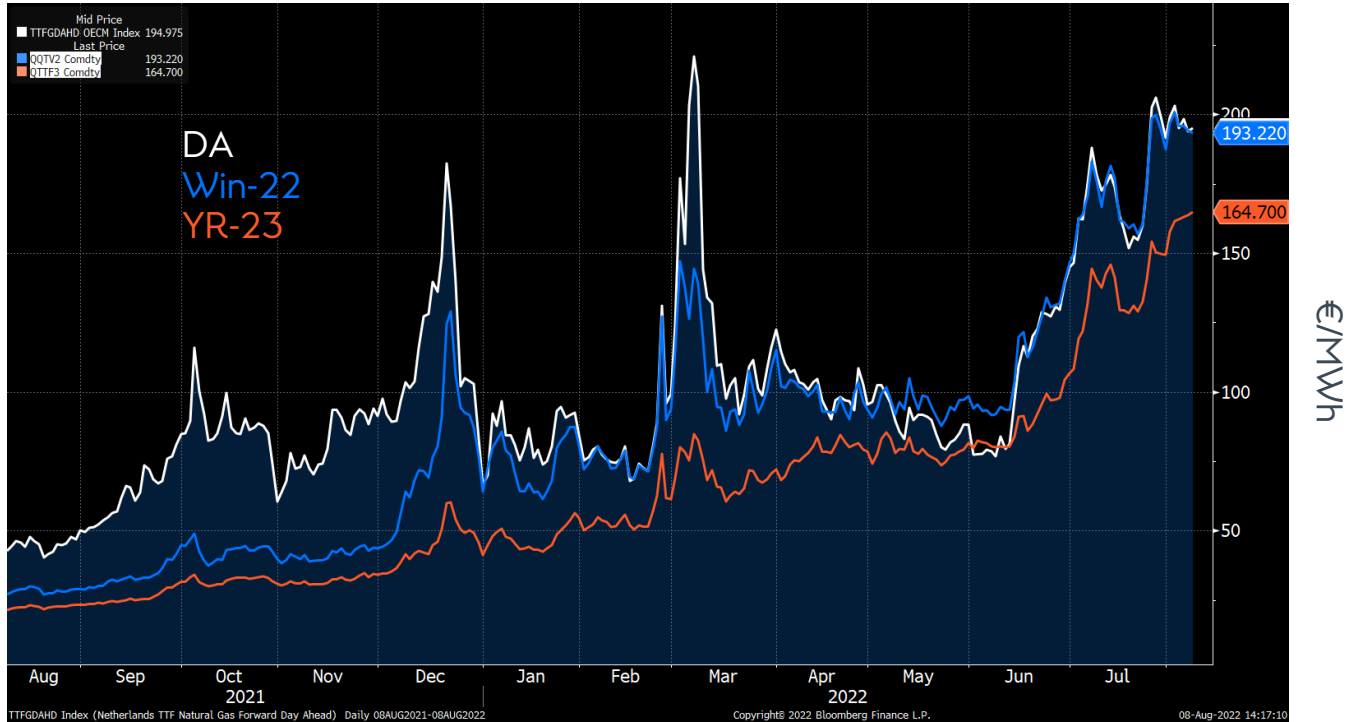


European gas market

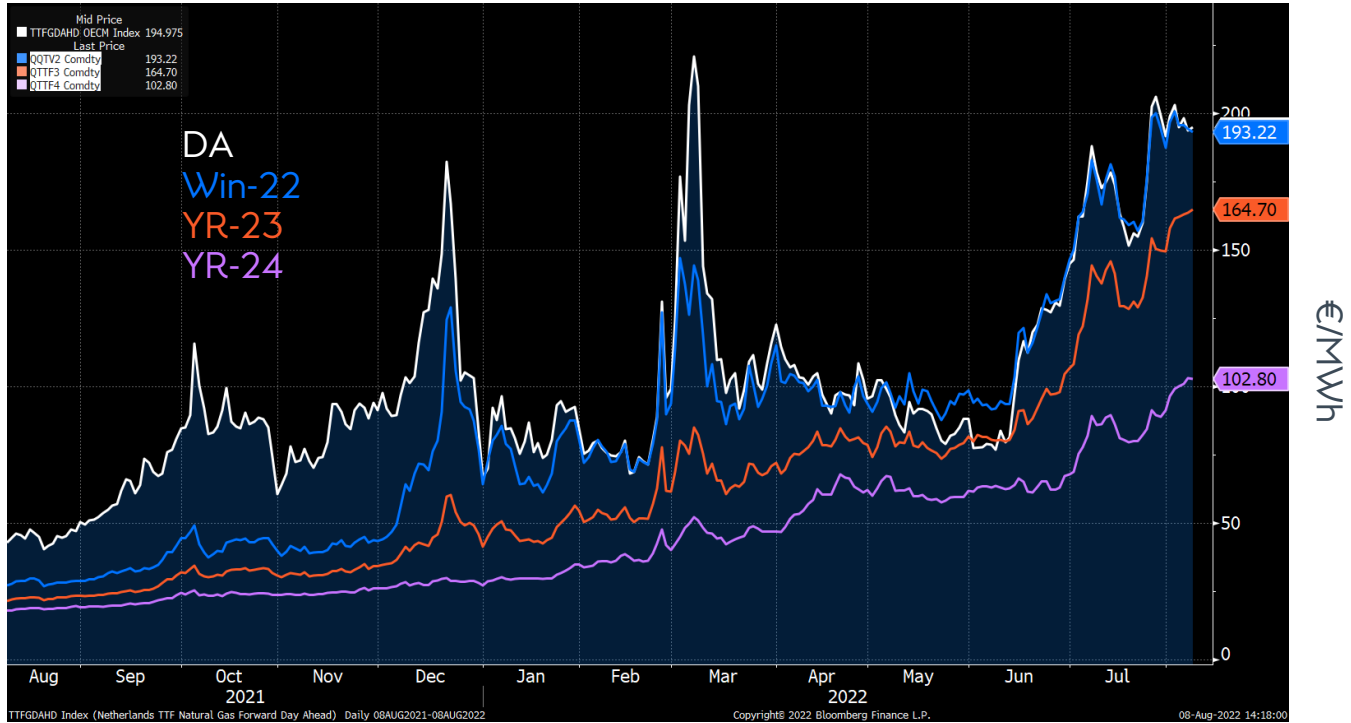
Henrik Gaarn Christensen, Lead trader

Peter Biltoft-Jensen, Head of Regulatory Affairs, Gas & Trading

