Enhancing gas supply security in the EU

IEA Workshop on supply security

20 November 2023

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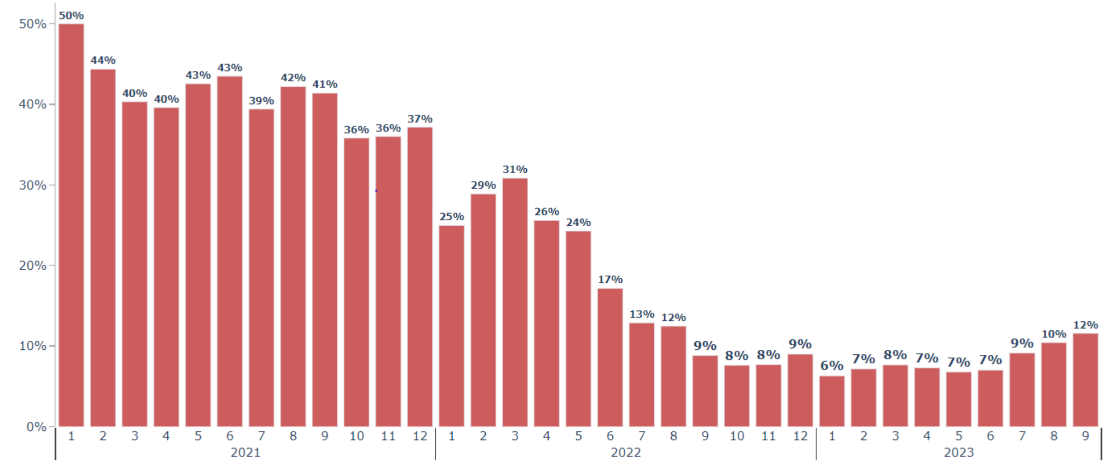
Based on material by ENER's chief economist, security of supply and Energy Platform Teams

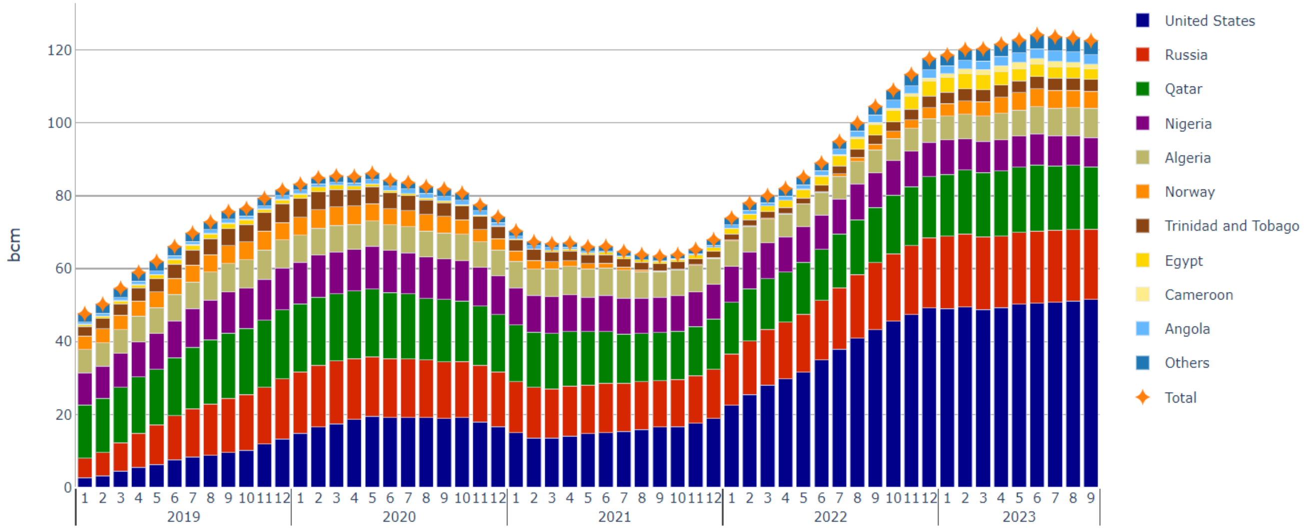
** Material only for the purpose of IEA workshop – not official position of the European Commission*

