

# Natural Gas in Europe: *Will customers need more or less?*

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# European gas market may look different in medium and long term

Medium term: to 2025

## Diverse supply and increasing trade

Europe in a global market

Declining, recovering, or variable demand?

Pipeline gas or LNG for incremental supply

Long term: the mid century

## The context of a net-zero economy

EU climate targets

Decarbonized energy in 2050?

Role for renewable and decarbonized gas

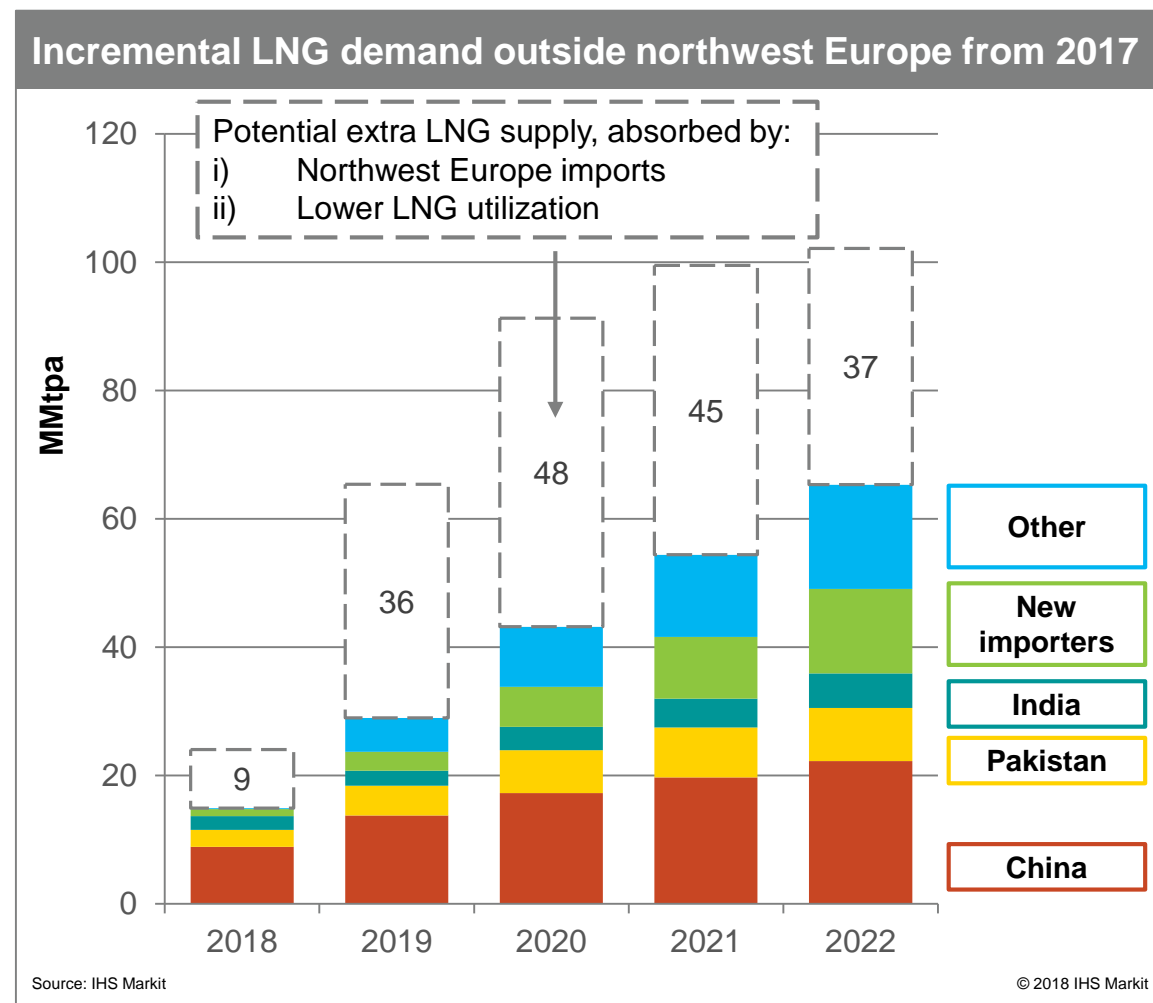
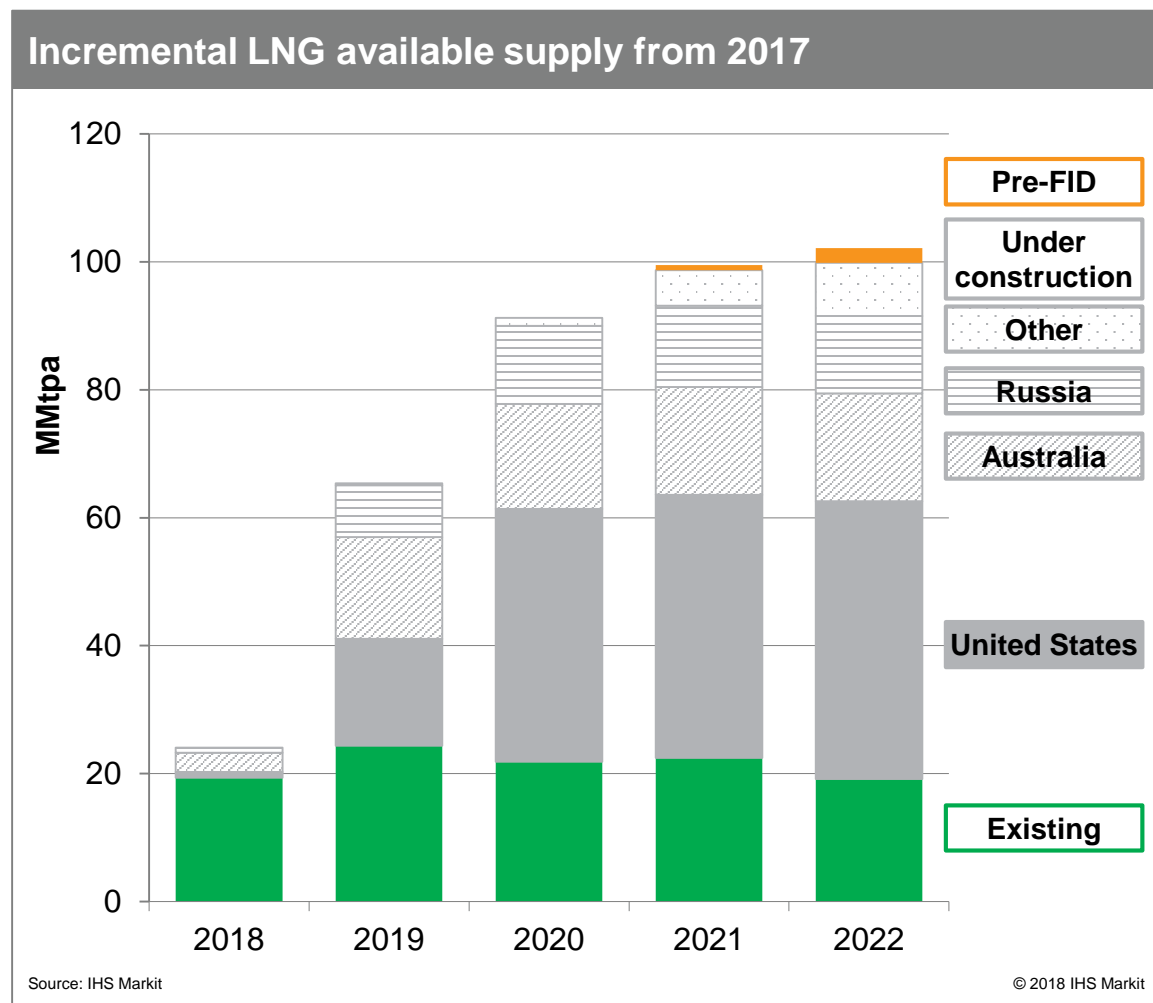
# The medium term

