

Natural gas markets



Lecture ULiège

Ghislain Detienne (ghislain.detienne@fluxys.com) 17 10 2023

Contents

Who is Fluxys?

What is natural gas?

Global LNG

Gas pipelines to Europe

Seasonality and storages

Intra-day flexibility

Gas markets

Recent events

New molecules

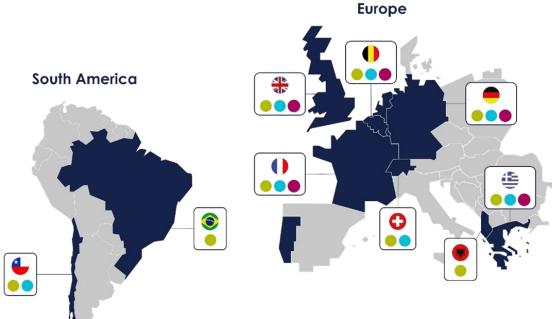


Who is Fluxys?

4 facts about Fluxys

- CH₄
- H_2
- CO₂

- Multi-molecule infrastructure partner headquartered in Belgium
- Strong European presence with associated companies across Europe, South America and the Middle East
- A growing group of 1300 employees sharing respect, reliability and openmindedness
- Purpose-driven company committed to the energy transition with a dedicated sustainability vision





Middle East

shaping together a bright energy future

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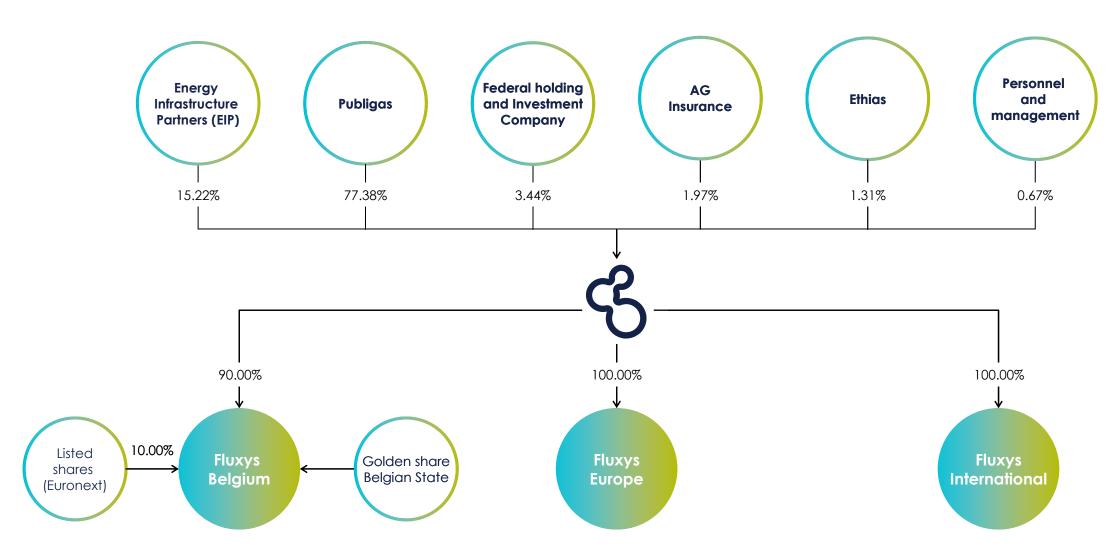
Who is Fluxys?

Shareholding & group structure



H₂

 CO_2



Who is Fluxys?

We are a multi-molecule infrastructure company with 3 core activities

CH₄

 H_2

CO₂

Terminalling





Transmission





Storage









Overview Fluxys infrastructure

International presence



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Transmission

28 000 km pipelines in operation



LNG terminalling

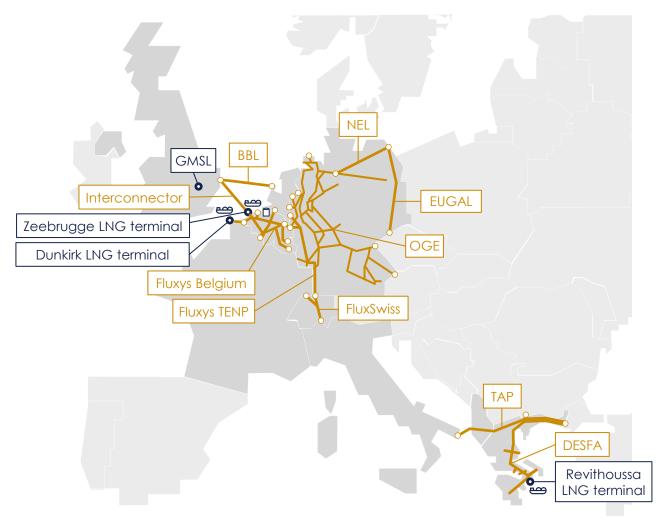
450 TWh/y regasification capacity in Belgium, France, Greece & Chile



Storage

7610 GWh underground gas storage capacity in Belgium





https://www.fluxys.com/en/company/fluxys-group/about-fluxys

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Overview Fluxys infrastructure

High pressure (15-80 bars) transmission infrastructure in Belgium

4,000 km pipelines in 417 municipalities

High calorific gas (11,3 kWh/m³(n))

Low calorific gas (9,8 kWh/m³(n))

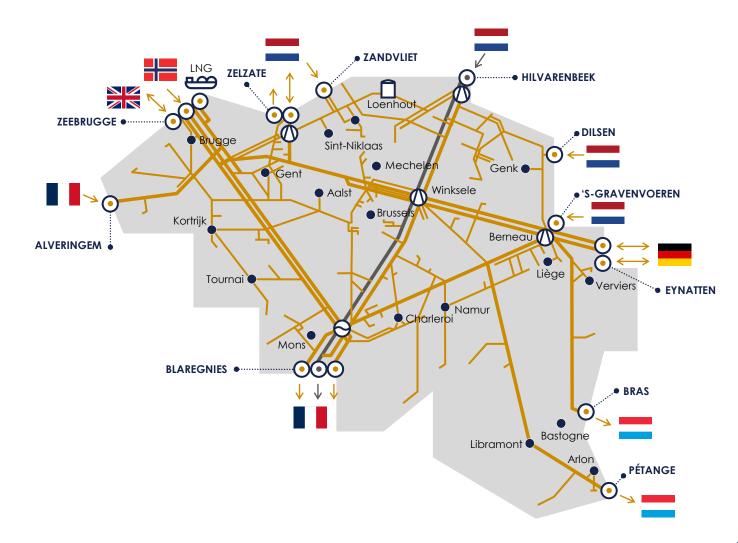
Physical interconnection points

E LNG terminal

Compressor stations

Blending stations

Storage

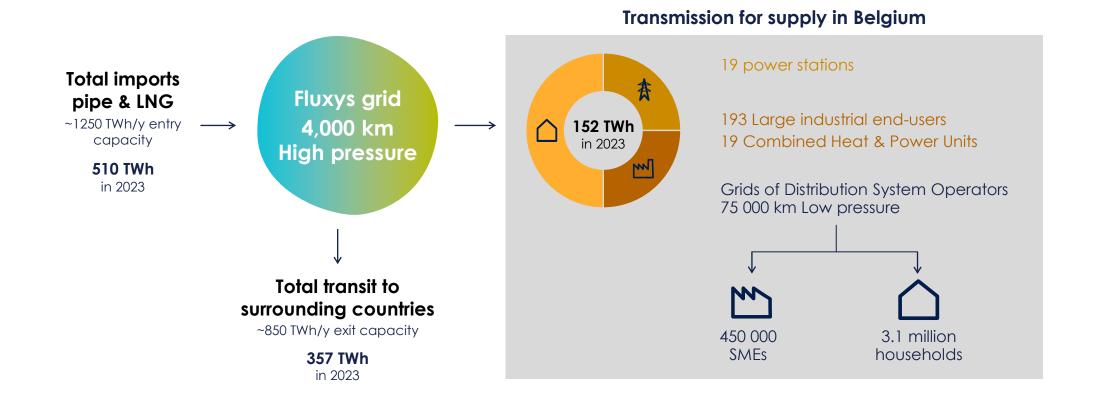


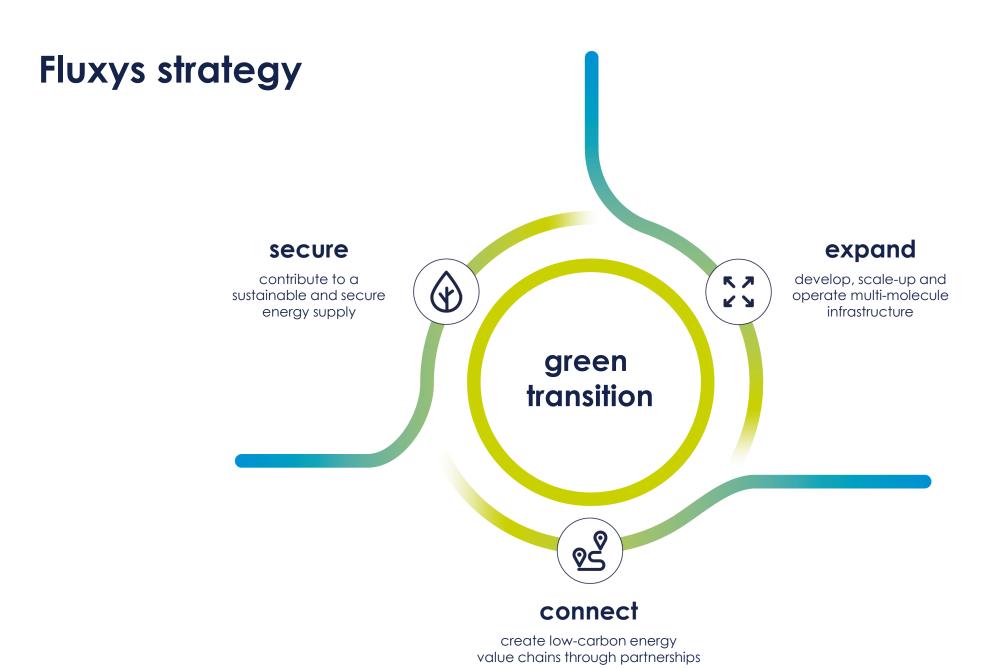
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Overview Fluxys infrastructure

Fluxys role on the Belgian market





CH₄

 H_2

CO₂

3

Contents

Who is Fluxys?

What is natural gas?

Global LNG

Gas pipelines to Europe

Seasonality and storages

Intra-day flexibility

Gas markets

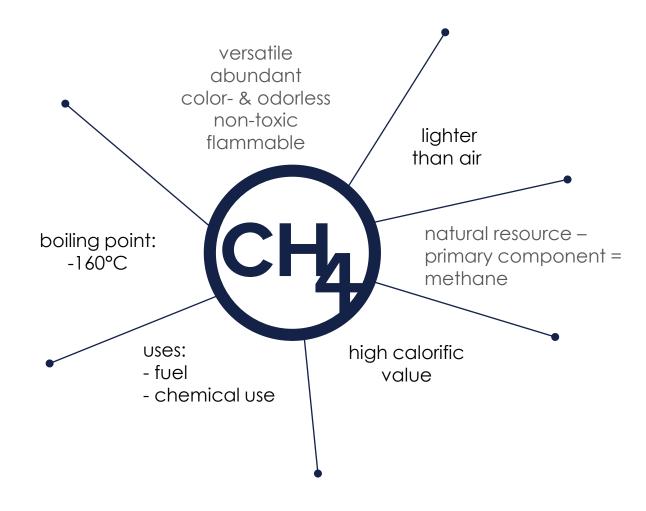
Recent events

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What is CH₄ or natural gas?



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Average volumetric composition

Source: Fluxys metering 2017

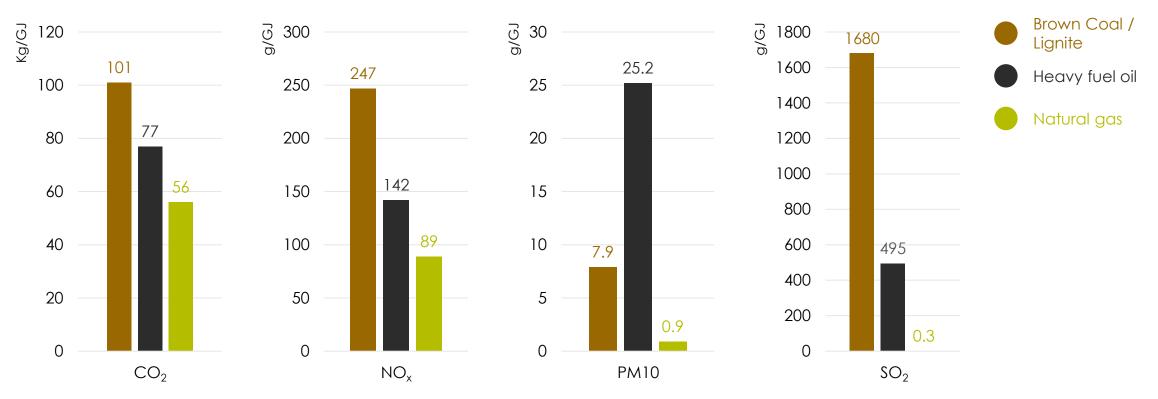
				obolee: Hoxys Metering 2017		
GAS COMPONENTS	GRONINGEN (NL) %	EYNATTEN 1 (DE) %	LNG %	IZTF (UK) %	zeepipe (norway) %	
Methane (CH4)	83,903	96,263	93,100	90,642	90,748	
Ethane (C2H6)	3,718	2,694	6,244	4,787	4,739	
Propane (C3H8)	0,646	0,138	0,139	1,111	1,123	
Butane (C4H10) (ISO and NORM)	0,228	0,068	0,026	0,338	0,425	
Pentane (C5H12) (ISO and NORM)	0,056	0,008	-	0,075	0,425	
Hexane and superior HC (C6+)	0,057	0,005	-	0,046	0,092	
C. Dioxyde (CO2)	1,375	0,409	-	1,230	1,714	
Nitrogen (N2)	9,981	0,403	0,491	1,735	1,071	
Helium (He)	0,035	0,012	-	0,035	0,013	
GAS CARACTERISTICS	GRONINGEN (NL) kWh/m³(n)	EYNATTEN 1 kWh/m³(n)	LNG kWh/m³(n)	IZTF (UK) kWh/m³(n)	ZEEPIPE (NORWAY) kWh/m³(n)	
GCV	10,321	11,243	11,563	11,447	11,508	
WOBBE	12,905	14,811	15,064	14,589	14,617	





Natural gas

Fossil fuel of choice from an environmental point of view



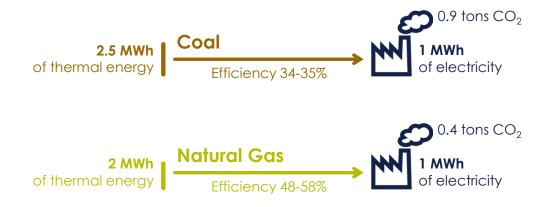
Source:

European Environment Agency - EMEP/EEA air pollutant emission inventory guidebook 2016 Public electricity and heat production - dry bottom boiler



Specific advantages for power generation

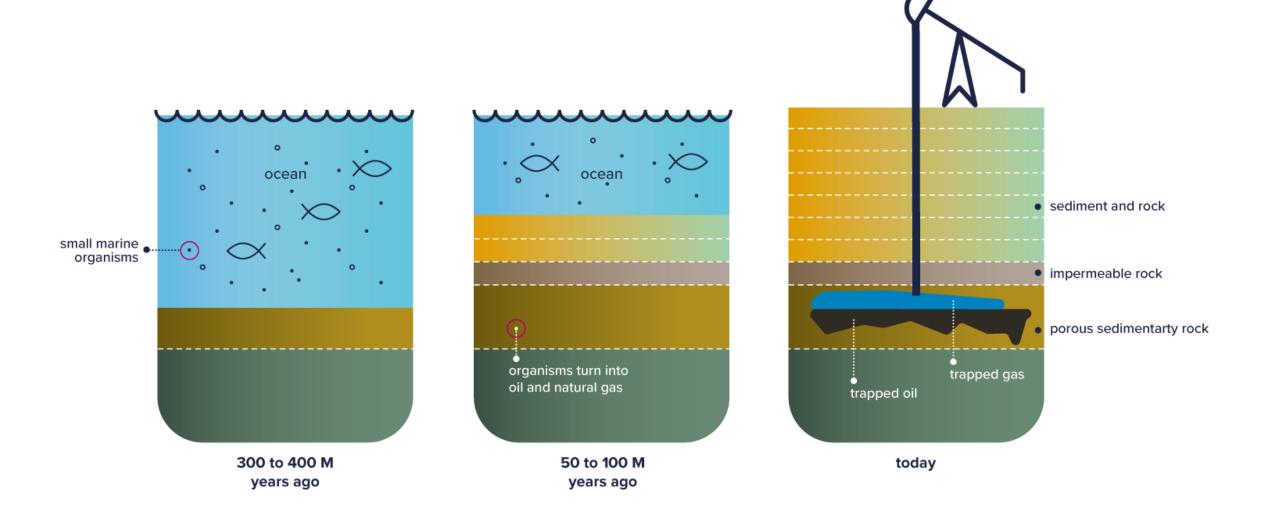
Gas-fired power generation ideal for replacing coal-fired power generation and back-up of choice for power generation from renewables with variable output







