

CALCASIEU PASS

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November 10, 2023

By Email

Mr. Bjorn 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 Adviser 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

Re: Calcasieu Pass LNG Export Facility

Ladies and Gentlemen:

We write to respond to accusations made about Venture Global in a recent coordinated letter campaign targeting the US Government and the European Union. These communications falsely claim that Venture Global is engaging in misconduct and refusing to honor its contractual commitments to its long-term customers in order to engage in profiteering. This request for interference in the administration of binding and confidential bilateral agreements between commercial entities is outrageous. It is nothing more than the latest in a series of unsuccessful attempts to bully an industry newcomer into waiving its contractual rights in order to increase their own profits beyond recent record-highs. The letters imply that Venture Global is undermining confidence in the US LNG industry. To the contrary, our company has been one of the few US (and global) exporters who have successfully financed, commercialized, and built our projects. In short, we have delivered where others have failed, which has been integral to supporting the important work of the Task Force to increase the supply of LNG flowing from the United States.

Venture Global has supported the mission of the Task Force since day one and recognizes the critical role that US LNG has played in supporting European energy security. We also applaud the EU and its member states for their swift action to put the necessary infrastructure in place to increase imports of LNG to move away from Russian supply. We are proud that because of the

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speed by which we can produce first LNG (driven by US-EU innovation) we have been uniquely positioned to play a key role in supporting Europe's energy needs and European energy companies over the past 18 months, and will continue to do so, through both short-term and long-term sales agreements. As we have explained to both US and EU officials, our ability to produce LNG early while we incrementally commission the rest of our facility allowed the US to send 10% more LNG to Europe, a significant contribution to President Biden's pledge to the EU. Calcasieu Pass, a 10MTPA facility, accounts for approximately 14bcm at its nameplate. This is nearly the entire 15bcm that President Biden pledged.

Venture Global has contributed enormously to the supply of LNG to Europe through its commissioning sales. U.S. Department of Energy data confirms that around 70% of all cargos produced and exported by Venture Global have been delivered into Europe and sold to multiple counterparties, including three of its six long-term customers. Conversely, while some in their letters disingenuously invoke European energy security as a justification for their complaints, their actions tell a different story. Motivated by the highest possible profit, the supermajors have traded several of the cargos they have received from Venture Global to places outside of Europe. For example: to date, Shell has purchased 7 commissioning cargos from Venture Global and 3 of them were traded outside of Europe for higher profits. Similarly, BP has purchased 6 commissioning cargos, and 2 have been traded to destinations outside of Europe.

In addition, from publicly available data, Shell has an abysmal record of failed execution at its own LNG facilities in which they are a major shareholder or a construction leader. As a result, Shell has been and continues to be short by more than 300 cargos of LNG between 2020 and 2026 (see addendum). This includes more than 200 cargos of future shorts (beyond November 2023) and presents Shell with a potentially unprecedented shortfall. Even though it has no contractual right to do so, we believe Shell is likely targeting Venture Global's commissioning volumes principally because the replacement cost for its own catastrophic execution mistakes is so high. The reputational damages that Shell faces are extraordinary.

Venture Global is honoring its contractual obligations to its long-term customers in strict conformity with its long-term contracts. The contracts are very clear, which is why our critics are seeking to litigate this through our regulators and in the media. Under those contracts, which are no different from long-term contracts utilized by other US LNG exporters, the obligations to deliver LNG to the long-term customers have not commenced due to the ongoing commissioning, repair, rectification and completion of the Facility. These contractual provisions are unambiguous and unequivocal, and are well understood to industry participants, as well as the financial institutions and investors who lend to or participate in US LNG export projects. Venture Global respects the sanctity of contracts and honors all of its contractual obligations.

Relying on the commissioning periods at other US LNG export terminals as their benchmark, the long-term customers conclude that the duration of the Facility's relatively longer commissioning period, and the resulting LNG production, means that Venture Global's obligations to deliver LNG to them *must have* commenced. This is also untrue. Because it utilizes a first-of-its-kind, mid-scale modular design model, with eighteen liquefaction trains and independent power and pre-treatment modules, Venture Global has been able to produce LNG from parts of the Facility *during*

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construction, well before commissioning even commenced. Moreover, its actual commissioning period is demonstrably longer due to the number of components that reflect its modular design. Simply put, there are no other LNG projects in the world against which Venture Global's commissioning or pre-commercial LNG production can be measured on a like-for-like basis.

