

## LNG pricing around the world to come closer: Expert

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DOHA: With liquefied natural gas (LNG) pricing mechanisms differing from one part of the world to another, as a commodity gas prices may eventually come closer together, according an expert in the complex question of pricing of LNG.

“Perhaps down the road you are going to see LNG prices coming closer together worldwide because major producers like Qatar are going to look at where are the best opportunities,” said John Marshall QC of McNair Chambers.

He said gas is a global commodity because it can be shipped around the world in tankers and eventually the prices are going to come closer together, but there are pros and cons with currency risks on some cases, transportation risks and other risks involved.

“So major producers like Qatar have to balance all these factors, have a portfolio of customers that they are dealing with in different parts of the world which offset the various risks that are involved in trading in energy,” he said. The question of pricing of LNG is quite complex with contracts involving either fixed price which is indexed to a local reported trading market price or an index adjusted to oil price.

LNG prices in Asia for instance have always been linked to oil prices which are due to the fact that they do not have pipeline supplies as they lack indigenous oil or natural gas.

In the US by contrast, there is no linkage of LNG to the price of crude oil. The price is determined by the gas market.

Gas producers such as Qatar which deal with different markets with varying pricing mechanisms would have a suite of opportunities to sale in these different jurisdictions and would balance the market risks it sees in these different jurisdictions.

Besides, it would have opportunities, because LNG can be shipped anywhere in the world, Marshall said on the sidelines of the McNair Energy conference yesterday.

More than 100 Energy Sector Professionals from 15 States including Qatar and other GCC countries gathered to discuss the complex issue of Energy Sector Disputes. Qatar’s pivotal and increasing role in supplying the world’s energy needs through cleaner and more secure LNG was considered, within the context of the general legal framework as applicable to the Energy Sector.

Professor Khawar Qureshi QC Head of McNair Chambers provided an overview of the types of disputes that commonly occur in the Energy sector, with reference to recent publicly known cases undertaken by McNair Chambers within the GCC, Africa and Asia.

Professor Qureshi QC emphasised the need for clear and carefully negotiated contract wording, and also highlighted the key features of mediation, Court process and arbitration.

The main speakers also included Bayo Ojo Former Attorney General of Nigeria and its member on the UN Law Commission, who outlined Nigerian legislation relating to the energy sector and recent high profile energy related disputes.

John Marshall QC of McNair Chambers who has extensive experience of energy disputes in North and South America reviewed the complex question of pricing of LNG, and disputes arising in respect of LNG contracts.

The Peninsula



John Marshall (right) with Bayo Ojo, former attorney general of Nigeria and its representative on the UN Law Commission, at a session of the McNair Energy conference.