

ceegex

CENTRAL EASTERN EUROPEAN
GAS EXCHANGE



Global & Regional Market Analysis

NATURAL GAS, 2024 May

19/06/2024

STORIES OF THE MONTH

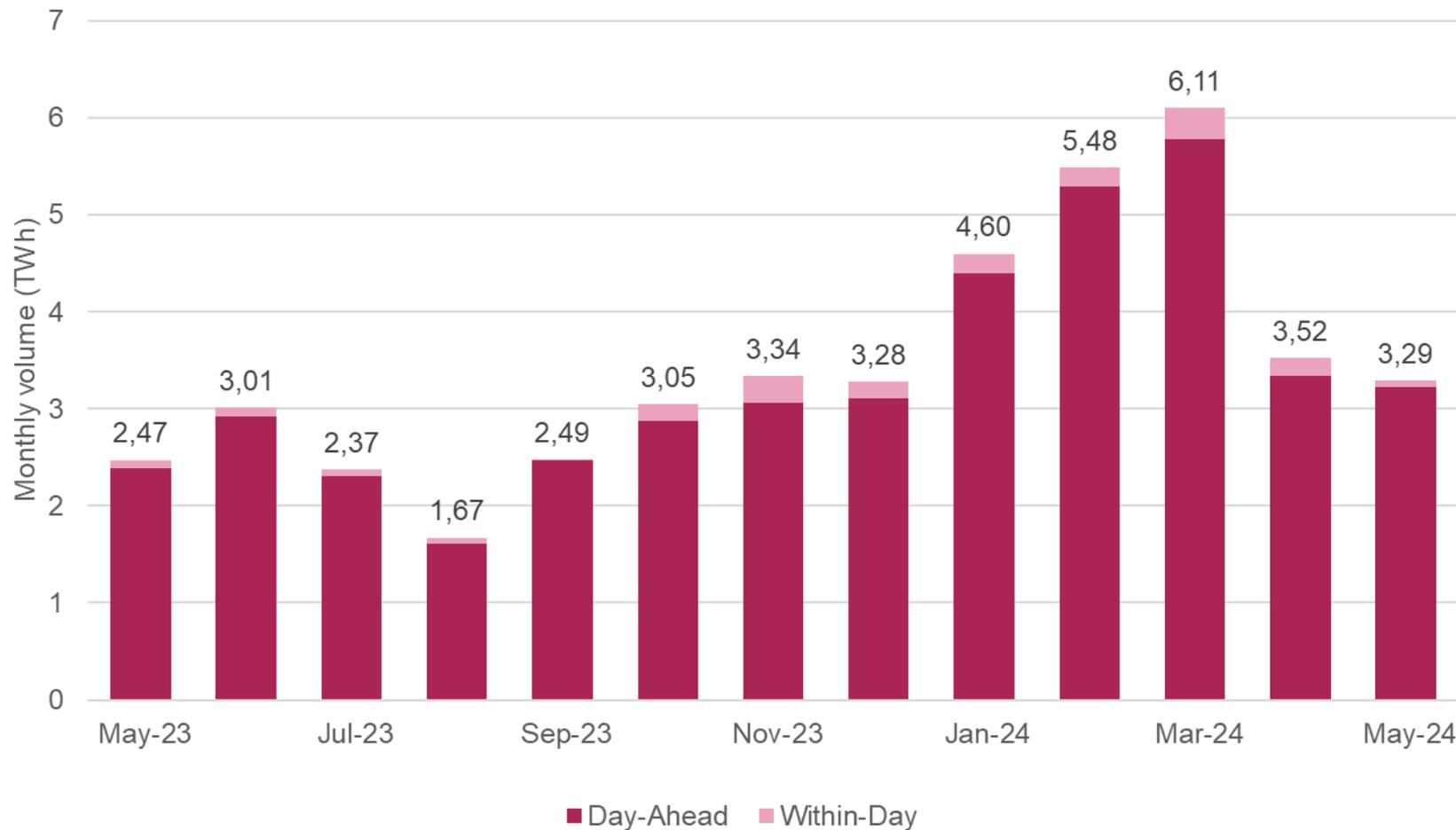
MAY 2024

- » Gas prices increased after news that **Russian gas supplies to Austria could end earlier than expected.**
- » Scheduled **maintenance outages at the Troll and Kollsnes** facilities in Norway boosted prices.
- » **Germany will abolish the gas storage levy from January 2025.** But before that the neutrality charge will increase from July 1 from 1.86 EUR/MWh to 2.50 EUR/MWh.
- » By the end of 2024 **the capacity of the interconnector between Bulgaria and Turkey will expand** from its current 11 bcm/year to 44-45 bcm/year.
- » **Turkey and Azerbaijan** signed an agreement to **expand the capacity of several natural gas pipelines.**
- » Energy regulators MEKH and ANRE have approved the **increase of capacity from Romania to Hungary at Csanádpalota.**
- » Full operations have **resumed at the Freeport LNG** plant in Texas.
- » Poland's gas TSO announced a **charter agreement detailing the delivery and operation of an FSRU unit in Gdańsk.**
- » Bulgarian state supplier **Bulgargaz announced two LNG tenders** in cooperation with Turkey and revealed plans to compensation from Gazprom for undelivered gas volumes in 2022.
- » **Slovenia** plans to increase its annual **gas supply from Algeria** by 200 mcm.

