



Shell Singapore Pte. Ltd.
9 North Buona Vista Drive, #07-01
The Metropolis Tower 1
Singapore 138588
Mailing Address: P.O. Box 643
Singapore 901243
Main Line: +65 6384 8000
Website: <http://www.shell.com.sg>

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By Email

Mr. Björn Seibert
Co-chair of the U.S.-EU Task Force on
Energy Security
Head of Cabinet of the President
European Commission

Ms. Ditte Juul Jørgensen
Co-chair of the U.S.-EU Task Force on
Energy Security
Director-General for Energy
European Commission

Mr. Amos Hochstein
Co-chair of the U.S.-EU Task Force on
Energy Security
Senior Advisor to the President for Energy
and Investment

Ms. Sarah Ladislaw
Co-chair of the U.S.-EU Task Force on
Energy Security
Special Assistant to the President and Senior
Director for Climate and Energy
National Security Council

**Urgent Need for Reliable, Long-Term LNG Supply to Europe from Venture Global's
Calcasieu Pass Export Facility**

Dear Recipients:

Shell is a long-term foundation customer of Venture Global's Calcasieu Pass liquefied natural gas (“**LNG**”) export facility in Cameron Parish, Louisiana (the “**Facility**”). We write to express our serious concerns regarding Venture Global's ongoing misconduct and its impact on our ability to meet critical long-term energy supply needs in European markets.

In particular, Venture Global’s refusal to place the Facility into commercial operation, and begin delivering LNG to Shell and the Facility’s other foundation customers pursuant to their long-term supply agreements, will have detrimental consequences on the urgent policy priorities of the U.S.-EU Task Force on Energy Security (the “**Task Force**”). As the Task Force made clear in a statement released earlier this year, it “will continue to focus on the energy market shocks and high energy prices caused by Putin’s war of aggression against Ukraine,” including by “keeping a high level of U.S. LNG supplies to Europe” notwithstanding “the challenging supply situation.”¹ Since then, recent geopolitical developments have heightened market uncertainty, driving gas price volatility, and potentially even further tightening European gas supply.²

To secure a stable, long-term supply of natural gas to European markets, record levels of LNG importation and regassification capacity have been installed across the European Union,³ with the expectation that U.S. suppliers will in turn (1) execute long-term sales and purchase agreements with European-based buyers and suppliers; (2) use those long-term commitments to obtain regulatory approvals and raise the necessary capital to build LNG export infrastructure in the United States; and then, critically, (3) honor those contracts by performing them according to their terms, achieving the stable and secure delivery of LNG to those European customers at contracted prices and volumes.

That is precisely the framework for Venture Global’s inaugural Calcasieu Pass project. With long-term purchase commitments from Shell and the other foundation customers in hand, Venture Global was able to fundraise, permit, execute, and construct the project in record time, achieving first cargo in March 2022, more than 20 months ago.⁴ Despite Shell’s repeated requests, however, Venture Global has refused to honor the very commitments that undergirded its project in the first place, and declare the start of commercial operations at the Facility.

Even though publicly available export data confirms that the Facility has for many months been reliably producing LNG at nameplate capacity,⁵ Venture Global denies that the Facility is in

¹ “Joint Statement on U.S.-EU Task Force on Energy Security,” *The White House*, 3 April 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/04/03/joint-statement-on-u-s-eu-task-force-on-energy-security/>.

² *See, e.g.*, C. Lu & O. Osho-Williams, “The Israel-Hamas War Could Upend Global Energy Security,” *Foreign Policy*, 11 October 2023, <https://foreignpolicy.com/2023/10/11/israel-hamas-war-energy-natural-gas-oil-prices/>.

³ *See, e.g.*, A. Shirryaevskaya & J. Ainger, “EU Prepares to Import More LNG With Boost in Capacity Next Year,” *Bloomberg*, 9 March 2023, <https://www.bloomberg.com/news/articles/2023-03-09/eu-prepares-to-import-more-lng-with-boost-in-capacity-next-year>; V. Eckert, “Germany builds up LNG import terminals,” *Reuters*, 20 September 2023, <https://www.reuters.com/business/energy/germany-builds-up-lng-import-terminals-2023-08-09/>.