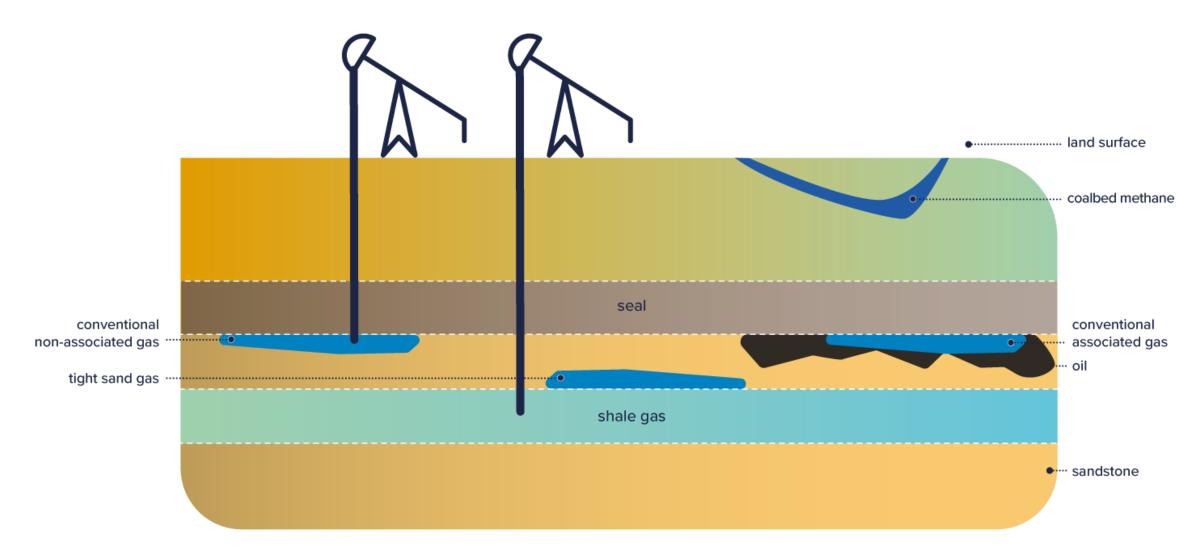
Formation of oil and natural gas



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Oil and natural gas sources

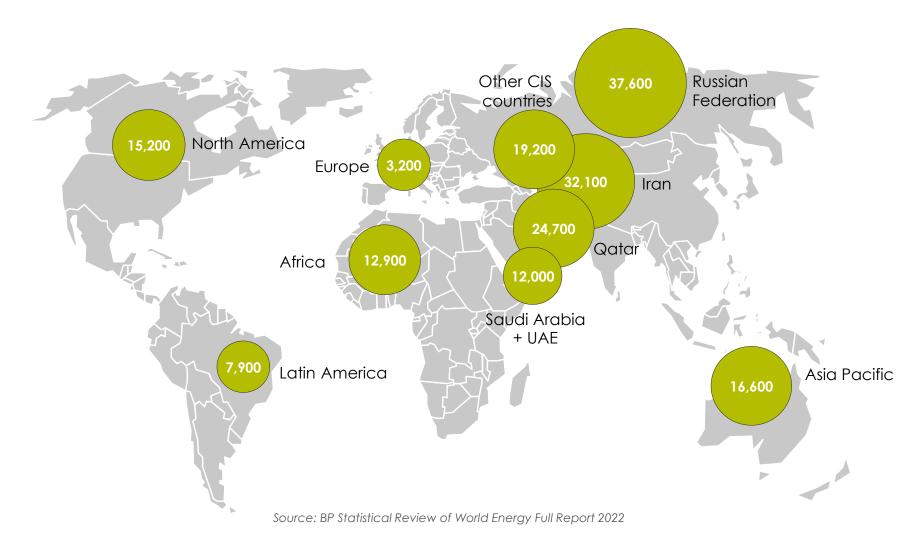






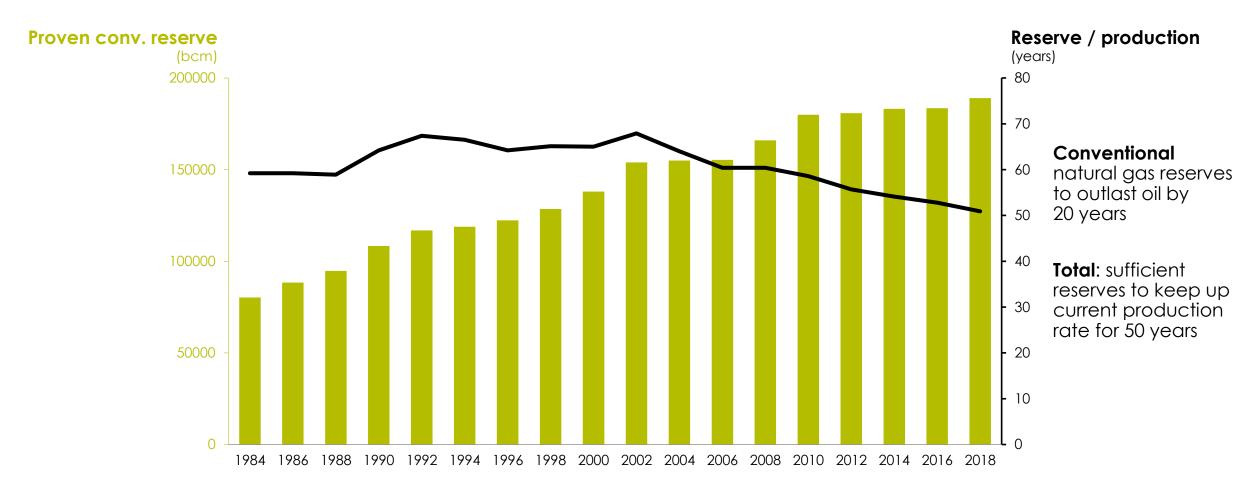
Conventional natural gas is abundantly available

Proven (= economically) conventional natural gas reserves (bcm)



Conventional natural gas is abundantly available

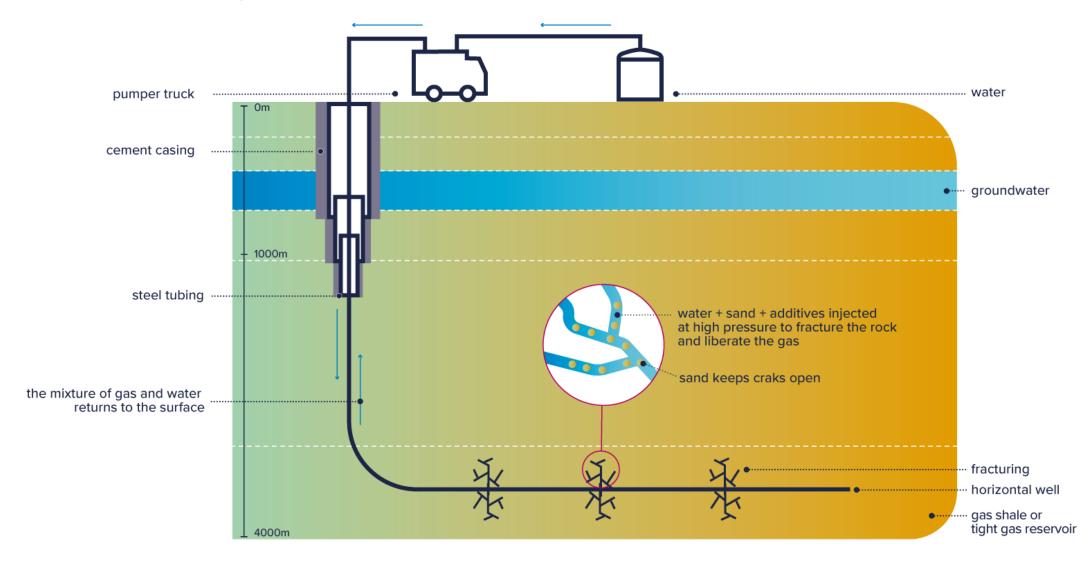
Proven (= economically) conventional natural gas reserves (bcm)



Source: BP Statistical Review of World Energy Full Report 2022

Important source of unconventional gas: shale gas

Hydraulic fracturing



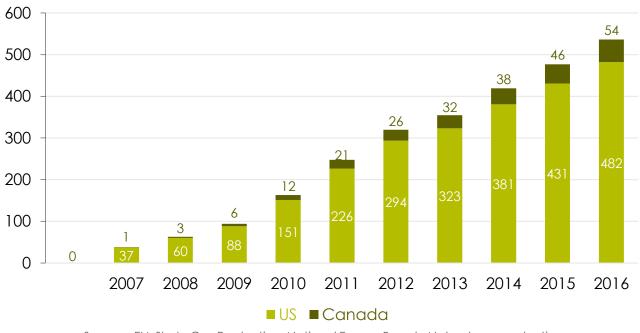


Important source of unconventional gas: shale gas

Estimated shale gas reserves

- Shale gas: natural gas reserves in harder rock formations until recently considered unexploitable
- Technique developed in the US: shale gas exploitation is economically profitable
- Also potential in India, China and Indonesia
- Europe: initial explorations are being conducted but public resistance will likely prevent any production

Evolution of shale gas production in the US and Canada (bcm)



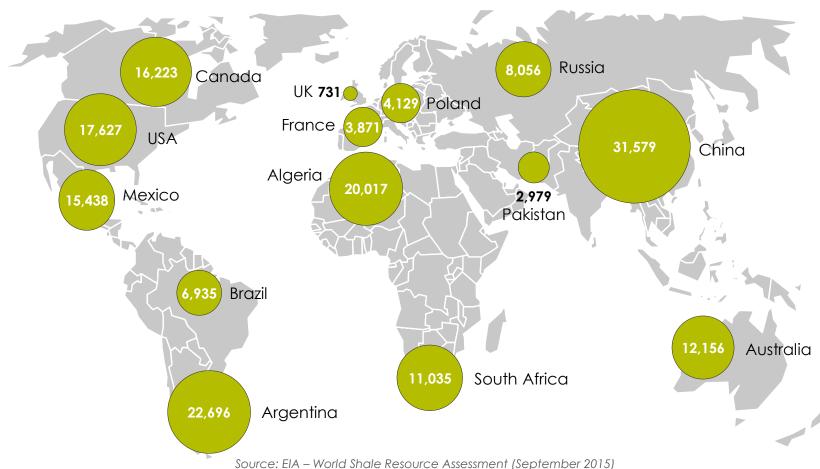
Source: EIA Shale Gas Production, National Energy Board - Natural gas production

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Important source of unconventional gas: shale gas

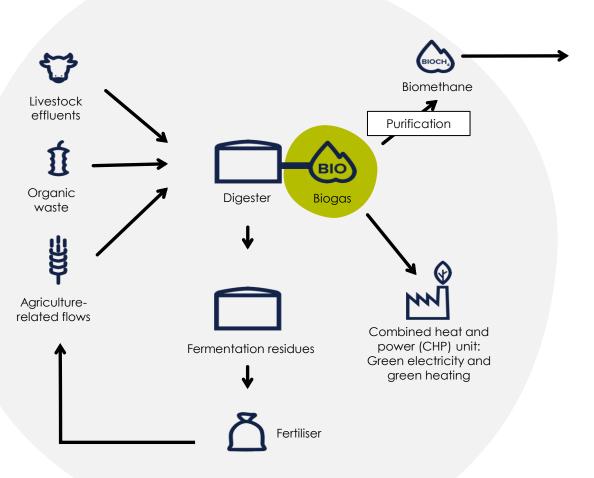
Estimated shale gas reserves (bcm)





Natural gas can be (very) low-carbon

Biogas and biomethane





Biomethane composition similar to natural gas: 100% compatible for injecting into the existing system

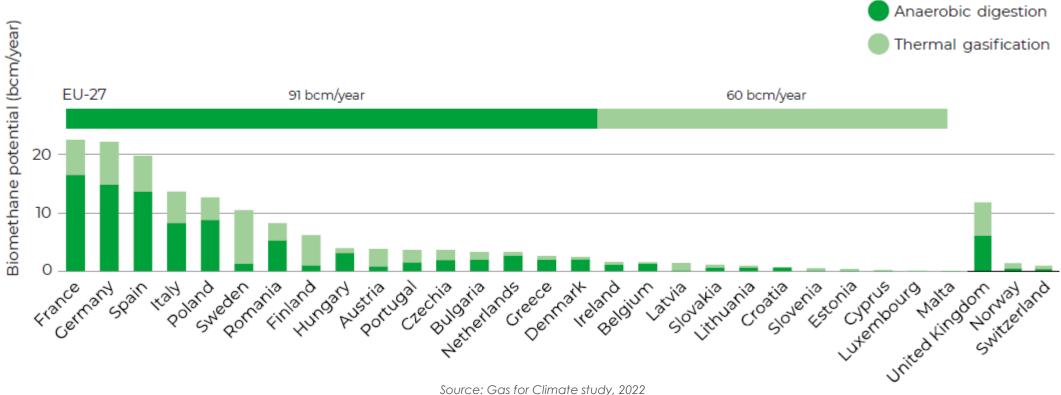




Natural gas can be (very) low-carbon

Biomethane production potential in Europe

Biomethane potential in 2050 per technology and country

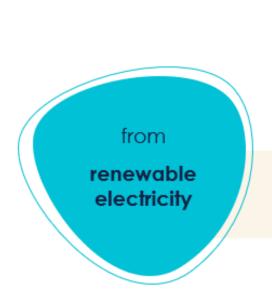


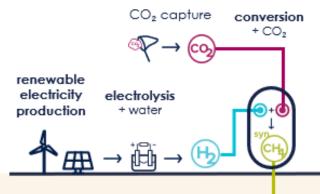
(https://www.europeanbiogas.eu/wp-content/uploads/2022/07/GfC Biomethane-potentials 2022.pdf)

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Synthetic methane or e-methane

Carbon-neutral methane can be produced from green hydrogen (produced from renewable electricity) and captured ${\rm CO_2}$





e-methane transmission to end-users

Remote Renewable Hubs for Carbon-Neutral Synthetic Fuel Production



Mathias Berger, David-Constantin Radu, Detienne Ghislain, Thierry Deschuyteneer, Aurore Richel, and Damien Ernst

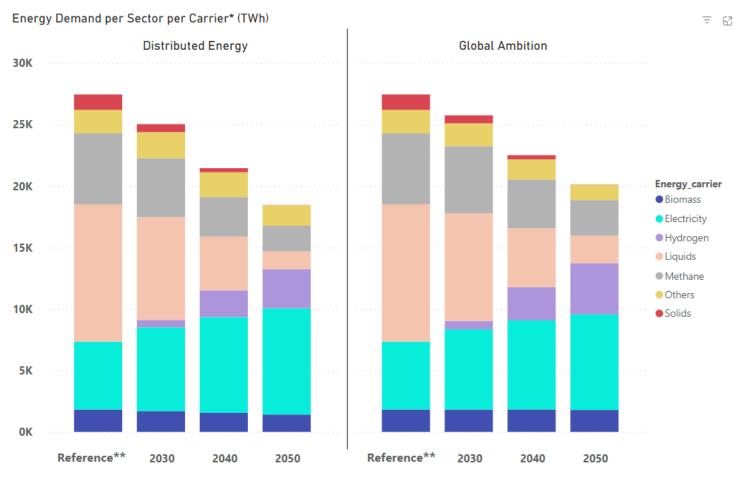
2021 – in *Frontiers in Energy Research* https://orbi.uliege.be/handle/2268/250796

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Natural gas is part of the total energy demand

Some scenario's for EU27 + UK



Source: ENTSOG & ENTSO-E TYNDP 2022 Scenario Report (https://2022.entsos-tyndp-scenarios.eu/visualisation-platform/#final-demand)

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Contents

Who is Fluxys?

What is natural gas?