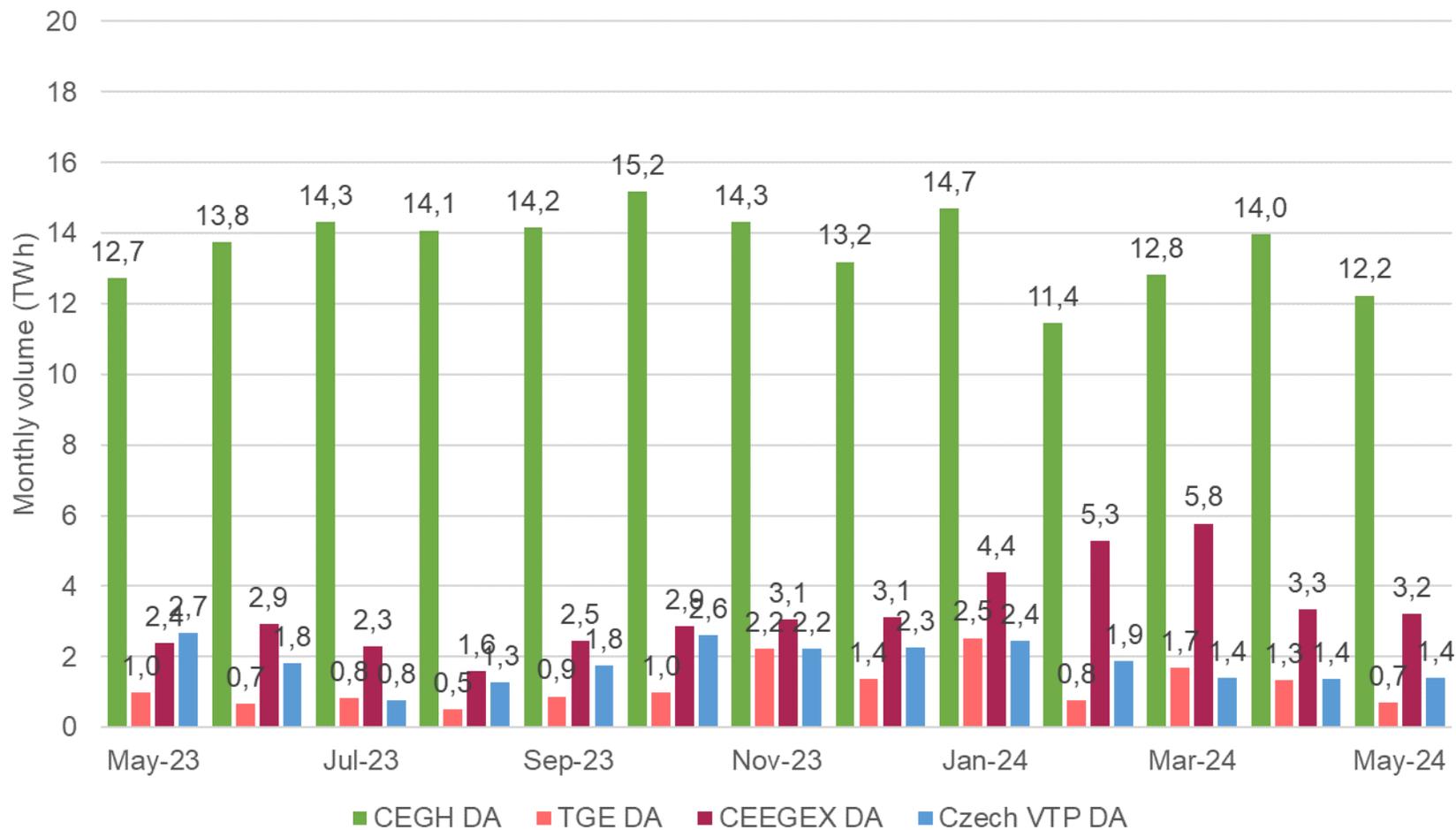
TRADED VOLUMES

EXPERT OPINION:

- » After record volumes of 2024-Q1, **April and May volumes dropped to 2023-Q4 levels.**
- » Still, monthly traded **volumes grew by more than 30% YoY.**
- » Moderated trading might be associated with **slightly bullish prices and lower domestic demand and slower injections.**
- » Lower volumes are also connected to a **typical seasonal decrease** observable in the last 5 years: after the strong winter months spring and summer volumes are usually moderated.
- » 2023 May was exceptional as due to favourable W-S spread, injections boosted exchange trades throughout the summer period.



REGIONAL SCOPE DA MARKETS



EXPERT OPINION:

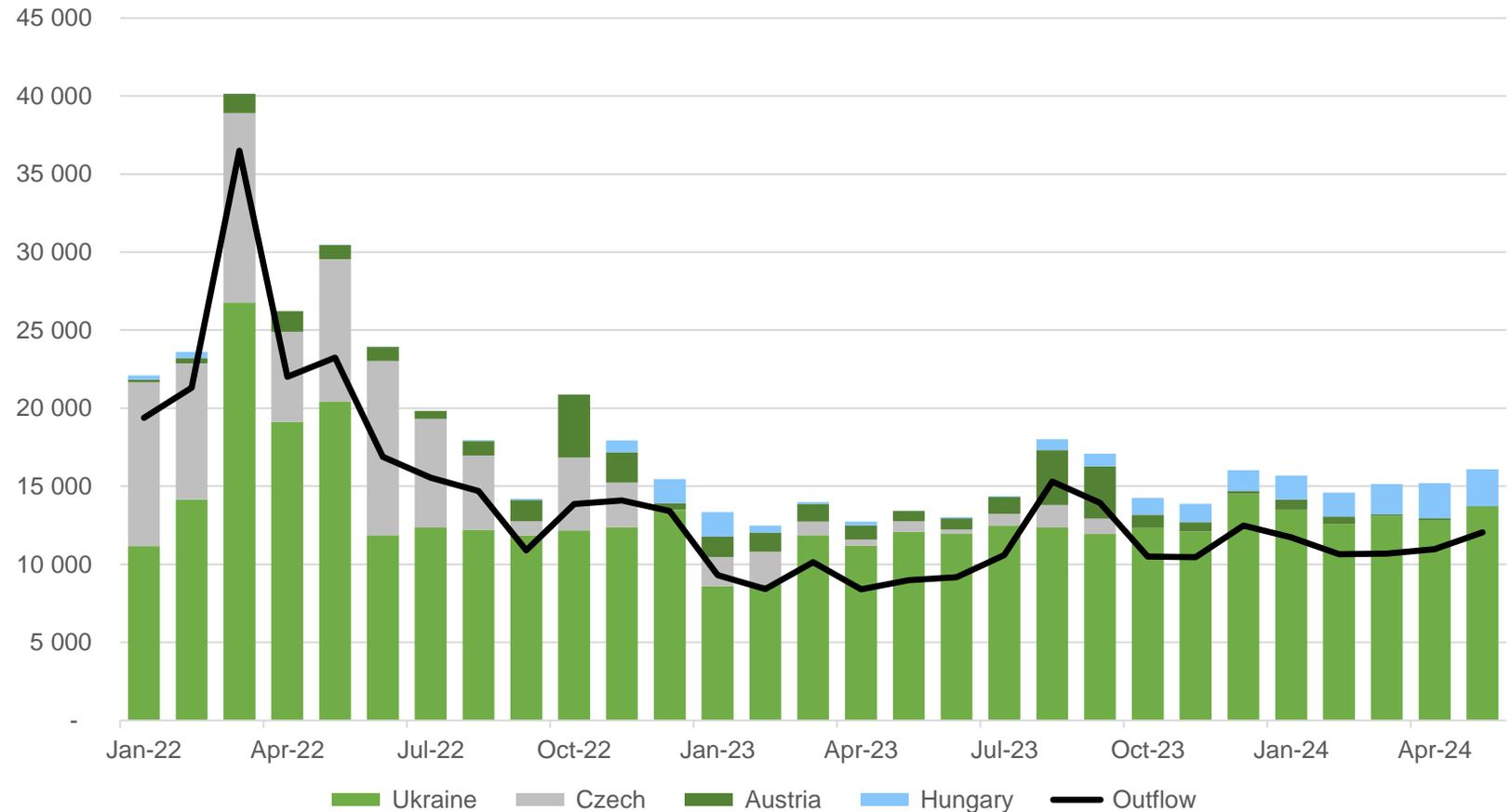
- » This seasonal decrease is also observable on other regional exchanges.
- » As opposed to Hungary, **Austrian, Polish and Czech volumes could not surpass May 2023 values.**
- » Lower CEGH volumes might be associated with **lower MGP prices**, thus lower Hungarian imports to Hungary from Austria and higher exports from Hungary to Slovakia.

