

United Nations Conference on Trade and Development

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**Volatility experience in the gas sector: new developments and technologies and their impact
on price volatility**

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



Volatility experience in the gas sector: new developments and technologies and their impact on price volatility

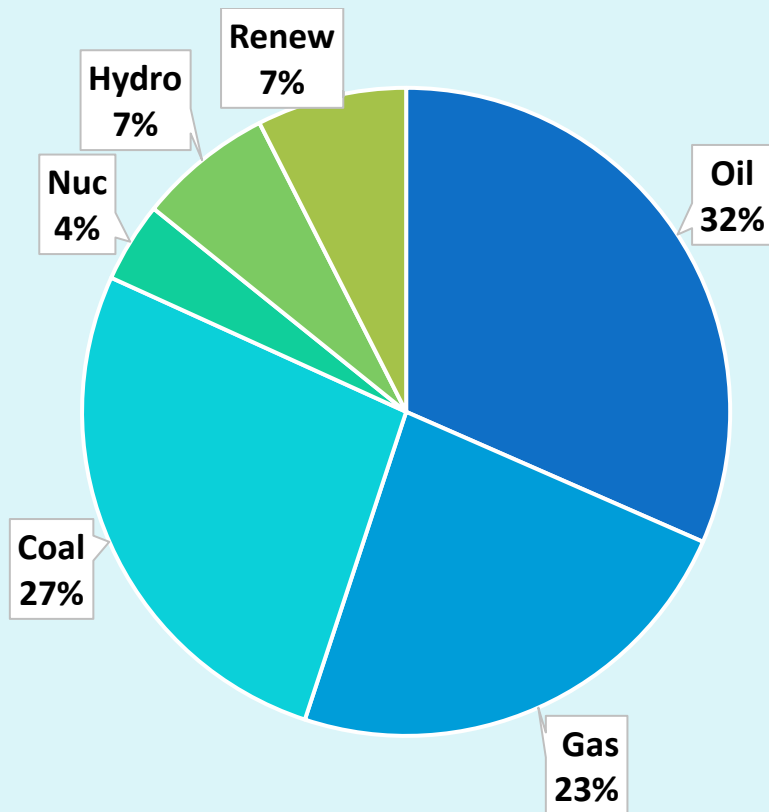
Multi-Year Expert Meeting on Commodities and Development