2021-2022 gas market – main drivers

- Disruption of deliveries of Russian gas
- Low gas storage for winter 2021/2022 – 77% (Nov 2021)
- LNG only around 20% of imports



Source: ENTSO-G



Source: *European Commission based on ENTSO-G and Refinitiv*

European Commission

EU's action 2021-2023

13 October 2021
Communication
Tackling rising energy prices: a toolbox for action and support

2022

24 February
Russia's invasion of Ukraine

8 March
Outline of REPowerEU: Joint EU action for more affordable, secure and sustainable energy

23 March
Commission proposal to amend the Security of Gas Supply Regulation and a Communication Security of supply and affordable energy prices: Options for immediate measures and preparing for next winter

18 May
REPowerEU Plan to rapidly reduce dependence on Russian fossil fuels

27 June
Adoption of the Gas Storage Regulation

20 July
Commission proposal for a Regulation on coordinated demand reduction measures for gas and communication Save gas for a safe winter

5 August
Adoption of the Regulation on coordinated demand reduction measures for gas

14 September
Commission proposal for a Regulation on an emergency intervention to address high energy prices

6 October
Adoption of the Regulation on an emergency intervention to address high energy prices

18 October
The Commission's additional proposals to fight high energy prices and ensure security of supply

9 November
Proposal for a temporary emergency regulation to accelerate the deployment of renewables

22 November
Proposal for a market correction mechanism

19 December
Political agreement on all outstanding emergency measures

2023

20 March
Proposal to extend the coordinated demand reduction for gas rules

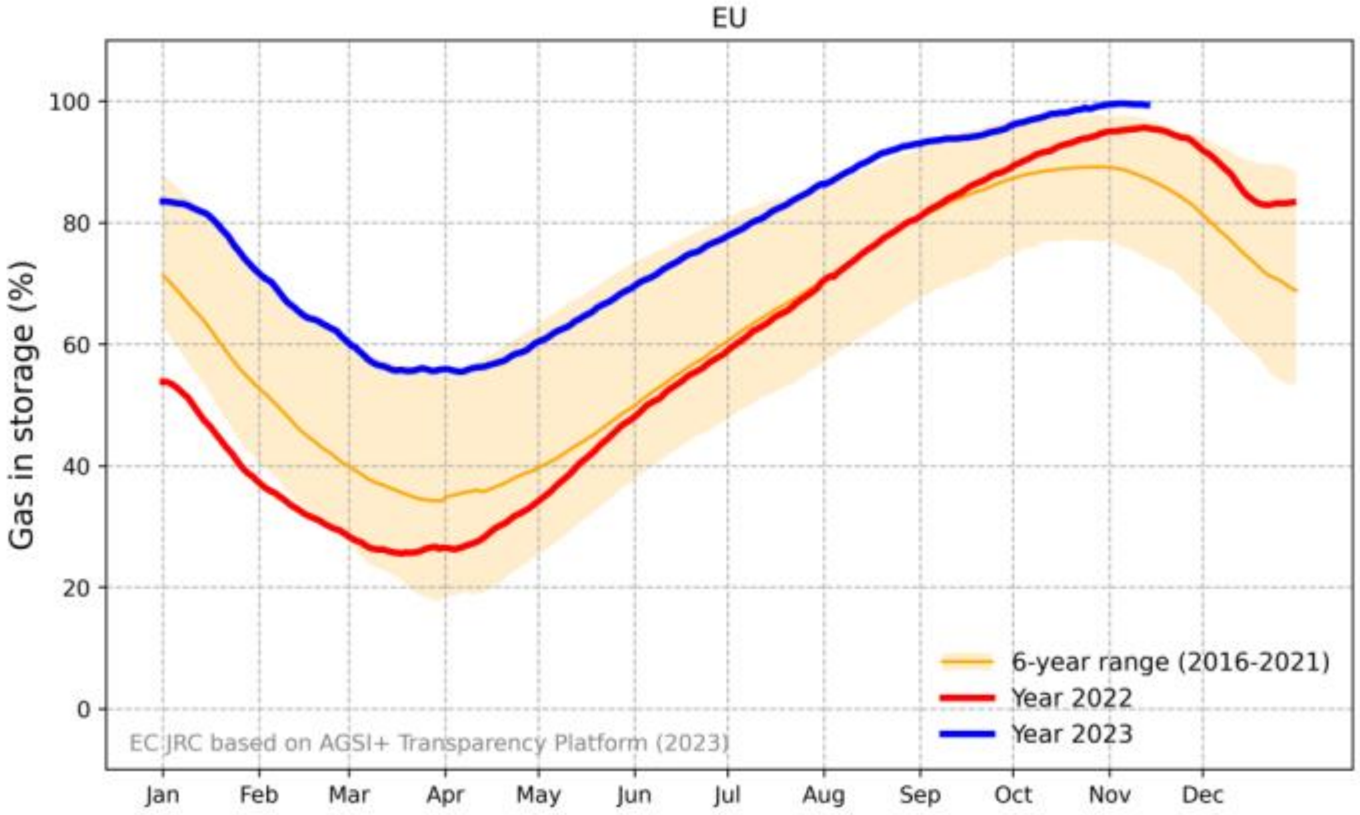
439 energy measures
Implemented in Europe in response to the energy crisis