SLOVAKIAN GAS INFLOW VOLUMES

EXPERT OPINION:

- » **Inflow volumes dropped** to less than half compared to March 2022, and dropped by a quarter compared to pre-war volumes.
- » **Ukrainian imports have not reduced** compared to the pre-war months, **but they account for the large part of incoming gas**, so the expected **Ukrainian transit stop at the end of the year could be a significant challenge for Slovakia**.
- » **Czech imports fell significantly by the end of 2022 and then stopped**. This may be related to the amount of gas coming from Germany to the Czech Republic has decreased significantly with the closure of the Nord Stream and the Yamal pipelines.
- » **Austrian inflow also ceased**, decreasing from around the same time that the amount of gas entering Austria from Germany and Italy decreased.
- » **Hungarian imports have been constant since the end of 2023**, probably due to constant volumes coming in on the Turk Stream.
- » Alongside imports, **exports have fallen by a similar amount**, so Slovakia's transit status has been reduced.

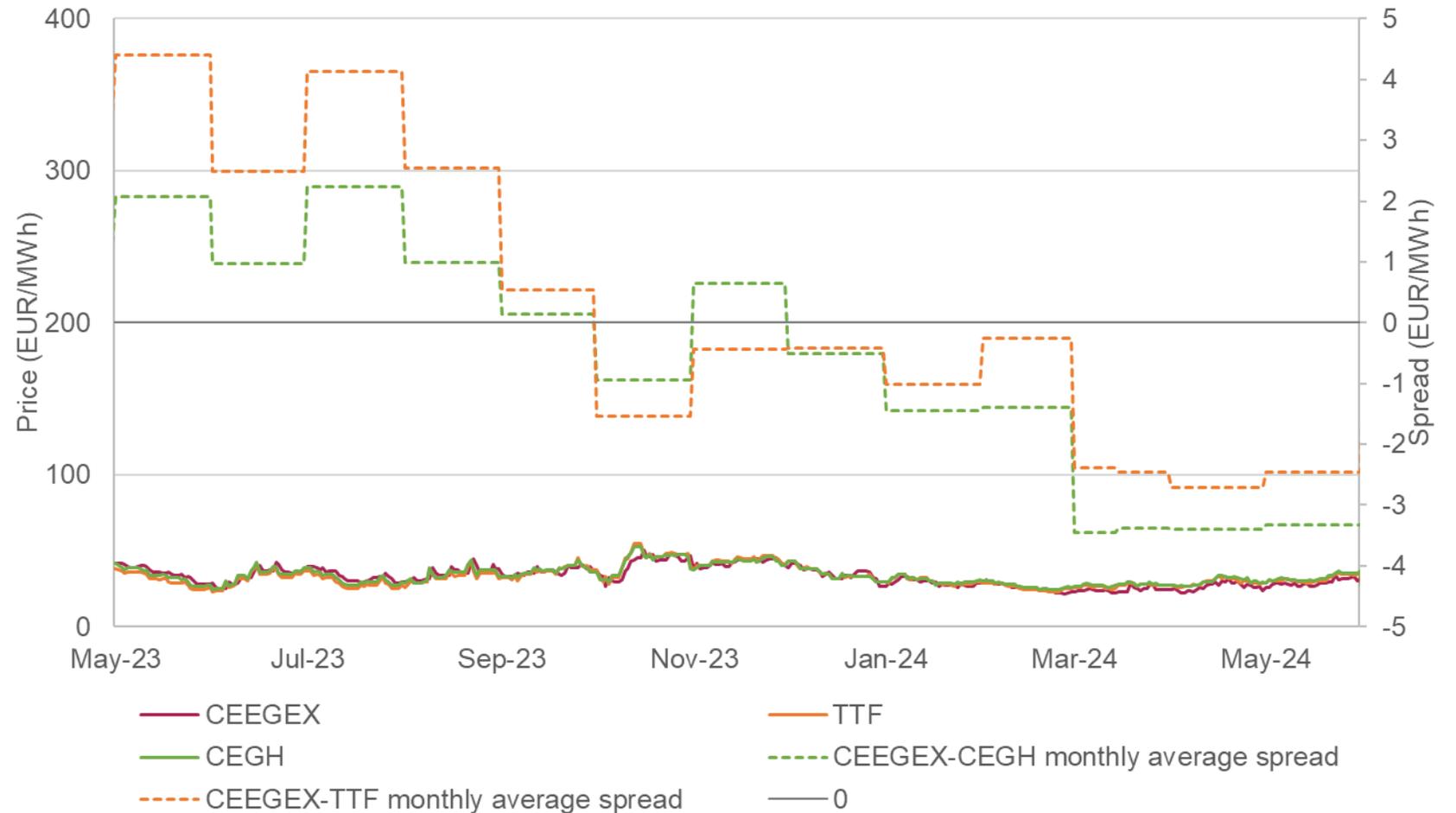
SK gas inflows 2022.01.01. - 2024.05.31. (GWh)



REGIONAL PRICES AND SPREADS

EXPERT OPINION:

- » In October 2023, the **spreads flipped to the negative territory** and this trend continued in 2024.
- » Hungarian prices are in discount due to **high storage sites, lower consumption, high and stable flows on TurkStream**.
- » The expected **cessation of flows via Ukraine from 2025** might had caused increasing flows via Hungary.
- » If the withdrawal of German storage levy fee from 2025 would incentivise NWE exports to CEE, then the spreads might narrow. However, **increasing Asian LNG imports are expected to maintain higher NWE prices** in comparison to stable pipeline flows from the Balkans.