Global LNG

Gas pipelines to Europe

Seasonality and storages

Intra-day flexibility

Gas markets

Recent events

New molecules

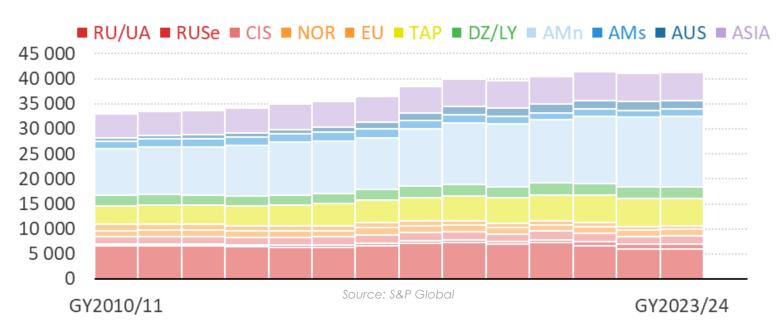




Natural gas (and LNG) is a global business

LNG = liquefied natural gas

World gas production by region [TWh/y]

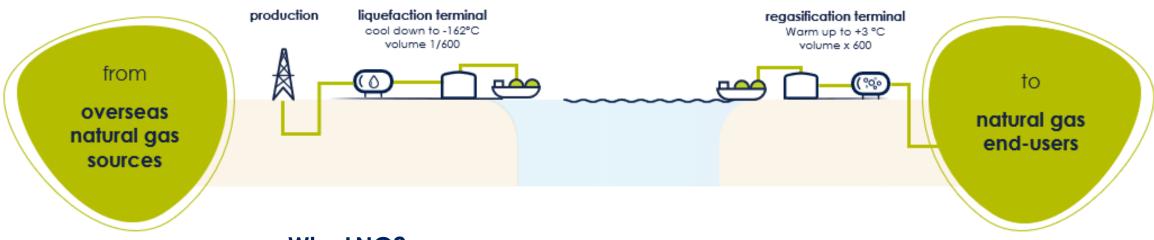




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Overseas liquefied natural gas chain (LNG)

LNG = liquefied natural gas



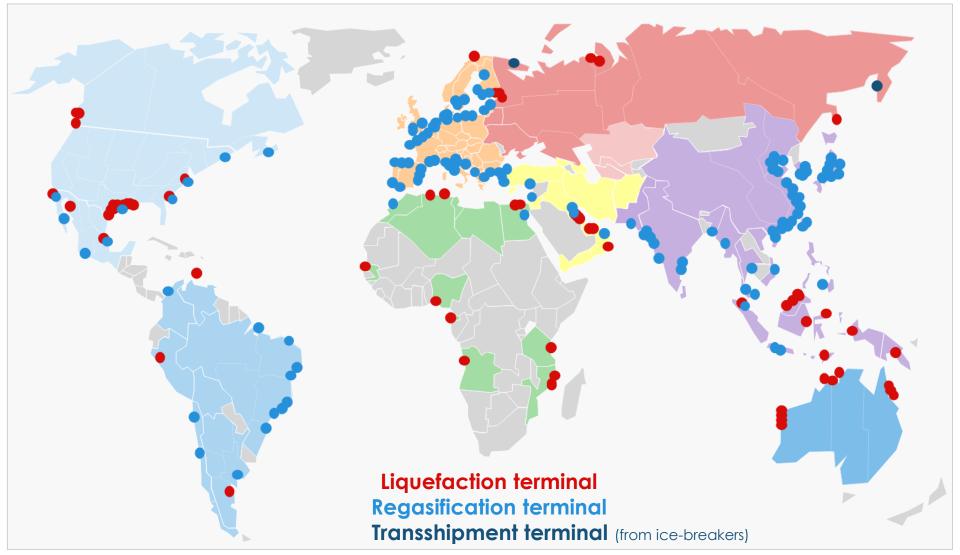
Why LNG?

- LNG offers competitive advantage over pipe gas for transmission over longer distances
- Easy diversification of sources
- Easy flexibility in destination markets

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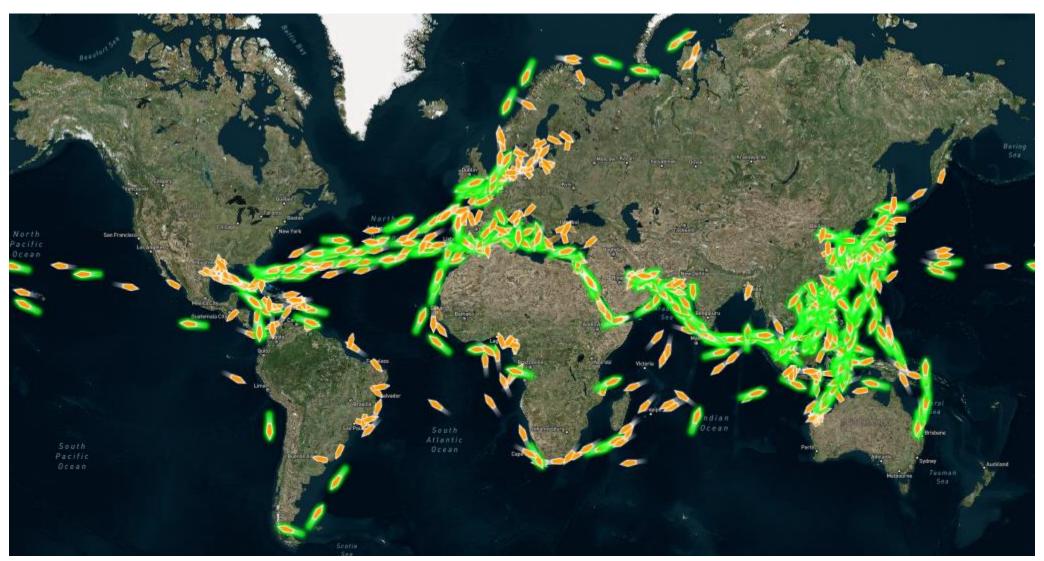
LNG CH₄

World LNG infrastructure

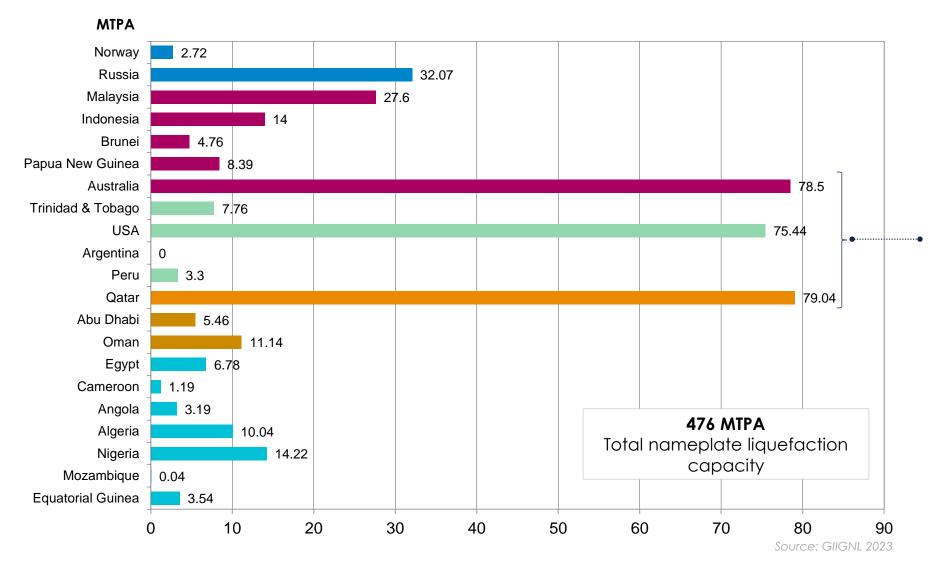


LNG CH₄

LNG tankers underway

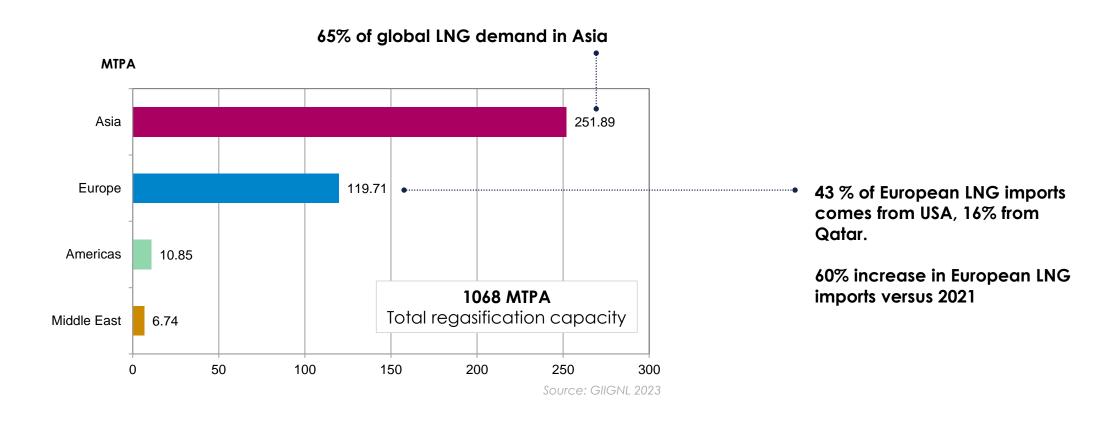


World LNG exports (2022)



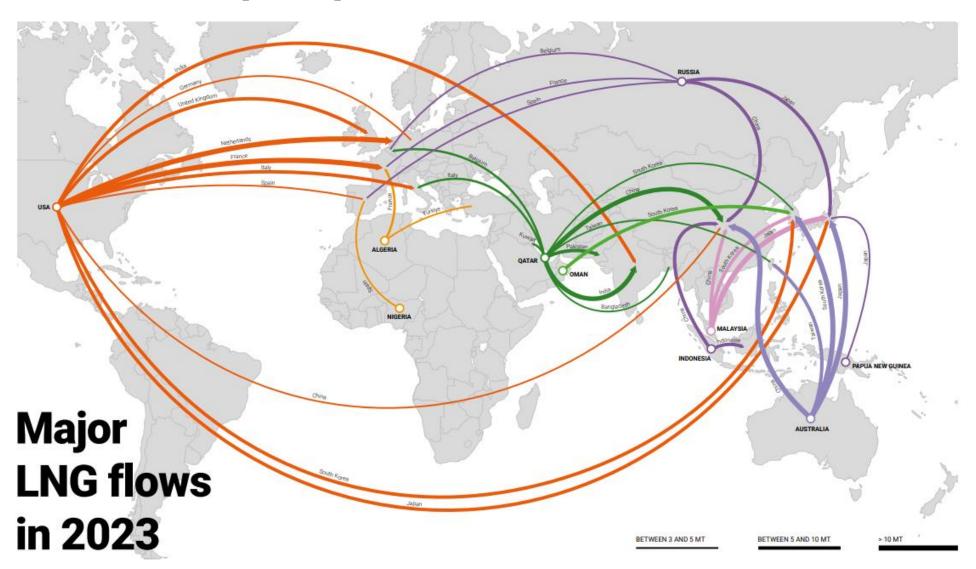
 \sim 60 % of global LNG volumes supplied by Qatar, Australia & USA

World LNG imports (2022)



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World LNG flows (2023)



Source: GIIGNL 2024

LNG chain

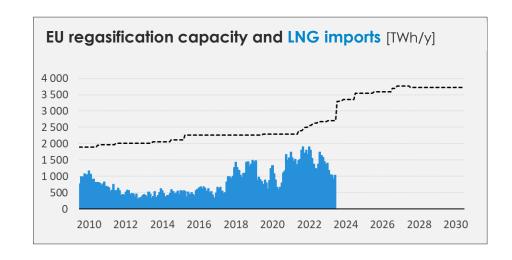
Regasification terminal in Zeebrugge

- LNG carriers: small standard - Q-flex -Q-max (2,000 m³ to 266,000 m³ LNG)
- Over 300 different ships docked at the terminal to this day
- 5 storage tanks -560,000 m³ LNG
 4 standard LNG ships of 140,000 m³
- Send-out flow rate:
 2,500,000 m³(n)/h
 = 1 standard LNG ship in about 1.5 days



Gas infrastructure in Europe

LNG regasification terminals



Source: all data on this page were compiled by Fluxys in October 2024 from ENTSOG, Platts, ICIS, S&P Global and https://alsi.gie.eu/



Contents

Who is Fluxys?

What is natural gas?

Global LNG

Gas pipelines to Europe

Seasonality and storages

Intra-day flexibility

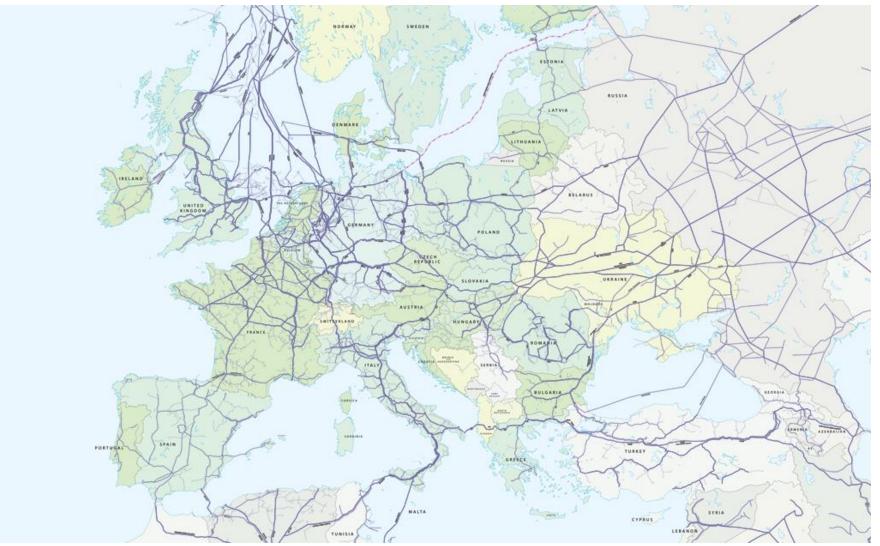
Gas markets

Recent events

New molecules



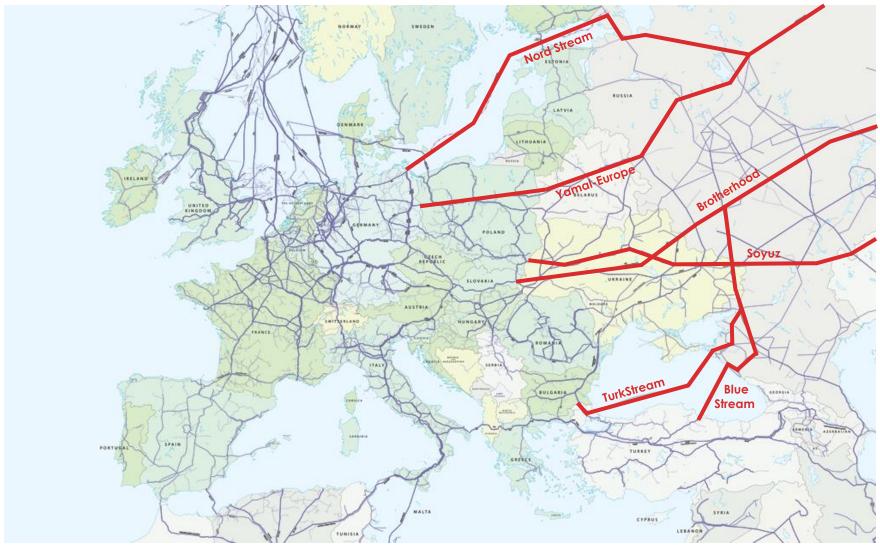
Pipelines



Source: maps and data are open access – see https://transparency.entsog.eu/#/map



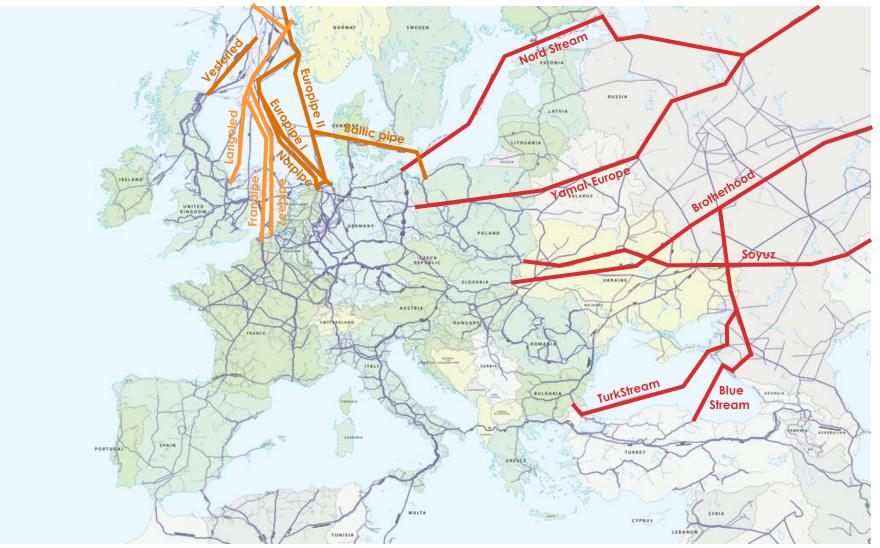
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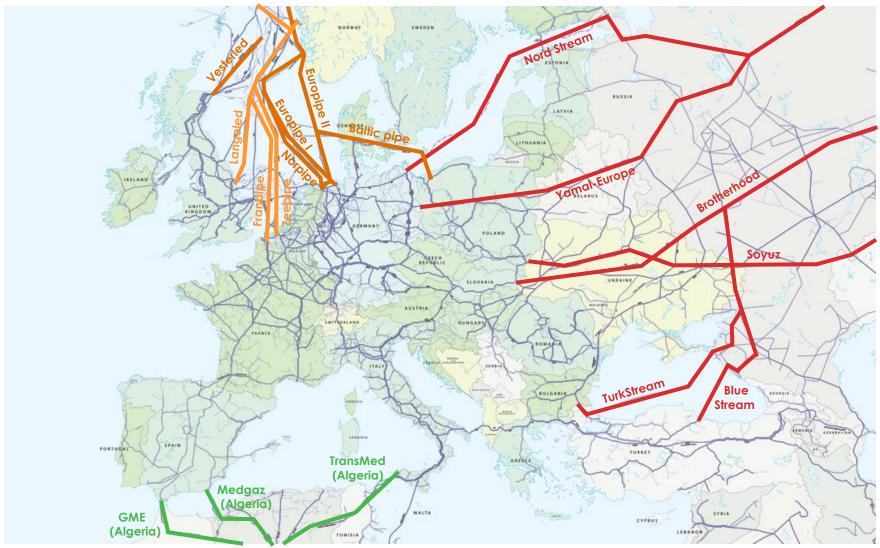
Pipelines



Source: maps and data are open access – see https://www.entsog.eu/maps and https://transparency.entsog.eu/#/map



