Brussels, 11 March 2013

Press Release

Gas consumption hit for second year running

Total gas consumption in Europe's 27 Member States has witnessed a drop in demand for the second year running with power generation the worst affected. According to latest estimates from Eurogas, total demand was down 2.2% in 2012 in addition to the 10% decline in 2011.

Initial estimates for 2012 put gas consumption in the EU27 at 5 036 terawatt hours gross calorific value (TWh GCV), equivalent to 466 billion cubic metres (BCM), or 390 million tonnes of oil equivalent net calorific value (MTOE NCV)[1].

A slightly higher demand for heating in the **residential and commercial sector** of the EU27 somewhat limited the total decline, compared with 2011. This is largely due to lower temperatures during the heating season and the cold snap in February. Even though total gas demand rose in some countries, the continuing economic crisis[2] and the special situation in the power sector took their toll on overall gas consumption in 2012.

"***In the power sector**, the significant drop in the use of gas to generate electricity and heat can be attributed in part to the rising generation of electricity from renewable energy sources thanks to new installed capacities, which have reduced the demand for natural gas for power generation. However, coal and lignite have also continued to displace gas, thus offsetting emissions reductions achieved through renewables*," explains Beate Raabe, Secretary General of Eurogas.

Running hours of gas-fired power plants decreased to record lows due to unfavourable market fundamentals. The overriding reason for this drop is the increase of coal use in Europe, which is in line with reduced demand in the US driving cheap coal abroad, and the relatively low demand in China putting downward pressure on global coal prices. The increasing competitiveness of coal in the EU is further compounded by prices for carbon credits in the EU's Emission Trading System, which have fallen to new lows over the past year as a result of the economic recession and a dip in both industrial output[3] and power demand.

On the gas supply side, indigenous production remained the largest source of gas for EU27 customers, making up 34% of the total net supplies in 2012. It nevertheless decreased by 5% to 1 756 TWh (163 BCM), due to the low demand and ongoing decline in the mature production basins. The main external sources of pipeline supply were Russia at 23% and Norway at 21%. Algeria, with 9%, supplied both pipeline gas and LNG. More than ten countries delivered the balance of 13% as LNG, including Qatar, which remains Europe's leading LNG provider. Factors such as the drop in gas demand and the strong competition for LNG in the global market, especially from Japan, led to a decrease in LNG imports.

"*Thanks to its low carbon dioxide content, high flexibility in backing up renewables and growing supply diversity, **gas remains an attractive energy option for Europe**. We have urged decision-makers to adapt energy and climate policy as soon as possible to create a competitive environment in which all low-carbon technologies, including gas applications, can thrive,*" says Beate Raabe.

[1] Based on terawatt hours gross calorific value; the applied calorific value of one cubic metre equalling 10.8 kilowatt hours represents a European average. The NCV is 10% less than the GCV.
[2] According to Eurostat, compared with 2011, GDP fell by 0.3% in the EU 27 over the whole year 2012.
[3] According to Eurostat, compared with 2011, the average production index for 2012 fell by 2.1% in the EU27.

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Developments in European Natural Gas Consumption 2011-2012

