

WEBINAR

Evolving role of
LNG in Europe

Wednesday, 28.05.2025
10:00 – 11:00 CEST
Online



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Time	Topic and speakers	Remarks
09:45 - 10:00	Webinar open for log-in	Starts promptly at 10:00
10:00 - 10:05	Introductory remarks Christian ZINGLERSEN, ACER	
10:05 - 10:30	Analysis of the European LNG market Pedro CESPEDDES, ACER Ricardo FERNANDEZ, ACER	
10:30 - 10:45	Panel discussion: Decarbonisation and LNG contracting – flexibility, risk and opportunity Moderator: Csilla BARTOK, ACER Kenneth FOO, S&P GLOBAL Alberto DE FRUTOS, NATURGY	
10:45 - 10:55	Q&A	SLIDO
10:55 - 11:00	Closing remarks Bart VEREECKE, ACER	

Housekeeping rules



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Slides and recording of this webinar will be uploaded to ACER website



Keep your microphone muted unless the chair gives you the floor

Substance-related questions will be addressed during the relevant Q&A session; although they can be posed at any point

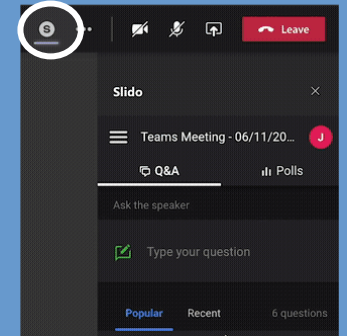


Q&A session

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Introductory remarks

Christian Zinglensen, ACER Director



The report outlines the latest dynamics in the global LNG market, offering insights into recent trade developments and evolving contractual arrangements. It concludes with a comprehensive overview of LNG's role within the European natural gas market.

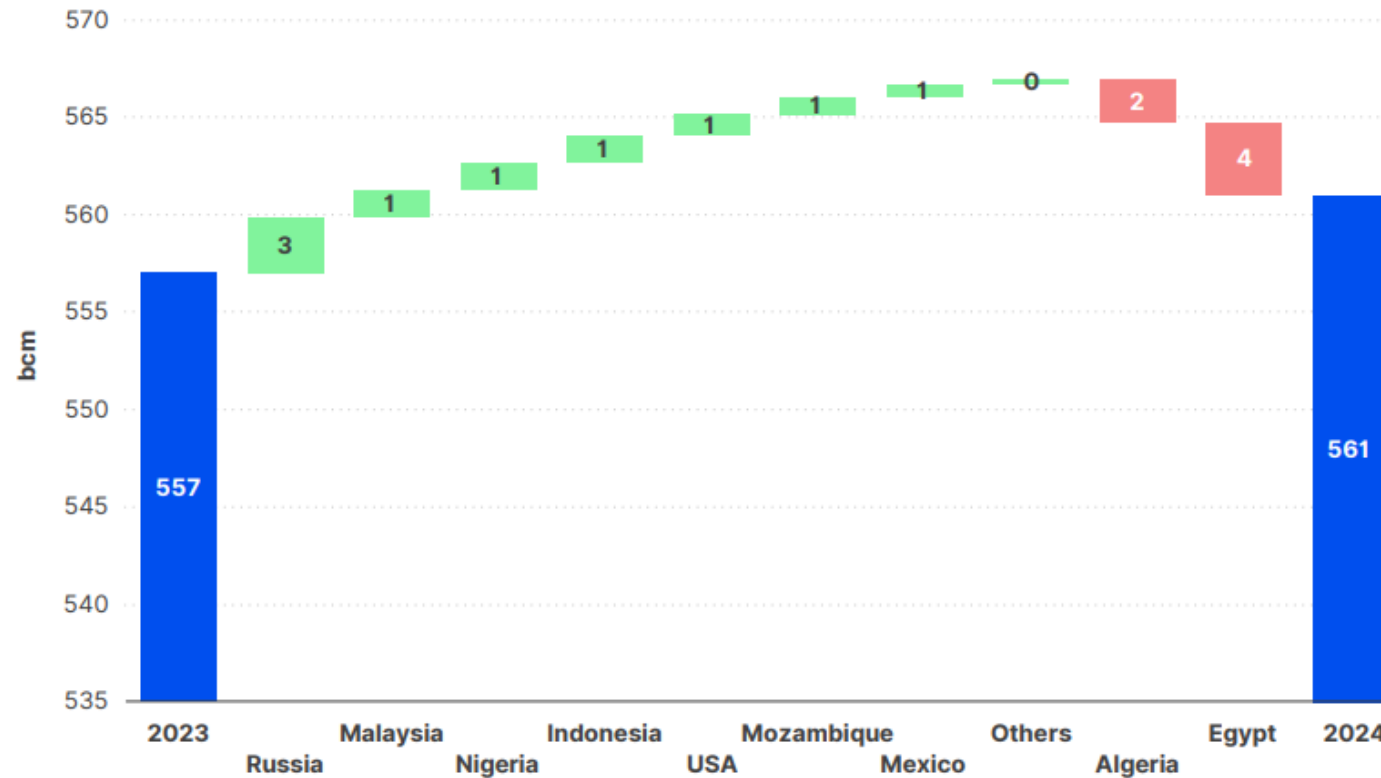
It consists of three Chapters:

1. Global LNG market dynamics
2. LNG Trade
3. The role of import LNG terminals

Global LNG dynamics

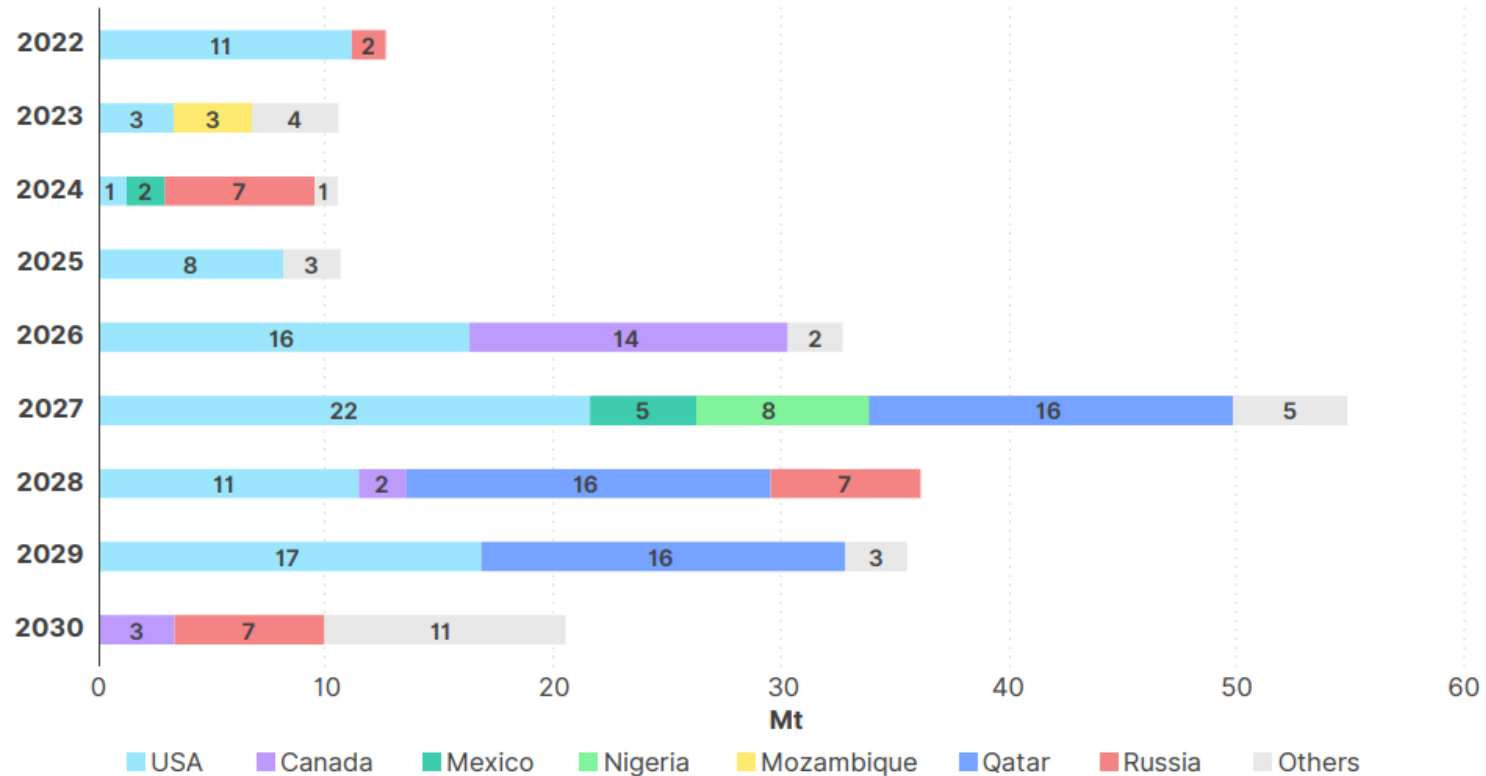
Limited growth in LNG production during 2024

Global LNG production variations in 2024 compared to 2023 (bcm).