Price development gas (TTF)



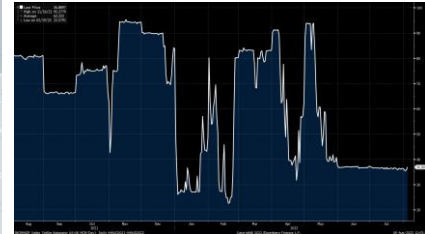
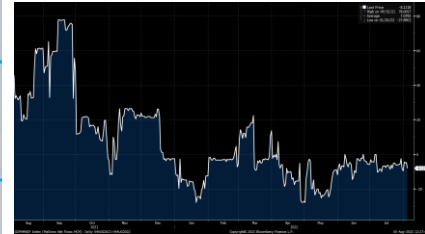
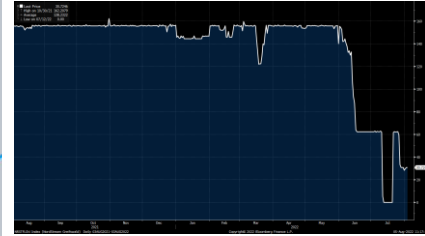
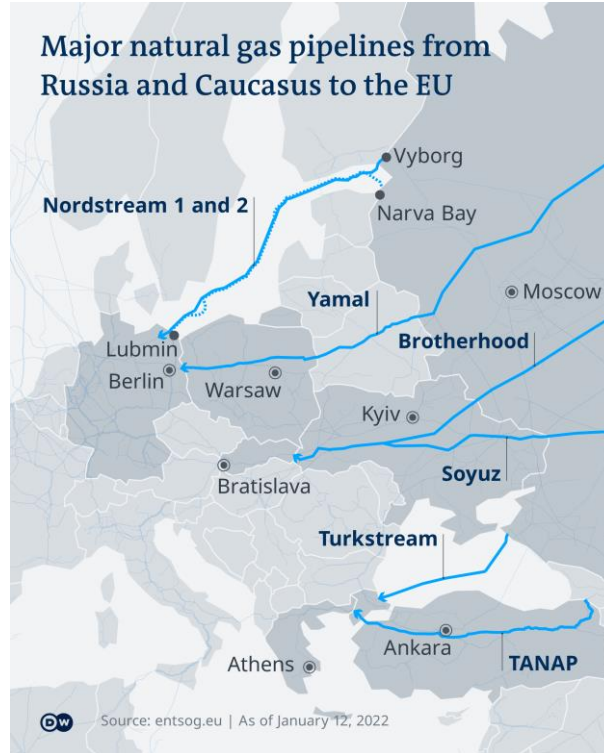
Price development gas (TTF)



