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ENERGY RESEARCH

North West Europe Gas Market Review

March 2021

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Power Market Forecast Reports

- Power market forecast reports
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- Analyst support

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- Aurora can provide power market forecasts upon request

Source: Aurora Energy Research

Executive Summary

1. **Gas prices:** The average gas price in Northwest Europe fell by 15% m-o-m in February, to €17.5/MWh, due to lower gas demand. Concurrently, weak Asian LNG demand led to LNG cargoes being diverted to Europe, which helped to ease the supply tightness in the European gas markets. Despite a decline in gas demand, the gas price remained at the similar level in March, supported by the incident at the Suez canal at the end of March. **See slides 4-5**
2. **Consumption:** Total gas consumption in NW Europe dropped by 5bcm in February, to 30bcm, and further fell to 28bcm in March as mild weather reduced heating demand. **See slides 6-7**
3. **Supply:** LNG imports increased by 1.7bcm m-o-m in March, as LNG deliveries to Europe recovered due to decreased Asian demand. This led to the share of LNG in the total gas balance increasing from 9% to 15%. Nonetheless, LNG imports are 1.0bcm lower y-o-y with robust pipeline flows. Russia pipeline imports rose by 5bcm y-o-y, gaining 5%-points in EU market share. In contrast to the Russian pipeline, Norwegian imports fell by 1bcm, losing 1%-point over the same time period. **See slides 8-11**
4. **Indigenous production:** Dutch production was 5% and 2% higher y-o-y and m-o-m respectively at the expense of storage withdrawals. GB production fell by 9% m-o-m, but increased by 26% y-o-y to compensate for decreased LNG imports and replenish the storages.
5. **Pipeline imports:** Total pipeline imports rose by 8% versus the prior year, primarily due to 1.6bcm higher flows from Russia. Driven by high prices, Russia increased gas exports to Europe via all the major routes.
6. **LNG:** Total LNG send-out from NW European LNG regasification terminals was 18% lower y-o-y, led by GB. By contrast, France saw an increase in LNG imports to help balance the French gas market, causing the regasification terminal utilisation rate to rise to over 80%.
7. **Storage:** Following the January withdrawals, inventory levels in February remained below the 5-year average. Additional withdrawals in March caused the inventories in the Netherlands and Germany to fall to 40 days and 20 days of demand, around 40 days less than the inventories a year ago. **See slides 12**

Source: Aurora Energy Research, EIKON

North West European gas price development

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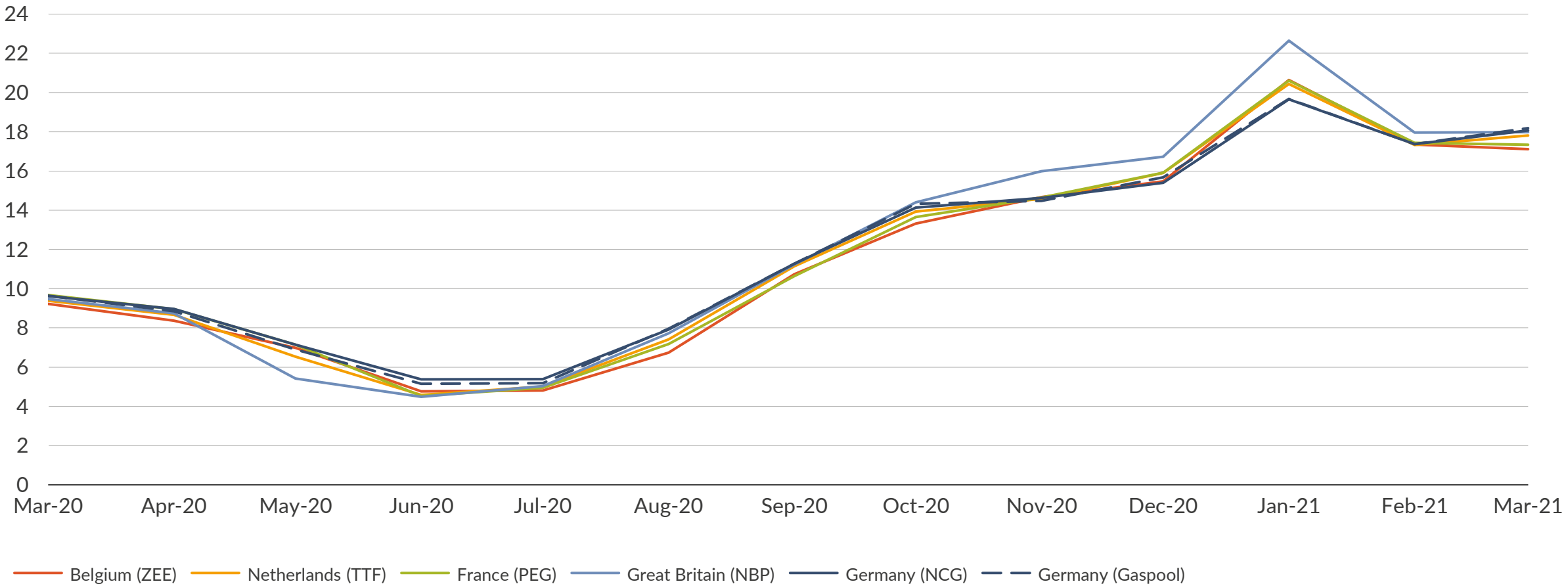
Gas prices

