

D. RISTORI Directeur Général ENER

Dossier pour le Directeur-Général

Réunion avec M. SHELL

Vendredi 19 janvier 2018

15h00 - 15h45

DM24 08/084

Basis: 5271 Assistante:

Briefing for Mr Dominique RISTORI

Meeting with	, Shell
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on 19 January 2018, at 15:00

SCENE SETTER

Shell is an important global energy player, very active, among others, in gas exploration and extraction, as well as liquefied natural gas (LNG) both in liquefaction and as a supplier. They acquired BG Group plc in April 2015 and with that they became one of the 'majors' of the LNG industry (next to Total, ExxonMobil and Chevron). Royal Dutch Shell, together with Exxon Mobil, operates the Groningen gas field in the Netherlands.

On 8th January, an earthquake in the Groningen field occurred. There is now growing pressure from citizens on the NL government to reduce the gas production from the Groningen field.

When it comes to investments and ongoing projects, Shell has several interests in the Mediterranean, including Cyprus (gas field), Egypt (LNG liquefaction terminal) and also Russia (Sakhalin LNG). Shell has also major shares in LNG production (liquefaction) in Australia, Brunei, Malaysia, Nigeria, Oman, Qatar, Trinidad & Tobago and Peru and regasification capacity in India (Hazira). In Europe, they own capacity at the LNG regasification terminals of Milford Haven (UK) and GATE (Netherlands).

Shell would like to:

- (1) present its views on the global LNG market with a focus on prospects for LNG to Europe
- (2) discuss progress with the Clean Energy Package, and
- (3) the ongoing work on the future reform of the gas market

Their first LNG Outlook was published in February 2017 (main conclusions can be found in the background, with recent updates from other sources); we have no information about a new LNG outlook for 2018.

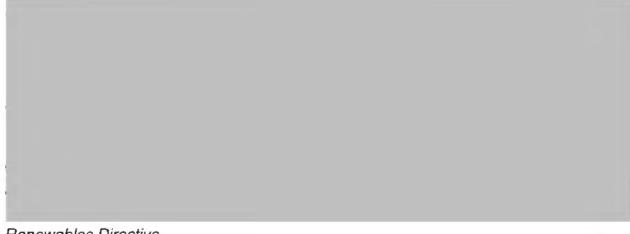
Shell actively contributed to and participated in the first of four workshops organized by DG Energy and METI (Ministry of Economy, Trade and Industry of Japan) under the EU-Japan Memorandum of Cooperation signed in 2017.

OBJECTIVES

- Exchange views on the opportunities that LNG can provide to the EU in achieving its diversification objectives for better security of supply and competition
- Provide an update on the state of play of discussions of the Clean Energy for All Europeans package
- Shed light on the current thinking and actions of DG Energy about a potential future reform of the gas market

LINES TO TAKE		

- In addition, the gas industry has a responsibility to make sure that from an environmental perspective - the benefit of using gas instead of coal and oil as a transitional fuel is indeed there. For this reason, the issue of methane leakage needs to be taken seriously, thoroughly analysed and addressed along the whole gas value chain
- In this regard it is also important to highlight the potential of renewable sources of gas, such as synthetic gas, hydrogen (power-to-gas technologies) or biogas. These sources can often utilize existing infrastructure, extending their useful lifetime further into the future.



Renewables Directive

- · COM is pleased that the Council reached a general approach on REDII just before Christmas. The European Parliament adopted its first reading position on 17 January in plenary.
- Regarding the renewable energy target for 2030, the European Parliament is more ambitious than the Council, proposing a 35% Union target with binding national targets. Given the significant cost reduction of renewable technologies, the European Commission believes that a target higher than 27% could be considered.



- With the emergence of new technologies and the potential for renewable sources of gas, optimising gas infrastructure in the future will also mean building on synergies and interactions between the gas and the electricity sectors. Gas infrastructure can continue playing a short term balancing role and a longer-term/seasonal system stability function (e.g. via the combination of gas storages and power-to-gas technology).
- DG ENER will analyse the role of gas in the energy system: we are launching a study in 2018 to analyse the interactions and possible synergies between the gas, electricity and heating sectors with the aim to assess what role gas and gas infrastructure can play in decarbonising the energy system, as well as the features and prospects of renewable gases (green gas).

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