Market Price Report - 2025

1. Supply, demand and price dynamics

1.1. Drivers of natural gas price developments

Whereas price trends were largely bearish in 2023 and then gradually upward throughout 2024, 2025 was characterised by a complex and contrasted price environment, combining a still-tight European gas balance during the winter period with a progressive and broadly sustained normalisation of market conditions over the remainder of the year. This evolution resulted from a combination of structural and cyclical drivers, most notably the definitive cessation of Russian gas transit via Ukraine as of 1 January 2025, evolving storage dynamics, changing weather patterns, and a continued improvement in the flexibility and diversification of European supply sources.

Based on EnergyScan spot data, average TTF prices in 2025 declined compared with 2024, despite relatively elevated price levels observed during the first quarter. The annual price pattern was largely front-loaded, with a pronounced tightening at the start of the year, followed by a gradual and sustained easing from the second quarter onwards. This evolution reflected a combination of softer seasonal demand, strong renewable and nuclear electricity generation, increased LNG availability, and a gradual reduction in market uncertainty as storage constraints eased and system resilience improved.

1.2. Price volatility and key market drivers

Price volatility remained a defining feature of the market throughout the year, reflecting ongoing geopolitical uncertainty, weather-related demand shocks and LNG arbitrage dynamics. However, overall volatility gradually declined compared with recent years and remained well below the extreme levels observed in 2022 and early 2023. Although cold spells occurred episodically, particularly during the winter months, these episodes did not translate into sustained upward price pressure, as underlying supply-demand balances remained broadly adequate and responsive.

According to the IEA (Gas Report – Q1 2026), global natural gas consumption increased by less than +1% in 2025, below its growth in 2024 (+2.7%), in a context of slowing economic activity and high LNG prices at the beginning of the year. Natural gas consumption evolved unevenly across regions in 2025: in North America (+1%), in the Middle East and Africa (+2.5%), in Asia-Pacific (stable, following strong growth in 2024), in Central and South America (stable), and in Europe (+3%), while it declined in Eurasia (–2%).

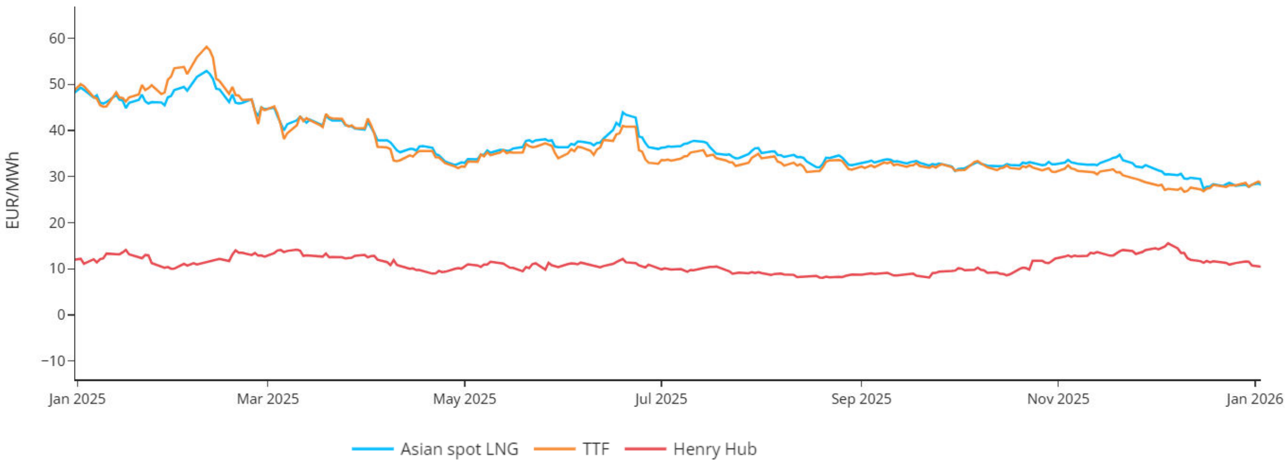
According to ENGIE (EnergyScan), total European gas consumption reached around 371 bcm in 2025, compared with approximately 368 bcm in 2024, corresponding to a limited increase of around +0.9% year-on-year. This apparent stability in aggregate demand masks significant differences across individual segments. Industrial gas demand increased moderately, by around +4.2 bcm year-on-year (+5.9 % year-on-year), reflecting a gradual recovery in industrial activity, improved macro-economic conditions and enhanced price visibility. In contrast, gas consumption for power generation declined by around -5.8 bcm (-7.6% year-on-year), supported by strong renewable output and sustained nuclear availability. Residential and commercial demand remained largely weather-driven, with no major structural shift observed.

