



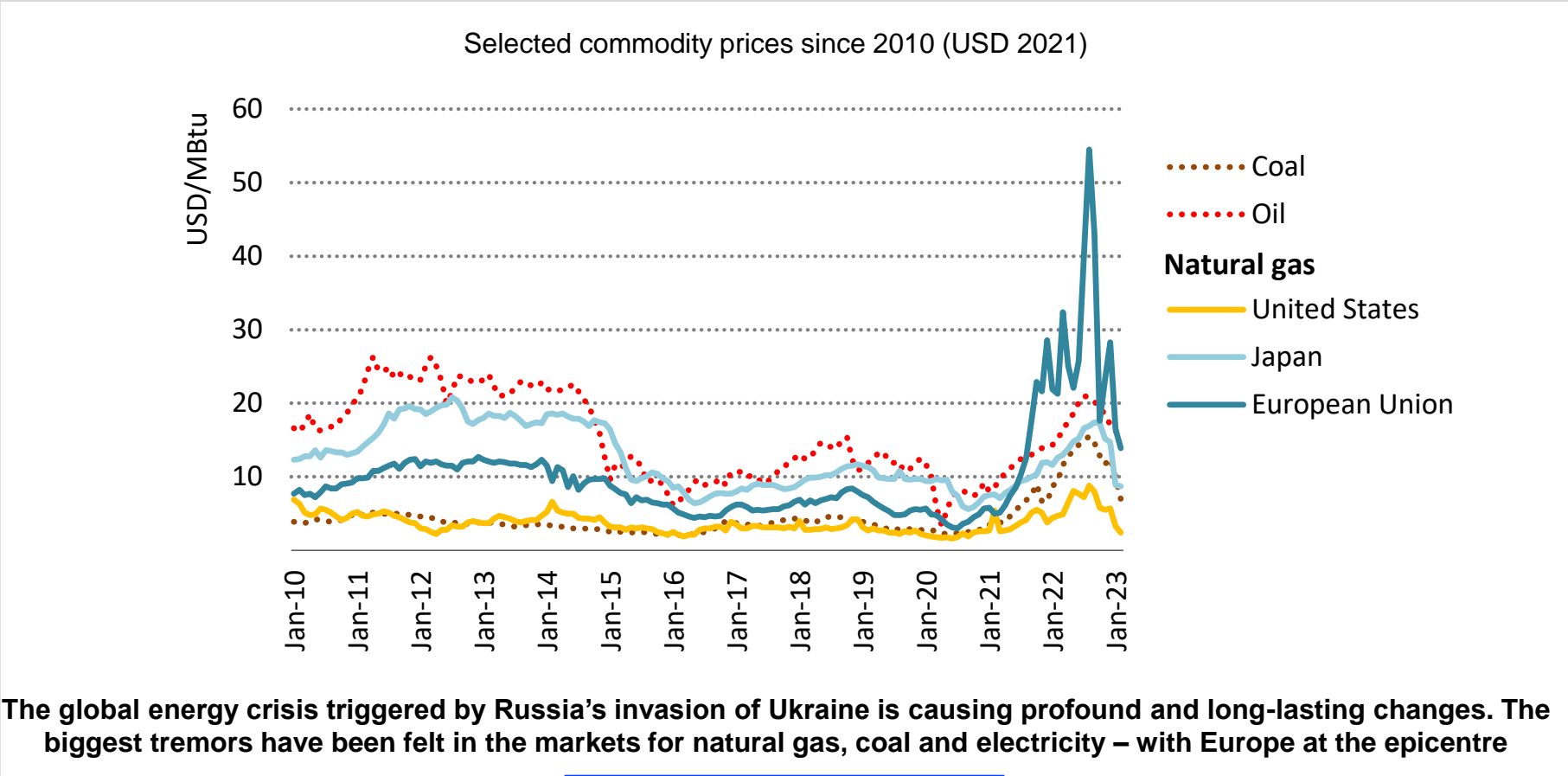
The outlook for natural gas in the European Union

