

Anatomy of LNG Shipping & Operations

Part 2

**FREIGHT, CHARTERING AND
CONTRACTS**

8-9 December 2020

Park Regis Kris Kin Hotel • Dubai

Organised by



Cambridge Academy of Transport

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Cambridge Academy of Transport
Registration Form

Anatomy of LNG Shipping & Operations
FREIGHT, CHARTERING AND CONTRACTS

DUBAI • 8-9 DECEMBER 2020

To register for "Anatomy of LNG Shipping & Operations: Freight, Chartering and Contracts" class, complete the form below and send it to Tulika Singh at the fax number or email address given below.

DELEGATE 1: Title _____ First name(s) _____ Family name _____ Company position _____
DELEGATE 2: Title _____ First name(s) _____ Family name _____ Company position _____
DELEGATE 3: Title _____ First name(s) _____ Family name _____ Company position _____
Company name _____ Address _____ _____
Nature of business _____
Tel _____ Fax _____
E-mail _____

Enclosed is a cheque Please invoice my Company I wish to pay by Credit Card (details below)

Course Fees: The fee of **USD2,200** includes all documentation, lunch on each day and coffee/tea breaks. Payment can be made by cheque, bankers draft or inter-bank transfer. Cheques should be made payable to Cambridge Academy of Transport in US Dollars drawn on a bank in the United States. Bank details for inter-bank transfers are:

Barclays Bank Plc, 28 Chesterton Road, Cambridge CB4 3AZ, UK
Account Number: 59248155 Sort Code: 20-17-35
IBAN: GB21 BUKB 2017 3559 2481 55 SWIFTBIC: BUKBGB22

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Return this form to:

Tulika Singh, Course Organiser
Cambridge Academy of Transport
48 Whittlesford Road, Little Shelford
Cambridge CB22 5EW, UK

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Course Programme

Anatomy of LNG Shipping & Operations

Part 2: Freight, Chartering and Contracts

8-9 December 2020

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Course Leader

Paul Veldhuizen • Independent Consultant and former Head of Global LNG Operations • Shell Gas & Power and Fleet Operations, • Shell Shipping & Maritime (STASCO Ltd)

Tuesday
8 December

Introduction to Part 2

0830-0845

LNG Freight and Deal Economics

Session 11a
0845-1015

- Introduction and Summary to Voyage and Deal Economics
 - Core Components of Voyage and Deal Economics
 - Voyage vs. Time Charter
 - Freight vs. Hire vs. Daily Value incl. Worked Example
- LNG Specific Voyage Economics
 - Freight vs. Hire vs. Daily Value incl. Worked Example
 - Freight Book and Allocations
 - Heel Retention in Deal Economics
 - Evaluating Voyage Options – Costing Example

LNG Freight and Deal Economics – *Cont'd*

Session 11b
1030-1230

- Sample Voyage Cost Estimator
 - Comparative economics
 - Cost estimator variables
 - Vessel size/age
 - Type of propulsion plant
 - Boil off rate
 - Routing
 - Impact of assumptions and changes thereto
 - Worked Examples
- Ship Acquisition
 - CAPEX - Ship Prices, Yard Negotiations and impact on Voyage Economics
 - OPEX
 - OPEX Time Charter Adjustment Clauses
 - LNG Carrier Daily Operating Cost Example

Session 11c**1330-1430****LNG Freight and Deal Economics – Cont'd**

- Economic Performance Monitoring
 - Ensuring Performance: Owner's versus Charterer's Duties
 - Typical LNG operating models and Critical Success Factors
 - Speed and Consumption, "Utmost Despatch"
 - Monitoring and Performance Analysis Software

Session 12a**1430-1515****LNG Pricing**

- Pipeline Economics and Geo-Politics
- Arbitrage and Freight Fundamentals
- LNG Pricing Models (project cost+, "S-Curve and Hub)
- Evolution of Gas Market Models (Europe, US and Asia)
- Impact of US exports on LNG Pricing

Session 12a**1530-1645****LNG Pricing**

- Emergence of Trading
- LNG Commoditisation and Market Jargon
- Managing Supply Risk and Price Volatility
- Floating cargoes to exploit Arbitrage opportunities
- Price Risk Hedging using Futures and SWAPS
- LNG Freight Hedging
- Mini Case Study: Gas Trading Jargon Bust

Day Round-up and Close**1645-1700****Wednesday
9 December****Session 13****0830-1015****LNG Fleet Profile and Chartering Strategies**

- Evolution of vessel ownership in the LNG market
- Owner, Operator, Charterer – a brief explanation
- Chartering and Commercial Chains
- Objectives of different market players: Chartering Strategy
- Negotiating Tactics
- "Life of a Deal" Process Map

Session 14**1030-1230****LNG Charter Party Clauses**

- Main Time Charter Forms Found in LNG
- Rights and Obligations under the Charter Party
 - But It All Starts with the Sales Agreement
- Key distinctions of ShellLNGTime1 and 2
- Key LNG Clauses in ShellLNGTime1
- Clauses Absent from ShellLNGTime 1

Session 15**1330-1515****LNG Sale and Purchase Contracts – An Overview**

- But It All Starts with the Sales Agreement
- What are the Main Documents Supporting an LNG S&P trade
- How Does a Letter of Credit Work
- Is LNG Now a Tradable "Commodity"?
- Negotiating an LNG SPA (Sale & Purchase Agreement)
- Key Terms of an SPA
 - Quantity
 - Scheduling
 - Price Adjustment

- Use of Master Sale and Purchase Agreements (MSPAs)
- New Market Participants and the Trend Towards Shorter Contracts
- Will LNG Contracts become more like Oil Contracts:
 - numerous participants
 - quick (often bad) contracting
 - a dominant short-term / spot market
 - opportunistic behaviour, and
 - lots of disputes
- A Typical Negotiation
- Importance of Preparation
- Acceptable versus Unacceptable Practices
- Types of Brokers
- Authorities
- Offers and Counter-offers

Cargo Documentation

Session 16
1530-1630

- Relationship Charter Party, Cargo Contract and Bill of Lading
- Terms of Sale and Incoterms Definitions
- The “Holy Trinity” of International Seaborne Trade
- Contractual relationship between the key parties
- The Three Key Functions of the Bill of Lading
 - A Receipt
 - Evidence of Contract of Carriage
 - Document of Title
- Trade term definitions: INCOTERMS
 - Why LNG typically sold “Delivered”
- Beware of “Contract Clash”

Day Round-up, Final Q&A and Close

1630-1700

Other Lecturers who have contributed to the course previously

Dr John M Doviak, *Managing Director, Cambridge Academy of Transport, Cambridge, UK*

Keith Ghee, *Managing Director, Hagel Investment, Singapore and Director, Distance Learning, Cambridge Academy of transport*

Alex Pilkington, *Operations Manager, Avenir LNG MS Ltd, London and Commercial Shipping Advisor for STASCO*

Programme subject to change