€/MWh



1) Monthly prices are the averages prices of each month's daily prices. Prices are converted in € using the monthly averages of the daily exchange rates.

Sources: Reuters, Aurora Energy Research EOS

% Price spreads against NBP

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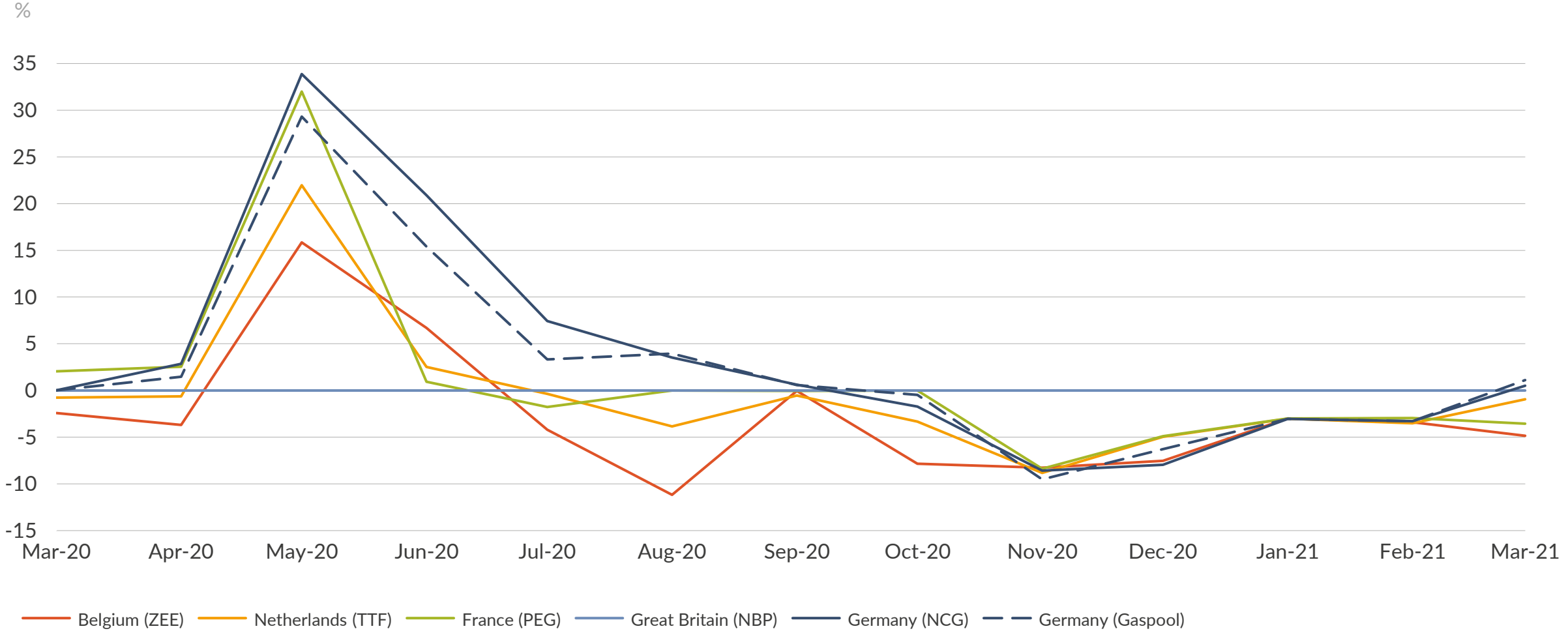
Price spread against NBP