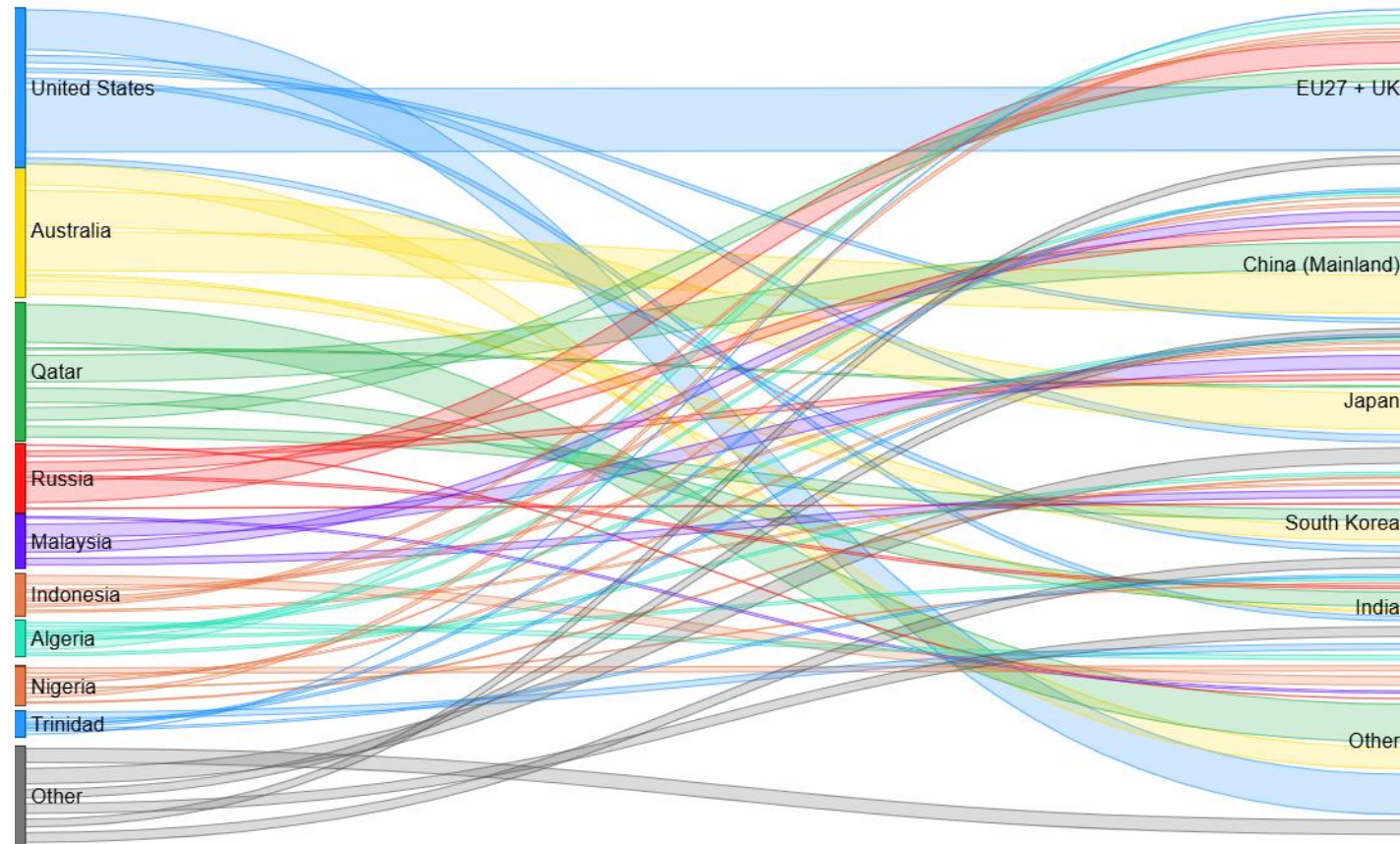
LNG production grew moderately in 2024, increasing by 4 bcm (1%) to reach 561 bcm. The most notable change came from Russia, which added 3 bcm thanks to strong output from the Yamal liquefaction plant. In contrast, production fell in Egypt and Algeria due to feedgas shortages and higher domestic demand.

New capacity developments in global LNG liquefaction, 2022–2030 (Mt)



In 2024, global LNG liquefaction capacity continued to expand, with an additional 10.5 Mtpa (14 bcm) of annual output brought online.

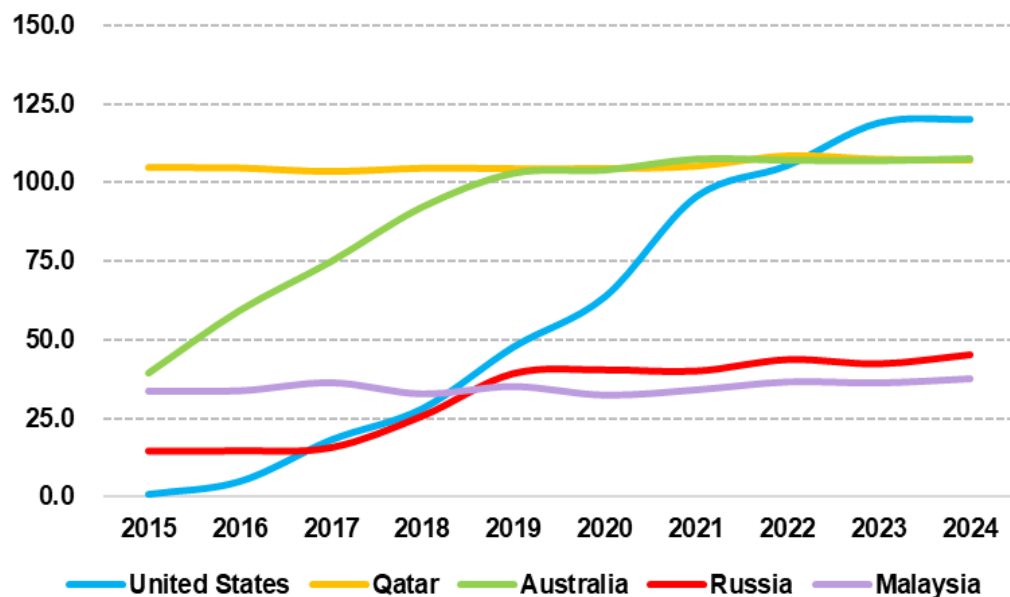
Sankey diagram of bilateral global LNG trade in 2024 (Bcm)



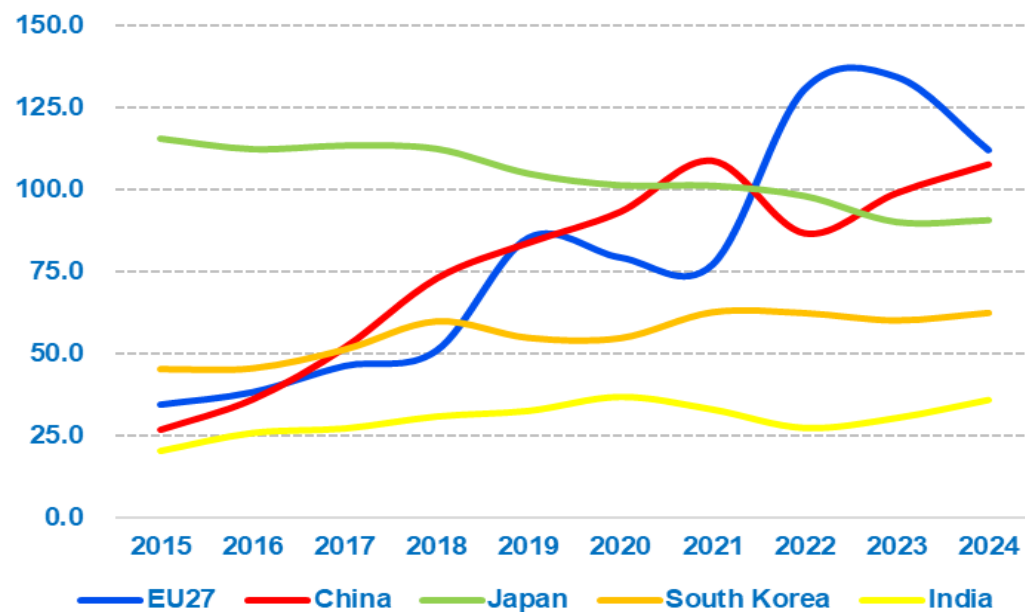
Global LNG trade continues to grow integrating a growing number of players in different countries and regions. However, rising international trade tariffs could reshape the existing LNG flows

