



SURGING GAS PRICES IN THE DANUBE REGION

Between 2021 Oct. and 2022 Oct., the most significant price increase was in the central part of Europe and in Estonia. **HOUSEHOLD GAS PRICES** rose by more than **200%** in many countries, while in the case of industrial gas prices the increase is even more significant.

DEMAND SIDE

SUPPLY SIDE



Household sector: Increasing gas prices can **incentivize** households to **reduce their consumption**. However, if the price signals do not reach consumers, the reduction will not materialize.

LNG dependency: If the LNG market is **tight**, there is a risk for Danube Region countries to **suffer from higher price**



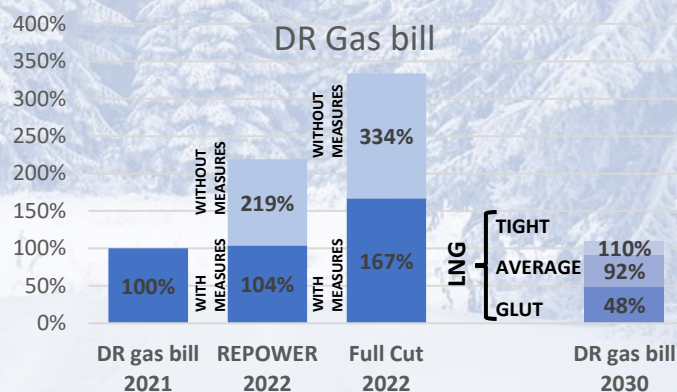
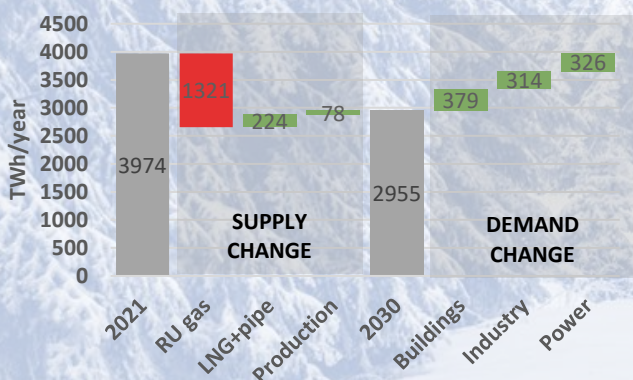
Industry sector: On the short-term, **curtailing industry** gas demand means the **limiting the production** and decreasing industrial output.

Pipeline congestions: With the current pipeline network, the LNG coming to South-West Europe **cannot reduce the prices** of the Central-East European region.



Power sector: On the short-term, gas phase-out potential of the power sector depends highly on the **availability of nuclear and hydro plants**.

Production: The potential increase of domestic production can only **slightly decrease** the Danube Region gas bill.



REQUIRED ACTIONS

Demand reduction is key: We encourage the Danube Region countries to prioritize demand reduction measures that target gas savings and avoid direct subsidization of gas prices to household consumers. Most vulnerable households might be a temporary exemption.

Rapid development of infrastructure: Supply options – mainly the LNG infrastructure already under construction – if implemented, will help the EU and also to the Danube Region countries to mitigate the energy crisis, both in terms of high prices and to avoid supply disruptions.

Share of best practices and cooperation: Solidarity and interconnection of the Danube Region countries is key to keep the energy supplies under control. We suggest monitoring the development of the solidarity mechanisms between Danube Region countries as well.

STUDY AVAILABLE AT

REKK WEBSITE