UN, Geneva – 10 October 2023

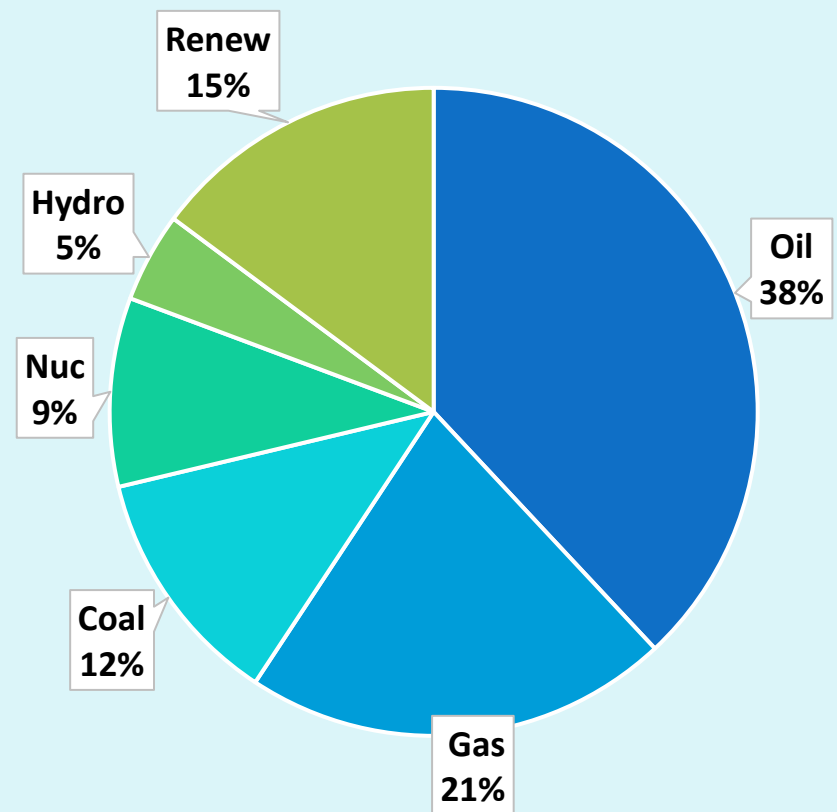
Dr Thierry Bros

Primary energy mix

World

