

## Section 4 - Gas

### Key results show:

This quarter UK production of natural gas was up by 4.4 per cent after weaker production on the same quarter last year. This follows the shutdown of terminals due to maintenance in August 2017. **(Chart 4.1)**. The increase of gas production was seen mostly with associated gas, increasing by 7.2 per cent compared to the dry gas increase of 1.4 per cent. Associated gas was over 70 per cent of gas production for the first time since the end of 2016. However, dry gas always dips during Q3 due to maintenance schedules. **(Chart 4.2)**.

Overall trade levels were reduced for imports and exports by 17 and 14 per cent respectively, compared with the same quarter last year. Net imports also contracted by a fifth. In particular, pipeline imports were down by 11 per cent whilst LNG imports were down by 42 per cent **(Chart 4.4)**. Imports of LNG accounted for only 13 per cent of total imports and was down to its lowest quarterly level since 2008. The decreases in LNG imports were driven by a contraction in LNG supplies from Qatar to the UK as well as the presence of cargoes from the US and Norway in Quarter 3 of 2017. There continues to be relatively high LNG demand in other countries.

Similarly, exports have also reduced by 7 TWh to 44 TWh. A reduction in exports to Belgium by 17 per cent is the primary source of this fall. Despite this, Belgium remains the UK's largest destination for exports during the warmer months at 81 per cent for this quarter. Exports to the Republic of Ireland followed the same trend, falling by 10 per cent on Q3 2017. Exports to the Netherlands remained stable, within 1 per cent, after a drop in exports for the previous two quarters. **(Chart 4.4)**.

Demand for natural gas in Q3 2018 decreased by 4.3 per cent compared to last year to 138 TWh **(Chart 4.6)**.

Demand for electricity generation continued to fall, down 6.0 per cent in comparison to the same quarter last year increased output from renewable energy continues to displace the demand for gas for electricity generation **(Chart 4.6)**.

Final consumption also decreased by 4.1 per cent, with domestic use down by 7.1 per cent on last quarter, despite similar temperatures in Q3 2017 **(Chart 4.6)**.