Main changes in global LNG dynamics over the last decade

Top 5 global largest LNG producers (bcm) - 2014 - 2024



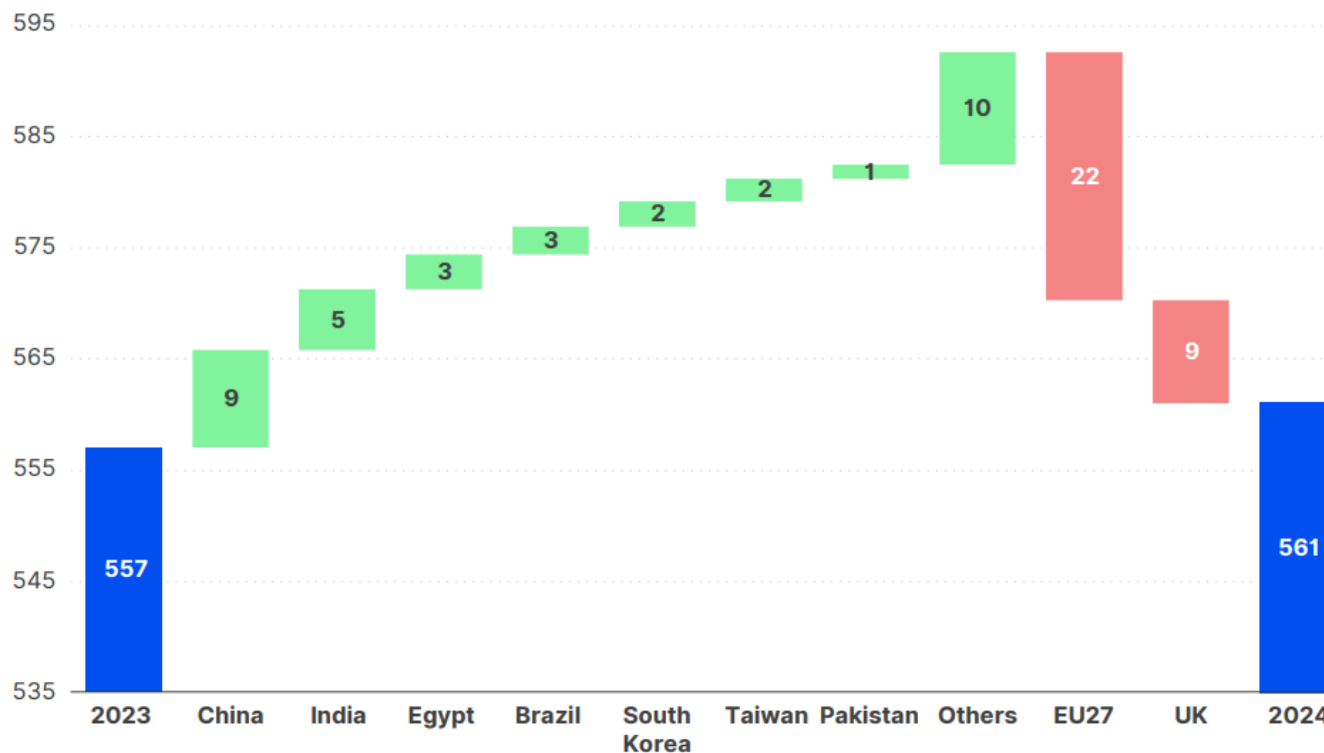
Top 5 largest global LNG importers (bcm) - 2014 - 2024



Despite a 17% drop in LNG imports (22 bcm), the European Union remains the largest global LNG importer in 2024, outpacing China. United States has emerged as the world's largest LNG producer over the past decade (30% of global production), ahead of Qatar and Australia.

LNG Demand growth in Asia similar to EU+UK decline

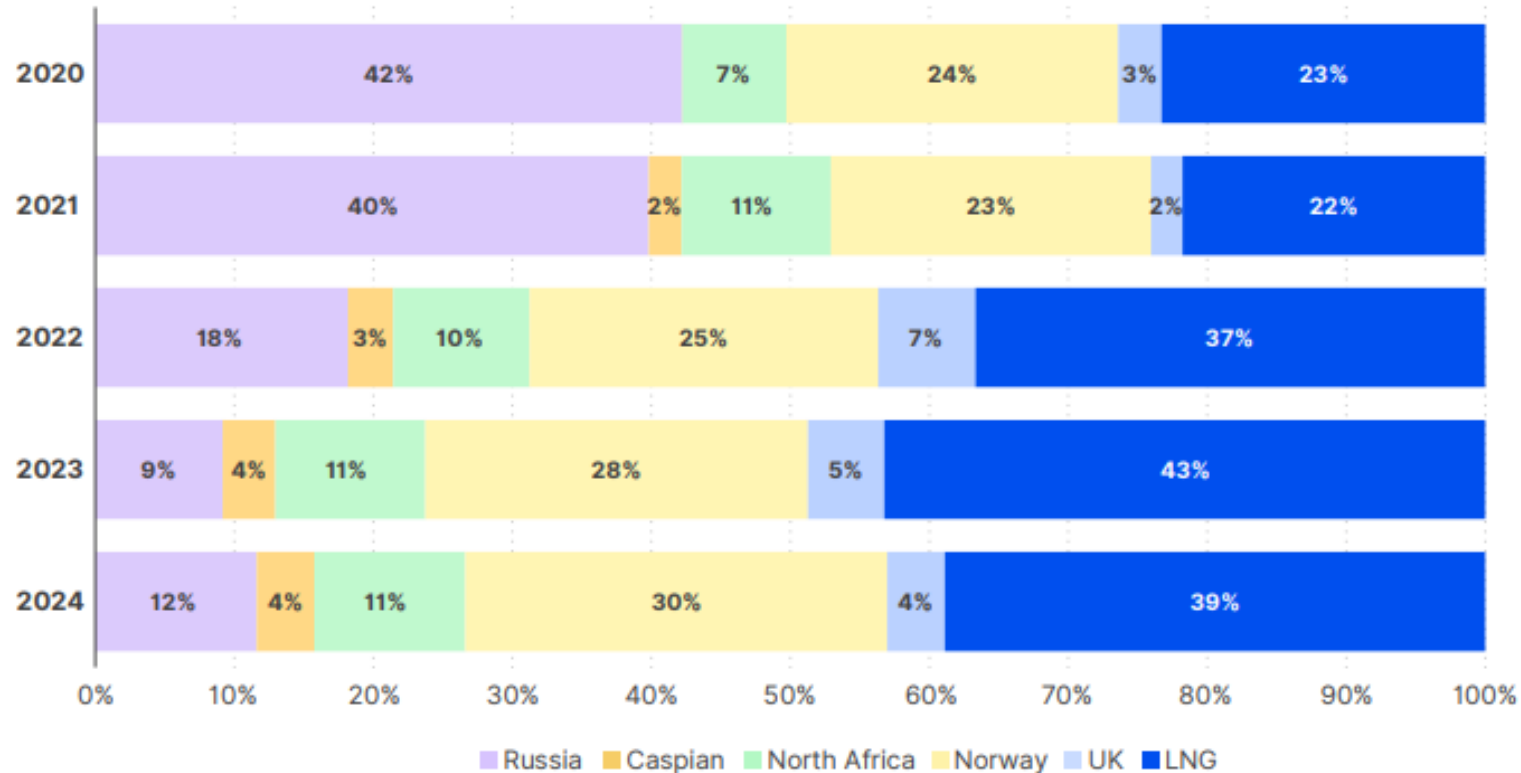
Global LNG demand variation between 2024 and 2023 – bcm.



The sharp drop in LNG demand in the EU and UK (around 32 bcm) was largely offset by increased imports in Asia and other price-sensitive regions. China led the growth with an additional 9 bcm, followed by India with 5 bcm, and to a lesser extent Egypt, Brazil, and others

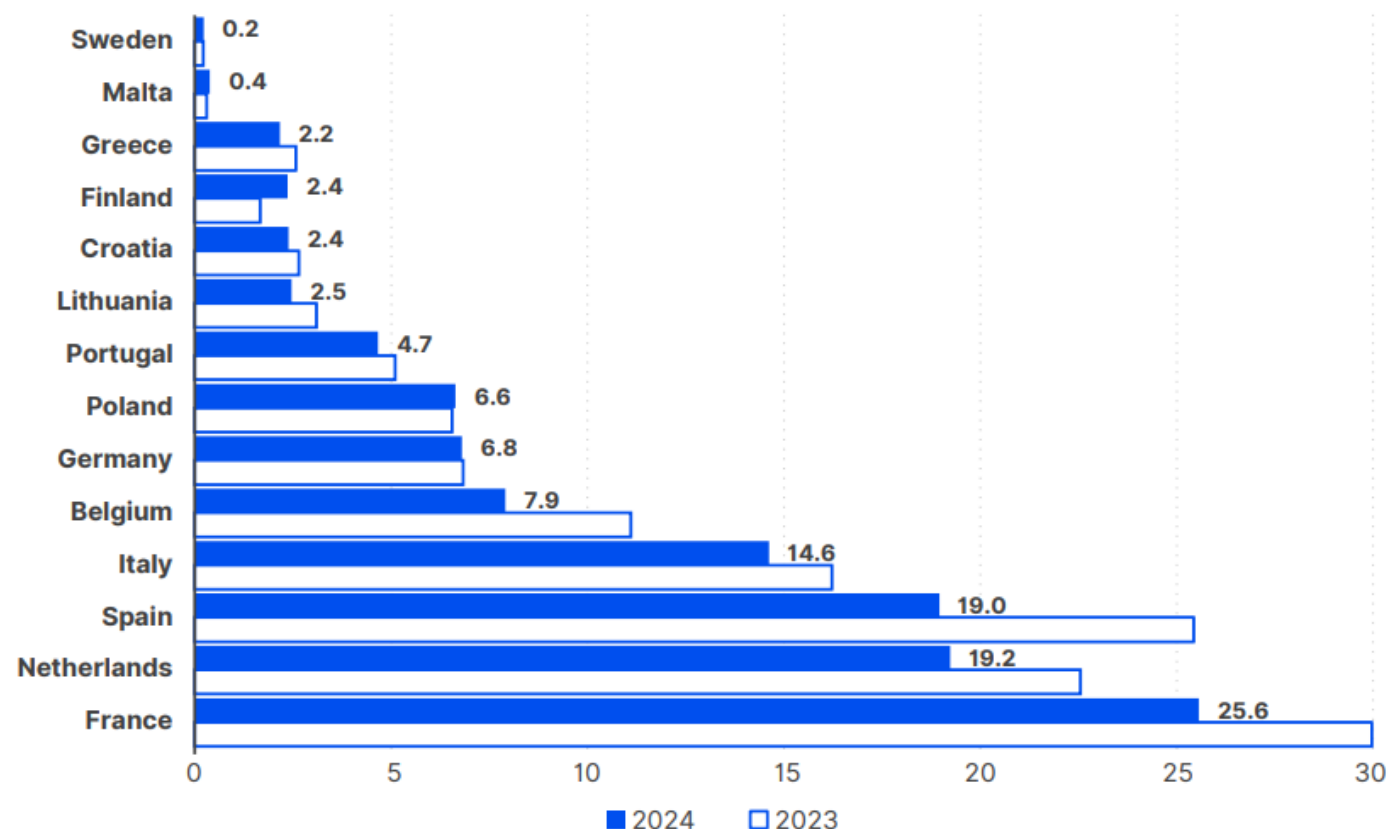
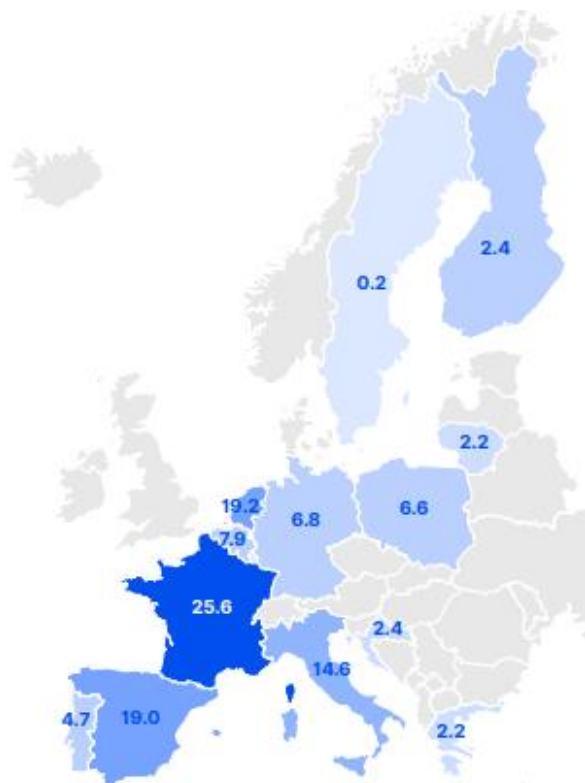
EU LNG demand & role of infrastructure