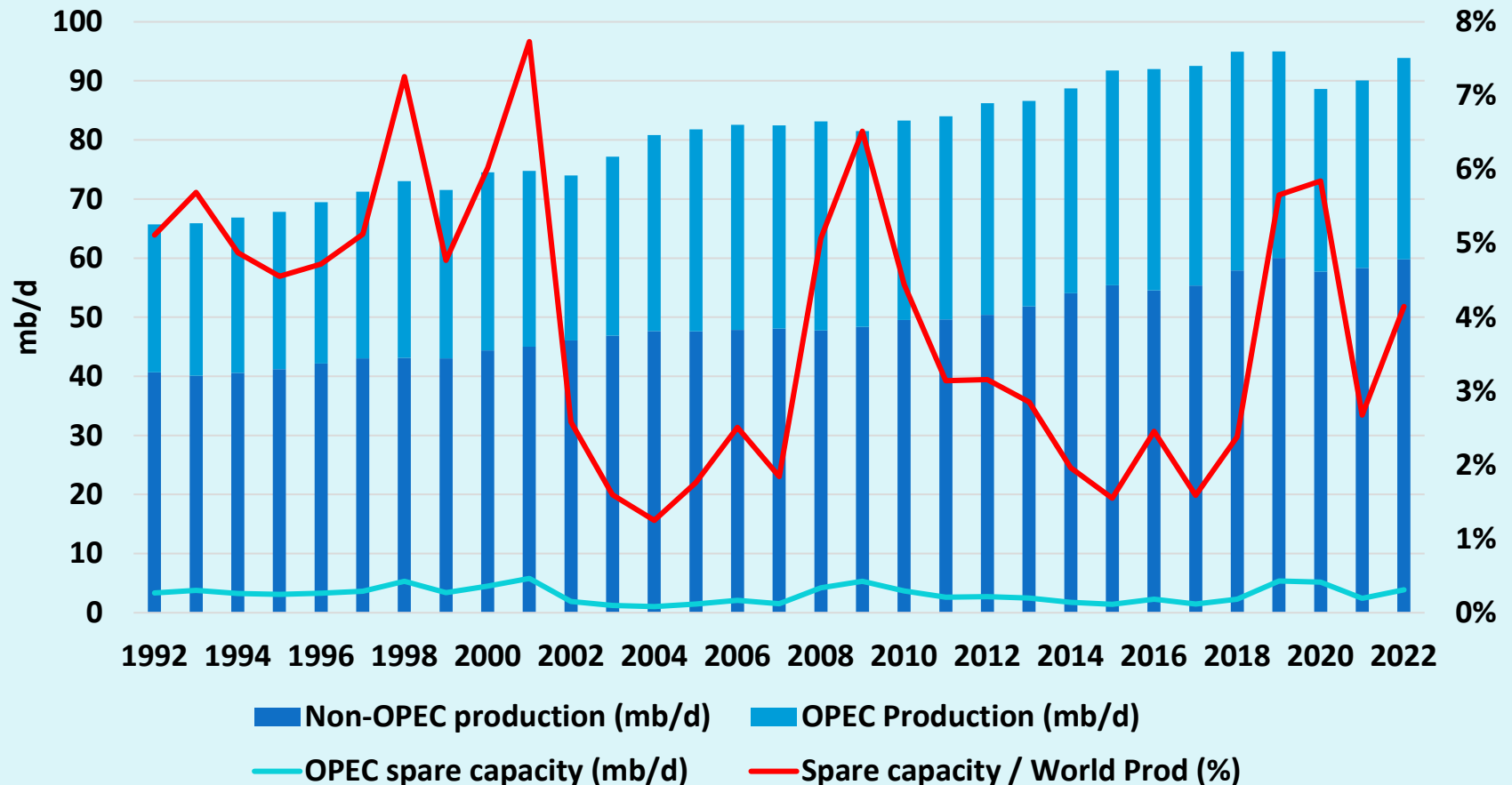


EU



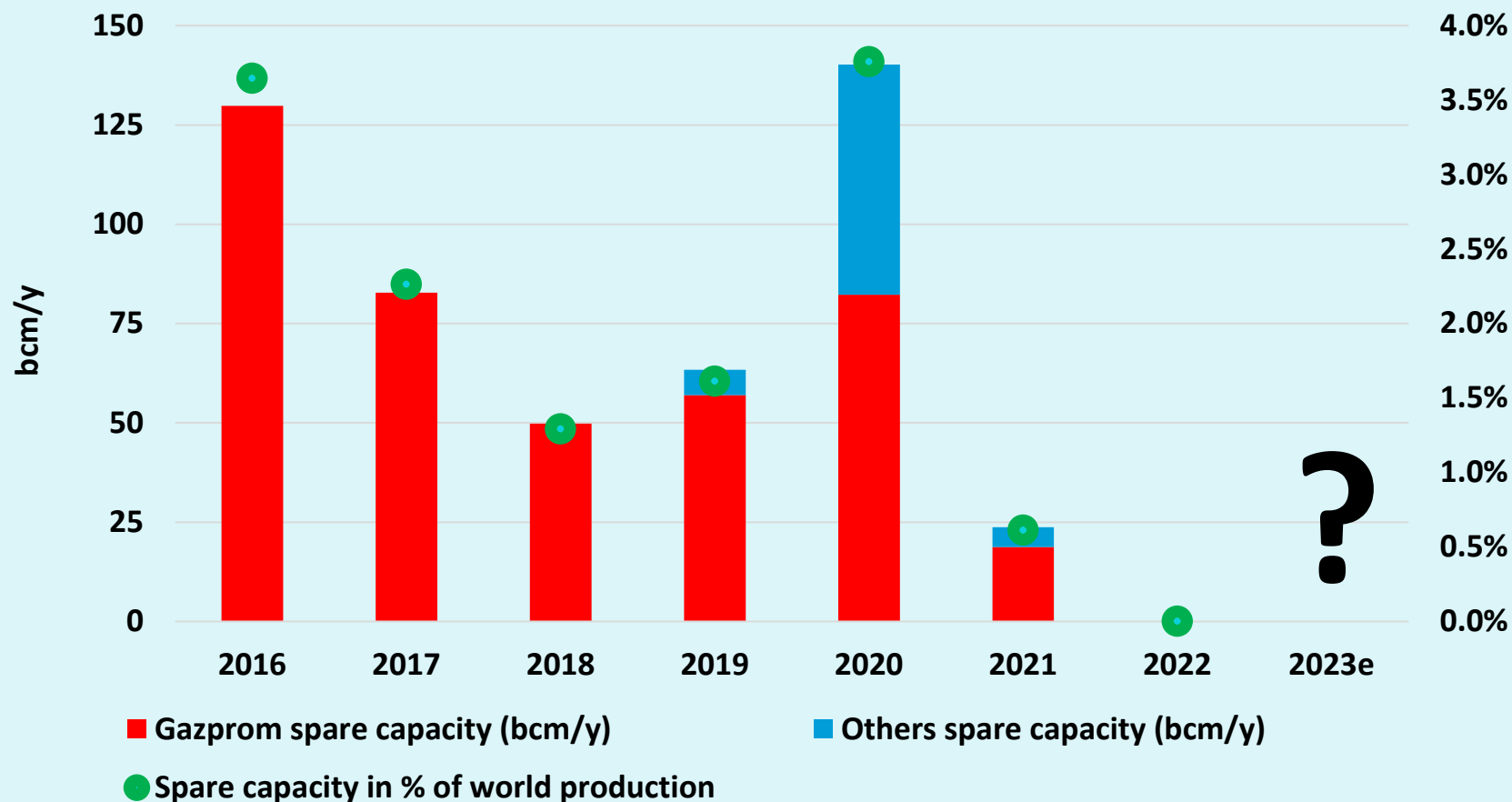
Source: *EI Statistical Review*, thierrybros.com

