

Date: 21 August 2015

Place: Brussels

Participants: Commissioner Arias Cañete with representatives of Shell, Cabinet member (YS)

SUBJECT: meeting to present Shell's views on the ETS review proposal and developments in the gas/LNG market

Shell acknowledged the ETS review proposal as "*positive for us and for the world*", but was of the view that there was scope for further improvement as regards

- allocation should be done as close to real production as possible (fully dynamic)
- ways to accelerate emission reductions in the power sector so as to optimise the system and reduce costs of meeting the target overall (as even a carbon price of 30€ in 2030 will not drive changes in the power sector fast enough). In this respect, differentiation between the power sector and industry sectors should be considered.

Commissioner Arias Cañete explained the political constraints underpinning the ETS review proposal, acknowledged the concerns of energy intensive industry in relation to the risk of carbon leakage which led to a particular focus of the proposal to better target the allowances to the sectors most at risk, and pointed to the further discussions/negotiations on the proposal in the EP and the Council.

On the gas/LNG market, Shell representatives expressed their interest to contribute to the upcoming LNG Strategy and underlined that for Shell carbon pricing and interconnections were the two most important elements.

Commissioner Arias Cañete invited the Shell representatives to respond to the public consultation and to participate in the stakeholder workshops. He also pointed to the Communication on decarbonisation of the transport sector scheduled for first half of 2016, and to legislative proposals on RES including bio-energy in the second half of 2016.

Shell's announcements as regards Nordstream, which should facilitate more gas supply to the EU (as linked to a 50% capacity extension of the Sakhalin gas field) which in turn should lower prices, and the investment climate in Argelia were also discussed.

Commissioner Arias Cañete explained the Commission's political priority to diversify sources, while taking into account the EU's objectives to reach -40% GHG emission reductions, 27% RES and 27% energy efficiency improvement by 2030.