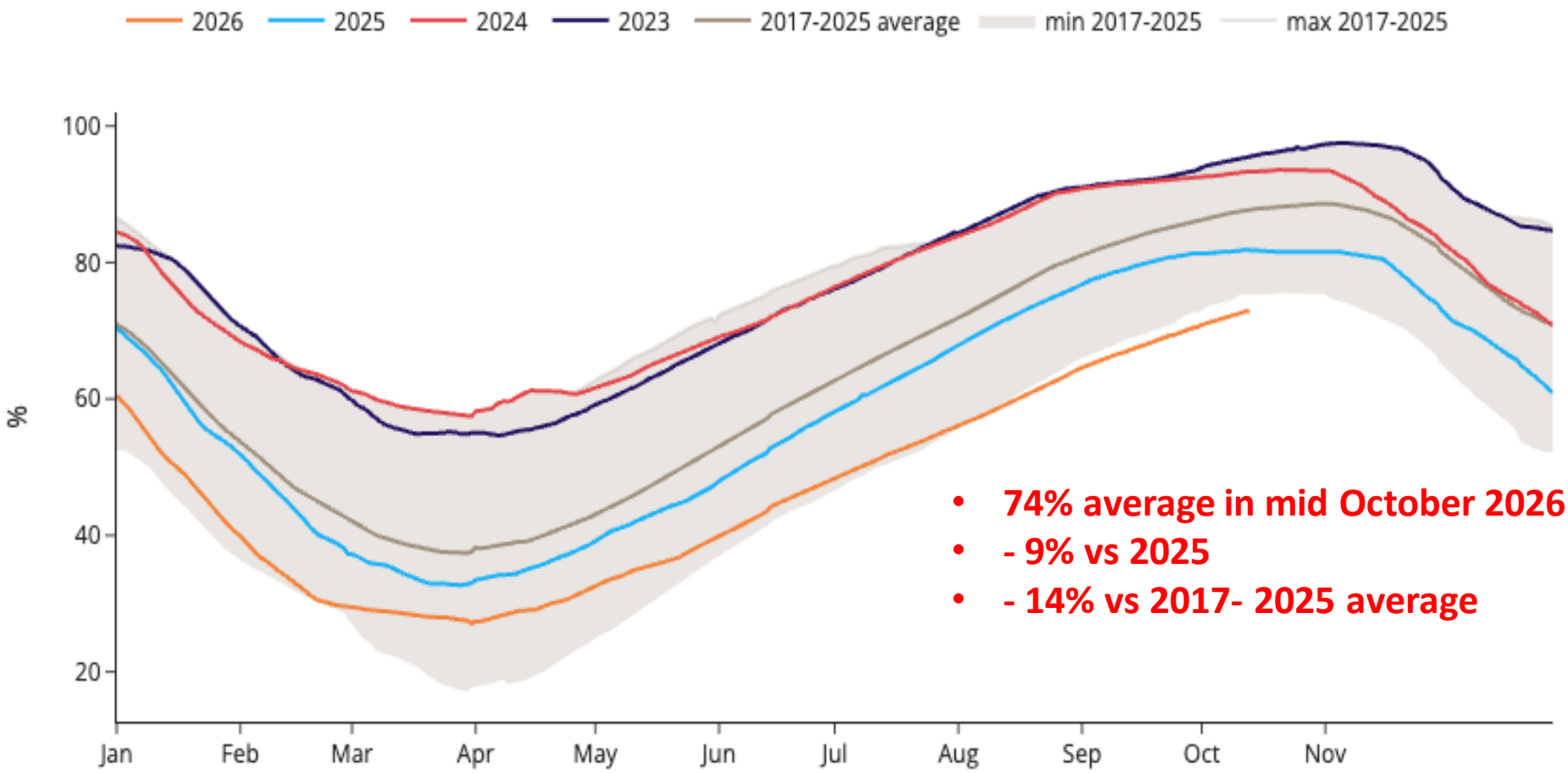


Global LNG capacity cannot balance out the Hormuz supply shock



Source: Greg Molnar, Senior Analyst at IEA LinkedIn post, October 2026

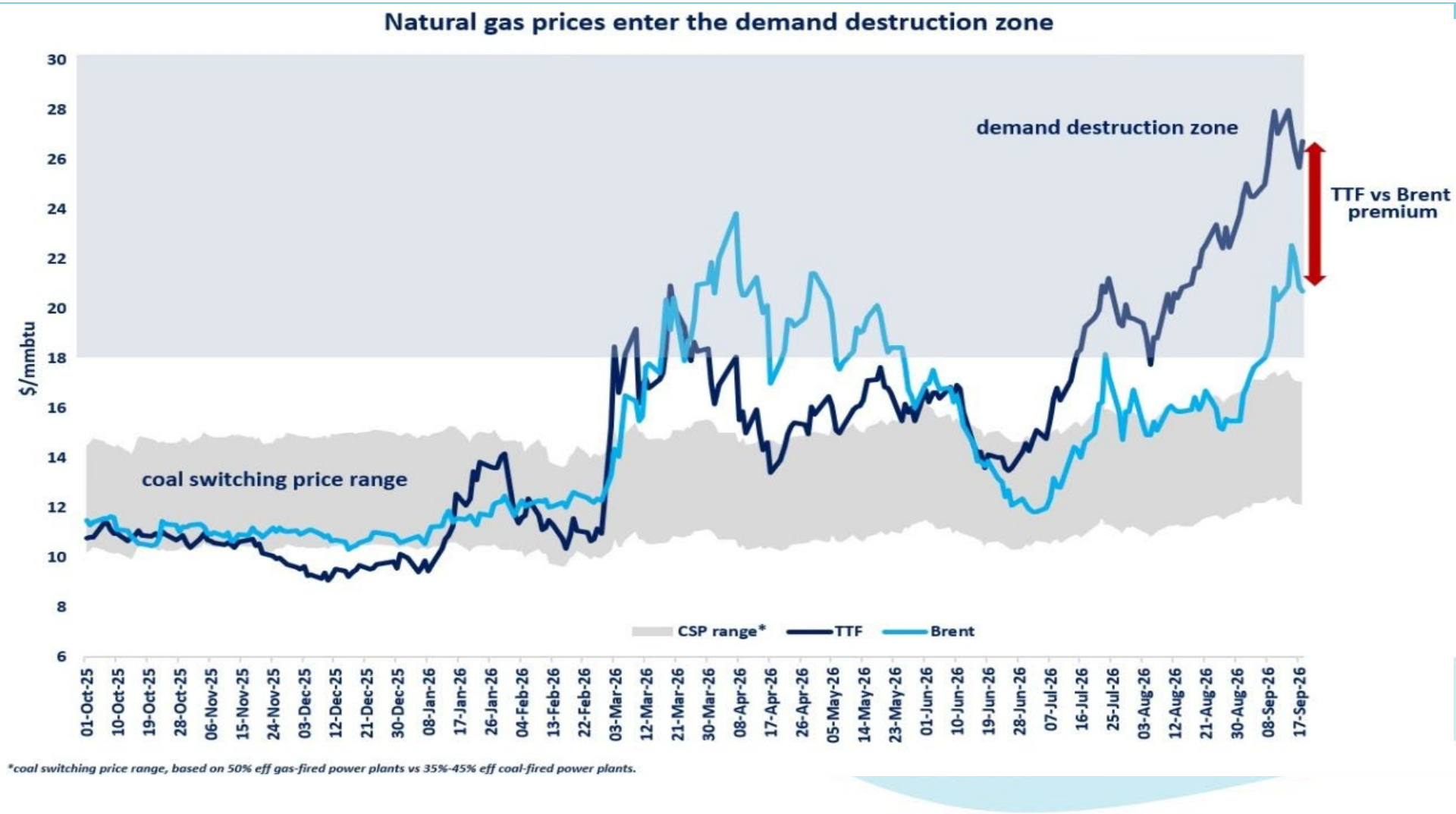
Europe faces risky winter due to its record low underground gas storage levels



- **74% average in mid October 2026**
- **- 9% vs 2025**
- **- 14% vs 2017- 2025 average**

Source: Gas Infrastructure Europe, October 2026

Gas demand destruction emerges as European gas prices surge



Source: Greg Molnar, Senior Analyst IEA LinkedIn post, September 2026

Europe may be exposed to serious gas market balance and energy price risks

- **Hormuz crisis duration:** Earlier settlement eases winter balances; a prolonged disruption carries tightness into summer 2027
- **Winter weather:** Mild weather conditions will reduce pressure. Cold weather both in Europe and Asia will intensify competition for LNG supplies
- **Availability of Russian LNG:** Constraints on Yamal LNG exports and shipping could further reduce gas supply to Europe
- **Asian demand**: High LNG prices along with high price and differentials between JKM and TTF will get LNG supply to Europe and gas market balance even tougher
- **Storage drawdown:** Larger withdrawals will ease winter tightness but increase summer refill requirements

