



**EAST MED GAS IN A
GLOBAL LNG MARKET:
COMPETITIVENESS,
INFRASTRUCTURE, AND
SECURITY OF SUPPLY**

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AGENDA

1. 2025 Gas Market Highlights, Trends and Expectations
2. Regional Balances and a Case Study
3. Conclusion

2025 GAS MARKET HIGHLIGHTS

Weak Demand and Shrinking LNG Pipeline Supply Offset by LNG Growth

- Less than 1% increase in global gas demand, mostly driven by Europe and North America, since demand in Asia remained weak. More than 5% increase in global LNG supply mostly “absorbed” by lower Russian and Norwegian pipe gas deliveries in Europe.
- The USA ended the year with 110 Mt of LNG exports + 55Mt LNG export projects approved.
- LNG further consolidated its role as the most flexible and fastest-growing segment of the global gas market. Asia remained the primary source of incremental LNG demand, while Europe continued to depend on LNG to diversify away from Russian pipeline gas, reshaping global trade flows and import strategies.
- Long-term LNG contracts and infrastructure investments were a notable focus for many importing countries seeking security of supply.
- Market fundamentals remained relatively tight despite a weak global marginal demand and an outstanding LNG supply increase due to lower piped supplies to Europe, keeping prices supported in some regions.

2025 GAS MARKET HIGHLIGHTS

Europe the Price Anchor, Asia the Swing Consumer, US the Price Floor

- HH ranged \$3 – 4.4MMbtu most of the time, with seasonal spikes, while TTF traded between \$11 – 13.5/MMbtu, peaking during winter months. JKM averaged \$11 – 12.5 /MMbtu with notable price sensitivity throughout the year.
- TTF-JKM spread narrowed as markets leaned more on spot LNG rather than regional pipeline supply. US gas remained the global marginal supply with wide arbitrage margins in Europe and Asia (x 3 – 4). Prices were ranged-bound with LNG setting the global clearing price. Volatility was driven more by weather, outages and geopolitics than by structural shortages. Security of supply mattered more than absolute prices.
- LNG became a global “balancing tool”. Buyers witnessed less appetite for spot exposure favoring mid-to-long term LNG contracts with oil-linked formulas regaining favor in Asia and HH-linked indexations dominating US Supply. Spot volumes were highly weather-driven and sensitive to freight rates. Sellers priced spot cargoes with embedded geopolitical risk premia.
- Portfolio players (majors, mid-streamers, aggregators) benefited most geographic optionality and contract flexibility (e.g. exposure to HH managed by global portfolio players through blending indexation with Brent and reselling volumes to Asia). End-users focused on price caps, volume flexibility and destination clauses.

2025 GAS MARKET TRENDS AND EXPECTATIONS

A closer look reveals opposite forces: TTF Slides while HH Surges and TTF JKM correlation

- Historically, Asian gas prices tended to trade above European levels due to longer shipping distances, sustained domestic demand, and stronger seasonal winter consumption. This trend temporarily reversed during the 2022 price spikes in Europe.
- However, over the past two years, the two markets have become tightly linked across global gas hubs. In H1 2025, the TTF–JKM correlation reached near-record levels (~0.95), reflecting deep global market integration driven by flexible LNG supplies and portfolio trading, which supported robust arbitrage flows
- In 2025, TTF and Henry Hub experienced opposite price pressures. TTF prices fell roughly 35% year-on-year, while Henry Hub surged more than 70% compared with 2024.
- In Europe, strong LNG inflows (up ~30% YoY) and reduced geopolitical tensions kept gas prices under downward pressure. Milder winter weather and improved wind generation added weighed further on prices, pushing TTF below \$9.5/MMBtu, its lowest level since April 2024.
- By contrast, Henry Hub rebounded from unsustainably low 2024 levels. The recovery was supported by a cold Q1, robust LNG exports, and higher storage injections through Q2/3.