JAPANESE CANDLES LAST 3 MONTHS

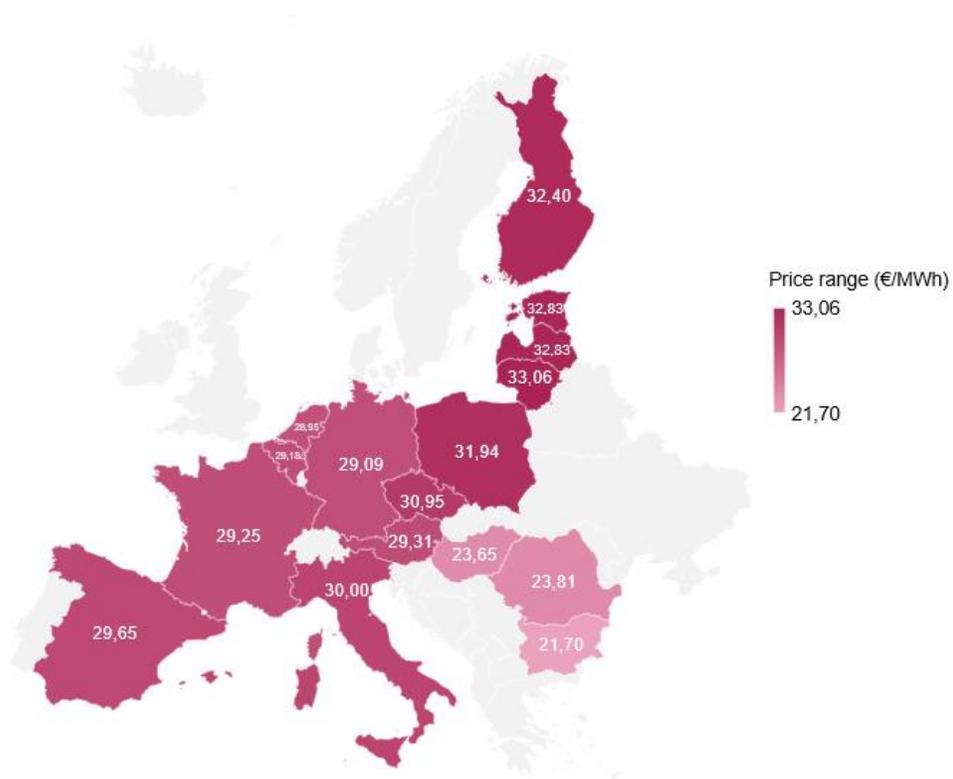


EXPERT OPINION:

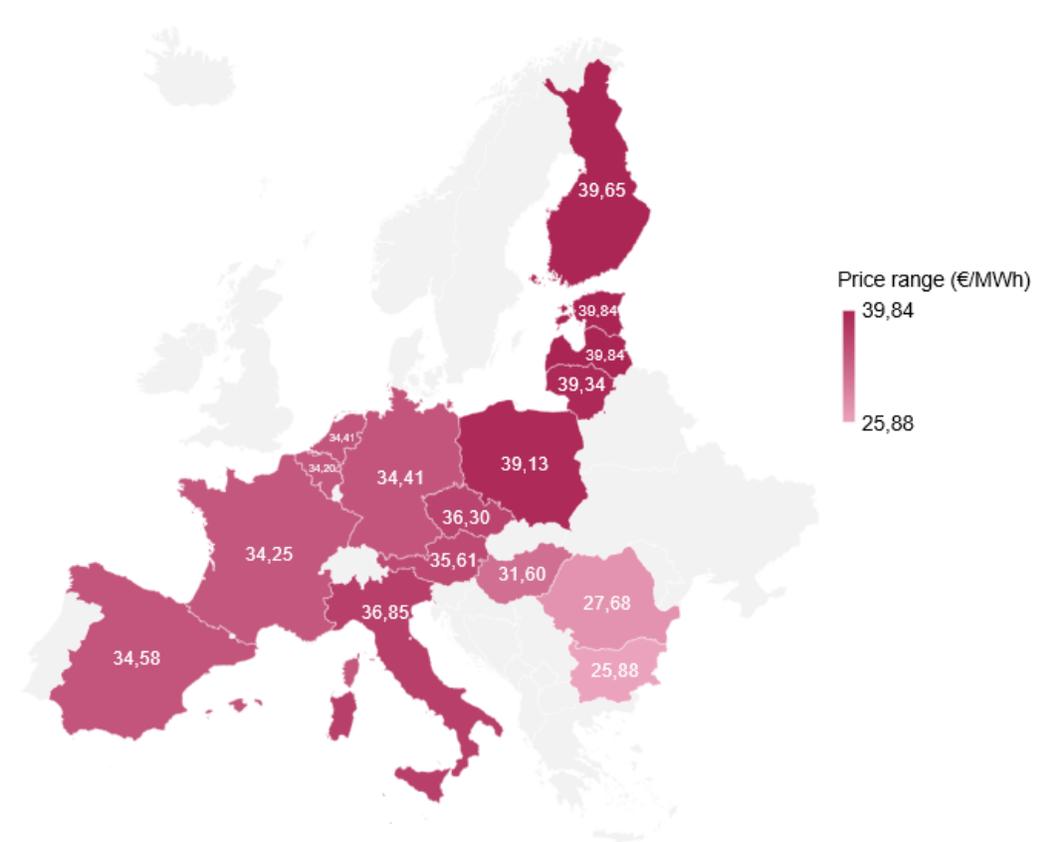
- » By mid-May prices increased following news that **Austria might cancel its long-term gas supply contract with Gazprom**. **Norwegian maintenances** also added to the bullishness.
- » But by the end of the month the announcement of the **withdrawal of the Germany storage levy fee** calmed down the market sentiment had bearish pressure on prices.
- » In 2024, price **volatility continued to be moderated, boosting trading activity** on most European markets.
- » Price levels are similar to 2021, but prices are still far more volatile than before the energy crisis.

