

Global & Regional Market Analysis

NATURAL GAS, 2024 September

24/10/2024

STORIES OF THE MONTH

SEPTEMBER 2024



Hungarian and Slovak gas TSOs, FGSZ and Eustream, have agreed to raise gas transmission capacity from Hungary to Slovakia by 33%, reaching 101.8 GWh/d until April 2025. The firm capacity at the Vel'ke Zlievce-Balassagyarmat point will increase to 4.2 kWh/h on a trial basis, available as a daily product from 2 October.



A false report on 19 September claimed that a potential agreement to transport Azerbaijani gas to Europe through Ukraine could replace the Russian volumes scheduled to end this year. The prices dropped sharply, then stabilized after the report's correction.



- » Romanian gas TSO Transgaz, along with its Moldovan subsidiary VMGT, implemented a new tariff of EUR 15.46 per day for transporting gas from Greece to Ukraine, making it **one of the most expensive pipeline routes in Europe**.
- » A new agreement between Desfa and ICGB, will enable gas flows from Greece to CSEE Europe, following the successful testing of the interconnection point at Komotini. The pipeline started to operate on 1 October along with the new Greek LNG terminal.



Russian company NOVATEK sent a non-ice-class LNG carrier through the icy waters of the Northern Sea Route, this is the first time a ship of this type attempted the route.



The Dutch government plans to introduce a gas storage levy on booked capacity, in addition to GTS's transport tariffs, to generate €146.7 million annually from 2026 to at least 2029.



Turkish energy group BOTAŞ signed a 10-year agreement with Shell to supply up to 4 bcm of LNG annually from Shell's US and global portfolio, starting in 2027.



Hungary's MVM Group acquired a 5% stake in Azerbaijan's Shah Deniz offshore gas field and a 4% stake in the Azerbaijan Gas Supply Company from the state-owned Southern Gas Corridor CJSC. The transaction was completed on 30 August.



Hungary's Mol Group has signed agreements with Azerbaijan's Socar and BP to exploit 112 bcm of gas reserves in the Azeri-Chirag-Deepwater Gunashli (ACG) field.

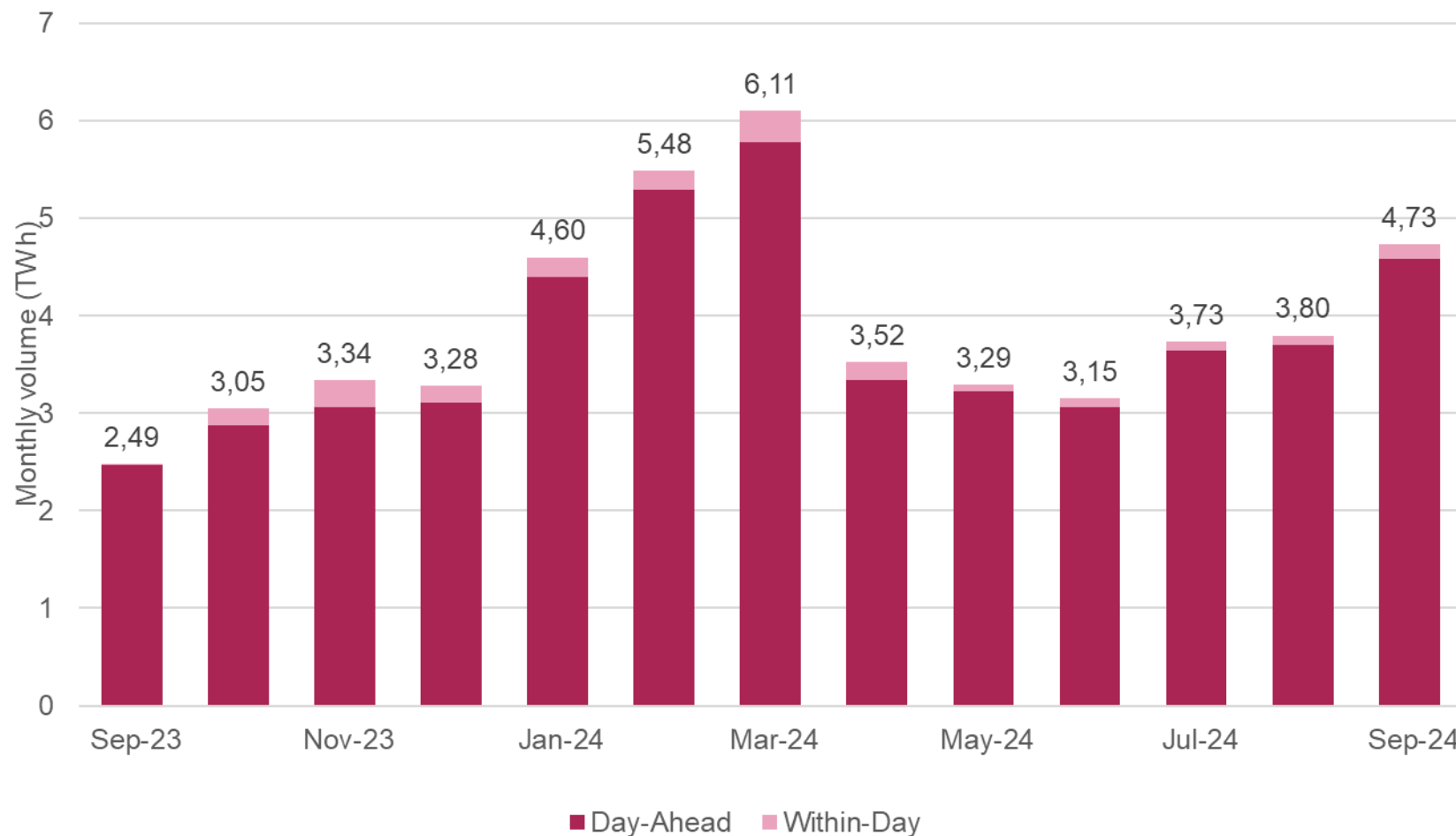


Serbia can renew its gas deal with Russia on similar terms, after the current one expires in March 2025.

