DIW ECON

BUND

GASLIGHTING THE TRANSITION

Why climate action and energy security demand a break from gas



FOSSIL GAS IS BREAKING WITH CLIMATE LIMITS

The costs of climate change are mounting, and the prospect of limiting warming to 1.5°C is slipping out of reach. Yet the global gas industry continues to expand, even as the remaining carbon budget is essentially exhausted.

The gas industry has doubled down since 2020

8% more gas production

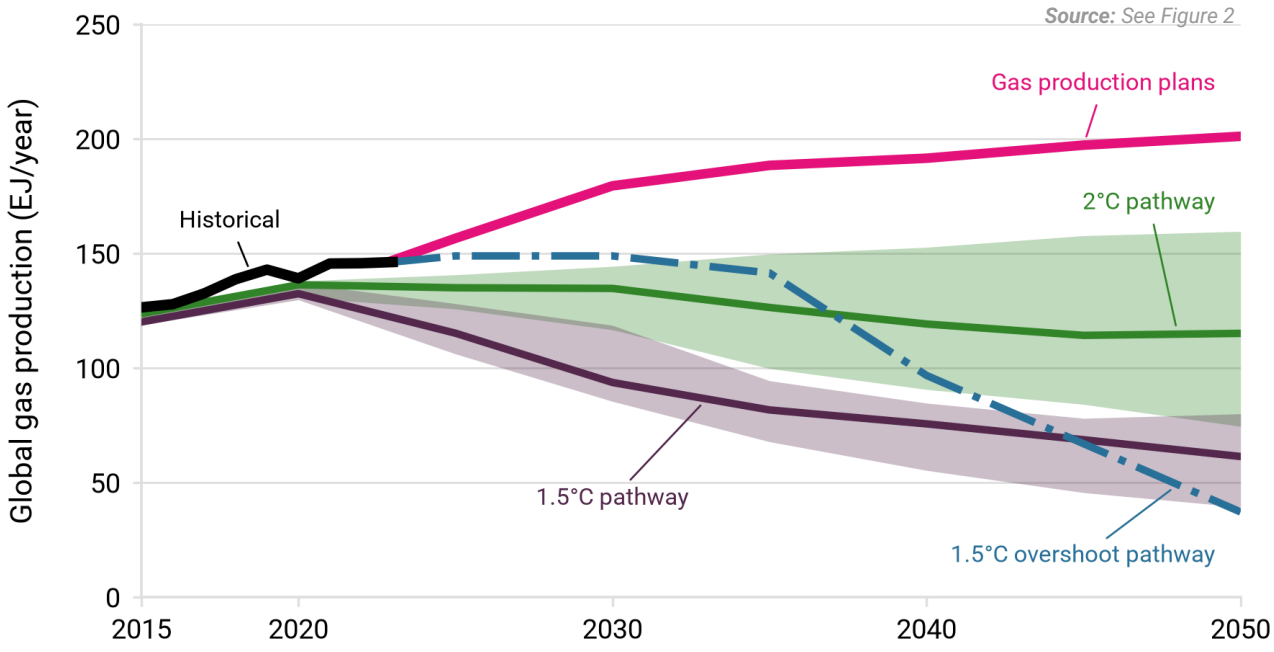
17% more LNG export capacity

26% more LNG import capacity

7% longer gas pipeline network

51% larger LNG carrier fleet

15% more gas-fired power capacity



Gas expansion has lost touch with the climate goals

Existing gas fields alone could exhaust the remaining **1.5°C carbon budget** (Oil Change International, 2026b).

Government gas production targets and forecasts exceed 1.5°C-compatible levels by **92% in 2030** (SEI et al., 2025). Even the most ambitious pathway sees warming temporarily reach **1.7–1.8°C** (UNEP, 2026).

THE GAS INDUSTRY'S FALSE PROMISE OF ENERGY SECURITY

Russia's invasion of Ukraine in 2022 and the 2026 Middle East crisis exposed the vulnerability of gas-dependent economies. Yet the industry has used both crises to gaslight governments into believing that more LNG and gas infrastructure will protect them from the very risks that gas dependence creates.

Gas offers no energy security, only an expensive coping strategy

When supply shocks hit, **gas dependence comes at a steep price few can afford**. Disruptions during the 2026 Middle East crisis sent gas prices to their highest levels since 2022. Europe faced an estimated €18–33 billion in additional gas import costs over the summer (ACER, 2026b), while higher energy prices are expected to slow economic growth and fuel inflation across developing Asia (ADB, 2026). More infrastructure and diversified suppliers cannot fully shield economies from global gas price shocks.

Exporters are betting on a world that misses net zero

Two energy crises in five years have fuelled a surge in gas investment, particularly in LNG exports. In 2025, nearly 100 bcm of annual LNG export capacity was approved, mostly in the US (IEA, 2026f). Yet existing **export capacity already exceeds projected LNG demand under a net-zero pathway**. With billions committed to further expansion, exporters have a strong interest in securing customers for decades through long-term contracts and political leverage.

Gas is a costly gamble, whatever the price

High gas prices deliver windfall profits to producers while imposing heavy costs on importing economies. Falling prices threaten the profitability of new projects, particularly in emerging exporting countries hoping to finance development through fossil-fuel revenues. Meanwhile, gas-fired power increasingly struggles to compete with cheaper renewables. Whatever the price, continued **gas expansion risks leaving most to bear the costs**, while a handful of industry giants remain best placed to reap the profits.

Today's gas investments threaten tomorrow's transition

The risks of stranded gas assets are already visible. Global LNG import terminals operated at just 39% of capacity in 2025 (IGU 2026b), even as further expansion continued. Long-term contracts signed to secure today's supplies can become costly obligations as demand declines, while underused infrastructure and financial commitments **divert resources from investments needed** for the transition.

Domestic gas production offers no escape

Bringing gas production home offers little lasting relief. Developing new conventional oil and gas fields takes almost 20 years on average from exploration licensing to first production, while interconnected markets leave domestic consumers exposed to international prices. **New production risks prolonging gas consumption** rather than replacing imports, worsening an already unsustainable climate trajectory.

RENEWABLES OFFER THE ENERGY SECURITY THAT GAS PROMISES

Renewables offer a route to lasting energy security by reducing import dependence, lowering energy costs and supporting a just transition.

The economics of energy security are turning against gas

Renewables are **undercutting new gas-fired power** while electrification is reducing gas demand in other sectors. Global clean-energy investment is expected to reach almost twice fossil-fuel spending in 2026 (IEA, 2026i). For importing economies, the payback comes in the form of lower fuel bills and greater resilience to future energy crises.

Yet the investment boom is leaving much of the developing world behind. Outside China, developing economies **still invest more in fossil fuels than in clean energy**, despite needing a massive expansion of clean-energy investment to meet climate goals. High financing costs and limited public resources make affordable finance, targeted support and international cooperation essential.

BREAKING THE GAS TRAP REQUIRES COLLECTIVE ACTION

The world has agreed to transition away from fossil fuels but still lacks a coordinated plan for doing so. Escaping the gas trap requires producers and consumers to align their expectations of declining demand and supply, while ensuring that countries and communities can afford the transition.



COP31 must turn the **Global Transitioning Away from Fossil Fuels Roadmap**, initiated by the Brazilian COP30 presidency, into an instrument for implementation. Credible national exit plans should establish measurable milestones for declining gas production and consumption, infrastructure investment and regular international review.



Where global consensus stalls, willing countries can move ahead. The Santa Marta process, for example, offers foundations for **coordinating declining production and demand**, supporting affected economies and reducing the risk of incompatible national investment decisions.



International public **finance must shift decisively towards renewables, electricity grids, electrification** and support for fossil-fuel-dependent economies. Although signatories to the Clean Energy Transition Partnership have cut fossil-fuel finance substantially, less than half of the withdrawn support has been replaced with additional clean-energy finance.



Around **70% of methane emissions from fossil-fuel operations could already be eliminated** with existing technologies. Common standards, independent monitoring and importer requirements can accelerate reductions, while the continued phase-out of gas addresses the CO_2 emissions that methane controls cannot prevent.



Germany's **international leadership will be judged by its policies at home**. Its fossil-fuel exit roadmap sends an important signal, but restoring credibility requires a decisive change of course in domestic energy policy, backed by concrete action to reduce gas dependence and accelerate the transition.

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The golden age of gas is over, or not?

For a moment in 2021, it seemed like the golden age of gas was coming to an end. A decade after exploring the prospect of a golden age for the fuel, the International Energy Agency (IEA) delivered a striking reversal. Its landmark Net Zero Roadmap concluded that limiting global warming to 1.5°C would require a rapid decline in fossil-fuel consumption, leaving no room for new oil and gas fields beyond those already committed to development (IEA, 2021). The agency reaffirmed this finding in 2023, projecting a fall in global gas demand of nearly 80% between 2022 and 2050 and ruling out the need for new long-lead-time upstream oil and gas projects in its net-zero pathway (IEA, 2023). Even as the IEA revised its scenarios in 2025 under pressure from the Trump administration, its updated net-zero pathway maintained the need for a steep decline in fossil-fuel consumption (IEA, 2025d; Reuters, 2025a). And the science has been warning us all along. According to the IPCC, pathways limiting global warming to 1.5°C with no or limited overshoot see unabated gas consumption fall by a median of 70% between 2019 and 2050 (IPCC, 2022).

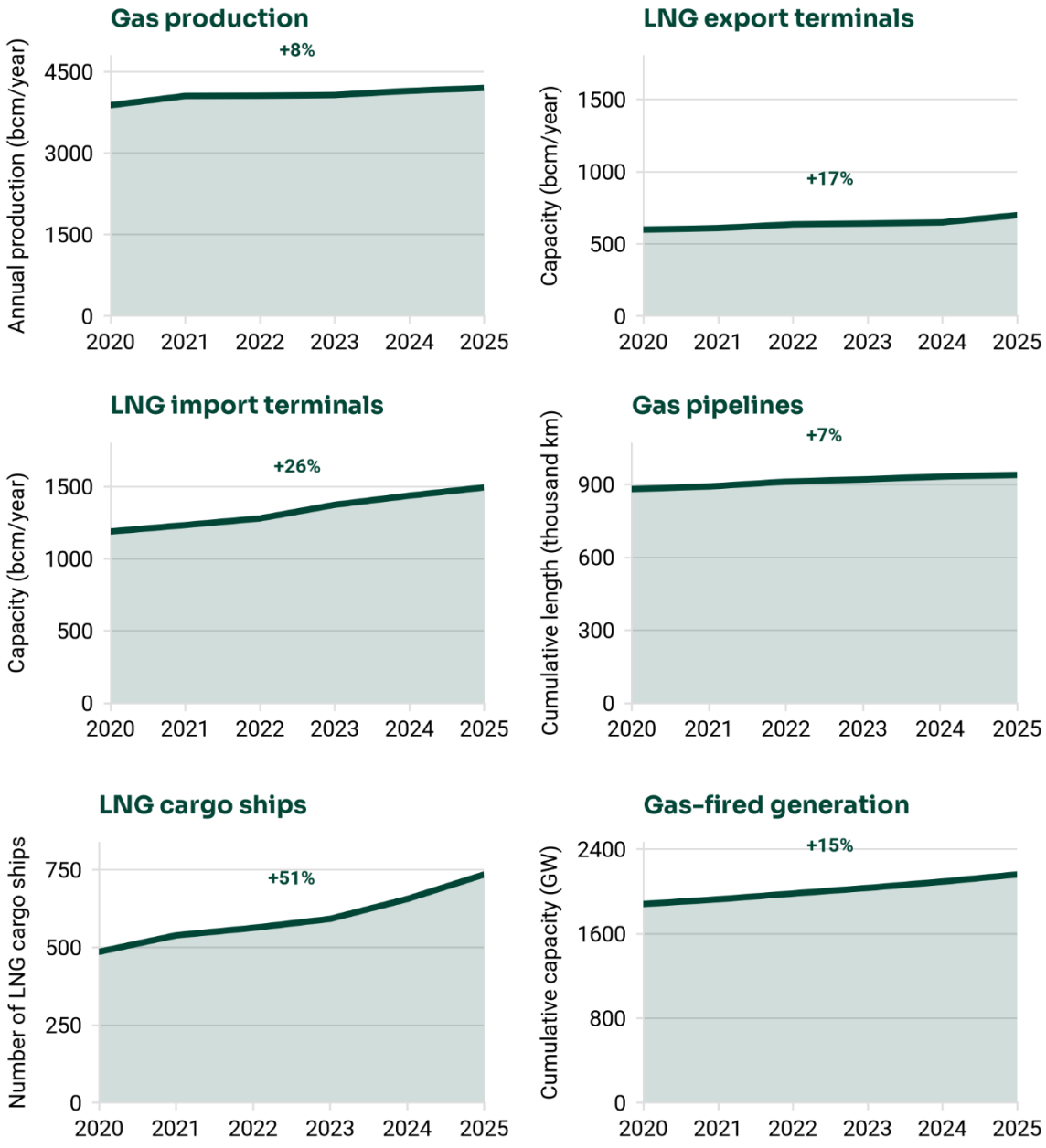
Gas's dubious reputation as a cleaner fossil fuel has also finally come under greater scrutiny. Advances in satellite monitoring have exposed methane leaks and deliberate venting that previously went undetected. Meanwhile, the shale gas boom has expanded more energy-intensive extraction practices with additional methane leakage risks, while the growth of global LNG trade has added further emissions-intensive stages to the supply chain. Methane leakage during production and transport, combined with energy-intensive liquefaction and shipping, can outweigh the emissions advantage gas enjoys over coal when burned (Howarth, 2024). The word is getting out that ‘natural’ gas is a fossil fuel, although maybe not fast enough.