NATURAL GAS PRICES SNAPSHOT

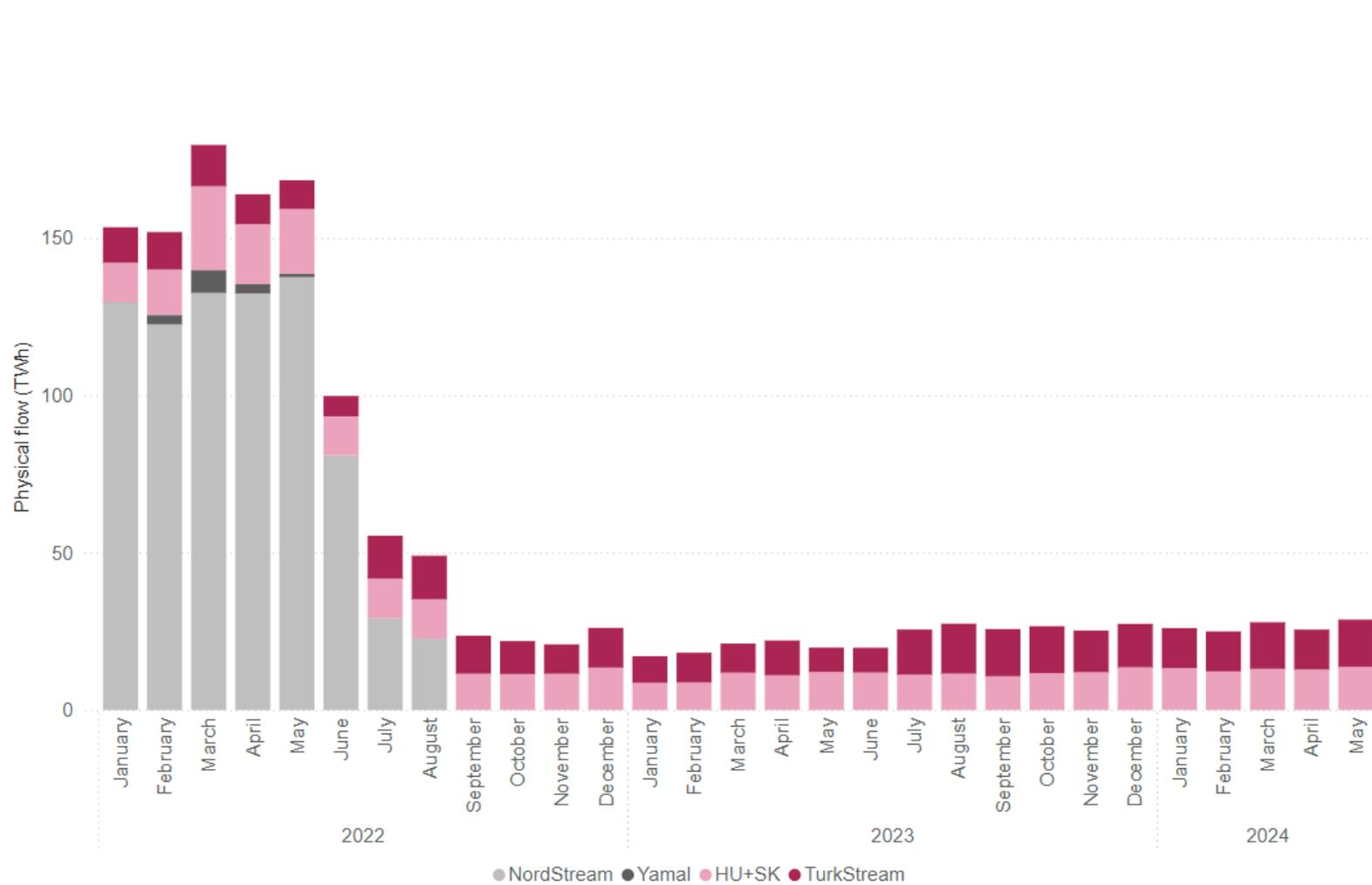
30/04/2024



31/05/2024

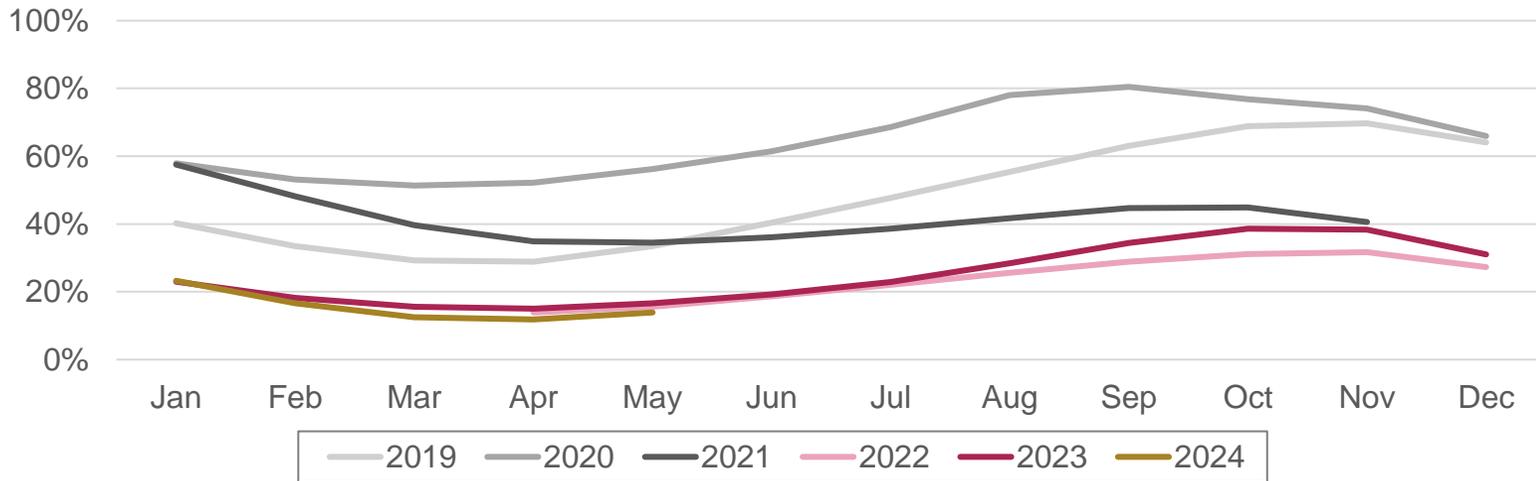
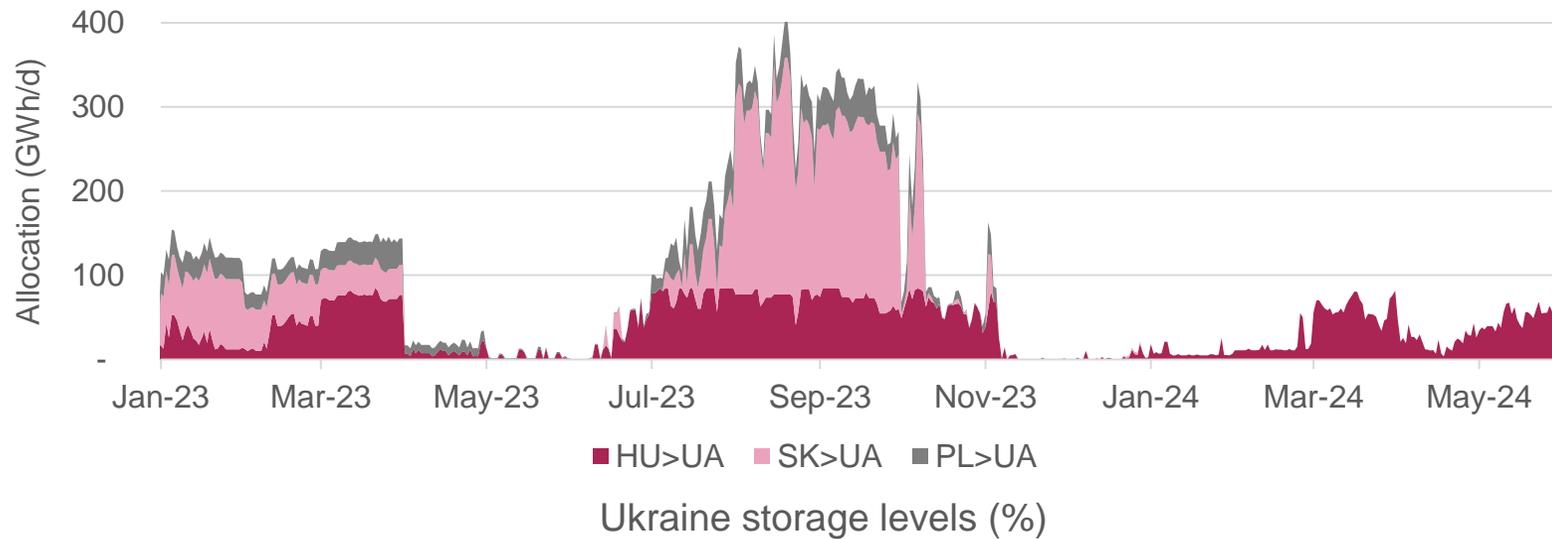