### Relevant table

4.1: Natural gas supply and consumption

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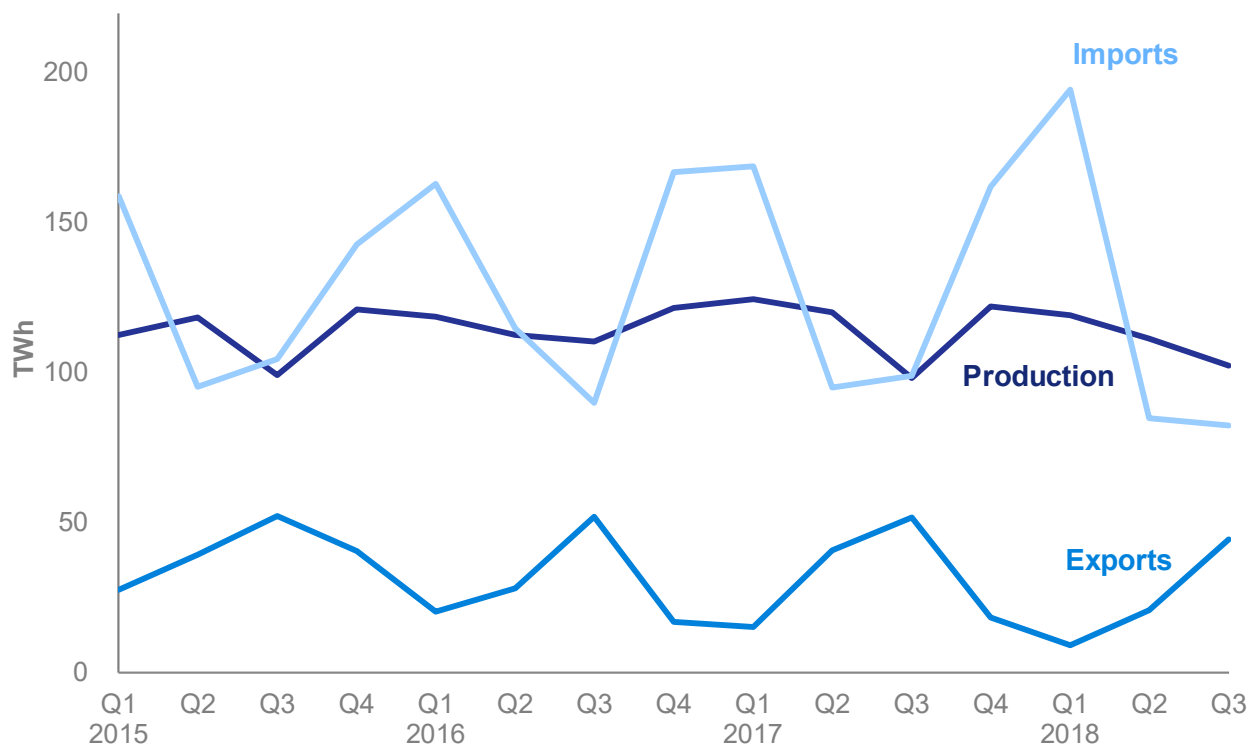
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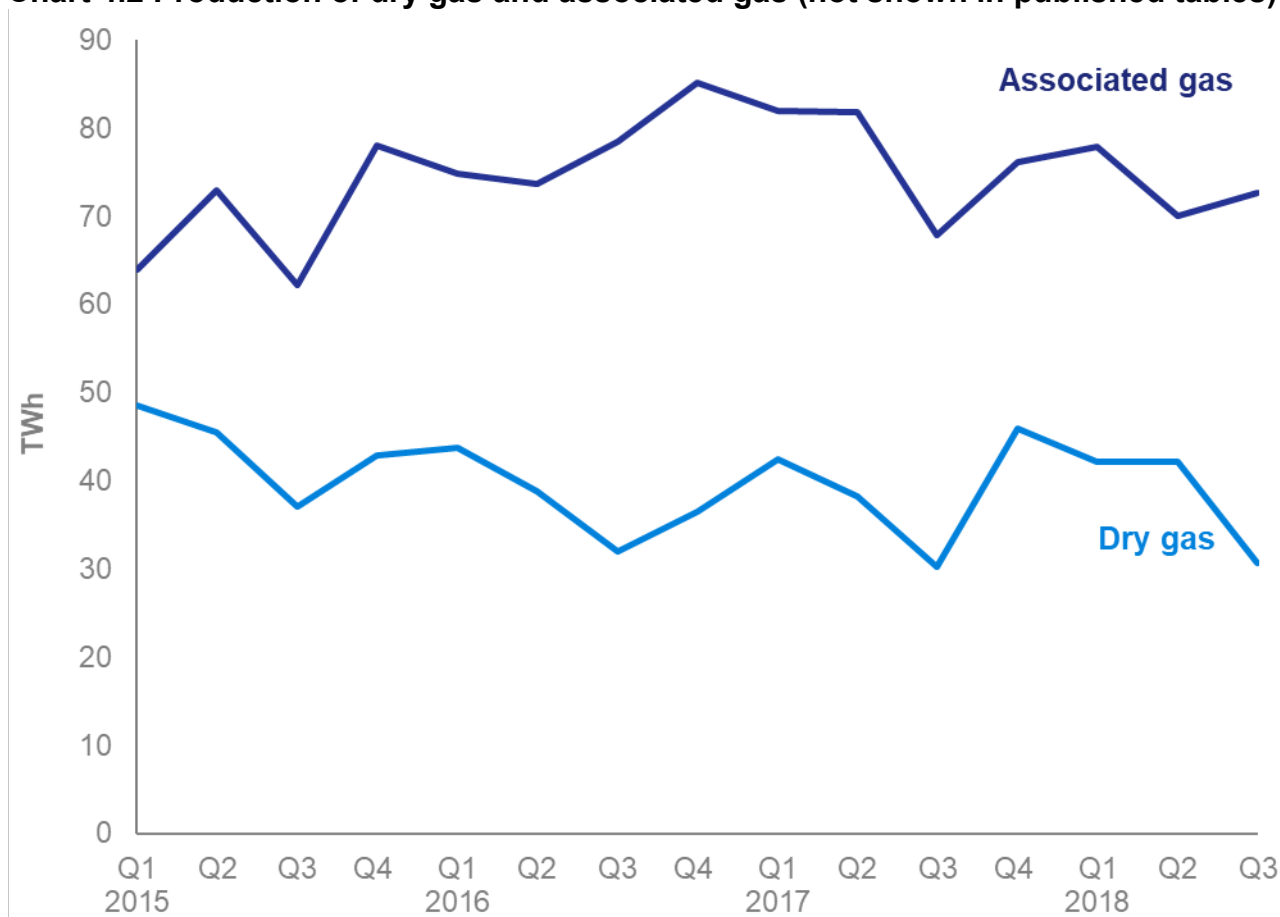
## Gas

**Chart 4.1 Production and imports and exports of natural gas (Table 4.1)**



Production of natural gas in Q3 2018 increased by 4.4 per cent following particularly weak production this time last year, after the shutdown of terminals due to maintenance in August 2017. This follows the recent upwards trend since the beginning of 2014 although production remains around a 50% of peak levels seen in 2000.