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- The global context: LNG demand outside Europe
- European demand
- European supply

# Incremental LNG supply will outpace growth in demand

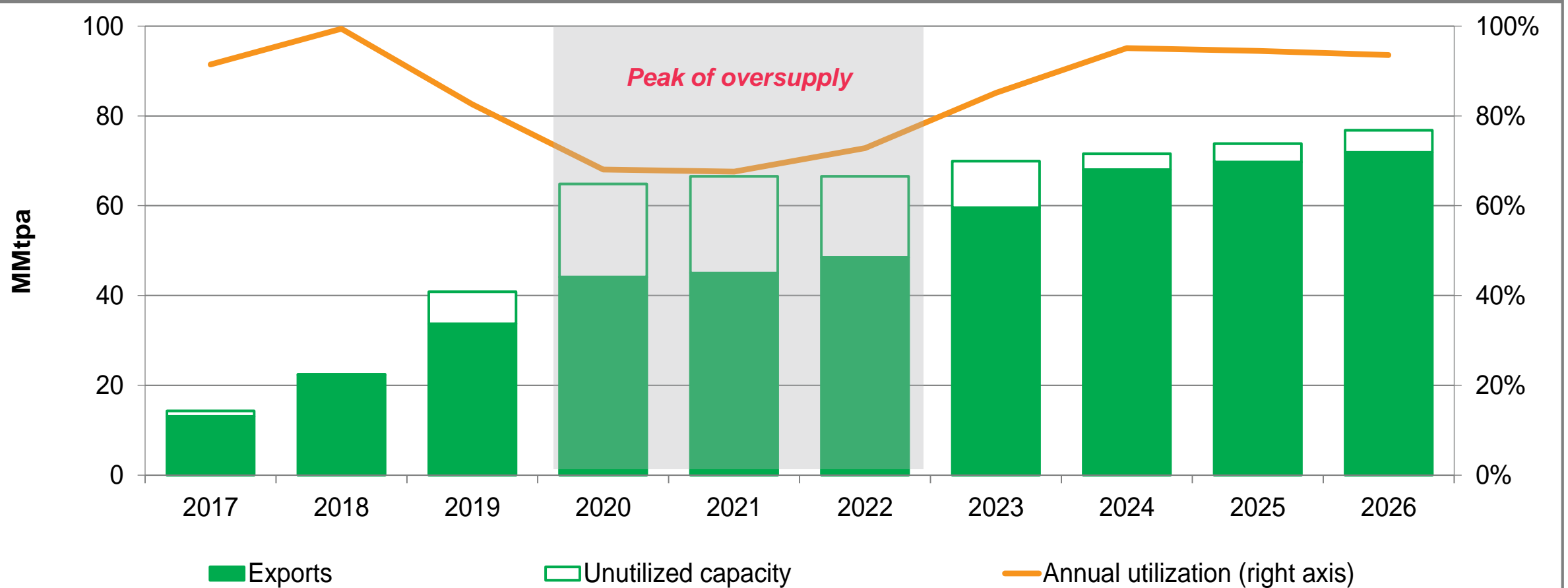
*Europe can absorb the surplus if the LNG is priced competitively—or it can be shut in*



# US LNG is expected to be the marginal supplier to world markets

Low US utilization levels during period of peak oversupply (2020 through 2022)

