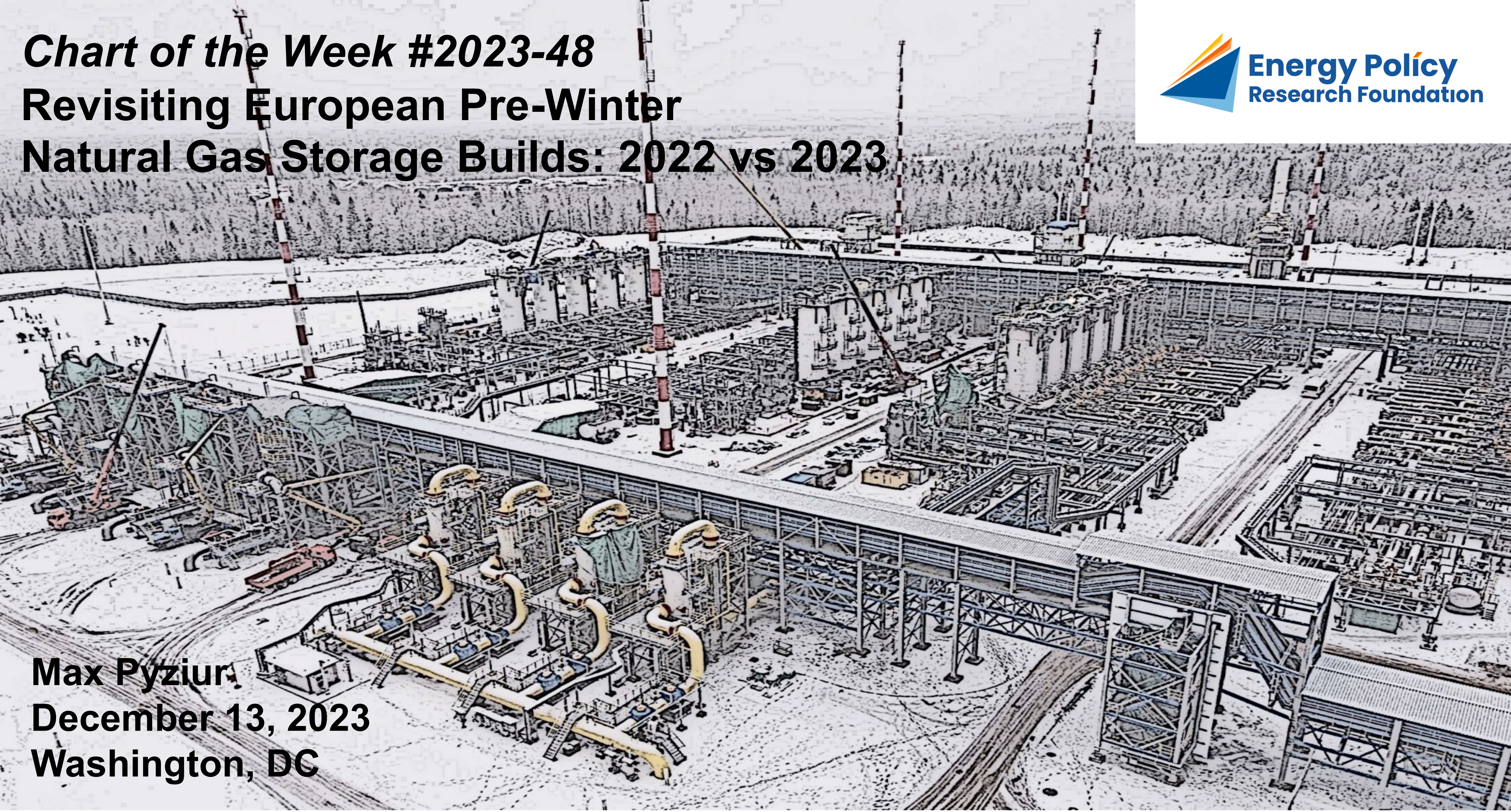
Chart of the Week #2023-48

Revisiting European Pre-Winter Natural Gas Storage Builds: 2022 vs 2023

Energy Policy Research Foundation



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Washington, DC

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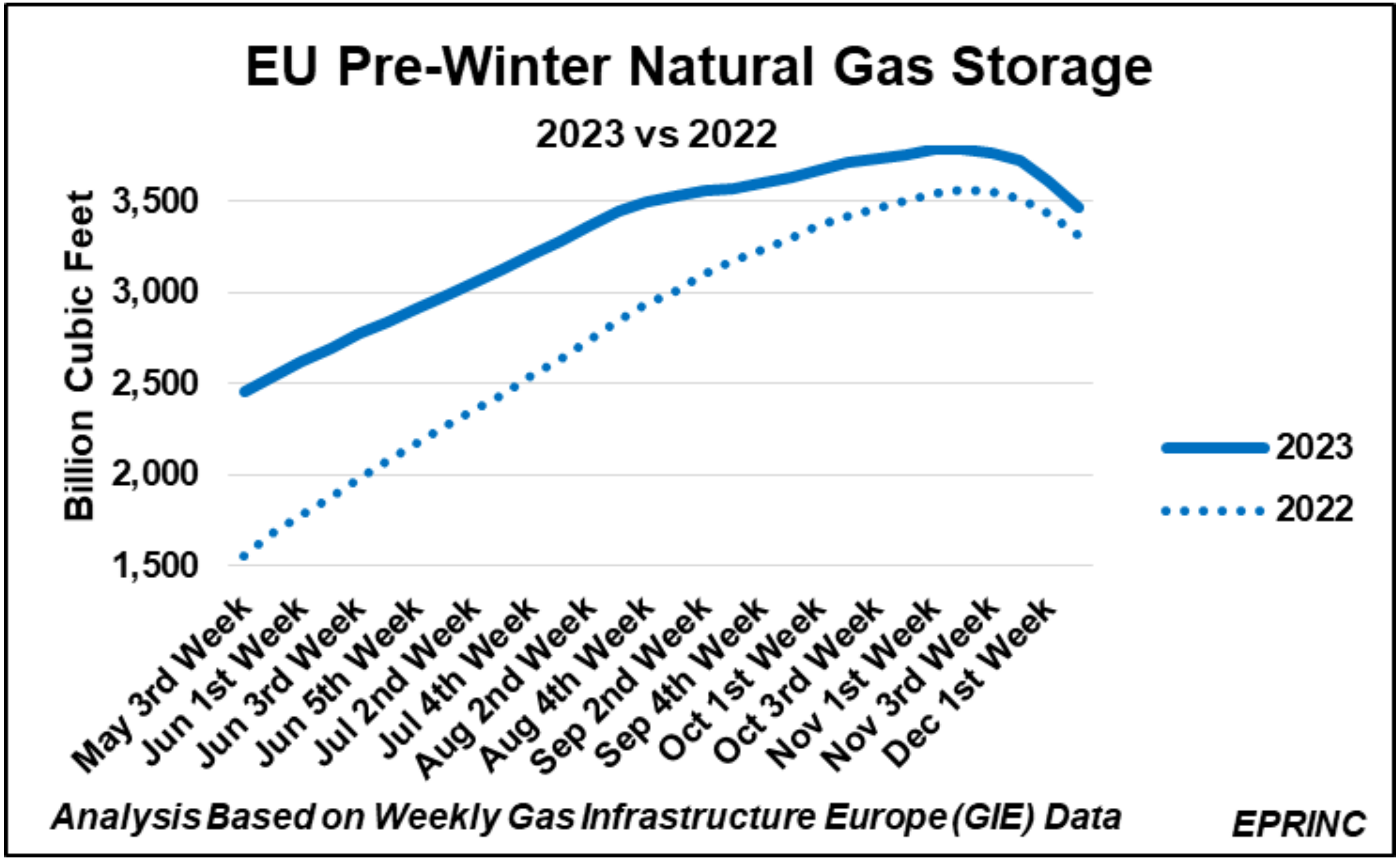

European countries have been aggressive throughout 2023 in building natural gas inventories ahead of winter, seeking not to repeat the previous year's shortages and high prices. Consequently, at the beginning of November 2023, EU natural gas storage reached 3.785 trillion cubic feet, or 224 billion cubic feet (6.3%) more than the prior year.

Nevertheless during November through early December, most of Europe experienced a cold wave; as measured by heating degree days, temperatures were 14.1% lower than the prior year. Over the course of this period, Europe depleted 315 BCF of storage, 31% more than the prior year.