*The latest policy package on demand reduction was adopted by the Council on 30 March 2023

European Commission

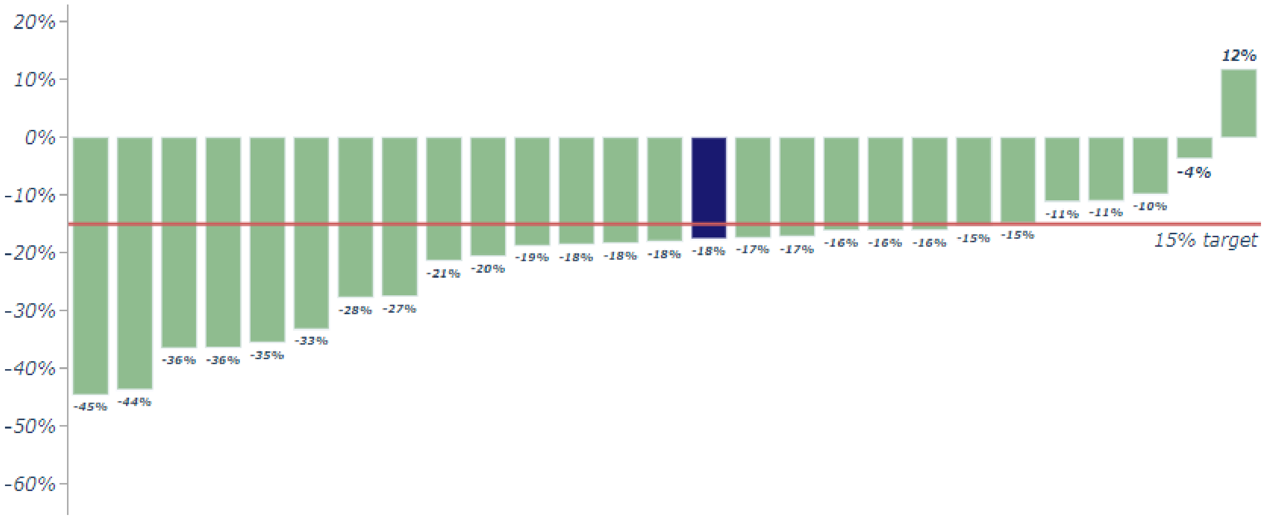
Storage filling evolution (mid November)

