



CASE STUDY

# LNG Terminal Strategy

An LNG terminal operator needed a new commercial and regulatory strategy after the expiry of initial long-term contracts. FTI Consulting's modelling of the LNG market and regulatory analyses helped them get a clear view of their options and choose an effective optimised approach for an improved regulatory regime and increased commercial revenues.

## SITUATION

An LNG terminal operator was confronted with the need to rethink its commercial and regulatory strategy after 15+ years operating exclusively under long-term contracts.

The expiry of some long-term client commitments led the terminal to sell capacity on a short-term basis, ask for some regulatory burden to be lightened and to consider a new phase of long-term contracting.

## OUR ROLE

FTI Consulting was engaged to support the terminal operator's commercial and regulatory strategy for both short-term and long-term sales.

For the long-term sales, we built a benchmark of competitor terminals to assess the attainable price, and a financial model that considered different capacity settings, as well as terminal expansion, to assess the achievable rate of return. In support of discussions with the national energy regulator, we provided (1) a recommended design for the long-term Open Season process, and (2) a detailed international analysis on the appropriate level of return that should be considered for the terminal in this new phase. Finally, to support long-term discussions with potential clients, we provided an independent view on the outlook for the national gas market over the next 20 years.

For the short-term sales, we built (1) a review of competition and spot cargoes market dynamics, and (2) a quantitative model to value the products offered by the terminal to short-term shippers.

## OUR IMPACT



The terminal operator was able to secure a more favourable regulatory setting, and launch an Open Season process for long-term capacity. Additionally, the terminal operator was able to optimise its short-term sales through better clients' targeting and value estimation.

### EMMANUEL GRAND

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

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