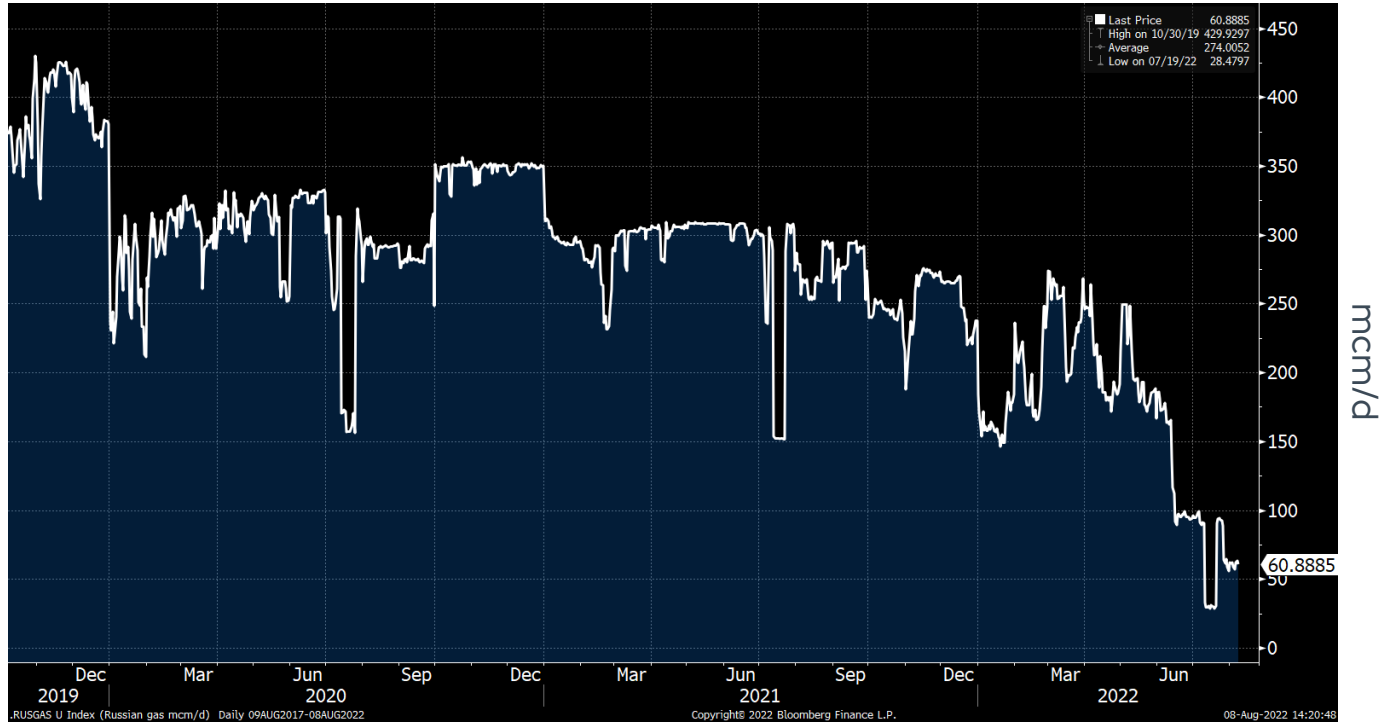
War in Ukraine



Russian gas to Europe



Total Russian flow to NEW

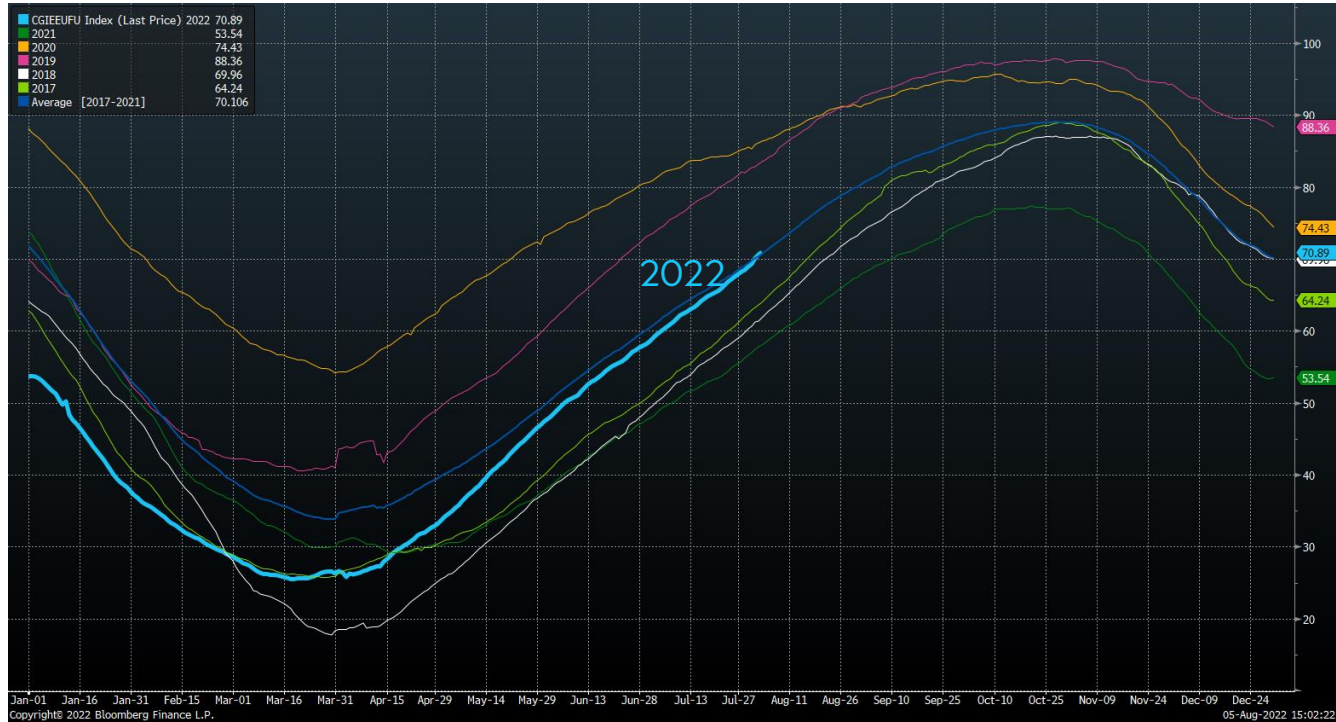