Even with extended commissioning and delays due to problems beyond our control, we are still producing LNG cargos and will still take COD faster than most other LNG projects, including Shell Canada which took FID over 61 months ago. On its latest earnings call, Shell's CEO said that startup is expected at Shell Canada by the "middle of this decade". According to market sources, Shell plans to take COD in the second quarter of 2026, which would be just shy of 8 years since taking FID. By comparison, Calcasieu Pass took FID 51 months ago, and is targeting COD at approximately 5 years – **3 years faster** than Shell Canada. Shell also signed SPAs with other US exporters which never materialized into LNG supply because the facilities have not been built. The irony of Shell painting Venture Global as an unreliable supplier is stunning.


As is common with greenfield LNG projects, Venture Global's Facility is experiencing equipment failures and other wearing-in issues that must be resolved before it is sufficiently stable or reliable to meet the delivery obligations that it will owe to its long-term customers. Venture Global is diligently working toward the full completion of the Facility, and the anticipated schedule for doing so is within (or even ahead of) the typical timeframe for other LNG projects. We have been fully transparent with our long-term customers, federal and state regulators and other stakeholders regarding the challenges faced thus far in reaching that important milestone.

Finally, in addition to this letter, we are considering what further actions may be appropriate in light of this highly coordinated attack on our business and reputation by European energy industry heavyweights seeking to use their market power to modify their contracts and stifle competition in global LNG liquefaction. We will keep you apprised of those potential actions at the appropriate time.

Sincerely,

DocuSigned by:

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Michael Sabel
Chief Executive Officer, Executive
Co-Chairman and Co-Founder
Venture Global LNG, Inc.

DocuSigned by:

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Robert Pender
Executive Co-Chairman and Co-Founder
Venture Global LNG, Inc.

Addendum

Co-chairs of the U.S.-EU Task Force on Energy Security
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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

Mr. Brad Crabtree
Assistant Secretary of Energy for Fossil Fuels and Carbon Management
U.S. Department of Energy

The Honorable John Bel Edwards
Governor of Louisiana

Mr. Willie L. Phillips
Acting Chairman
Federal Energy Regulatory Commission

Addendum

Shell LNG Estimated Cargo Shortfalls: 2020 - 2026

Project	Disruption	Start	Finish ⁽¹⁾	Estimated Foregone Cargos
Prelude	Fire and Safety Concerns	Feb-20	Jan-21	28
	Worker Action	Jan-22	Apr-22	10
	Worker Action	Jun-22	Sep-22	8
	Fire and Safety Concerns	Dec-22	Jan-23	3
	Emergency Maintenance	Sep-23	Unknown	5
Nigeria LNG Trains 1-6	Force Majeure	Oct-22	Unknown	67
Nigeria LNG Trains 7	Severe Construction Delays ⁽²⁾	Jul-24	Dec-26	39
LNG Canada	Severe Construction Delays ⁽³⁾	Oct-23	Apr-26	183
Total Estimated Foregone Cargos⁽⁴⁾⁽⁵⁾				343

Notes:

1) Where the conclusion date of Shell's disruptions are unknown, estimated foregone cargos are conservatively calculated through today, November 10, 2023, unless otherwise noted.

2) OMT, Onne Multipurpose Terminal (the responsible entity for importing LNG modules for Train 7), stated on July 27, 2023 "the \$10 billion train 7 expansion is aimed at increasing Nigeria's liquified natural gas (LNG) production from 22 million to 30 million tons per annum by 2027". The facility was initially scheduled to start up by mid-2024 per Shell statements following FID of Train 7 on December 27, 2019.

3) FID took place on October 1, 2018. In Shell's latest communications, it indicated a COD in the middle of this decade (conservatively assumed for the purposes of this addendum to be the second quarter of 2026).

4) The total estimated foregone cargos excludes cargos that are not delivered to Shell's joint-venture partners. For LNG Canada, this amounts to an additional 272 cargos.

5) Excludes impact of divestment of equity interest in Sakhalin-2 project.