European Gas & LNG Demand: The Time is Now

Geoffroy Hureau
Secretary General
CEDIGAZ
Outline

- EU28 natural gas demand, drivers and dynamics
- Outlook
- Opportunities for LNG
- Conclusion
Outline

- EU28 natural gas demand, drivers and dynamics
  - Outlook
  - Opportunities for LNG
  - Conclusion
3 sectors account for 95% of EU28 gas demand

Source: Eurostat, CEDIGAZ analysis
Exponential growth of wind and solar power

Renewable power production in EU28 (ktoe)

\[ y = 271.31e^{0.1907x} \]

\[ R^2 = 0.9919 \]

Source: Eurostat, CEDIGAZ analysis
Availability of hydropower can vary wildly y-o-y

Decline in EU28 hydropower production in 2017 - ktoe (LHS) and % (RHS)
Changes in French nuclear power generation impact EU28 gas demand*

*France accounts for close to 50% of EU28’s nuclear generation capacity
Gas/Coal competition in the UK: role of the CPF*

Evolution Gas/Coal prices and generation cost in UK and continental Europe

Gas/Coal parity in power generation

*CPF: UK Carbon Price Floor
Coal-to-Gas Switching in Europe

Y-o-Y change in power demand and in output by generation type (GWh)

Significant coal-to-gas switching only happened in 2016. Other factors were more important for gas demand growth in 2015 and 2017.
Outline

- EU28 natural gas demand, drivers and dynamics

  ➢ Outlook

  - Opportunities for LNG

  - Conclusion
Natural gas demand in the European Union

Source: CEDIGAZ
Growing Import Dependency in the Short and Medium Term

Growing import needs, even with stable demand
Outline

- EU28 natural gas demand, drivers and dynamics
- Outlook
  - Opportunities for LNG
- Conclusion
An opportunity for LNG

LNG is coming back in Europe
A growing role of LNG in European supply

Source: CEDIGAZ
Outline

- EU28 natural gas demand, drivers and dynamics
- Outlook
- Opportunities for LNG
  - Conclusion
Conclusion: A growing role for LNG NOW!

- In the short to mid-term, European LNG demand is expected to increase.
  - Growing import dependency
  - Supply diversification policies in some countries
  - Brexit?
- CEDIGAZ projection: 88 bcm of LNG imports in 2025 (36 bcm more than in 2017)
Competitiveness of US LNG vs Russian Gas

![Graph showing the price comparison between Russian Gas (German border), TTF, US LNG SRMC, and US LNG LRMC from Jan-13 to Jan-17. The graph indicates fluctuations in prices over time.]