RUSSIAN FLOWS



- Russian flows, while still at significantly lower levels than in pre-war times, have seen **some increases in recent times**
- The **Ukraine route** totalled roughly 1.3 bcm in transports through May, an 5% YoY increase. However, this still **only accounts for ~40% of contracted volumes for this route**
- In contrast, **TurkStream has seen the highest flows to Bulgaria over a two-week period ever in May** averaging 537 GWh per day. This was likely driven by the premium this market provided in this timeframe compared to other exchanges like TTF.
- Alternatively, it might have been a strategy to prepare for the **scheduled maintenance of TurkStream in June**

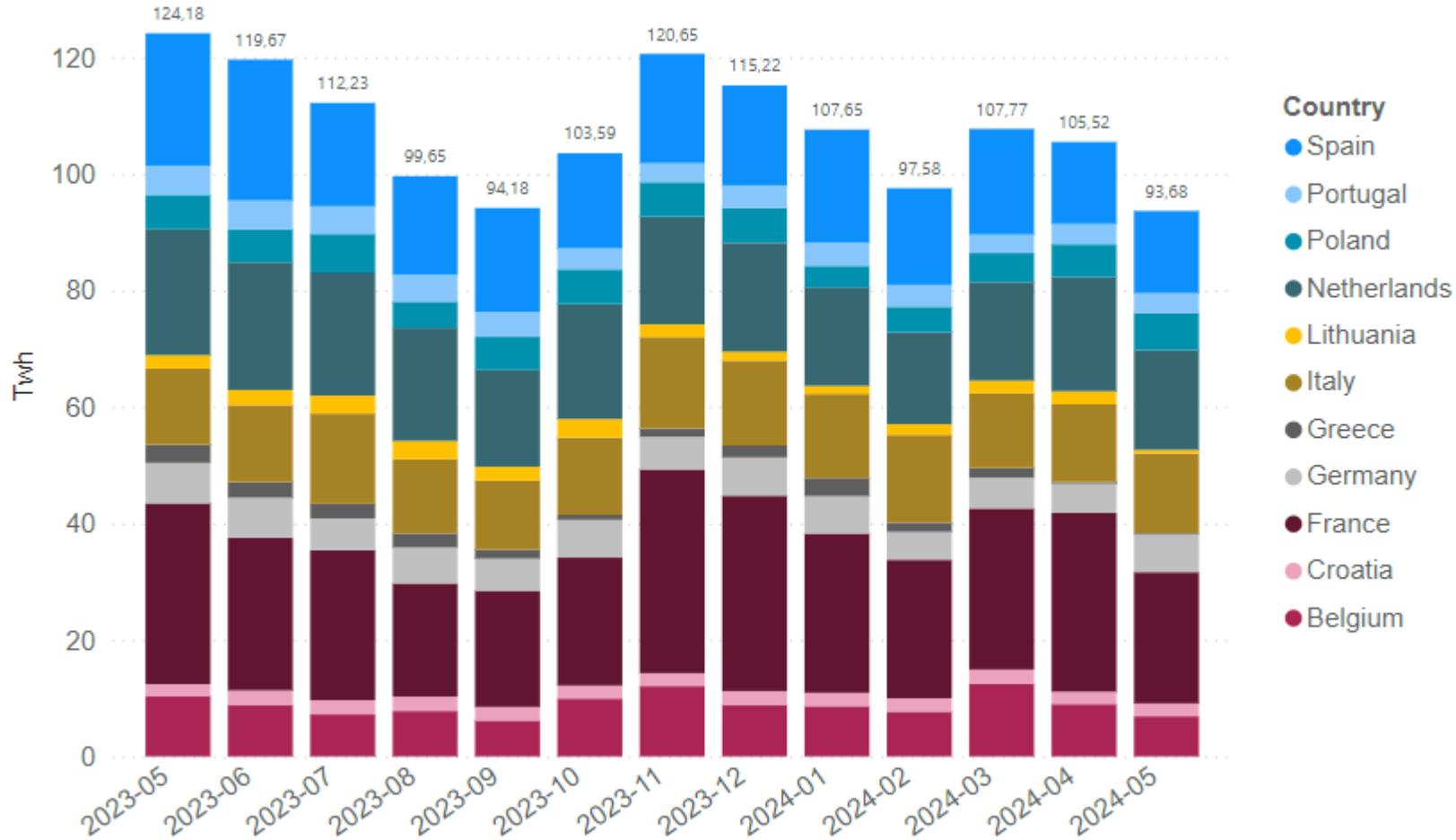
UKRANIAN GAS STORAGES



EXPERT OPINION:

- » The imports from SK and PL significantly increased in 2023, then almost disappeared in 2024
- » Imports into UA are mostly coming from HU in 2024
- » Russia attacked underground gas storages in March and April too, but these did not impact the operations critically
- » At the end of May, **Ukraine's storage levels are around 15%, while EU levels are approximately 70%.**
- » **Ukraine started injections earlier than usual, but the volumes are not very significant yet.**
- » Ukraine plans to store approximately 4 bcm of gas for foreign companies and traders this winter, a 60% increase from last year, despite Russian attacks on the country's energy infrastructure.

LNG SEND-OUTS BY EUROPEAN COUNTRIES*



EXPERT OPINION:

