

EU pipeline supply up on 2016 despite hitting five-month low

By Jake Horslen **MARCH 2017**

European natural gas pipeline supply fell to a five-month low of 26.2 billion cubic metres (bcm) in February 2017, according to grid operator data collated by ICIS.

A drop in Russian flows to Europe was the key driver as a decision to grant producer Gazprom the right to access additional capacity on the OPAL pipeline in Germany was suspended, affecting deliveries from 1 February onwards.

Norwegian, Algerian and Libyan supply all fell as well, to a lesser extent, as spot prices across European hubs shed heavy value driven by unseasonably mild temperatures.

Despite month-on-month reductions, aggregate European pipeline imports rose by 9% or 2.1bcm compared to February 2016. This was driven by increased Russian and Algerian gas supply, which offset a drop in imports from Norway and Libya.

Russia

Russian gas supply fell 2.8bcm (17%) month on month in February 2017, but was still up 11% year on year.

Nord Stream flows dropped by 1.4bcm compared to January and was the key driver behind the month-on-month trend, although deliveries via Ukraine, Poland and Slovakia were also down.

Most markets recorded growth compared to February 2016, however, with supply to Hungary and the Balkan states driving the overall volume increase as flows rose by 76% to 1.3bcm.

Flows to Turkey recorded the next biggest proportional increase, rising 32% to 1.2bcm. Deliveries via Slovakia and on Nord Stream rose by 7% and 10% respectively to 3.9bcm and 3.6bcm in February.

Deliveries to Poland recorded the only year on year drop, falling 3% to a total of 3.2bcm.

In the year to-date, Russian supply to Europe has totalled 29.1bcm and is up 21% compared to the same two months in 2016.

Norway

Norwegian supply to Europe fell 4% year on year in February to 9.3bcm, with 2017 to-date flows in line with 2016 at 20.1bcm.

As was true in January, Norwegian volume was increasingly routed towards the British market where stored gas is in particularly short supply because of the ongoing outage at Rough.

Deliveries to Britain rose by 28% year on year to 3.7bcm in February.

Norwegian flows to the Emden and Dornum grid points on the Dutch/German border were cut back the most, falling 25% to 3.1bcm. Deliveries to France and Belgium were down 9% and 5% respectively at 1.4bcm and 1.2bcm in February.

In the winter to-date, Norway has supplied 49.9bcm to European markets, down from 50.3bcm in the same months last year. Britain has been the destination for 37% of the total volume, up from a 29% share in the same period of gas winter 2015 and from 33% in gas winter 2014.

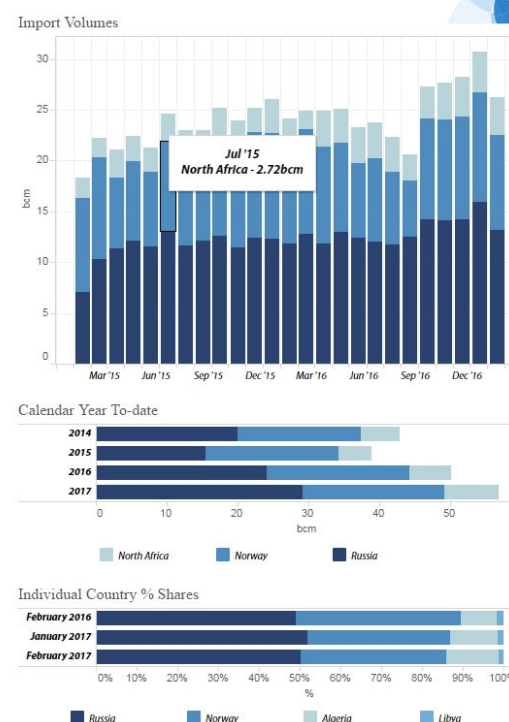
North Africa

Pipeline imports from North Africa rose by 1.2bcm year on year to 3.7bcm, driven entirely by supply from Algeria.

Algerian supply to Italy has surged in recent months after Italian incumbent Eni and Algerian producer Sonatrach renegotiated the price and volume of its long-term contract to bring it in line with current market conditions (see ESGM 14 December 2016).

Year to-date imports from North Africa have totalled 7.7bcm and are up 32% on the same two months of 2016. jake.horslen@icis.com

European Pipeline Gas Imports



Sources: Gasco, NEL, OPAL, GASCADE, Eustream, GAZ-SYSTEM, Bulgartransgaz, FGSZ, Enagas, Snam Rete Gas



Stay informed on the European Spot Gas Markets



This market update is part of the ICIS European Spot Gas Markets (ESGM) daily report which provides you with the latest prices, news and expert analysis on the current day's trading. This comprehensive service is essential for industry participants, offering insights into key gas hubs, as well as a holistic view of regional conditions and the market outlook.

With two decades of expertise in price reporting for natural gas, the ESGM is the most widely used report, with Heren indices and price assessments being used as a benchmark for decades.

We publish independent price assessments and Heren indices for the British NBP, Dutch TTF, German NCG and GASPOOL, Belgian Zeebrugge and ZTP, French PEG Nord and TRS, Italian PSV, Austrian VTP, Czech VTP, Spanish PVB, Slovak VTP and Turkey markets.

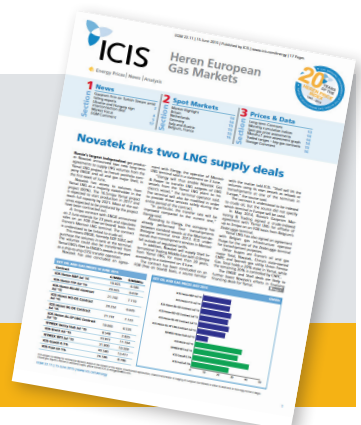
Request a FREE sample report



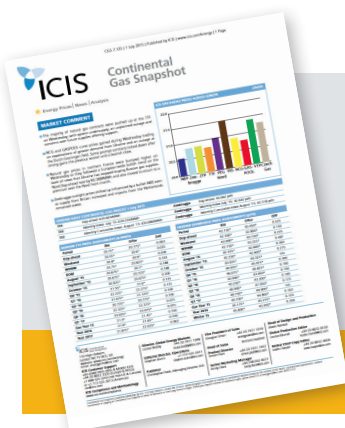
Other essential resources from ICIS include:

European Gas Markets

This report provides a fortnightly roundup of the latest prices and developments in Europe's natural gas markets. With comprehensive insights into hot topics and issues shaping the industry, and a strong focus on supplier countries and routes, it's a must-read for market participants wanting to stay ahead of their competitors.



Request a FREE sample report



Continental Gas Snapshot

The daily digest of the European gas market helps you stay ahead of the latest prices and developments in key European gas markets. With price assessments and Heren indices for the Dutch TTF and Belgian Zeebrugge hubs, as well as expert commentary on market drivers across Europe, it's an essential read for international gas players and analysts.

Request a FREE sample report