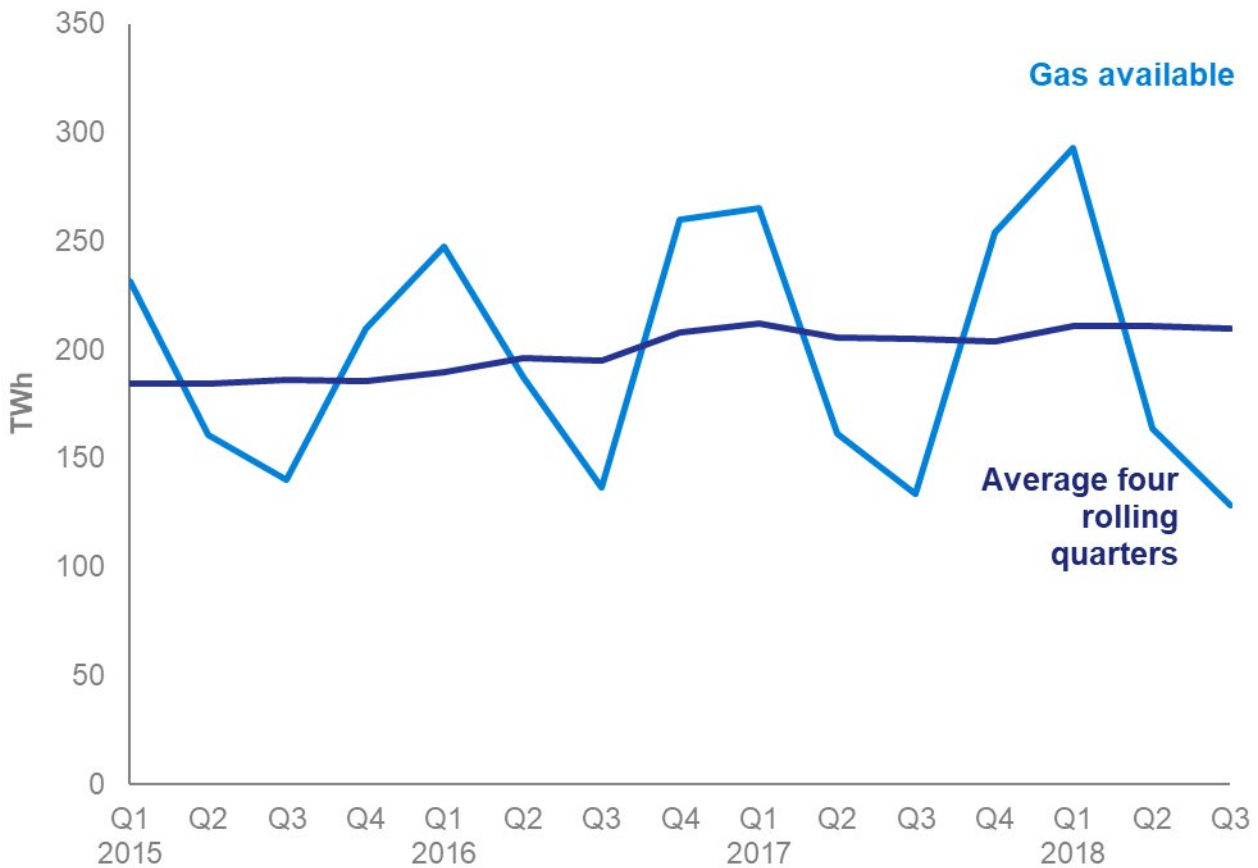
Imports and exports of natural gas were 82 TWh and 44 TWh respectively, 17 and 14 per cent lower than the same period last year. This is attributed to the 42 per cent decrease in LNG imports and the 17 per cent decline in exports of natural gas to Belgium through the Bacton Interconnector. This has reduced overall trade, where net imports were down by a fifth on the same quarter in 2017 – the lowest in Q3 since 2008. For more details on trade see charts 4.4 and 4.5.

**Chart 4.2 Production of dry gas and associated gas (not shown in published tables)**

Production of associated gas (natural gas produced from oil fields) in Q3 2018 was up by 7.2 per cent compared to the same quarter last year, from 68 to 72 TWh. Dry gas production (natural gas composed mainly of methane) rose by 1.4 per cent in Q3 2018 compared to last year.

