

Press release

Nord Stream 2 decreases gas prices in the EU

Nord Stream 2 would make EU gas consumers benefit from lower gas prices, a new study by ewi Energy Research & Scenarios reveals

Cologne, 20 September 2017. Nord Stream 2 will bring additional gas to Europe and hence increase competition among gas sources in the EU. A new study by ewi Energy Research & Scenarios (ewi ER&S) shows that less LNG needs to be imported in the EU if Nord Stream 2 is available. This leads to lower import prices for LNG. As LNG is the marginal source of supply in the EU, this decreases gas prices in the EU. According to the study, all EU countries benefit from Nord Stream 2's impact on LNG prices, including Central and South Eastern Europe, in varying scenarios of global LNG demand.

The study finds that, assuming comparatively low global LNG demand, EU wholesale gas prices will on average be 1.6 EUR/MWh or 8% lower in 2020 if Nord Stream 2 is available, compared to a scenario without Nord Stream 2. Hence, for the year 2020, ewi ER&S finds that end consumers in the EU-28 would pay 7.9 billion EUR less for their gas. Assuming a high global LNG demand, Nord Stream 2 would even reduce the 2020 gas bill of the EU-28 by 24.4 billion EUR.

“We don't know the development of global LNG markets and LNG import prices in the decades to come,” says Harald Hecking, head of the study and Managing Director of ewi ER&S. “But we do know that more competition among the sources of gas supply will decrease gas prices for the EU member states. Nord Stream 2 reduces the costs of Russian gas exports to Europe, hence making Russian gas more competitive in Europe. Not only does cheaper Russian gas bring down LNG prices, it will also create an alternative to LNG imports in times of tight global LNG markets.”

Natural gas production in the EU is expected to decline till 2030, whereas gas demand is only slightly decreasing. As gas imports from Norway and North Africa are also expected to stagnate the resulting future supply gap can be filled by a combination of LNG imports and additional Russian pipeline imports. Nord Stream 2 offers additional import quantities of Russian gas.

The study was carried out by ewi ER&S on behalf of Nord Stream 2. The English-language study is available for download at www.ewi.research-scenarios.de.

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About ewi ER&S:

ewi ER&S is a non-profit organization that is dedicated to applied research in energy economics and conducts consulting projects for science, industry, politics and society. With a team of approximately 20 academics, ewi ER&S conducts studies on the basis of cutting-edge economic methods and focuses i.a. on the German and European electricity and gas markets, regulation, market design, decentralized energy supply and reduction of greenhouse gas emissions.