Political recognition of the need to move away from fossil fuels has grown, although agreement on how to achieve it remains elusive. At COP26, more than 100 countries launched the Global Methane Pledge, committing to cut methane emissions by at least 30% by 2030 (UNEP & CCAC, 2022). Two years later, nearly 200 countries agreed at COP28 to transition away from fossil fuels in energy systems (UNFCCC, 2023). Yet subsequent negotiations stalled, with COP30 failing to agree on a roadmap for implementing this commitment (Carbon Brief, 2024, 2025). Brazil's COP presidency has since launched a Transitioning Away from Fossil Fuels (TAFF) Roadmap outside formal negotiations, drawing contributions from 115 countries (COP30 Presidency, 2026). In parallel, 57 countries gathered in Santa Marta, Colombia, in April 2026 to advance international cooperation, with Tuvalu and Ireland set to host a follow-up conference in 2027 (Government of the Netherlands, 2026).

The gas market, meanwhile, has different plans. Global gas consumption reached another record in 2025, growing by 1% after a 2.8% increase in 2024. Much of the latest growth came from mature markets. Demand rose by 3% in the European Union and by just over 1% in the United States, largely driven by colder winters and, in Europe, weaker wind and hydropower generation that pushed gas-fired electricity output up (IEA, 2026e). And investment plans suggest that the industry is preparing for a much bigger future demand. More than 1 TW of gas-fired power capacity are in development worldwide, an increase of 31% in 2025, with the United States alone accounting for nearly a quarter of planned capacity, partly driven by expectations of rising electricity demand from data centres (GEM, 2026a).

The gas industry is responding by eagerly expanding across the entire supply chain, from production wells to LNG terminals and carriers (see Figure 1). Global gas production reached a record of more than 4,100 bcm in 2025, with North America accounting for much of the increase (IGU, 2026a). LNG has become a particular focus of expansion. Global LNG trade grew by more than 6% to close to 440 million tonnes in 2025, while the industry added 30 million tonnes of annual liquefaction capacity and more than 60 million tonnes of regasification capacity (IGU, 2026b). The global LNG vessel fleet grew by more than 8% in the same year, with 79 new vessels delivered and another 301 under construction (IGU, 2026b). Investment commitments point to further growth, with more than 330 bcm of additional annual LNG export capacity expected to come online between 2025 and 2030, the largest expansion in the industry's history (IEA, 2026f).

Figure 1: The world still plans for more gas

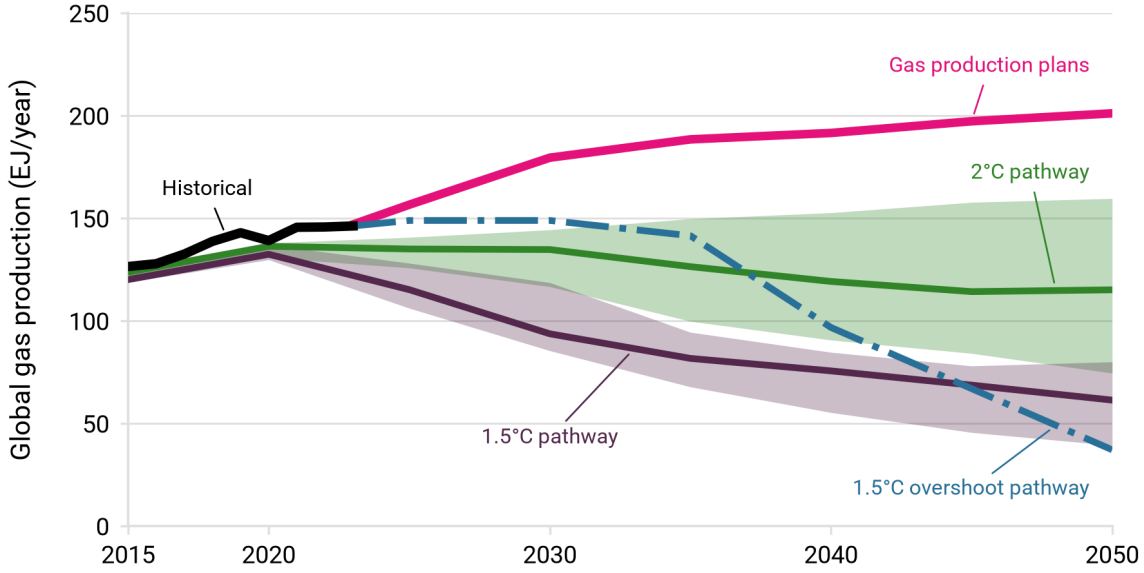


Source *GEM (2026b, 2026c); Energy Institute (2023); IGU (2026b)*

Notes *Gas production represents annual output. Infrastructure indicators show cumulative capacity, length or fleet counts based on the underlying project records. LNG cargo ships include vessels active at end-2025, grouped by delivery year, rather than the historical operating fleet.*

And what about the climate? The world has already run out of room for gas, as limiting global warming to 1.5°C with no or limited overshoot is now out of reach. Committed emissions from gas alone would exhaust the remaining fossil-fuel carbon budget consistent with a 50% chance of limiting global warming to 1.5°C (Oil Change International, 2026b). Even the most ambitious remaining pathway would see temperatures temporarily rise to 1.7–1.8°C, requiring global emissions to fall by 45% by 2035 and substantial carbon removal thereafter (UNEP, 2026), even though the prospects of large scale carbon removals remain highly uncertain. Yet the gas industry is heading in the opposite direction. Government production plans exceed levels consistent with 1.5°C by 92% in 2030 and even overshoot 2°C-compatible production levels by 33% (see Figure 2). With current policies pointing towards 2.8°C of warming this century, continued gas expansion threatens to put even the remaining pathways to a safer climate further out of reach (UNEP, 2026).

Figure 2: Global gas production



Source *SEI, Climate Analytics, & IISD (2025); UNEP (2026)*

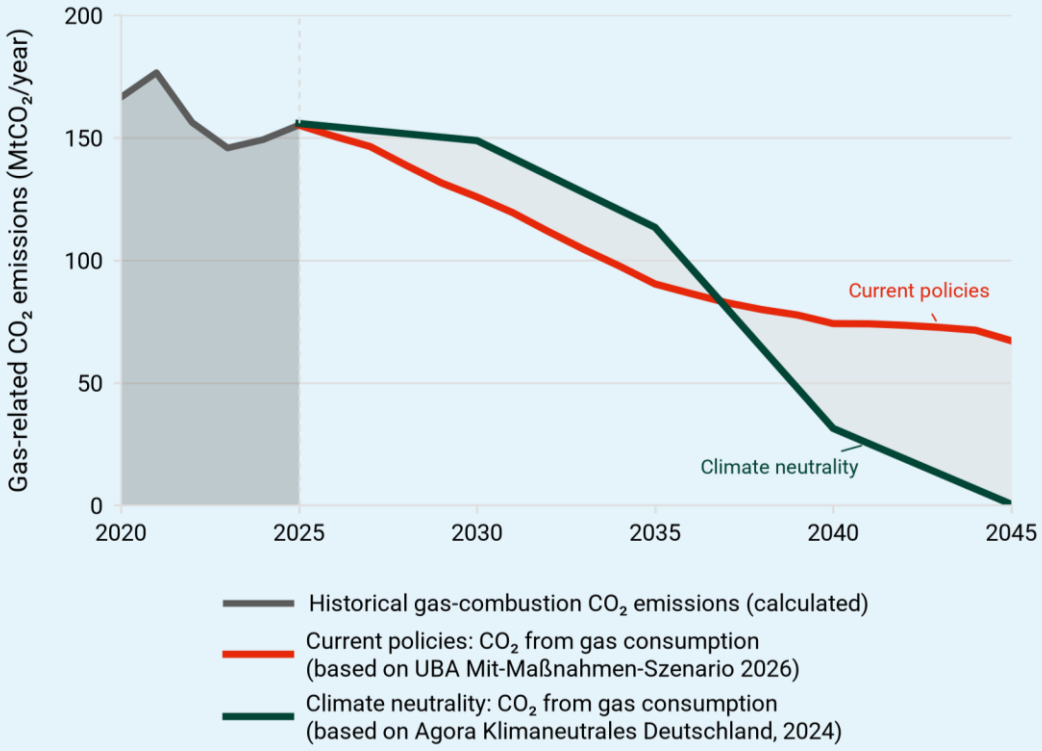
Notes *National production plans combine government targets and forecasts from 18 major gas producers, scaled to global production. IPCC AR6 pathways show median gas supply under 1.5°C and 2°C scenarios, with shaded 25th–75th percentile ranges. The UNEP (2026) pathway shows gas supply under the lowest-overshoot scenario, with warming peaking at 1.7–1.8°C before returning to 1.5°C by 2100. Global gas supply serves as a proxy for production.*

Box 1: Germany's gas transition is not on track

Germany has committed to leaving fossil fuels, but is struggling to break up with gas at home. Its September 2026 TAFF Roadmap sends an important international signal, yet domestic policy is moving in a different direction. With nuclear power retired and coal being squeezed out, gas is becoming the principal fossil fuel left in electricity generation. Economy minister Katherina Reiche's programme of 9 GW of new long-duration power capacity, expected to favour gas plants, reinforces this dependence. If built entirely as gas plants, the new capacity could generate 66–83 million tonnes of CO_2 by 2045, rising to as much as 125 million tonnes of CO_2-equivalent when upstream methane emissions are included (FÖS, 2026a). Meanwhile, the new Gebäudemodernisierungsgesetz (GModG) has abolished the requirement for new heating systems to use at least 65% renewable energy, allowing continued investment in gas boilers. An assessment of the GModG's initial proposals suggests that the reform alone could add 5–8 million tonnes of CO_2-equivalent annually by 2030 and 14–22 million tonnes by 2040, compared with the previous heating rules (Öko-Institut, 2026).

Germany's gas transition was already off track before these latest policy decisions. Under a climate-neutrality pathway, CO_2 emissions from burning fossil gas fall to virtually zero by 2045 (see Figure 3). Under existing policies, they remain at around 70 million tonnes, still almost half today's level. And these projections do not even account for the GModG or the government's new power-plant programme (UBA, 2026b). Germany's already substantial climate gap could therefore widen further.