## Gas

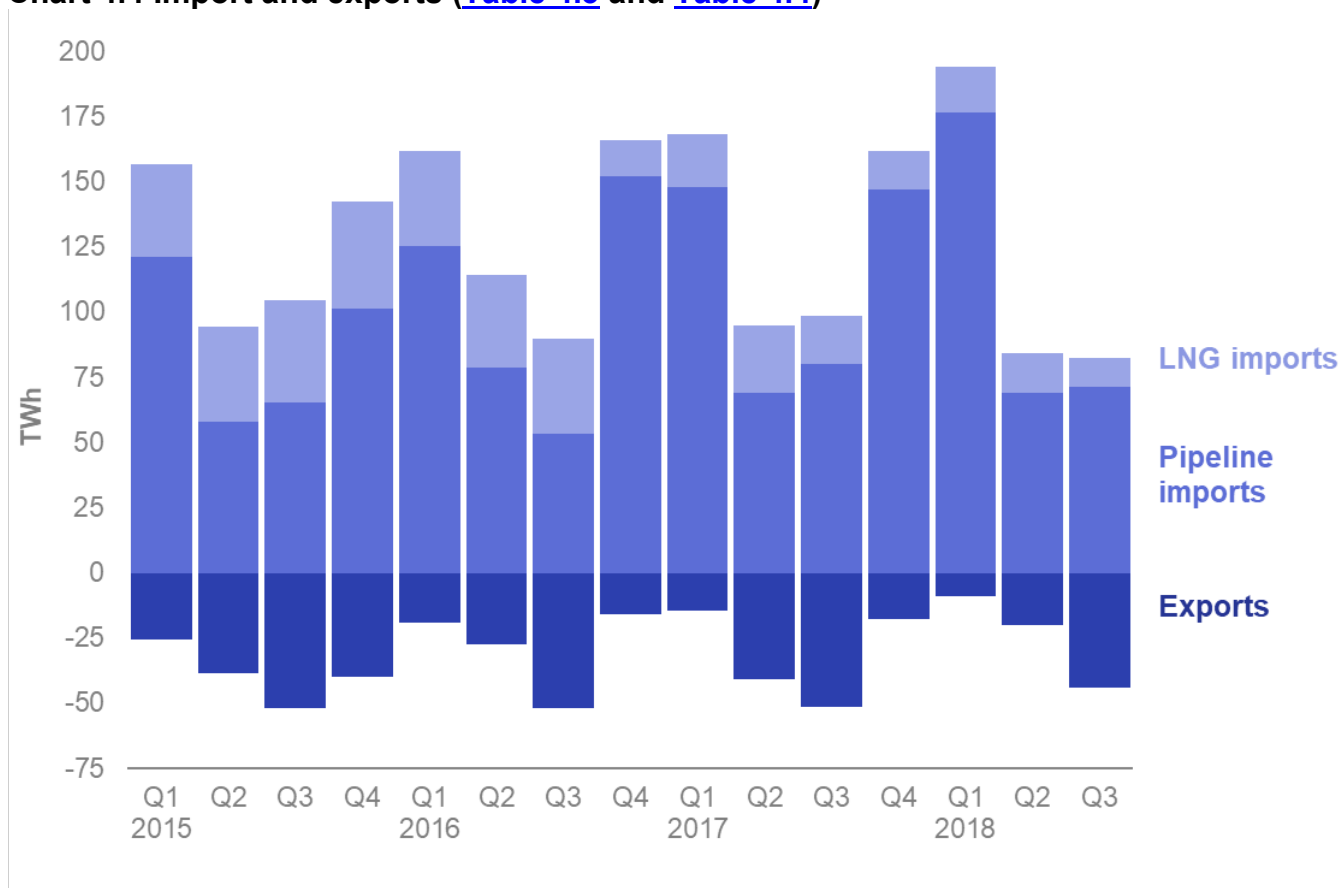
**Chart 4.3 Gas availability (Table 4.2)**



Gas available at terminals is broadly equal to gross gas production minus producers own use, plus net imports.

Gas availability is seasonal and peaks during Q1 and Q4 each year. Gas availability in Q3 2018 decreased by 3.8 per cent compared to Q3 2017 to 129 TWWh and was driven by the decrease in imports, not lower exports.

Over four rolling quarters, the average gas availability has remained broadly constant since the start of 2012, before increasing slightly since the start of 2015. Based on the first three quarters of 2018, this year follows the same trend, where gas availability is up 4.4 per cent compared to the same months in 2017.

**Chart 4.4 Import and exports (Table 4.3 and Table 4.4)**

Net imports during Q3 2018 were down by one-fifth in comparison to the same quarter in 2017. This decrease has been driven by the moderate decrease in pipeline imports and more significant decrease in LNG imports. Demand in Q3 2018 was also lower than Q3 2017.