EU gas storage



We entered
2021 with a
terrible storage
situation

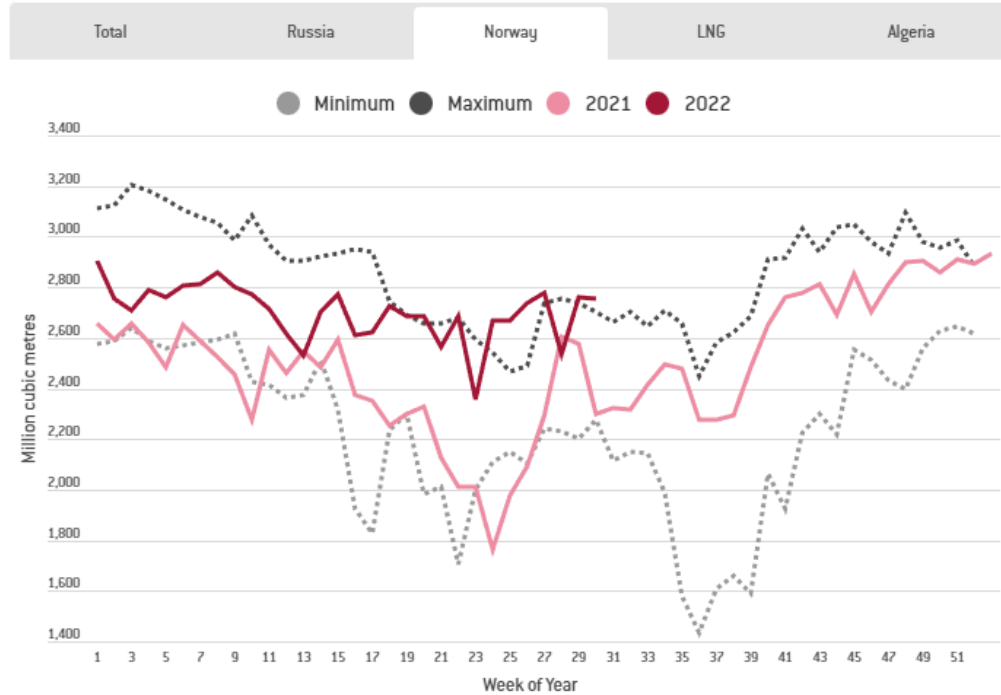