Center for the Study of Democracy: Policy Roundtable

28 March 2023

Peter Zeniewski, Lead Gas Analyst – World Energy Outlook

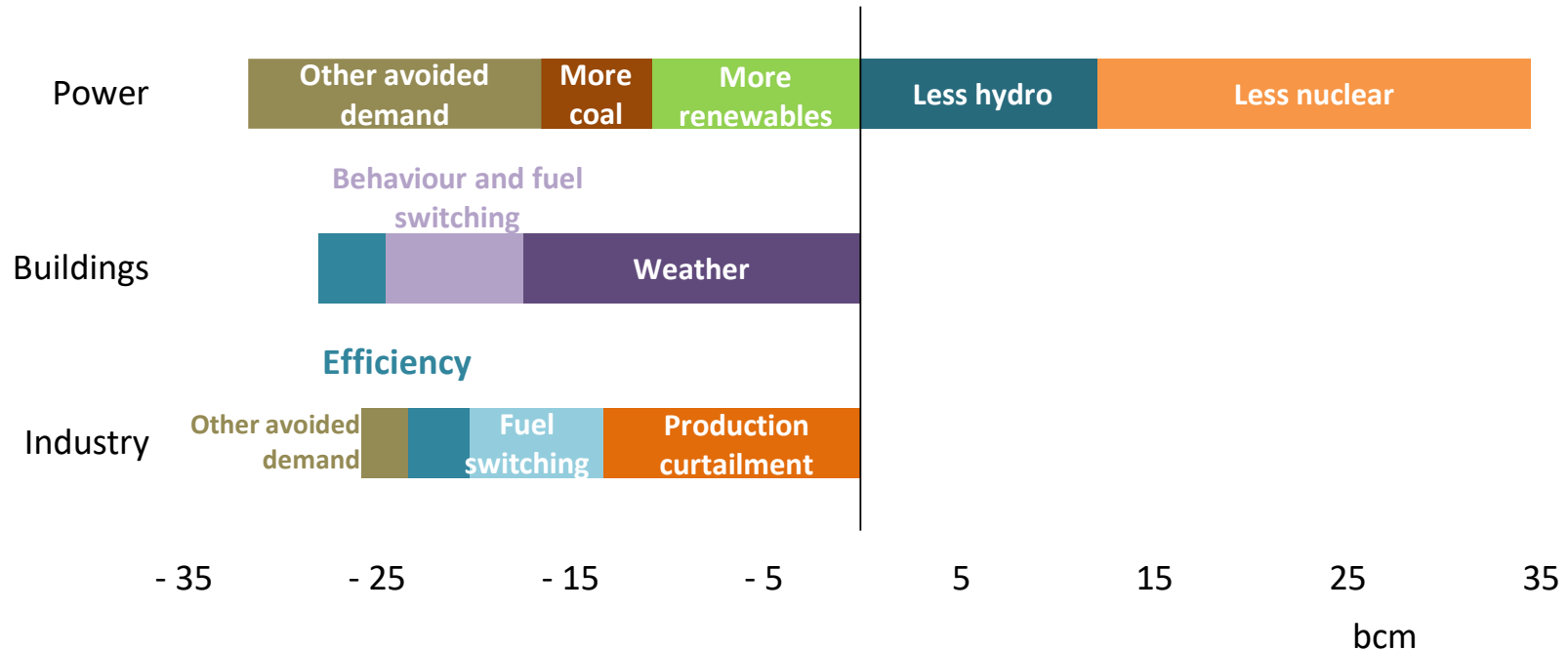
Russia's invasion of Ukraine sparked a global energy crisis



The global energy crisis triggered by Russia's invasion of Ukraine is causing profound and long-lasting changes. The biggest tremors have been felt in the markets for natural gas, coal and electricity – with Europe at the epicentre

How did EU gas demand adjust to the supply and price shock?