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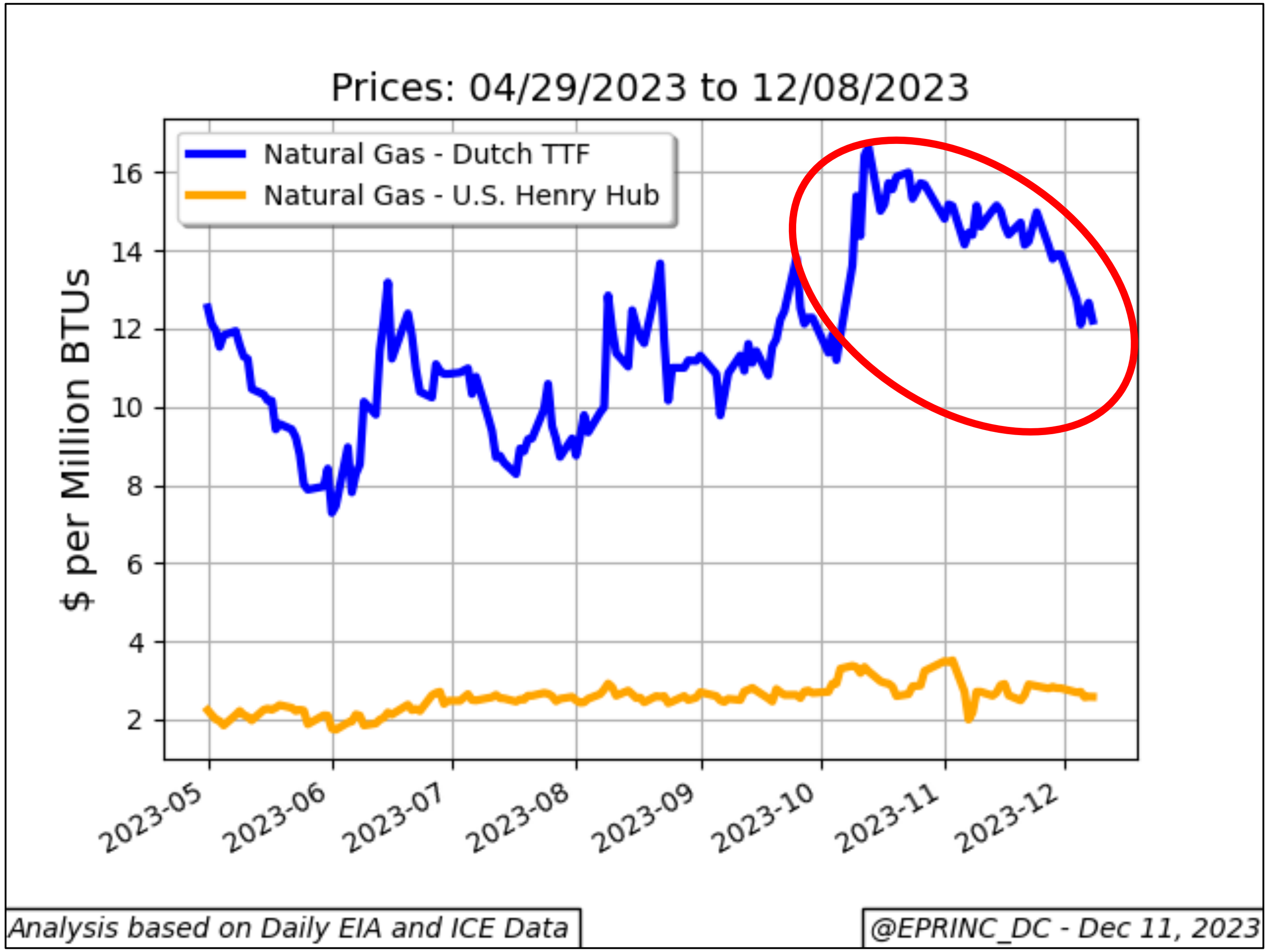

The October 7th Hamas attack against Israel coupled with the attack on the natural gas BaltiConnector pipeline led to the TTF natural gas price (Europe's key benchmark) to spike to over $16 per MMBtu from $11.20. Europe's November cold weather kept prices high through the beginning of December.