## US lower-48 liquefaction capacity versus supply forecast



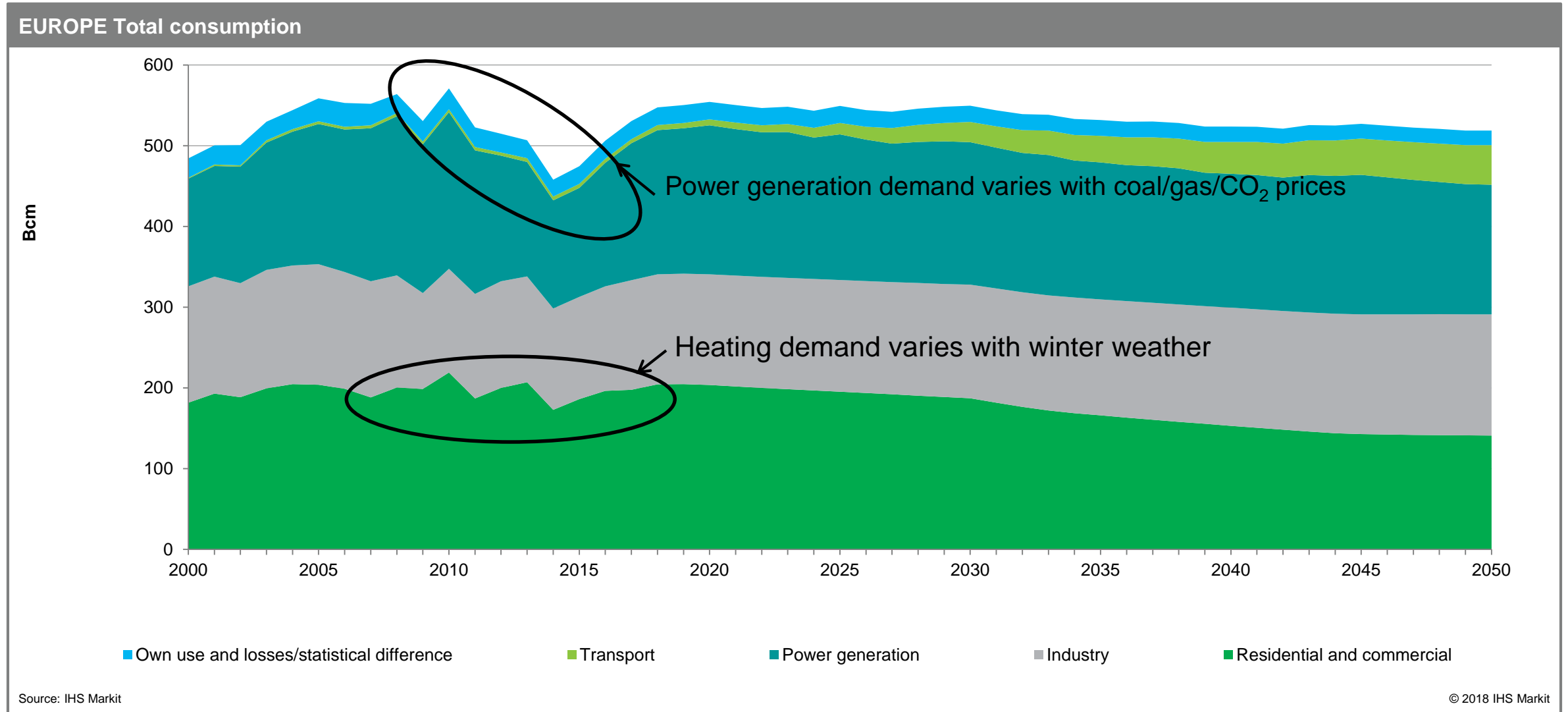
Notes: Utilization is calculated based on delivered volumes.