Drivers of change in natural gas demand in the European Union, 2022 vs. 2021

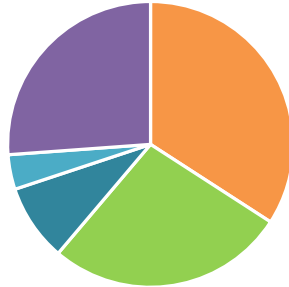


Temporary effects such as weather or fuel switching played a role, but new renewables and efficiency ensured long-lasting reductions in gas demand. It remains unclear if behavioural changes or industrial adaptation will endure

The EU paid a record amount for gas imports in 2022

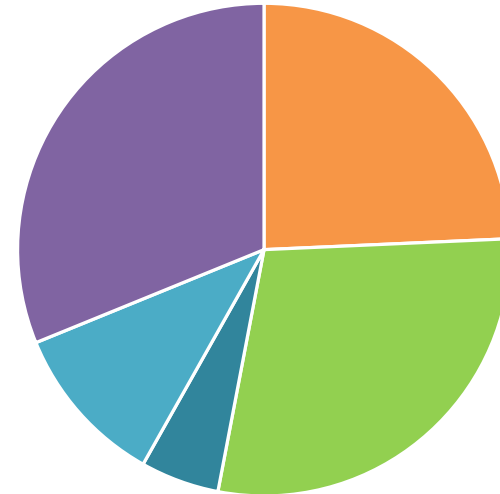
Natural gas demand by region in the STEPS and APS, 2010-2050

2021
(USD 120 billion)



2022
(USD 390 billion)

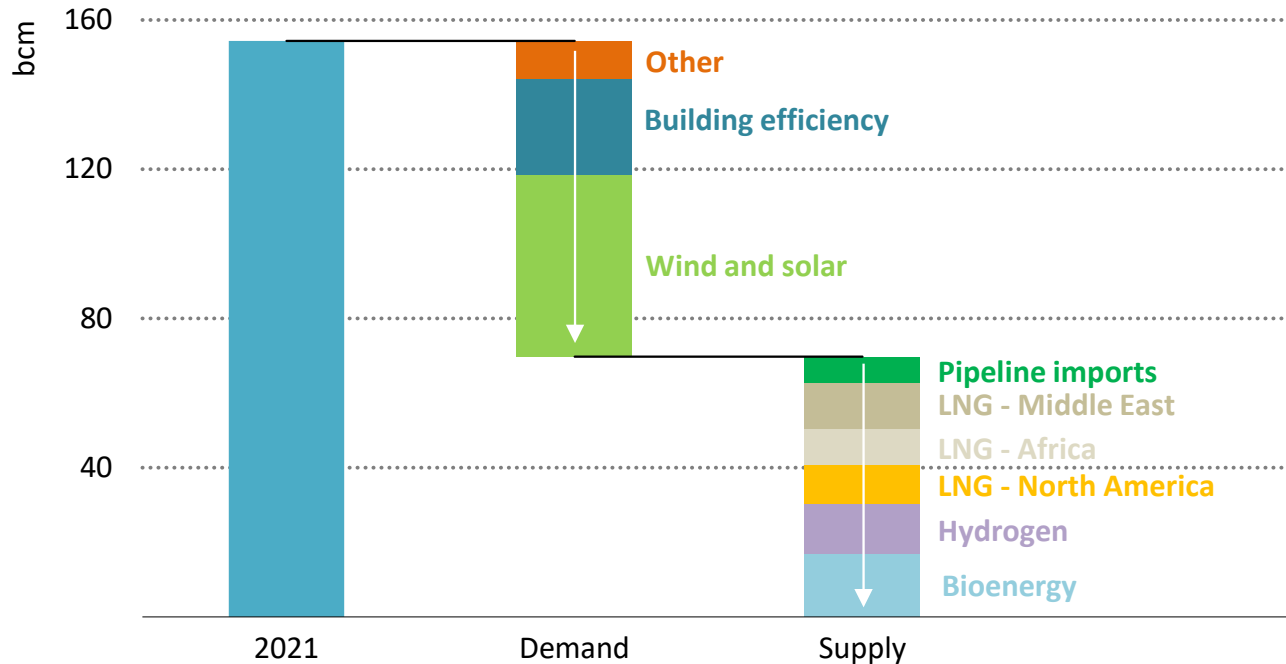
Russia
Norway
Algeria
Other pipeline
Other LNG