Oil spare capacity

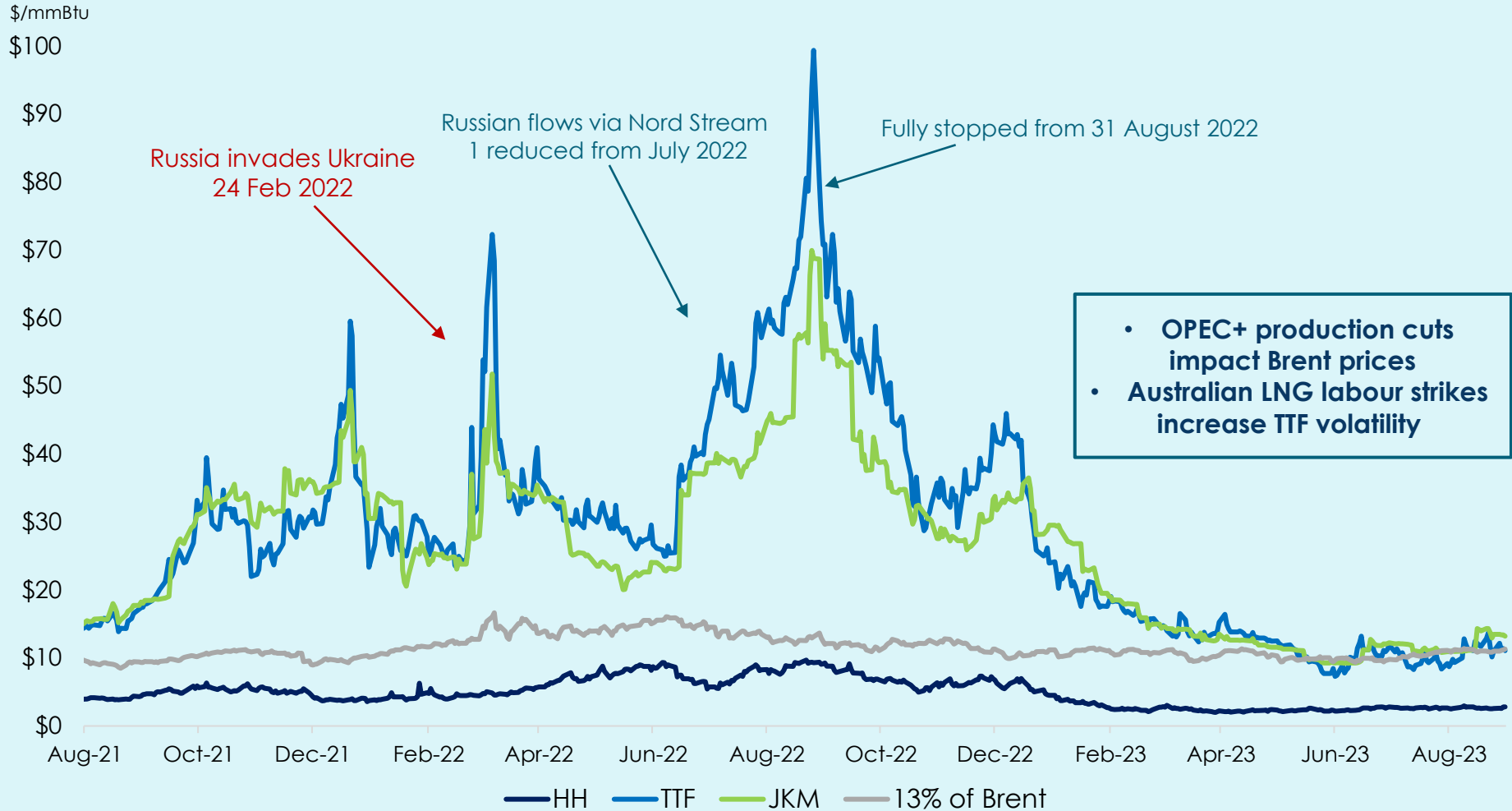


Source: thierrybros.com, EI Statistical Review

No spare production capacity in gas