Figure 3: Germany's gas transition is not on track



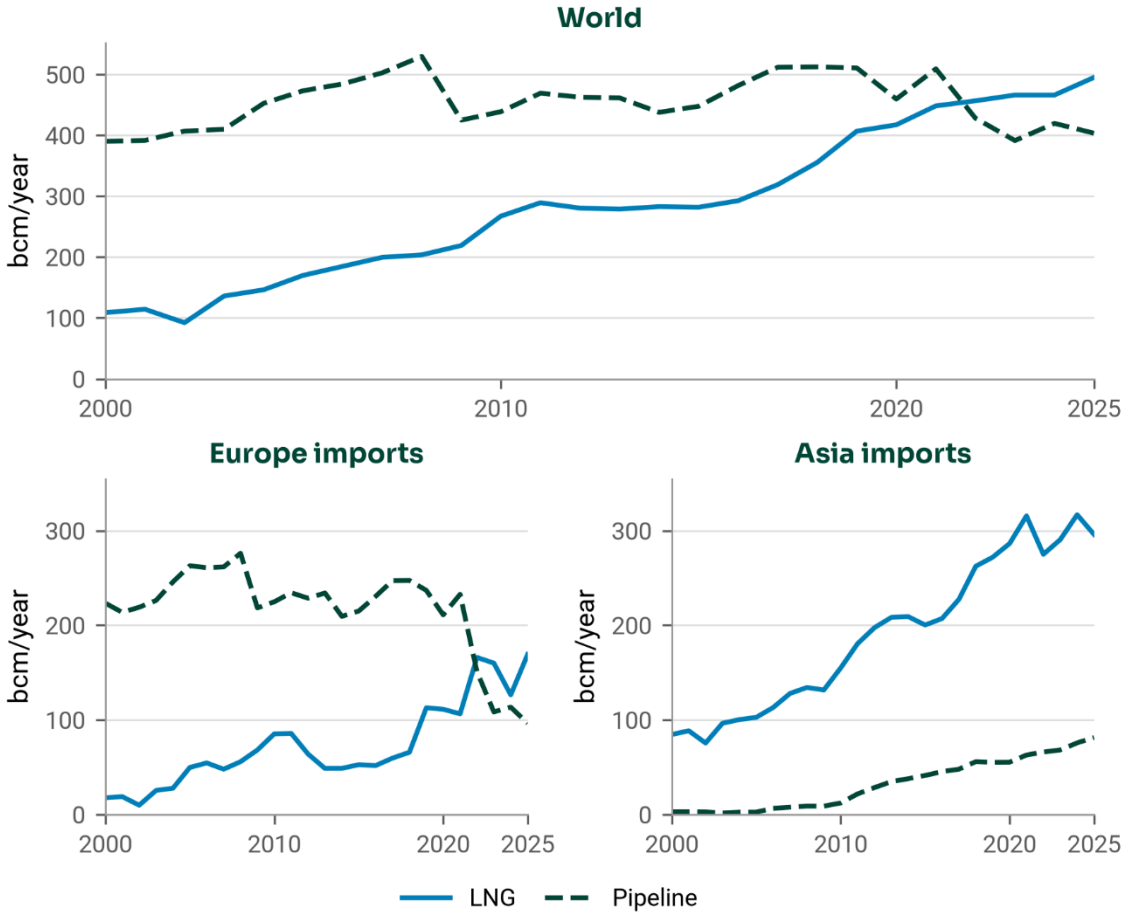
Source *UBA (2026b); AGEB (2025); Agora Energiewende (2024)*

Notes *CO_2 emissions are calculated from gas consumption using an emission factor of 55.8 t CO_2/TJ. Upstream emissions are excluded.*

Time to stop falling for false promises and leave gas behind

Amid the rapid expansion of liquefied natural gas (LNG), the gas industry is marketing its flexibility as a guarantor of energy security (World Economic Forum, 2025). Unlike pipelines, LNG tankers can connect producers and consumers across continents, allowing importing countries to diversify their suppliers and respond to disruptions. LNG has gained considerable importance, overtaking interregional pipeline gas trade by volume both globally and in Europe in 2022 (see Figure 4). Russia's invasion of Ukraine in 2022 gave this argument renewed force, as Europe scrambled to replace Russian pipeline gas with LNG from elsewhere. Industry representatives have since championed LNG as an increasingly flexible and resilient pillar of the global energy system (IGU, 2026c). In a remarkable reversal of cause and effect, the International Gas Union, the industry's lobby group, even celebrates the LNG investment boom for helping global gas markets weather the 2026 Middle East crisis more effectively than the shock of 2022, calling for yet more investment in LNG supply, regasification capacity and storage to further diversify supplier portfolios (IGU, 2026a).

Figure 4: LNG trade has seen a major expansion, overtaking pipeline trade globally



Source *Energy Institute (2026)*

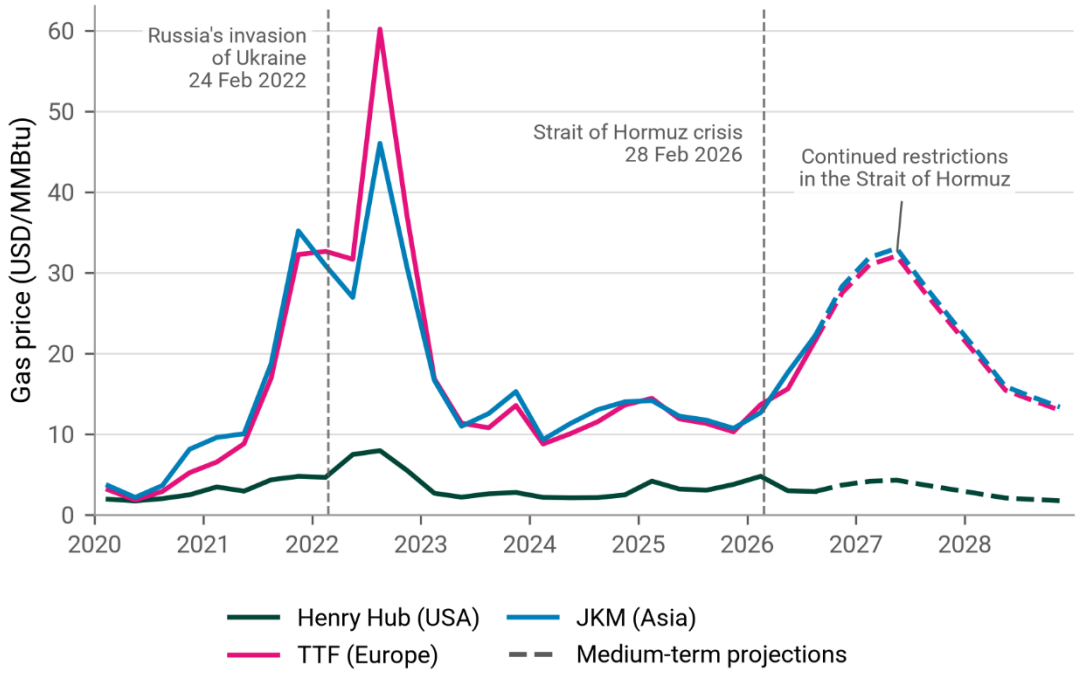
Notes *Data cover inter-regional gas imports, excluding trade within EI reporting regions. Asia comprises China, India, OECD Asia and Other Asia and includes trade between them.*

The gas industry is gaslighting the transition, selling ever greater fossil-fuel dependence as the path to a cleaner and more secure energy future. Yet the evidence tells a different story, with compelling reasons to leave gas behind:

Gas offers no energy security, only an expensive coping strategy

The past five years have delivered two painful demonstrations of how dependence on volatile global gas markets can undermine national energy security. Russia's invasion of Ukraine and the subsequent collapse in Russian pipeline deliveries sent European wholesale gas prices soaring to a monthly average of nearly $70/MMBtu in August 2022, compared with around $2–12/MMBtu over the preceding decade (see Figure 5). Four years later, the United States-Israel war on Iran disrupted LNG shipments through the Strait of Hormuz, a passage that previously carried almost one-fifth of global LNG supply. European and Asian gas prices surged again during the 2026 Middle East crisis, reaching their highest levels since the 2022 energy crisis. The European TTF benchmark averaged 32% above its level a year earlier, while Asian spot LNG prices rose by 45% (IEA, 2026c).

Figure 5: Two energy crises in five years have reshaped global gas markets



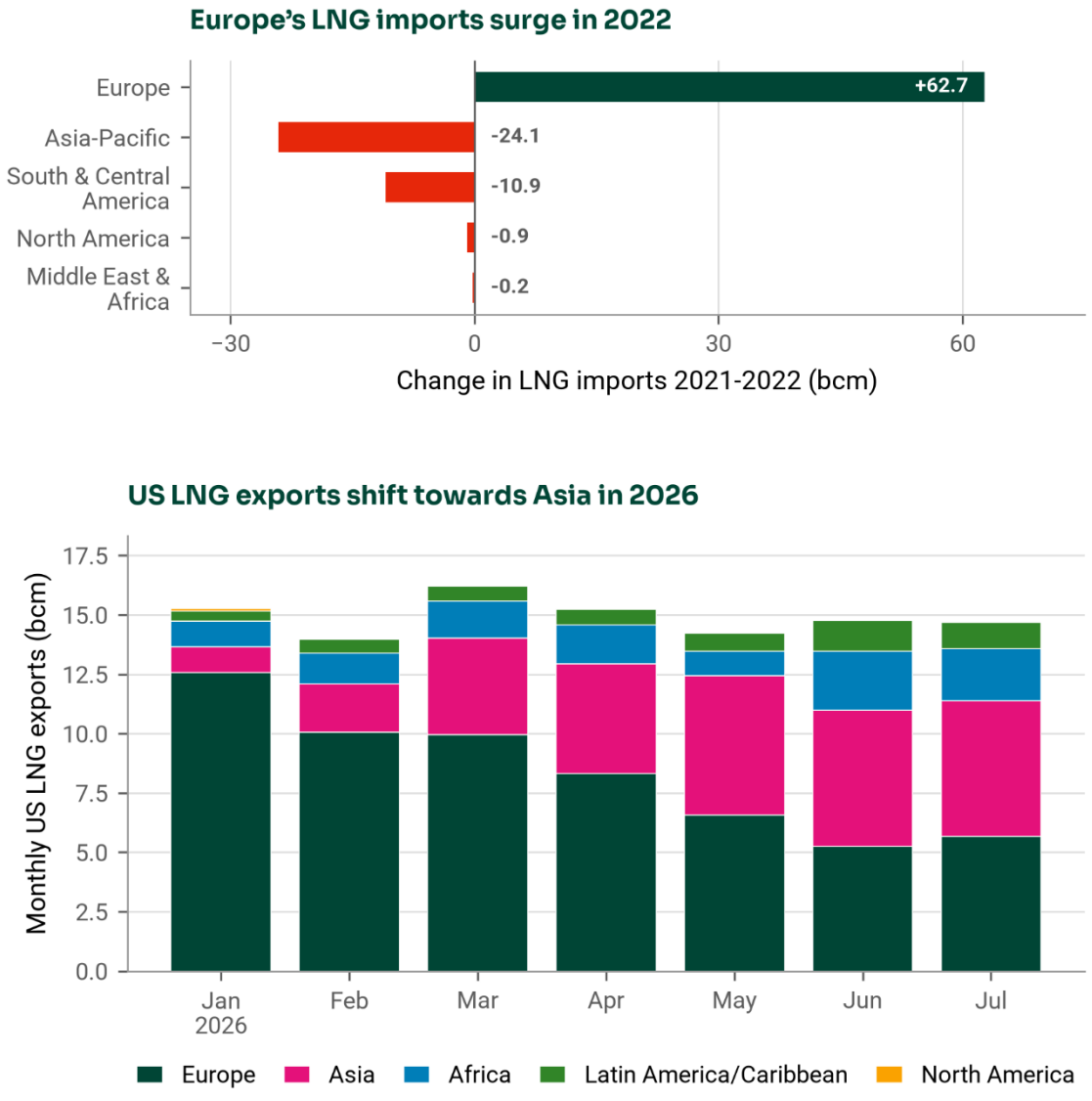
Source *ACER (2026a); Energy Institute (2026); Oxford Institute for Energy Studies (2026); World Bank (2026)*

Notes *TTF (Europe), JKM (Asia) and Henry Hub (USA) are regional wholesale gas price benchmarks. Historical values are quarterly averages. The medium-term projections assume prolonged disruptions to LNG exports through the Strait of Hormuz, damaged Qatari production facilities and delayed capacity expansion* (The Oxford Institute for Energy Studies, 2026). *The projected TTF price trajectory is applied to all three benchmarks. Projections are illustrative and do not represent independent forecasts for each market.*

For gas-importing countries, security of supply has increasingly become a question of who can afford to pay the most. Long-term contracts offer some stability, but a substantial share of global LNG is traded on spot and short-term markets, with Europe's reliance on such purchases increasing lately (GECF, 2026). During the 2022 crisis, Europe attracted LNG cargoes away from

Asia and Latin America (see Figure 6), leaving price-sensitive countries such as Pakistan and Bangladesh facing electricity shortages (IEA, 2025b). The 2026 Middle East crisis reversed the competition. Disrupted Qatari exports pushed Asian LNG prices above European levels (see Figure 5), drawing flexible cargoes eastwards. By late spring, Europe's share of US LNG exports had fallen sharply as deliveries to Asia increased (see Figure 6). Still, the resulting price shock added an estimated €18–33 billion to Europe's gas import bill over summer 2026, even without an increase in imported volumes (ACER, 2026b) while threatening slower economic growth and higher inflation across developing Asia (ADB, 2026). Both crises demonstrate how the global LNG market favours the highest bidder, with households and businesses bearing the cost through soaring energy bills, and taxpayers footing the bill for government relief measures.