1) Using the monthly averages prices of daily prices and the monthly averages of daily exchange rates.

Sources: Reuters, Aurora Energy Research EOS

North West Europe monthly consumption[1]

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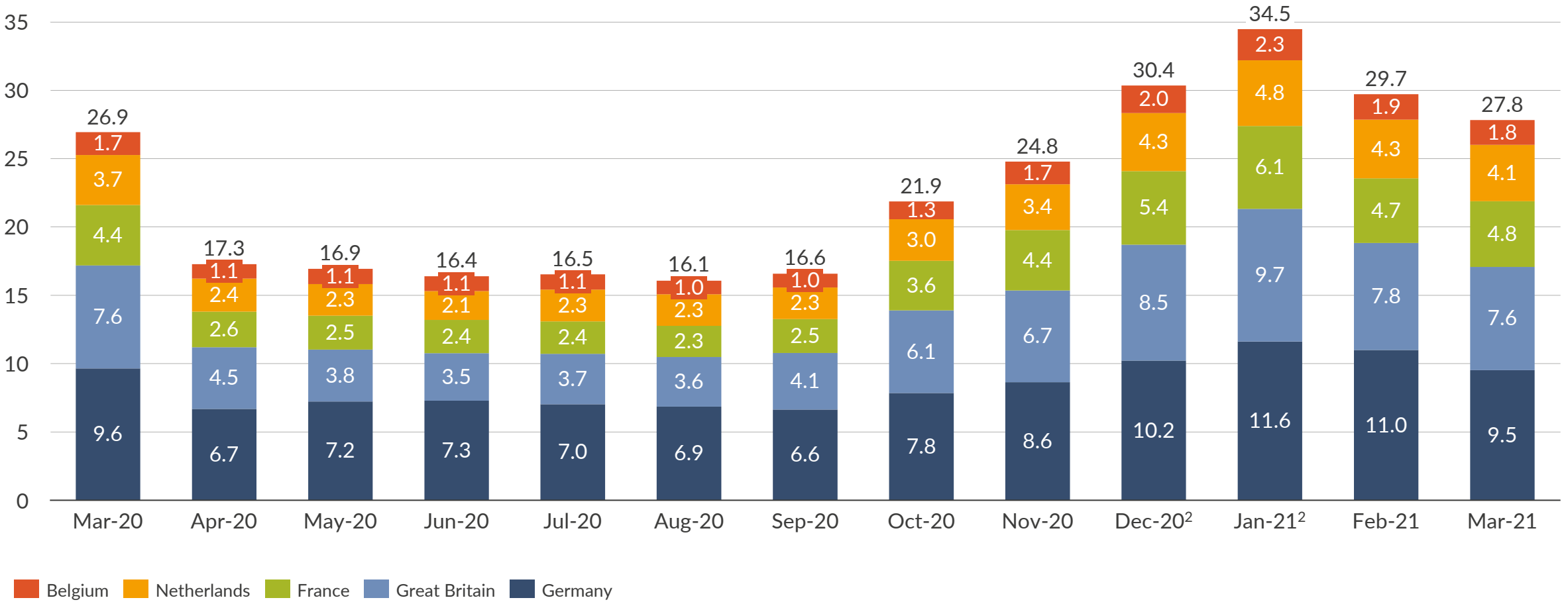
NW Europe consumption

bcm



1) Consumption excludes demand from interconnectors. 2) December and January gas consumption were revised