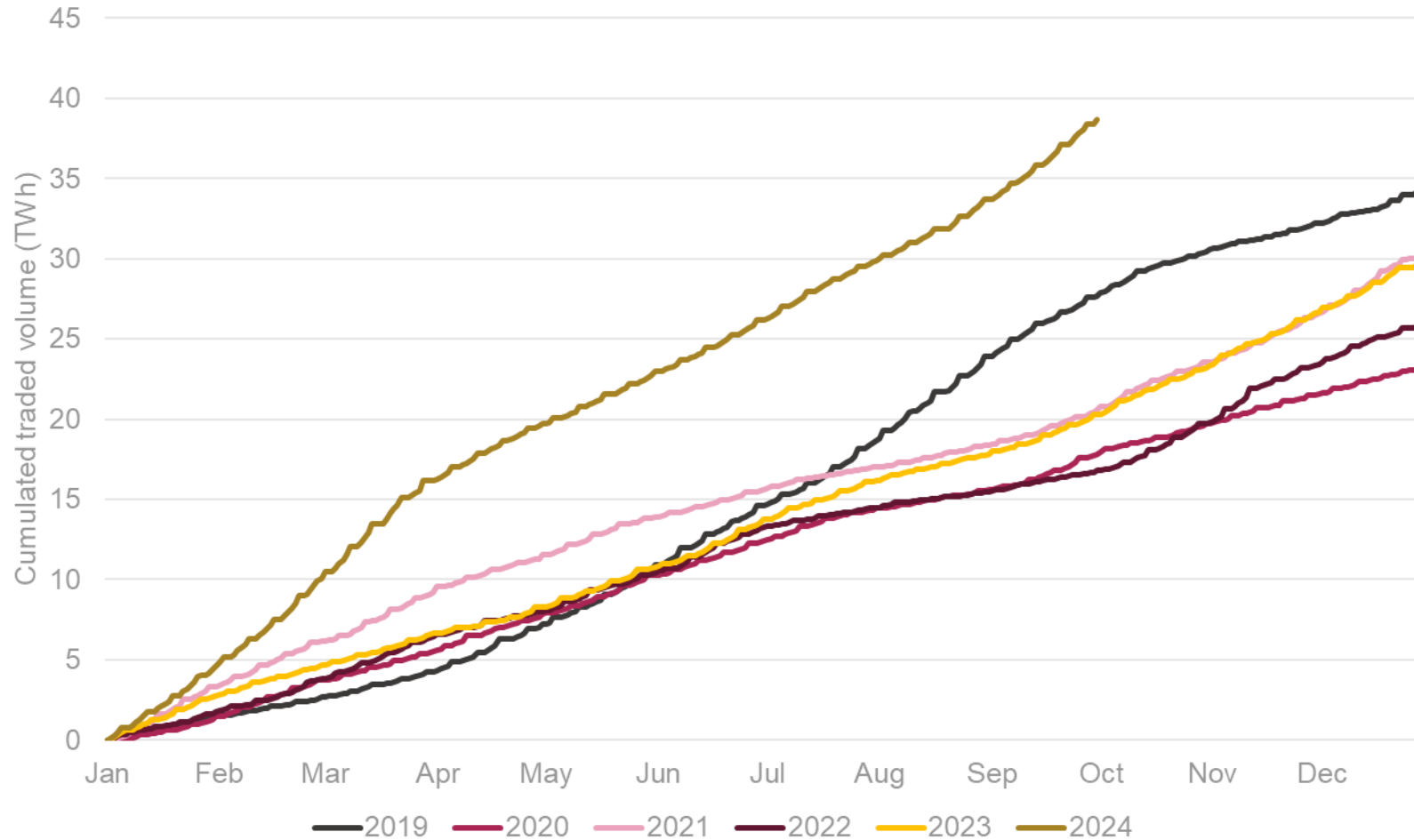
TRADED VOLUMES

EXPERT OPINION:

- » **Traded volumes in September were sharply increased MoM**, which is a typical trend from August to September.
- » **The volumes increased 90% YoY.**
- » The **significant increase** may also be **linked to the increase in export volumes in September, and relatively high domestic consumption** due to colder than average weather.
- » **September this year was by far the highest September volume** traded in the history of CeegeX.



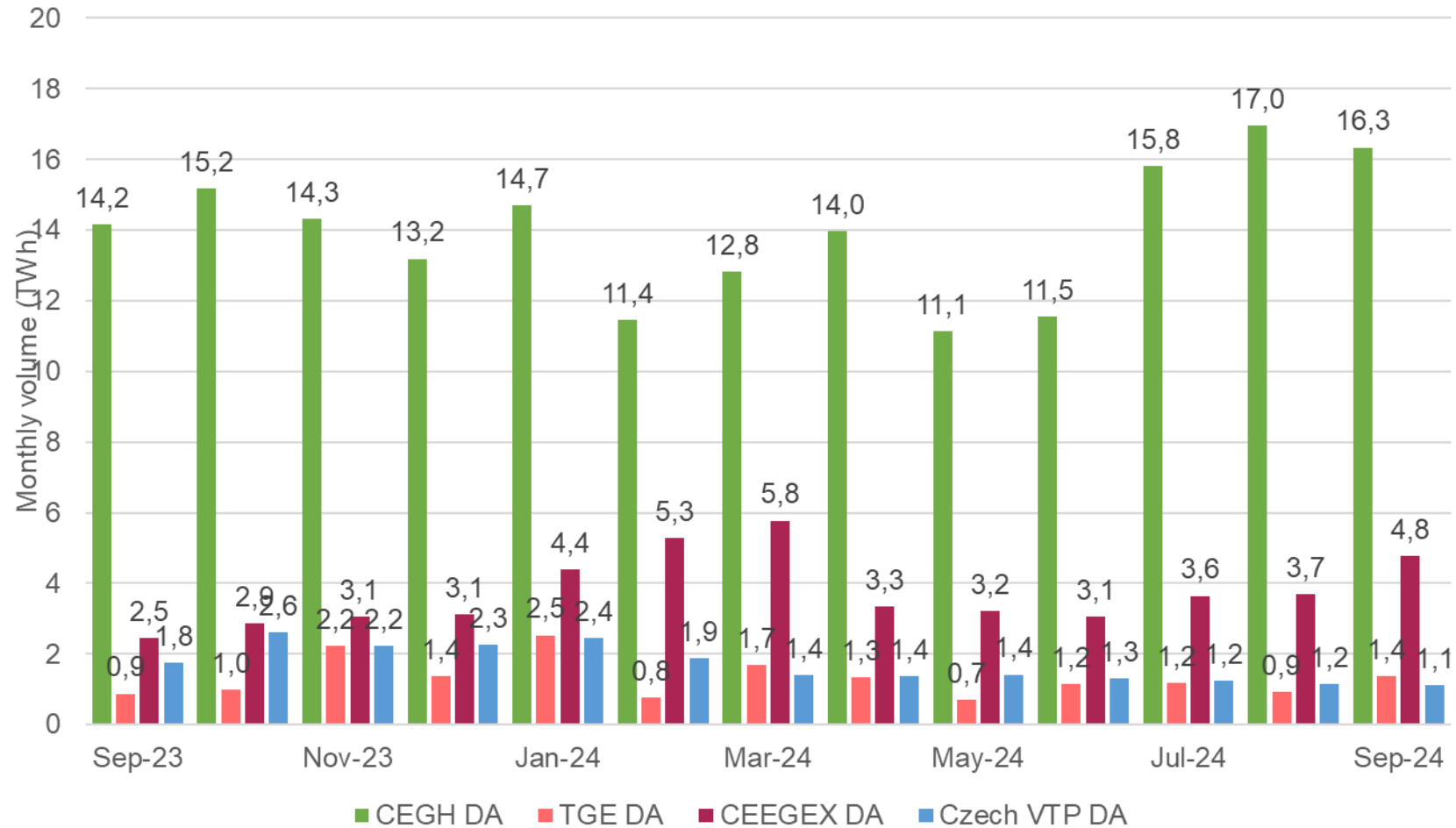
TRADED VOLUMES YEARLY COMPARISON



EXPERT OPINION:

- » **2024 Q1 started with record volumes**, doubled the 2023 numbers, and 76% increase compared to 2021 Q1.
- » **Since April to September**, the monthly traded volumes have **decreased slightly**, but the **cumulative levels remain significantly higher** compared to any previous year.
- » **Since Q1**, traded volumes in each month are also close to record levels, generally only surpassed by 2019 volumes.
- » **In September**, volumes traded exceeded the previous September maximum, as can be seen in the chart.

