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## Reconfiguring Gas Security in Southern Europe

**In recent years, the architecture of energy security in the countries of Southern Europe has undergone a significant transformation, driven by supply shocks and shifts in the international environment. A region that for decades depended heavily on energy supplies from Russia is now playing an increasingly important role as a transit and balancing area for new natural gas flows from Azerbaijan, as well as from LNG terminals in Greece and Turkey. As a result, the security of supply now depends not only on the availability of the commodity itself but also on regulation, infrastructure, and financial considerations.**

**From Long-Term Dependence to Diversification.** The starting point for many countries in the region was a high – often almost complete – dependence on Russian natural gas delivered via pipelines, which in practice meant vulnerability to political pressure, price volatility, and infrastructure disruptions. This was particularly the case for Bulgaria as well as Bosnia and Herzegovina. For years, Bulgaria was almost entirely dependent on supplies from Russia; however, after Gazprom cut off deliveries in April 2022, the country rapidly replaced the missing volumes with imports from Azerbaijan and through regasification terminals in Greece and Turkey. In Bosnia and Herzegovina, dependence is even greater, as the country still receives all of its natural gas from Russia through a single interconnection with Serbia (an eastern entry point in the Zvornik area) within the TurkStream system. This concentration heightens both the technical and political risks while reinforcing the monopoly of a single supplier. The response to this dependence under the current circumstances has taken the form of parallel infrastructure and contractual initiatives aimed at increasing the number of system entry points and enabling participation in the international LNG market. In this context, the planned Southern Gas Interconnection between Bosnia and Herzegovina and Croatia is intended to provide access to Croatia's transmission network and the LNG terminal on Krk Island, thereby creating a genuine import alternative beyond the Russian route.

**A New Southern Route for Natural Gas Transport.** The Vertical Gas Corridor (VGC) is an initiative aimed at expanding transmission capacity in South-Eastern, Eastern, and partly in Central Europe, so that larger volumes of non-Russian natural gas – namely from Azerbaijan and from regasification terminals in Greece and Turkey – can be transported further into the continent, as far as Moldova and Ukraine. Its importance lies not so much in the construction of “a single pipeline” as in linking multiple sections, interconnection points, and market mechanisms into one competitive trade route. Bulgaria has declared that it will commission two projects under the VGC by the end of 2026, while the overall objective of the initiative is to increase potential supplies to approximately 10 bcm per year, compared with around 5 bcm at present. Among other assets, the VGC makes use of the Trans-Balkan Pipeline, which now operates in a south-to-north direction, the reverse of its original function, when it was used to transport Russian natural gas to South-Eastern Europe. At the same time, the corridor is becoming institutionalised, as transmission system operators – including DESFA and Gastrade in Greece, ICGB and Bulgartransgaz in Bulgaria, Transgaz in Romania, Vestmoldtransgaz in Moldova, and GTSOU in Ukraine – have all agreed with the European Commission on a tariff approach for the route. This is intended to address the problem of “tariff pancaking”, that is, the accumulation of charges at successive borders and the resulting decline in the route's competitiveness. It has been agreed that capacity-management forward contracts (daily, monthly, quarterly, and annually) will be introduced from the 2026/2027 gas year under a “highly competitive” tariff structure, which is expected to encourage greater utilisation of the route. Until the new products are launched, the operators have announced that they will apply to national regulators for an extension of the current capacity-offering rules at least until October 2026.

The VGC is of immense importance to Ukraine, as the corridor could enable imports of around 10 bcm annually and serve as a safeguard in the event of blockages or tensions affecting other routes. In 2026, the importance of such redundancy increased, as natural gas imports into Ukraine in the first months of the year averaged 23.7 mcm per day (around 173% higher than in the first quarter of 2025, when they stood at 8.7 mcm per day). At the same time, political risks related to transit also emerged, including restrictions on the Hungarian route. The VGC, therefore, functions as a security mechanism for the region by increasing the number of possible supply routes, and this may improve price competitiveness through tariff solutions. It also strengthens the integration of the Balkan systems with the EU market, in which LNG plays a central role.