- **2021 – 77%**
- **2022 – 95%**
- **2023 – 99%**



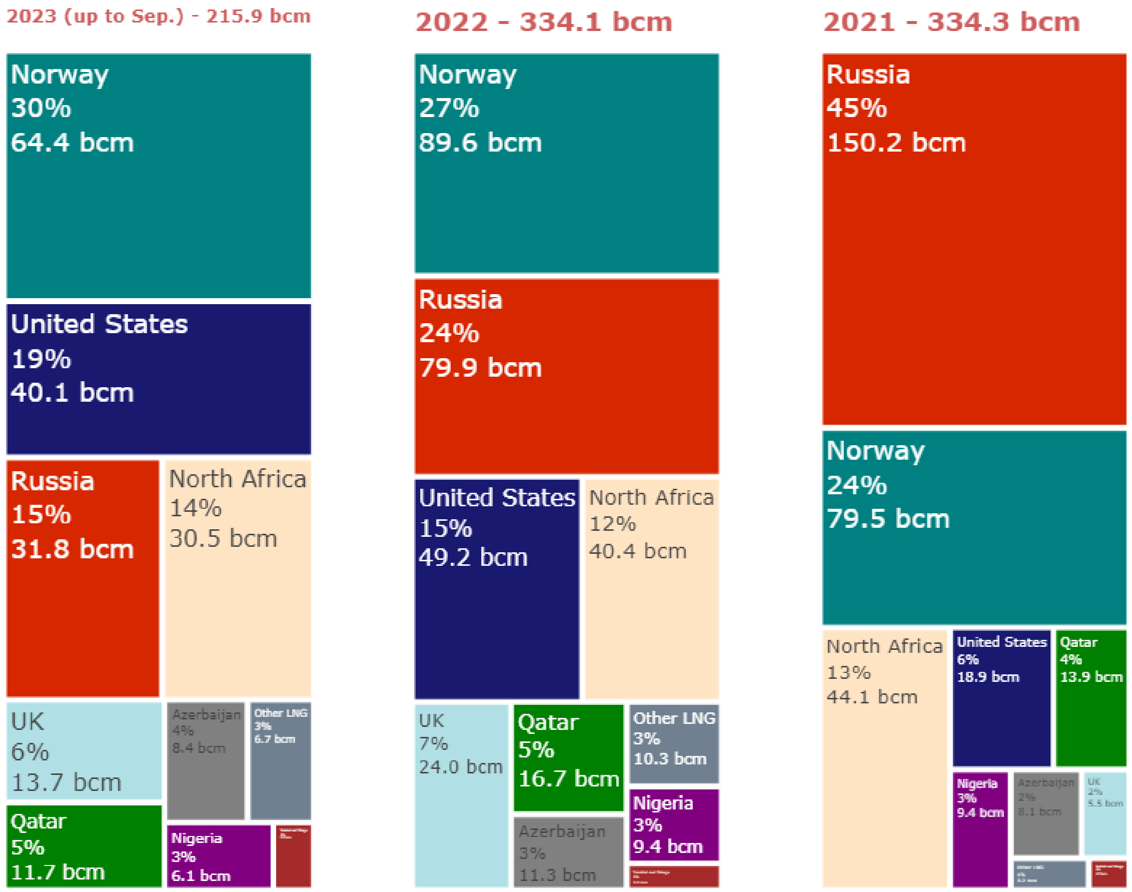
Gas demand reduction

- **Target 15%**
- **18% demand reduction** (08/2022-09/2023)
- **77 bcm equivalent**
- **Important variations between Member States**



***Source**: Eurostat*

Gas supply to EU – pipeline and LNG



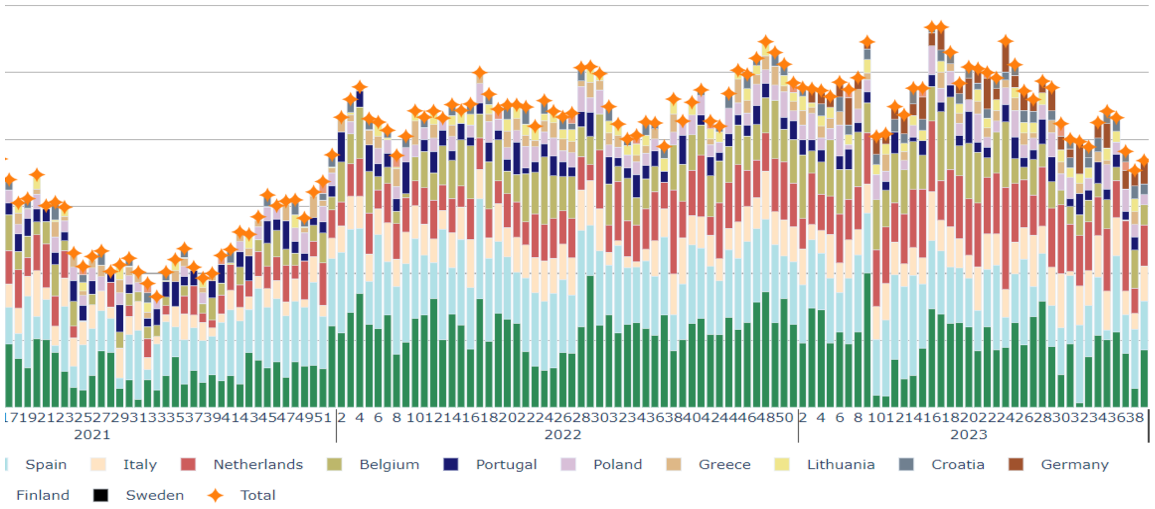
- Key role of LNG (since 2022 no 1)
  - 2021 – 68 bcm (around 20%)
  - 2022 – 118 bcm (40%)
  - 2023/09 – 90,7 bcm
- Europe contesting increasing share of flexible LNG (FOB/spot)
- Diversification away from Russian gas progressing
- Maximisation of supplies from other suppliers