REGIONAL SCOPE DA MARKETS



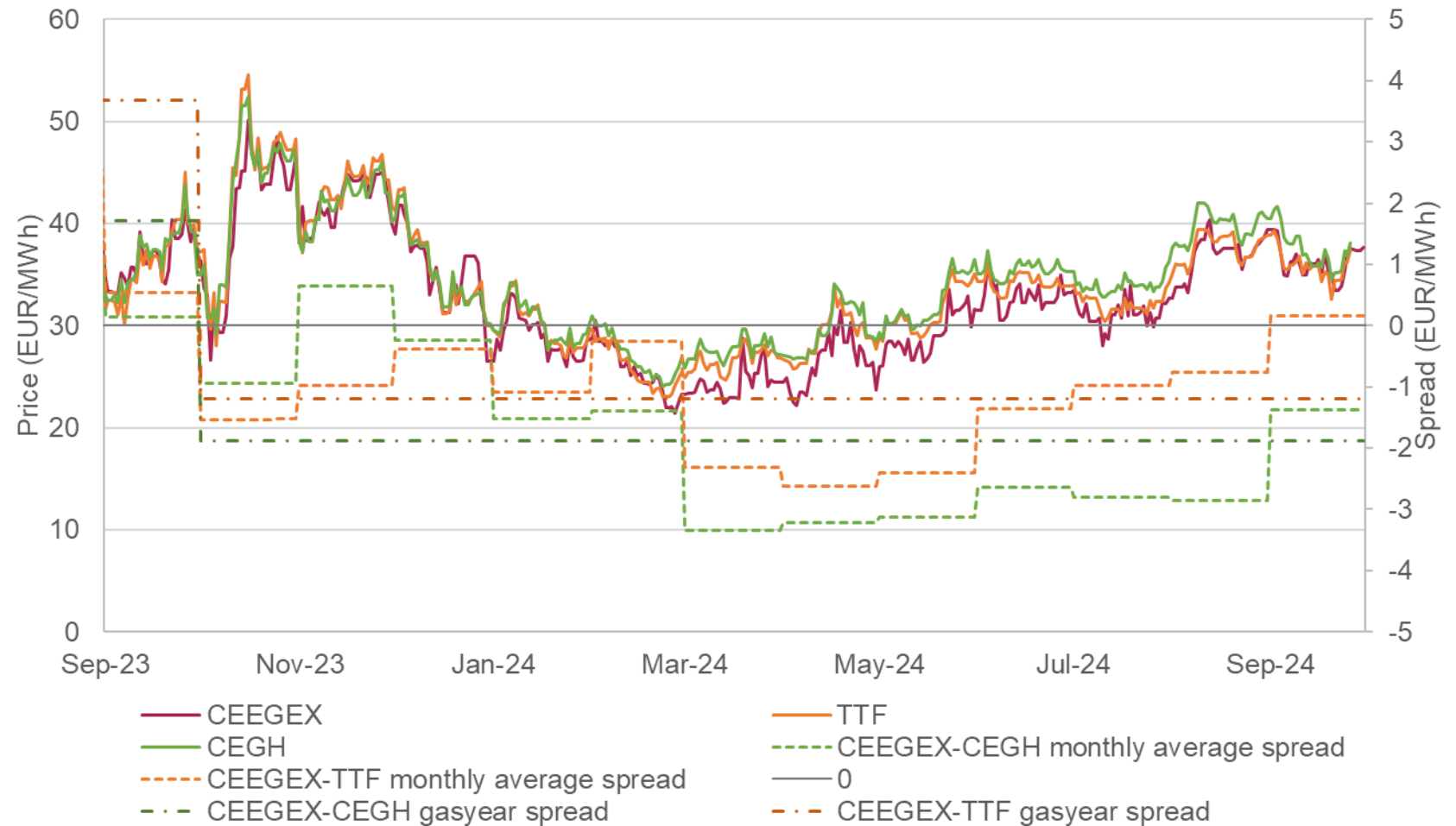
EXPERT OPINION:

- » The monthly volumes are increased on Ceegetx, but slightly decreased on CEGH, compared to August.
- » YoY, both Ceegetx and CEGH volumes grew, but Ceegetx saw a higher increase of around 90%, while CEGH increased by around 15%.
- » August marked a 6-month high on Ceegetx, surpassing the traded volumes of the previous five months.
- » Polish volumes grew at a high rate, while Czech volumes decreased slightly MoM. YoY, TGE volumes grew at a high rate too, but Czech VTP volumes decreased strongly.

REGIONAL PRICES AND SPREADS

EXPERT OPINION:

- » In September, both monthly spread narrowed, the TTF is above 0.
- » The CEEGEX-TTF monthly spread flipped to the positive territory, the first time since last September.
- » The CEEGEX-CEGH monthly spread reduced too, but it is still under -1€.
- » This negative spread could also be due to the expected shutdown of Ukrainian transit from 2025.
- » Prices fell in the first half of September and then rose in the second half of September on all three exchanges.
- » All in all, the prices slightly decreased compared to August, and all are at the same level above 35 EUR/MWh.



JAPANESE CANDLES LAST 3 MONTHS



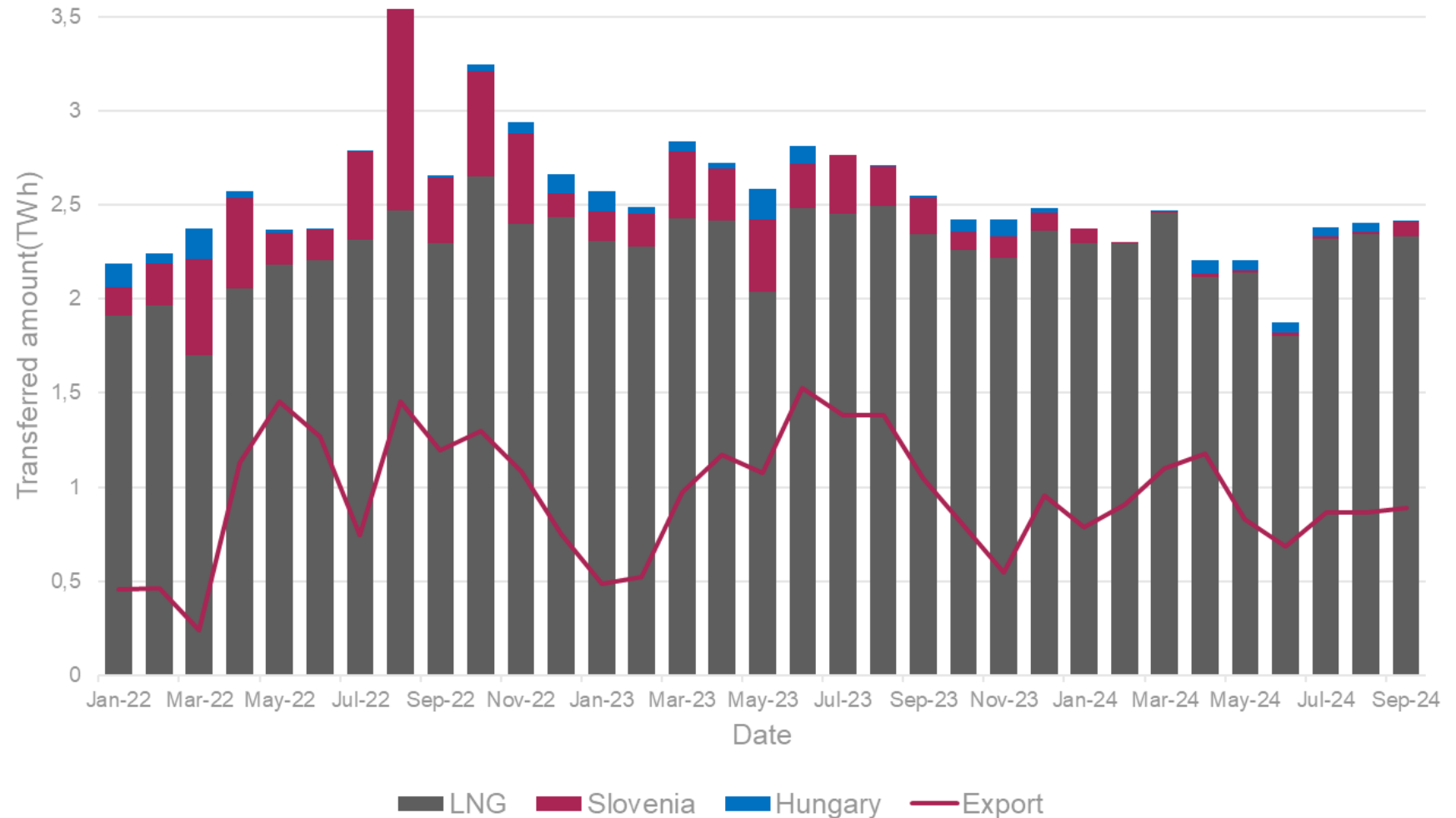
EXPERT OPINION:

- » Market **volatility** has not changed significantly compared to August.
- » The largest intraday change was smaller than in August.
- » Overall, the **trade prices have decreased** compared to the end of August.
- » The overall **decline in prices may be due to** the fact that **geopolitical factors generated less upward pressure on prices** in September.
- » The **traded volumes have risen significantly MoM**.

Croatian natural gas import & export

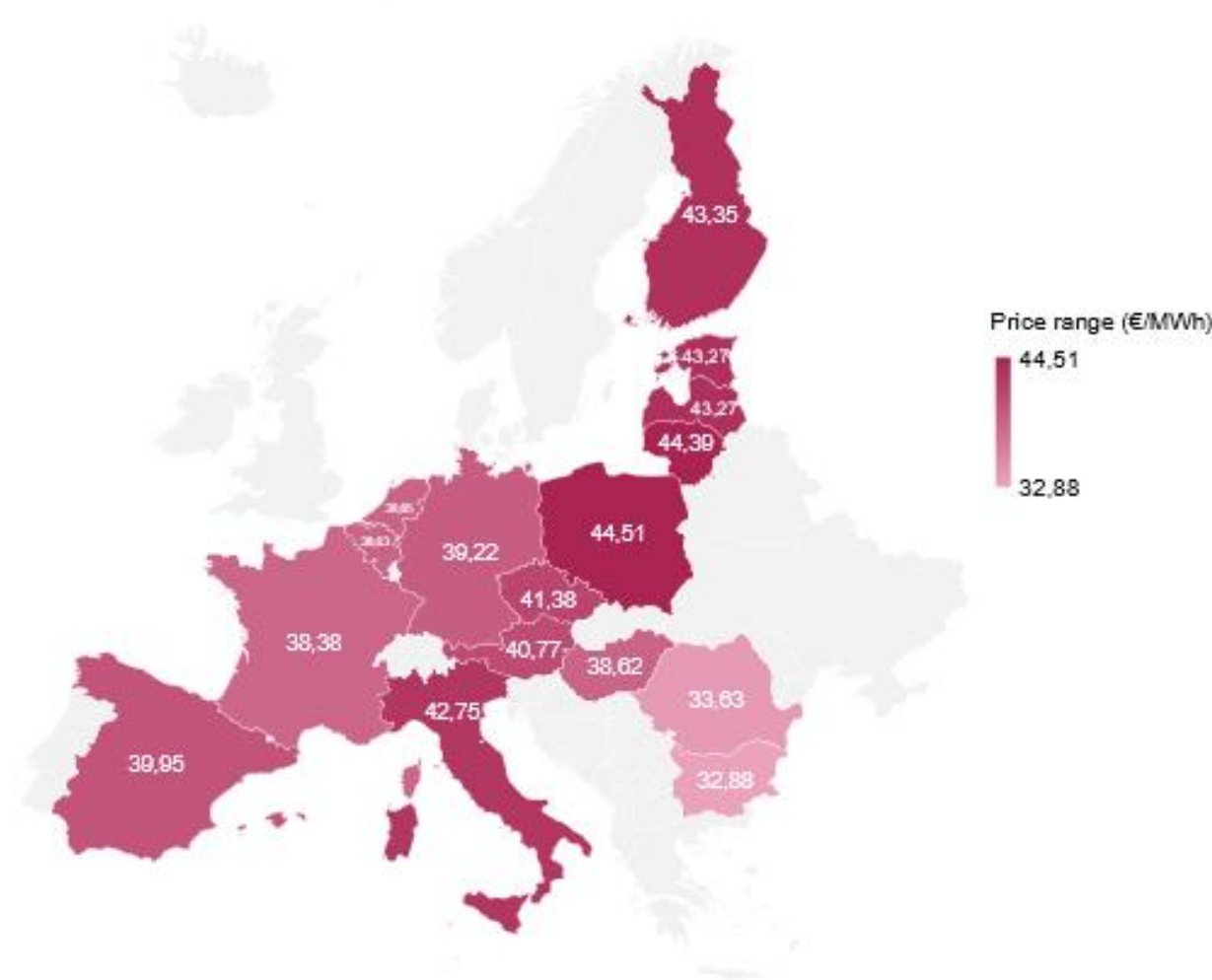
EXPERT OPINION:

- » Throughout 2022 and 2023 the **Slovenian imports slowly decreased** to the point where in 2024 it is almost non-existent.
- » The **LNG was the dominant import type in the last 3 years**. In April 2022 the capacity of the Krk LNG terminal was increased from 2.9 to 6.1 billion cubic meters, we can see the impact it had on the diagram.
- » The **imports from Hungary** were not that significant in these years, but those small amounts are still **consistently getting delivered almost every month**.
- » As for the exports, the amounts were lower in winter time and got higher at spring and summer. Also about 80% of the exports in 2024 went to Hungary, the rest to Slovenia.