1.3.Supply sources developments

From a supply perspective, total European gas supply increased significantly in 2025, reaching around 375 bcm, compared with approximately 357 bcm in 2024 (+5.1% year-on-year). This expansion was driven overwhelmingly by LNG. LNG send-outs rose sharply to around 147 bcm, compared with 114 bcm in 2024, representing an increase of more than +32 bcm (+28% year-on-year). This additional LNG supply more than offset declining Russian pipeline deliveries and slightly lower Norwegian flows. European domestic production increased to around 60.5 bcm, further strengthening supply security.

In 2025, the European Union's gas supply was composed of 45% pipeline gas, 39% LNG and 16% domestic production (EnergyScan). In 2024, these shares stood at 52%, 32% and 16% respectively.
European import volumes required in 2025 increased by approximately +5%, in line with higher storage withdrawals over the year. Compared with 2024, Engie's analysis (EnergyScan) shows that Russian pipeline imports declined sharply (−48%), accounting for around 4% of total European supply compared with 9% in 2024. Volumes from Norway (−1.6%) decreased from 32% to 30% of total supply. Imports from North Africa and Azerbaijan also slightly declined (−3.6%).
European domestic production continued to increase slightly in 2025 (+6.9%), while remaining structurally low in the long term.

Gas price trend 2025 for delivery the following month (*Month ahead*)



Source: EnergyScan, Engie

1.4.Growing contribution of biomethane

At the same time, renewable gases (particularly biomethane) continued to gain relevance within the European gas balance. While still limited in volume compared with fossil gas flows, biomethane increasingly contributes to diversification of supply, reduction of import dependency and long-term system resilience, reinforcing its strategic role alongside LNG and storage in the European gas mix.

2. Quarterly analysis of the gas market

2.1. First quarter 2025: a gas market under pressure

In the first quarter of 2025, TTF spot prices averaged 37.96 €/MWh, compared with 31.13 €/MWh in Q1 2024, corresponding to an increase of +6.8 €/MWh (+22% year-on-year). This marked increase reflects a notably tighter supply-demand balance at the start of the year.

Price levels remained elevated throughout much of the quarter, driven by heightened market sensitivity following the definitive end of Russian gas transit via Ukraine. This structural event coincided with winter weather conditions, increased reliance on storage and a generally cautious market sentiment. Price formation during the quarter was heavily influenced by short-term signals, including temperature forecasts, LNG arrival schedules and storage withdrawal rates, contributing to persistent price volatility and elevated price risk components.

The TTF MA (Month Ahead) – Asian LNG spot spread averaged -0.82 €/MWh, marking a notable reversal compared with 2024. The TTF MA temporarily exceeded Asian prices, with extreme levels reaching -4.58 €/MWh. This configuration suggests increased tightness in the European market, potentially linked to seasonal factors (winter demand, storage levels) or supply constraints. The volatility observed during the quarter was high, reflecting an unstable market that is highly sensitive to regional fundamentals.

From a demand perspective, total European gas consumption increased sharply to around 139.6 bcm, compared with 128.1 bcm in Q1 2024, representing a +9% year-on-year increase. LDZ (local distribution zone) demand rose significantly due to colder periods, while gas-to-power demand rebounded during episodes of weak wind and solar generation. Industrial demand also remained resilient, supported by improved economic conditions and lower relative price volatility compared with previous years.

On the supply side, LNG inflows remained significant but were partially constrained by global competition, particularly from Asian markets. Pipeline supplies declined structurally following the end of Ukrainian transit. As a consequence, the European market relied heavily on storage flexibility. Net storage withdrawals deepened markedly, reaching around -42.5 bcm, compared with -28.4 bcm in Q1 2024. These high withdrawal rates played a central role in supporting prices and reinforcing concerns related to security of supply during the early part of the year.