2025 GAS MARKET TRENDS AND EXPECTATIONS

A closer look reveals Global Gas Price Convergence around US LNG Marginal Costs

- In late 2025, Arctic cold spells drove up space heating demand just as LNG feedgas flows reached record levels and slow wind generation increased gas-fired power use, **pushing Henry Hub prices to nearly \$5.5/MMBtu**, the highest since December 2022.
- As a result, the TTF–Henry spread narrowed to around \$4/MMBtu, with TTF briefly trading **below the long-run marginal cost (SRMC) of US LNG (\$8.5-9/MMBtu)**.
- US LNG contracts are typically priced at around 115% of Henry Hub. In November 2025, INEOS Energy signed a 0.5 Mtpa long-term LNG contract with Kinetik Holdings Inc., with deliveries starting in 2025 using a **TTF netback pricing structure**.
- Should the tighter-than-expected supply-demand balance in the US amid an early cold spell explain the EU-US late, spread squeezing, in the medium term the **TTF-Henry Hub spread is expected to tighten in a structural manner**. The next LNG wave (+250 bcm expected by 2035, of which 70% is expected from Qatar and the US) **is set to provide downward pressure both on Asian and European spot prices**, which might fall **close to the short-run marginal cost of US LNG (~ \$4-6/MMBtu)** starting from 2027.

“UNDER LOOSE MARKET CONDITIONS, LNG IMPORT PRICES FALL WITHIN THE RANGE OF LS LNG SHORT-RUN MARGINAL COST.

THIS DOES NOT RESULT IN PRODUCTION SHUT-INS BUT COULD LEAD TO SPORADIC CARGO CANCELLATIONS LOWER PRICE LEVELS FOSTER ADDITIONAL DEMAND GROWTH, INCLUDING COAL-TO-GAS SWITCHING DYNAMICS IN THE POWER AND INDUSTRIAL SECTORS.

IN THIS CONTEXT, LNG IMPORT PRICES ARE BECOMING INCREASINGLY SENSITIVE TO THE VARIABLE COSTS OF US LNG SUPPLY, EXTENDING THE GLOBAL INFLUENCE OF HENRY HUB. A GOOD EXAMPLE OF LOOSE MARKET WOULD BE 2019.”

– Posted by Greg Molar, Gas Analyst IEA, December 2025



SHOULD LNG IMPORT
PRICES CONTINUE
FALLING AND
CONVERGE GLOBALLY
AROUND THE US LNG
SRMC FROM 2027 AND
ONWARD...

1. How would this impact current cross-border trade deals, as well as field and infrastructure developments in the East Med?
2. Can East Med gas remain competitive in a globally integrated market, and compete effectively with US LNG?
3. Under what conditions can buyers of East Med gas create value in their supply strategy? Would the associated risks be global or regional?
4. How can producers, and midstream infrastructure operators derive value while maintaining a balanced risk profile?
5. How can East Med gas contribute to providing markets with affordable and low-carbon energy and regional security of supply?

A VIEW ON REGIONAL BALANCES

+

A CASE STUDY

SUPPLY AND DEMAND LOCAL AND REGIONAL BALANCES

Area	Current Gas Balance	Future Factors influencing Regional Balances
Israel	Production: ~ 2.6 bcf/d (44% Leviathan – 36% Tamar – 20% Karish) Consumption: ~ 1.4 bcf/d Net Exports: ~ 1.2 bcf/d (75% Egypt – 35% Jordan)	Leviathan: +0.25 bcf/d by 2026, sold to Egypt Tamar: +0.4 bcf/d, by 2026, sold to Egypt Katlan: +0.2 bcf/d, by 2027 sold to Egypt ? Leviathan*: + 0.75 bcf/d by 2029 sold to Egypt Gas demand growth: 6.5% p.a.
Egypt	Production: 4.2 bcf/d (70% Med** – 19% West Desert – 8% Nile Delta – 3% Gulf of Suez) Consumption: 6.3 – 6.8 bcf/d Imports: 2.7 bcf/d (Israel -35% , USA – 65%) Exports: EU and Türkiye 0.45 bcf/d	Domestic Production Target: + 2.4 bcf/d by 2027 Gas demand growth: 4% p.a. Mauritania LNG Imports: in 2026 Qatar LNG Imports: in 2026 Syria Exports: in 2026
Greece	Production: marginal Consumption: ~0.55 bcf/d Imports: ~ 0.6 bcf/d (84% US, Nigeria, Norway, Algeria) Transit: 0.05	IGB expansion: + 0.2 bcf/d by 2028 (Azerbaijan and US) TAP: +0.12 bcf/d expected in 2026 (Azerbaijan) Interconnector Greece-North Macedonia: +0.15 bcf/d in 2026 Exploration wells expected to be drilled in by 2027/28 in Block 2 (NW Ionian) and Seismic in the “South of Crete” blocks
Cyprus	-	Kronos*: ~ 0.85 bcf/d y, by 2028 Aphrodite*: ~ 0.85 bcf/d, by 2031