Source: IHS Markit

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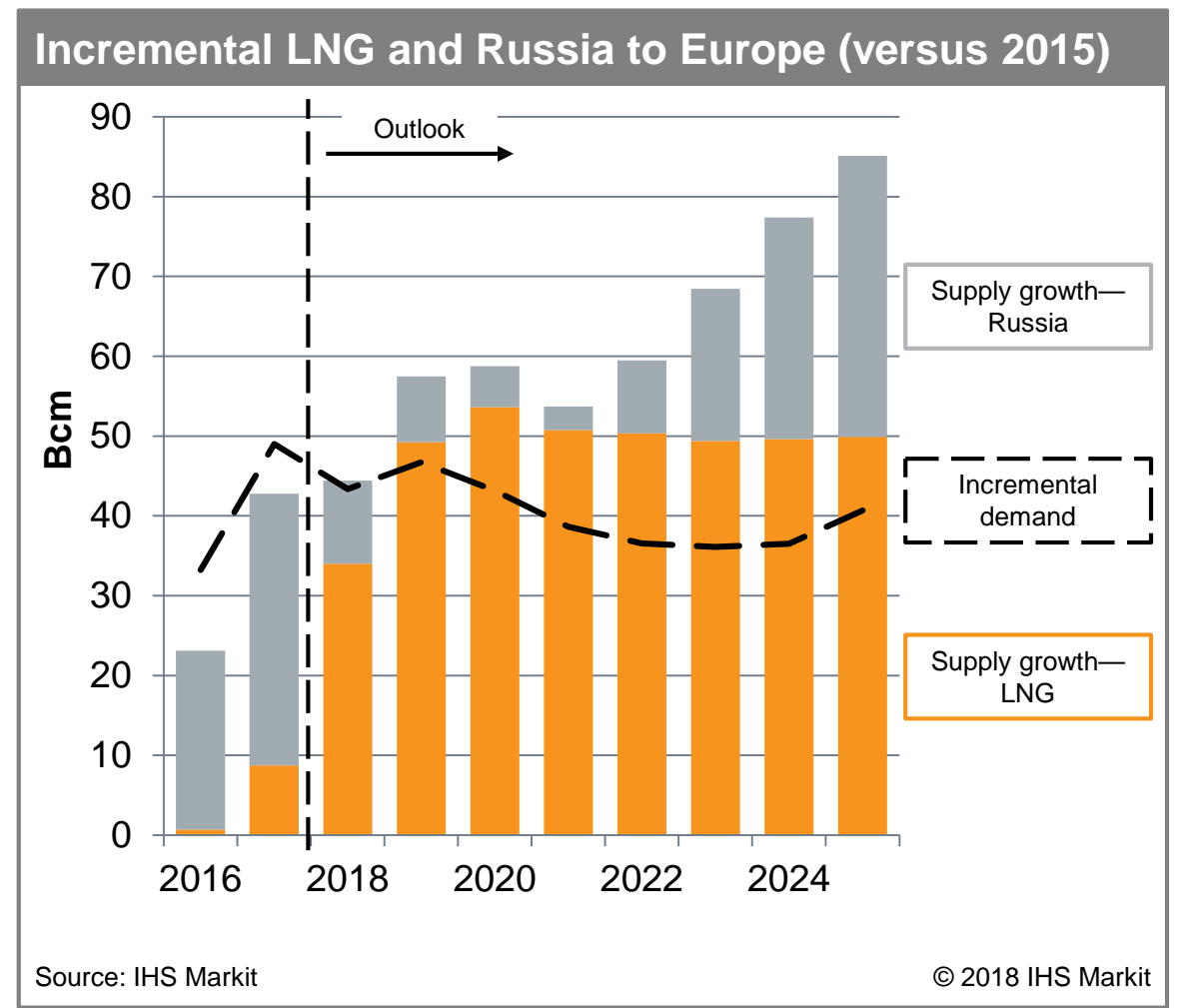
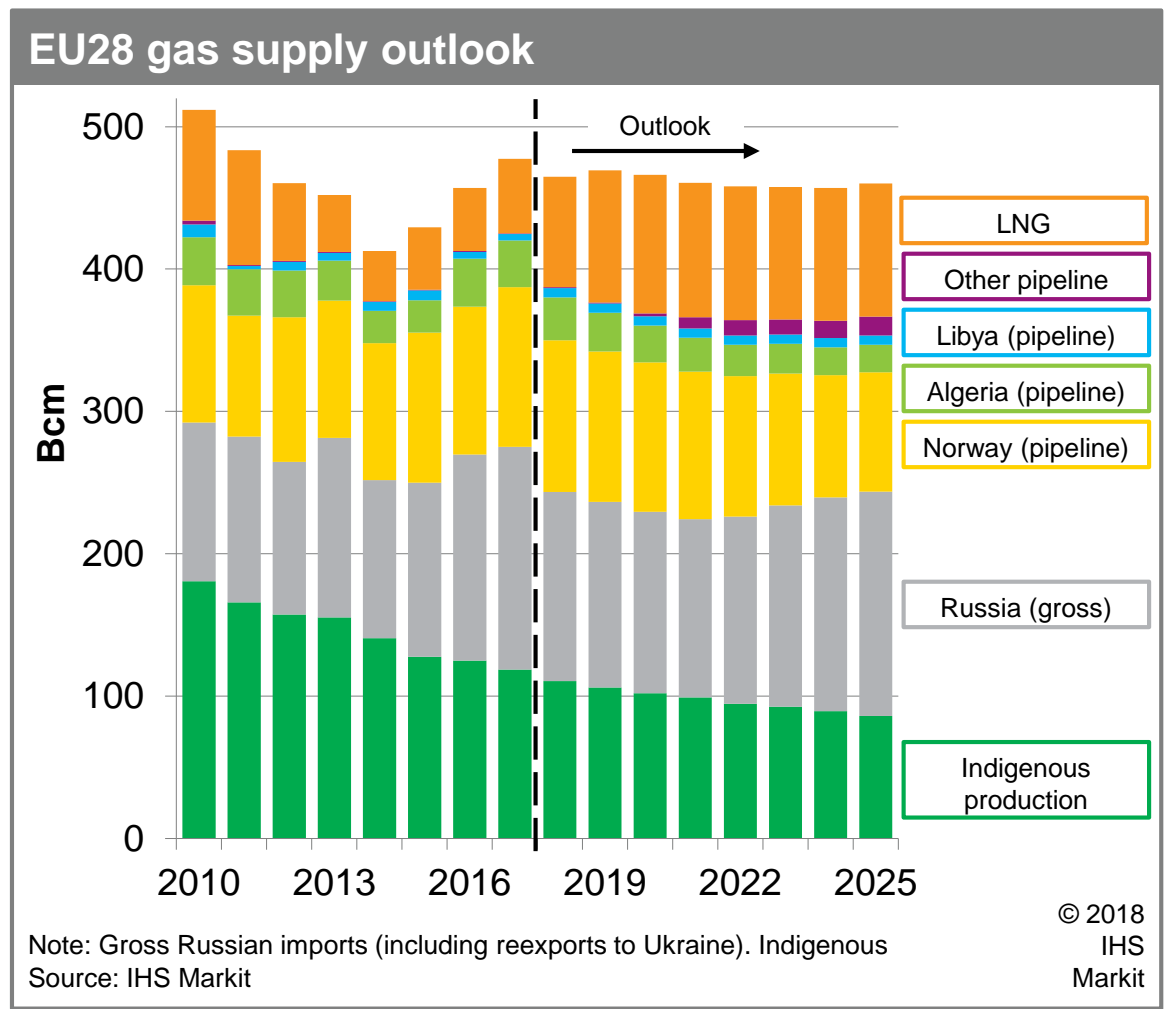
# European Gas Demand (IHS Markit *Rivalry* Scenario)

