



Montel German Energy Day 2024
„Is the energy crisis over? Outlook for the summer months“

Jörg Selbach-Röntgen
CEO MET Germany

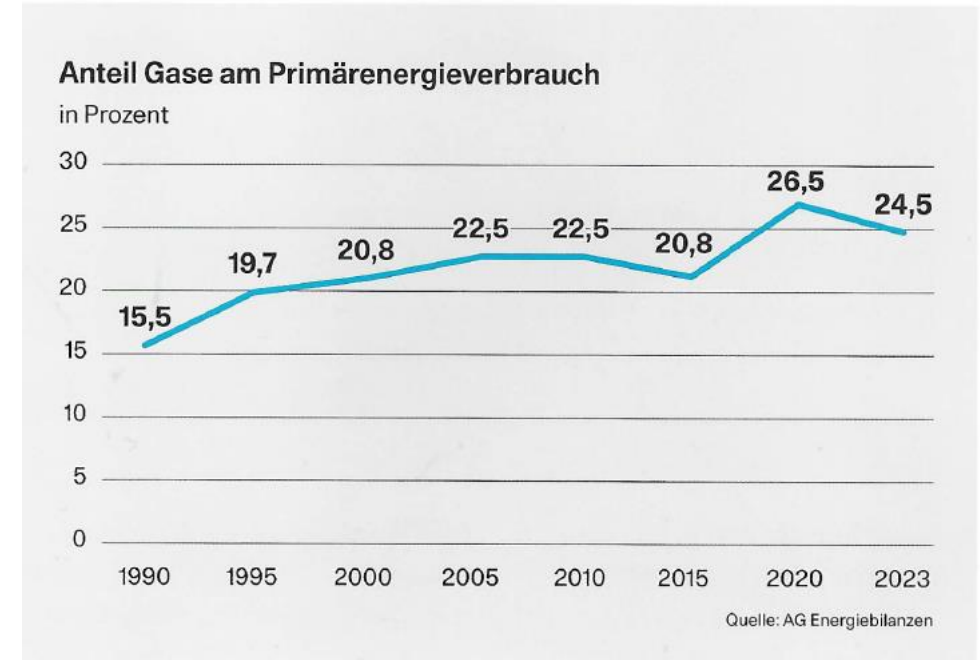
Implementing
INNOVATION
IN EUROPEAN ENERGY MARKETS



Do we need an oracle's
prophecy to analyze
the energy crisis?



- Russia's invasion of Ukraine and recent geopolitical developments in the Middle East have highlighted the volatility of energy prices and the need for a global energy diversification strategy
- Since the beginning of 2024, the gas price has significantly decreased despite various geopolitical crises: The benchmark for Dutch TTF futures fell **below EUR 26/MWh** in the first quarter of 2024
- Reasons for this include **well-filled gas storage** German facilities (currently 68), **successful energy efficiency measures** in industry, SMEs and households and the **completion of the German LNG terminals**.
- With a share of **24.5%**, natural gas is still the second most important primary energy source in Germany after crude oil
- Overall, there is a decrease in gas consumption demand of **-4.3%** compared to 2022. **The industrial segment** is currently the largest gas consumer with about **278 TWh**.