Source: Timera Energy, Winter Gas Outlook: limited buffers leave prices exposed, October 2026

War and geopolitical instability are reshaping LNG markets likely beyond the coming winter

- Concerns have emerged regarding the reliability/deliverability of LNG.
- The Middle East conflict is now at the center of attention in the light of the coming winter and possibly for a longer time horizon
- Europe's dependance on imports is constantly increasing, creating new opportunities for LNG business but also raising security of supply questions
- Bayers are shifting back to long (although shorter) term contracts
- Although there is enough skepticism for investment commitments due to climate change policies and funding obstacles, several new LNG projects in US and Africa are on the way
- Security of supply is again on the table, but trust between LNG sellers and buyers has been eroded to a great extent lately

Source: Wood Makenzie main takeaways from Gastech 2026

New trends and approaches in LNG trade and contractual commitments

- Geopolitical uncertainty, supply disruptions, market volatility and the lately persisting transactional logic has brought a different set of approaches and priorities in LNG contract drafting, which previously considered “unlike” ones

- During the past decades LNG contract negotiations have focused primarily on optionality, risk allocation and value optimization

- In nowadays, because of the supply disruptions occurred attention has shifted from flexibility and LNG arrangements under conditions of abundance towards scarcity and constrained performance management

- Moreover, the contradictory outcomes of some arbitrations on disputes relating to alleged non-delivery under very similar SPA’s and project/market circumstances, resulted to new contractual provisions for dispute resolution, scarce supply and risk allocation, shipping, logistics, force majeure, restoration of supply following a disruption, contract terminations etc.

Source: OIES on LNG Arbitrations and on Hormuz Crisis Will Shape LNG Contract Drafting, 2026
SQUIRE Patton Boggs Lawyers on Arbitrability and Termination of LNG Contracts, Aug 2026

New trends in LNG contract drafting (cont.)

Issue	Drafting considerations
Force majeure	Threshold for force majeure where disruption falls short of impossibility of performance; treatment of source and portfolio issues, including whether force majeure is assessed by reference to the affected project, facility or liquefaction train, or by reference to LNG available through the seller's broader portfolio or the wider market; framework for force majeure scenarios spanning multiple delivery periods and cascading notices across related sale, shipping and delivery arrangements.
Allocation of available LNG	Definition of the LNG pool to be allocated before any pro rata or priority mechanism applies, including whether availability is assessed by reference to the affected source, scheduled or nominated cargoes, SPA volumes or a wider supply pool; methodology for calculating reduced quantities; period over which allocation applies; buyers or contracts included in the allocation exercise; effect of allocation on delivery obligations and future contractual quantities.
Shipping risk mitigation	Allocation of responsibility for transportation disruption; route closures and chokepoint exposure; war-risk premiums, insurance restrictions, owner or charterer refusal to proceed, and allocation of incremental shipping and insurance-related costs; treatment of cargoes delayed, diverted, substituted, suspended or not delivered because of shipping constraints.
Restoration following disruption	Sequencing, prioritisation and attribution of undelivered or deferred quantities relative to current and future delivery obligations; interaction with ACQ, take-or-pay and quantity-management mechanisms; recovery-period scheduling and nomination procedures, including any required adjustments to the Annual Delivery Programme; allocation of restored production and transportation capacity where competing claims arise.
Dispute risk management	Procedures for time-sensitive disagreements on allocation, shipping instructions, revised scheduling and restoration while performance continues; early escalation and interim decision-making mechanisms; use of mediation, expert determination, expedited procedures and other structured input to support commercially managed outcomes.

Source: OIES on "How the Hormuz Crisis Will Shape LNG Contract Drafting", June 2026

Conclusions

- Global gas market faces a visible risk in balancing supply and demand ahead of the coming winter 2026/27 due to ongoing geopolitical conflicts and LNG supply disruptions
- Because of historically low stocks, the European gas market can only be balanced out by high-priced LNG imports, which will cause economic and social pain, higher GHGs emissions and higher import dependence
- War and geopolitical instability are reshaping LNG markets and trade and introducing new definitions and specific contractual clauses and provisions in relation to supply interruption, shipping risk mitigation, scarcity and supply recovery and contract termination as well
- Such new contractual clauses attract now much more attention not only from LNG sellers and buyers, but also from lenders and insurers and other stakeholders (states, regulators, TSOs etc)

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Thanks for your attention!!!

Questions?

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