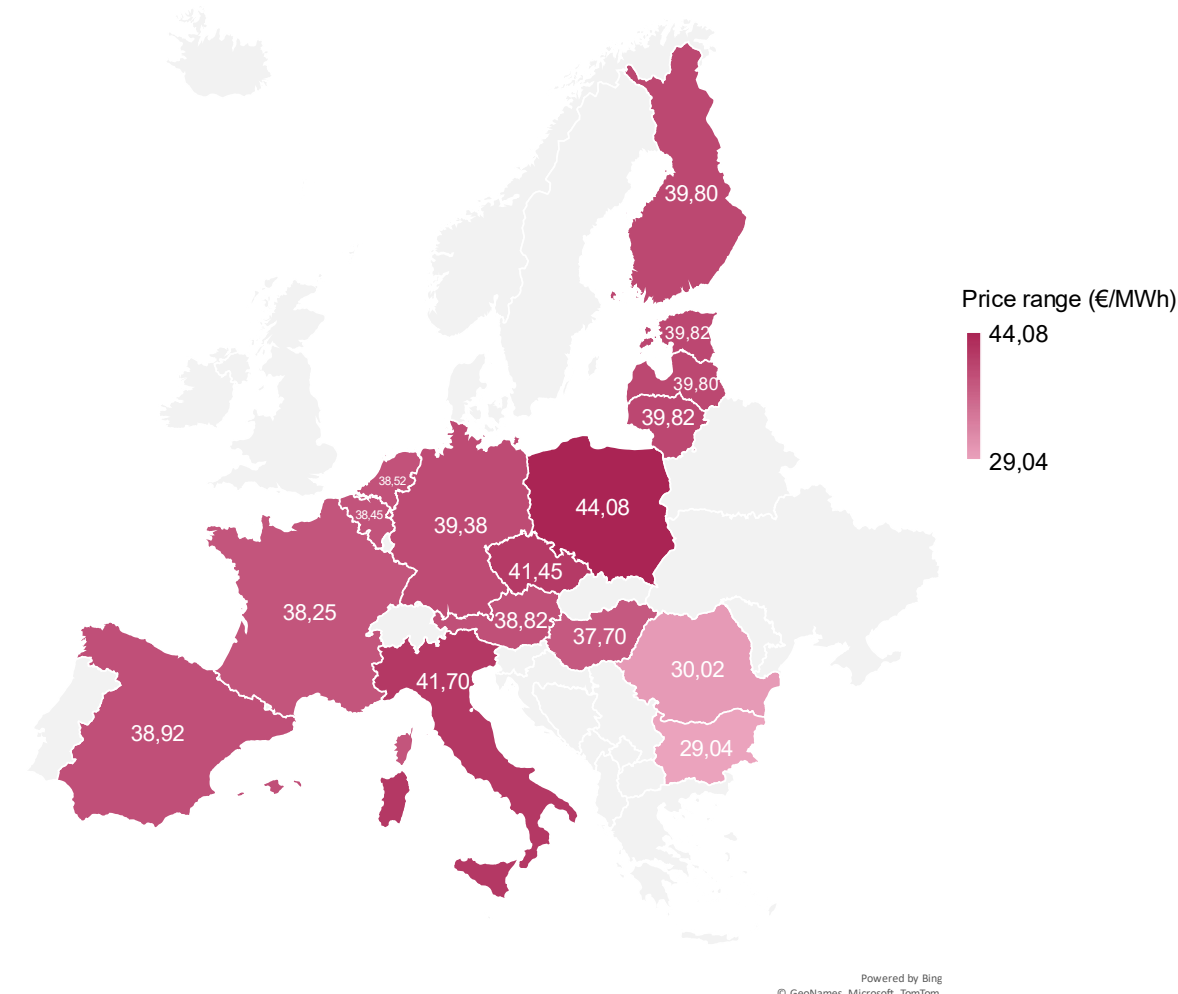


NATURAL GAS PRICES SNAPSHOT

31/08/2024

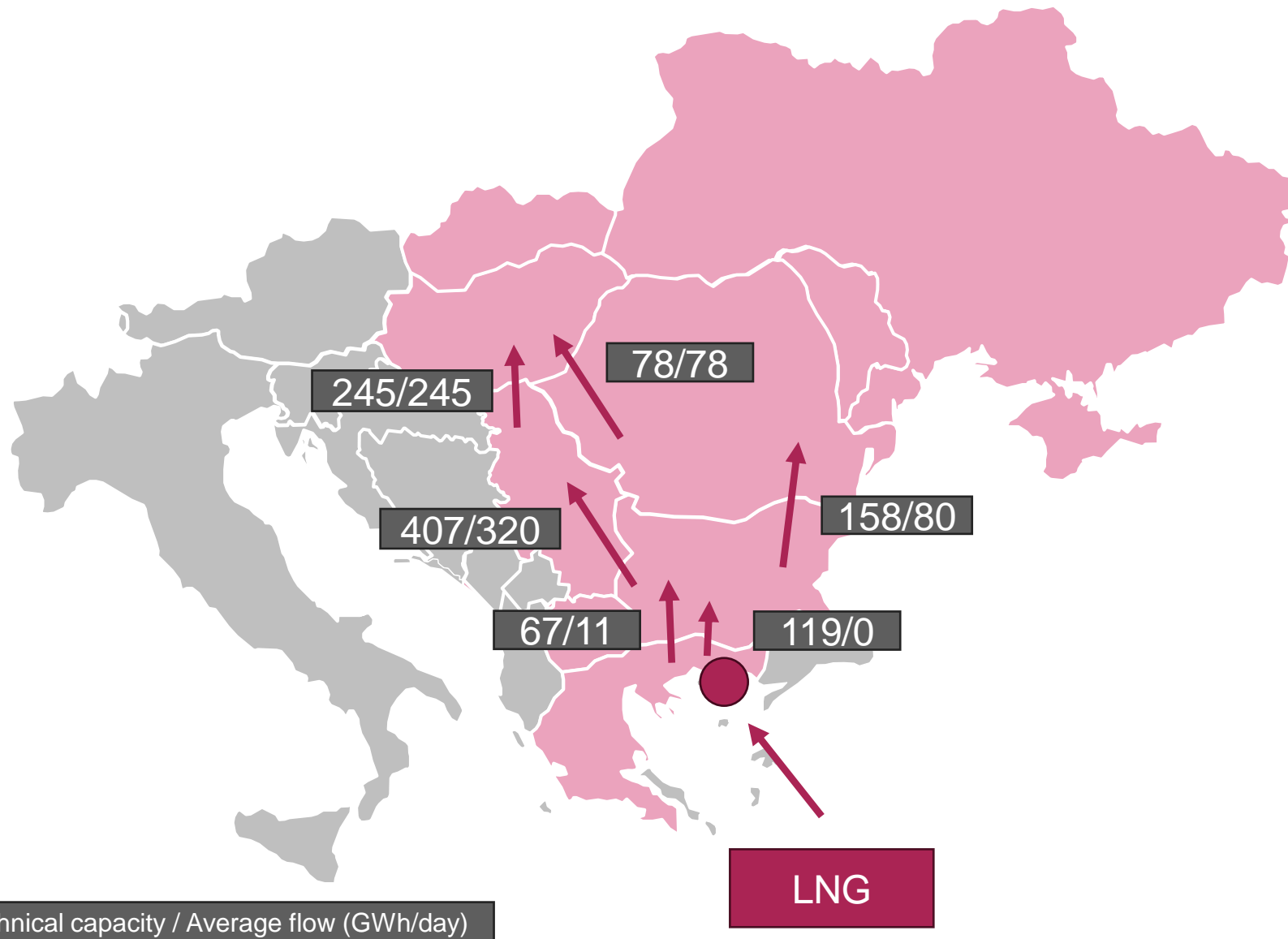


30/09/2024



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ALEXANDROUPOLIS LNG TERMINAL