Russia's share of total EU natural gas demand fell from 40% in 2021 to below 10% by the end of 2022, but the sharp increase in prices nonetheless ensured significant income for Russia over the course of 2022.

Implementing the EU's Fit for 55 and RePowerEU targets

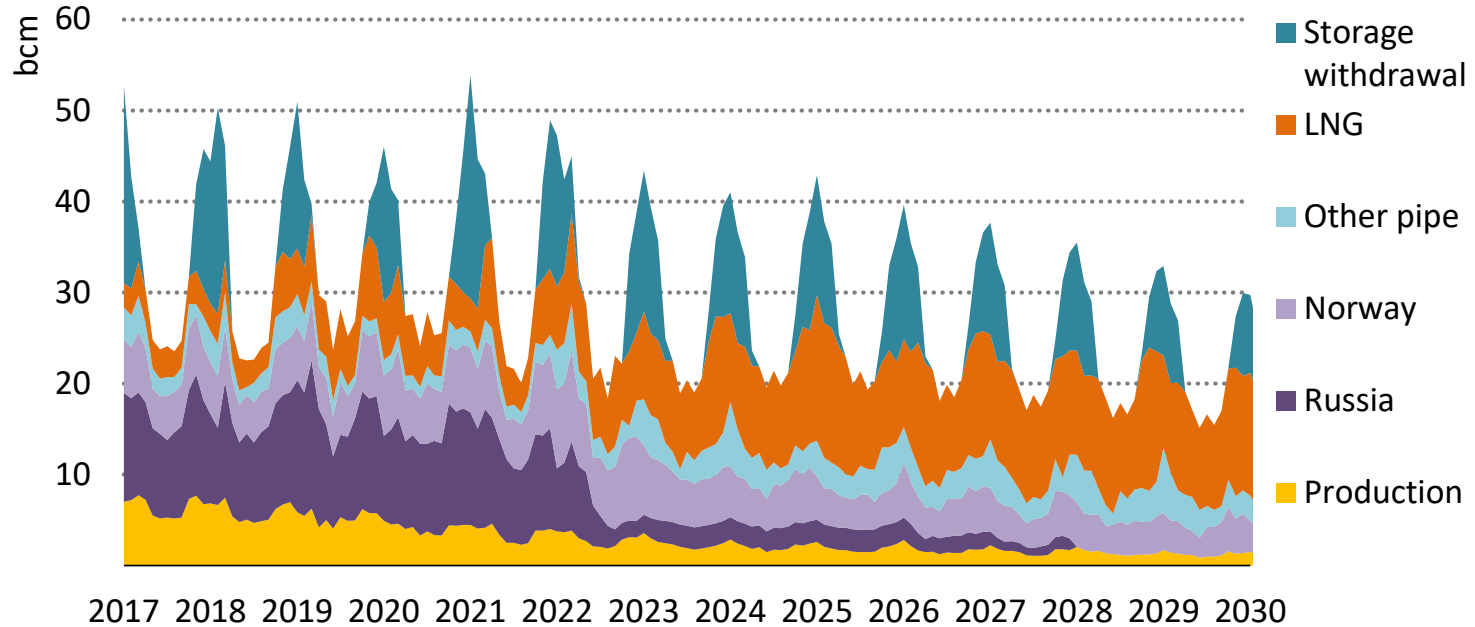
Drivers of reduced natural gas supply from Russia to the European Union in the Announced Pledges Scenario