***Sources**: Refinitiv, ENTSO-G Transparency Platform, ENER Chief Economist Unit*

European Commission

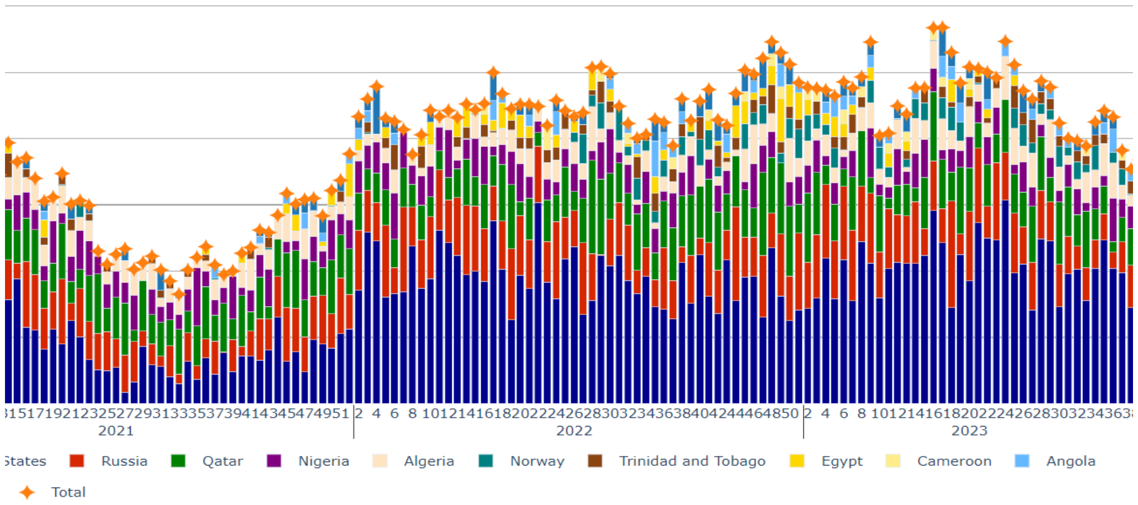
LNG in the EU

Weekly gross LNG imports in the EU Member States



nmission based on ENTSO-G and Refinitiv

Weekly gross LNG imports to the EU per source



LNG imports in 2023 in the EU

Year-to-date (Sep.) gross LNG imports in the EU

90.7 bcm

▲4.9

Change from last year

▲6%

Change from average of 2019-2021

▲61%

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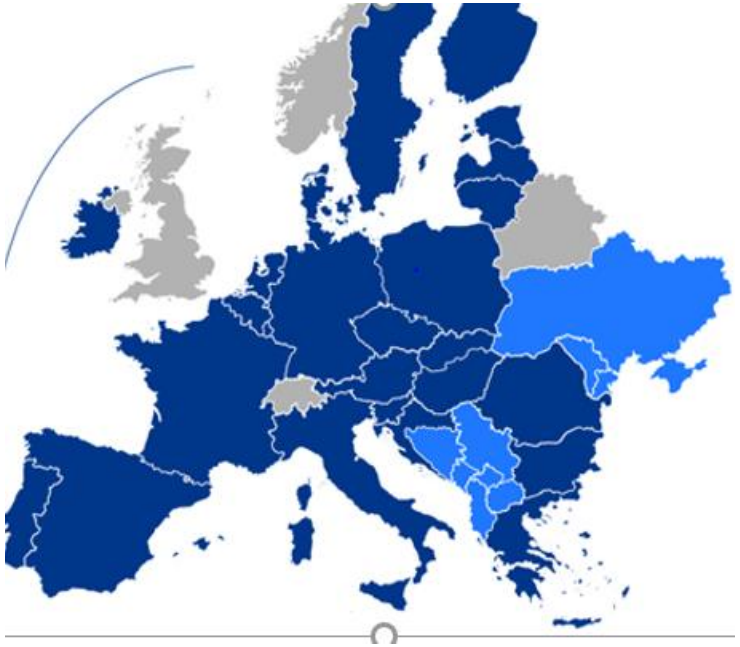
AggregateEU - demand aggregation