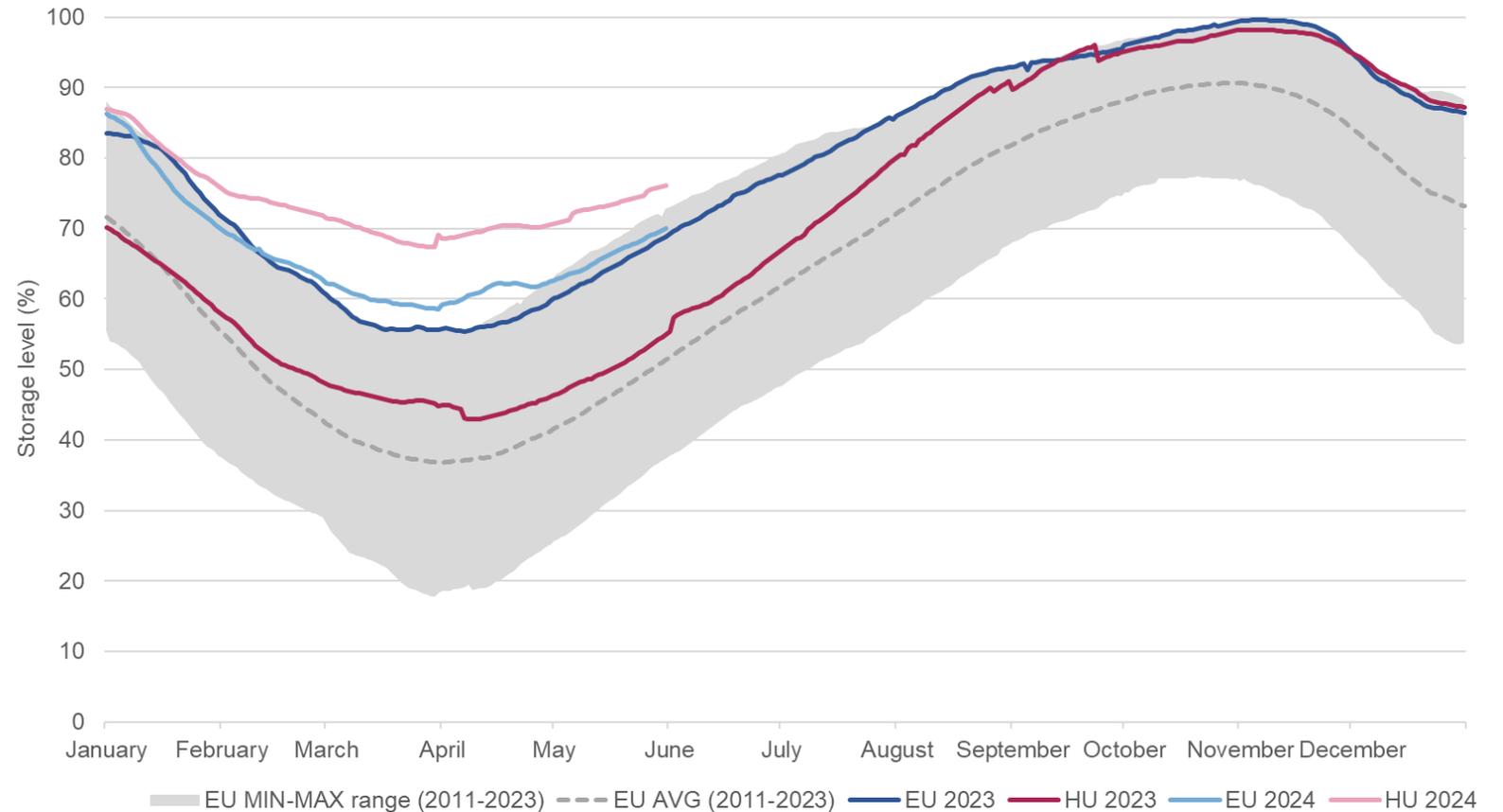
- » **European LNG imports decreased by 11% MoM and by 25% YoY**
- » **Lowest European LNG imports since February 2022 (91 TWh)**
- » **European LNG prices reached five-month high in May** due to ongoing geopolitical risk factors and global competition
- » Stronger seasonal demand in Asia caused by heatwaves created **competition between Asian and European LNG supply**
- » Spain, France, Italy and the Netherlands sent out the highest volume of LNG
- » On 22 May, Algerian LNG arrived at the Krk LNG terminal in Croatia for the first time.

• Excluding UK, Finland (data not available)

GAS STORAGE LEVEL IN EU AND HU

EXPERT OPINION:

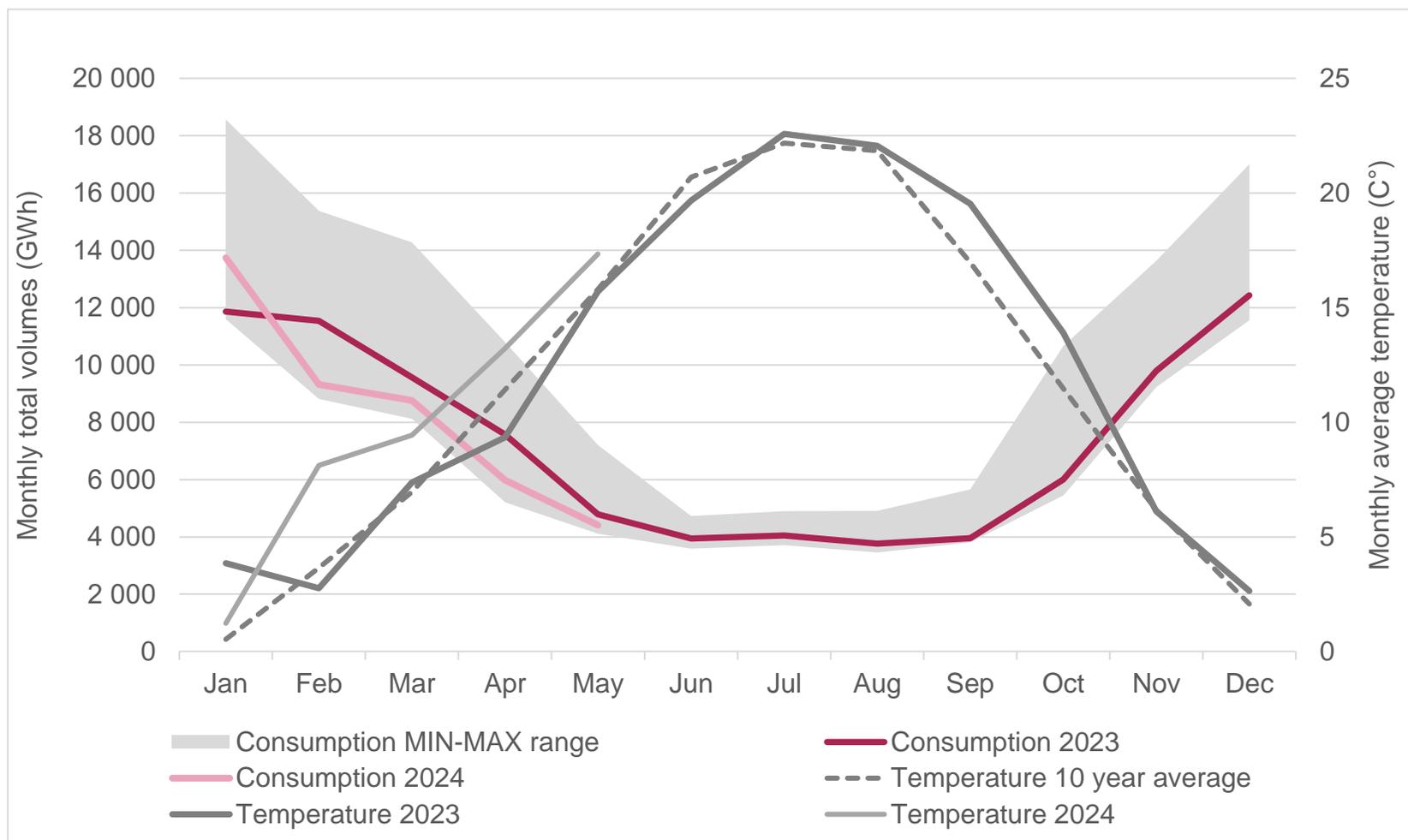
- » The pace of injections in Hungary was approximately the same as the European average, except there was a big increase in the Hungarian injections in the beginning of May.
- » **EU aggregated storage sites stood at 70% (+13% MoM) by the end of May, while Hungarian stocks at 76% (+8,5% MoM), Hungary's is 4th highest in Europe.**
- » Both values are above 2023 values. **But the EU 2024 average fall and remained below the 10 year maximum values in May.**
- » Hungary reached the European Union targets - to fill its reserves to 65 % by July 1 – earlier, by May 1.