2018 EU demand recovers its 2009 level—40 bcm below 2005 and 2010 peak, 80 bcm above 2014 trough



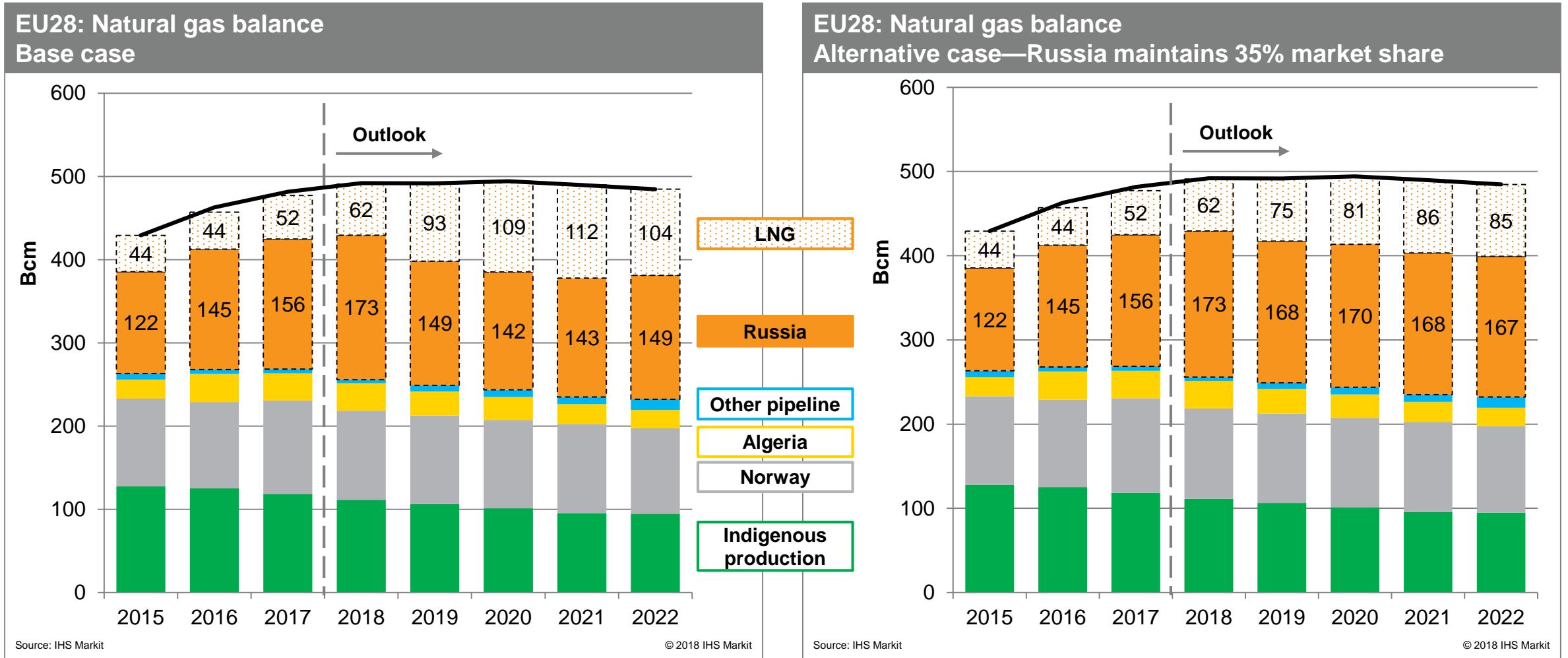
# Demand growth and declining EU production met by increase in trade

