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Forecasting future gas flows through a European pipeline operator's network

Policy and politics

Against a backdrop of changing energy policy and political uncertainty, a European transmission system operator (TSO) was seeking reassurances over long-term demand for its pipeline network.

The company had traditionally relied on revenue generated by Russian gas transit flows through its infrastructure and onto European markets. It had become concerned that the decarbonisation movement might reduce European gas demand and, consequently, flows through its pipelines.

We were asked to assess likely flow volumes through the infrastructure until 2040.

Assessing future flows

We took as our starting point the European Union's draft National Energy and Climate Plans (NECPs), which document each member state's proposals for reducing carbon emissions by 40% by 2030 in comparison to 1990 levels. We extracted data, which was submitted in Q4 2018, and input it to our gas demand model to create a gas demand forecast for Europe.

The forecast was combined with our global gas model to analyse future flows of LNG into Europe in competition with our client's pipelines. We also analysed indigenous European gas production and the available levels of pipeline imports. We used our in-house European gas flows model to forecast flows across the continent's major pipelines for the next 20 years.

A crucial component was the assessment and input of our client. We incorporated their industry insight and views of the future into the modelling effort.

Strong long-term demand

There was a positive outcome to our analysis for our client. The work we undertook showed that under a base case scenario there would continue to be strong demand for use of their pipeline network during the period to 2040.

Our analysis was shared with the company's shareholders and has provided the reassurance they needed as they consider long-term investment decisions.



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