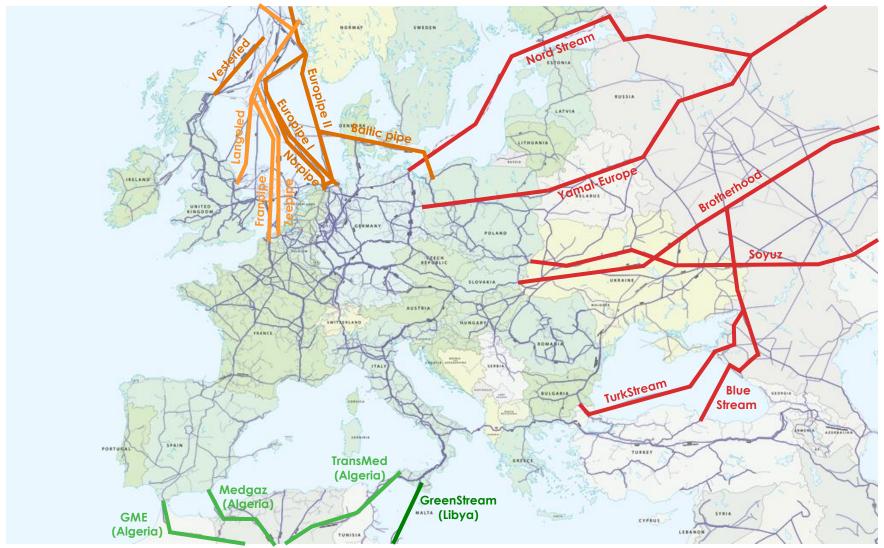
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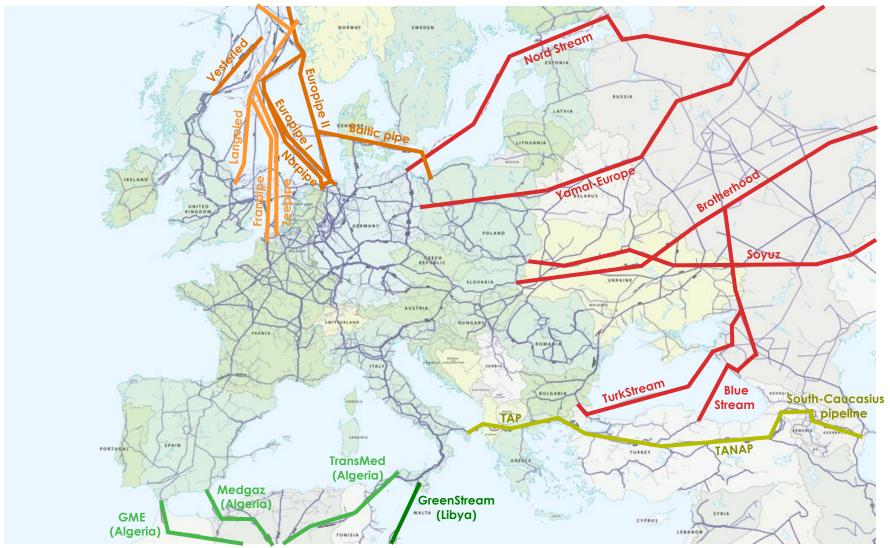
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Contents

Who is Fluxys?

What is natural gas?

Global LNG

Gas pipelines to Europe

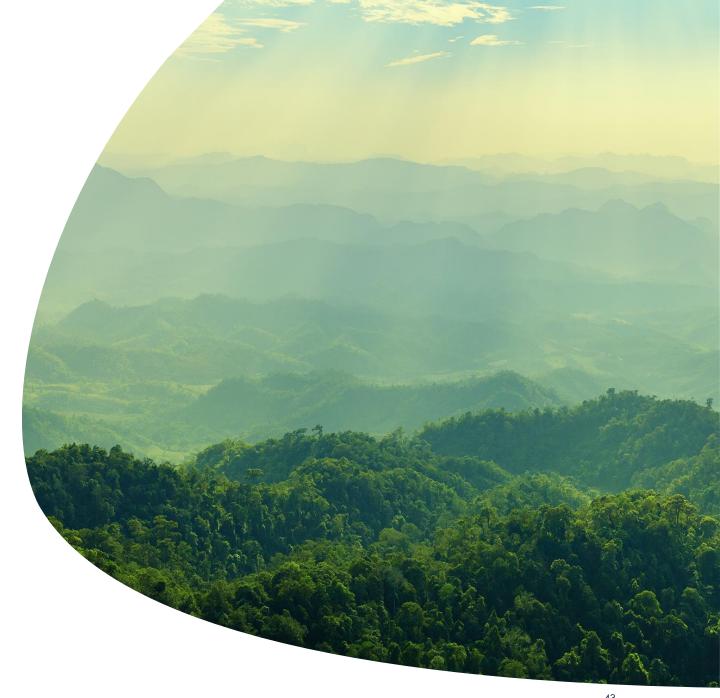
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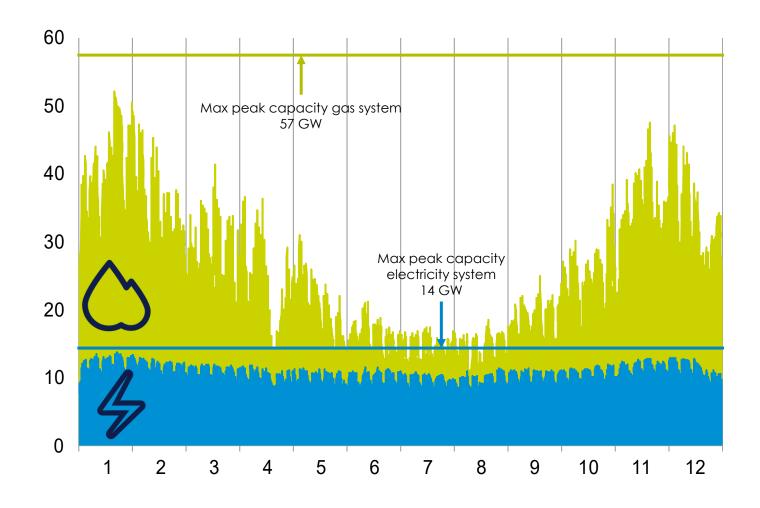
Gas markets

Recent events

New molecules

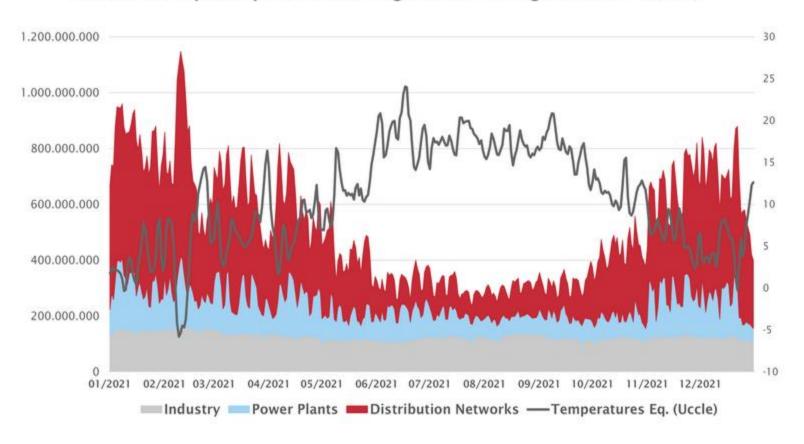


Gas system to provide the flexibility required



Seasonal demand profile

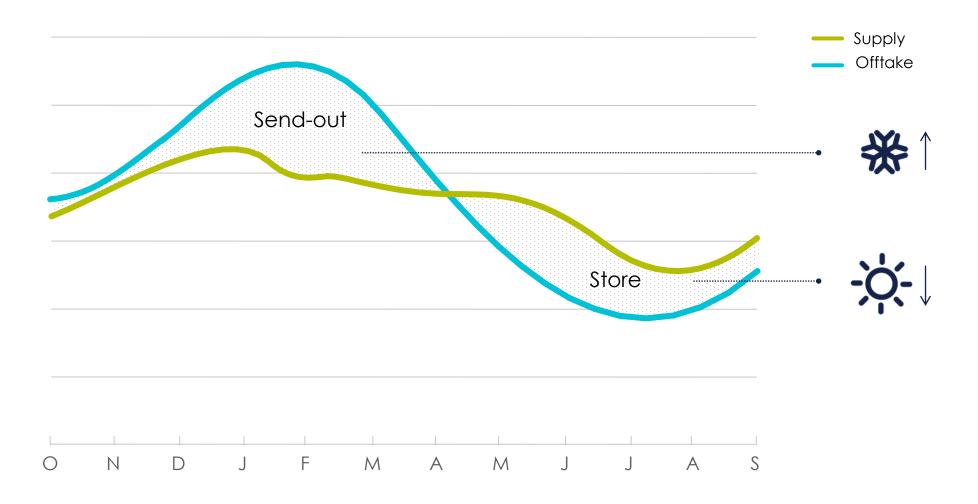
Gas consumption per market segments in Belgium 2021 (kWh)



- Gas consumption has a strong seasonal profile
- Household consumption typically stops when temperature above 16°C
- Winter demand is typically 2,5 times summer demand, mainly due to domestic consumption
- Industrial consumption and power plants have a very slight seasonal profile

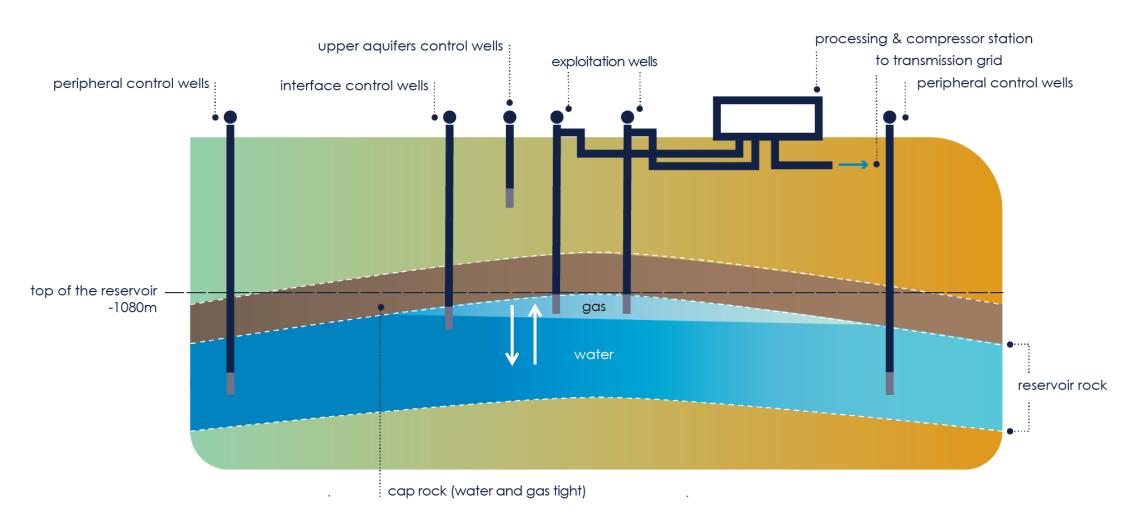
https://www.febeg.be/statistieken-gas

Why storage?





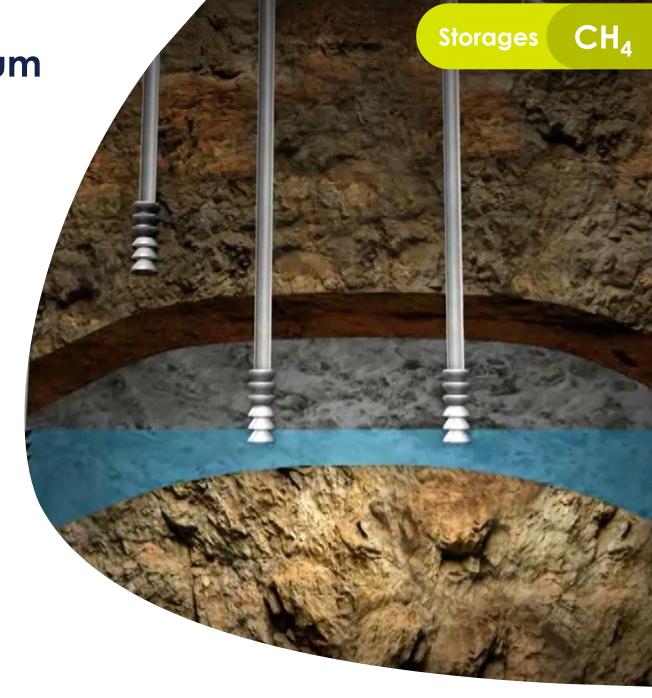
Underground storage in aquifer: how?



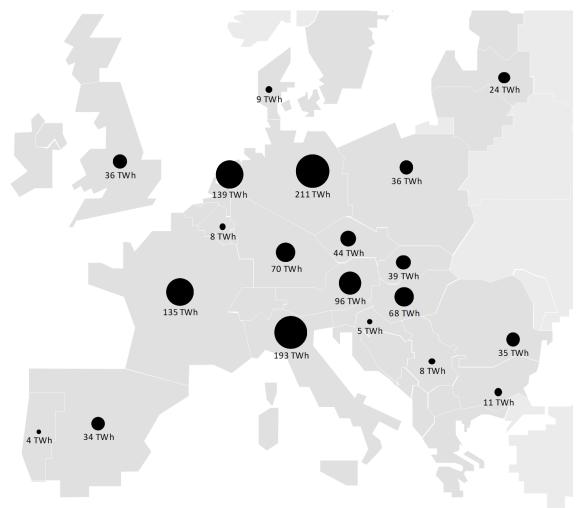
Loenhout storage site in Belgium

Unique natural conditions

- Unique soil conditions allow storing large amounts of energy
- So-called aquifer, a porous rock that acts like a sponge
- More than a kilometer underground
- Safe storage no connection with atmosphere, therefore no combustible mixture can be formed
- Storing natural gas since 1985, in the future potentially hydrogen



Underground storage facilities

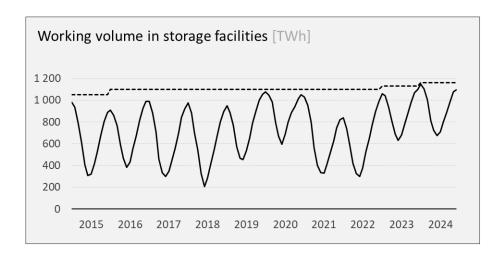


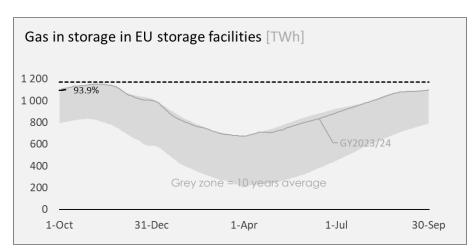
Source: all data on this page were compiled by Fluxys in November 2023 from ENTSOG and https://agsi.gie.eu/

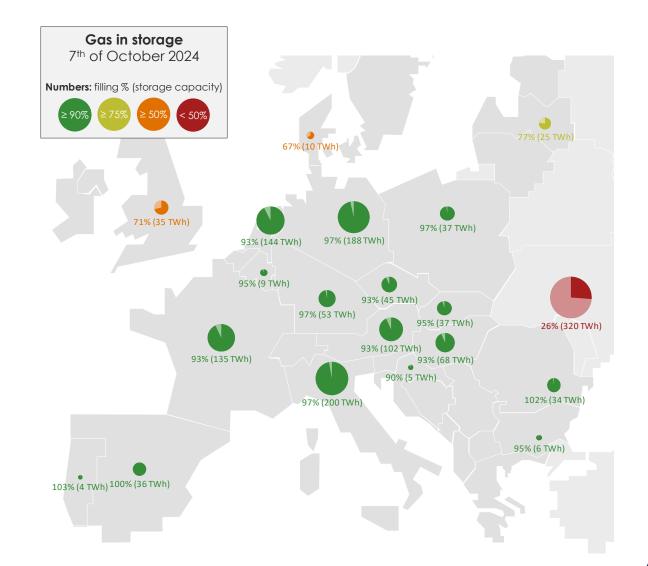


Storage situation in Europe on October 7th

Sources: data from GIE AGSI and National Gric







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Contents

Who is Fluxys?

What is natural gas?