Mainly pipeline gas (mainly Russian) in past two years ... mainly LNG for next three



# But pipeline suppliers have flexibility to compete

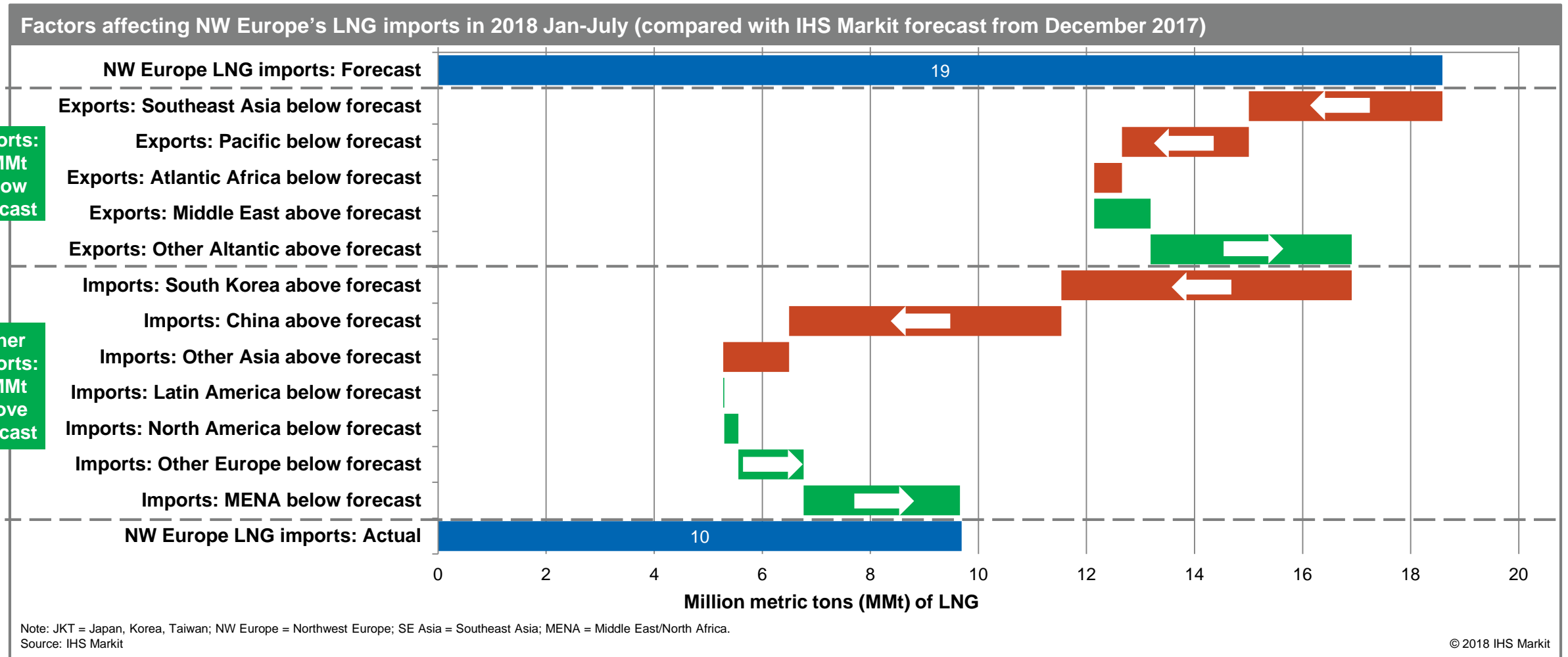
*Two views of how the next five years may play out*





# And forecasts can of course be wrong ... !

Actual versus expected LNG imports to NWE so far in 2018 ... a reminder of the global context



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