Sources: Reuters, Aurora Energy Research EOS

North West Europe consumption in min-max envelope

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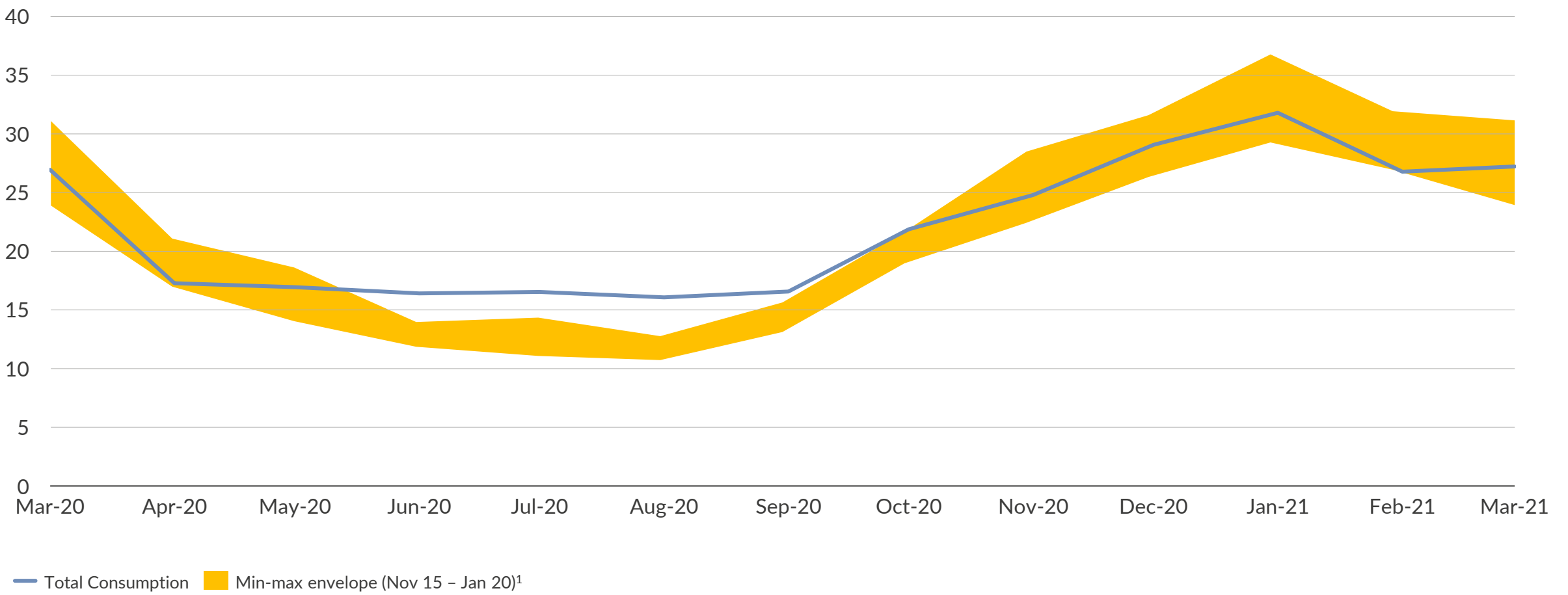

1) Envelopes are calculated by taking the maximum and minimum monthly values since November 2015.