Global LNG

Gas pipelines to Europe

Seasonality and storages

Intra-day flexibility

Gas markets

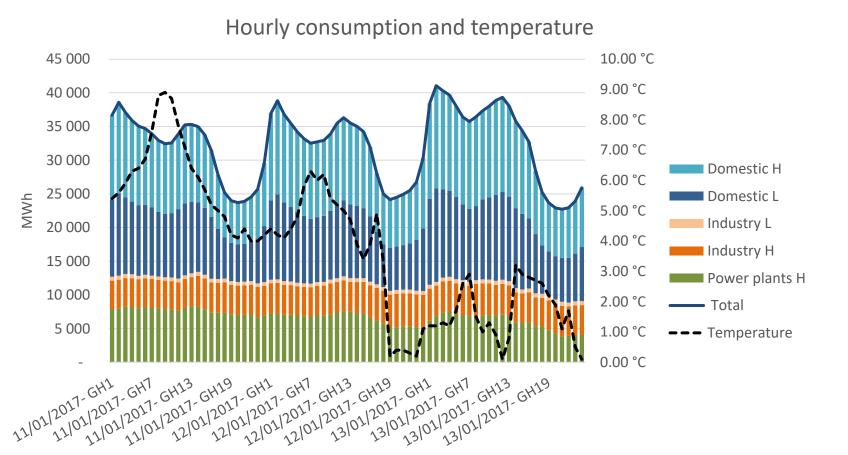
Recent events

New molecules





Hourly demand profile and temperature



- The first gas hour (GH1) starts at 6h in the morning
- Hourly demand has a morning peak starting at 8h AM and an evening peak around 19h PM
- Peak demand is typically 1,5 times night demand in winter
- Household (domestic) demand is temperature driven
- Power plants have slight decrease during night hours
- Industry has almost flat offtake



Pressures drop is a non-linear function depending on gas speed, gas properties and pipe dimensions

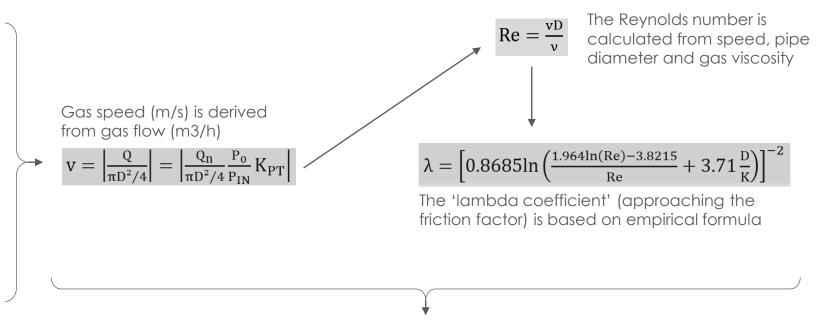
Gas compressibility factor KPT is a function of temperature T and pressure P

$$K_{P} = K_{REF} - \frac{(P_{IN} - 50)}{525}$$

$$K_{PT} = \frac{0.98515}{\left(1 + \frac{0.98515 - K_P}{0.75672 \, K_P}\right)} e^{-0.018584 \, T}$$

Gas density is computed from the Gas Law

$$\rho = \frac{\rho_0}{K_{PT}} \frac{T_0}{T} \frac{P_{IN}}{P_0}$$



$$\Delta P_{\text{rug}} = \rho \frac{\lambda}{D} \frac{v^2}{2} L$$

Pressure drop due to pipe rugosity and gas speed can now be calculated



Pressures drop is a non-linear function depending on gas speed, gas properties and pipe dimensions

Pressure drop due to pipe rugosity and gas speed

$$\Delta P_{\text{rug}} = \rho \frac{\lambda}{D} \frac{v^2}{2} L$$

Pressure drop due to potential energy (height of pipe)

$$\Delta P_{\text{pot}} = 9.81(h_{\text{OUT}} - h_{\text{IN}})$$

Total pressure drop:

$$P_{OUT} = P_{IN} - signe(Q_n) * \Delta P_{rug} - \Delta P_{pot}$$

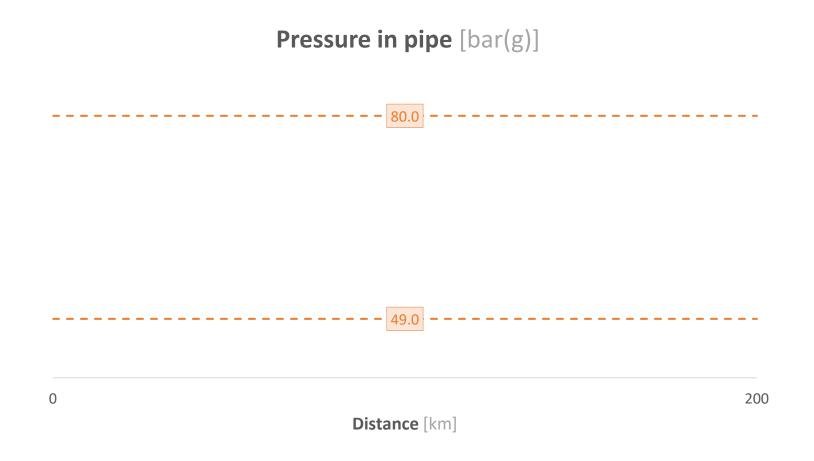
Volume of (compressed) gas in pipe:

Linepack_{Section} =
$$\frac{2}{3} \frac{P_{IN}^3 - P_{OUT}^3}{P_{IN}^2 - P_{OUT}^2} \frac{273.15}{273.15 + T} \frac{GCV}{K_{PT}} V$$

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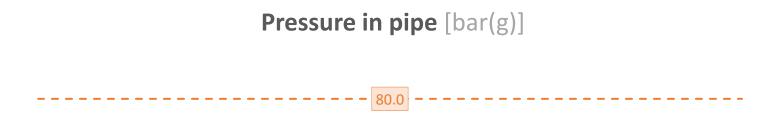


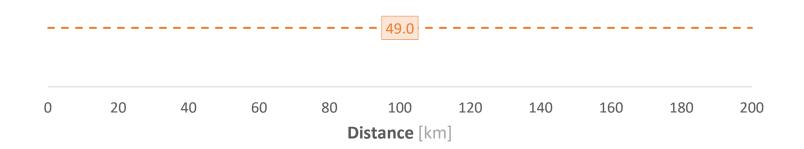
Let's take a 200km pipeline (diameter 1000mm) and represent its typical pressure limits





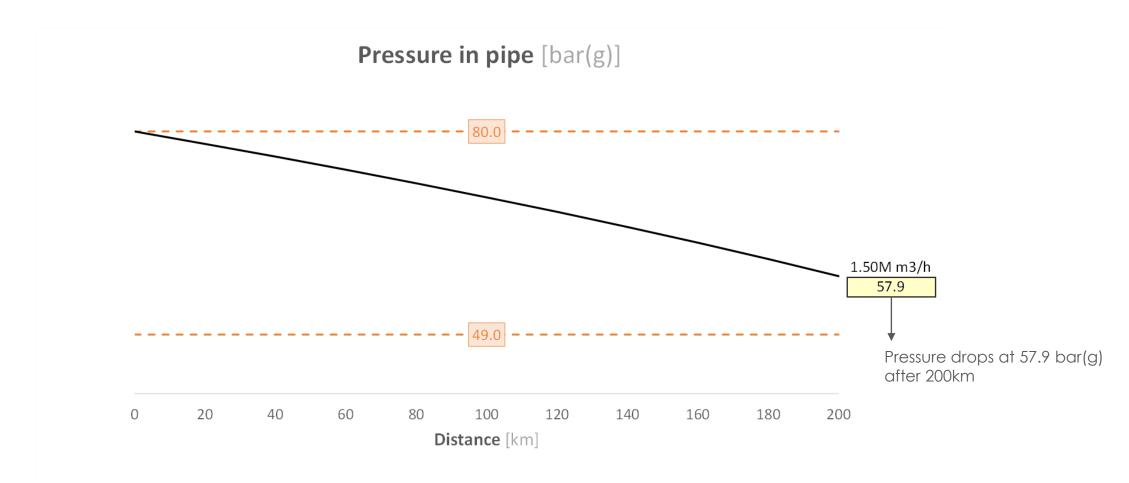
For this example, pressures will be computed every 20km







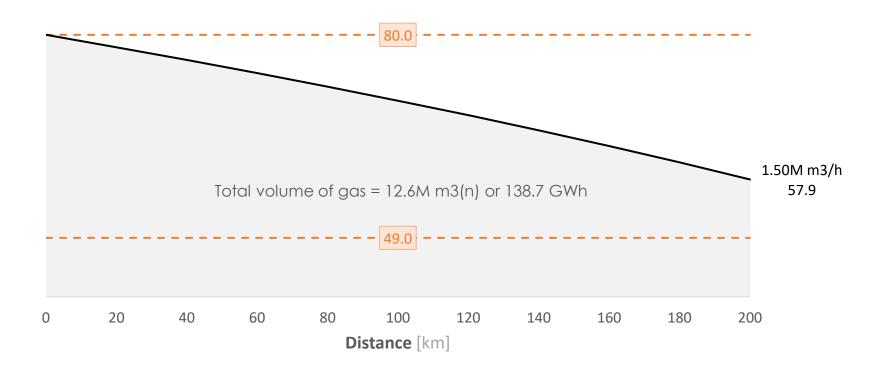
Let's assume a 1500000 m3/h flow, equivalent to ~16.6 GW or ~400 GWh/day (this is a typical value for a 40in pipeline) and let's start with a maximum entry pressure





The area represents the amount of gas in pipe, derived from the Gas Law

Pressure in pipe [bar(g)]

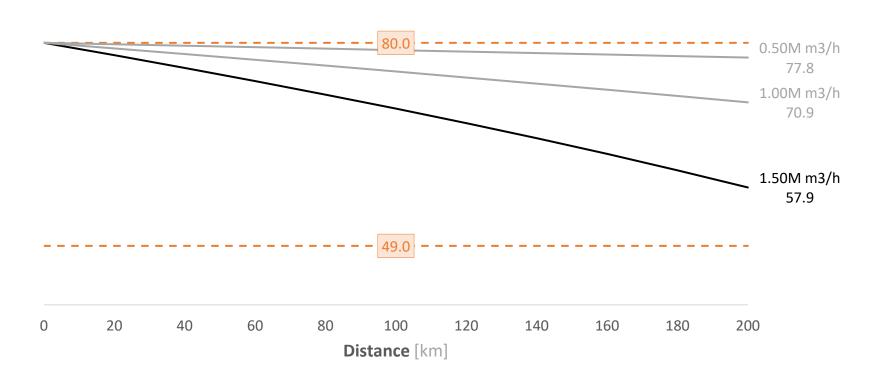


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Pressure drops is significantly impacted by the gas velocity

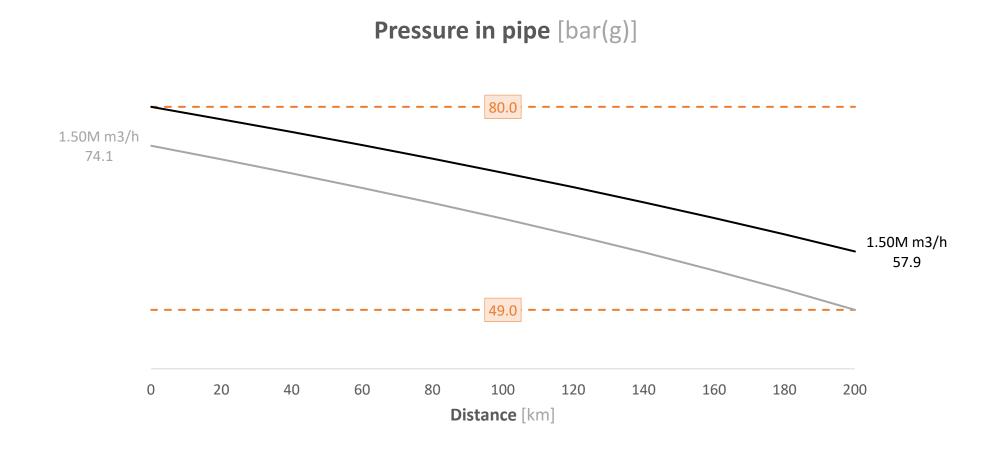
Pressure in pipe [bar(g)]







With the same gas velocity, a range of entry pressures respects pressure limits

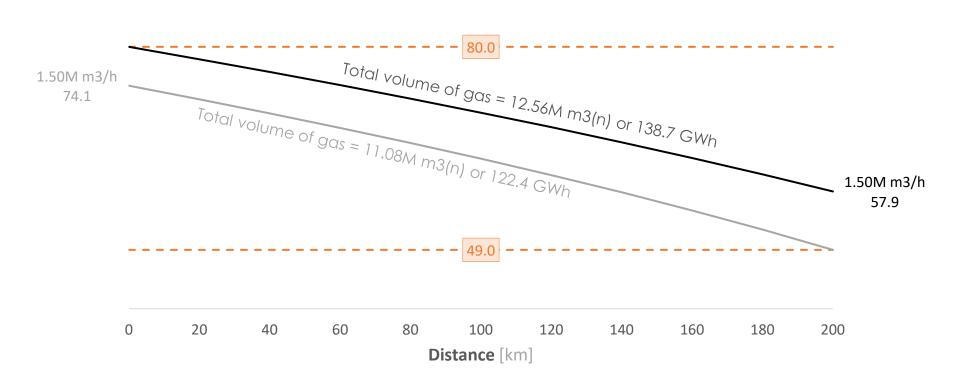


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Depending on the overall pressure profile, different amounts of gas can be stored in the pipeline

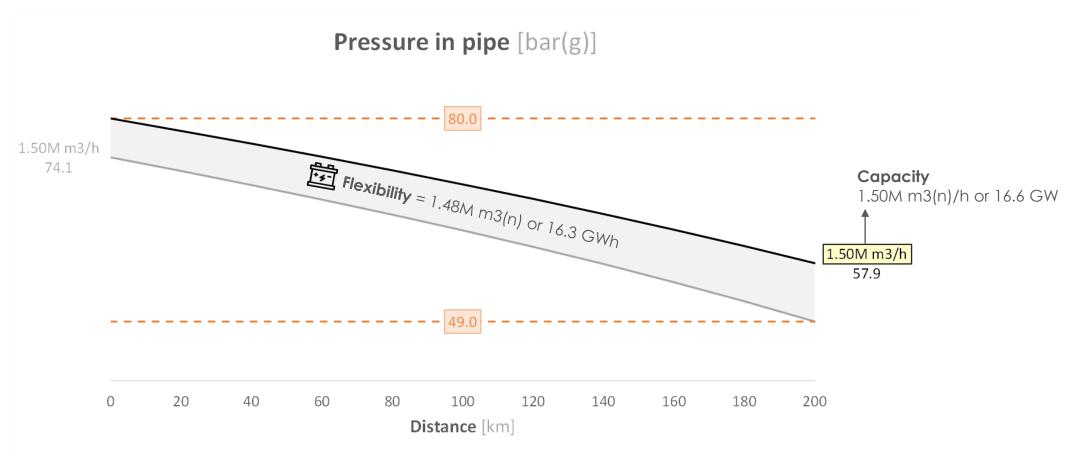




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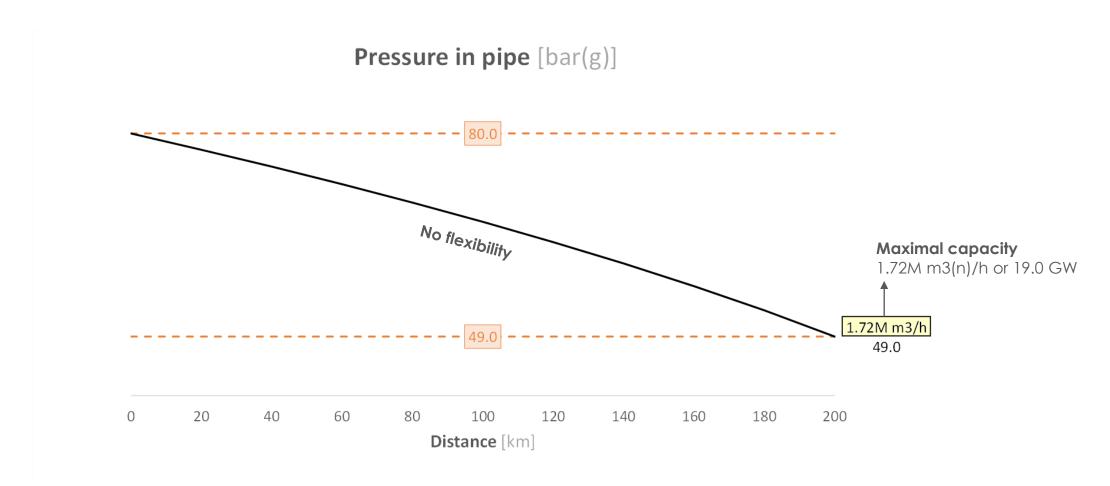
The range of gas volumes that can be stored is the flexibility of the pipe for a given flow (in this case the flexibility is typical and equal to one hour of capacity)







The pipe capacity can be maximized by removing any flexibility – but this will not allow to cover any demand fluctuation

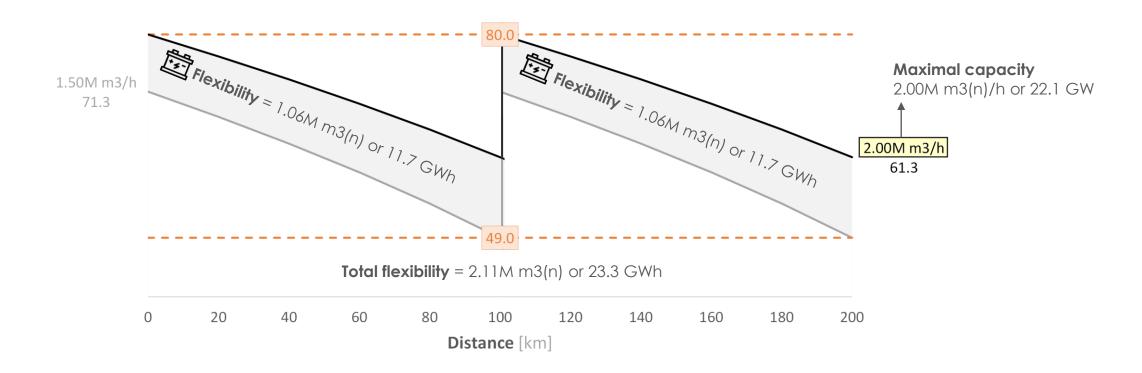


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Another way of increasing the pipe capacity is to build compression stations

Pressure in pipe [bar(g)]



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Contents

Who is Fluxys?