**Market and Investment Developments.** The market and investment dimension demonstrates that the reorganisation of the regional natural gas market in Southern Europe is not merely a matter of declarations but also of tangible projects that are reshaping the risk structure of national systems. Bosnia and Herzegovina provides an example of a country facing the most severe import “bottleneck” as 100% of its natural gas supplies originate from Russia. In April 2026, the Parliament of the Federation of Bosnia and Herzegovina – one of the two entities constituting the state of Bosnia and Herzegovina alongside Republika Srpska – approved legal amendments paving the way for a US-backed investment in the Southern Gas Interconnection (SIC) pipeline, which is intended to connect the Federation with Croatia’s system and, indirectly, with the LNG terminal on Krk Island. The project passed the lower house on 8 April 2026 and was subsequently approved by the upper house on 15 April 2026, thereby opening the way for implementation of the investment on the territory of the Federation. As the decision concerns only the construction of the pipeline within the Federation, it did not require the consent of Republika Srpska or the central authorities in Sarajevo. The amendment designates Sarajevo-registered AAFS Infrastructure & Energy, owned by the US energy and infrastructure company of the same name, as the project’s key development partner. Planned capacity is initially set at 1.5 bcm per year, with the possibility of expansion to 3 bcm annually, while a broader investment package is also under consideration, including the construction of three 400 MW combined-cycle gas power plants in Mostar, Kakanj, and Tuzla. The key issue here is to break the monopoly of a single supplier and to integrate Bosnia and Herzegovina into the Western energy architecture.

In Albania, the state-owned company Albغاز signed a long-term 20-year agreement with the Greek group Aktor, through its subsidiary Aktor LNG USA, providing for annual deliveries of 1 bcm of natural gas from 2030 onwards, with estimated revenues of around 6 billion EUR. At the same time, Aktor, through another subsidiary, Aktor Energy USA, signed a memorandum with the Albanian Ministry of Infrastructure and Energy concerning work on an “integrated energy hub”, including, among other components, a gas-fired power plant with a capacity of approximately 380 MW. The project is expected to receive support from the US government and has been linked by the Aktor group to the VGC concept. The examples of Bosnia and Herzegovina and Albania indicate that the role of the United States in the region extends beyond LNG sales and also includes political backing as well as capital involvement in the development of the gas and energy infrastructure. North Macedonia is moving in a similar direction: in April 2026, it signed a cooperation agreement with the United States providing for the purchase of US natural gas in the form of LNG once the construction of the new gas interconnector with Greece is completed ([“IEŚ Commentaries”, No 1022](#)), which is expected to strengthen both supply diversification and the country’s energy security.

## Conclusions

- In the countries of Southern Europe, there is an increasing departure from the approach under which security of supply is based on a single reliable supplier. Instead, the emphasis is being placed on several alternative supply routes, greater competition, and the ability to respond quickly to market changes. In practice, this means expanding interconnections and increasing transmission capacity – for example, through the plan to double the VGC’s capacity from approximately 5 bcm to around 10 bcm annually, the introduction of new transmission products from the 2026/2027 gas year, as well as new interconnections under the SIC in the range of 1.5–3 bcm per year. This is expected to enhance both competition and

system resilience, while at the same time reducing the risk of supply interruptions, regardless of where a crisis may originate.

- The role of the United States in the region is clearly growing and is not merely temporary in nature. The United States combines several advantages in this context. First, it holds a very strong position as an LNG supplier to the European Union and in 2025 accounted for approximately 57% of LNG imports. Second, it provides political support for measures that bring the countries of the region closer together, as reflected in the joint declaration signed in Washington by twelve European states and the United States on cooperation in ensuring natural gas supply security, importing US LNG, and expanding infrastructure. Third, it is able to co-finance investments and take equity stakes in infrastructure and energy projects, including in Bosnia and Herzegovina and Albania. As a result, the strengthening of supply independence is shifting from ad hoc purchases towards long-term cooperation and investment.