*Pending FID

**Zohr currently produced 1.3 bcf/d. It reached its peak production capacity in August 2019 at 2.7 bcf/d. Egypt's total gas production peaked at 7.2 bcf/d the same year/ Zohr's infrastructure can receive up to 3.2 bcf/d



NEXT 5 YEARS...

- Egypt's current gas balance is roughly 2.7 bcf/d of supply and demand, with domestic demand growing at ~4% per year.
- Israel is expected to add ~1.6 bcf/d of new production, of which ~75% (~1.2 bcf/d) is likely to be exported, primarily to Egypt under long-term contracts.
- Cyprus is expected to contribute up to ~0.85 bcf/d to the regional gas balance via the Cronos field in the late 2020s, potentially followed by an additional ~0.85 bcf/d from Aphrodite in the early 2030s.
- Greece is developing ~0.5 bcf/d of incremental transit capacity toward the Balkans and Italy (via TAP/IGB/IGI and related interconnectors), while Greek domestic demand is assumed to remain relatively stable.
- After accounting for long-term contracted volumes from Israel and Azerbaijan and excluding the Cypriot potential volumes or any increase in Egyptian domestic production, a residual gap of ~1.5 bcf/d remains.
- This gap must be met by imports into Egypt and Greece and/or transit through Greece and is expected to be largely covered by US LNG, (part of which is already contracted in the near term) or partly by a new entrant like Cyprus.

A CASE STUDY

Egypt covers currently 1/3 of its energy needs via imports with 1/3 of them coming from Israel and 2/3 from the US. Gas demand grows each year by ~ 5% on average. To reduce the burden of its import dependency, the country has committed to:

- an ambitious E&P program with multiple license bid rounds, enlarged exploration perimeters and active follow-up at the highest public executive ranks
- fulfilling its arrears payment obligations to IOCs and progressively lifting gas price subsidies on its internal market
- diversifying its LNG sources (2026 LNG deliveries from Mauritania and Qatar on top of the US ones..) and by substituting direct spot purchases by bilateral short-to-mid term OTC deals.

The received **US LNG**, which represents ~ 28% of its annual demand, is priced at levels on average double or triple the ones of the subsidized gas sales within Egypt or the price of imported pipe gas from Israel. Despite the obvious state budget risks, this situation induce extra domestic FX stress which in turn can have a counter effect on arrears payments to IOCs. Should this case materialize, Egypt would run a severe risk of divestments followed by economic and political implosion.

In this context, Cypriot gas from the Cronos field offers Egypt a compelling alternative to US LNG, lowering costs and FX exposure, while also providing the Cypriot producer with a valuable tool to manage volume risk.

What about price risk allocation?

MAIN SUPPLY SOURCES EXCLUDING US LNG – COST/PRICE ELEMENTS

Source	Production/Import Cost	Notes
Azerbaijani pipeline gas	~\$ 6.9/MMbtu (2025 budget forecast) ~\$10.6/MMbtu (realized netback) Q1-2025	Reflects oil-indexed long-term contracts and netback value
Israeli gas (Leviathan/Tamar)	~\$4 \$/MMbtu production cost ~\$7.25 MMbtu delivered to Egyptian frontier	Pipeline delivery allows low-cost exports, competitive vs LNG
Egyptian production	Upper limit: ~\$4–\$4.25 (Egyptian purchase price)	Western Desert output by Apache; includes recent contract price hike to \$4.25/MMBtu for Apache