Sources: Reuters, Aurora Energy Research EOS

North West Europe annual gas supply

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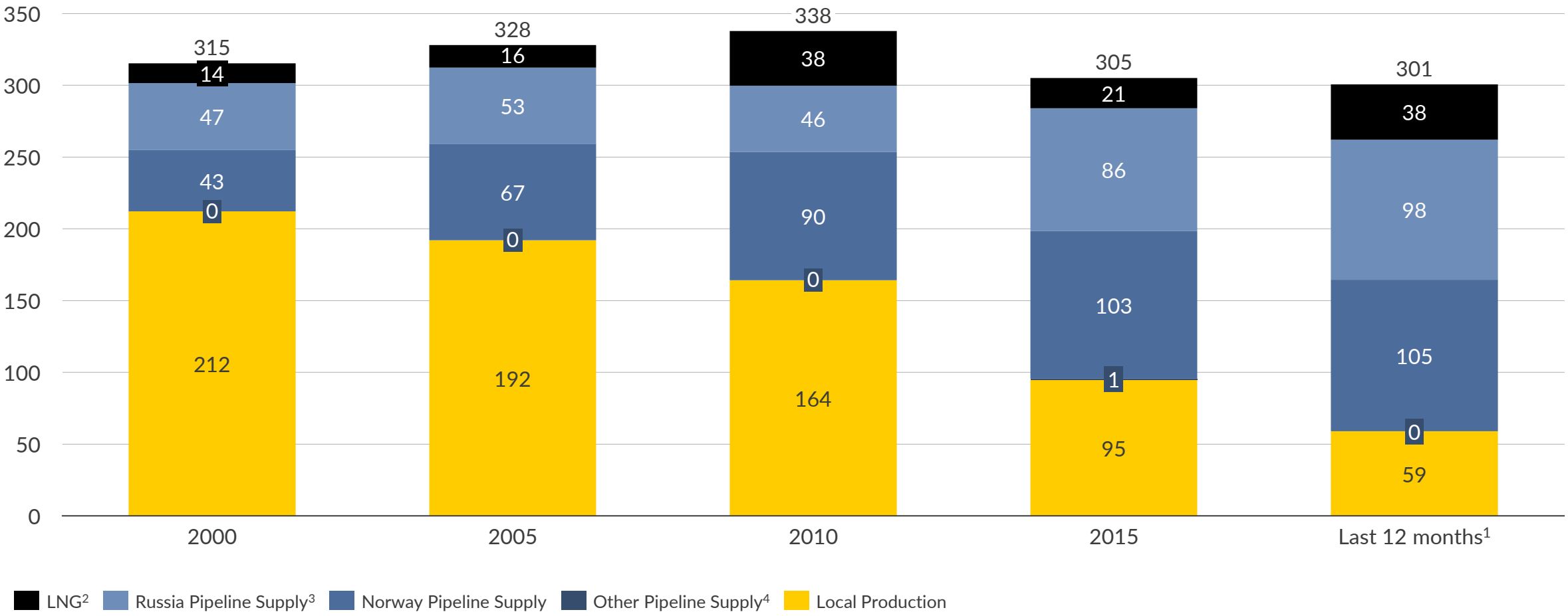
NW Europe supply

bcm



1) Year-to-date corresponds to the last 12 months. Previous years are calendar years. 2) LNG reflects regasification send-out to the high pressure network. 3) Russia pipeline supply includes pipe imports via Poland, Czech Republic, and Austria. 4. Other pipeline supply includes Denmark, Spain and Switzerland.