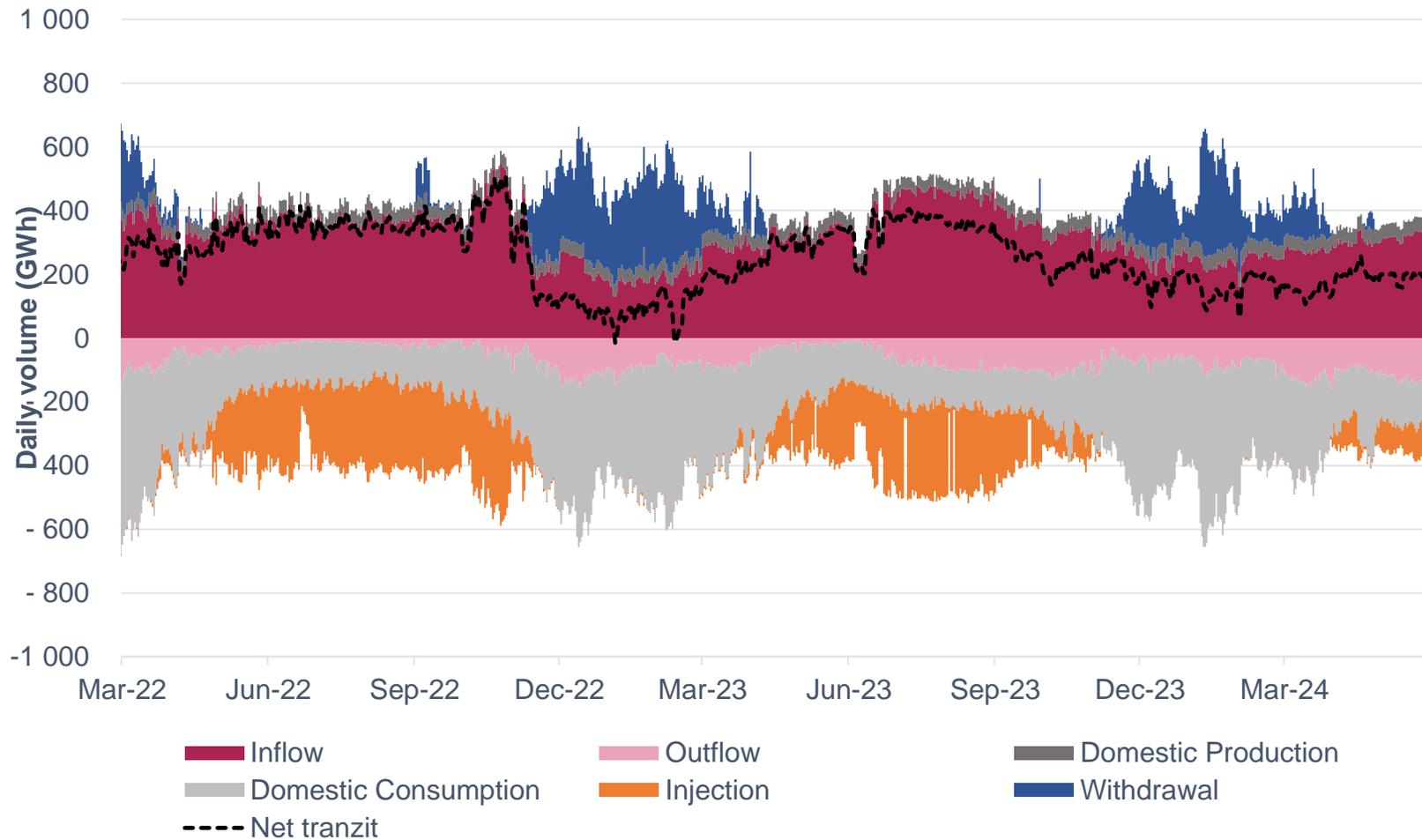
HUNGARIAN DOMESTIC GAS CONSUMPTION

EXPERT OPINION:

- » Since '24 February average monthly temperatures have been above last year level and above the 10-year average
- » **Because of that the consumption since '24 February has been below 2023 level**
- » Because of the milder weather in the winter and an unusual warm spring the consumption decreased further.
- » Residential energy prices were unchanged.
- » Consumption was **close to the 10-year minimum values**. Thus, most probably the industrial demand remained similar, while residential use decreased due to warmer temperatures.
- » Next month's data will show whether industrial consumption caused this shrinkage or not.
- » Summer heatwaves in the upcoming months might boost gas demand for power generation to meet air-conditioning related demand.



HUNGARIAN GAS MARKET BALANCE



EXPERT OPINION:

- » **May domestic consumption** dropped by 8% YoY and decreased also in comparison to April due to warmer temperatures.
- » Domestic production remained unchanged.
- » In May both **import and export volumes grew** showing the **increasing importance of transit volumes via Hungary**.
- » Despite the complete lack of Austrian imports this year, **Serbian, Croatian and Romanian imports kept the total import values elevated**.
- » **Export towards Slovakia continued to be high since the beginning of the year**, while Ukrainian exports gradually increased throughout May.

COUNTRY OVERVIEW: GREECE

Annual gas consumption:

- ~5-6 bcm/y

Export & import volumes:

- Import: ~6 bcm
- Export: ~0.5 bcm

Underground storages:

- No storage in Greece
- Only LNG storage

Cross-border interconnection points:

- GR>BG, BG>GR Kulata/Sidirokastron
- GR>BG, BG>GR Komotini
- GR>TR, TR>GR Kipi
- GR>TR Kipoi

Transmission network:

- 1466 km high pressure pipeline

LNG:

- Alexandroupolis FSRU (5.5 bcm/y)
- The Revithoussa (DESFA) terminal is an important energy asset for Greece, providing security of energy supply (6.9 bcm/y)

Energy mix:

- 52% oil
- 22% natural gas
- 6% biofuels
- 8% coal
- 9% wind, solar
- 2% hydro

Gas trading:

- 0.32 bcm through EnEx
- 5.82 bcm OTC
- 6.12 bcm traded volume

Actors

- TSO: DESFA
- DSO: DEDA
- Gas Market: Enex Group, HEnEx
- Main gas supplier: DEPA

Projects:

- East med pipeline
- Kavala planned gas storage
- Poseidon
- Aegean LNG
- Nea Messimvria – Evzoni/ Gevgelija Pipeline
- Nea Messimvria compressor station upgrade
- Dedicated H2 Pipeline

