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Sent: mardi 4 octobre 2022 18:47
To: SEIBERT Bjoern (CAB-VON DER LEYEN); RISO Stephanie (CAB-VON DER LEYEN)
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Subject: Notes from VTC with Shell - 4 October 2022

On-line meeting at Shell's request.

Participants:

- [REDACTED]
- Kurt Vandenberghe, [REDACTED]

Main points from Shell:

- Gas market is stabilising now at around 170 euro at TTF (full storages, warm climate) but will remain volatile because exposed to risks of supply shocks (impact of hurricanes, supply disruptions from UK, Norway, North Africa);
- If the coming winter is like 9 out of 10 previous winters, Europe should manage. Main risks: very cold winter and rapid off-take of gas by China (in which case Europe may miss 20 to 25 bcm);
- The big challenge is for next filling season (given the expected cut-off of Russian gas and the competition with Asia);
- A price cap would have disturbing impacts. With currently high prices, all liquid (including propane, methane which are otherwise extracted for other uses) are left in the system. If a cap is imposed, this would lead to extraction of these other high value uses and would then reduce the calorific value of gas;
- Having sufficient LNG capacity does not mean that you have secure supply of LNG;
- Big worries with a wholesale market cap (loss of marginal LNG supplies, EU would need to act as single buyer; internal trading in the EU market would stop because price signals disappear etc). Same arguments as in our non-paper of 28 September;
- Despite frustration with attitude of traders, limiting trading to traders which have booked capacity is not advisable (would reduce liquidity in the market);
- Interest in a possible cap above current market price (to act as a ceiling), linked to the TTF: kind of TTF collar (basically acting as a circuit breaker to

avoid price spikes). Solution should be found to avoid the risk that all prices are driving up to the ceiling.

Kurt