

OPINION

Opinion: putting Shell's LNG strategy under scrutiny

Why investors are challenging Shell on their LNG strategy

Nick Mazan



Credits: Shell

15 January 2025



The global LNG market appears to be on the brink of a seismic shift.



negatively impact earnings across the LNG value chain.

For investors, it is a shift that requires transparency and detail around financial risk and demand projections.

Our team at the [Australasian Centre for Corporate Responsibility](#) (ACCR) has found Shell has more than 1bn tonnes of uncontracted LNG between now and 2050 – more than any other independent oil and gas company - leaving it significantly exposed to price movements. For every US\$1/MMbtu reduction in LNG prices, Shell could experience a staggering negative US\$13bn impact on their net present value (NPV).

The degree to which Shell has chosen to expose itself to the spot market seems to imply a faith in prices remaining high or increasing over time as a result of new supply capacity coming online, even when prices are expected to fall as capacity outstrips demand.

The reliance on high prices, combined with the company's bullish forecast for LNG demand, raises critical questions for investors about Shell's strategy.

This has led to the decision by the UK-based shareholder advocate [ShareAction](#) - together with ACCR - to support institutional investors in [filing a resolution](#) to be voted on at Shell's 2025 AGM.

The shareholder resolution challenges the assumptions underpinning the company's LNG strategy and LNG Outlook, and questions its alignment with Shell's climate commitments, including its target of net zero emissions by 2050.

While Shell has a reputation as a large and sophisticated LNG trader, its track record on investments tells a different story.

In Australia, Shell has invested US\$47 billion building its stakes of NWS, QCLNG, Prelude and Gorgon but poor execution, including cost overruns and delays, has eroded US\$3.5 billion in NPV. Despite this, Shell plans to grow its LNG business by 20-30% by 2030, and expand liquefaction capacity by 25-30%. In Shell's LNG Outlook, global demand for LNG grows 50% by 2040.

Yet these optimistic forecasts don't account for recent market disruptions or the growing competitiveness of renewables. For example:

- The global energy transition is accelerating. The IEA has significantly revised its LNG demand projections downward in light of Russia's invasion of Ukraine, coupled with faster-than-expected falling costs for clean energy. Between 2021 and 2024, the IEA's Announced Pledges Scenario cut LNG demand projections for 2040 by 28%. Shell's assumptions, however, have barely changed.
- Renewables are outcompeting LNG in key markets. In many of the countries that Shell cites as regions of particularly rapid LNG demand growth (such as Vietnam, Bangladesh and Thailand), the levelized cost of electricity for LNG-to-power, applying conservative US\$9/MMbtu prices, at an operational gas-fired power plant, are around twice that of constructing a new fixed-axis solar plant. While Shell seems to be banking on achieving high prices and high volumes, our research suggests these nations are unlikely to embrace LNG at high prices.



Shell also needs to demonstrate for investors that it is factoring energy security and reliability into its assumptions. While concerns around the intermittency of renewables are well known, it is also manageable with planning. However, countries with a high degree of reliance on LNG are seriously exposed to volatile global prices. Countries like Pakistan and Bangladesh have already felt the pain of such commodity price swings over the past few years with high LNG prices, driven by European demand, pricing them out of the market.

For Shell, these are not hypothetical risks, they are fundamental to the company's future. Investors need clarity on how Shell plans to navigate these profound changes in energy markets, and whether its strategies reflect the realities of the evolving market, or just wishful thinking. With billions at stake, Shell needs to explain its assumptions to investors and how its LNG strategy aligns with both financial prudence and its climate commitments.



Nick Mazan | Credits: LinkedIn

Nick Mazan is the UK Company Strategy Lead at the Australasian Centre for Corporate Responsibility

RELATED ARTICLES

[Murphy Oil makes significant offshore Vietnam discovery](#)



[RenusPlus secures \\$270m contract to boost WA's clean energy grid](#)

Australia's offshore dismantling boom: specialists in high demand

THEMES: CORPORATE GOVERNANCE

TOPICS: INTERNATIONAL ENERGY AGENCY IEA SHELL
AUSTRALASIAN ACCR OIL AND GAS
ALL REGIONS SHELL

< PREVIOUS ARTICLE

Opinion: time is running out to grasp Australia's nuclear opportunity

Get the Energy News Bulletin Newsletter delivered free each day

Enter your email address* 

I consent to usage of my data as detailed in the [privacy policy](#).

Submit



MOST POPULAR

1

OIL & GAS

Australia's offshore dismantling boom: specialists in high demand



2

OPERATIONS

Regergen denies chasing business rescue help

energy push Brent crude over \$81 amid supply fears

advice on interest rate

RESEARCH

 Premium subscribers only

[View more](#)

A growing series of reports, each focused on a key discussion point for the energy sector, brought to you by the Energy News Bulletin Intelligence team.



Future of Energy Report: Nuclear Power in Australia 2024

Energy News Bulletin's new report examines what the energy and resources industry thinks of the idea of a nuclear-powered Australia.



ENB CCS Report 2024

ENB's CCS Report 2024 finds that CCS could be the much-needed magic bullet for Australia's decarbonisation drive





ENB's latest Cost Report findings provide optimism as investments in oil and gas, as well as new energy rise.



ENB Future of Energy Report 2023

ENB's inaugural Future of Energy Report details the industry outlook on the medium-to-long-term future for the sector in the Asia Pacific region.

energy news bulletin

[LINKEDIN](#)

[X](#)

[YOUTUBE](#)

[FACEBOOK](#)

[+ CONTENT](#)

[+ ABOUT](#)

[+ SOLUTIONS](#)

[+ LEGAL](#)



Minjng Journal

 M:IN MiningNews.net

RESOURCE STOCKS

Minjng Magazine

MINING MONTHLY

 ENB energy news bulletin

 Notícias de Mineração Brasil

GeoDrilling International

 Farming Ahead

 FUTURE OF MINING

Minjng Journal SELECT

MININGNEWS SELECT



Copyright © 2000-2025 Aspermont Ltd. All rights reserved. Aspermont Limited (ABN 66 000 375 048), PO Box 78, Leederville, Western Australia 6902