What is natural gas?

Global LNG

Gas pipelines to Europe

Seasonality and storages

Intra-day flexibility

Gas markets

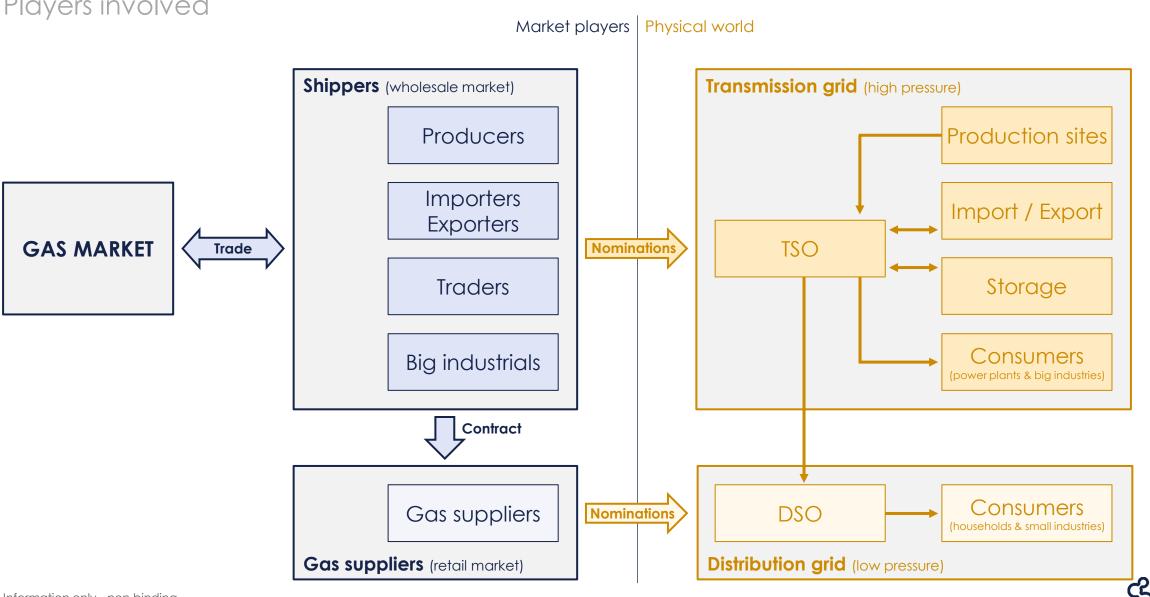
Recent events

New molecules



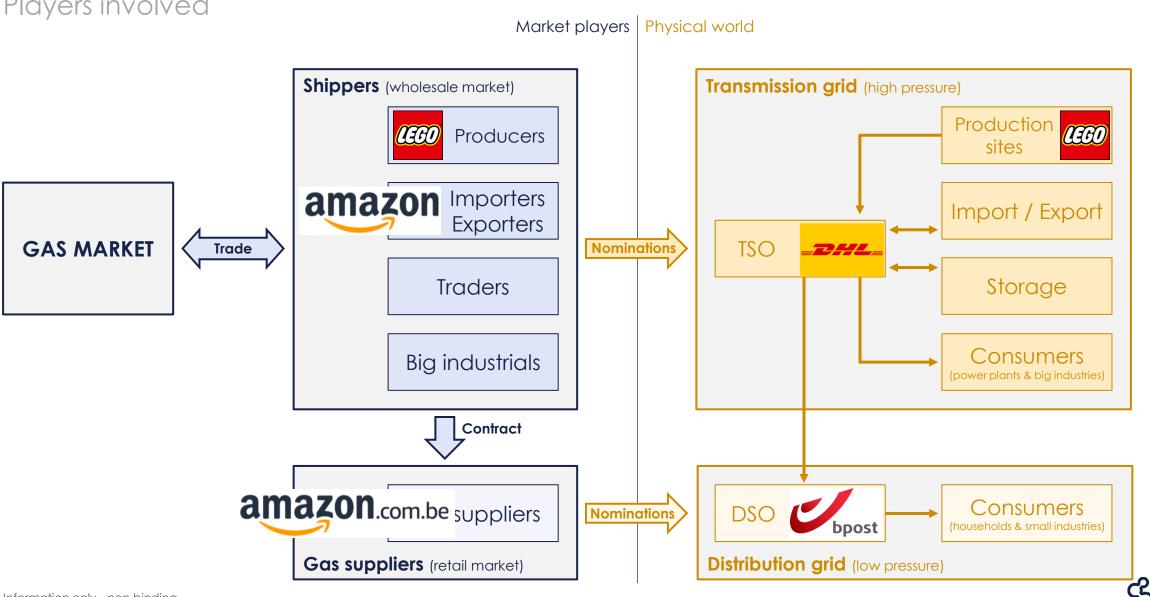


Players involved



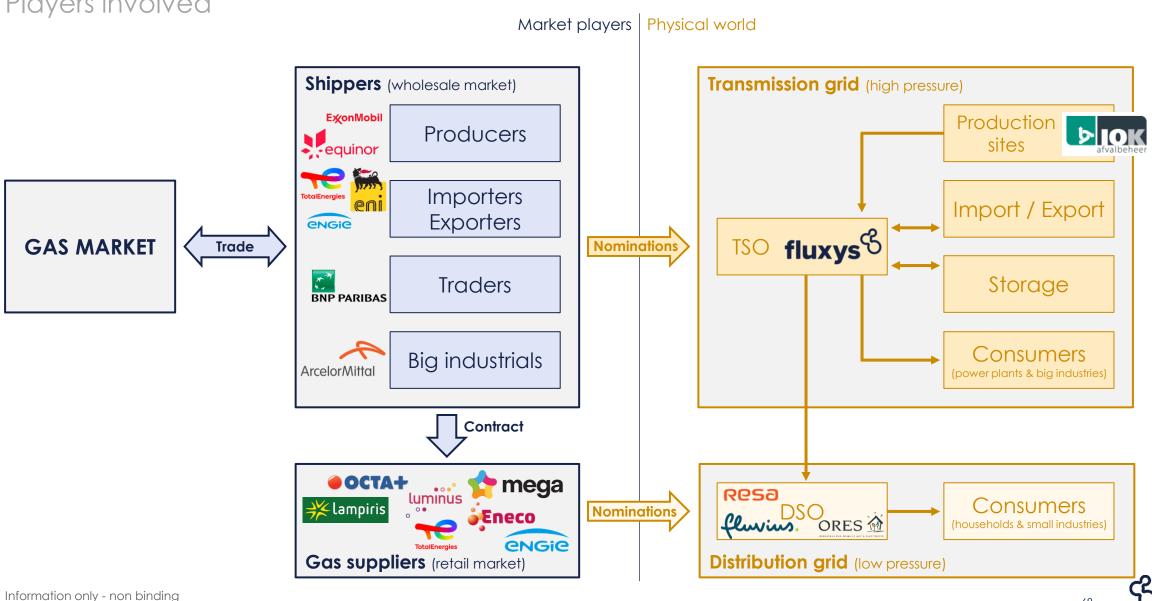


Players involved



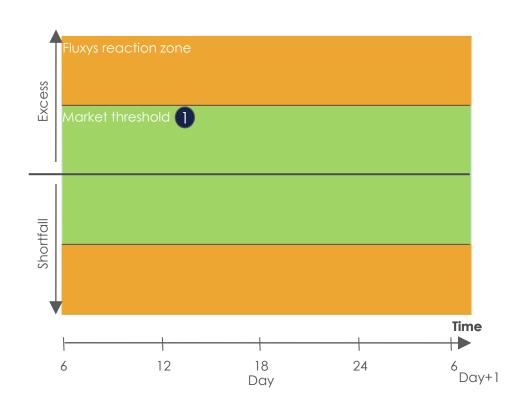


Players involved





The shippers are responsible for daily balancing



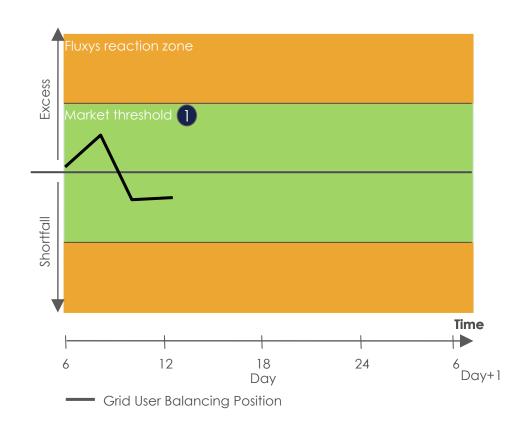
Daily Market Based Balancing

1 Thresholds to limit the aggregated market imbalances, sized to domestic market needs





The shippers are responsible for daily balancing



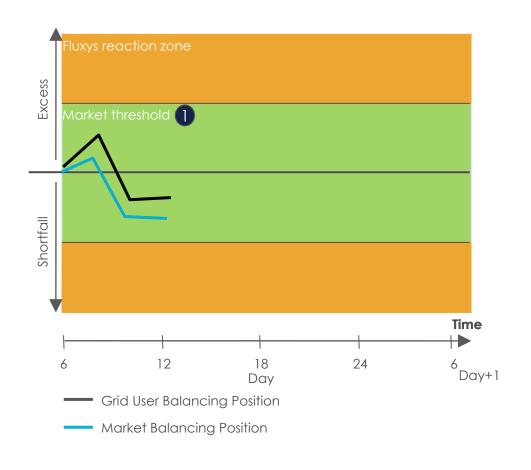
Daily Market Based Balancing

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The shippers are responsible for daily balancing



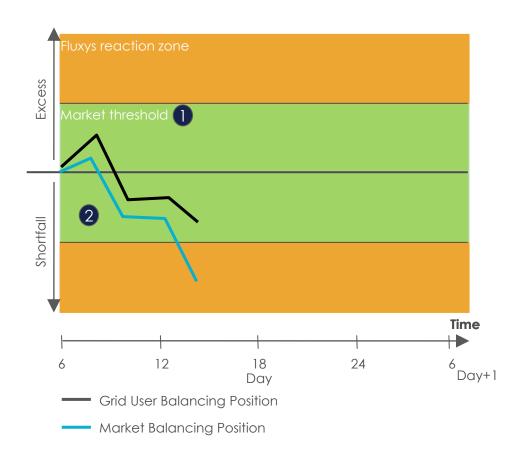
Daily Market Based Balancing

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The shippers are responsible for daily balancing

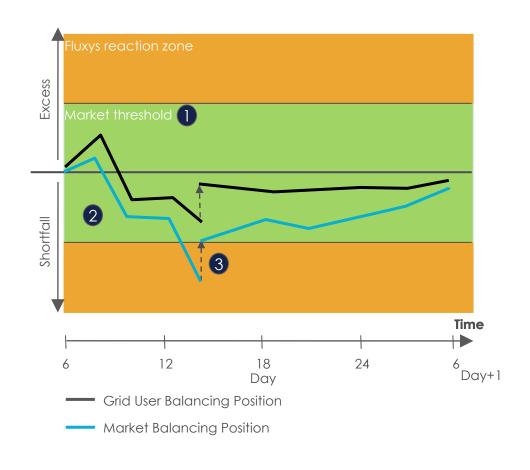


Daily Market Based Balancing

- 1 Thresholds to limit the aggregated market imbalances, sized to domestic market needs
- 2 No Fluxys Belgium action intra-day and no impact on market parties as long as market imbalance is within market threshold



The shippers are responsible for daily balancing



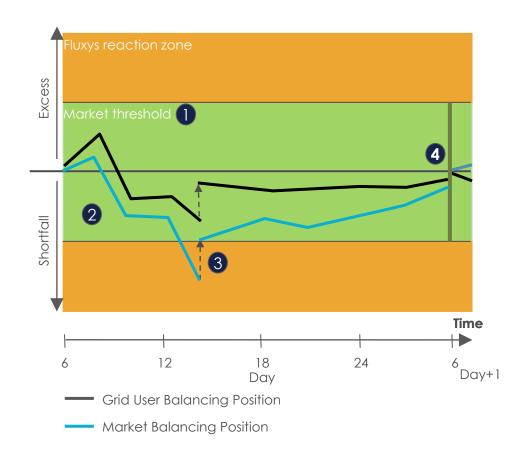
Daily Market Based Balancing

- 1 Thresholds to limit the aggregated market imbalances, sized to domestic market needs
- 2 No Fluxys Belgium action intra-day and no impact on market parties as long as market imbalance is within market threshold
- 3 Residual action initiated by Fluxys Belgium on the exchange when market position goes beyond market threshold, with cash compensation for causers

The physical linepack is translated into commercial (intraday) flexibility for the market, but at the end of the gas day all gas must be balanced



The shippers are responsible for daily balancing



Daily Market Based Balancing

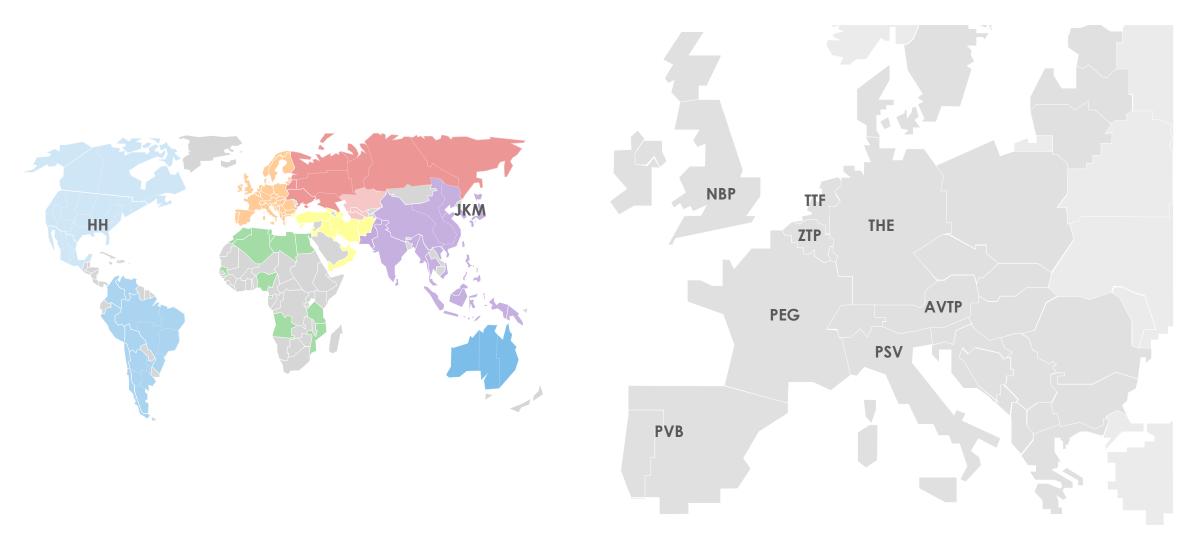
- 1 Thresholds to limit the aggregated market imbalances, sized to domestic market needs
- 2 No Fluxys Belgium action intra-day and no impact on market parties as long as market imbalance is within market threshold
- 3 Residual action initiated by Fluxys Belgium on the exchange when market position goes beyond market threshold, with cash compensation for causers
- 4 Residual end-of day imbalance settled in cash

The physical linepack is translated into commercial (intraday) flexibility for the market, but at the end of the gas day all gas must be balanced

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Major hubs and gas price indexes in the world

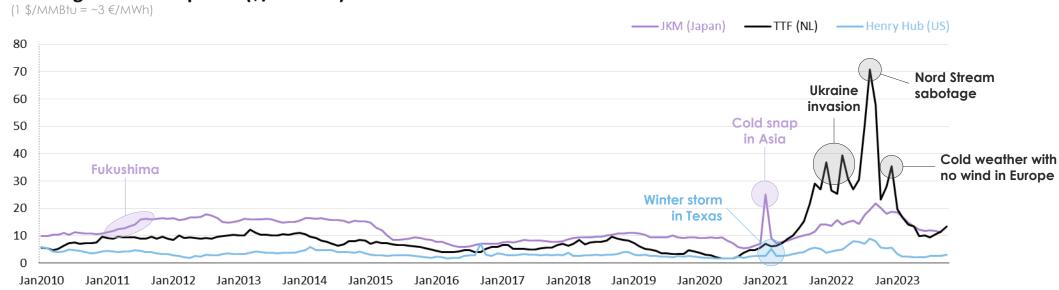


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Major hubs and gas price indexes in the world

Global gas and LNG prices (\$/MMBtu)



Data compiled Nov. 08, 2023.

Source: S&P Global Commodity Insights, Japan Ministry of Finance © 2023 S&P Global.



Contents

Who is Fluxys?

What is natural gas?