As noted in Map 4.1, the UK imports natural gas primarily from Norway (predominantly via the Langeled, Tampen Link and Gjoa/Vega pipelines). Smaller volumes are imported from Belgium (via the UK-Belgium Interconnector) and the Netherlands (via the Balgzand to Bacton line).

Imports were down by 17 per cent this quarter driven by reductions from the major pipelines from Norway as well as a significant drop in LNG. LNG imports were at the lowest quarterly level since 2008 and the Dragon LNG terminal transmitted no gas to the UK grid this quarter.

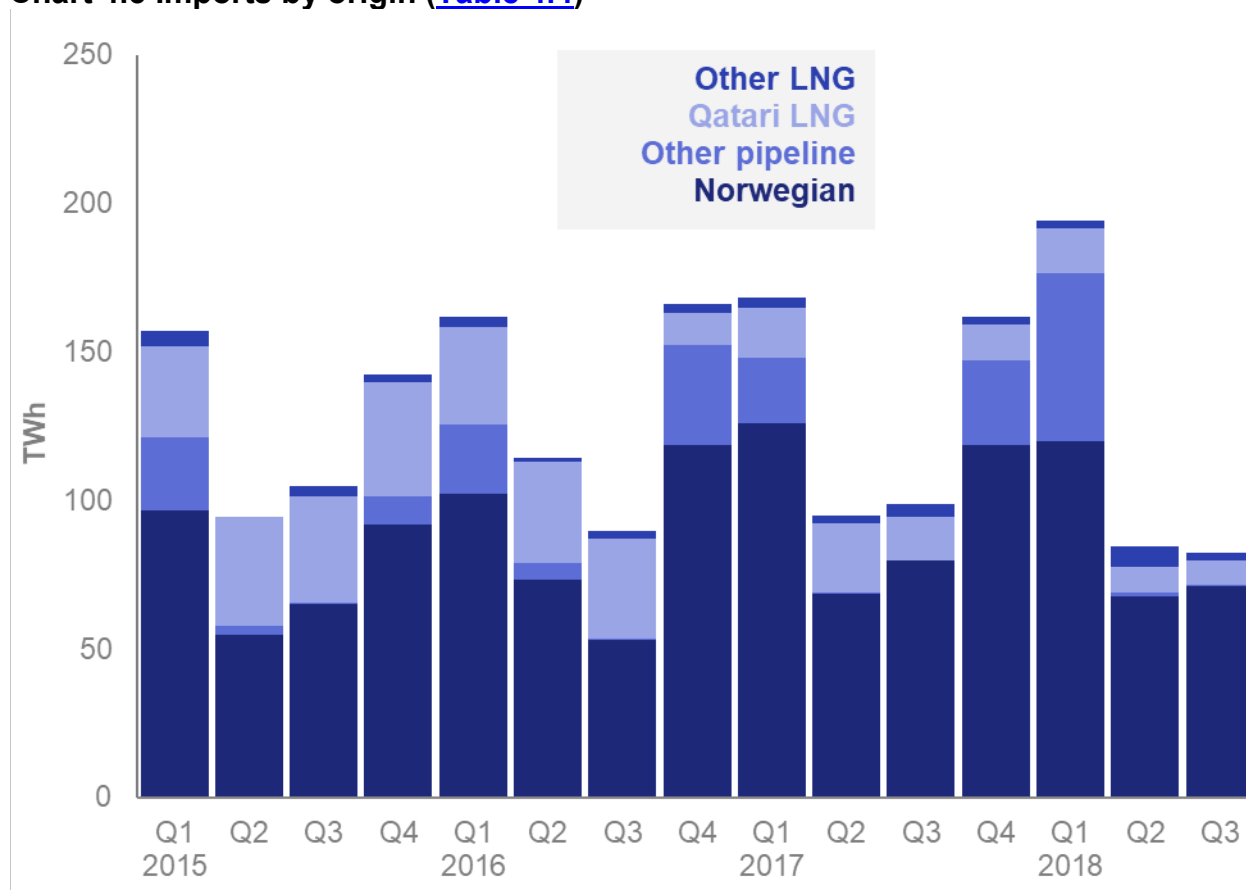
As a result, LNG imports only accounted for 13 per cent of total imports, compared with 19 per cent this time last year and 40 per cent two years ago. This decrease in LNG imports were driven by a contraction in LNG supplies from Qatar to the UK. There were also LNG imports from the US and Norway in Q3 of 2017 but no imports from those countries in the quarter of this year.