EU gas storage



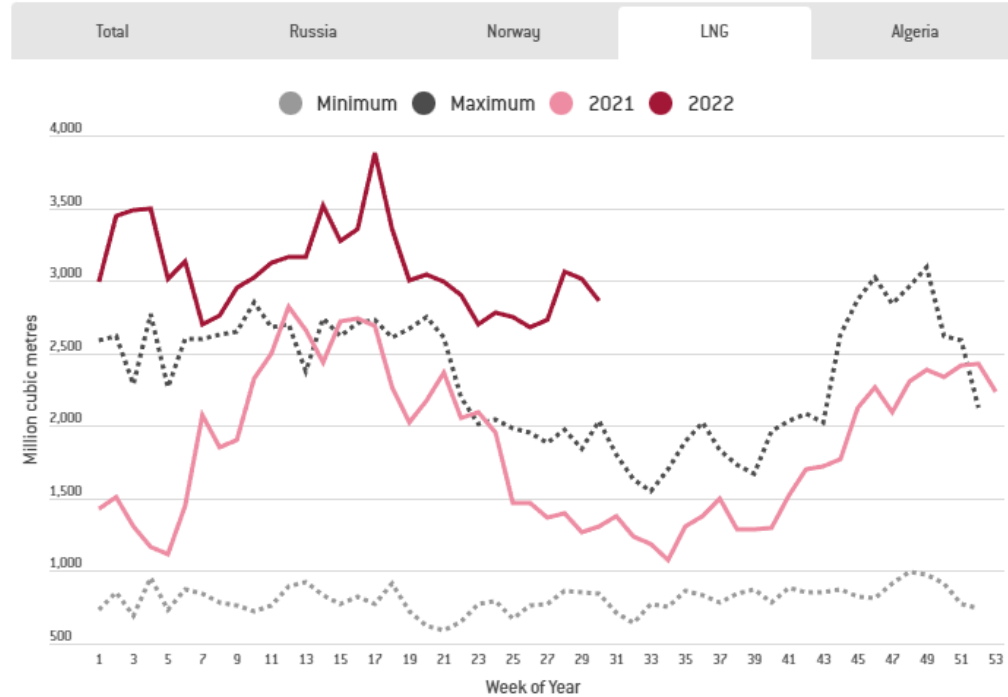
Despite low Russian flows, storage situation has improved considerably