Figure 6: LNG cargoes followed the highest bidder



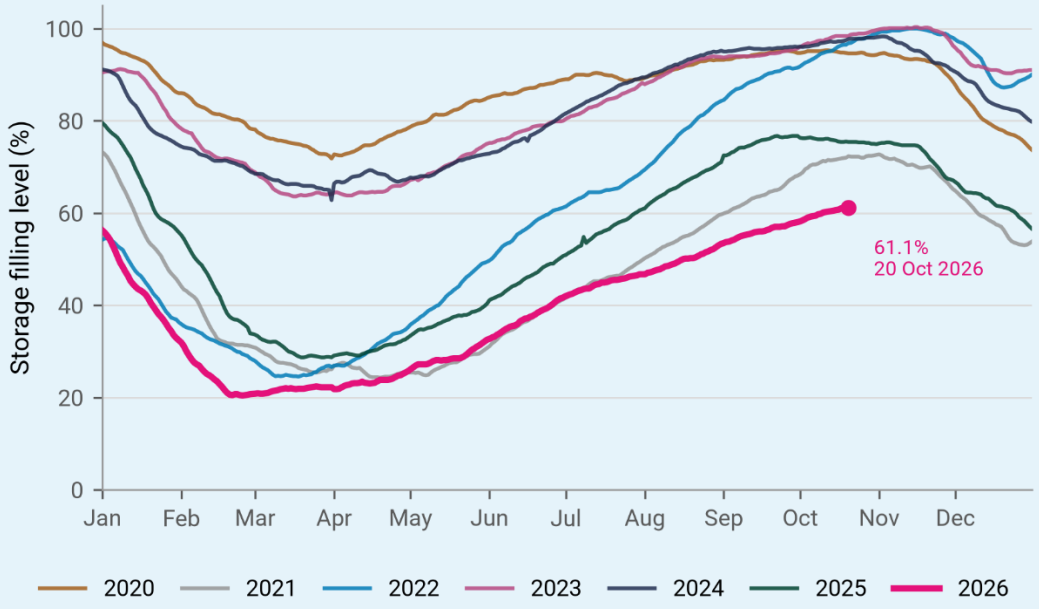
Source *Energy Institute (2023); US Department of Energy (2026a)*

Notes *Top panel: change in annual gross LNG imports from 2021 to 2022, in bcm. Bottom panel: monthly US LNG exports from January to July 2026, in bcm. The panels show different quantities and periods; regional definitions also differ.*

Box 2: Germany's gas security comes at a price

Germany enters the winter 2026/27 with an unusually thin gas buffer. On 21 October 2026, its storage facilities were just about 60% full, compared with around 75% a year earlier (BNetzA, 2026a) (see Figure 7). High gas prices during the filling season have undermined the traditional incentive to buy cheaply in summer and sell in winter, leaving substantial storage capacity unused. The problem can become self-reinforcing, as pressure to replenish low stocks pushes summer prices higher still. The government eventually intervened in September, instructing state-owned SEFE to procure and store another 8 TWh by mid-December (Reuters, 2026c). Separately, Germany is planning a strategic gas reserve of 24 TWh, with filling set to begin in summer 2027 (FNB Gas, 2026).

Figure 7: Germany's gas storage is running at a record low



Source *GIE (2026)*

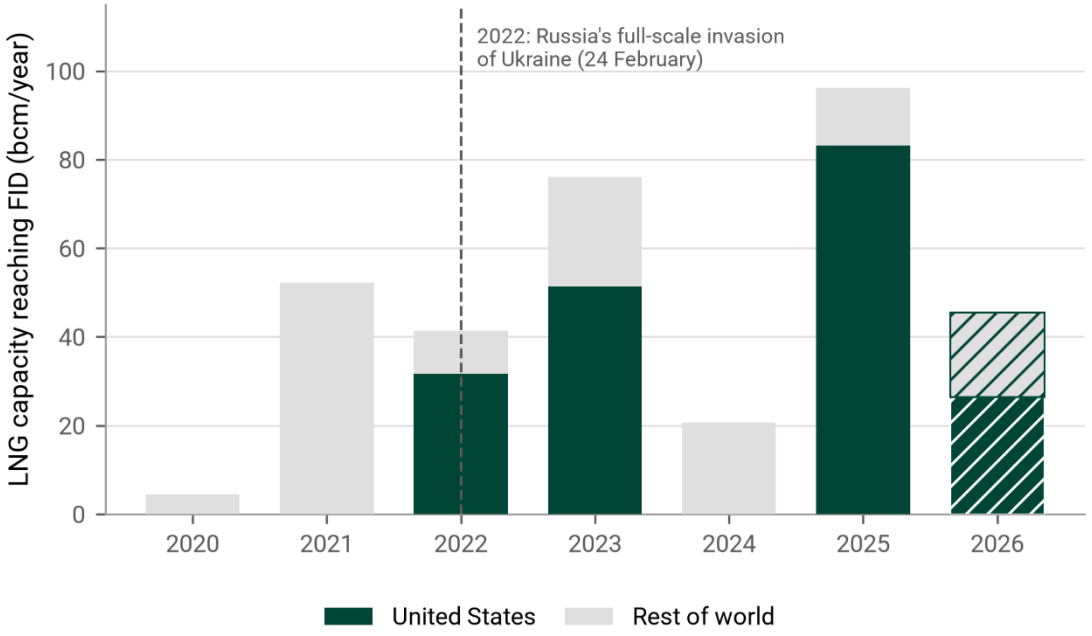
Germany has diversified its gas contracts, although much of the promised supply remains years away. New LNG agreements span suppliers from the United States to Oman, Argentina and Canada, but several major contracts will only begin deliveries from 2027 onwards. Meanwhile, the country's direct LNG imports remain heavily concentrated, with 96% originating in the United States in 2025 (BNetzA, 2026b). Germany's dependence on international suppliers and their political priorities therefore persists.

The government nevertheless considers a physical shortage unlikely, largely because Germany can purchase additional LNG on international markets (BNetzA, 2026a). Stable pipeline imports and spare LNG receiving capacity mean that the risk of a strained supply situation is low. Yet this flexibility comes at a considerable price. European wholesale gas prices have jumped more than 150% this year (Reuters, 2026b). Attracting additional LNG cargoes means competing with Asian buyers for scarce supplies, with the costs ultimately borne by households, industry and taxpayers. Germany may have enough infrastructure to receive the gas it needs, but securing affordable supplies remains another matter.

Exporters are betting on a non-net zero world

Judging by the rush to expand LNG export capacity, the gas industry is betting on demand remaining strong for decades to come. The United States is expanding LNG exports by almost 30% between 2025 and 2027 (EIA, 2026) (see Figure 8), while Qatar plans to nearly double its export capacity by 2030, although the Middle East crisis has disrupted its timetable (QNA, 2024; Reuters, 2026d). Short-term supply disruptions may explain some of the urgency, but committing billions to new terminals requires confidence in future sales long after the crisis has passed.

Figure 8: The US is driving the global LNG export boom

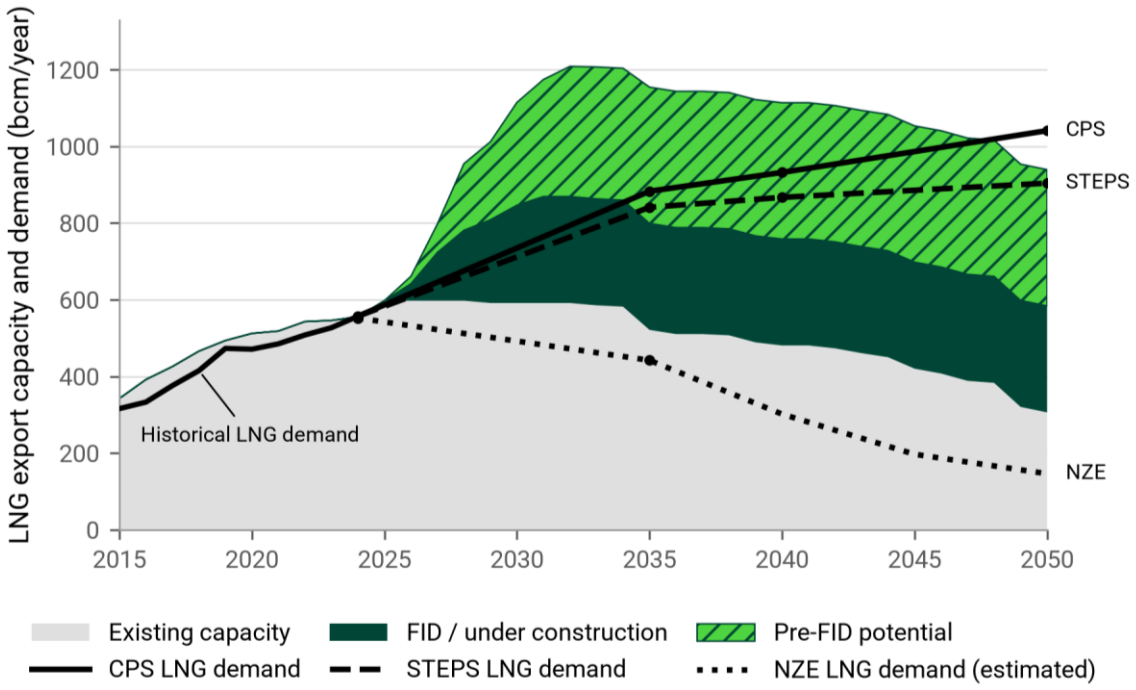


Source *IEA (2026b)*

Notes *Data for 2026 cover January to September only. No US LNG projects reached FID in 2024, amid the Biden administration's temporary pause on new LNG export authorizations to non-free-trade-agreement countries.*

Yet existing LNG export capacity alone already exceeds projected demand under a net-zero pathway, with further expansion threatening to widen the gap (see Figure 9). The industry's investment plans therefore look increasingly like a bet on a world that misses its climate targets. The IEA's Stated Policies Scenario (STEPS), reflecting existing and announced policies, sees gas demand growing into the 2030s, while its Current Policies Scenario (CPS), based on policies already in place, projects continued growth through 2050. Both envisage a world that falls well short of the Paris Agreement, with warming reaching 2.5°C and 2.9°C by 2100, respectively (IEA, 2025d).

Figure 9: LNG export capacity is vastly out of step with Paris-aligned demand



Source *GEM (2026b); IEA (2025d, 2026f); IGU (2026b)*

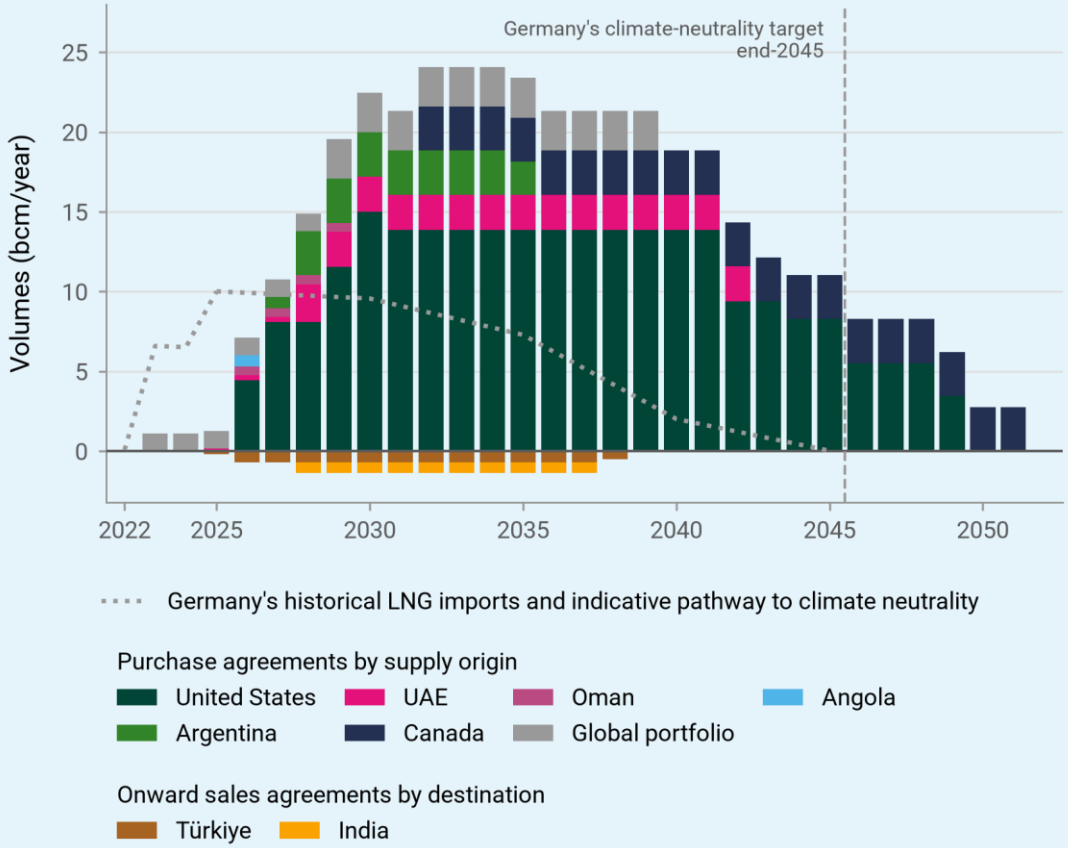
Notes *CPS reflects policies currently in force, while STEPS also considers policies put forward but not yet adopted. NZE represents a pathway to net-zero energy-sector CO_2 emissions by 2050, consistent with limiting warming to 1.5°C. CPS and STEPS LNG demand projections are taken directly from WEO 2025. NZE LNG demand is estimated from global gas demand under NZE, assuming a constant LNG share from 2035 onwards.*

Powerful gas exporters are trying to stack the odds in their favour, using their economic and political clout to secure future customers. The United States offers a particularly striking example. Under President Trump's energy dominance agenda, fossil-fuel exports have become bargaining chips in trade negotiations. The 2025 EU–US trade agreement envisaged some US$750 billion in purchases of American energy products, including LNG, oil and nuclear energy, through 2028 (European Commission, 2026). Japan pledged to purchase around €6 billion in American energy annually (Reuters, 2025b), while India's 2026 trade framework included plans for substantial purchases of US energy alongside other goods (White House, 2026), both linked to tariff reductions. These pledges show how market access is being weaponised to push gas exports and secure long-term offtake agreements, a practice described as a form of energy imperialism (NewClimate Institute, 2025).