Exports have also decreased this quarter, down by 14 per cent to 44 TWh. Most of this decrease was due to a reduction in natural gas exports to Belgium. Despite this, Belgium remains the UK's largest destination for exports during the warmer months at 81 per cent for this quarter. However, in the year to date, the cold temperatures in Q1 of 2018 has shifted gas trade with Belgium significantly, where imports have tripled, and exports have decreased by 44 per cent.

Republic of Ireland exports were also down compared to 2017 by 10 per cent and exports to the Netherlands and Isle of Man remained stable.

The UK exported a reloaded shipment of LNG to Pakistan in August and did not send out any reloads this time last year.

**Chart 4.5 Imports by origin (Table 4.4)**

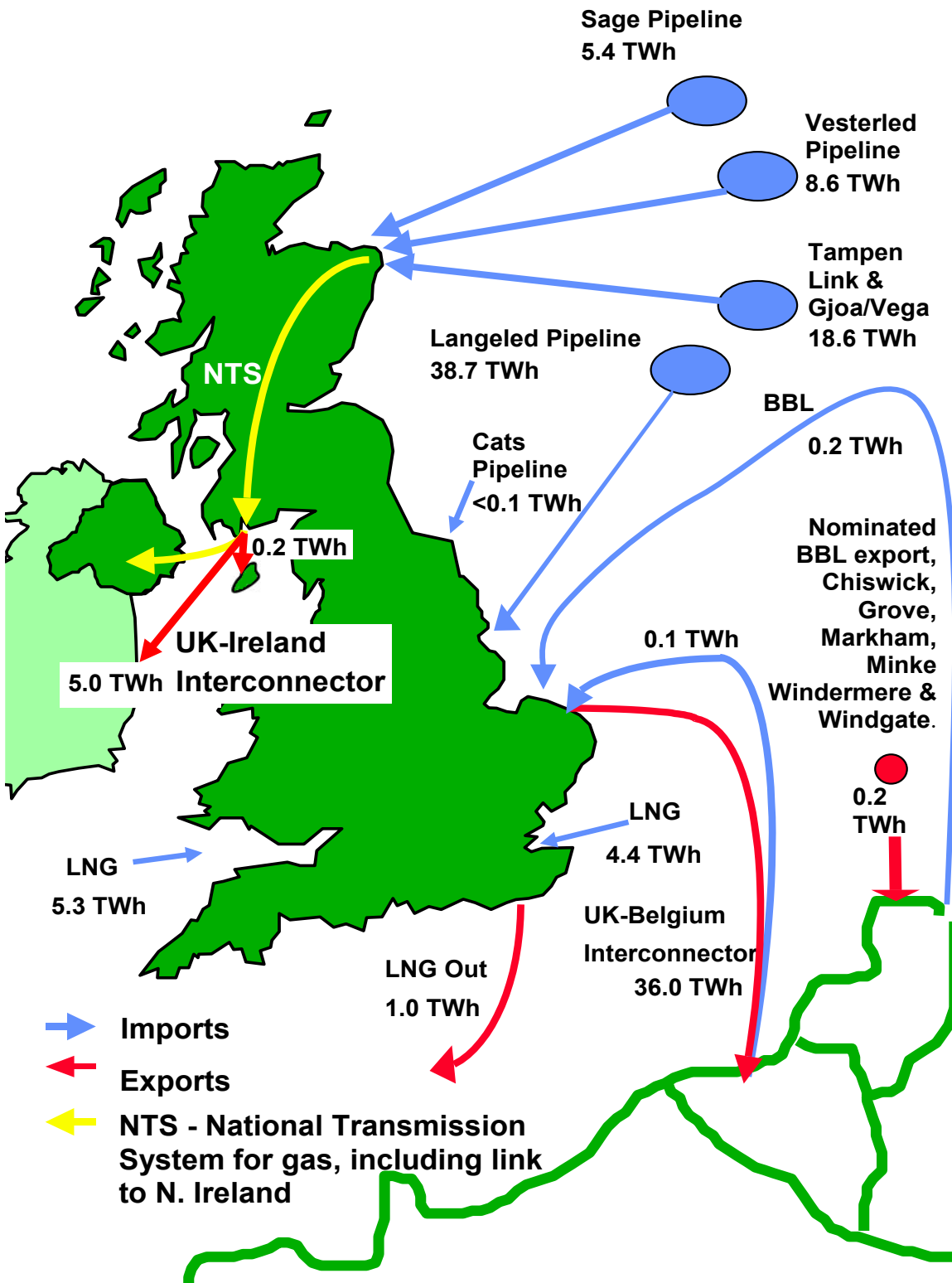


The main development in Quarter 3 of 2018 is the reduction of both total imports and exports. The reduction of imports was due to both the reduction of pipeline imports from Norway and a significant reduction in LNG imports. Norway pipelines remain the principal source of UK gas imports at 87 per cent but has seen a decrease of 11 per cent this quarter. The three largest Norwegian pipelines: Langeled, FLAGS and Vesterled were down by 8.4, 0.5 and 37 per cent respectively with only the SAGE pipeline seeing an increase on last year.