EU has imposed mandatory storage filling of 80% at end of October

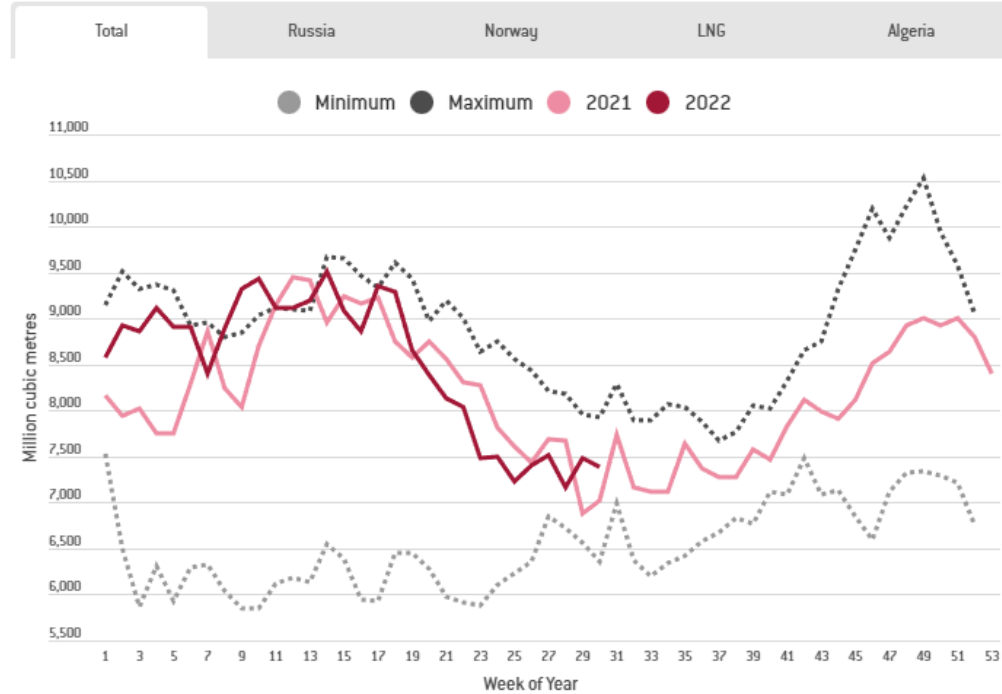
Norwegian flows to Europe (incl UK)



LNG imports to EU



Total European imports



LNG is the key to keep imports at reasonable levels

World Gas pricing

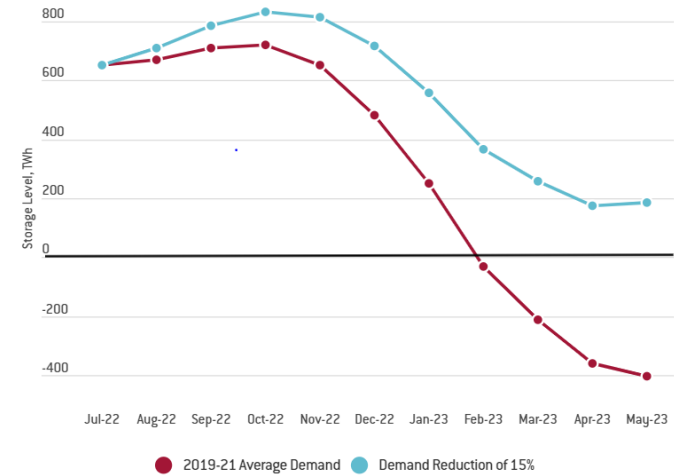


Policy interventions & gas supply situation

- ENTSOG supply outlook indicated that a 15% reduction in demand would be sufficient to withstand a “Full stop” scenario.
- Commission communication “Save Gas for a Safe Winter” and Regulation 27 July on Coordinated demand reduction aims at fulfilling the target – while keeping the market functioning
- Regulation: Initially 15% voluntary reduction across MS. Can be mandatory if EU Alert is declared
- NB: DK demand down 26% - some due to warmer weather. Key is however Germany

The “predicament”

Figure 1: EU Storage/Demand scenarios without Russian gas imports



Source: Bruegel.

Note: This figure treats the EU as a whole gas bloc with free flows of gas (an unrealistic assumption). However, using historic import flows mitigates this to an extent (for instance Spanish LNG is not being used at very high capacity). Storage assumed to be at 650 TWh on 1 July 2022. The following imports (TWh/month) are assumed: LNG (103), Norway (80), Algeria (30), interconnector from UK (5), Azerbaijan (10), Libya (3) and the Baltic Pipe carrying gas from Norwegian fields is treated as an extra flow (8) to Poland, starting in January 2023. Calculated based on averages in 2022 so far. Demand is the average from 2019 to 2021. Domestic production is assumed to be the same as in 2021.