



## EUROPE'S HUBS GROW SLOWER IN 2017: RESEARCH

25/9/2017 - The total volume of European natural gas traded in 2016 on both exchanges and in the over-the-counter (OTC) market rose by 11% to a new record high of over 51,000 TWh (4.74 trillion m<sup>3</sup>), according to new research published by Prospex September 25.

However, in the first half of 2017 the market has failed to match the strong performance of early 2016, and the total European gas traded volume in 1H 2017 was down by around 7% year-on-year, it said.

For the first year in 2016, total trading volumes at the Dutch TTF (Title Transfer Facility) hub surpassed overall volumes on the British NBP market.

TTF overtook NBP in 2015 for OTC volumes only, but not for overall volumes that also include exchanges-traded amounts.

For the past three years, TTF has been the fastest growing of all European gas trading markets, and again in 2016 its activity expanded by 36%, while volumes in the NBP market contracted by 6%. But in 1H 2017, trading has contracted in both markets, but the fall in activity has been stronger at NBP than at TTF, attributed partly to volatile currency exchange rates and to the Brexit vote, notes Prospex.

The churn factor – the number of times a unit of gas is traded before being burned – expanded at TTF from below 50 in 2015 to over 60 in 2016, which looks particularly impressive, noted Prospex.

However calculated as a ratio of the amount of gas that physically passed through the network in 2016, the TTF churn ratio was a more modest 22.3, only slightly higher than NBP's equivalent figure of 21.9. The UK and the Netherlands together explain why the European churn average is 10, even though all the other hubs average no more than six times their national consumption.

The reduction in output from the Dutch Groningen gas field led to more gas coming from the Bergermeer storage facility. As Groningen is low-calorific gas and appliances in the Netherlands, Belgium and northern parts of France and Germany are adjusted to run on that, transmission system operators in these regions had to rely more heavily than ever in 2016 on blending and dilution of higher quality H-gas from Norway and other sources to keep their customers supplied, Prospex said.

Gasunie-owned GTS has [proposed extending TTF market area to the UK shore](#) which, if approved and implemented, could boost TTF liquidity in 2018.

*William Powell*