

## Your guide to a disrupted world

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### Energy crisis

## European gas price rise accelerates as Russia cuts flows

Cost has **飙升** **surged** 25% this week as Moscow reduces supply through key pipeline



Germany's gas storage Reckrod plant near Eiterfeld. The EU is aiming for a 15% reduction in consumption by member states to help with filling storage sites ahead of the winter © AP

**David Sheppard** in London and **Amy Kazmin** in Rome 4 HOURS AGO

European gas prices jumped higher on Wednesday after Russia followed through on its threat to further reduce supplies to the region, increasing the risk the continent could face shortages in the winter months.

**Gas** prices rose as much as 13 per cent on Wednesday as flows on the Nord Stream 1 pipeline were cut to just a fifth of normal capacity.

European politicians have accused Russia of weaponising gas supplies in **报复** **retaliation** for sanctions imposed following the invasion of Ukraine. The key Nord Stream 1 pipeline, which connects Russia with Germany, was first cut to 40 per cent of capacity in June before Moscow threatened to make further cuts this week.

Soaring energy prices have **stoked** a cost of living crisis and boosted costs for industry, threatening to push the region into recession. It has already forced European capitals to take steps to try to protect consumers and industry from runaway prices.

救助

Germany has spent billions of euros **bailing out** gas utilities to try to ensure it has enough supplies for the winter. France is nationalising state-backed power **控制** company EDF to help **cap** costs for households, while the UK has put together a £15bn package to support voters with rising bills.

But the gas crisis has intensified in recent weeks as Russia has tightened its squeeze on supplies. The European benchmark TTF contract on Wednesday reached a high of €222.5 a megawatt hour, before easing back to €202.5.

The contract is up by about a quarter this week and more than double the level it traded at in early June, leading to expectations that more government help will be necessary. At these levels, the gas price is equivalent to an oil price of \$380 a barrel, almost four times the current price.

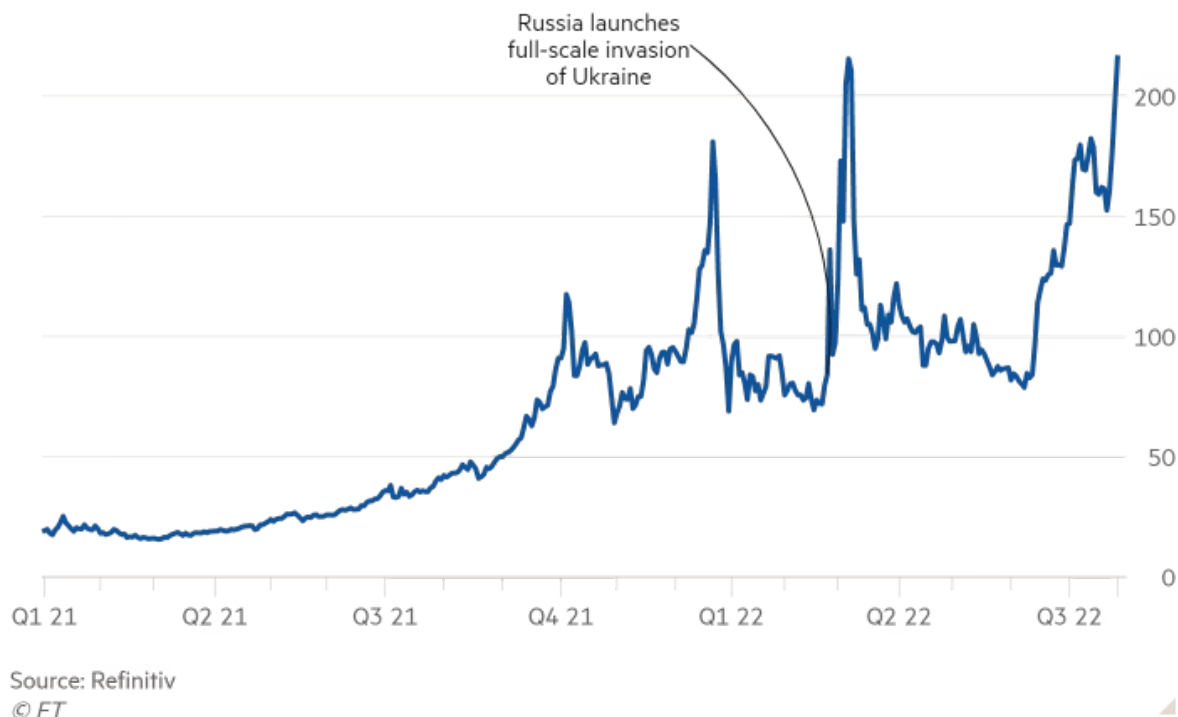
“Prices are so high that we really don’t know how the economy or demand is going to respond — we’ve never had anything even remotely close to these price levels,” said Ira Joseph, an energy consultant with decades of experience in the industry.

“We don’t know yet how all governments will respond. It’s safe to say few options will be taken off the table at this point.”

The EU has moved to reduce reliance on Russian gas, which made up about 40 per cent of the bloc’s supplies before the [invasion of Ukraine](#). It has also asked members this week to make voluntary cuts to demand, to reduce consumption by 15 per cent to help with filling storage sites ahead of the winter.

## European gas prices climb further

€ per megawatt hour



But fears remain that industry and households could face rationing or shortages this winter, with the potential for Russia to make further cuts to supplies.

Analysts at Goldman Sachs said this week that “price-driven demand destruction” was increasingly becoming necessary “to help compensate for such large supply losses”.

无缝

Gas traders said their ability to **seamlessly** buy and sell contracts on the market

恶化

had **deteriorated**, leading to increased **volatility**, with financial investors stepping back and utilities doing the **bare minimum** of trading to secure supplies.

波动性

最低限度

Russia has blamed the reduction of flows on Nord Stream 1 on problems with turbines that it said had been exacerbated by western sanctions. But the country’s state-owned gas export monopoly, Gazprom, has not made up the shortfall on alternative routes.

克里姆林宫 **Kremlin** spokesman Dmitry Peskov denied Gazprom was limiting supplies to force the EU to roll back sanctions against Russia and said the sanctions themselves were **holding up** gas flows.

耽误

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“**Gazprom** is shipping as much as necessary and as much as possible. We know that the technical opportunities for pumping gas have been reduced. They have shrunk. Why? Because technical maintenance has been complicated due to the restrictions and sanctions imposed by the EU,” Peskov told reporters, according to Interfax.

German utility Uniper said flows were down to 20 per cent of what it had requested from Gazprom.

Eni, the Italian energy company, said it had been informed by Gazprom that it would receive 27mn cubic metres of gas on Wednesday, down 20 per cent from the 34mn it had received in recent days.

Italy has reduced its dependence on Russian gas, from about 40 per cent of its total gas imports to near 25 per cent, with a large increase in imports from Algeria — which is now Italy's single largest supplier — **picking up the slack**. 收拾残局

Mario Draghi, in a speech to Italy's parliament last week before he resigned as prime minister, said the country's "unacceptable energy dependence" on Russia was "the consequence of decades of shortsighted and dangerous choices".

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