Evolution of gas deliveries into the EU by supply route - 2020 - 2024



The share of LNG within EU's total gas supply nearly doubled – from 23% in 2020 to around 40% in 2024 as result of EU's efforts to phase out Russian fossil fuels after the Russian invasion of Ukraine

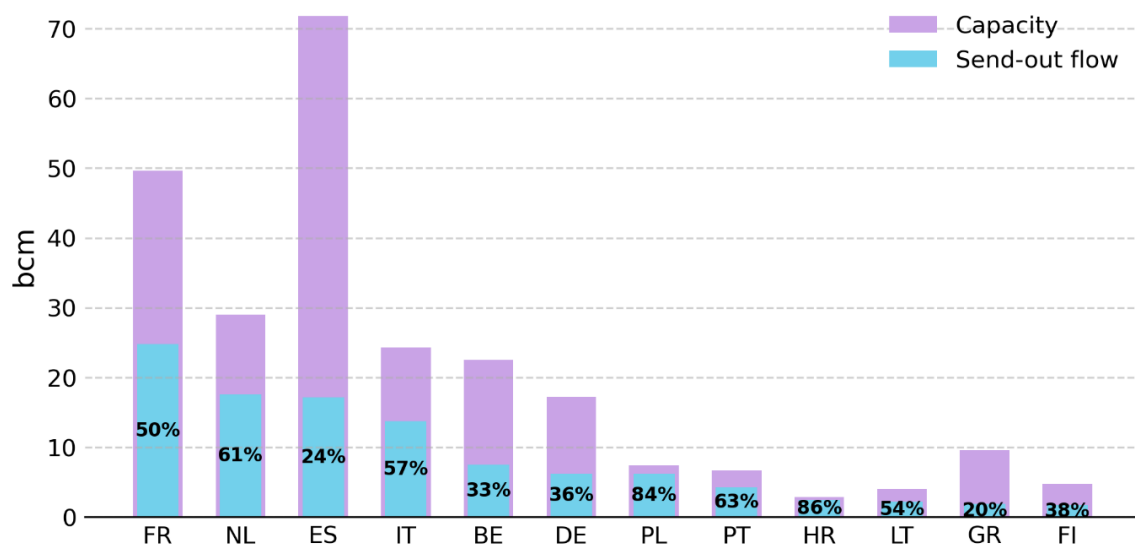
Breakdown of EU LNG imports by Member State in 2024 (bcm) – left, and 2024 variation compared to 2023 -right



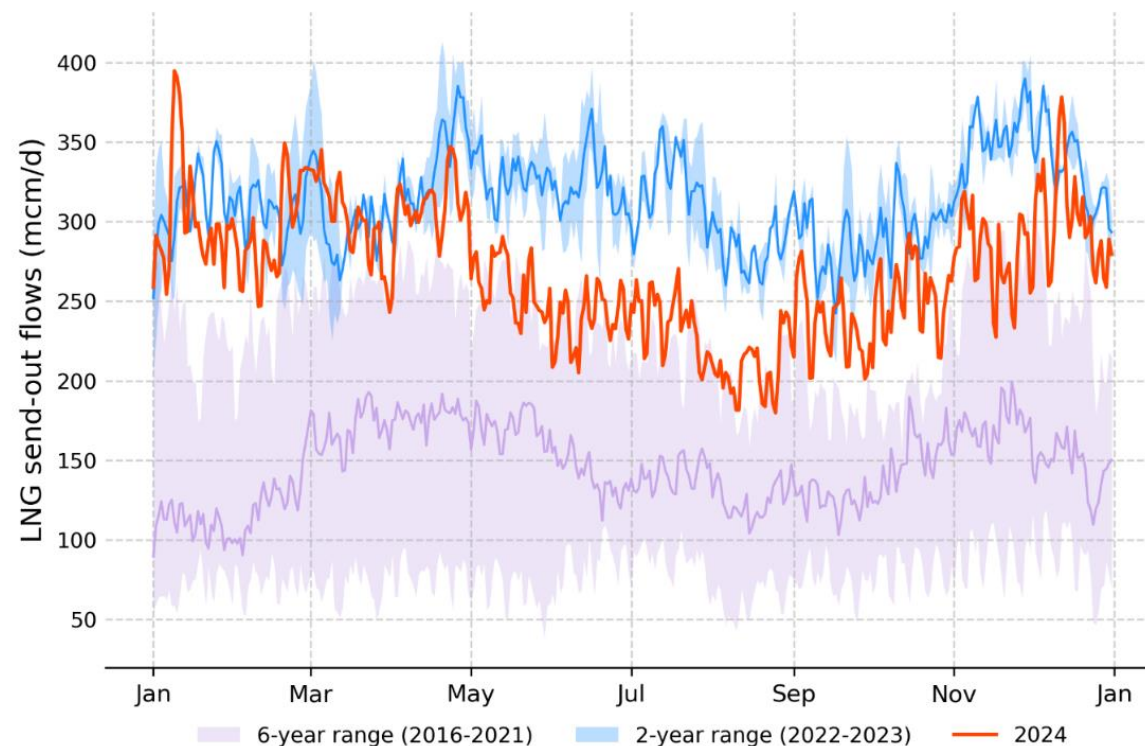
17% decline in EU LNG imports, from 134 bcm to 112 bcm. The most significant reductions were observed in the EU's three largest LNG importers France, Spain and the Netherlands.

High end-winter 2024 gas in storage levels impacted LNG use

Utilisation of LNG terminals per Member State, 2024 (% of nominal technical capacity)



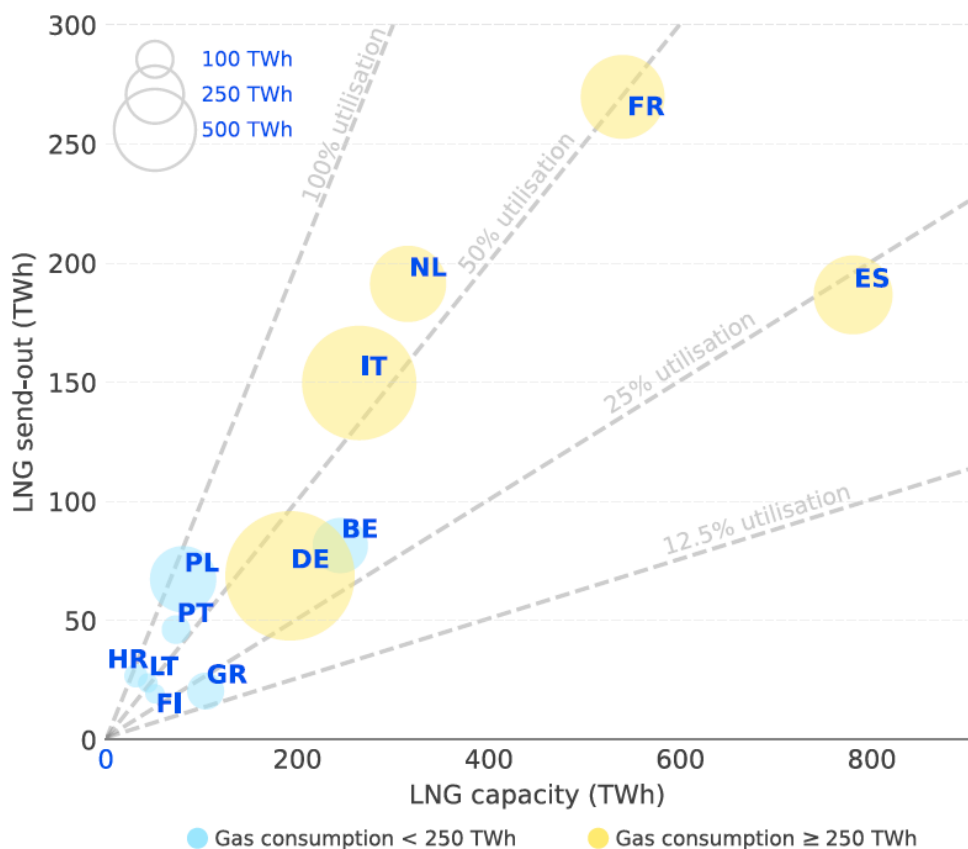
LNG send-out flows (mcm/d)



In 2024, LNG utilisation was marked by low utilisation levels compared to 2022-2023. LNG use declined during summer 2024 because of high storage stocks at the end of the heating season 2023/2024, reducing the need for summer refilling. LNG use rebounded in Q4 when colder weather spurred higher gas consumption.