Sources: IEA, Aurora Energy Research EOS

North West Europe monthly gross gas supply

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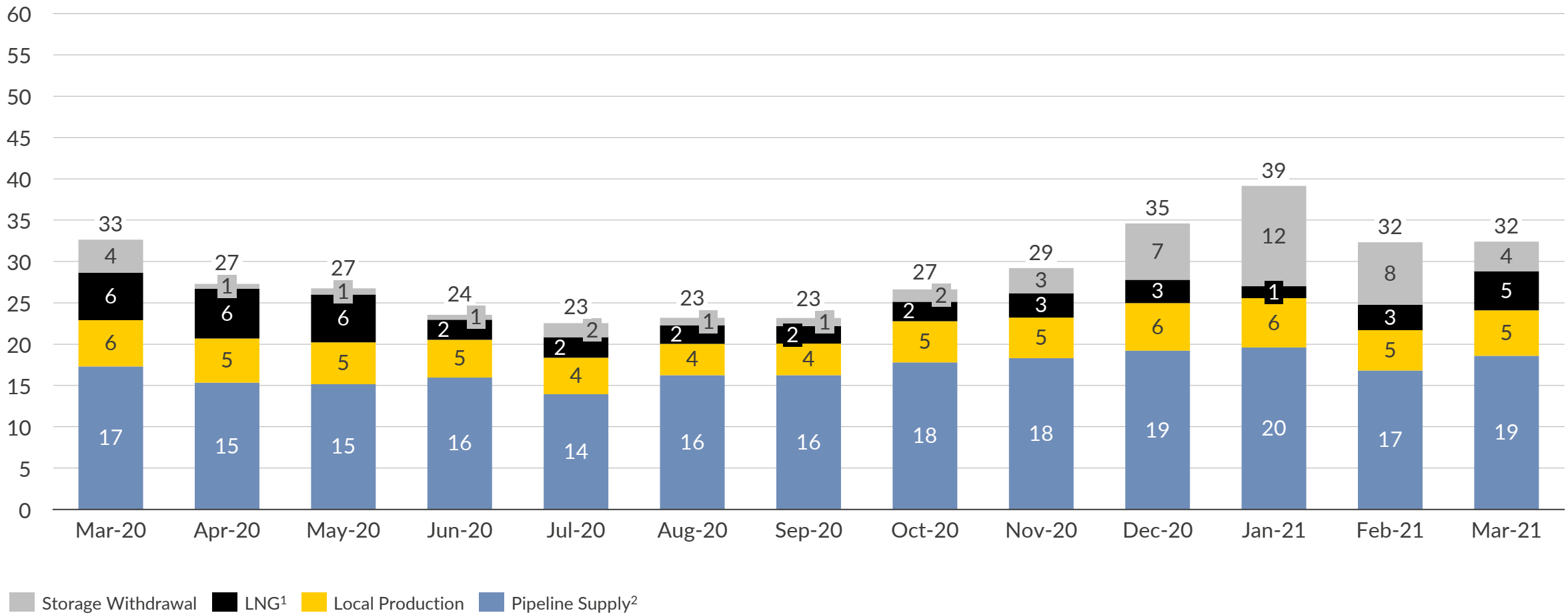
NW Europe supply