Box 3: Whose gas interests is Germany securing?

Importing countries share responsibility for the continued expansion of gas production and trade. Long-term purchasing commitments by German energy companies help LNG developers secure financing for new export projects. Since 2022, publicly disclosed LNG purchasing agreements involving German companies amount to almost 25 bcm in annual contract quantities, although delivery periods differ (see Figure 10). More than 8 bcm of annual contracted volumes extend beyond Germany's 2045 climate-neutrality target, while contracted supplies already exceed demand levels compatible with its climate goals. RWE's recent twenty-year Texas LNG agreement, for example, anticipates deliveries beginning around 2030 (RWE, 2026).

Figure 10: German companies' LNG contracts extend well beyond the 2045 climate-neutrality target



Source *Authors' analysis of publicly disclosed contracts. The compilation is not exhaustive; Agora Energiewende (2024); BNetzA (2026a)*

Notes *Bars show annual LNG volumes secured by German companies through long-term purchase and offtake agreements, by supply origin, alongside identified onward sales. For comparison, the black line shows historical German LNG imports and an illustrative decline based on Agora's climate-neutrality pathway, assuming a constant 2025 LNG share. Contracted volumes are not equivalent to German imports or consumption. Cargoes may be sold internationally or supplied to other European countries through the gas network, while Germany can also purchase additional LNG on spot markets. Some contracts extend beyond Germany's 2045 climate-neutrality target.*

As domestic gas demand is set to decline, German energy companies are increasingly securing customers abroad. In December 2025, state-owned SEFE agreed to supply Türkiye's BOTAŞ with five million tonnes of LNG over ten years, drawing on a global portfolio anchored by long-term US supplies (SEFE, 2025). This followed an earlier three-year agreement covering more than 1.5

million tonnes. In February 2026, Uniper agreed to supply India's GSPC with up to half a million tonnes annually for up to ten years from 2028 (Uniper, 2026). Individually modest, these contracts illustrate the growing role of German companies as global LNG traders, buying gas under long-term agreements and selling it to customers worldwide. Securing customers in advance reduces their exposure to volatile spot markets and the risk of having to sell surplus LNG at a loss if European demand falls faster than expected.

Gas-exporting governments are also pushing back against stronger environmental requirements. In June 2026, the United States, Qatar, Nigeria and Algeria warned European leaders that EU methane rules could disrupt supplies (US Department of Energy, 2026b). Economy minister Katherina Reiche advocated delaying the import provisions by three years, echoing demands from the gas industry (DUH, 2026a). In October, the European Parliament backed a three-year delay, although the change still requires agreement with EU governments (European Parliament, 2026).

Public financial support further reinforces the gas industry's expansion. At COP26, Germany pledged to end direct international public finance for unabated fossil fuels by the end of 2022. Yet it approved US$1.5 billion in fossil-fuel finance in 2023–24, placing it second behind Italy among countries breaching the pledge (Oil Change International, 2026a). Export-credit guarantees remain available for certain overseas gas projects, while draft rules published in August 2026 would ease support for gas-fired power plants (urgewald & DUH, 2026).

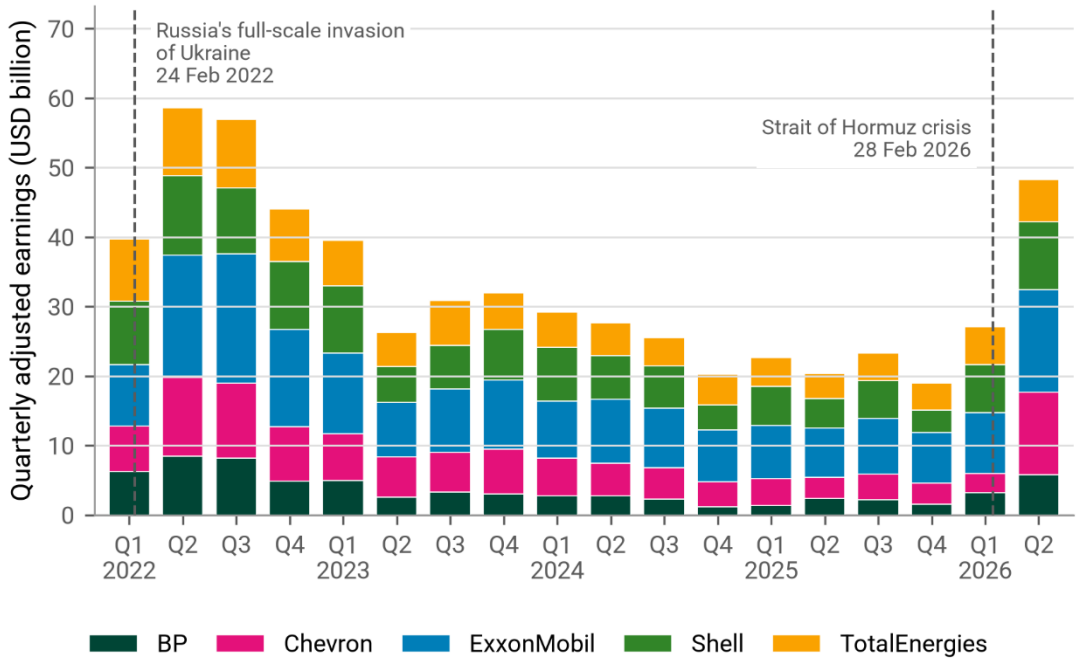
Gas is a costly bet, whatever the price

The past five years have been extraordinarily profitable for the gas industry, largely at the expense of everyone else. Soaring energy prices have squeezed households and businesses while delivering windfall profits to fossil-fuel producers. The five largest Western oil and gas companies pocketed an estimated $134 billion in excess profits during the 2022 energy crisis (Global Witness, 2023). The 2026 Middle East crisis brought another windfall, generating an estimated $32 billion in additional profits for the same companies (Financial Times, 2026) (see Figure 11). Governments have largely struggled to capture these gains through windfall taxes, although Brussels is once again considering such measures (Reuters, 2026a).

Such extraordinary profits and elevated prices have helped sustain the rush to invest in more production and export capacity. Russia's invasion of Ukraine accelerated an already booming industry, with planned LNG export capacity growing by almost 20% in 2023 and another 15% in 2024 (GEM, 2026b). New exporters joined the rush, including the Republic of the Congo in 2024 and Senegal and Mauritania in 2025. Investment gathered further momentum in 2025, when nearly 100 bcm of annual export capacity received final approval, matching the previous record set in 2019. The 2026 Middle East crisis has since encouraged further expansion, with three additional major US export projects approved (IEA, 2026c). Billions are being committed to infrastructure expected to operate long after today's unusually favourable prices have disappeared.

And today's shortage could become tomorrow's glut. Even before the latest crisis, the IEA projected a global LNG surplus of 65 bcm by 2030 under its Stated Policies Scenario, despite additional demand stimulated by falling prices (IEA, 2025e). Disruptions in the Middle East have delayed this prospect, but a record wave of new export capacity continues to advance. When disrupted supplies recover, competition for buyers could intensify considerably, particularly as also renewables and electrification eat into gas demand at growing scale and pace. The question is increasingly who remains to absorb all the gas the industry is preparing to sell. And if no one does, prices are to plummet in the medium- to long-term.

Figure 11: For oil and gas companies, energy crises can be surprisingly good business

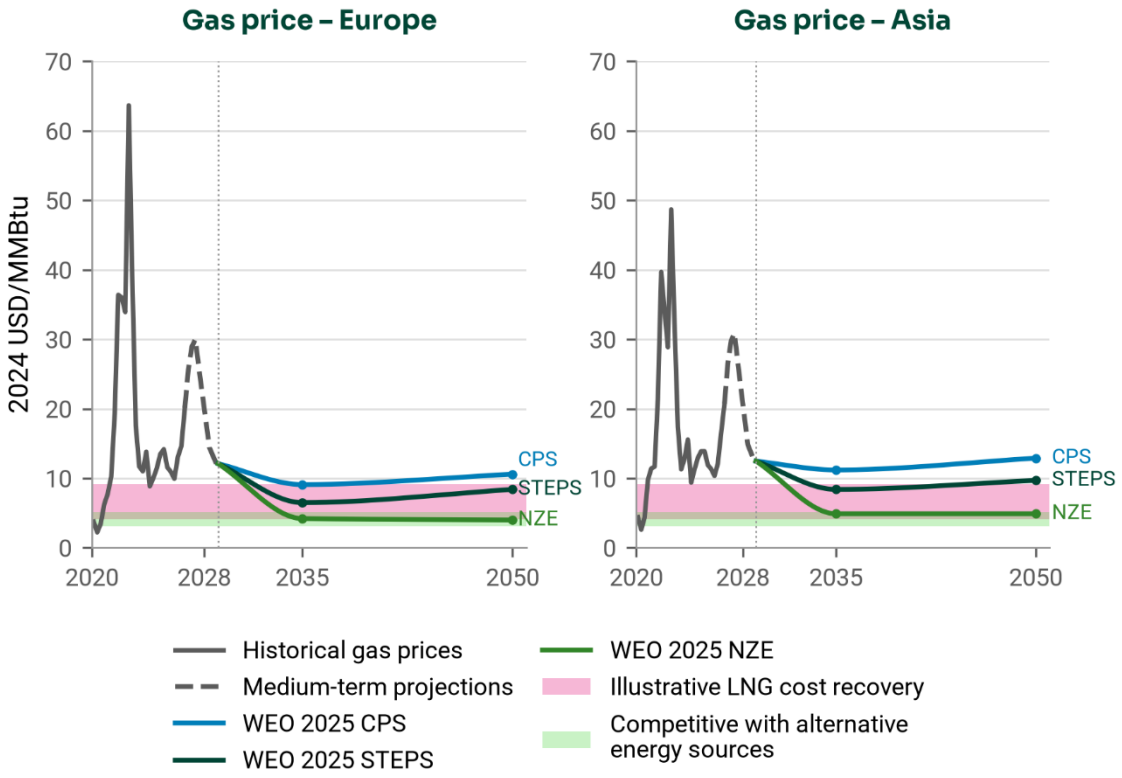


Source *Authors analysis based on financial reports from BP (2022-2026); Chevron (2022-2026); ExxonMobil (2022-2026); Shell (2022-2026); TotalEnergies (2022-2026).*

Notes *Profits represent quarterly adjusted or underlying net earnings attributable to shareholders, using each company's reported non-GAAP measure. Adjustments generally exclude exceptional items, inventory valuation effects and certain accounting timing effects. Definitions differ across companies. Figures represent total company earnings, including oil, gas, refining and other activities.*

Whatever happens to gas prices, the industry's expansion carries considerable economic risks (see Figure 12). If the world returns to a climate-aligned pathway, rapidly declining gas demand and consequently falling prices could leave newly built LNG projects unable to recover their costs. Higher-cost exporters such as Canada would be exposed (IEEFA, 2026a) as well as emerging producers such as Senegal and Mozambique that are building their development ambitions around revenues that may never materialise (IISD, 2026d). If instead the world falls short of its climate goals and gas prices remain high enough to sustain new export projects, the burden falls on importers that have bought into an energy source that cannot compete with much cheaper renewables. Prices low enough to attract new customers threaten producers' returns, while prices high enough to reward producers leave importers paying too much. For countries investing in gas-fired power and import infrastructure, either outcome risks turning today's energy choices into tomorrow's financial burdens (see next chapter).