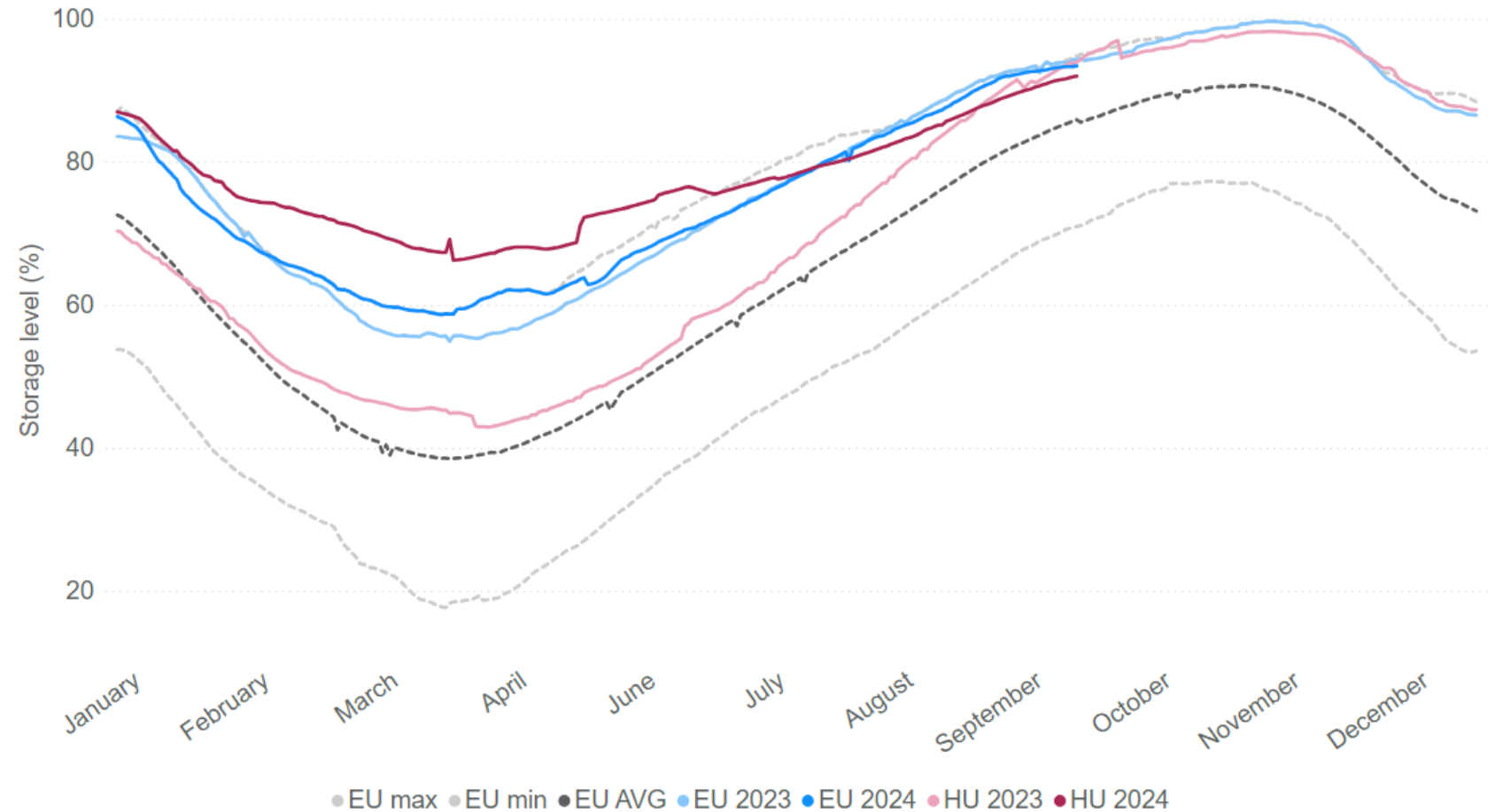
EXPERT OPINION:

- » Alexandroupolis LNG terminal **started commercial operation on October 1.**
- » The capacity of the LNG terminal is **5.5 bcm per year.**
- » The FSRU is connected to the **National Natural Gas Transmission System of Greece.**
- » Gas will be delivered to **Greece, Bulgaria, Romania, North Macedonia, Serbia, Moldova, Ukraine, Slovakia and Hungary**
- » The IGB current capacity is 3 bcm/y, with the planed increase to 5 bcm/y.
- » The **LNG comes from US, Qatar and Egypt.**
- » The LNG terminal is a key infrastructure improvement in the Vertical Corridor initiative, aimed at **ensuring gas diversity in the region.**

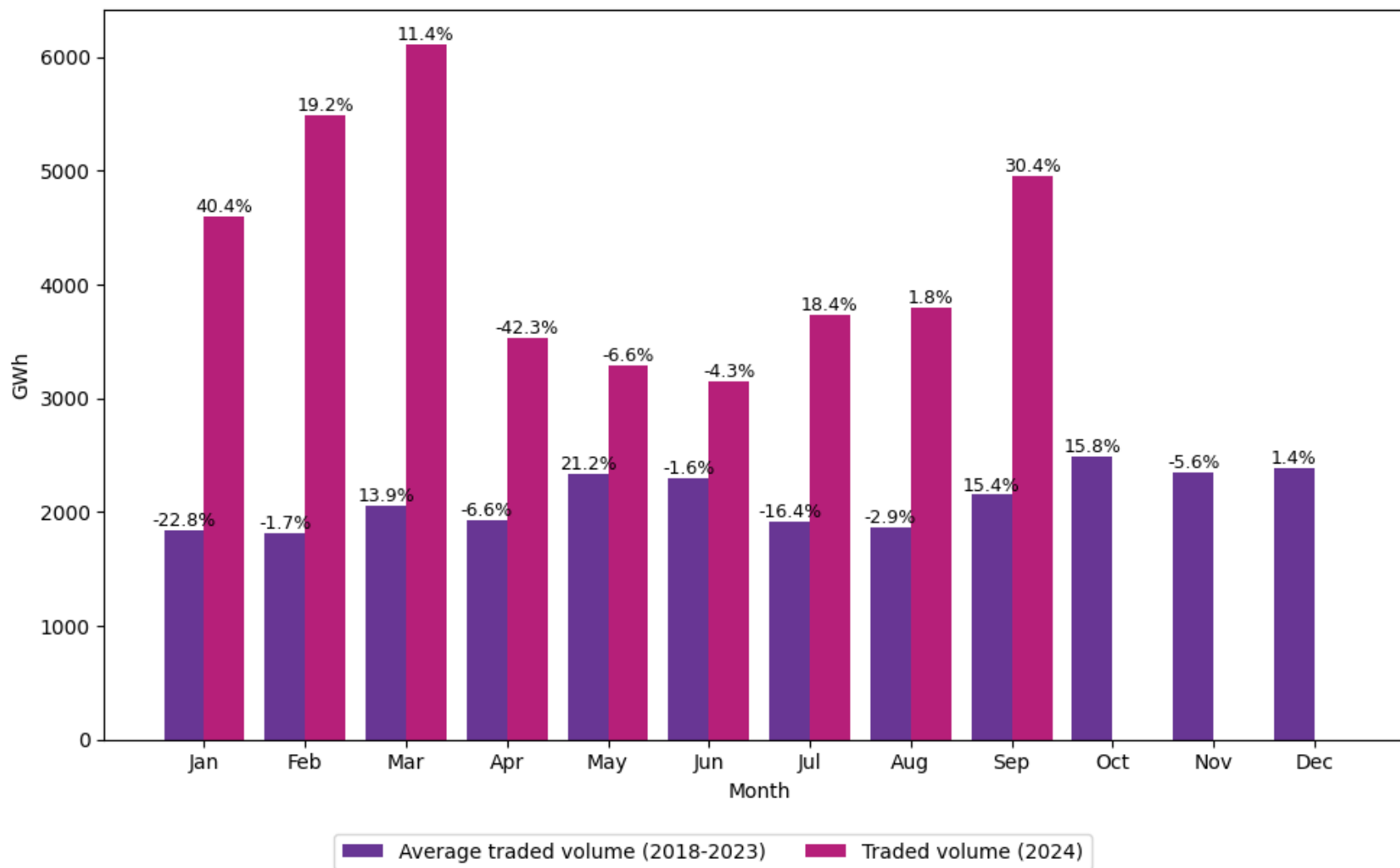
GAS STORAGE LEVEL IN EU AND HU

EXPERT OPINION:

- » In September, the aggregated EU storage facilities stood at 94% (+2.5% MoM), while Hungarian stocks stood at 92% (+3.5% MoM).
- » EU 2024 values are around its last year level.
- » In Hungary, 2024 pace of injection in September was slower than last year. HU storage levels remained below 2023 values in September.
- » EU final target by Nov: 90%
 - » EU storage sites reached the target on 19 August.
 - » Hungary also reached the 90% target already on September 2.