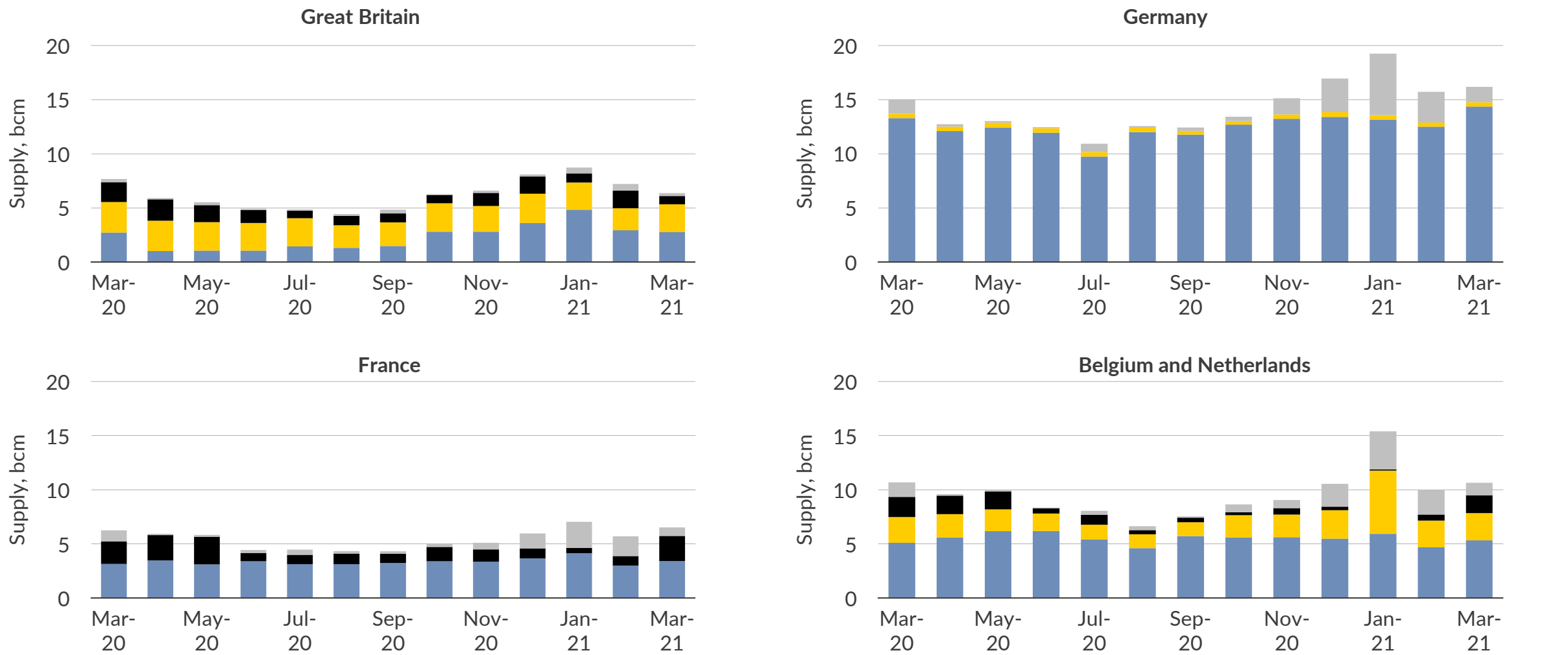
bcm



1) LNG reflects regasification send-out to the high pressure network. 2) Pipeline supply is from Russia (including via Poland, Czech Republic, and Austria), Norway, Denmark, Spain and Switzerland

Source: Aurora Energy Research EOS

Monthly gross gas supply by country



1) LNG reflects regasification send-out to the high pressure network. 2) Pipeline supply is from Russia (including via Poland, Czech Republic, and Austria), Norway, Denmark, Spain and Switzerland

Source: Aurora Energy Research EOS

North West Europe share of monthly gas supply

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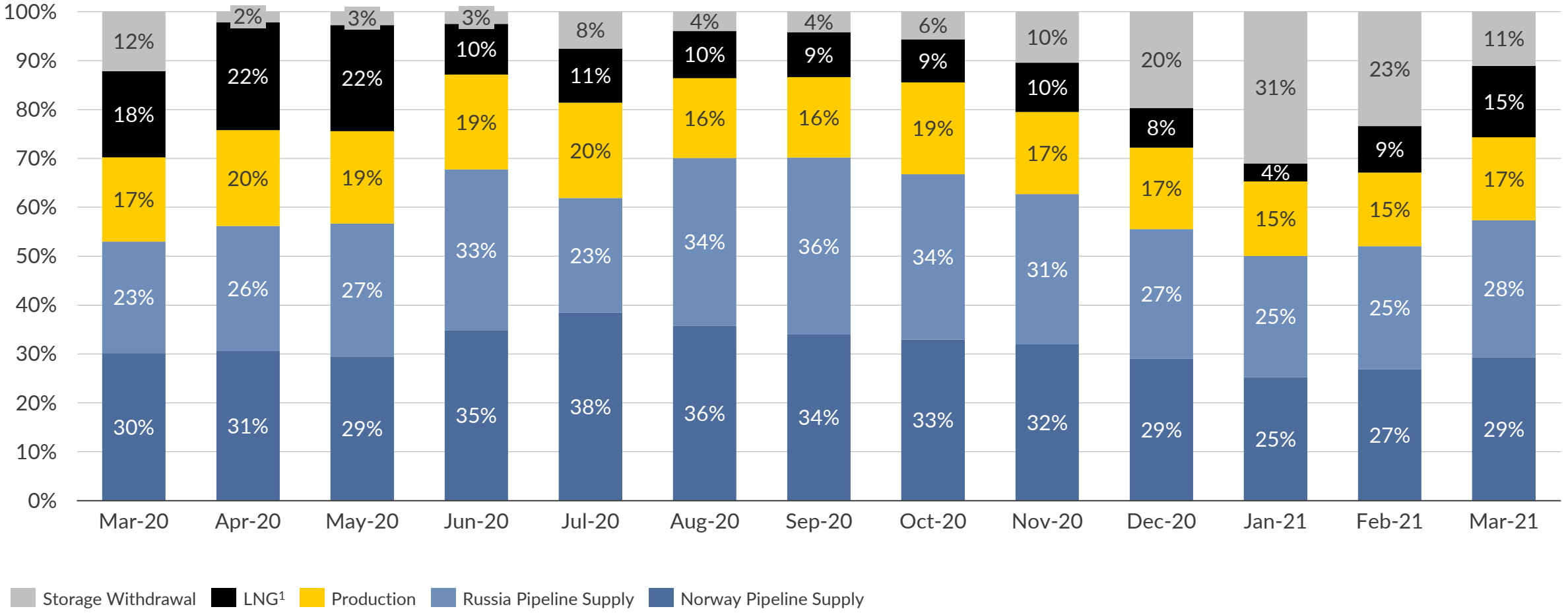
Share of gas supply