RECENT DEVELOPMENTS REGARDING CRONOS

- Egypt and Cyprus signed **commercial agreements** to develop the Cronos gas field in Cyprus's Block 6, advancing towards Final Investment Decision (FID).
- **Processing & Export Route:** Cronos gas will be processed and exported via Egypt's LNG facilities, reinforcing Egypt as the Eastern Mediterranean regional gas hub.
- **Key Contracts Signed:**
 - **Handling, Transportation, and Processing Agreement (HTPA):** Between Eni (50%, operator), TotalEnergies (50%), EGAS, IEOC, and Petrobel.
 - **Tolling Contract:** Between Eni, TotalEnergies, and Damietta LNG plant; governs liquefaction fees (~\$1/MMBtu).
 - **Tariff Agreement:** Between Block 6 partners and Egypt's Ministry of Petroleum and Mineral Resources; covers infrastructure use.
 - **Volume Clause** under discussion: **20%** of the production sold to **Egypt**.
- **Gas Transport Infrastructure:**
 - Cronos gas to use **Zohr offshore infrastructure**, one of two 30-inch pipelines **dedicated to Cronos**.
 - Gas treated at Zohr onshore facilities, then sent via a **new pipeline to Damietta LNG**, bypassing Egypt's national grid.
- **Financial Terms:**
 - Tolling fee:** ~\$1/MMBtu depending on volumes (**covers liquefaction**).
 - Tariff:** <\$0.5/MMBtu for Egypt's hosting and regulatory facilitation

Adopting a pure economic rationale, without any considerations regarding regional geopolitical alliances and respective foreign policy strategies...

CURRENTLY

- European gas benchmarks (TTF, JKM) are high enough to preserve margins across the gas value chain.
- US LNG, Israeli pipeline gas, and Azerbaijani pipeline gas are all well below current TTF/JKM levels, creating interesting arbitrage opportunities

The “Cypriot” Producer and Molecule Holder position:

- Seeks to monetize gas, maximize netback margins and achieve high return on capital.
- Interested in leveraging Egyptian processing and export infrastructure to accelerate time to market and reduce development costs
- Has no incentive to sell domestically to Egypt; LNG sales under current European prices provide large margin potential and access to multiple off-takers, particularly amid the EU Russian gas phase-out.

The “Egyptian” Buyer and Export Infrastructure Holder position

- Seeks to maximize value of existing underutilized processing and export infrastructure, especially following the Zohr field decline, to generate additional infrastructure-based revenues
- Interested in purchasing “cheap” gas as much as possible to tackle its short domestic gas balance position, while mitigating domestic E&P volume risks and external LNG import price exposure.
- Aims to diversify supply sources to strengthen security of supply and reduce incurred financial burden to the state budget, which directly impacts ongoing oil and gas development activity.

The “Greek” Buyer and Europe Transit Infrastructure Holder position

- Seeks to contract volumes for transit, generating stable infrastructure-based cash flow
- Is interested in supplementing domestic supply and mitigating exposure to high LNG import prices. Locking in long-term supply diversity strengthens security of supply and reduce dependence on a single supplier.
- Is interested in buying gas to expand its market share in Europe, especially through the vertical corridor, under the EU Russian gas ban or arbitrage opportunities under a price environment which allows large margin potentials (East Med LNG is priced below competing global LNG and European gas benchmarks)

UNDER A FALLING GLOBAL LNG PRICE SCENARIO

[convergence towards the US LNG SMRC from 2027 onward, e.g. by the time Cronos will come on stream]

The “Cypriot” Producer and Molecule Holder position:

- Seeks to **monetize gas efficiently** while preserving margins in a low-price environment.
- Interested in **leveraging Egyptian processing and export infrastructure** to reduce capital and logistics costs, accelerate time-to-market, and preserve return
- **May consider domestic sales to Egypt** as a reliable outlet, as European arbitrage margins shrink and needs to balance price risk within its sales portfolio

Focus shifts from maximizing high-margin European Arbitrage to cost-effective commercialization and risk-managed returns

The “Egyptian” Buyer and Export Infrastructure Holder position

- Focuses on **using underutilized processing and export infrastructure** to support domestic supply rather than maximizing export arbitrage.
- Focuses on **long-term, low-cost pipeline and regional gas contracts** to stabilize supply and costs. LNG imports remain a balancing tool, but **Egypt prioritizes replacing LNG with cheaper regional gas**.
- Supply diversification is mostly driven by the **volume risk rather than the price risk**. Security of supply concerns and regional or supra-regional geopolitical alliances prevail.