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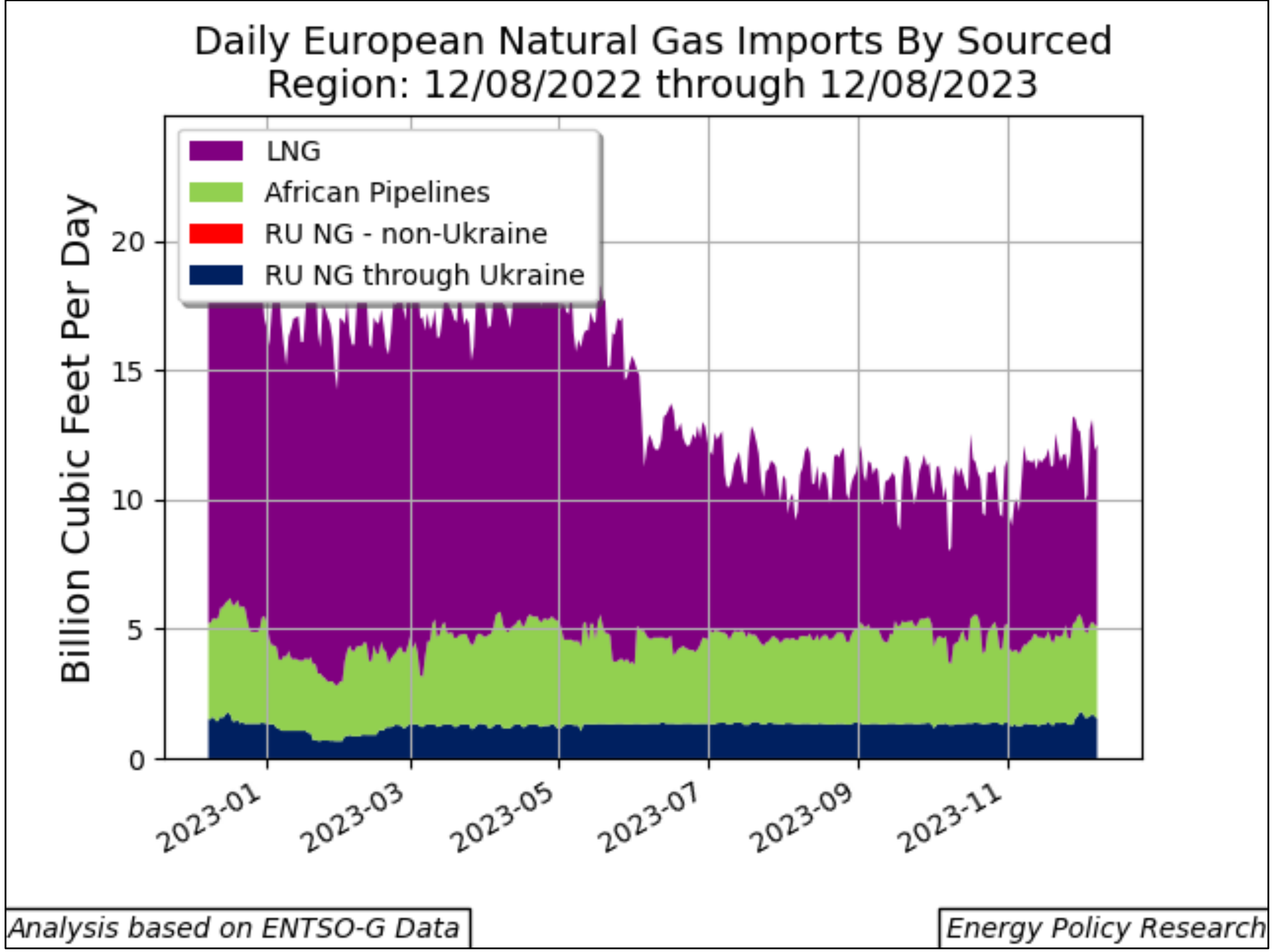

Natural gas imports sourced both via pipelines and, more importantly, LNG have been critical to Europe's winter energy security.

Notably, during the early part of 2023, European natural gas imports peaked at over 20 BCF/d with 13 to 14 BCF/d of that in the form of LNG.

On the heels of Russia's military aggression against Ukraine in 2022, and through a series of reciprocating steps culminating in the severe curtailment of pipeline flows from Russia to 1 BCF/d, Europe has relied on imports from Africa along with U.S., Qatari, and other sources for LNG.

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- This slide deck is available at: https://eprinc.org/chart-of-the-week/
- For more information on this chart, please contact Max Pyziur (maxp@eprinc.org).