%



1) LNG reflects regasification send-out to the high pressure network. 2) Russia pipeline supply includes pipe imports via Poland, Czech Republic, and Austria.

Source: Aurora Energy Research EOS

North West Europe net gas supply from storage

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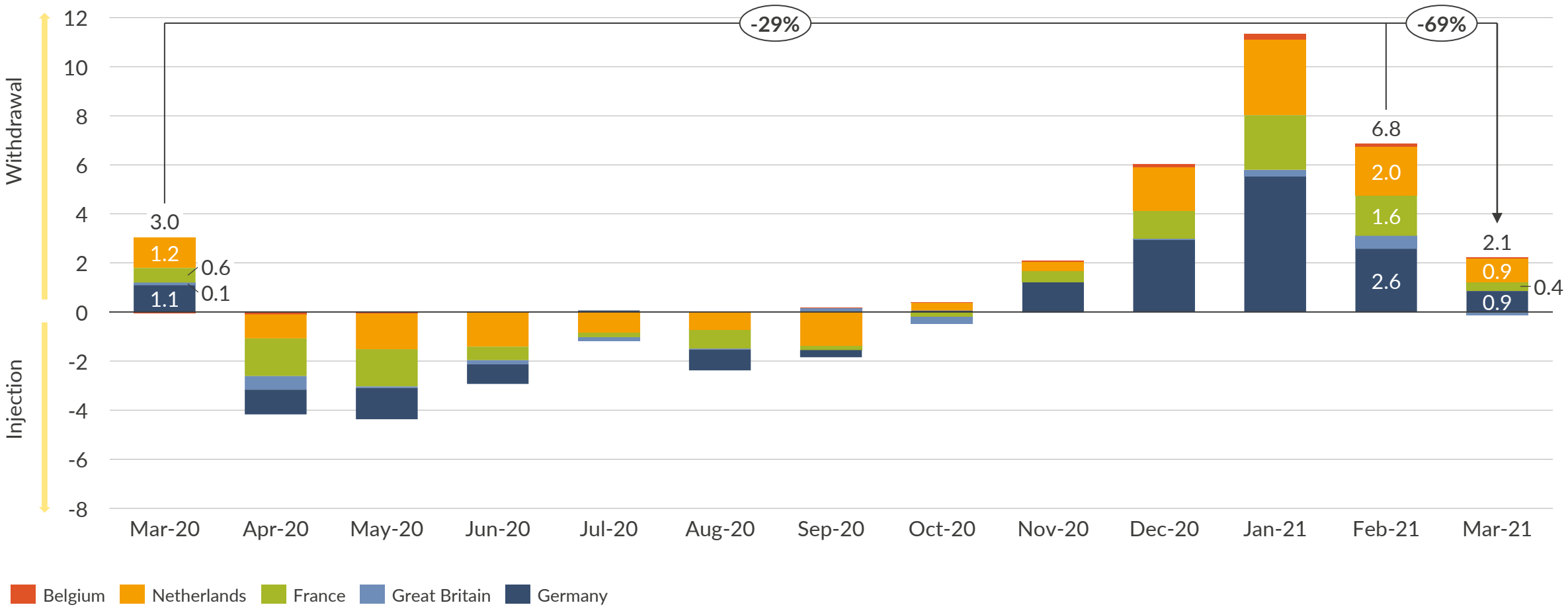
Net supply from storage

bcm



1) Storage data is based on net daily flows.

Source: Aurora Energy Research EOS

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