2.2. Second quarter 2025: progressive normalization of the gas market

In the second quarter of 2025, TTF spot prices declined to an average of 33.95 €/MWh, compared with 35.73 €/MWh in Q2 2024, corresponding to a decrease of -1.8 €/MWh (-5% year-on-year) and an -11% decline compared with the first quarter.

This price correction reflected a clear seasonal easing of market fundamentals. Total European gas consumption declined to around 65.8 bcm, compared with approximately 68.1 bcm in Q2 2024 (-3.4% year-on-year). This decline was driven primarily by lower LDZ demand and a significant reduction in gas-to-power consumption, as strong renewable output and sustained nuclear availability reduced the need for gas-fired generation.

The TTF MA – Asian LNG spot spread turned positive again, averaging +1.13 €/MWh, signalling a return to a moderate Asian premium. However, the amplitude remained significant (with a low of -2.67 €/MWh), indicating that occasional episodes of tightness in the European market persisted. This quarter corresponds to a phase of gradual normalisation in the global LNG market, with a rebalancing of flows between regions

On the supply side, LNG availability remained high, supported by increased regasification capacity and relatively attractive European netbacks. This allowed net storage injections of around +25.8 bcm, broadly in line with seasonal norms. Storage replenishment progressed steadily, contributing to a gradual improvement in balance indicators and to a visible easing in market uncertainty.

As storage levels recovered and demand declined, price formation increasingly reflected comfortable short-term fundamentals rather than concerns related to supply adequacy.

2.3.Third quarter 2025 : consolidation of gas market balance

In the third quarter of 2025, TTF spot prices averaged 32.88 €/MWh, down from 38.54 €/MWh in Q3 2024, corresponding to a decline of -15% year-on-year.

The TTF MA – Asian LNG spot spread stabilised at an average of around +1.25 €/MWh, with significantly lower volatility. Price differentials remained within a narrower range (between -0.15 and +2.81 €/MWh), reflecting a broadly balanced market. This summer period reflects lower pressure on demand, both in Europe and in Asia, as well as improved liquidity in the global LNG market.

Despite periods of increased cooling demand, total gas consumption remained broadly stable at around 61.2 bcm. Industrial demand continued to show resilience, supported by stable production levels and improved price predictability. By contrast, gas-to-power demand remained structurally weak, reflecting strong renewable performance across Europe and limited thermal generation requirements.

From a supply perspective, LNG inflows remained robust throughout the quarter, while pipeline imports remained stable. These favorable supply conditions enabled net storage injections of around +25.5 bcm, allowing storage levels to approach seasonal targets well ahead of the winter period. As a result, market participants increasingly priced in a comfortable storage position for the upcoming heating season, further reducing perceived market tightness.

2.4.Fourth quarter 2025: a resilient gas market amid Winter demand

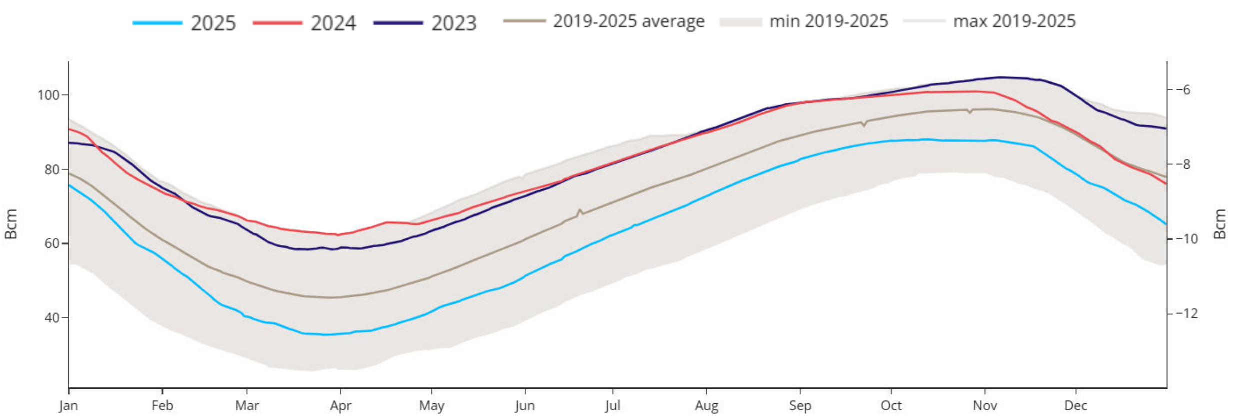
During the fourth quarter of 2025, TTF spot prices declined sharply to an average of 29.22 €/MWh, compared with 41.87 €/MWh in Q4 2024, corresponding to a -30% year-on-year decrease.