Figure 12: Gas faces a price dilemma: too expensive to compete, too cheap to recover costs



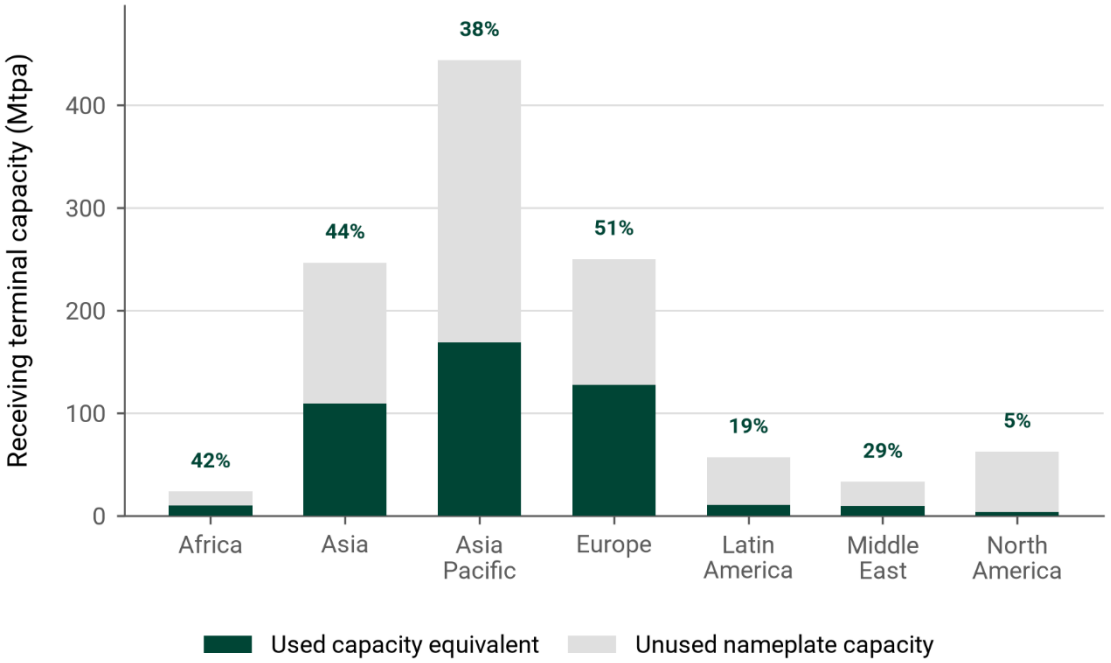
Source *ACER (2026a); Energy Institute (2026); Oxford Institute for Energy Studies (2026); World Bank (2026); IEA (2025d)*

Notes *All prices are expressed in constant 2024 US dollars per MMBtu. Historical TTF and JKM prices are adjusted for US inflation. Medium-term projections follow the Oxford Institute for Energy Studies (2026) Hormuz disruption scenario. Long-term projections represent regionally weighted import prices, following WEO 2025 scenarios covering current policies (CPS), stated policies (STEPS) and net zero by 2050 (NZE). Shaded bands indicate illustrative LNG cost-recovery prices ($4.1–9.2/MMBtu) and prices competitive with alternative energy sources ($3.1–5.1/MMBtu), based on IEA (2024) and adjusted to 2024 prices. Actual thresholds vary by project and market.*

Today's gas investments threaten tomorrow's transition

The global gas infrastructure boom risks creating a generation of stranded assets. More than 200,000 km of pipelines and more than 1.1 TW of oil and gas-fired power capacity remain in development worldwide, alongside an unprecedented expansion of LNG terminals (GEM, 2026c, 2026b). The financial stakes are enormous. Planned gas-fired power plants in the United States represent more than $416 billion in potential investment (GEM, 2026a), while Southeast Asia has another $160 billion in gas power and LNG import projects in development (GEM, 2026e). These assets are designed to operate for decades, yet climate-aligned pathways require gas consumption to decline sharply over the same period. Promises to repurpose them for hydrogen or its derivatives offer little reassurance, as many such plans remain speculative, with technical and financial barriers to conversion compounded by uncertain future hydrogen supply and demand (GEM, 2025).

Figure 13: Much of the world's LNG import capacity sat idle in 2025

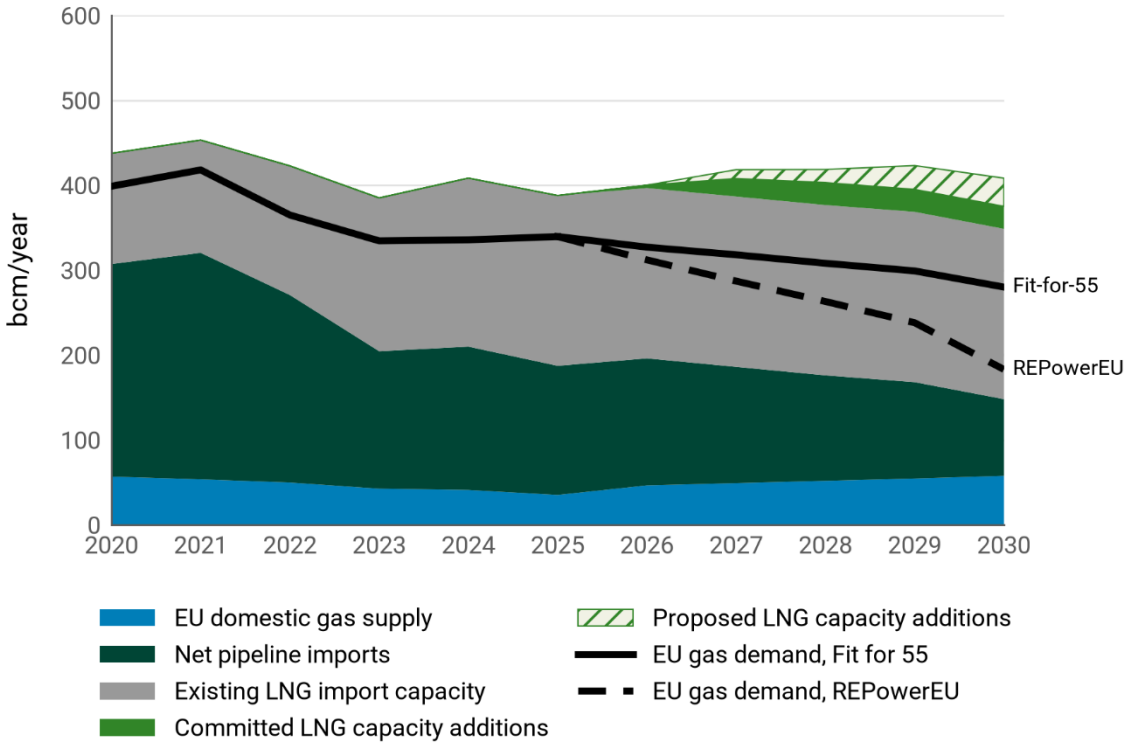


Source *IGU (2026b)*

The financial risks are already becoming apparent as expensive infrastructure sits underused. Globally, LNG import terminals operated at just 39% of capacity in 2025 (IGU, 2026b) (see Figure 13). In Asia, high LNG prices and competition from other energy sources are undermining demand (IEA, 2026c). Europe faces a more deliberate transition, with REPowerEU targeting structural reductions in gas consumption even as LNG infrastructure continues to expand (see Figure 14). Existing import capacity already exceeds projected gas demand, with the gap potentially widening to more than 200 bcm annually by 2030 if REPowerEU targets are met. Further terminal expansion would add to this surplus, increasing the risk of stranded assets and leaving investors and taxpayers exposed to the costs of infrastructure that may never be fully used.

Long-term contracts can compound these losses by locking buyers into gas they no longer need. Agreements lasting at least ten years accounted for 75% of LNG volumes contracted globally since 2022 (IEA, 2025a), while 2025 brought a decade-high 130 billion cubic metres of new annual supply commitments (IEA, 2026c). If the EU meets its REPowerEU targets, contracted LNG volumes could exceed demand by 46 bcm annually by 2030 (ACER, 2026a). Pakistan offers a cautionary tale of overestimating LNG demand. Falling electricity demand and booming rooftop solar have left the country with unwanted LNG, forcing it to negotiate the resale of contracted cargoes (IEEFA, 2026d). Resale can limit financial losses, but the purchasing obligations remain, creating further incentives to sustain gas consumption or find new buyers abroad.

Figure 14: Europe is building more LNG capacity than it needs



Source *Eurostat (2026); ACER (2026a); GEM (2026b); IEA (2026d); IEEFA (2026b)*

Notes *The chart combines observed EU domestic gas supply and net pipeline imports with theoretical LNG import capacity. LNG capacity reflects potential throughput at 85%, rather than actual imports. Domestic supply and pipeline imports are projected from 2025 to 2030 based on ACER (2026), while LNG capacity includes existing, committed and proposed terminals. Demand pathways reflect Fit for 55 and REPowerEU targets. The comparison is illustrative and does not account for regional network bottlenecks or constraints on LNG availability.*

The greatest danger of gas lock-in is that yesterday's investments can stand in the way of tomorrow's energy transition. Building and maintaining gas infrastructure ties up capital, public guarantees and institutional resources that could otherwise support renewable energy, electricity grids and electrification. This opportunity cost is particularly significant in developing economies, where access to affordable finance remains severely constrained. In 2026, emerging and developing economies outside China are expected to invest roughly €460 billion in fossil fuels and fossil-fired power, compared with just €380 billion in clean energy (IEA, 2026i). Yet meeting climate goals in these countries would require annual clean-energy investment of around €1 trillion by 2030, more than three times current spending (OECD, 2025). With the ambition to raise electricity's share of final energy consumption to 35% by 2035, the risk of further gas lock-in is growing. Without sufficient investment in renewables, grids and storage, rising electricity demand could fuel another wave of gas-fired power development.

Box 4: Who is paying the bill of Germany's gas lock in?

When Russian pipeline supplies ceased in 2022, Germany rapidly expanded its LNG import capacity. The scale of the expansion soon exceeded what was needed to replace Russian supplies and provide an oversized security buffer (NewClimate Institute, 2023). Average terminal utilisation was only about 35% in 2025, yet further permanent capacity remains planned. The reductions in gas consumption required by Germany's climate targets will leave these already underused assets increasingly exposed to early closure and financial losses (IEEFA, 2026c).

Taxpayers bear much of that exposure. By March 2023, the German parliament had allocated €9.8 billion for LNG infrastructure over 2022–38 (IEEFA, 2026c). A support scheme approved in 2024 anticipates more than €4 billion in public contributions to cover the losses of four floating terminals over 2023–33, potentially rising to almost €5 billion (European Commission, 2024). Remarkably, even Germany's Special Fund for Infrastructure and Climate Neutrality is helping finance these commitments, with €575 million earmarked for LNG terminals in 2026 (FÖS, 2026b). At the permanent Brunsbüttel terminal, the state has agreed to a fifteen-year preferential dividend arrangement favouring its commercial partners when returns are low. An early state exit would require compensation for the remaining preferential dividends (European Commission, 2023).

Economy minister Katherina Reiche is extending these commitments into electricity generation and heating. Her capacity scheme provides for two auctions covering 9 GW, with requirements that favour new gas plants over batteries and exclude flexible demand. This scheme alone could commit around €33 billion in support payments over fifteen years (DUH, 2026b). The government intends to recover support costs through a levy from 2031, placing the burden on electricity users, with possible exemptions for energy-intensive industry. The government also plans a broader capacity market from 2032, potentially extending support payments to additional power plants and other flexible capacity. Prioritising new gas plants without systematically assessing storage, demand response and other flexibility options risks committing public resources to unnecessary fossil infrastructure while crowding out potentially cheaper alternatives.

Meanwhile, the new Gebäudemodernisierungsgesetz (GModG) allows continued investment in gas boilers, exposing households to rising heating costs. Annual gas-heating bills for a typical household could rise from €1,080 in 2026 to nearly €2,000 by 2040, driven by higher network charges, carbon prices and requirements to use more expensive low-carbon gases (IW, 2026).

These new commitments compound the cost of retiring Germany's existing gas networks. As households and businesses electrify, network costs fall on fewer customers. Accelerated depreciation allows operators to recover their investments sooner, increasing charges today to limit the costs left for remaining users later (Öko-Institut, 2024). Without targeted support and coordinated network closures, those least able to switch risk paying an increasing share of the bill.