⁴ “Venture Global LNG and JERA Announce Departure of Inaugural Commissioning Cargo from Calcasieu Pass,” *Venture Global LNG*, 1 March 2022, <https://venturegloballng.com/press/venture-global-lng-and-jera-announce-departure-of-inaugural-commissioning-cargo-from-calcasieu-pass/>.

⁵ Export data from the U.S. Department of Energy and Kpler indicate that in the year between 1 October 2022 and 30 September 2023, Venture Global exported **9.96 million tonnes** LNG from Calcasieu Pass, effectively the Facility’s **10.0 million tonnes** per annum nameplate capacity. *See* U.S. Department of Energy, Office of Fossil Energy and Carbon Management, LNG Monthly 2022,

commercial operation and refuses to sell any LNG to its foundation customers at contracted prices and volumes for onward delivery to their European buyers. Instead, Venture Global has opted to *itself* sell a steady and continuous flow of “commissioning” cargoes of LNG, to whatever global destinations offer the highest spot market prices, reaping undue revenues of approximately \$18 billion, if not more.⁶

Indeed, the Calcasieu Pass Facility’s so-called “commissioning” period defies industry standard. As Eurogas recently reported in a letter to the European Commission, the nearly 600-day duration of the Facility’s “commissioning” period, and the over 200 “commissioning” cargoes exported from the Facility during that period, far outstrip the corresponding figures for six other comparable U.S. LNG export facilities.⁷ In all that time, however, Venture Global has categorically refused any and all performance of its long-term supply agreements.

Moreover, Venture Global’s excuse for this refusal to perform does not withstand scrutiny. Although Venture Global has declared “force majeure” on grounds that the Facility’s power island is in purported need of repair, regular exports from the Facility have nonetheless continued unabated throughout the entire period of claimed “force majeure.”⁸ Indeed, Venture Global even openly affirmed to its principal federal regulator that it will “continue to produce commissioning cargoes of LNG for export” notwithstanding the alleged issues underlying the “force majeure” claim.⁹ If Venture Global genuinely believed that technical issues prevented commercial operation

<https://www.energy.gov/fecm/articles/lng-monthly-2022> (2022 export data); Department of Energy, Office of Fossil Energy and Carbon Management, LNG Monthly 2023, <https://www.energy.gov/fecm/articles/lng-monthly-2023> (2023 export data through 31 August 2023); Kpler, <https://www.kpler.com/> (subscription service providing export data for September 2023, for which U.S. Department of Energy data is unavailable).

- ⁶ S. Disavino & M. Rashad, “Explainer: Venture Global LNG contract fight with European Customers,” *Reuters*, 20 September 2023, <https://www.reuters.com/business/energy/venture-global-lng-contract-fight-with-european-customers-2023-09-19/>.
- ⁷ Letter from Didier Holleaux, President of Eurogas, to President Ursula von der Leyen and Executive Vice-President Maroš Šefčovič of the European Commission, at 2 (chart comparing duration from first cargo to start of commercial operations by LNG facility, indicating nearly 600 days for Calcasieu Pass versus a range of 30 to 250 days for Cove Point, Cameron, Sabine Pass, Freeport, Corpus Christi, and Elba Island); *id.* (chart comparing number of commissioning cargoes by LNG facility, indicating 200 cargoes for Calcasieu Pass versus a range of 0 to 25 for the six other facilities). *See also* C. Paul & H. Weber, “A year later, Calcasieu Pass still commissioning as expansions get boost, foundation customers wait,” *S&P Global*, 21 March 2023, <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/natural-gas/032123-a-year-later-calcasieu-pass-still-commissioning-as-expansions-get-boost-foundation-customers-wait> (reporting in March 2023—seven months ago—that “Venture Global LNG may have reaped billions of dollars in profits from the *longest ever commissioning* of a US liquefaction facility”) (emphasis added).
- ⁸ U.S. Department of Energy and Kpler data, *supra* n. 5 (indicating that Venture Global continued to export 10–13 cargoes per month, at production rates commensurate with the Facility’s nameplate capacity, in the months since declaring “force majeure” in March 2023).
- ⁹ C. Goh & E. Yep, “Start of commercial operations at Calcasieu Pass delayed, Venture Global LNG tells US regulator,” *S&P Global*, 30 March 2023, <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/natural-gas/033023-start-of-commercial-operations-at-calcasieu-pass-delayed-venture-global-lng-tells-us-regulator>.