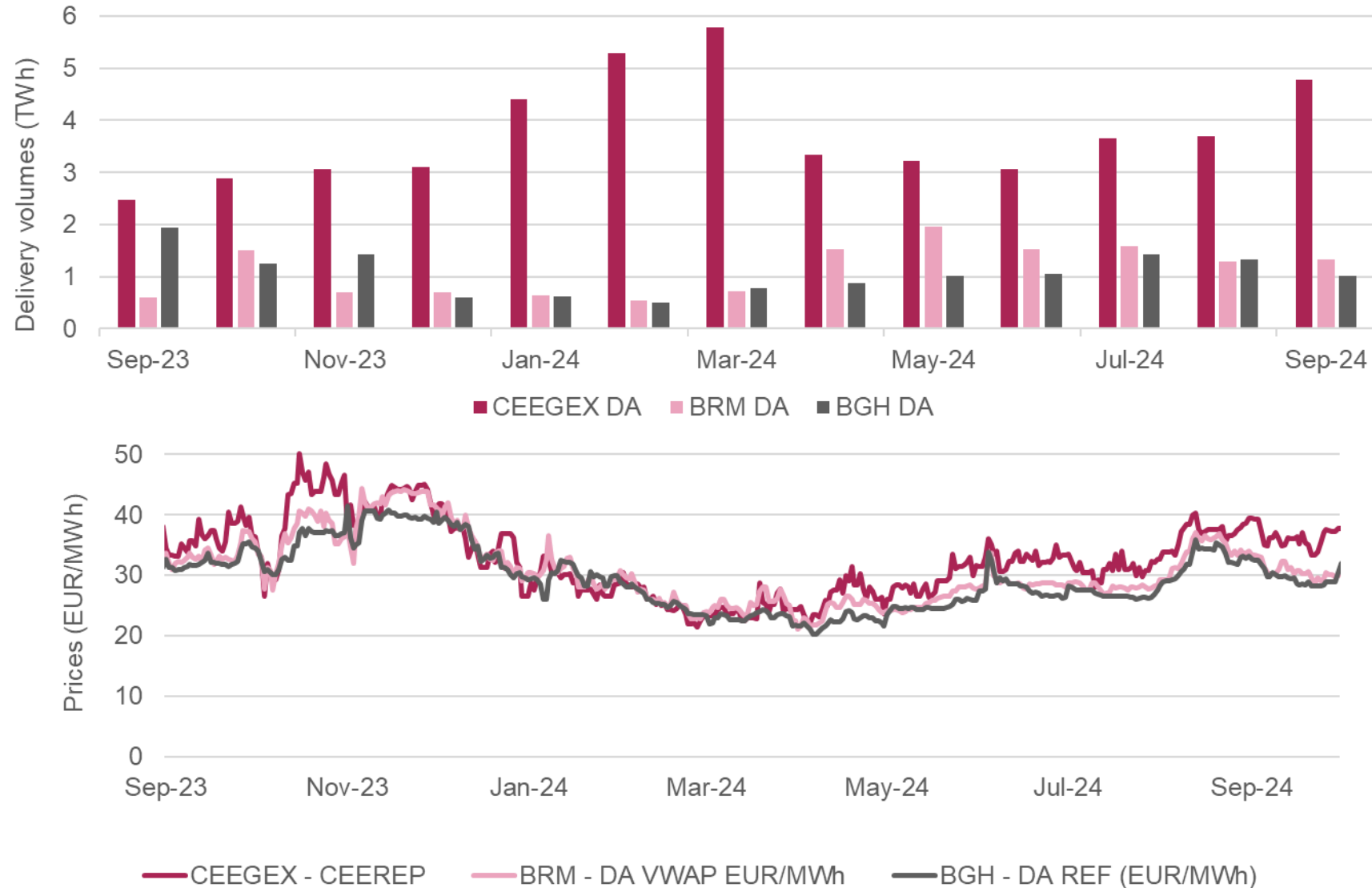
MONTHLY TRADED VOLUME CHANGES



EXPERT OPINION:

- » In 2024, there were more significant differences between the volumes traded in different months than the average of recent years.
- » This year, the summer season shows a reverse trend compared to the average of recent years, while the spring and autumn seasons show similar changes.
- » The probable reason behind the fall is the romanian spread change.
- » We are expecting a moderate increase until the end of the year, based on the average of the last 5 years.
- » By the end of the year, we can estimate a traded volume of more than 50 TWh, based on the trend of recent years

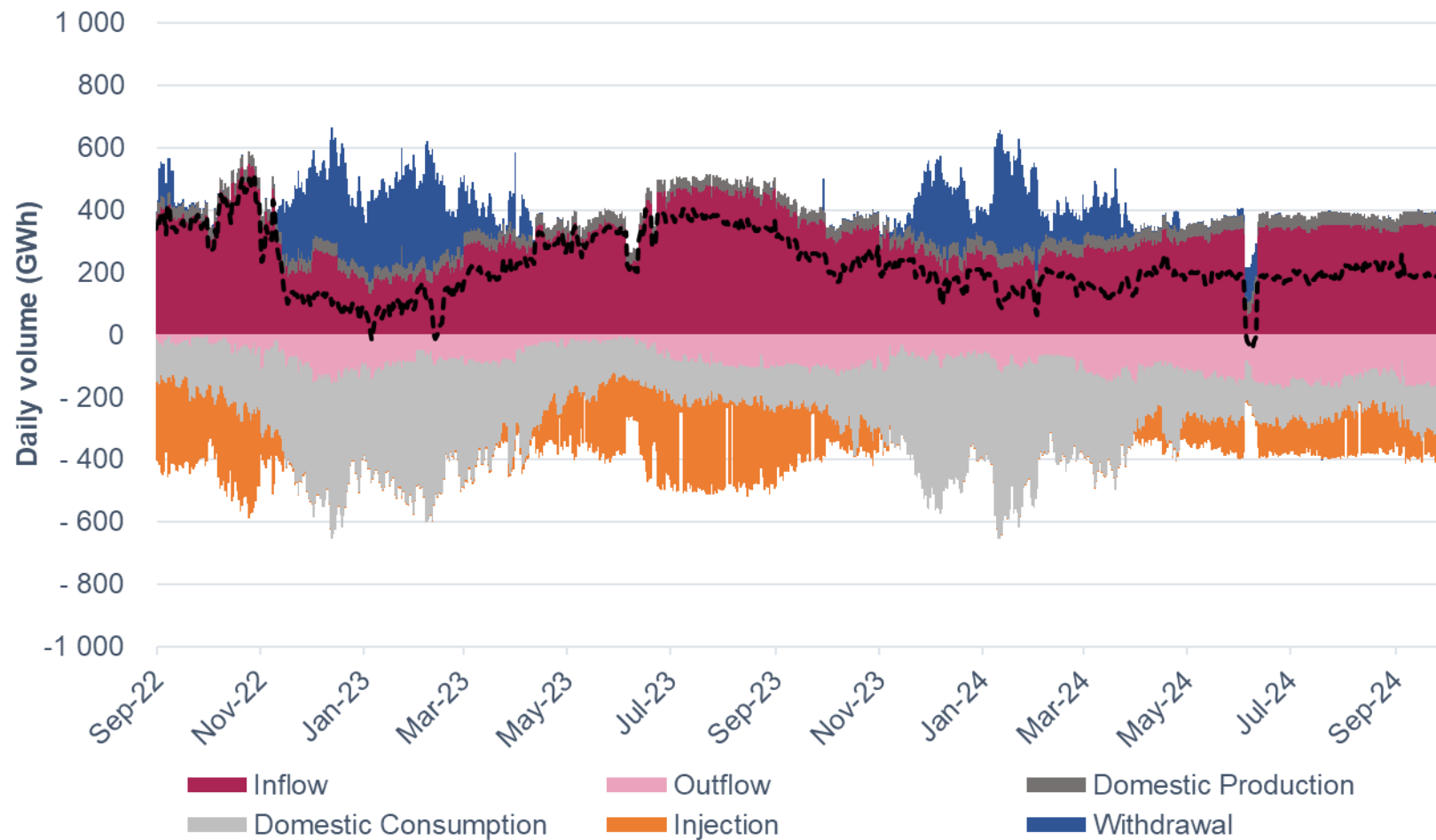
GAS HUBS IN SOUTHEASTERN EUROPE



EXPERT OPINION:

- » **The volumes on all three gas exchanges have increased in 2024, compared to last year.**
- » **Romanian BRM traded volumes shows correlation with the CEEGEX-BRM spread:**
 - » From December 2023 to April 2024, the spread is negative, with CX volumes increasing while BRM volumes decrease.
 - » In April 2024, the spread turns positive, resulting in lower CX traded volumes and higher BRM volumes compared to their previous levels.
- » **In April 2024, prices diverged, and the RO>HU capacity prices saw a significant drop from around 8-10 HUF/kWh/h to 4-6.5 HUF/kWh/h.**
- » **Bulgarian BGH traded volumes further increase in 2024** in line with higher transit volumes. Mostly because of the high volumes from Turkey. **Regarding prices, BGH DA reference price shows a strong positive correlation with BRM DA VWAP, 0.98.**

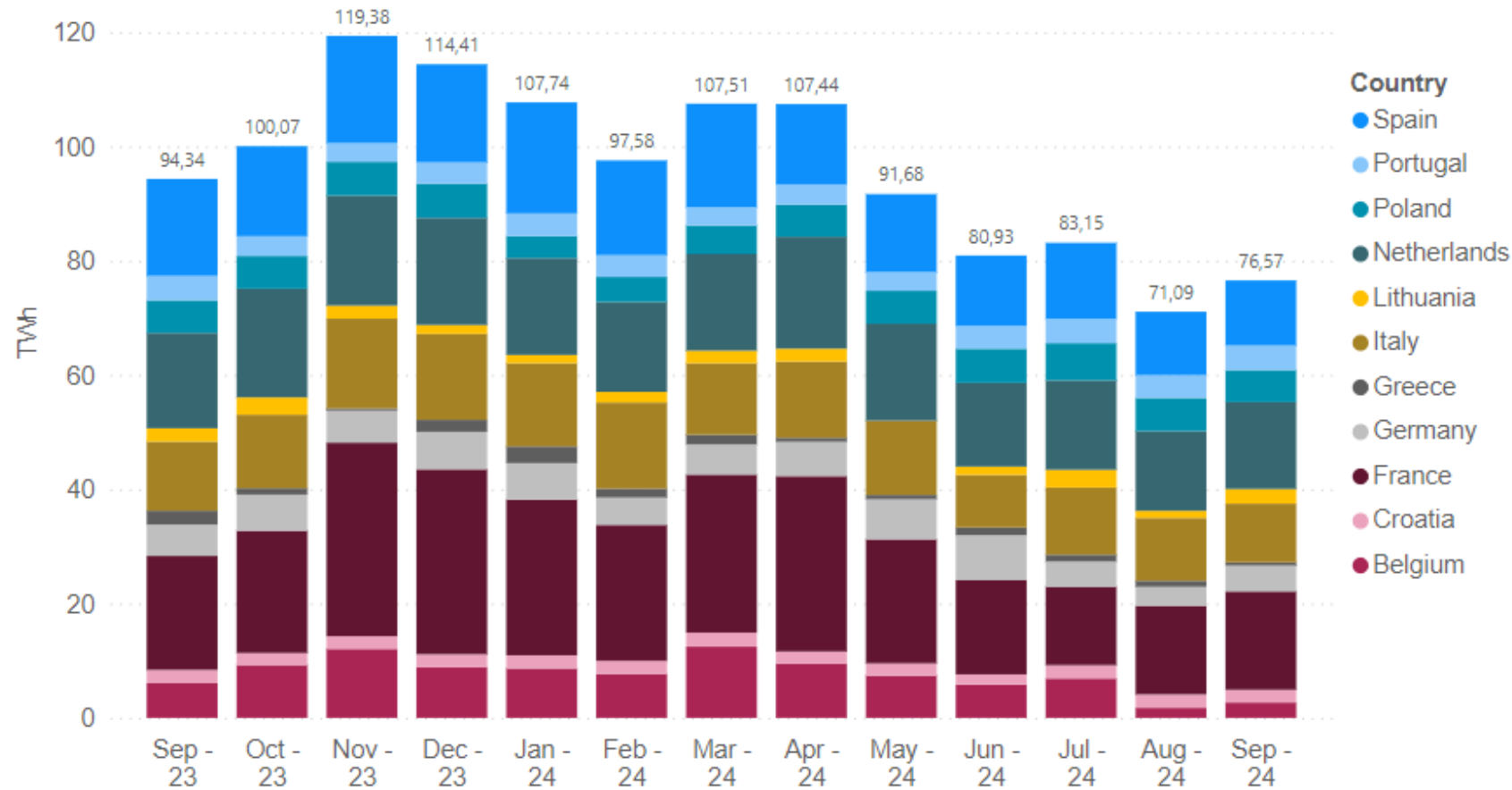
HUNGARIAN GAS MARKET BALANCE



EXPERT OPINION:

- » **Domestic consumption in September increased by 12.5% YoY** and by 24.4% MoM. The YoY increase may be due to a colder September than last year.
- » Domestic production remained on similar level.
- » Import volumes have not changed, while **exports increased significantly (24%) MoM**.
- » Export towards Slovakia continued to be high, and **exports towards Ukraine increased significantly** compared to August.
- » In September, the **rate of injection decreased**.

LNG SEND-OUTS BY EUROPEAN COUNTRIES*



EXPERT OPINION:

- » In September, LNG send-outs slightly increased compared to August.
- » Compared to September of last year, the LNG-sendout in **September this year** is almost **20 TWh less**.
 - But this **downward trend is present throughout the year**.
 - For example, compared to **August 2023**, a decrease of more than **30 TWh** was visible this year.
- » **In August, the price of LNG rose** due to several geopolitical events **but at the beginning of September, the price decreased slightly**.
- » **Compared to the previous month, all countries increased their LNG-sendouts minimally, except for: Italy, Greece and Croatia.**
- » **Spain, the Netherlands, Italy and France are still sent out the highest volume of LNG.**

- Excluding UK, Finland (data not available)

INTERCONTINENTAL LNG BENCHMARK PRICES



EXPERT OPINION:

- » The JKM – EU DES spread started to narrow at the end of 2023.
- » The price of JKM was around 70 EUR in November 2023, it is now 20 euros less, around 50 EUR.
- » The price of EU DES hovered around 50 EUR at the end of 2023, and has now fallen below 40 EUR.
- » Geopolitical events had a strong impact on the prices:
 - » The Israeli and the Ukrainian conflict developments started to **raise the price of the EU DES** in July and August, while JKM did not really react to it.
 - » The fall in Australian exports at the end of August **greatly increased the price of JKM**.