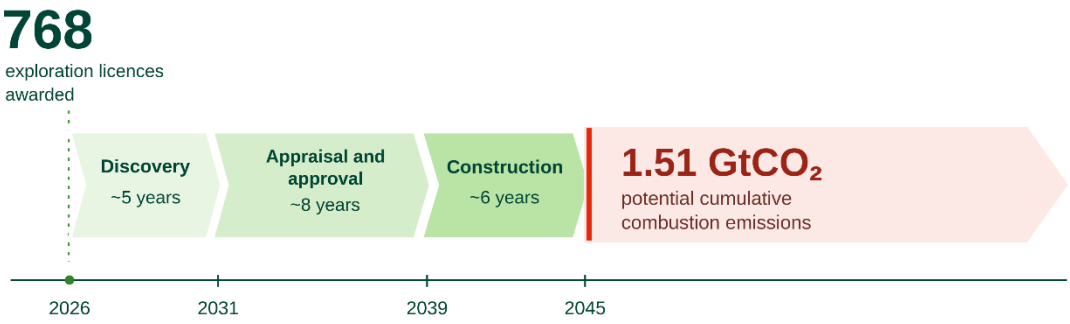
The financial costs of gas dependence can quickly become political ones. Rising energy bills fuel public anger, often benefiting parties promising relief. During Germany's 2022–23 energy crisis, households facing above-median increases in electricity payments became significantly more likely to support the Alternative for Germany (AfD), Germany's right-wing populist party (Konc et al., 2026). Prolonging dependence on volatile gas markets therefore also risks fuelling political discontent, with consequences that extend well beyond household budgets.

Shifting to domestic gas production offers no relief

The latest energy crisis has breathed new life into the pursuit of domestic gas production. In the twelve months to July 2026, governments worldwide awarded 768 new oil and gas exploration licences, covering resources that could release an estimated 1.51 billion tonnes of CO_2 if fully extracted and burned (IISD, 2026a). As disruptions in the Middle East expose the risks of relying on imported LNG, governments are increasingly looking closer to home for alternative supplies. In October 2026, the United Kingdom approved production at the Jackdaw gas field in the North Sea, citing energy security and the prospect of replacing higher-emission imports (UK Government, 2026). In Germany, calls to reconsider domestic gas extraction, including fracking, have regained political attention (see Box 5). The appeal is understandable. Domestic gas promises greater control over energy supplies, potentially lower costs and reduced exposure to international disruptions. Shorter supply chains may also lower greenhouse gas emissions by avoiding the energy-intensive liquefaction, shipping and regasification required for LNG (IEA, 2026a).

Yet new domestic production often arrives long after the crisis that helped justify it. Developing conventional oil and gas fields takes almost 20 years on average from the award of an exploration licence to first production, including around six years for construction alone (IEA, 2025c) (see Figure 15). These timelines are getting longer as easily accessible reserves are depleted and new developments face greater technical, financial and environmental challenges (GEM, 2026d). Smaller projects connected to existing infrastructure can proceed much faster, but new exploration offers little relief from immediate supply disruptions. By the time new fields begin delivering substantial volumes, accelerating electrification and climate commitments may already have reduced the market they were intended to serve. Governments and producers risk committing capital to assets whose economic usefulness declines before their costs have been recovered.

Figure 15: Today's exploration licences could fuel emissions well beyond 2050



Source *IEA (2025c); IISD* (2026a)

Notes *In the 12 months to July 2026, 768 new oil and gas exploration licenses were awarded, with potential cumulative combustion emissions of 1.51 $GtCO_2$. Assuming an average development time of nearly 20 years from licensing to first production, substantial emissions could occur well beyond 2050. The illustration assumes successful development, although not all licenses lead to production.*

Domestic production also offers limited protection against international gas prices. Where gas is traded across borders, producers have an incentive to sell at prevailing market prices, exposing domestic consumers to international shocks. For example, the US LNG export expansion could raise US wholesale gas prices by at least 30% by 2050 compared with a scenario limited to existing and approved export capacity, with the actual increase potentially even higher (RFF, 2025). For smaller producers integrated into international markets, additional domestic extraction offers even less insulation from price shocks.

The climate benefits of replacing imported LNG with domestic gas are equally uncertain. Avoiding liquefaction and long-distance shipping can substantially reduce supply-chain emissions. In 2025, the average LNG supply chain emitted an estimated 18.6 grams of CO_2-equivalent per megajoule delivered, before the roughly 55 grams of CO_2 released during combustion (IEA, 2026a). However, additional domestic production does not necessarily displace an equivalent quantity of imported gas. Lower prices can stimulate consumption, encourage investment in gas-dependent equipment and delay the retirement of existing infrastructure. The IEA explicitly anticipates such demand effects as expanding LNG supplies drive prices down towards 2030 (IEA, 2025a). Any climate savings from shorter supply chains must therefore be assessed against the possibility that additional production prolongs fossil-fuel consumption. And new extraction also introduces local environmental risks, particularly where unconventional gas requires hydraulic fracturing.

Box 5: Germany's gas revival and the limits of energy sovereignty

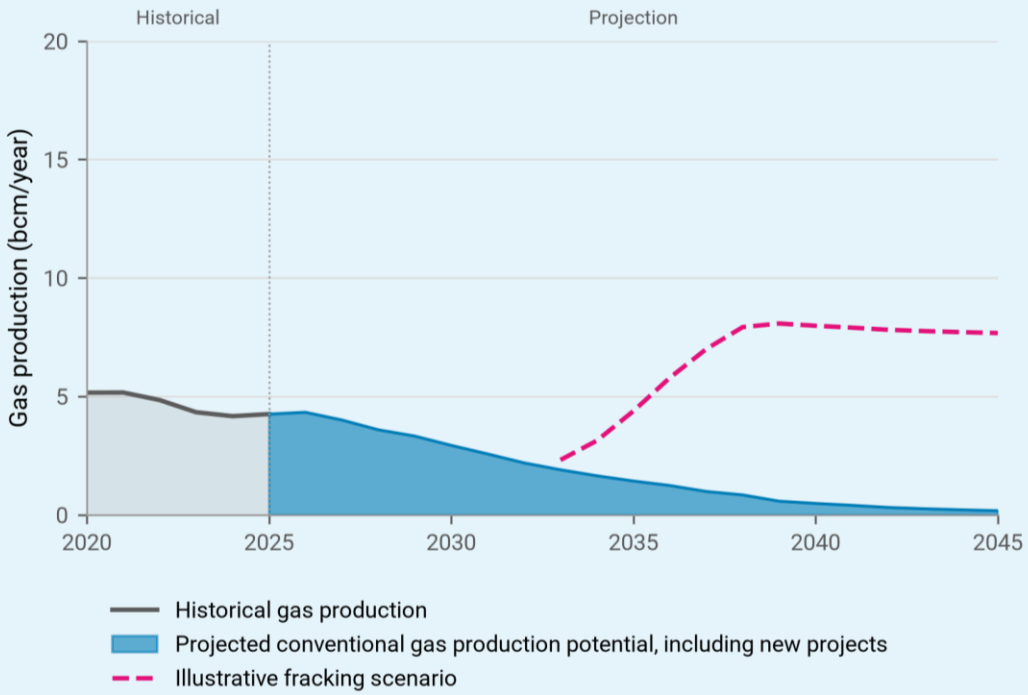
Germany's gas crisis has revived political enthusiasm for extracting more fossil gas at home. New exploration projects are advancing in Bavaria and Lower Saxony, while the Dutch company ONE-Dyas is developing offshore gas reserves near the island of Borkum. Economic advisers to the federal energy ministry have also recommended reconsidering Germany's ban on unconventional fracking, arguing that domestic shale gas could reduce import dependence and lower energy prices (ifo Institute, 2026). The promise of greater energy sovereignty is attractive, but Germany's remaining gas resources offer limited grounds for optimism.

The country's conventional gas reserves are dwindling. Domestic production covered less than 5% of German gas consumption in 2025, while remaining proven reserves amount to just about 30 bcm, sufficient to sustain current production for only around seven years (BVEG, 2026). New conventional developments could slow this decline, but their contribution would remain modest. Near the Bavarian village of Reichling, for example, an estimated 300–500 million cubic metres of gas could be extracted, equivalent to roughly two days of national consumption (BUND, 2026). Much larger quantities could theoretically be unlocked through unconventional fracking of shale-gas formations, with estimates suggesting potential annual production of 5–10 billion cubic metres (ifo Institute, 2026). Yet this would require hundreds of wells, substantial investment and several years of preparation, with commercial viability far from assured.

Even a substantial increase in domestic production would offer limited protection against international price shocks. German gas enters an interconnected European market in which private producers have an incentive to sell at prevailing wholesale prices. Additional supply would at best modestly reduce prices, but the quantities available are unlikely to shift the wider market significantly. Moreover, new developments risk arriving as German gas demand contracts towards its 2045 climate-neutrality target, leaving investors with infrastructure whose economic lifetime may prove shorter than anticipated.

The environmental costs are harder to ignore. Unconventional fracking remains prohibited in Germany because of concerns over groundwater contamination, wastewater disposal, methane leakage and induced seismicity (UBA, 2026a). Conventional extraction also carries considerable environmental risks. Offshore developments near Borkum have already raised concerns about disturbance to sensitive marine habitats, including protected reef ecosystems (Deutscher Bundestag, 2026). Decades of gas production in the neighbouring Dutch province of Groningen triggered earthquakes and extensive damage to buildings, leaving thousands of properties requiring reinforcement even after production ceased (SodM, 2026).

Figure 16: Germany's gas production potential remains limited



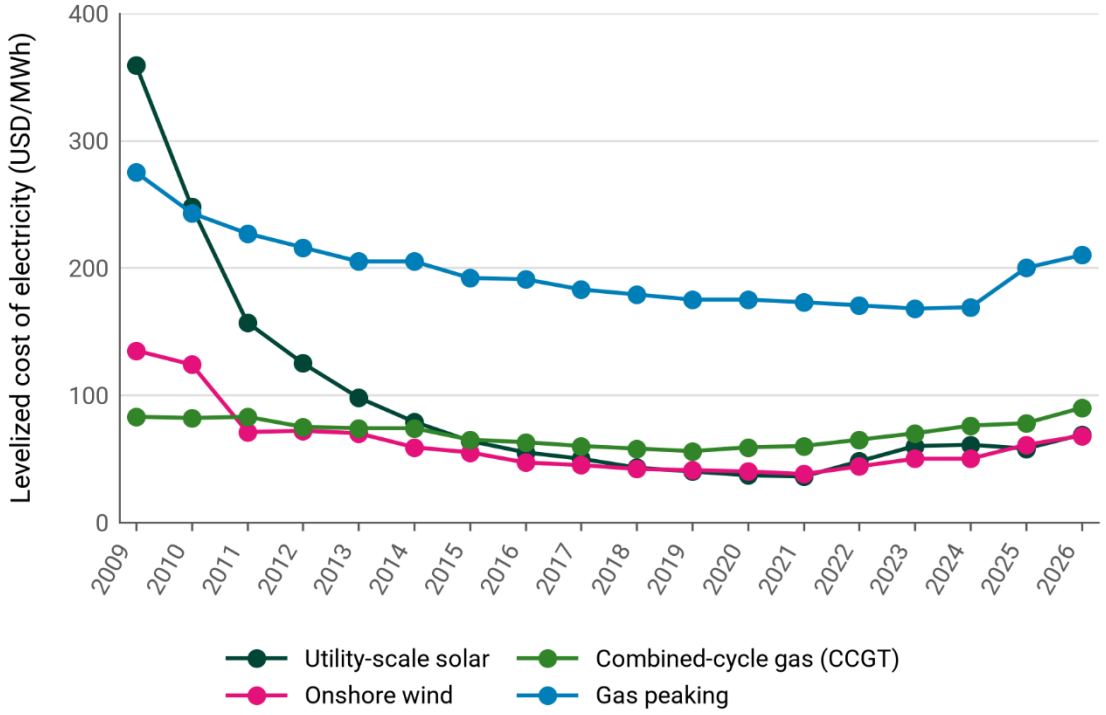
Source *BVEG (2026); ifo Institute (2026)*

Notes *From 2026, conventional gas production is modelled using an S-curve depletion model based on Germany's remaining 30.9 bcm of gas reserves (BVEG, 2026), calibrated to historical production and adjusted for recent and planned projects. The illustrative fracking scenario assumes production potential based on ifo Institute* (2026). *Projections are illustrative and do not assess economic viability or project approval.*

How about renewables?

The route to lasting energy security runs through renewables. By reducing dependence on imported fossil fuels, renewable energy and electrification protect economies from international price shocks and geopolitical supply disruptions (Kemfert, 2026). The benefits are already measurable around the world. Since 2010, South Korea's wind and solar plants have generated electricity that would otherwise have required an estimated $25 billion in imported LNG (Ember, 2026b). In Japan and China, natural gas consumption for building heating would have been around 35% higher in 2025 without heat pumps (IEA, 2026h). And Europe's existing heat pumps already displace more than twice its annual LNG imports from the Middle East, avoiding almost €10 billion in gas import expenditure (EHPA, 2026).