LNG usage has dropped significantly by 42 per cent since Q3 2017 and is at the lowest quarterly level since 2008. Qatar remains the largest source of LNG imports to the UK however that share has dropped to 51 per cent. Quarter 2 and 3 of 2018 saw the two lowest quarterly totals of Qatari LNG imports since the first Quarter of 2009 when regular shipments of Qatari LNG began being imported to the UK. This decrease was due to high LNG demand from other countries and a reduction in the UK's gas storage capacity.

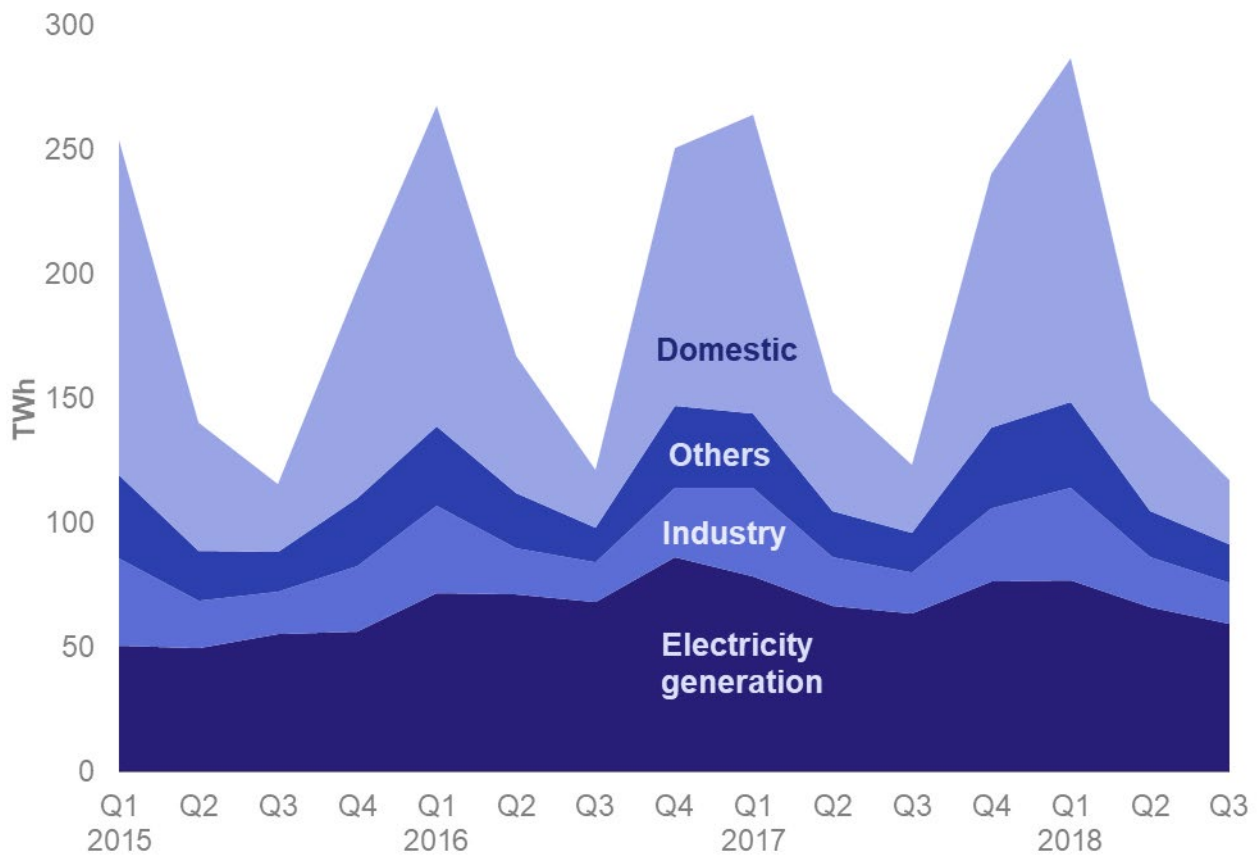
A complete country breakdown for physical pipeline and LNG imports is provided in Energy Trends Table 4.4 - *Supplementary information on the origin of UK gas imports.*

Map 4.1: UK imports and exports of gas Q3 2018



## Gas

**Chart 4.6 UK demand for natural gas (Table 4.1)**



UK demand for natural gas in Q3 2018 is down 4.3 per cent in comparison to Q3 2017 to 138 TWh.