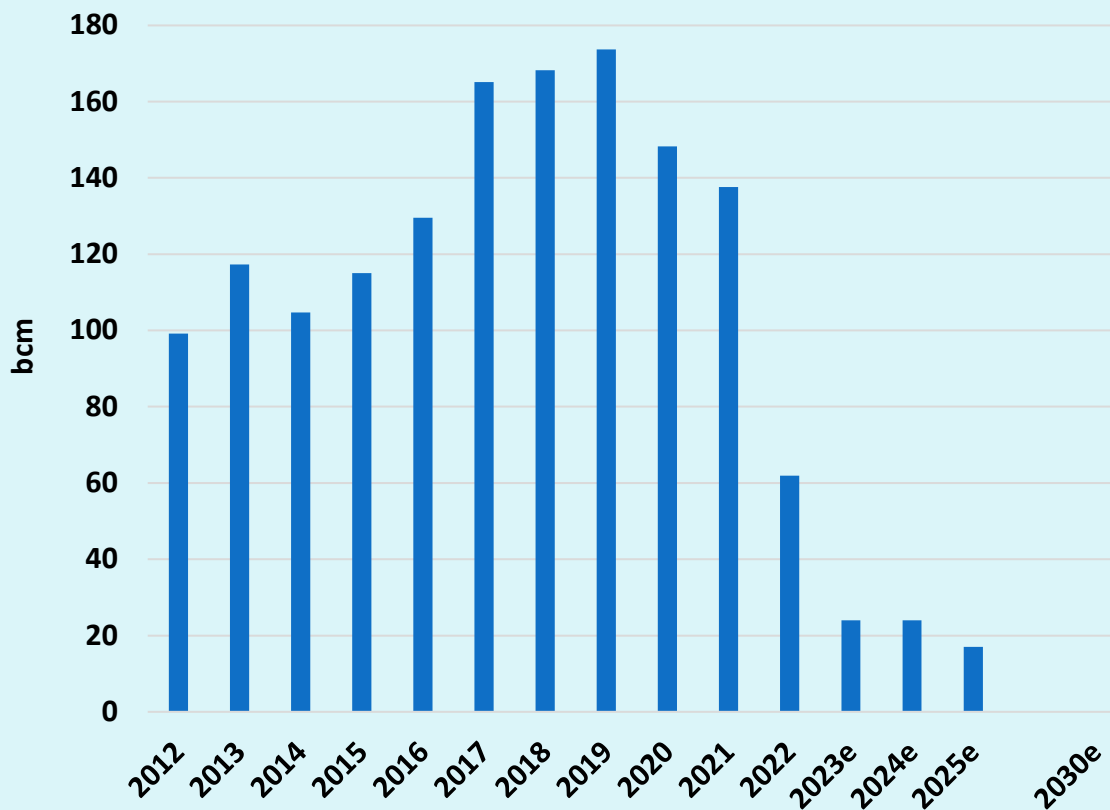
Global gas prices & key world events



Source: MarketView

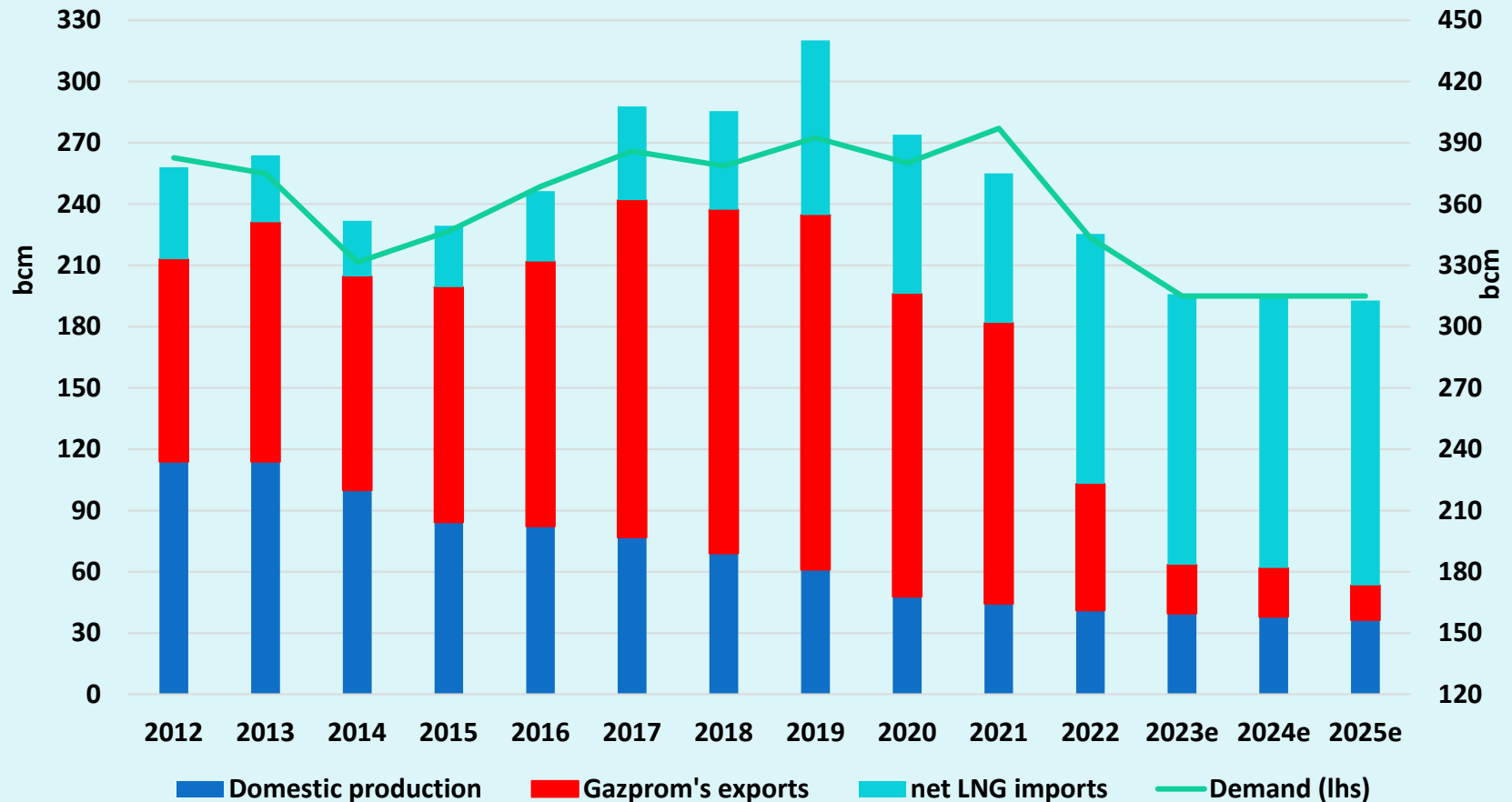
Russian pipe gas flows dropping...

