

The success of LNG in Baltic market

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I. Gas market in Lithuania before LNG

II. LNG effects on the market

III. Increasing the security of the supply









Gas market in Baltics before 2015

- Isolated from rest of the Europe
- Single supplier of natural gas





Historic price levels: highest or one of the highest

FIGURE 20 - COMPARISON OF EU WHOLESALE GAS PRICE ESTIMATIONS

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Project structure



BASELOAD LNG SUPPLY



LNG TERMINAL INFRASTRUCTURE







II LNG EFFECTS ON THE MARKET





Import price trend and major events



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13,00																																		
Jan-13	Feb-13	Mar-13	Apr-13	/ay-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Vov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	/ay-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Vov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	/ay-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Vov-15



Price comparison

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Fact of 2015: final prices in Lithuania – amongst the lowest in EU





Baseload LNG supply effect: prices and security

Baseload supply in 2015:

 ~11% of total LNGT regas capacity and ~18% of Lithuania's market

Baseload supply 18%



Price cap in Lithuania; partially in Estonia



Active alternative supply source for other natural gas consumers/ importers



Security of supply for the Baltics



Baseload LNG supply effect: prices and security

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BEST PRICE Description Lithuania; partially in Came in 2016 Estonia Estonia Best partially in Came for

other natural

gas

consumers/

importers



After significant changes in LNG market and reshaping of baseload supply agreement...

~60% of natural gas consumed in Lithuania in 2016 will be LNG (up from ~18% in 2015)*



~15 LNG cargos in 2016 (up from 6 in 2015)*





3 LNG importers (up from 1 in 2015)*



16% decrease of prices for most industrial consumers

* 2016 August data



Internal natural gas prices in Russia are very low comparing to Europe's -> there is plenty of room for price reduction





III Increasing the security of the supply



Average regas utilization in EU is ~20% in 2016



LITGAS * http://www.gie.eu

Increasing the security of the supply



Various types of new infrastructure: pipelines, UGSs, FSRUs, LNGTs etc.



FACILITATION



SOLUTION



Natural gas and LNG prices



LNG supply is increasing, demand – catching up



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CONCLUSIONS





Conclusions

- Effectively managed baseload LNG supply has put a cap on pipeline gas prices, ensured security of supply in Lithuania and in Baltics
- LNG managed to outrival pipeline gas from Russia in 2016 due to changes in global markets and long-term partnership with LNG suppliers
- ... however Russia is expected to stay important supplier of natural gas in the future
- Infrastructure is in place, markets are connected
- Integration of markets is the next major step



THANKYOU!