LNG terminals offer strategic value beyond utilisation metrics

Utilisation of LNG terminals compared to gas consumption by country - 2024



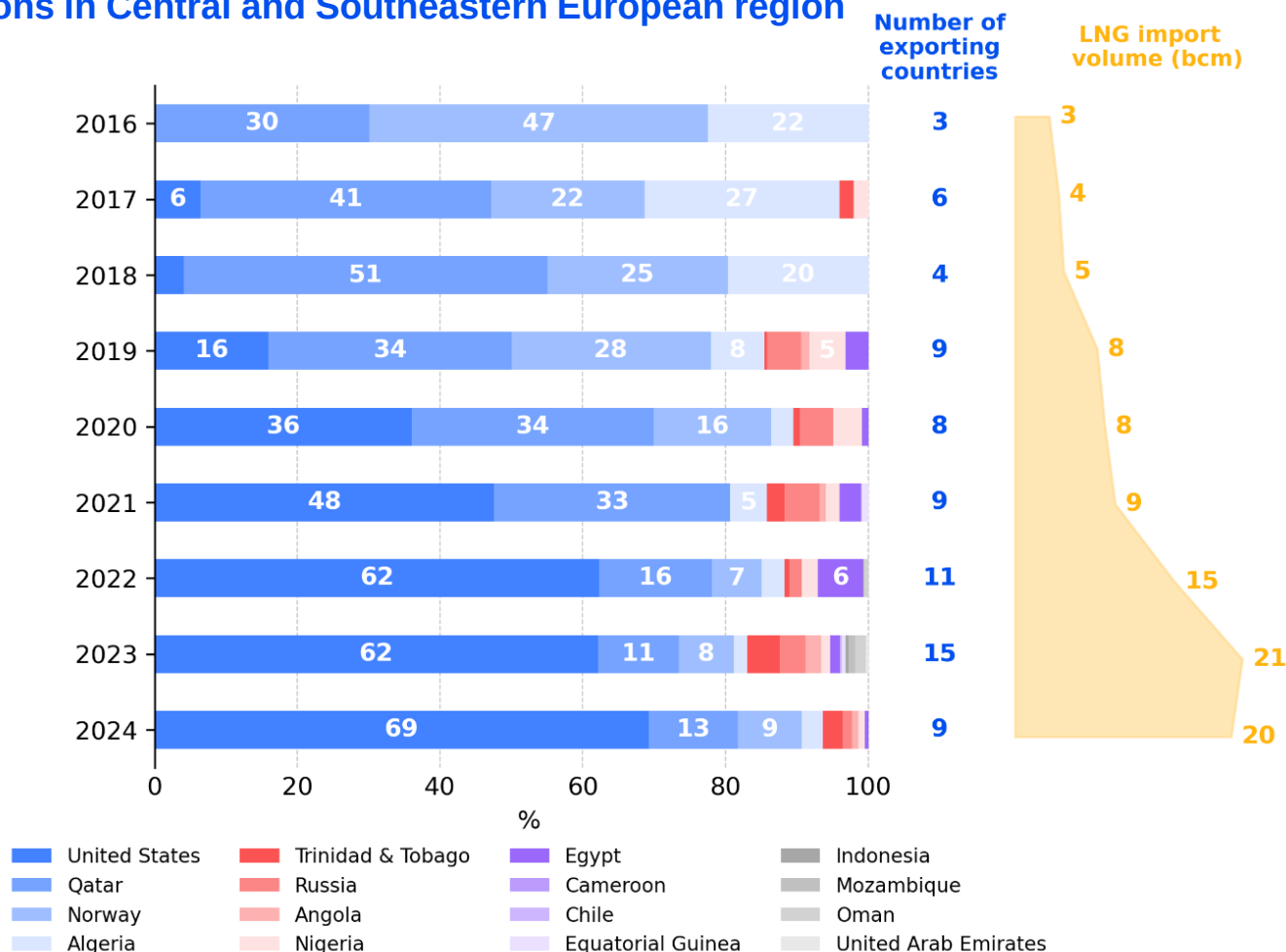
The different – and in occasions, complementary – roles that EU LNG terminals play relate to:

1. **Seasonal support** complementing UGS facilities to manage seasonal demand fluctuations (e.g., France, Netherlands, Italy).
2. **Primary supply** serving as the key supply source for peak demand where storage is limited or absent (e.g., Spain, Baltics).
3. **Pipeline complement** providing baseload pipeline supply (e.g., Belgium, France).
4. **Market integration** enhancing interconnectivity within the EU gas market.
5. **Supply diversification** enhancing diversity of suppliers (e.g., Germany, Poland).

Security
of supply
role

These roles, as well as the ratio of LNG import capacity vs total system demand, tend to impact the terminals' annual and peak utilisation rates.

LNG import volume and share of LNG exporting regions in Central and Southeastern European region

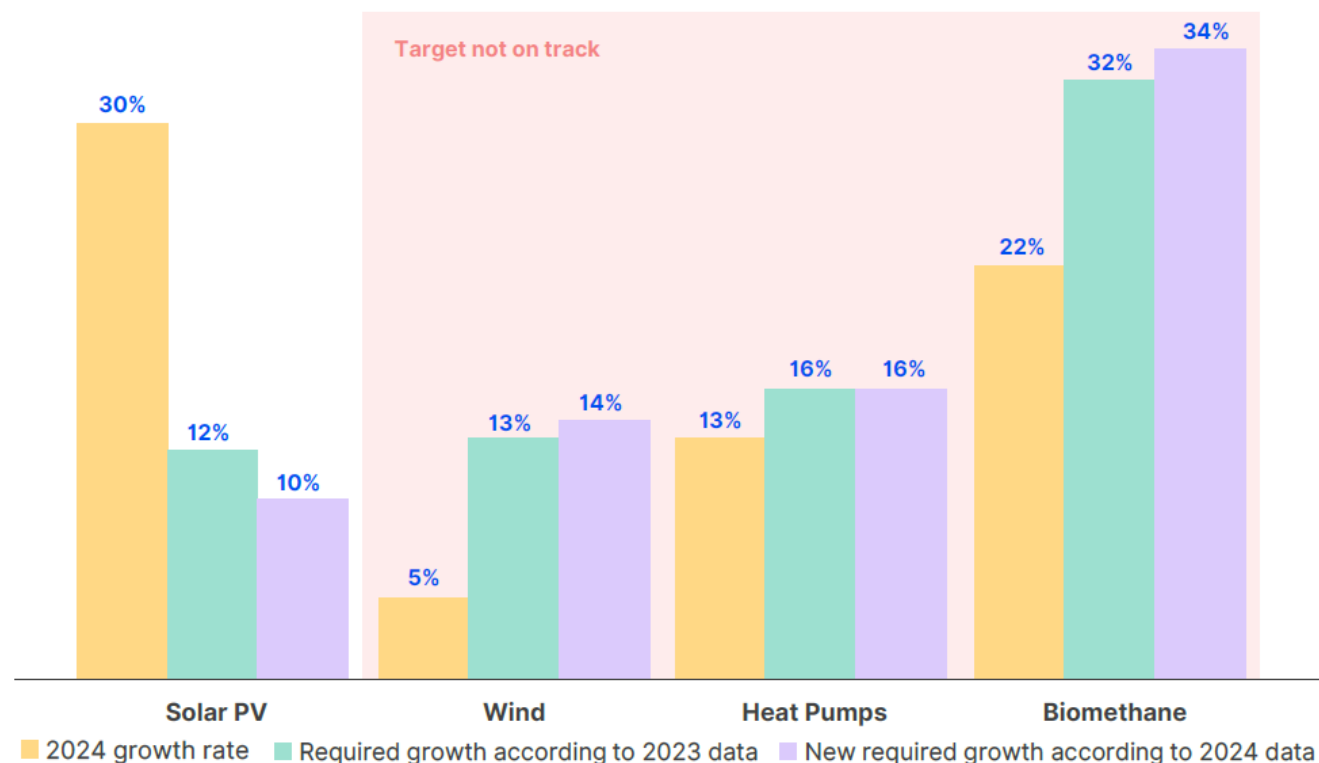


- Central and Southeastern Europe reliance on LNG has surged since 2022
- LNG imports grew from 3 bcm in 2016 to 20 bcm (2023–2024), improving supply security
- Exporting countries rose from three in 2016 to over ten post-2022
- The US now supplies about two-thirds of the region LNG imports, but US diversity of exporters is higher
- LNG terminals benefit both coastal and landlocked countries (e.g., Bulgaria, Austria)
- Removing gas network bottlenecks is crucial for full EU-wide benefits