NATURAL GAS CONSUMPTION IN 2012 (PRELIMINARY)	Austria	Belgium	Bulgaria	Czech Republic	Denmark	Estonia	Finland	France	Germany	Greece	Hungary	Ireland	Italy	Latvia	Lithuania	Luxembourg	Netherlands	Poland	Portugal	Romania	Slovakia	Slovenia	Spain	Sweden	United Kingdom	EU27	Switzerland	Turkey
TWh (Terawatt hours)	**95.9**	**198.7**	**28.6**	**86.3**	**37.5**	**6.8**	**38.8**	**492.2**	**909.0**	**47.1**	**108.2**	**51.9**	**792.6**	**15.9**	**33.9**	**13.6**	**412.7**	**176.0**	**51.1**	**144.7**	**55.2**	**8.6**	**362.7**	**13.0**	**855.4**	**5 036.3**	**37.1**	**496.5**
BCM* (billion cubic metres)	8.9	18.4	2.7	8.0	3.5	0.6	3.6	45.6	84.2	4.4	10.0	4.8	73.4	1.5	3.1	1.3	38.2	16.3	4.7	13.4	5.1	0.8	33.6	1.2	79.2	466.3	3.4	46.0
MTOE* (million tons of oil equivalent)	7.4	15.4	2.2	6.7	2.9	0.5	3.0	38.1	70.3	3.6	8.4	4.0	61.3	1.2	2.6	1.1	31.9	13.6	4.0	11.2	4.3	0.7	28.1	1.0	66.2	389.7	2.9	38.4
PJ (Petajoules)	345.4	715.3	103.0	310.8	135.0	24.5	139.6	1 771.9	3 272.4	169.4	389.4	186.8	2 853.4	57.2	122.0	49.0	1 485.7	633.6	183.8	520.7	198.7	31.0	1 305.7	46.8	3 079.4	18 130.5	133.6	1 787.6

NATURAL GAS CONSUMPTION IN 2011	AT	BE	BG	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	NL	PL	PT	RO	SK	SI	ES	SE	UK	EU27	CH	TR
TWh (Terawatt hours)	**100.5**	**196.7**	**31.1**	**85.5**	**40.7**	**6.5**	**43.3**	**474.3**	**896.1**	**51.2**	**124.1**	**53.2**	**824.4**	**16.9**	**35.0**	**13.3**	**423.0**	**165.9**	**58.5**	**150.8**	**57.8**	**9.2**	**373.0**	**14.9**	**904.7**	**5 150.6**	**34.5**	**474.5**
BCM* (billion cubic metres)	9.3	18.2	2.9	7.9	3.8	0.6	4.0	43.9	83.0	4.7	11.5	4.9	76.3	1.6	3.2	1.2	39.2	15.4	5.4	14.0	5.4	0.9	34.5	1.4	83.8	476.9	3.2	43.9
MTOE* (million tons of oil equivalent)	7.8	15.2	2.4	6.6	3.1	0.5	3.4	36.7	69.3	4.0	9.6	4.1	63.8	1.3	2.7	1.0	32.7	12.8	4.5	11.7	4.5	0.7	28.9	1.2	70.0	398.6	2.7	36.7
PJ (Petajoules)	361.8	708.1	112.1	307.9	146.4	23.4	156.0	1 707.5	3 226.1	184.3	446.8	191.5	2 967.7	60.8	126.0	47.9	1 522.8	597.2	210.6	542.9	208.1	33.1	1 342.7	53.6	3 256.9	18 542.2	124.2	1 708.2

NATURAL GAS CONSUMPTION CHANGE 2012/2011 (PRELIMINARY)	AT	BE	BG	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	NL	PL	PT	RO	SK	SI	ES	SE	UK	EU27	CH	TR
%	**-4.5%**	**1.0%**	**-8.1%**	**0.9%**	**-7.8%**	**4.6%**	**-10.5%**	**3.8%**	**1.4%**	**-8.1%**	**-12.8%**	**-2.5%**	**-3.9%**	**-5.9%**	**-3.2%**	**2.3%**	**-2.4%**	**6.1%**	**-12.7%**	**-4.1%**	**-4.5%**	**-6.5%**	**-2.8%**	**-12.8%**	**-5.4%**	**-2.2%**	**7.5%**	**4.6%**

*** Based on terawatt hours, the applied calorific values (10.8 kWh/cubic metre GCV; 11.63 TWh/MTOE NCV; NCV = 0.9 GCV) are representing a European average.**

Note to Editors: Eurogas is an association representing about 50 companies and associations engaged in the wholesale, retail and distribution of gas in Europe. Eurogas provides data and information relevant to EU decision makers and opinion formers in making the right policy choices.

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