Figure 17: Renewables produce cheaper power than gas-fired generation



Source *Lazard (2026)*

Notes *The chart shows historical average levelized costs of electricity (LCOE) for new power plants in the US, based on Lazard's annual estimates. Values represent the midpoint of estimated cost ranges, including investment, financing, operation and fuel costs, without subsidies. Estimates exclude broader grid integration, balancing and environmental costs. Comparisons do not account for differences in dispatchability between renewables and gas-fired generation.*

Falling renewable costs are a key driver, steadily undermining the economic case for gas-fired power. Since 2009, the cost of utility-scale solar and onshore wind has fallen by 81% and 50%, respectively. At $69 and $68/MWh, both are now cheaper than new combined-cycle gas plants ($90/MWh) and considerably cheaper than gas peaking plants ($210/MWh), even under comparatively favourable US gas prices (see Figure 17) (Lazard, 2026). This is increasingly translating into a global trend. In 2025, wind and solar generated more electricity than all fossil fuels combined in the EU for the first time (Ember, 2026a). Across much of Asia, solar overtook gas-fired generation in the 12 months to April 2026, following a near-quadrupling of output since 2020 (Carbon Brief, 2026). Renewables accounted for almost 86% of all new power-generating capacity worldwide (IRENA, 2026).

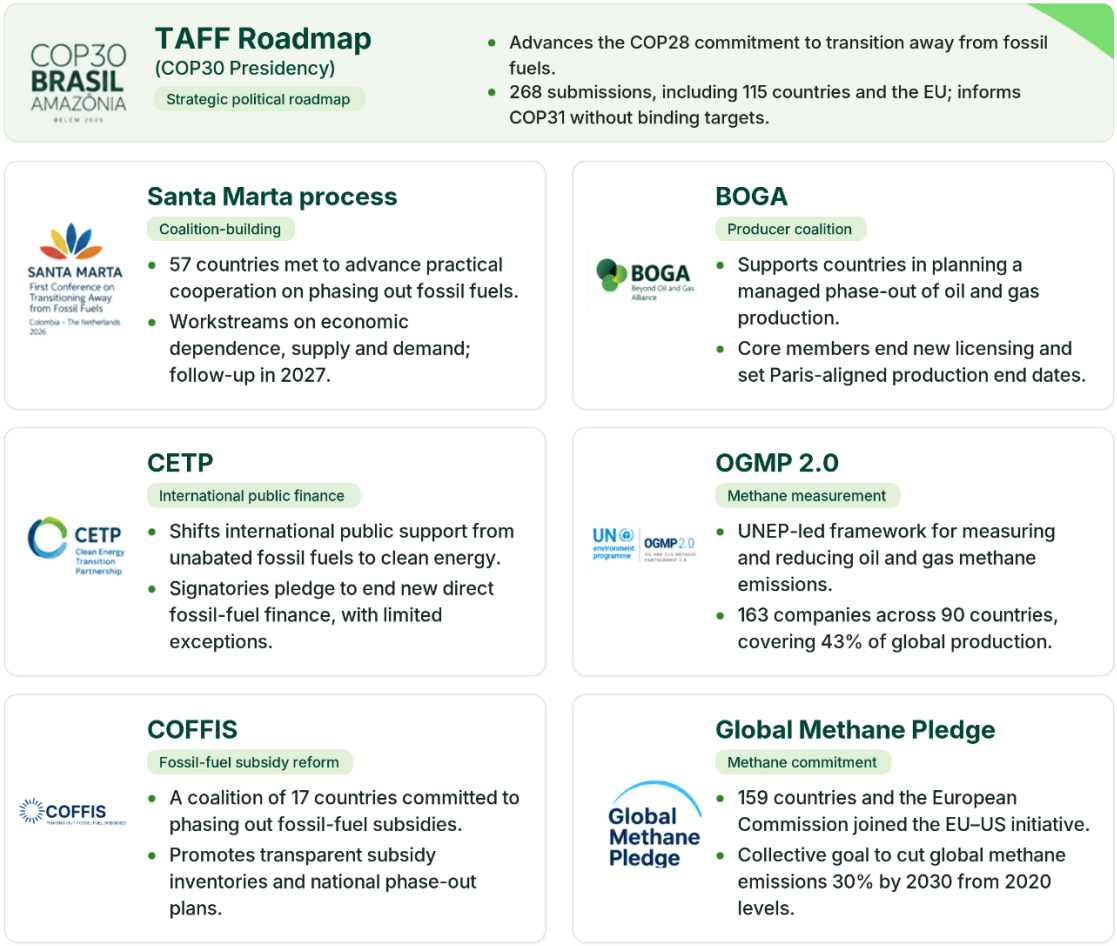
And the global energy transition is gathering further momentum. In 2025, the world added a record 692 GW of renewable power capacity, more than twice as much as in 2022. Global spending on clean energy technologies and infrastructure is expected to reach $2.2 trillion in 2026, almost twice the $1.2 trillion flowing into fossil fuels, with renewable power projects alone attracting $665 billion (IEA, 2026i). Progress remains uneven and insufficient to meet global climate targets, but the direction of travel is unmistakable. Every new investment that prolongs gas dependence risks swimming against this tide, diverting capital from cleaner alternatives and leaving households, businesses and taxpayers exposed to further price shocks, stranded assets and mounting climate damages.

Breaking the grip of gas will ultimately depend on making the energy transition work for everyone. Cheaper renewables offer the prospect of greater energy security, lower bills and reduced dependence on foreign suppliers. Yet these benefits will not materialise automatically. Long-term contracts, existing infrastructure and dependence on fossil-fuel jobs and revenues create barriers that falling technology costs alone cannot overcome fast enough and everywhere. This is particularly true in the Global South, where high financing costs and limited public resources constrain the transition. Overcoming these barriers requires affordable finance, investment in grids, storage and electrification, and targeted support for vulnerable households, workers and fossil-fuel-dependent communities. An equitable transition offers the opportunity to break free from the economic and political dependencies that have kept the world hooked on gas for so long.

Breaking the gas trap as a collective endeavour

The world has agreed to move away from fossil fuels but has yet to agree on how to do so, let alone follow through. The landmark COP28 commitment established a direction without defining national phase-out schedules or mechanisms for coordinating declining production and consumption. Following the failure to secure further consensus at COP30, Brazil's presidency launched the Transition Away from Fossil Fuels (TAFF) Roadmap, with contributions from more than 100 countries ahead of COP31 in Antalya (COP30 Presidency, 2026). Developed outside formal UNFCCC negotiations, the roadmap could nevertheless help advance implementation of the COP28 commitment within the international climate process. However, it remains a strategic guidance document without binding targets, timelines or national responsibilities. COP31 is an opportunity to build on this work by encouraging governments to develop credible national exit plans, including sectoral gas-demand and production pathways, infrastructure investment criteria, financing needs and measurable milestones. These should feed into national climate strategies and inform the next Global Stocktake or other relevant UNFCCC processes, with regular international reviews of progress. The essential next step is to set a timetable for the transition and hold governments accountable for meeting it.

Figure 18: Ecosystem of the gas exit alliances



Source *Authors' non-exhaustive compilation based on the initiatives' official websites.*

Where global consensus stalls, coalitions of willing countries can turn ambition into action. The Santa Marta conference, convened by Colombia and the Netherlands in April 2026, brought together 57 countries to advance practical cooperation on phasing out fossil fuels outside the consensus-based UNFCCC negotiations. The meeting established new workstreams on reducing economic dependence, transforming supply and demand, and strengthening international cooperation, with Ireland and Tuvalu preparing a follow-up conference in 2027 (Government of the Netherlands, 2026). Existing alliances can help turn these discussions into commitments. The Beyond Oil and Gas Alliance (BOGA) supports producing countries in developing phase-out pathways (BOGA, 2026), while the 17-country Coalition on Phasing Out Fossil Fuel Incentives Including Subsidies (COFFIS) works to eliminate public support for fossil fuels (IISD, 2026b). For gas, the next step is to connect willing producers and importers around shared expectations of declining demand, limits on new supply and infrastructure, and support for affected economies. A smaller group of countries acting together could establish the practical arrangements that years of global negotiations have struggled to deliver (NewClimate Institute, 2026).

International finance must stop underwriting new gas dependence and start making alternatives affordable. The Clean Energy Transition Partnership (CETP) has made some progress in shifting public finance away from fossil fuels. By 2025, signatories had reduced international fossil-fuel finance by as much as 80%, yet less than half of the withdrawn support was matched by additional clean-energy finance, particularly in developing economies (IISD, 2026c). Their contribution to actual emissions reductions remains unquantified. Closing loopholes in public financing must therefore go hand in hand with making alternatives affordable. International support must also help gas-producing countries diversify their economies and prepare for declining revenues, as called for in the emerging international roadmap for transitioning away from fossil fuels (IISD, 2026b). Without such support, countries with the least financial room to manoeuvre may have the hardest time leaving gas behind.

Methane offers an immediate opportunity for international action, provided it does not become an excuse to prolong gas use. Around 70% of methane emissions from fossil-fuel operations could already be eliminated with existing technologies, including more than 35 million tonnes annually at no net cost under 2025 market conditions (IEA, 2026g). The Global Methane Pledge brings together 159 countries and the European Commission around a collective target to cut methane emissions across all sectors by at least 30% by 2030 (Global Methane Pledge, 2026). In the oil and gas sector, the UN-backed Oil and Gas Methane Partnership now covers 163 companies across 90 countries, representing 43% of global production (OGMP, 2026). Major importing markets can reinforce these efforts through common reporting standards, independent verification and requirements covering emissions embedded in imported fuels. The EU's methane regulation provides an important precedent, although delays threaten to slow and weaken implementation. Stronger cooperation on measurement and compliance could help spread effective standards globally. Cutting methane can deliver rapid climate benefits but cannot eliminate the CO_2 emissions from burning gas. Both tasks must proceed together.

Box 6: Germany's responsibility in the global gas exit

Germany has positioned itself among the international pioneers of the fossil-fuel transition. In September 2026, it became the third country to publish a national roadmap for transitioning away from fossil fuels, setting out its ambition to reach climate neutrality by 2045 (BMUKN, 2026). Yet Germany continues to support new gas infrastructure, long-term LNG contracts and international fossil-fuel investment. Its credibility in international climate diplomacy increasingly depends on bringing these policies into line with its commitments.

At COP31, Germany should push for concrete national fossil-fuel exit plans and lead by example. Its recently published roadmap provides a starting point but should be strengthened with measurable milestones for reducing gas consumption, ending new fossil-fuel investment and retiring existing infrastructure. Germany should champion the inclusion of such national plans in the international TAFF Roadmap, supported by regular reporting and review under the UNFCCC. Germany was among the 57 countries participating in the April 2026 conference on transitioning away from fossil fuels in Colombia. It should use this coalition to translate the COP28 commitment into practical international cooperation, including coordination between importing and producing countries.

Germany should also join the Beyond Oil and Gas Alliance and help broaden its ambitions. Despite its international climate commitments, Germany is currently absent from BOGA, whose members have begun developing national pathways for ending oil and gas production. Joining would require Germany to confront its own plans for further domestic extraction and extended gas use in the energy sector, while lending political weight to efforts to coordinate declining global production. Germany could also encourage the alliance to engage more systematically with major importing countries, linking production phase-out commitments with credible reductions in demand and support for economically vulnerable producers.

At home, Germany needs a coordinated strategy for reducing gas dependence across heating, electricity and infrastructure. This should include plans for the gradual retirement of gas distribution networks, aligned with municipal heat planning and supported by regulatory arrangements that protect remaining customers from disproportionate costs. Accelerating heat pumps, district heating and building efficiency would reduce gas demand while enabling an orderly network phase-out. New gas-fired power plants, LNG infrastructure and long-term supply commitments should be assessed against declining demand and Germany's 2045 climate-neutrality target, with alternatives to new fossil investments systematically considered.

Within the EU, Germany should defend stronger fossil-fuel regulation and promote a coordinated gas exit. This requires a change in direction. Instead of further supporting the weakening of EU regulation on methane and emissions trading schemes, for example, the country should press for timely implementation, stronger verification and cooperation with exporting countries to support compliance. Berlin should also champion European gas-demand reduction targets and require future LNG infrastructure and purchasing commitments to be assessed against declining demand. A coordinated European approach would reduce the risk of individual countries creating costly overcapacity while competing to secure unnecessary future supplies.

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