Missed targets may fail to deliver the REPowerEU gas consumption target by 2030

Current and required annual growth rates for REPowerEU targets

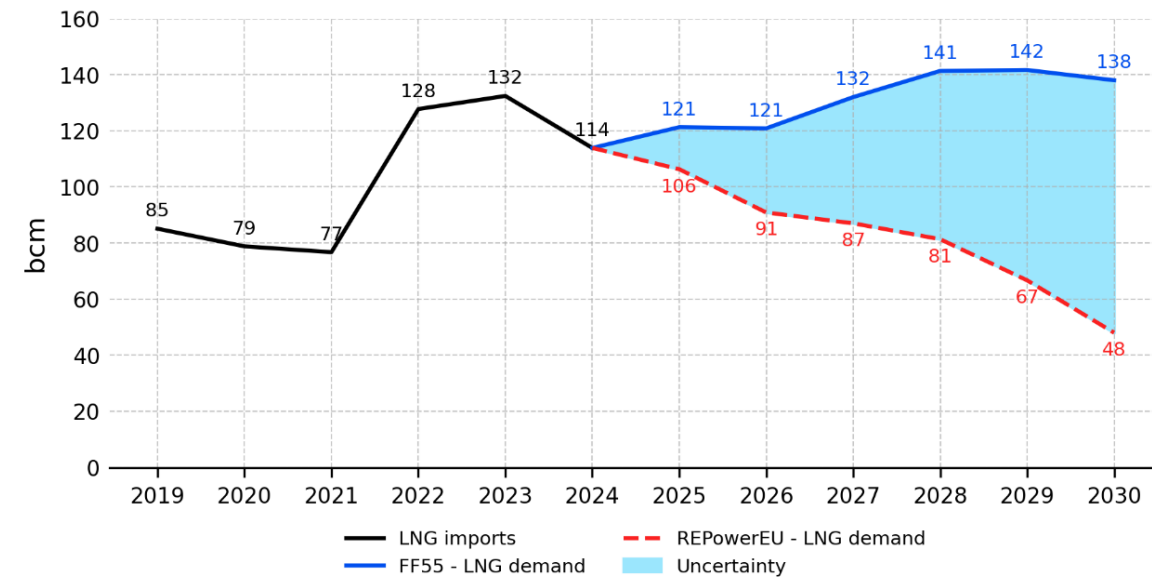
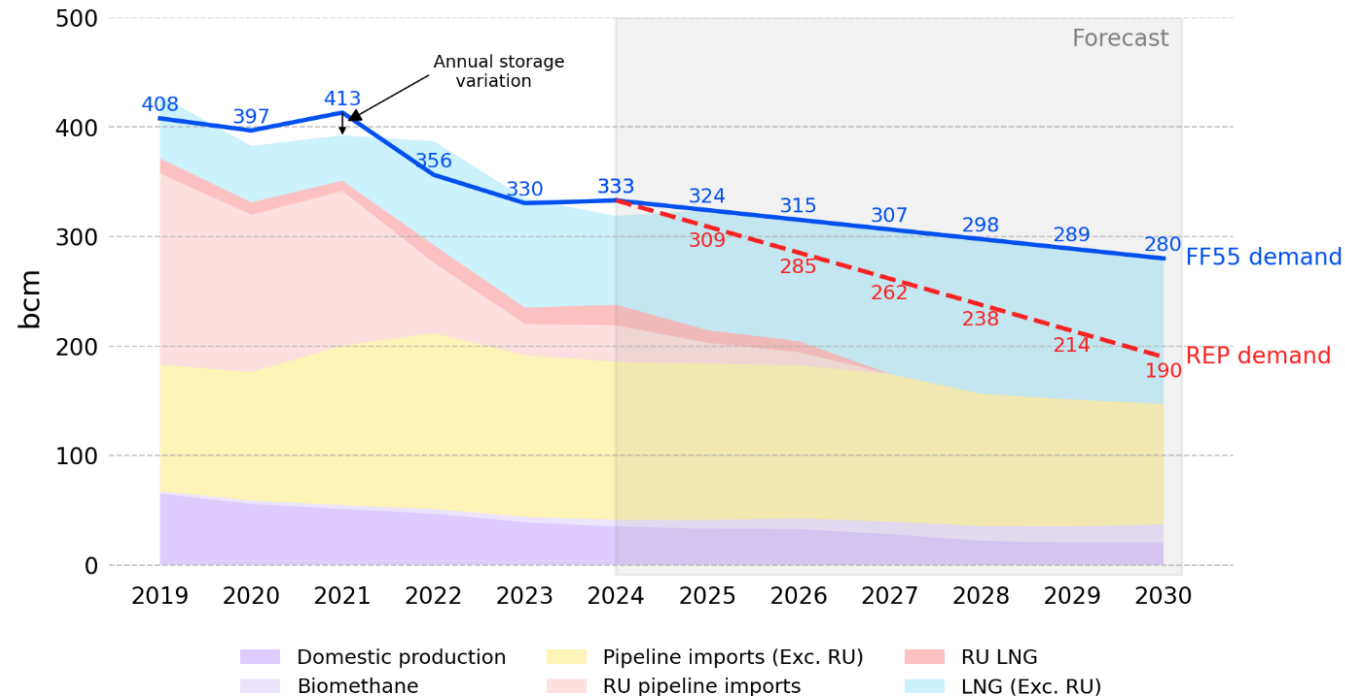
- Solar PV installed capacity is the only REPowerEU target on track requiring just 10% of annual growth to install ~600 GW by 2030.
- Current deployment of wind power and heat pumps falls short; 14–16% annual growth is now needed.
- Meeting the 2030 goals for 20 Mt of renewable hydrogen and 35 bcm of biomethane now appears unlikely.



REPowerEU plans to cut Russian fossil fuel imports via savings, diversification, and renewables. By 2030, gas use could drop to 190 bcm—if all targets are met except those for hydrogen, which appear out of reach.

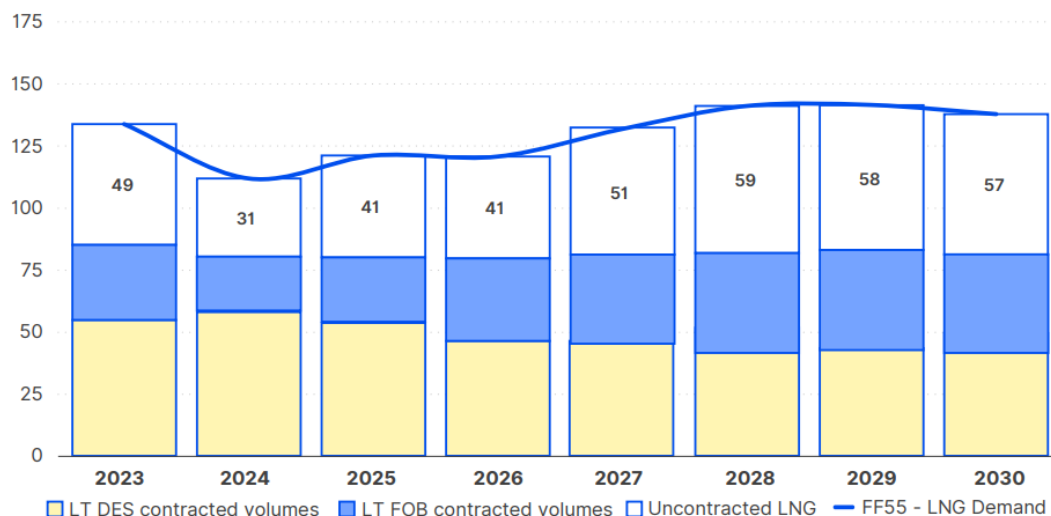
LNG demand uncertainty range estimated in 90 bcm by 2030

EU gas supply outlook (left) and assessed LNG supply needs (right) relative to Fit For 55 and REPowerEU demand scenarios

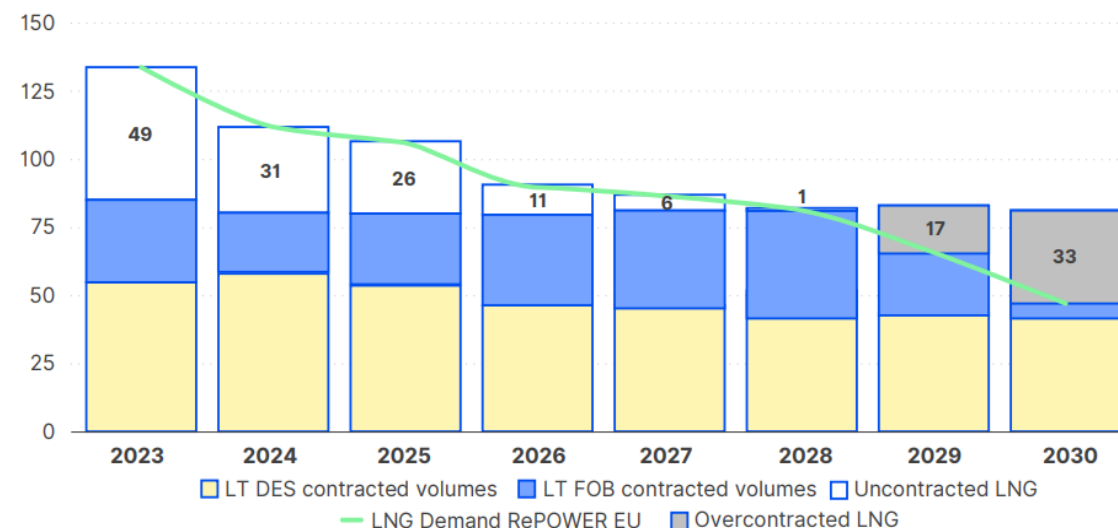


There is a delta of 90 bcm LNG demand between Fit-for-55 and REPowerEU demand scenarios.
Without stronger decarbonisation efforts beyond Fit-for-55, the EU could face up to 30 bcm in addition LNG demand compared to 2024 levels.

