

# The decline in european natural gas prices is bad for energy storage

Why is natural gas consumption decreasing in Europe?

Consumption of natural gas in Europe consistently decreased since mid-2022, driven by a combination of mild winter weather and government policies aimed at reducing natural gas consumption.

Why are European natural gas prices falling?

A global downturn in manufacturing activities since 2022 has impacted the industrial demand for gas significantly, particularly in Europe. Another key factor in the recent sharp decline in European natural gas prices has been the strong performance of renewable energy sources and nuclear power generation.

Are European gas prices going up?

The bad news is that European wholesale gas prices have nearly doubled over the past year, raising heating and electricity costs for households and companies alike. Energy prices are again pushing inflation higher. The chart below shows that European prices have come down about 20 per cent compared with the recent peak on February 10.

Is natural gas a strategic issue for Europe?

For Europe, the economic questions regarding natural gas are as difficult as the strategic issues. The natural gas price shock of 2022 following Russia's invasion of Ukraine was the primary force behind Europe's great inflation.

Why do European natural gas markets disintegrate?

The net result of low storage and infrastructure bottlenecks led to the onset of some disintegration in European natural gas markets, as could be observed in the opening of a substantial spread in wholesale prices between different European hubs. As Fig. 5 shows, in normal times, spreads are usually highly contained.

What percentage of natural gas storage facilities are full in Europe?

As of April 1, 2024, natural gas storage facilities in Europe were 59% full--the highest percentage on record for the end of a heating season (November 1 through March 31)--according to data from Gas Infrastructure Europe's Aggregated Gas Storage Inventory (AGSI+). Note: Percentages calculated by AGSI+.

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Web: <https://solarcomplete.co.za/contact-us/>

Email: [energystorage2000@gmail.com](mailto:energystorage2000@gmail.com)

WhatsApp: 8613816583346

