

**ICC ARBITRATION PRICE REVIEW LEADS TO RENEGOTIATION OF QATAR  
RASGAS-EDISON LNG GAS**

On 11<sup>th</sup> September 2012, it was announced that an ICC arbitral tribunal had issued an award in the dispute between Italian energy group Edison and Qatari LNG exporter Rasgas, allowing Edison to renegotiate the pricing of its long-term gas contracts with Qatar.<sup>[1]</sup>

Very little information has been made publicly available on the arbitration and the award. However, the dispute appears to centre on the historic system of linking gas supplies to oil prices, (adopted by Qatar, amongst other countries) which (it was argued) has led to European utility companies being forced to sell the gas to consumers at a loss. Edison has said that the award is worth US\$578 million in its accounts this year, and a source added that following the award, Edison will immediately be able to purchase gas from RasGas at the new price.<sup>[2]</sup>

This is reportedly the first time that a major European supplier has taken RasGas to arbitration and won.<sup>[3]</sup> As at 30<sup>th</sup> May 2012, the Dispute between RasGas and Belgian company Distrigas over a long term adjustment of the price of LNG was still in arbitration.<sup>[4]</sup> There are suggestions that the award in Edison v RasGas could lead to further actions against Qatari companies from European suppliers attempting to renegotiate gas prices and increase their profits.

**16<sup>th</sup> September 2012**

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<sup>[1]</sup> Edison press release

<http://www.edison.it/en/media/press-releases/2012-09-11-edison-positive-conclusion-of-the-arbitration-with-rasgas-for-the-review-of-the-price-of-the-lng-contract.shtml>

<sup>[2]</sup> Reuters, "Edison's 450 mln euro discount on Qatari LNG holds hope for Europe"

<http://www.reuters.com/article/2012/09/11/edison-rasgas-idUSL5E8KBA3320120911>

<sup>[3]</sup> Financial Times, "Edison forces gas exporter to cut costs"

<http://www.naturalgaseurope.com/qatar-cuts-gas-pricing-to-edison>

<sup>[4]</sup> Update, May 2012 on Ras Laffan Liquefied Natural Gas Co. Ltd. (II)

<http://af.reuters.com/article/energyOilNews/idAFWLBO51620120530>