Demand for electricity generation continued to fall, down 6.0 per cent in comparison to the same quarter last year as the increased output from renewable energy continues to displace the demand for gas for electricity generation.

Final consumption also decreased by 4.1 per cent, with domestic use down by 7.1 per cent on last quarter, despite similar temperatures in Q3 2017.



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Table 4.1. Natural gas supply and consumption

	GWh												
	2016	2017	per cent change	2016 3rd quarter	2016 4th quarter	2017 1st quarter	2017 2nd quarter	2017 3rd quarter	2017 4th quarter	2018 1st quarter	2018 2nd quarter	2018 3rd quarter p	per cent change <sup>1</sup>
<b>SUPPLY</b>													
Indigenous production	463,364	464,929	+0.3	110,387	121,740	124,552	120,091	98,110	122,175	119,181	111,263r	102,466	+4.4
Imports	534,740	524,890	-1.8	89,950	166,923	168,861	94,995	98,857	162,177	194,527	84,832	82,432	-16.6
of which LNG	122,310	80,144	-34.5	36,351	13,863	20,477	26,008	18,876	14,783	17,618	15,240r	10,873	-42.4
Exports	116,862	125,629	+7.5	51,985	16,735	15,062	40,777	51,590	18,200	9,056	20,683	44,368	-14.0
Stock change <sup>2</sup>	16,242	11,955		-6,797	901	12,725	947	-1,004	-713	7,586	-5,718r	-3,523	(+)
Transfers <sup>3</sup>	1,575	2,603		457	535	562	631	681	729	708	750r	798	+17.3
<b>Total supply</b>	<b>899,058</b>	<b>878,747</b>	<b>-2.3</b>	<b>142,013</b>	<b>273,363</b>	<b>291,638</b>	<b>175,888</b>	<b>145,054</b>	<b>266,167</b>	<b>312,945</b>	<b>170,445r</b>	<b>137,806</b>	<b>-5.0</b>
Statistical difference	-2,576	3,917		-498	-1,189	1,458	745	374	1,341	1,199	-12r	-624	
<b>Total demand</b>	<b>901,635</b>	<b>874,829</b>	<b>-3.0</b>	<b>142,511</b>	<b>274,552</b>	<b>290,180</b>	<b>175,143</b>	<b>144,680</b>	<b>264,827</b>	<b>311,746</b>	<b>170,457r</b>	<b>138,429</b>	<b>-4.3</b>
<b>TRANSFORMATION</b>													
Electricity generation	297,643	285,550	-4.1	68,295	86,314	78,642	66,659	63,487	76,761	77,132	66,333r	59,658	-6.0
Heat generation <sup>4</sup>	29,404	30,090	+2.3	5,556	8,212	9,117	6,603	5,907	8,463	9,117	6,603	5,907	-
Energy industry use	57,589	57,024	-1.0	13,867	13,703	15,183	14,390	13,526	13,925	13,779	12,723r	13,905	+2.8
Losses	7,139	6,744	-5.5	1,901	1,750	1,934	1,464	1,552	1,794	1,968	1,329r	1,243	-19.9
<b>FINAL CONSUMPTION</b>													
Iron & steel	4,084	3,854	-5.6	955	1,014	1,174	989	866	826	1,063	945r	927	+7.1
Other industries	93,661	97,055	+3.6	14,928	26,922	34,450	18,508	15,632	28,465	35,877	18,965r	15,750	+0.8
Domestic	311,375	297,035	-4.6	23,098	103,797	119,678	47,624	27,599	102,135	138,084	44,961r	25,631	-7.1
Other final users	95,631	92,522	-3.3	12,634	31,564	28,763	17,668	14,872	31,219	33,487	17,359r	14,170	-4.7
Non energy use <sup>4</sup>	5,109	4,956	-3.0	1,277	1,277	1,239	1,239	1,239	1,239	1,239	1,239	1,239	-

1. Percentage change between the most recent quarter and the same quarter a year earlier.

2. Stock change + = stock draw, - = stock build.

3. Natural gas used in the manufacture of synthetic coke oven gas and biomethane injections into the grid from installations certified under the Renewable Heat Incentive (RHI).

4. For heat generation and non energy use, the 2018 figures currently shown are the 2017 figures carried forward - these will be updated in June 2019.