

To: U.S. Secretary of State Antony BLINKEN  
U.S. Secretary of Energy Jennifer M. GRANHOLM  
EU High Representative Josep BORRELL FONTELLES  
Vice-President of the European Commission Maroš ŠEFČOVIČ  
European Energy Commissioner Kadri SIMSON

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Brussels, 3 April 2023

**Subject: Recommendations in view of the EU-US Energy Council Ministerial Meeting on 4 April 2023**

**In view of the forthcoming EU-US Energy Council Ministerial Meeting on 4 April 2023 we urge both administrations to recognise the need for increased support to deliver secure and regular volumes of US LNG with the lowest carbon and methane footprints possible to the EU.**

The European and global gas markets are undergoing a profound transformation due to Russia's invasion of Ukraine and the accepted need for the European Union (EU) to replace a large part of Russian gas supplies. We fully support this objective and welcome the March 2022 US-EU Energy Security Taskforce commitment to ensure stable demand for an additional 50bcm LNG per annum supplied from the US to the EU. While the impact of the gas supply shock following the invasion has lessened in recent months, the risk of further disruption and high prices remains.

We have averted energy catastrophe in the EU this Winter, in part due to the record delivery of US LNG, in part due to a mild Winter and in part due to lower demand for LNG in Asia. Repeating these criteria is not guaranteed and without political and policy support for increased US LNG imports now, the Winter of 2023, 2024 and 2025 may be much harder for the EU to navigate.

It is important that the administrations reaffirm the role of natural gas as a critical component of energy security in the energy transition and ensure the delivery of US LNG in accordance with the March 2022 US-EU Energy Security Taskforce declaration. We also call for support for more long-term LNG contracts to be signed through providing better visibility on the mid-term future of natural gas in the EU.

Additional US LNG liquefaction capacity is needed to ensure that Europe has access to enough LNG to meet our demand at affordable prices and to provide short-term, seasonal and inter-annual flexibility. Expediting regulatory permits from the US is critical for EU energy security, as is the need to build new capacity for liquification for the US and permitting reform to enable other natural gas infrastructure pipelines to be built in a timely manner, to meet

its commitments under the US-EU Energy Security Taskforce. Likewise, the EU needs to ensure that it has the regassification capacity ready and deployed.

We remain committed to a progressive and accelerated decarbonisation of the natural gas value chain in line with our commitments under the Paris Agreement:

- Methane emissions must be addressed to ensure that natural gas can continue to play its role in the energy transition. The US and EU should reinforce their bilateral and multilateral efforts to tackle energy related methane emissions.
- We must return to a more stable and balanced global natural gas market to support international efforts to limit global warming. Continued volatility and higher gas prices risk having adverse environmental effects by promoting fuel switching to more carbon-intensive fuels, such as oil and coal. This trend has been observed in many countries, including in EU Member States.
- We must promote the progressive decarbonisation of gas demand through the development and delivery of large volumes of renewable and low carbon gases, as soon as is feasible.

We remind you that the global LNG market remains tight. Despite a significant increase in the interest in EU regasification capacities, the anticipated expansion of LNG liquefaction capacities in third countries did not materialise in 2022. Increased US LNG exports in 2022 offered important relief but are not sufficient to rebalance the global LNG market going forward.

To stimulate the needed investments in LNG infrastructure we call on you to revise the REPowerEU Staff Working Document's gas market outlook to provide a clear and credible perspective for the role of natural gas to 2030 and beyond. This is necessary to enable both EU buyers and financial institutions to support longer term contracting and infrastructure. The need to address this is clear as it impacts financial decisions, removing the certainty that banks operate under when financing infrastructure. The programme of the European Investment Bank should be assessed again to give a signal that in this emergency public banks will lend to LNG infrastructure projects, for 1-2 years.

The EU's 'Fit for 55' legislative package is one of the most far reaching and ambitious climate and energy packages in the world. Once fully implemented, it is assumed to lower EU gas demand to 226 Mtoe by 2030 from 335 in 2019. REPowerEU, which is not backed by an ambitious legislative package and is not supported by a comprehensive impact assessment, assumes that gas demand will decline by 60% to 116 Mtoe by 2030. These model outcomes send an inappropriate and misleading message to international energy partners and investors. Clarification is urgently needed to provide credible projections of EU gas demand based on existing and forthcoming EU legislation.

New long term LNG contracts will be an essential component of European security of affordable energy supply. To have long term contracts we will need reasonable visibility on the security of future gas demand in the EU. Existing long-term contracts are expiring, and domestic production is declining. The situation around the war in Ukraine also contributes to high contractual and market uncertainties. The EU is set to become increasingly exposed to the volatility of spot and flexible LNG markets. We are keen to see how the joint purchasing mechanism operates and if this is successful in increasing deliveries of US LNG to the EU.

Smooth and speedy permitting of facilities (both liquefaction and regasification) and pipelines will be needed to rapidly restructure the global and EU gas markets. Transparent and credible demand forecasts are an essential element in enabling such authorisations.

For these reasons we urge you to support the commitments made and to ensure that at least 50bcm of US LNG arrives in the EU every year. You can help to facilitate this with, in part, long-term contracts based on a new gas demand outlook in the EU that corrects the evident failures of the predictions in the REPowerEU Staff Working Document. Long term contracts will ultimately trigger the investments in new liquefaction and regasification infrastructure, as long as permitting is not a barrier to developing the new LNG market that the EU needs, and the US can supply.