Strategic goal: **maximize domestic supply security, reduce costs, and stabilize fiscal impact**, rather than chasing high-margin exports

The “Greek” Buyer and Europe Transit Infrastructure Holder position

- Seeks to **contract volumes for transit**, ensuring **stable infrastructure-based cash flow**. Transit revenues remain **stable but less volume-elastic**, with economic value driven by **strategic positioning rather than margins**.
- Infrastructure strategy shifts toward **high utilization and long-term contracts**, rather than price-driven trading.
- Value proposition becomes **security of supply, diversification, and corridor relevance** for Southeast and Central Europe.

Expansion of European market share via the East Med corridor becomes **less profitable**, with strategic value shifting toward **pipeline utilization and energy security**



Current TTF forecasts
for 2027 range
between
\$ 5 - 7.3 / M M b t u ...

- **Competitive Benchmark Shifts**
 - If Europe prices at \$ 5-6/MMbtu → US LNG floods the market, margins collapse.
 - If prices stabilize at \$ 6.5 – 7.5/MMbtu → East Med gas can still compete if delivered costs stay below ~\$7/MMBtu.
- **Egypt's Advantage Strengthens**
 - Egyptian pipeline and regional gas at **\$4–6/MMBtu** can displace LNG sustainably, not just opportunistically.
 - LNG becomes **balancing and seasonal**, not baseload, provided sufficient volumes
- **Cyprus Viability Becomes Binary**
 - Below **\$ 6/MMbtu** delivered EU → Cronos/Aphrodite struggle unless fully integrated with Egypt.
 - **\$6.5–7.5/MMBtu** delivered EU → viable with shared infrastructure, but little margin
- **Greece's role is Locked In**
 - Arbitrage depends on prices **above \$7.5–8/MMBtu**.
 - Below that, value is **security-of-supply and guaranteed throughput**, not trading margin.

While US LNG can clear the market at \$5–6/MMBtu on an SRMC basis, sustainable European pricing must remain closer to \$6.5–8/MMBtu to recover liquefaction costs. This narrow band defines the long-term competitive window for East Med gas.

East Med Gas in a Globally integrated Low-Price Gas World

- Impact on Cross-Border Trade & Infrastructure
 - Lower global gas prices reduce arbitrage but reinforce the value of regional pipeline and shared infrastructure solutions.
 - Cross-border deals shift from price-driven to cost-efficient, long-term, risk-sharing arrangements.
 - Infrastructure developments that reuse existing assets (Egypt LNG, Zohr system, Greek Grid and Interconnections Points) remain viable; greenfield standalone projects struggle
- Competitiveness vs US LNG
 - East Med gas can remain competitive if delivered costs to Europe stay below ~\$6.5–7/MMBtu, matching US LNG full-cycle economics
 - Advantage lies in shorter distances, lower shipping emissions, and infrastructure integration, not scale.
 - US LNG sets the global price floor; East Med competes on system efficiency and regional proximity
- Value Creation Focus Shifts
 - Buyers create value by replacing LNG baseload with cheaper regional gas, locking in long-term supply diversity, using LNG strictly as a balancing and peak tool. Risks are mainly regional (geopolitical, upstream timing) rather than global price risk
 - Producers derive value through early monetization, capex discipline, and guaranteed offtake. Midstream operators earn stable, price-agnostic revenues via tolling, transit, and processing. Balanced risk profiles achieved through take-or-pay volumes, flexible pricing, and shared infrastructure.
- Affordability, Decarbonization & Security
 - East Med Gas supports lower delivered costs vs LNG imports, lower lifecycle emissions (shorter shipping, pipeline use, up-to-date production techs, ..) and regional security of supply. East Med Gas as a pragmatic transition fuel supporting both energy affordability and system resilience.

CONCLUSION

Cronos is not just a gas project...
it is a blueprint for how East Med
gas can remain competitive,
bankable, and strategically
relevant in a \$5–7/MMBtu world.

Thank you