



CASE STUDY

# LNG Contract Renegotiation

An LNG producer faced a potential price review on a long term LNG sales and purchase contract with a Europe-based Buyer. FTI Consulting was retained by the Seller to conduct an independent assessment of the value of gas in the destination market and the value of LNG flexibility. FTI Consulting concluded on a potential value to be claimed by the Seller or the Buyer under various scenarios and also provided strategic recommendations for renegotiations.

## SITUATION

An LNG producer faced a potential price review on a long term LNG sales and purchase contract. It needed quantitative views on the possible understandings of the price review clause, to prepare its negotiations strategy.

## OUR ROLE

FTI Consulting was retained by the Seller to assess:

- End-user market value for natural gas in a certain part of Europe, in gas-to-gas competition and all relevant alternative sources of energy in all end-users segments;
- Costs for regasification, transmission and distribution within Europe in order to calculate netback values;
- LNG shipping costs to Europe;
- Determine the value of LNG flexibility, both as standalone destination optimization, and as contribution to Buyer's portfolio optimization

Finally, we were asked to recommend a strategy for renegotiations, and discuss it in various workshop with Management.

## OUR IMPACT



FTI Consulting concluded on a potential value to be claimed by the Seller or the Buyer, under various scenarios. We also provided strategic recommendations which led to the decision by the Seller to trigger a Price Review

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