A mix of supply- and demand-side measures are required for the European Union to reduce reliance on Russian gas to zero before 2030

The EU becomes less of a balancing force in global gas markets

European Union monthly natural gas supply balance in the Announced Pledges Scenario

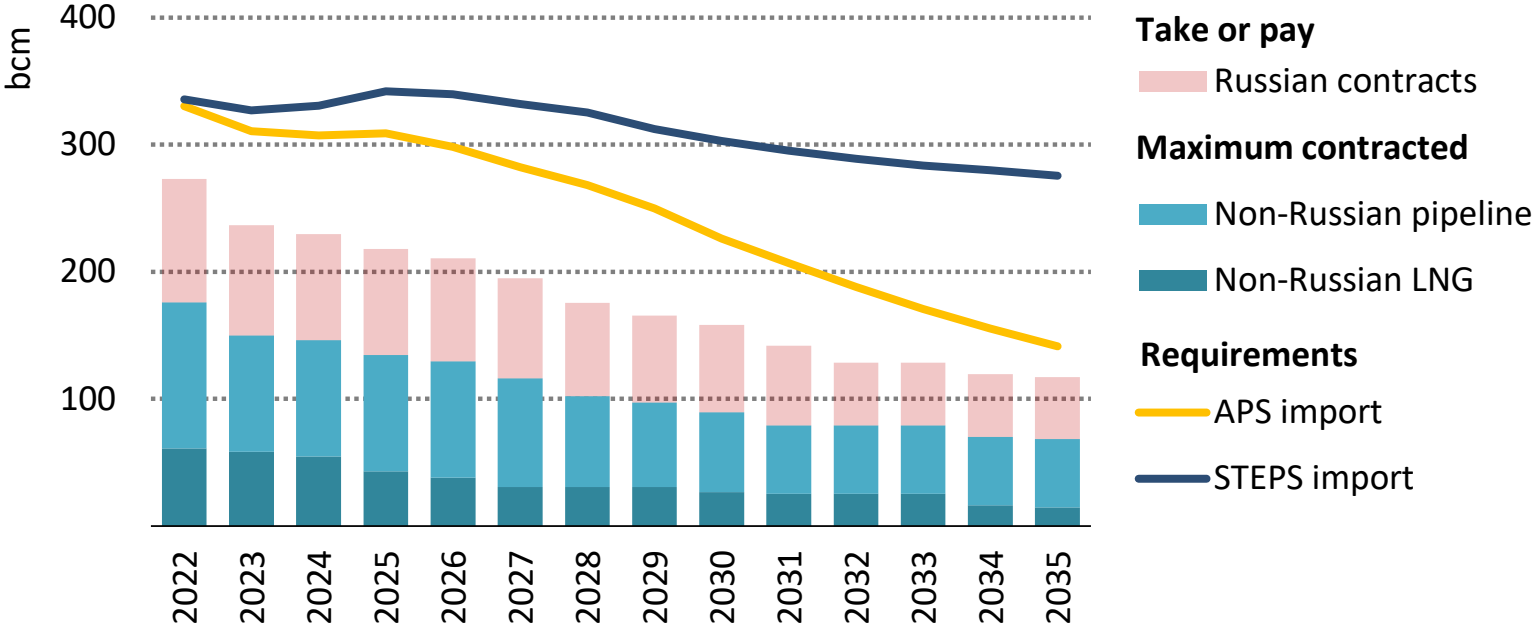


Russian gas is gradually phased out in favour of LNG. The seasonality of EU gas demand falls, but gas storage remains a crucial asset for security of supply

European buyers face significant uncertainty around future demand



European Union natural gas import requirements compared to existing contracts, 2022-2035



European gas buyers face contracting dilemmas as the EU seeks to implement ambitious targets to reduce natural gas demand over the next several years

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