at Calcasieu Pass, then it would have devoted the necessary resources to promptly rectify those issues so as to start delivering on its long-term contracts; instead, Venture Global has apparently diverted its focus and resources to completing a separate, unrelated export project, and has demonstrated no similar sense of urgency or priority in getting Calcasieu Pass LNG cargoes, at contracted long-term prices and volumes, to gas-strapped European markets.¹⁰

Venture Global's conduct is also inconsistent with industry and regulatory reports confirming that construction and commissioning work at the Facility have long since been completed. It was only this month, for example, that Venture Global sought permission to place the last three liquefaction blocks at the Facility into service, even though it concedes that "commissioning operations" with respect to those blocks were completed in July 2022.¹¹ Venture Global fails to explain why it waited over a year to place the remaining liquefaction blocks into service, all the while continuing to sell LNG wherever the spot market price is steepest, without regard to the European gas crisis or the shared policy prerogatives of the European Union and United States to address that crisis.

In sum, the disparity between the long-term commitments that undergirded Venture Global's Calcasieu Pass project and Venture Global's refusal to perform them cannot be overstated. If the United States fails to meet its promise of serving as a reliable and affordable supplier of LNG to European buyers, then European states, industries, and ultimately consumers will only continue to suffer the adverse impacts of constrained supply and price volatility.¹² In these circumstances, there should be no tolerance for U.S. suppliers like Venture Global engaging in opportunistic conduct that reneges on long-term commitments to foundation buyers, years after having reaped the immediate benefits of having those commitments in hand. Such short-sighted, unprecedented conduct sets a concerning precedent that could erode market confidence and delay investment in the U.S. LNG export infrastructure that is still critically needed to support Europe's energy security. In short, Venture Global's conduct threatens to undermine the very objectives of the Task Force.

¹⁰ See "Venture Global gets OK for Plaquemines LNG workforce boost," *LNG Prime*, 20 October 2023, <https://lngprime.com/americas/venture-global-gets-ok-for-plaquemines-lng-workforce-boost/95322/>.

¹¹ "Venture Global LNG says Calcasieu Pass liquefaction blocks 7-9 ready for service," *LNG Prime*, 11 October 2023, <https://lngprime.com/americas/venture-global-lng-says-calcasieu-pass-liquefaction-blocks-7-9-ready-for-service/94314/>.

¹² See, e.g., "The world's coal consumption is set to reach a new high in 2022 as the energy crisis shakes markets," *International Energy Agency*, 16 December 2022, <https://www.iea.org/news/the-world-s-coal-consumption-is-set-to-reach-a-new-high-in-2022-as-the-energy-crisis-shakes-markets>; D. Uberti, "High Natural-Gas Prices Push European Manufacturers to Shift to the U.S.," *Wall Street Journal*, 21 September 2022, <https://www.wsj.com/articles/high-natural-gas-prices-push-european-manufacturers-to-shift-to-the-u-s-11663707594>; Y. Guan et al., "Burden of the global energy price crisis on households," *Nature Energy*, 16 February 2023, <https://www.nature.com/articles/s41560-023-01209-8>.

We urge the Task Force to call on Venture Global to cease its unjustifiable and damaging prolongation of “commissioning” at the Calcasieu Pass Facility and immediately begin to perform its long-term supply agreements.

Sincerely,



Steve Hill
Executive Vice President, Shell Energy

cc: Ms. Ursula von der Leyen, President
Mr. Maroš Šefčovič, Executive Vice-
President
European Commission

Mr. Geoffrey R. Pyatt, Assistant
Secretary of State for Energy Resources
U.S. Department of State

The Honorable John Bel Edwards
Governor of Louisiana

Mr. Didier Holleaux, President
Eurogas

Mr. Marco Loreface, Senior Counsel
Edison S.p.A.

Mr. Rodrigo Carvalho Nogueira
Vilanova, Chairman
Galp Trading S.A.

Ms. María Eugenia Suardíaz Domenach,
Head of Gas and LNG Trading
Repsol