Gazprom's flows to EU



- Ukrainian transit contract ending on 31 December 2024 unlikely to be renewed
- Further minimum drop of 7 bcm/y in 2025e
- RepowerEU is targeting to reach zero Russian pipe imports before end of decade

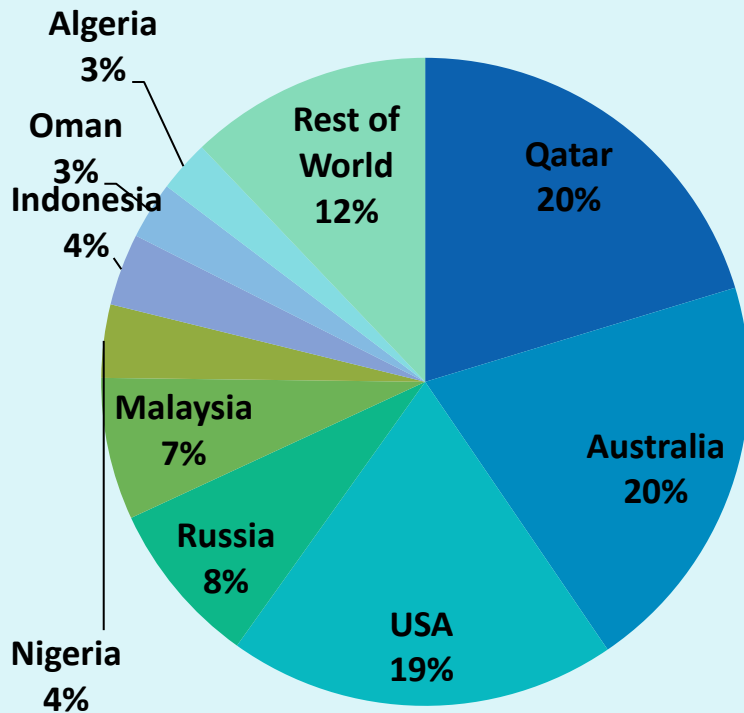
... More LNG in EU...



