

Anatomy of LNG Shipping & Operations

Part 2

**FREIGHT, CHARTERING AND
CONTRACTS**

21-22 October 2020
The M Hotel • Singapore

Organised by



Cambridge Academy of Transport

48 Whittlesford Road • Little Shelford • Cambridge • CB22 5EW

Tel: +44 (0)1223 845242 • Fax: +44 (0)1223 845582

Email: enquiries@catz.co.uk • Website: www.catz.co.uk



Cambridge Academy of Transport
Registration Form

Anatomy of LNG Shipping & Operations
FREIGHT, CHARTERING AND CONTRACTS
SINGAPORE • 21–22 OCTOBER 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.

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|---|
| 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 _____ _____ |
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| 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
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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

21-22 October 2020

The M Hotel • Singapore

Course Leader

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

| | | |
|---------------------------------|---|----------------------------------|
| Wednesday 21 October | Introduction to Part 2 | 0830-0845 |
| | LNG Freight and Deal Economics | Session 11a 0845-1015 |
| | <ul style="list-style-type: none">– Introduction and Summary to Voyage and Deal Economics<ul style="list-style-type: none">○ Core Components of Voyage and Deal Economics○ Voyage vs. Time Charter○ Freight vs. Hire vs. Daily Value incl. Worked Example– LNG Specific Voyage Economics<ul style="list-style-type: none">○ 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 – <i>Cont'd</i> | Session 11b 1030-1230 |
| | <ul style="list-style-type: none">– Sample Voyage Cost Estimator<ul style="list-style-type: none">○ Comparative economics○ Cost estimator variables<ul style="list-style-type: none">▪ Vessel size/age▪ Type of propulsion plant▪ Boil off rate▪ Routing▪ Impact of assumptions and changes thereto○ Worked Examples– Ship Acquisition<ul style="list-style-type: none">○ 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****Thursday
22 October****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:
 - o numerous participants
 - o quick (often bad) contracting
 - o a dominant short-term / spot market
 - o opportunistic behaviour, and
 - o 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
 - o A Receipt
 - o Evidence of Contract of Carriage
 - o Document of Title
- Trade term definitions: INCOTERMS
 - o 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