Global LNG

Gas pipelines to Europe

Seasonality and storages

Intra-day flexibility

Gas markets

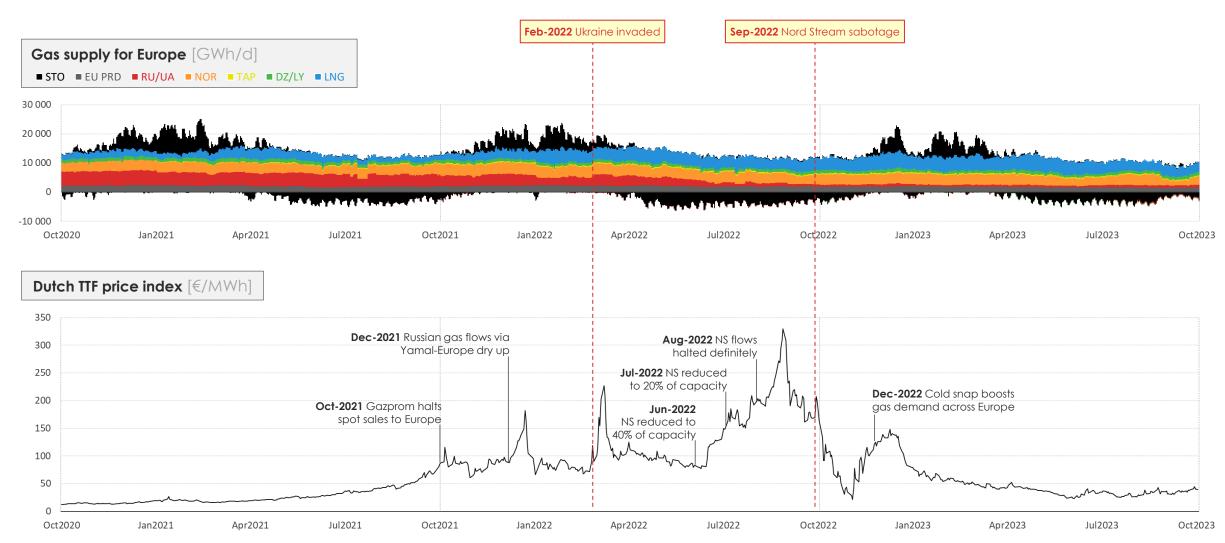
Recent events

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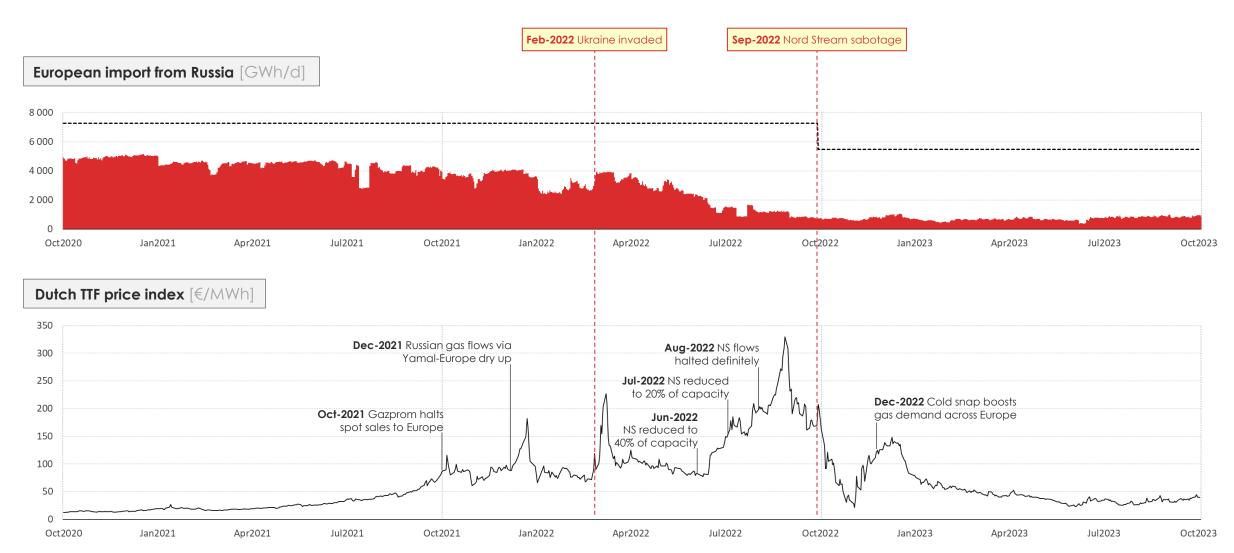
Europe = EU27 + UK + Switzerland + Balkans



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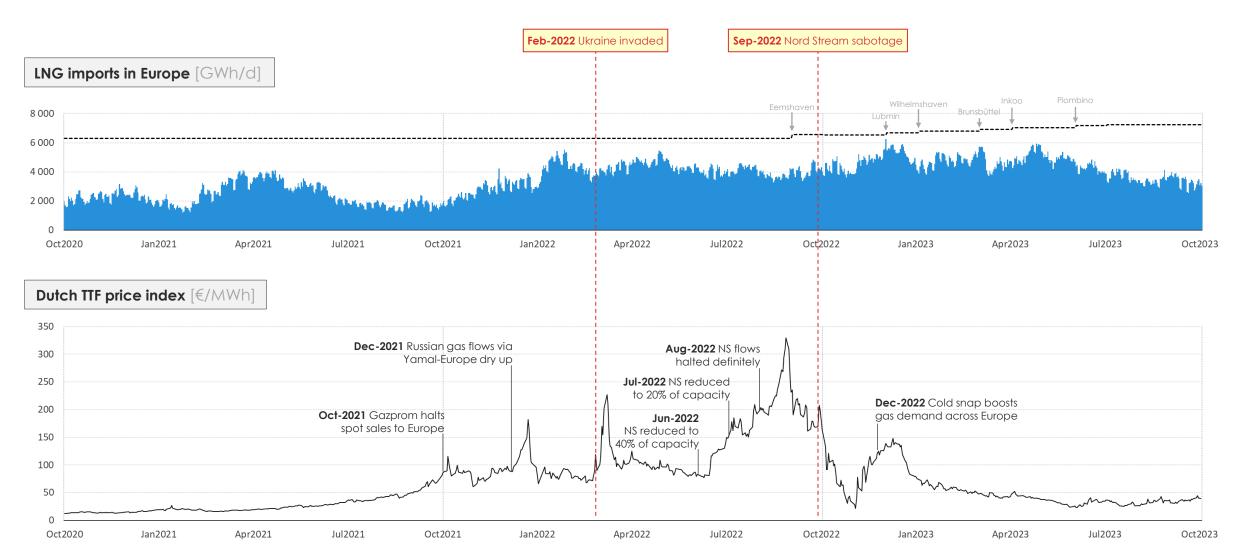


Europe = EU27 + UK + Switzerland + Balkans



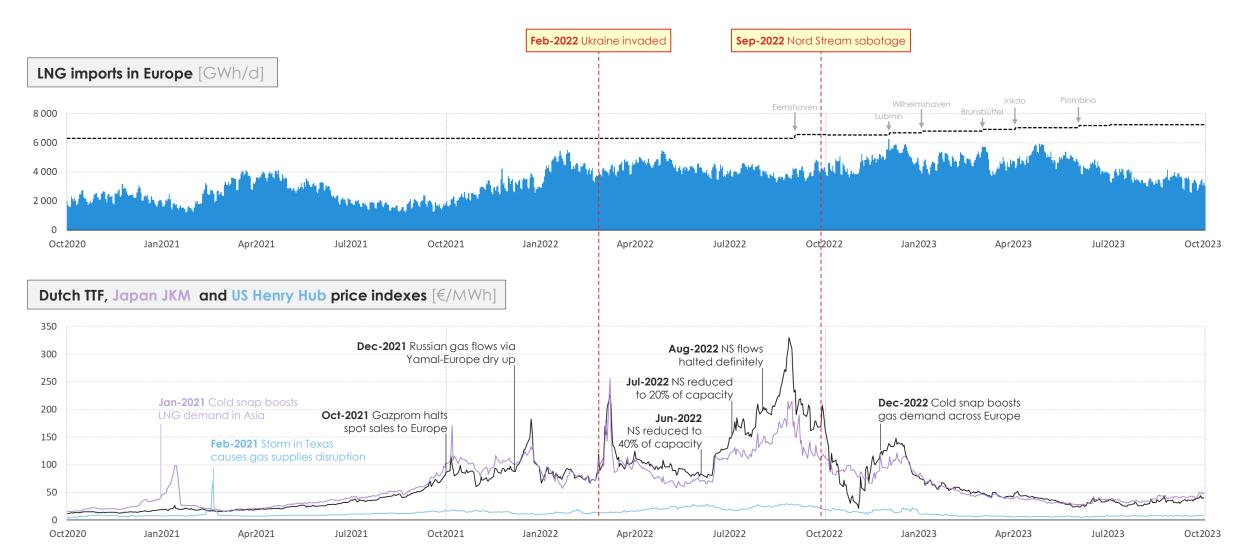


Europe = EU27 + UK + Switzerland + Balkans





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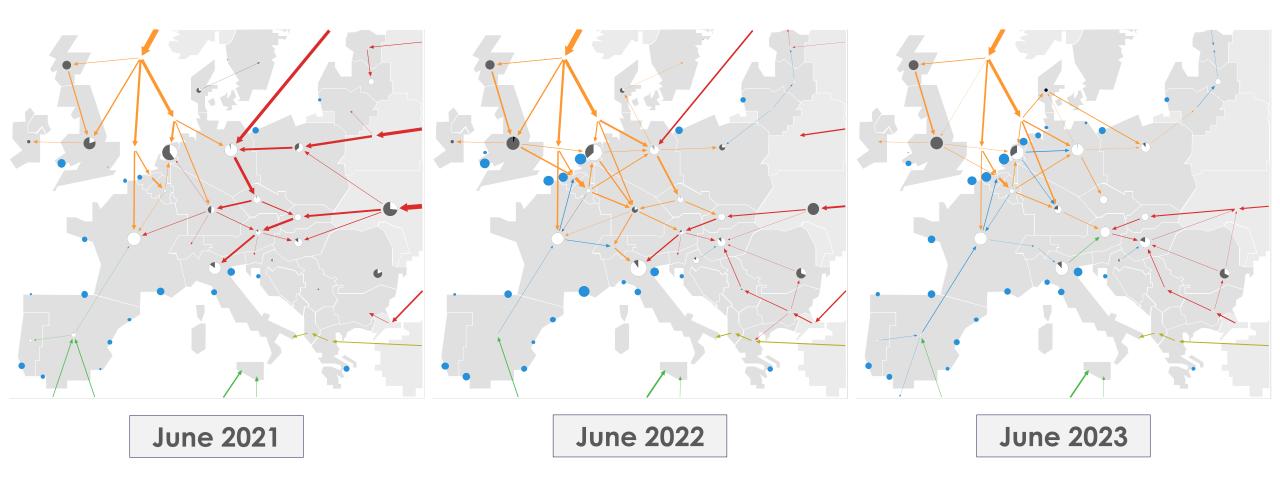




Natural gas flows in Europe

Europe = EU27 + UK + Switzerland + Balkans





■ STO ■ EU PRD ■ RU/UA ■ NOR ■ TAP ■ DZ/LY ■ LNG

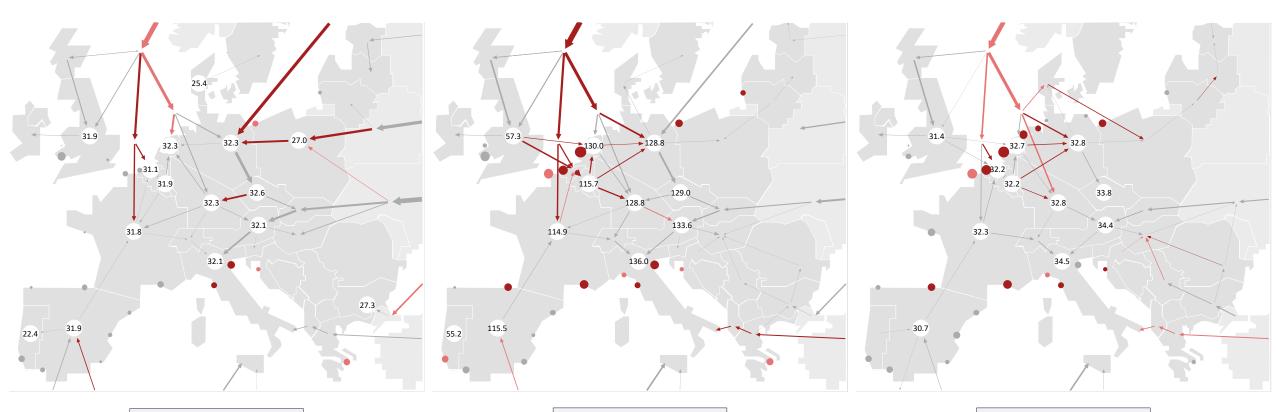




Congestion in Europe

Europe = EU27 + UK + Switzerland + Balkans





June 2021

June 2022

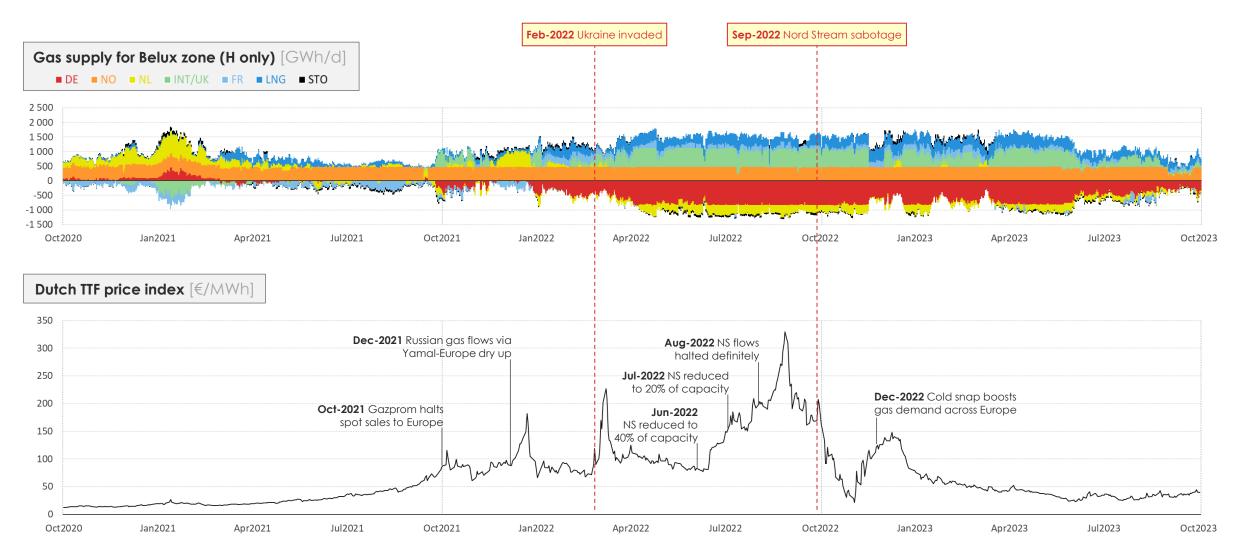
June 2023

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CH₄

Natural gas flows in Belux zone

Net flow = entry flow - exit flow



Contents

Who is Fluxys?

What is natural gas?

Global LNG

Gas pipelines to Europe

Seasonality and storages

Intra-day flexibility

Gas markets

Recent events

New molecules



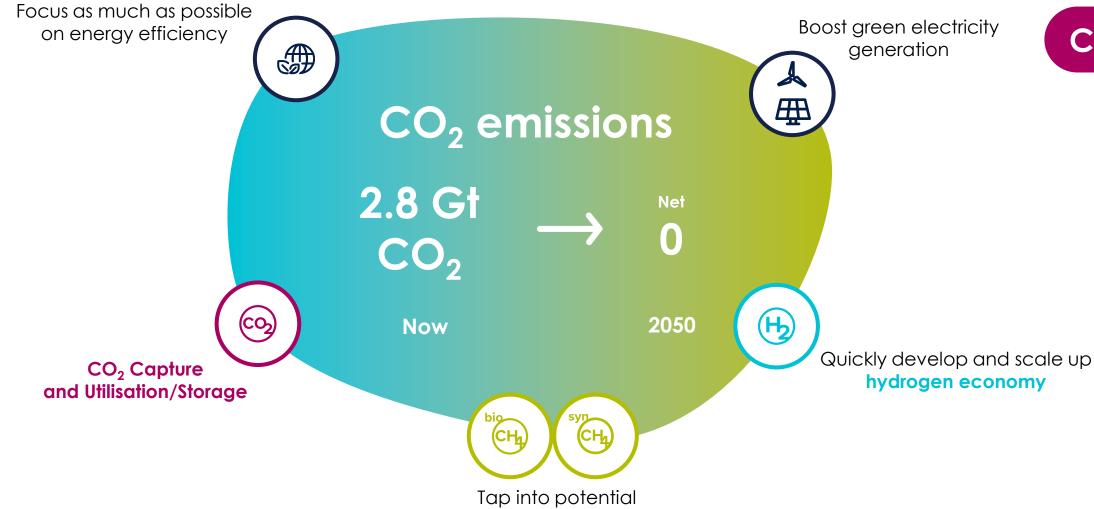
EU Green Deal

We need a mix of solutions to achieve the net zero target



H₂

 CO_2



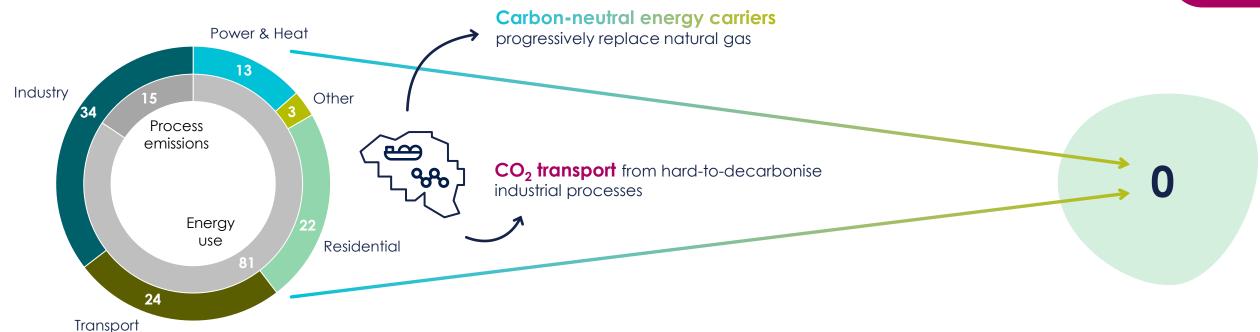
of biomethane, biofuels and synthetic methane

