

Cabinet SIMSON - Minutes of Meeting

MEETING CONCLUSIONS

Title	Meeting with SHELL
Date	17 March 2022
Participants	Ext: ██████████ (SHELL) COM: Stefano Grassi, Tatiana Marquez (Cab Simson)
Disclosure authorisation :	<input checked="" type="checkbox"/> YES - <input type="checkbox"/> NO - <input type="checkbox"/> Partial (pls highlight unauthorized parts)
	<p>Mr Grassi presented the outcome of the Versailles Summit and the plans for a EU strategy to phase out dependency on Russian fossil fuels, inviting Shell to share their outlook analysis and scenarios for security of supply.</p> <p>██████████ presented the gas security of supply situation, noting that markets were going towards a period of deficit, from a situation of extreme tightness. Post covid economic recovery was intense and boosting demand. Global gas demand was 50 bcm higher this year than the previous one. On the Supply side, supplies had gone down, as many countries were adjusting to a net zero trajectory, except Russia. Going forward, he saw three scenarios possible: a) a creeping embargo on Russian oil and gas from the energy market operators, mainly on oil, either as a form of self-sanctioning or because of sanctions overcompliance b) MS getting tougher on Russia and progressively stopping buying from RU c) a worsening of the war in Ukraine and Russia's decision to complete stop supplying oil and gas to EU countries. ██████████ considered that the third scenario should be taken seriously. ██████████ saw however various factors on the upside, such as Brazil coming back to the market of hydropower, nuclear restart in Japan, LNG output planned increases outside the US. However, ██████████ considered that demand reduction would become necessary to avoid an imbalance between supply and demand.</p> <p>██████████ considered that gas flows to Europe would be preserved by Europe's ability to pay higher prices and secure flexible quantities on the spot market. China was rather tied to long term contracts with a few suppliers. TTF prices would remain high and very volatile. Some flexibility could come from gas to oil switch in the industrial sector but warned against disruptions in the oil market that could be induced by extra demand. ██████████ also called for a inventory of old power assets that could be brought back into production.</p> <p>██████████ also referred to the importance of planning storage filling for next season.</p> <p>In reply to questions from Mr Grassi and Ms Marquez, ██████████ elaborated on how security of supply concerns could be combined with preserving the decarbonization goals, in particular if coal consumption would increase, in particular in developing countries. ██████████ also mentioned the risks for a breaking up of supply chain for renewables, in particular on sourcing critical minerals. Looking at China, the discussion focused on whether the 2060 net neutrality goal was matched by concrete investment plans and about the priority given to economic growth compared to sustainability.</p> <p>Regarding renewables, ██████████ confirmed the importance of addressing permitting and authorization as bottlenecks for new renewable projects deployment and indicated the risk posed also by skilled labour shortages. ██████████ suggested creating a task force jointly with industry to look at this barriers for renewables. ██████████ concluded that markets needed at this point in time more clarity and required adjusting, and pointing to the risk of disruptions in the coming months.</p>