Uncontracted LNG volumes under Fit for 55 EU scenario (bcm)



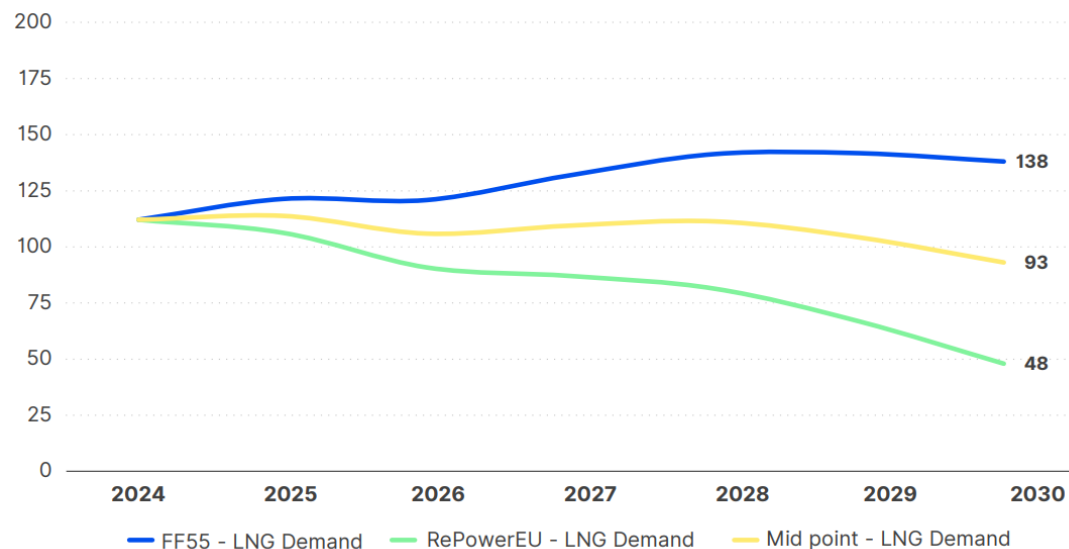
EU LNG contractual position under REPowerEU scenario (bcm)



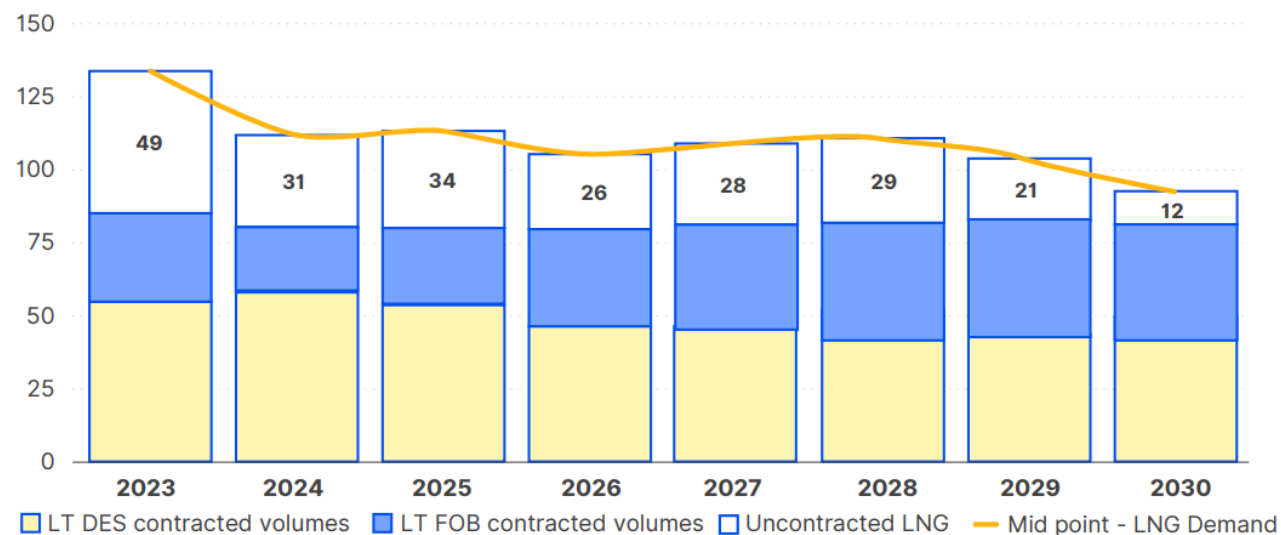
Fit for 55 mandates a 30% gas demand reduction compared to 2019. If the more ambitious REPowerEU reduction scenarios are met (implying over 50% reduction relative to 2019), this will result in a contractual LNG surplus in Europe from 2028 due to long-term contracts in place. Yet, such contractual surpluses can be easily managed due to the flexibility of the contracts with free-on-board (FOB) contracts allowing surplus to be diverted elsewhere outside Europe.

Reliance on spot LNG likely to continue without stronger decarbonisation

EU LNG import requirements under decarbonisation scenarios (bcm)



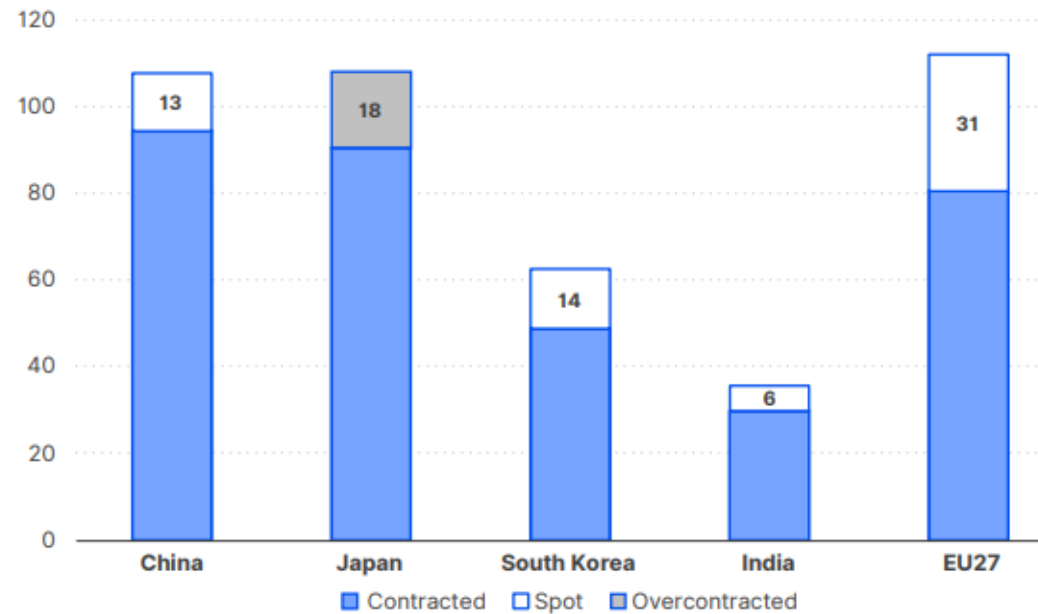
Uncontracted LNG volumes under mid- point demand scenario (bcm)



Even under a mid-point scenario, EU reliance on the spot LNG market remains high, with limited improvement expected before 2030.

Reliance on Spot LNG of Top 5 LNG importers

Reliance on spot purchases of top 5 LNG importers in 2024 (bcm)