Gaspreise Großhandel in EUR/MWh

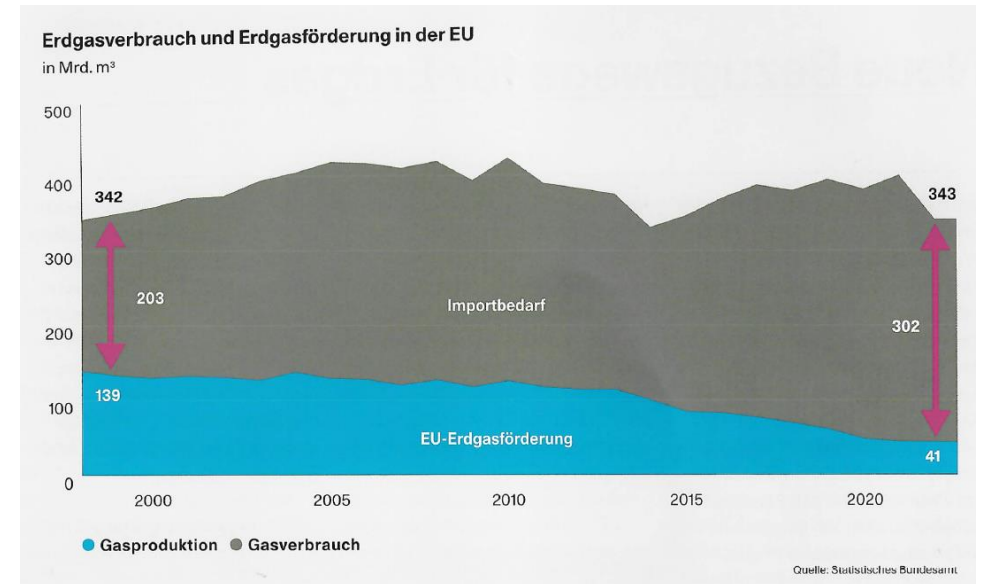


Russian gas is targeted to be completely excluded from the EU market in the next years:

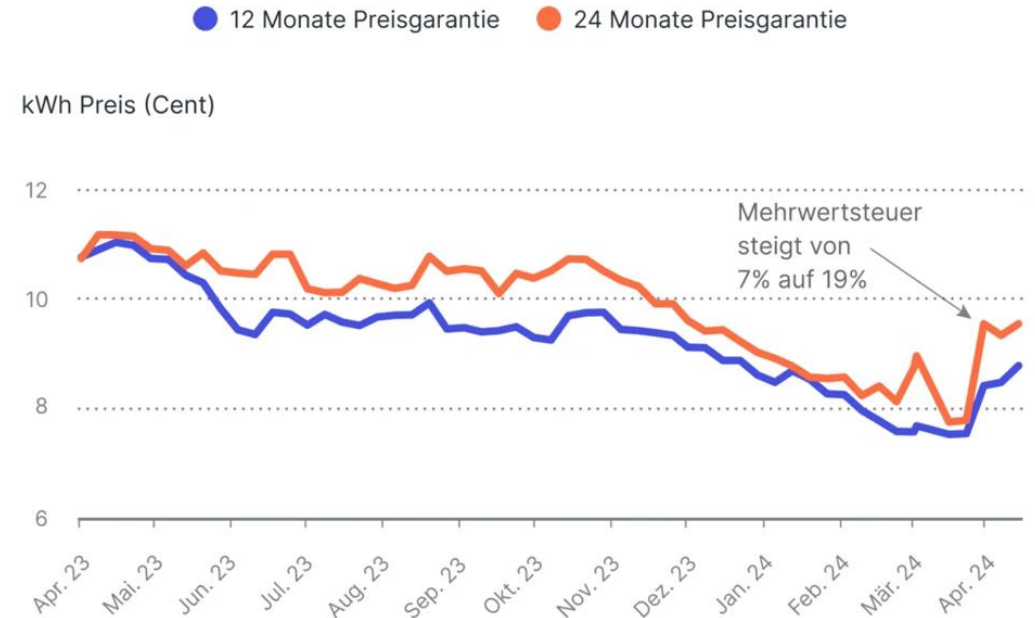
- While Russia accounted for 42% of European imports of natural gas in 2021, this %age had fallen to 14 by 2023 (5.3 LNG and 8.7 pipeline gas);
- The EU Commission has set a target of stopping all imports of Russian gas by 2027 (REPowerEU), whether by LNG tanker or pipeline;
- In March 2024, Ukrainian officials stated they will not extend their contract with Gazprom for the transit of Russian gas through Ukrainian territory which expires on December 31st 2024. EU buyers (ca. 14.56 bcm) such as Austria, Hungary and Slovakia have already signaled their intention to diversify gas supply

The role of LNG in the long term is not yet clear:

- LNG is an important bridging solution to avoid supply shortages in the short term. Germany's LNG imports have increased by 78% compared to 2021;
- At the same time, the huge volumes of LNG available on the market and the forecasted fall in prices are incompatible with energy transition and climate protection objectives;
- If climate targets are met, 70% of LNG projects currently under construction will not be economically feasible;
- On the other hand, the excess LNG volumes can compensate the missing pipeline gas supplies from the Ukrainian transit contract



- Recent geopolitical conflicts (Israel/Gaza, Iran, Strait of Hormuz, etc.) continue to have a significant impact on gas price volatility (20% price increase in week 16/2024 alone).
- New bundled residential supply contracts are currently showing rapid price increases
- “GPAs” will become a visible product in the market.
- Those who don't have “GPAs” will be fully exposed to the volatility effects of geopolitically driven price developments.
- Price volatility affects different customer segments in different ways
- There is currently a lot of insecurity in the German market in terms of climate protection related regulation, subsidy schemes for decarbonization investments both in industries and in households
- Conclusion of long-term supply contracts is an important instrument to establish predictability of energy costs, crisis resilience and of consistent gas supply

