This abstract will be presented during LNG2023 conference on 10-13 July in Vancouver, Canada among many other innovative projects, ideas and outlooks. LNG2023 will provide a unique platform for the global LNG industry and key stakeholders to discuss, debate, and showcase the latest industry developments and opportunities.

LEAD AUTHOR

Ian Nathan
Director, Global Gas and LNG, Energy Intelligence

CO-AUTHORS

None

THE GREAT GLOBAL GAS PRICING RESET

Wholesale gas market intervention is the most disruptive among myriad policy proposals under consideration for European energy price relief. This session will illustrate how years of European gas market development gains could be set back, impacting the global gas and LNG trade long after the current crisis has subsided. Intervention, particularly a short-term gas price cap, threatens to unravel Europe's hard-fought transition to gas-on-gas competition from "market-value" pricing (i.e., indexation to other fuels). Ironically, a market-value pricing framework may be more attractive now, as is typical when fundamentals-driven pricing is unpalatable. Still, elements of a "regulated" pricing regime typically found in the world's least mature gas markets are more likely to emerge and be more durable than anticipated. This is supportive for socioeconomic goals, aligning with Europe's current conundrum. Yet, this is an inherently unstable framework for Europe requiring even greater ongoing management and resulting in even more severe market distortion beyond the immediate price relief. European policymakers have likely calculated that risk of longer-term global gas market disruption is worth the more localized short-term gains from intervention. The last European gas pricing regime transition materialized when gas was seen to have a bright future in the region. Now, the costs of intervention may not appear to be as great in a region seeking to reduce gas use altogether.

To view the full conference agenda, visit https://www.lng2023.org/lng-programme-overview