

Innovations in LNG Contracting

Q&A Session

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Q&A

1. Force majeure
2. Price reviews
3. Outlook



Force majeure

- 1) Have you come across a case that invoked force majeure during the pandemic?
- 2) Are you aware of the outcome of the force majeure clause invoked (first by Chinese buyers) in the LNG contracts due to Covid? Has this been accepted as a force majeure event?
- 3) If a force majeure notice is rejected, what are repercussions and how the conflicts are settled?
- 4) Can we assign wave height (H_s) > 1.5 m, wave period (T_p) > 10s, wind speed > 10 m/s etc. as limiting conditions, beyond which force majeure may be declared. Is it practical and acceptable?



Price reviews

- 5) What is the impact of the pandemic on price reviews?
- 6) As the traditional LNG buyer changes over time and trading shops become more involved in the process, how does that affect possible arbitration/termination?
- 7) In case an agreement has a clause of contract termination when price renegotiation is unsuccessful, does such clause also provide for a termination payment by the entity asking for a price review?
- 8) Unlike other disputes that can be arbitrated – in a price review no one is right or wrong – buyer only wants price to go down, seller only wants price to go up – so who is right?



Outlook

- 9) Do you think an SPA which is around \$4/MMBtu costlier than current spot price, would be sustainable in long run? Do you think SPA would be either dishonored or renegotiated?
- 10) How realistic is it that parties will agree to adjust price and non-price terms in a contractual form?
- 11) How to improve price review clauses?
- 12) Will Asian LNG buyers succeed in price review arbitrations?



Thank you!

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OIES publications

Ason, A. (2020). '[Scenarios for Asian long-term LNG contracts before and after COVID-19](#)', OIES Paper NG 160.

Ason, A. and Meidan, M. (2020). '[Force majeure notices from Chinese LNG buyers: a prelude to renegotiation?](#)', Oxford Energy Comment.

Ason, A. (2019a). '[Price reviews and arbitrations in Asian LNG markets](#)', OIES Paper NG 144.

Ason, A. (2019b). '[Price reviews: Are Asian LNG contract terms finally changing?](#)', Oxford Energy Forum, Issue 119, LNG in Transition: from uncertainty to uncertainty.