Our infrastructure as key contributor to net zero



 H_2





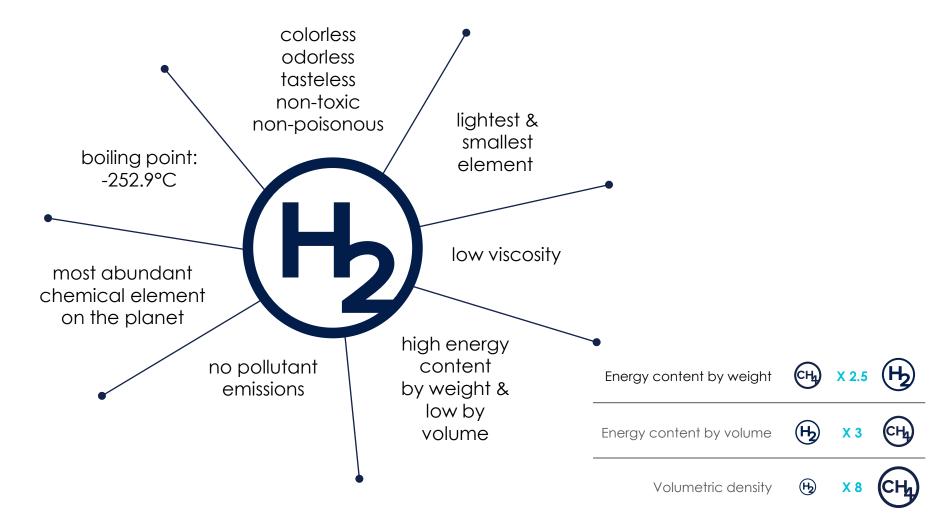
2021

CO₂ emission 96 million tonnes/year 2050

No CO₂ emission

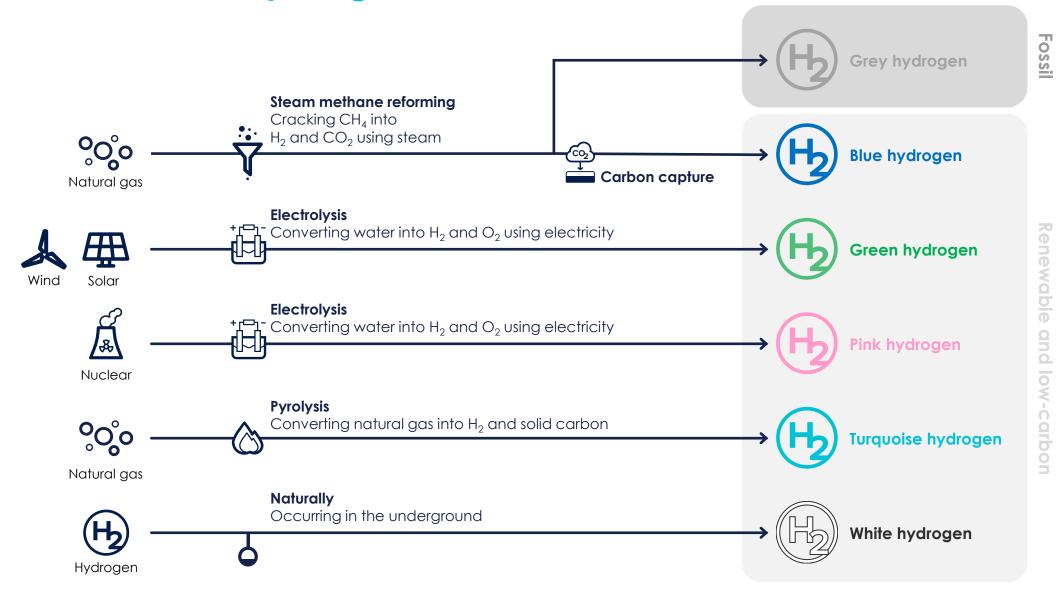
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What is H₂ or hydrogen?



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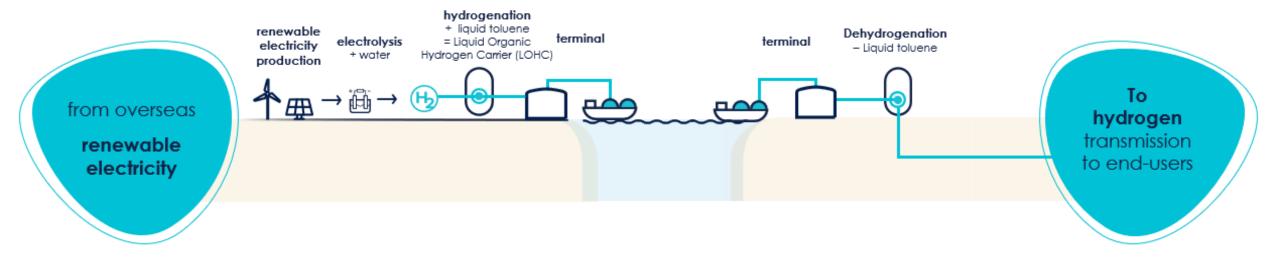
The colours of hydrogen



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Hydrogenation

Long distance transport possible with hydrogenation



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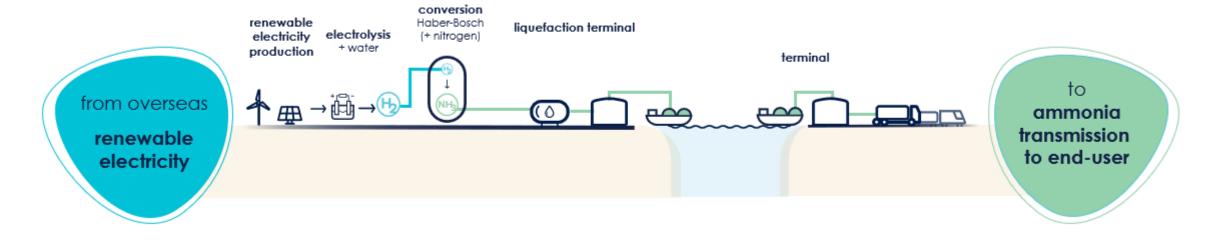
H_2

NH_3

Renewable hydrogen and renewable ammonia

Long distance transport also possible thanks to ammonia

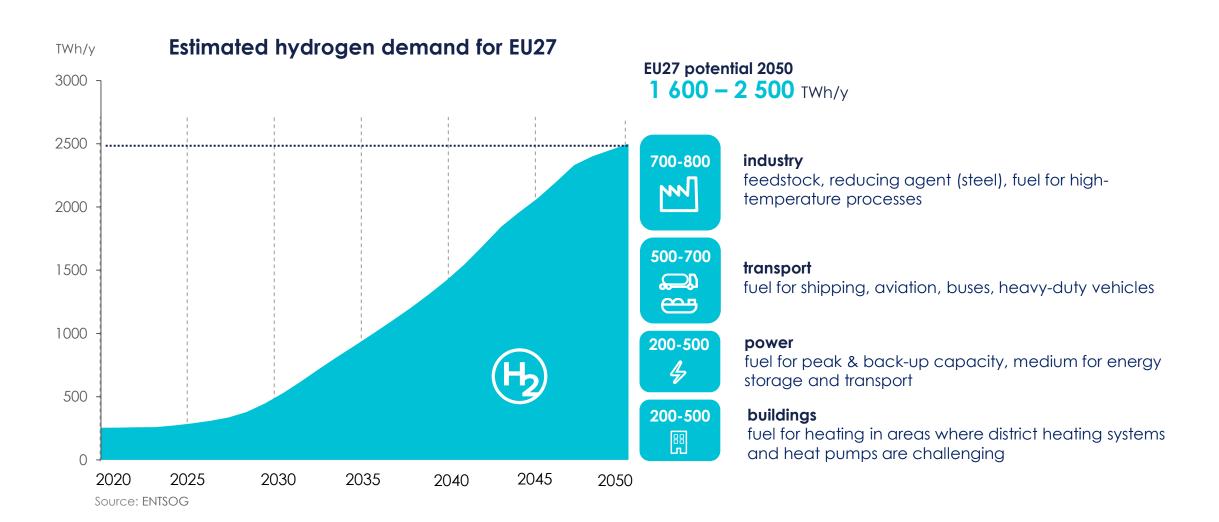
conversion



Haber-Bosch renewable conversion electricity electrolysis (+ nitrogen) cracking production liquefaction terminal terminal to from overseas hydrogen renewable transmission electricity to end-use

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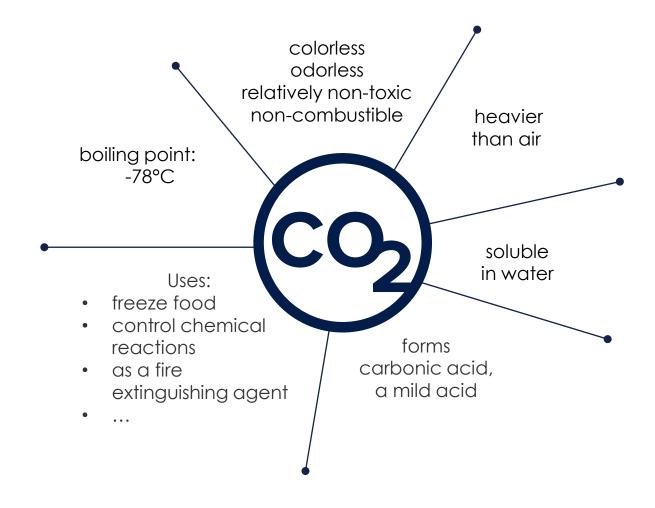
Hydrogen, the all-rounder for a climate-neutral economy







What is CO₂ or carbon dioxide?



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Carbon capture and storage/utilisation crucial for industry to decarbonise while keeping competitive





Do-or-die decarbonisation solution for hard-to-abate industry



Essential for large volumes of affordable low-carbon hydrogen

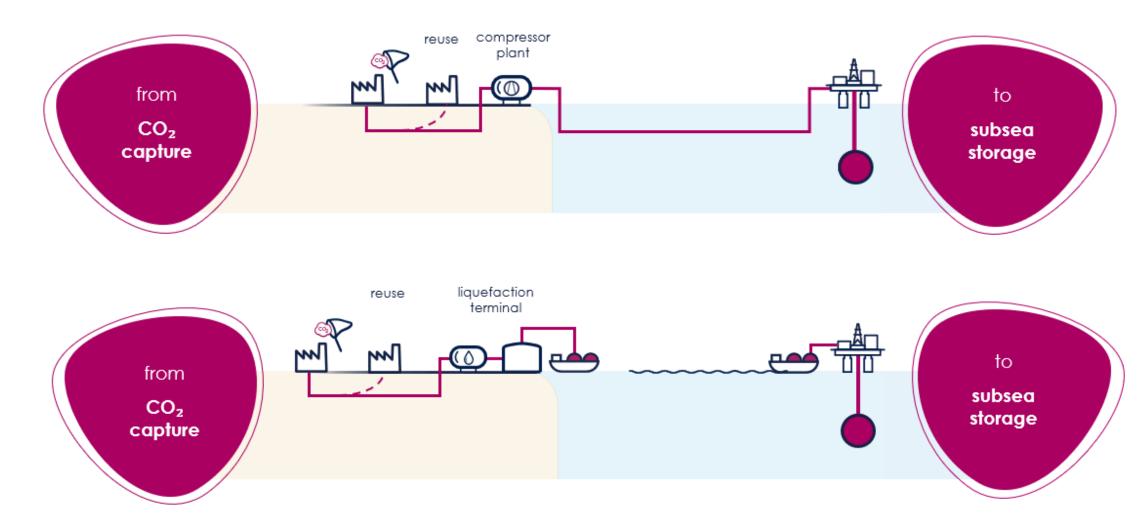


Key for low-carbon electricity generation to keep the lights on

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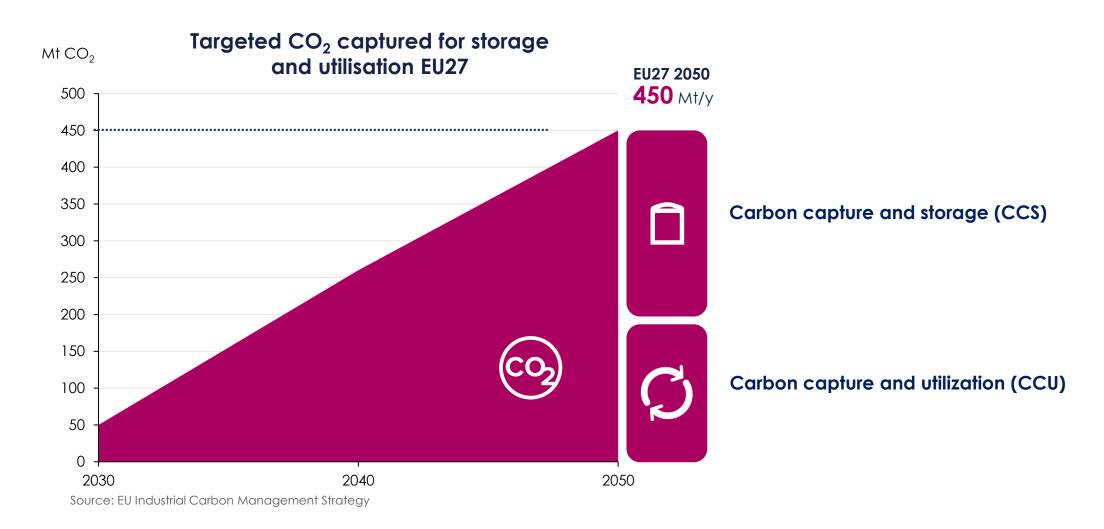
CCUS value chain



3



Carbon capture and storage/utilisation increasingly important mitigation pathway



'INTEGRATION' model

This multi-energy model, co-developed by Fluxys and ULiège, allows to study how to reach net-zero



INPUTS

MODEL

OUTPUTS INSIGHTS

Energy demand

(yearly values + hourly time series)

Renewable production

(max potential + hourly time series)

Import assumptions

(availability & cost)

Technical parameters

(for technologies & infrastructure)

Cost assumptions

(CAPEX, OPEX, WACC...)

CO₂ reduction target

(max budget & emission factors)

Goal: simulate the interactions between electricity and molecules in a carbon-neutral energy system









Scope?

- → Belgium, with offshore coastal inlad regions
- → 2050, hourly resolution

How?

- → linear optimization
- → investments & dispatch

Modelling assumptions

- → central planning / one player
- → perfect foresight (no uncertainty, no 'N-1 SoS')
- → no distances within countries

Optimal capacities

(investments in infra & technologies)

Optimal dispatch

(hourly flows)

Energy not served & curtailments

CO₂ emissions

(global & by country)

Global system cost

Marginal prices

(energy supply & CO₂ abatement cost)

H₂ and CO₂ transport

Which factors impact the transit through Fluxys potential pipelines?

Flexibility to the system

How, where and when can the molecules help to compensate the intermittency of renewables?

Impact of electrification

How does the system cost change for different demand scenarios?

Import dependency

Impact of import costs?
How to reduce import dependency?

• •

This model has been built for Belgium by ULiège & Fluxys during an **ETF project financed by SPF Economie**Results can be seen on https://integrationdemonstrator.github.io/)

Academic papers linked to the 'INTEGRATION' model





The Role of Power-to-Gas and Carbon **Capture Technologies in Cross-Sector Decarbonisation Strategies**



Mathias Berger, David-Constantin Radu, Raphaël Fonteneau, Thierry Deschuyteneer, Ghislain Detienne, and Damien Ernst

2020 - in Electric Power Systems Research, 180 https://orbi.uliege.be/handle/2268/235110

Remote Renewable Hubs for Carbon-Neutral **Synthetic Fuel Production**



Mathias Berger, David-Constantin Radu, Detienne Ghislain, Thierry Deschuyteneer, Aurore Richel, and Damien Ernst

2021 - in Frontiers in Energy Research https://orbi.uliege.be/handle/2268/250796

GBOML: Graph-Based Optimization Modeling Language



Bardhyl Miftari, Mathias Berger, Hatim Djelassi, and Damien Ernst

2022 - in Journal of Open Source Software https://orbi.uliege.be/handle/2268/289210

Information only - non binding



Graph-based optimization modeling language documentation



Bardhyl Miftari, Mathias Berger, Hatim Dielassi. and Damien Ernst

2022 – online documentation https://gboml.readthedocs.io/en/latest/

GBOML: A Structure-exploiting Optimization **Modelling Language in Python**



Bardhyl Miftari, Mathias Berger, Guillaume Derval, Quentin Louveaux, and Damien Ernst

2023 -in Optimization Methods and Software https://orbi.uliege.be/handle/2268/296930

Integration of offshore energy into national energy system: a case study on Belgium



Jocelyn Mbenoun, Amina Benzerga, Bardhyl Miftari, et al

2024 – submitted to *Applied Energy*, under review process https://orbi.uliege.be/handle/2268/314586