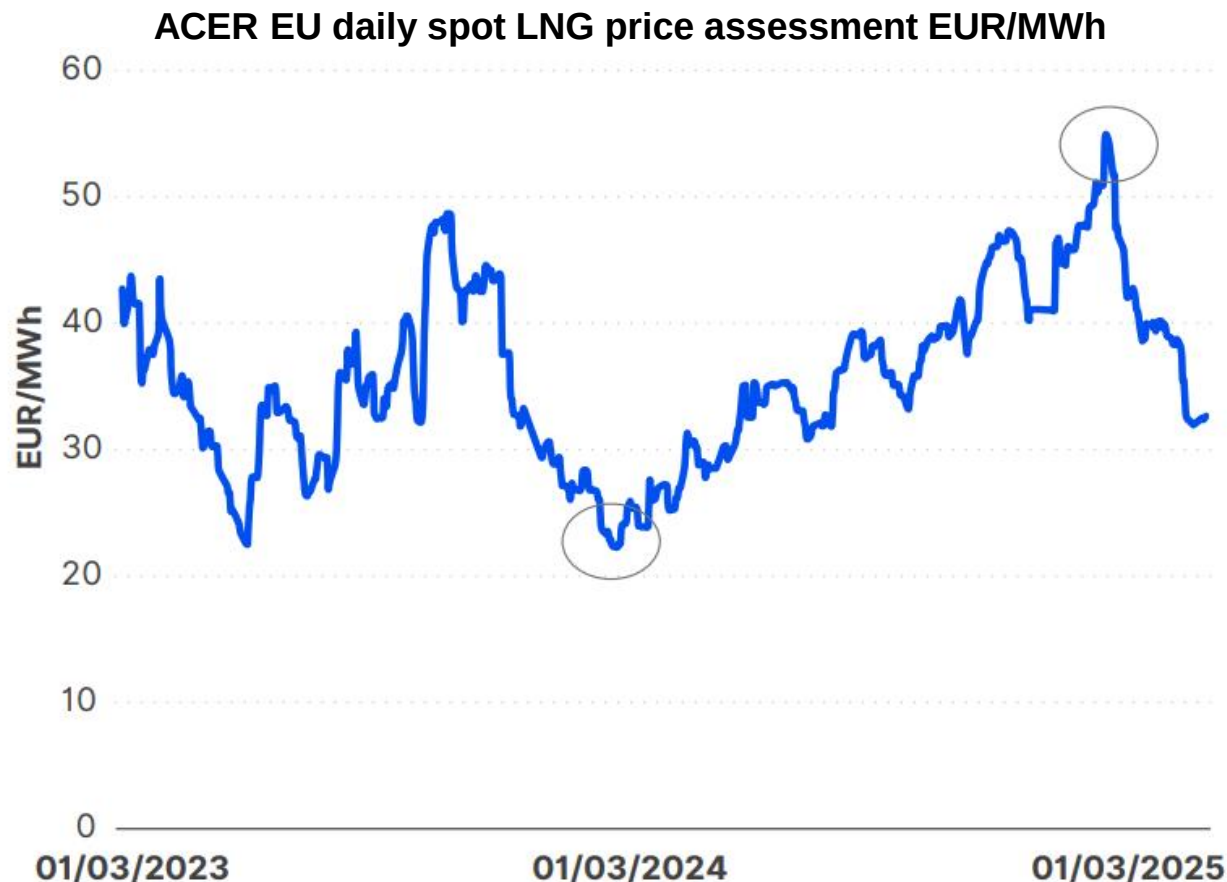
LNG contracted volumes in China, Japan, South Korean and India by 2030 (bcm)



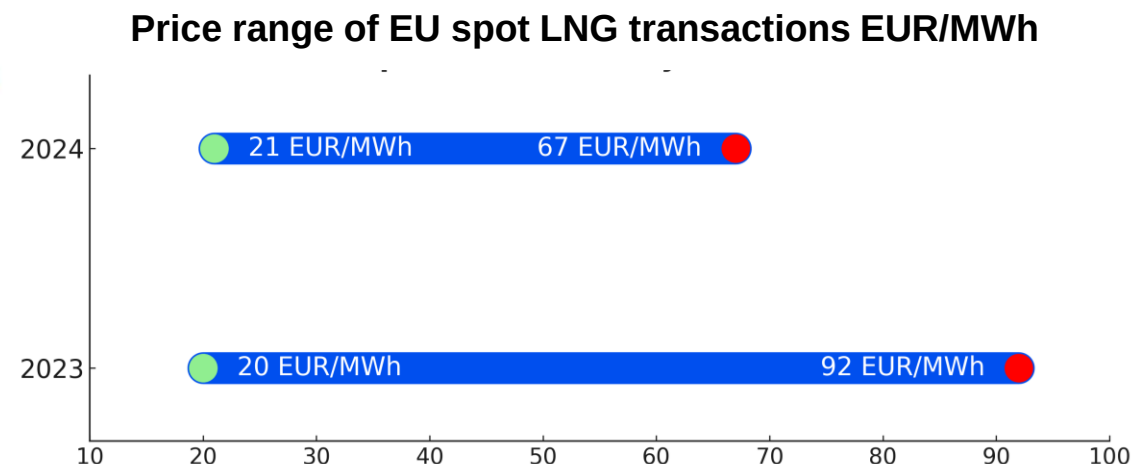
In 2024, the EU purchased c.30 bcm of LNG on the spot market, more than any other major importer and over twice as much as China.

Insights: ACER's LNG SPOT price assessment

Intra-year volatility of EU LNG spot prices remains high

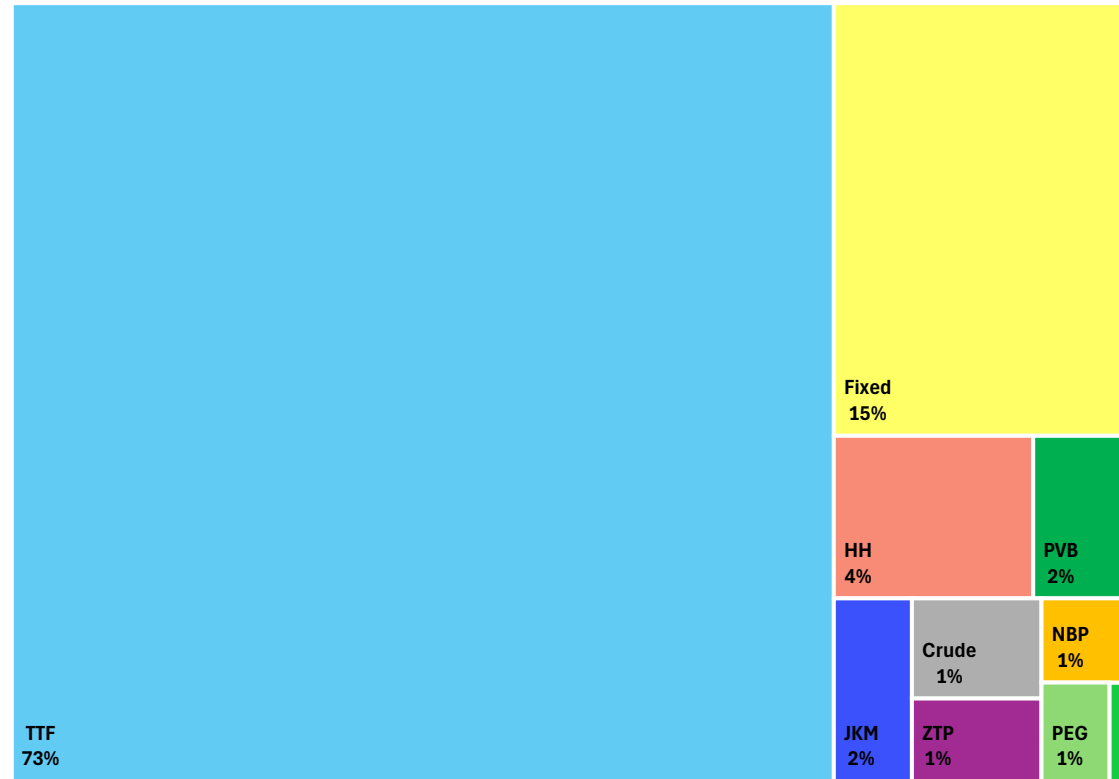


Although price volatility has improved substantially since summer of 2022, intra year volatility remains high. EU spot LNG prices ranged from 22 to 66 EUR/MWh from March 2024 to March 2025



Existing price volatility in the EU spot LNG market highlights the need for better-designed support mechanisms to maintain affordability while ensuring security of supply

Breakdown of price references/indexation for spot trade in Europe 2024



EU Spot LNG traded volume: 45.5 bcm

TTF is the leading benchmark for gas prices in Europe but is also widely used for price indexation in EU LNG spot trades. TTF backed the price indexation of 73% of EU LNG spot trades in 2024 reinforcing its influence in EU price formation and transparency.

ACER's Recommendations

A dual strategy to reduce exposure to the spot LNG market

Accelerate decarbonisation to reduce gas demand

Faster deployment of renewables, greater electrification and improved energy efficiency will reduce overall gas consumption, lowering Europe's reliance on both spot and contracted LNG (and gas overall).

This demand-side decarbonisation not only enhances energy resilience but also ensures alignment with the EU's decarbonisation

Secure additional LNG supply Short to medium / flexible LT

new LNG contracts should include destination flexibility clauses for long-term agreements or be structured as short- to medium-term contracts.

Market players should consider the following actions:

- Prioritise the renewal or expansion of expiring contracts through 2030.
- Engage with portfolio suppliers to secure mid-term (3 to 5 year) contracts
- Explore spare capacity at liquefaction facilities not bound by long-term contracts

Improve monitoring of decarbonisation progress

Enhanced coordination between Member States and the EC is essential to enable efficient data sharing and to ensure the timely monitoring on decarbonisation progress

This will

- Reduce uncertainty surrounding future gas demand pathways, enabling better informed LNG procurement decisions.
- Help identify lagging technologies early, allowing policymakers to intervene with targeted support or policy adjustments

Panel discussion:

Decarbonisation and LNG contracting, flexibility, risk and opportunity

Moderator:

Csilla BARTOK, ACER

Panellists:

Kenneth FOO, S&P GLOBAL

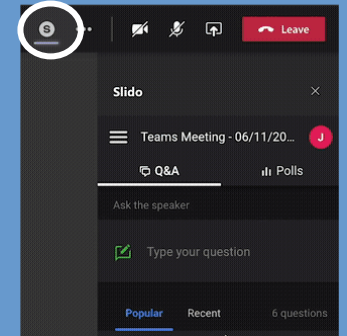
Alberto DE FRUTOS, NATURGY

Q&A session

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Closing remarks

Bart VEREECKE, ACER

Thank you.

The contents of this document do not necessarily reflect the position or opinion of the Agency.



European Union Agency for the Cooperation
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