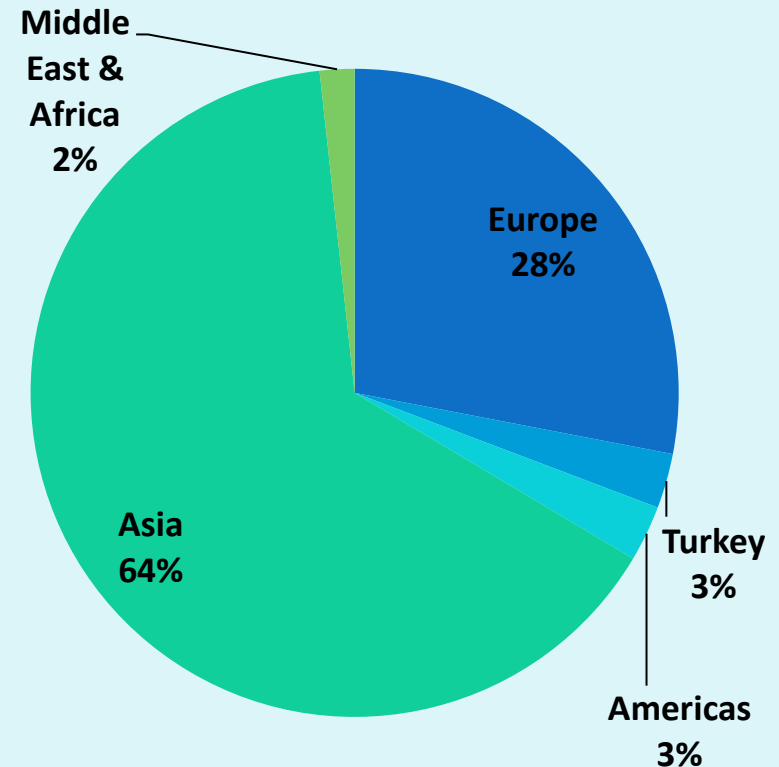
Source: thierrybros.com

... Less for poorer countries

Constrained Supply

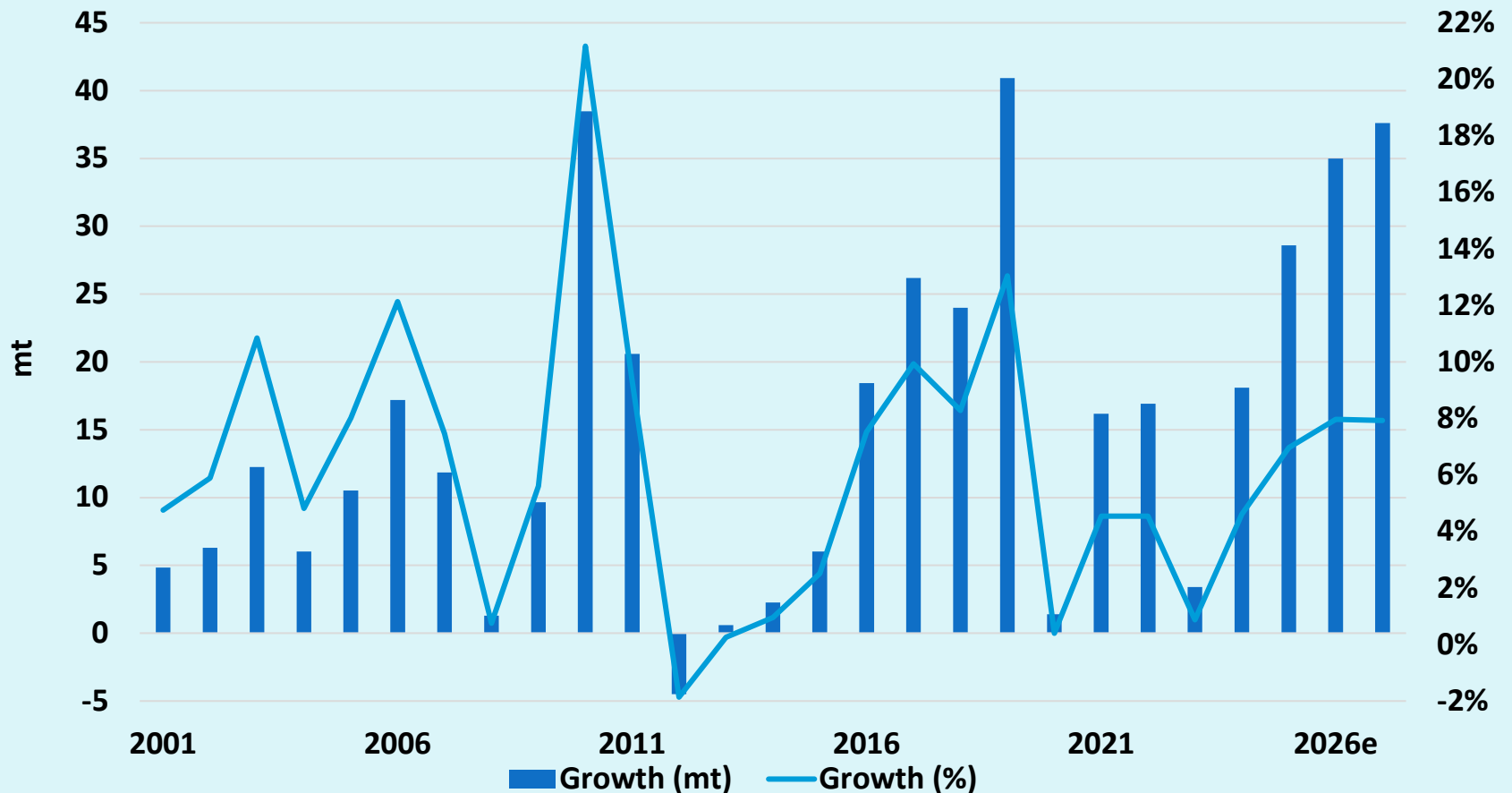


Demand



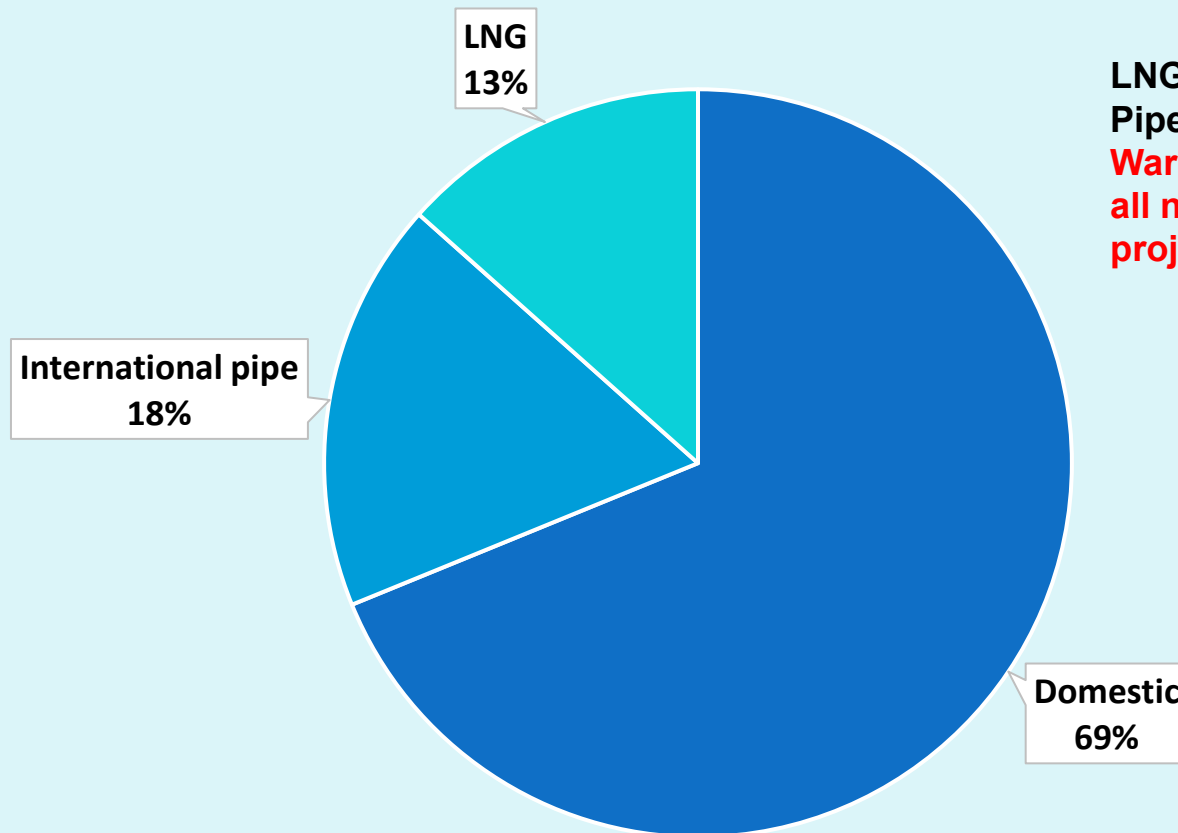
Source: GIIGNL

Too little more liquefaction to come



Source: GIIGNL, thierrybros.com

International gas trade



LNG is growing
Pipe is declining
War in Ukraine should stop
all new international pipes
projects

Source: *thierrybros.com, EI Statistical Review*

How to reduce price volatility

- With no spare production capacity, volatility to stay
- No new technology breakthrough
- Restricting the financing of upstream gas and liquefaction is both increasing the price and the volatility of gas
- **Allow industry to invest more!**

Thank you

