

## **GME'S NEWSLETTER – Issue no. 188 now online**

Rome, 17 January 2025 – The new issue of the newsletter of *Gestore dei Mercati Energetici* (GME) is now available at <https://www.mercatoelettrico.org>. The newsletter opens with an article by Gian Paolo Repetto, from *Ricerche Industriali Energetiche* (RIE), about the situation of the European gas market in the 2024–2025 winter period. Repetto stresses that *the close of 2024 marked the halt of the transit of residual Russian gas through Ukraine, beginning on 1 January 2025. Wholesale prices were close to 50 €/MWh, confirming and enhancing their progressive upward trend in the past few months, and doubling their minimum levels in the year reached in February. Hence, in the midst of the 2024–2025 winter season, the European gas market exhibits a still fragile equilibrium, as shown by the levels and volatility of prices. In an increasingly interconnected global gas market, these prices reflect an insufficient growth in Liquefied Natural Gas (LNG) supply, geopolitical tensions, an increasing financialisation of trading, and a level of supplies that is fairly reassuring but lower than that of the previous winter. In terms of figures, world gas demand in 2024 was estimated to grow by about 2.5% (+100 billion cubic metres, bcm), with a new all-time peak of 4,200 bcm, and an incremental demand of 45% by the Asia-Pacific region. However, in the first three quarters of the year, European consumption lay always below the corresponding periods of 2023, rising only in the last months of the year, driven by the electricity and household sectors owing to weather conditions, whereas industrial consumption only showed a slight increase in terms of yearly average. Thus, although the EU 27 and the UK experienced a yearly decrease of 2% until the end of October, there was a recovery towards the end of the year, such that consumption reached or slightly exceeded its levels in the previous year, but remained largely below its pre-crisis levels in 2021. The increase recorded in the past few months is due to temperatures lower than those in the previous two years and to very weak winds, especially throughout November and the first ten days of December.*

In Italy, gas consumption was practically in line with that in the previous year (roughly 60 bcm) thanks to the recovery observed in the last months of the year, for the above-mentioned reasons, across the entire EU area. Yearly variations by sector of utilisation were very moderate: consumption by the industrial sector and withdrawals by



*distribution networks (the latter mainly to supply the household and service sectors) were up by 1.6 and 2.2%, respectively, whereas consumption for electricity generation dropped by 1.4%, despite a significant increase in the last part of the year. Repetto points out that, as regards fuel imports, out of about 300 bcm imported by the EU in 2024, 38% accounted for LNG, vs. 42% in 2023 and 20% in 2021. Conversely, imports via pipelines remained consistent with the previous year at around 185 bcm, with Norway accounting for 50% of pipeline gas reaching the EU, followed by Algeria at 17%. Further down in the ranking were Azerbaijan and the UK, with 7% each, and then Libya with a share of about 1%. Nevertheless, according to Repetto, the overall share of Russian-origin gas is not perfectly verifiable; indeed, while residual supplies via the Ukrainian pipeline can be estimated at roughly 15 bcm (37–42 mcm/day), other volumes are absorbed by EU countries (especially Hungary, but potentially also Romania and Greece) from the TurkStream pipeline. The latter, which runs under the Black Sea, supplies Russian gas primarily to Turkey. As a whole, for the EU, the yearly share of Russian-origin gas can be estimated at about 15-17% (i.e. 30 bcm) in 2024, but this figure presents some uncertainty regarding the extent of withdrawals from TurkStream. Repetto adds that, in practice, with the end of the transit between Russia and Ukraine, the EU will face a shortfall of 15 bcm/year, representing 5% of its overall imports in 2004. As regards 2025, the key factors appear to be the following: a) weather conditions, and b) type of replacement of Russian gas. In a scenario of limited upward flexibility of imports from gas pipelines, the above two factors may involve a larger reliance on the previously mentioned flexibility instruments of the European market. This includes: increased withdrawals from storage sites, necessitating substantial injections into these sites during the summer of 2025; and greater use of LNG imports, which, in an already tight market, would lead to higher prices to attract additional shipments to Europe. Conversely, in the medium to long term, much will depend on the pace at which the new planned liquefaction capacity becomes available. Finally, in terms of prices, monthly forward products are showing a drop, especially starting from the maturities of next summer and autumn, with a much more significant decline expected for 2026. Yearly “calendar” products at the TTF currently show the following downward values for the coming years: Cal 26 at 39.5 €/MWh, Cal*



*27 at 31.5 €/MWh, and Cal 28 at 26.3 €/MWh. However, Repetto does not rule out new postponements in the entry into service of terminals, as it happened in 2024. Such delays would perpetuate the current scenario and postpone the expected decline in prices. Moreover, the global geopolitical context will continue to have a major impact on markets throughout the year, keeping gas prices still uncertain and volatile as they seek a new equilibrium after the big crisis.*

This issue of the newsletter comes with the usual technical commentaries about European and national power exchanges and environmental markets, a section focused on the analysis of Italian gas market trends, and a section with insights into the trends of the main European commodity markets.

As has become customary in January, the publication also reports the **yearly data of trades in the electricity market for 2024.**

**Gestore dei Mercati Energetici S.p.A.**

*Governance Department*

Tel. +39 06 8012 4549

Fax. +39 06 8012 4519

[governance@mercatoelettrico.org](mailto:governance@mercatoelettrico.org)

[www.mercatoelettrico.org](http://www.mercatoelettrico.org)