Who can buy

- EU27 & Energy Community (incl. UKR, MD)
- End consumers, gas traders, gas suppliers

Gas sellers

- All except for Russia

Products

LNG delivery (min. 300.000 MWh or 1/3 cargo)

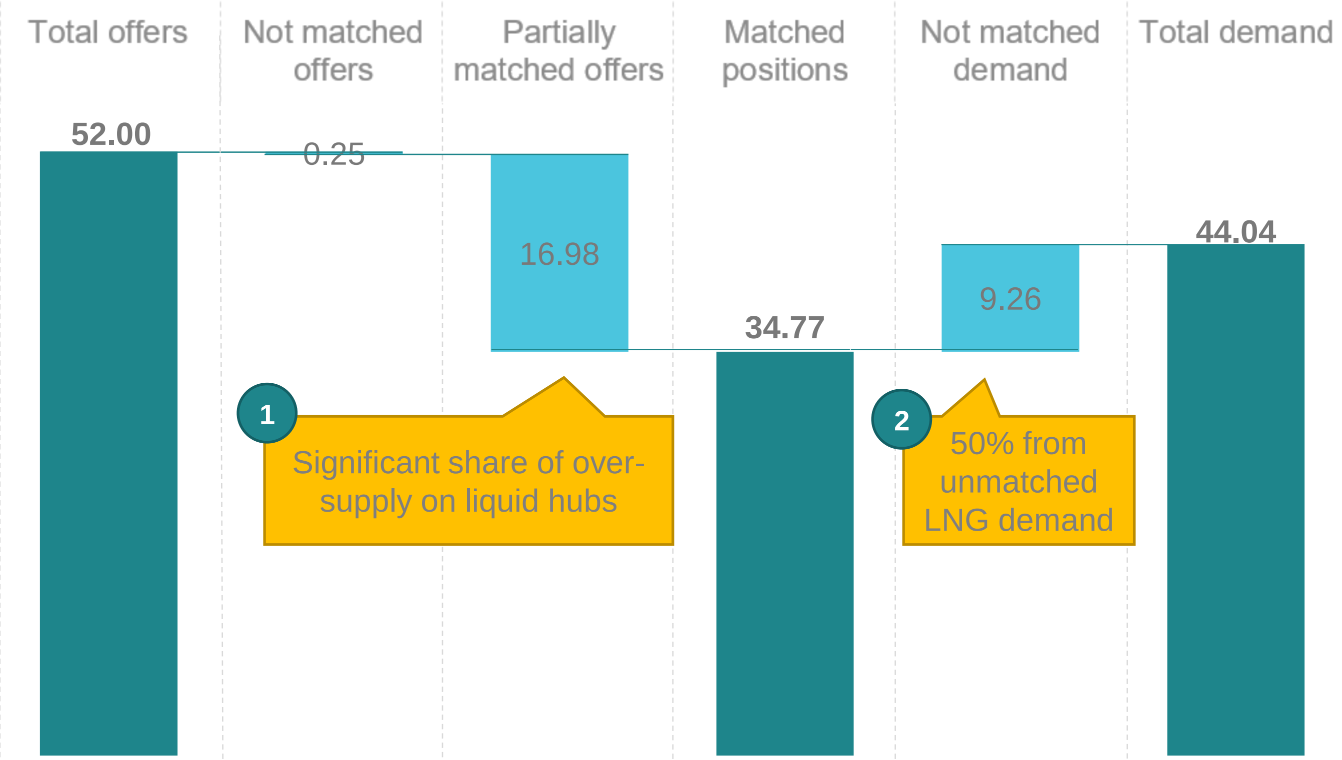
26 national balancing points (min. 5.000 MWh)

