

## European Union Energy Platform (RePowerEU) TotalEnergies proposals for contributions

**This note presents some proposals which could be discussed by the EU Energy Platform, its Advisory Group and by the recently announced Energy Platform Task Force of DG ENER, to strengthen the global supply of LNG to Europe.**

The Commission and Member States have established the EU Energy Platform to coordinate measures to secure energy supplies for the EU, including through the voluntary common purchase of pipeline gas, LNG and hydrogen. The new Energy Platform Task Force of DG ENER will support it and will help deliver on the RePowerEU objective of reducing dependence on Russian fossil fuels, by enabling Member States and neighbouring countries to have access to alternative energy supplies at affordable prices in the coming years.

TotalEnergies wishes to present here some proposals to strengthen the LNG supply towards Europe, which could be developed and coordinated through those various platforms (hereafter called “the Platform”):

1. The Platform could help coordinate, through bilateral policy discussions, the development of long term LNG contracts (typically at least 10 years). This would lead to a benefit on security of supply and on the reduction of price volatility, thanks to adapted price formulas (with cap and floor, the floor being one of the possible tools to limit the potential for redirection).
2. The Platform could also, through bilateral policy discussions and in the frame of wider energy cooperation, work with some LNG producers to abandon redirection clauses on new contracts or, at least, to temporarily abandon the use of these clauses for the next 2-3 years on existing contracts, to secure more volumes towards Europe in this critical period.
3. The Platform could encourage certain critical buyers (namely state companies with limited portfolio capabilities) to subscribe DES contracts, instead of FOB ones. Most of new projects have a requirement of contracting 75% of total capacity before obtaining financing. Those projects could be privileged target.
4. In the frame of the current transatlantic political discussions, the Platform could also support the need to speed up the authorization of new needed infrastructure projects. These authorizations could be made conditional to sufficient aggregated volumes being also coordinated by the Platform, to secure the optimum uses of these infrastructures on the long term. This would be valid on both sides of the Atlantic.
5. The Platform could push the European regulators and Member States to adopt specific emergency measures to accelerate the construction of the identified critical regasification terminals and FSRUs, and their connection to the network. The precedent of the German “LNG acceleration law” could be discussed.
6. The Platform could also work closely with ENTSOG to modify the architecture of the network in order to improve the fluidity of gas circulation: West/East (France to Germany) and South/North (Spain to France) bottlenecks are today the cause of various hinderance in the fluidity of the market, causing price differential between regional markets which could affect the supply. The Commission could then encourage these "reverse flows" within the framework of the Projects of Common Interest and associated financing schemes.
7. Finally, the strengthening and long-term security of LNG imports to Europe will rely on a limited number of integrated actors, being able to continuously adapt the complex logistic chain to optimize costs and schedule and to manage the commercial exposure. TotalEnergies, being the 2<sup>nd</sup> private actor on global LNG market and the 1<sup>st</sup> exporter of US LNG (10 MT in 2021), is ready to bring its expertise and knowledge to the Commission, under the Advisory Board of the EU Energy Platform or under any other form.