



CASE STUDY

LNG Price Review Negotiation

Significant changes in the gas and LNG market created the conditions for a price review on a long-term LNG supply contract. FTI Consulting provided an independent assessment of the changes and their impact on the value of gas and value of LNG flexibility used as references in the price review clause. This analysis helped seller and buyer negotiate a mutually acceptable outcome on the price revision thereby avoiding arbitration.

SITUATION

An LNG producer had a long-term LNG supply contract for delivery to Europe. It was concerned that the price review clause in the contract might be triggered due to the divergence in oil and gas prices.

OUR ROLE

FTI Consulting's experts were asked (along with a team of lawyers) to interpret possible meanings of the price review clause based on our experience of other contracts and how they have been interpreted by the parties and tribunals in arbitrations. Based on our interpretation of the price review clause, we considered if the price review clause could be triggered and calculated a range of possible adjustments to the contract price formula. This so the LNG producer could avoid offering an excessive concession to the other party, but could still offer an adjustment generous enough to avoid an arbitration.

OUR IMPACT



Using the results of our analysis, the client was able to negotiate a reasonable adjustment of the contract price while avoiding an arbitration.

EMMANUEL GRAND

Managing Director
+33 1 40 08 12 43
emmanuel.grand@fticonsulting.com

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. ©2020 FTI Consulting, Inc. All rights reserved. www.fticonsulting.com