Duration

Until March 2025

More than 34 bcm of gas demand and supply matched through AggregateEU, the equivalent of around 10% of total EU consumption in 2022

Distribution of offers and demands over the three first rounds, *bcm*



Round 1	**18,7**	**10,9**	**11,6**
Round 2	**15,2**	**12**	**15,9**
Round 3	**18,1**	**11,86**	**16,54**

Participation in three first rounds

- **174 entities** have subscribed to AggregateEU as buyers and/or sellers
- **103 buyers** expressed demand & **96** matched*
- **45 sellers** submitted offers and **39** have been matched*

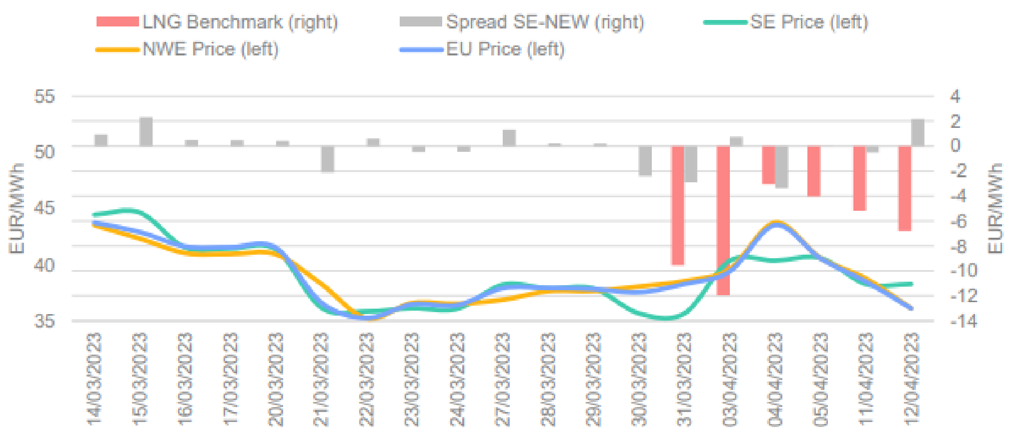
* Partially or entirely matched

ACER LNG Benchmark: implementation

Since 13 January 2023, **ACER** is publishing a new **daily LNG price assessment** for North-West and South Europe.

As of 31 March 2023, **ACER** is publishing the new **daily LNG benchmark** (spread between LNG delivered to Europe and TTF prices).

LNG price assessment and benchmark 30-day history



ACER
European Union Agency for the Cooperation of Energy Regulators

Publication date:	12/04/2023
Reference period:	H1 MAY

Daily SPOT LNG price assessments and benchmark for EU LNG imports

DES LNG SPOT Europe (EU)
- EU LNG H1 MAY 36.089

DES LNG SPOT North-West Europe (NWE)
- NWE LNG H1 MAY 36.096

DES LNG SPOT South Europe (SE)
- SE LNG H1 MAY 38.264

SPREAD DES LNG SPOT (SE-NWE)
- SE minus NWE 2.168

LNG BENCHMARK
- EU LNG minus TTF MA -6.791

DES: Delivery Ex-Ship.
H1: First half of the month.
H2: Second half of the month.
TTF MA: TTF Gas Futures front-month.
All prices in EUR/MWh.

LNG price assessment data statistics*

Number of transactions	21	Number of market participants	26
Number of LNG terminals	24	Number of registered market participants	81
Traded volume in TWh	19.95		

* Only relevant DES SPOT LNG transactions considered.

Conclusions

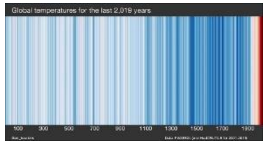
- EU's exposure to LNG markets will remain in the medium-term
- More global cooperation on transparency, flexibility and methane reduction measures during the decarbonisation pathway
- SoS framework will evolve to capture new and more complex threats

Global LNG architecture towards 2050

I. Global SoS & flexibility

II. Transparency & data

III. Methane reduction



European Commission

Thank you