The TTF MA – Asian LNG spot spread remained moderate, averaging +1.14 €/MWh. Although predominantly positive, it still recorded occasional dips into negative territory (down to -1.05 €/MWh), reflecting a fragile balance between the two markets. Volatility increased slightly compared with the previous quarter, in connection with winter expectations and the repositioning of LNG flows.

Although total gas consumption increased seasonally to around 120.4 bcm (+2% year-on-year), the market entered the winter with strong starting storage levels and ample LNG availability. Periods of cold weather and weak renewable generation did lead to temporary demand spikes, but these were effectively absorbed by system flexibility.

Net storage withdrawals amounted to around -20.4 bcm, significantly lower than stress levels observed in previous winters. The combination of strong LNG inflows, diversified supply sources and comfortable storage inventories significantly limited winter price risk and prevented the emergence of sustained price spikes, despite episodic tightening of short-term fundamentals.

Development of European storage facilities



Source: EnergyScan (Engie), GIE - Aggregated gas storage inventory

3. Renewable gas and biomethane

According to the IEA (Renewables 2025), European biomethane production reached an estimated 7–8 bcm per year in 2025. While modest relative to total gas consumption, biomethane is now recognised as a strategic renewable gas under the REPowerEU framework, which maintains a target of 35 bcm by 2030. Biomethane contributes simultaneously to the decarbonisation of non-electrifiable uses, security of supply and territorial integration of the energy transition.

In 2025, the biomethane sector entered a phase of economic consolidation, with production costs typically ranging between 70 and 110 €/MWh (PCS). Declining administered support mechanisms increased the focus on efficiency gains, feedstock security and professionalised asset management. Industrially, the year confirmed a shift toward larger, more standardised and more integrated projects, including platforms combining multiple units and conversions of legacy biogas plants to grid-injected biomethane.

Germany remained Europe’s largest producer with biomethane injection volumes of around 1.5 bcm per year, driven by the continued reconversion of its biogas park. France recorded the fastest growth, reaching around 1.3 bcm per year across more than 650 injection sites, while Italy produced approximately 0.6–0.7 bcm, with a strong orientation toward transport uses.

In regulatory terms, 2025 marked a gradual transition toward market-based integration mechanisms, including competitive tenders, blending mandates, guarantees of origin and fuel certificates. Beyond volumes, biomethane increasingly plays a systemic role thanks to its dispatchability, storability and full compatibility with existing gas infrastructure, complementing LNG and storage in reinforcing long-term resilience of the European gas system.

France and the Netherlands have introduced into law the obligation to incorporate biomethane into the national gas mix.

In France, the CPB system (Biogas Production Certificates) requires gas suppliers to purchase certificates corresponding to biomethane production, in a proportion that gradually increases over time in line with their deliveries to residential customers. Each unit of biomethane injected generates a certificate that producers can sell, thereby creating a stable and regulated demand for biomethane, without requiring physical blending in the gas network.

The Netherlands applies a biomethane blending obligation, requiring gas suppliers to integrate a growing share of biomethane into their gas portfolio. This obligation is defined by law and establishes biomethane as a structural component of the national gas market.

4. Medium-term outlook for natural gas and LNG

According to the IEA, global natural gas demand growth is expected to slow to below +2% per year from 2026 onward, with Asia accounting for around 45% of incremental demand. Global LNG supply is expected to increase by approximately +5% in 2026, driven mainly by new liquefaction capacity in North America and Qatar.

The end of Russian gas transit via Ukraine structurally increases European LNG import needs by 30–40 bcm per year. In this context, the steady expansion of biomethane represents a complementary and domestically anchored source of supply, reducing reliance on imported fossil gas while enhancing flexibility of the European energy system. Although biomethane cannot replace LNG in volume terms, its contribution to diversification, resilience and decarbonisation strengthens overall security of supply in an increasingly volatile geopolitical environment.

Sources: EnergyScan (Engie), European Commission Gas Dashboard, GIE – Aggragated Gas Storage Inventory, IEA Gas Market Reports, IEA Renewables 2025, IEA Gas Market Report Q1-2026