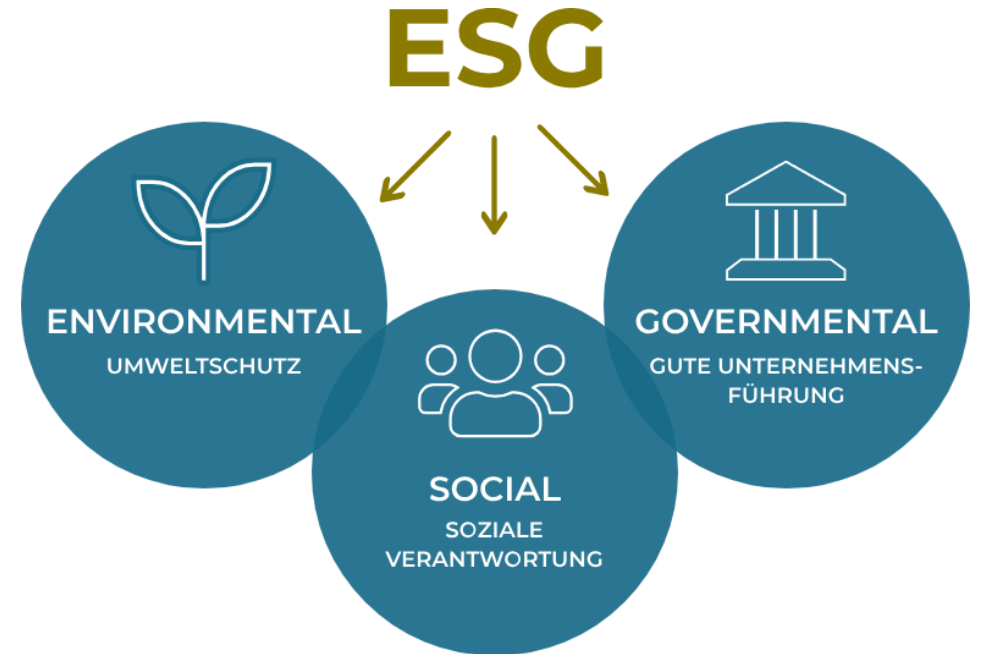


Für das Gaspreis-Barometer erheben wir Daten aus über 100 Postleitzahlen. Wir errechnen einen Mittelwert aus den Top 3 günstigsten Gasstarifen, die von Finantztip empfohlen werden.

Grund- und Arbeitspreis berücksichtigt (Verbrauch: 15.000 kWh).
Quelle: Eigene Berechnung mit Daten aus dem Finantztip-Gasrechner (Stand: 16. April 2024)

Finantztip

- More than 90 % of the German gas grid is **H2-ready**; in March 2024 regulatory framework was adopted to blend green H2 into natural gas and to make green gas certificates tradable
- ESG requirements become increasingly important for industry, utilities and SMEs (ESG criteria compliance mandatory from January 2025 for listed companies)
- „Low hanging fruits“ in terms of ESG-relevant instruments (green power purchase, on-site green power generation etc.) will be harvested rapidly
- That’s why purchase of green H2 will become more and more relevant and important for customers → comparable to the mechanism in Biogas (bilanzieller Handel)



Price outlook for the summer months

- High storage levels of gas storing facilities, lack of heating demand and low economic growth level indicate that price level will remain relatively stable
- Nevertheless, unpredictable development of geopolitical conflicts can affect prices significantly
- Germany and other EU and G7 countries plan to ban LNG imports from Russia at short notice; the markets seems to have anticipated this before; that's why such a decision shouldn't have ad-hoc visible effect on the gas prices
- In order to accelerate the H2 market ramp-up and remove bottlenecks, close cooperation between all players along the hydrogen value chain is required. The recently discussed introduction of a Green Gas Quota could provide planning and investment security as well as cost transparency for all parties involved.





Disclaimer: This presentation is being furnished solely for the consideration of a potential business relationship. Neither MET Holding AG nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of this presentation, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future. This presentation does not purport to contain all information that may be required to evaluate a potential business relationship, and each recipient should conduct its own independent analysis of the information contained or referred to herein.

© 2021 MET Holding AG. All rights reserved. MET and the MET Group logo are trademarks and service marks of MET Holding AG or its affiliates and are used and registered in several countries.