

# LNG: Freight, Chartering and Contracts

**16-19 November 2020**

**Online Course  
Tutor**

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*Each day of this four-day course will consist of three lectures of 45 minutes  
with two fifteen minute breaks. Classes will start at 11:00 GMT on each day  
and conclude at 13:45 GMT*

**Organised by**



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# Course Programme

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## LNG: Freight, Chartering and Contracts

### **FOCUS ON COSTS AND REVENUES**

#### **Advanced Freight and Deal Economics**

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**Monday**

**16 November**

#### **Freight and Deal Economics**

**Session 1**

**1100-1145**

- Introduction and Summary to Voyage and Deal Economics
  - o Core Components of Voyage and Deal Economics
  - o Voyage vs. Time Charter
  - o Freight vs. Hire vs. TCE (Daily Value) incl. Worked Example
- LNG Specific Voyage Economics
  - o Impact of Boil-Off and Heel Retention in Deal Economics
  - o Worked Example: Freight vs Hire vs TCE
  - o Freight Book and Allocations
  - o Evaluating Voyage Options – Costing Example
- Utilisation, Optimisation, Trianglarisation and other concepts

**Session 2**

**1200-1245**

#### **Calulating and Managing Deal Economics**

- Sample Voyage Cost Estimator
  - o Assumptions and variables in a costing model
  - o Impact of vessel size and type of propulsion plant
  - o Boil off rate assumptions and management thereof
  - o Routing, harbour and canal fees, etc.
  - o Worked Examples - impact of assumptions and changes thereto

**Session 3**

**1300-1345**

#### **Voyage & Deal Optimisation Strategies**

- Economic Performance Monitoring
  - o Ensuring Performance: Owner's versus Charterer's Duties
  - o Typical LNG operating models and Critical Success Factors
  - o Speed and Consumption: Utmost Despatch vs Scheduled Arrival
- Performance Monitoring and Analysis Software Packages
- Maintaining a Consistent Freight Book System
- Exercise and examples

#### **LNG Pricing**

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**Tuesday**

**17 November**

#### **Macro-Economic Factors**

**Session 4**

**1100-1145**

- 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 5  
1200-1245**

**Managing Price and Freight Volatility**

- Emergence of Trading
- LNG Commoditisation and Market Jargon
- Managing Supply Risk and Price Volatility
- Price Risk Hedging using Futures and SWAPS
- LNG Freight Hedging

**Session 6  
1300-1345**

**Case Study: Gas Trading Jargon Buster and Deal Evaluation**

- Understanding Trading Terminology
- Recognising "Basis Risk"
- Building Blocks of a Gas Trade Explained
- Case Study

**LNG SUPPLY CHAIN CONTRACTS**

**Vessel Focus**

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**Wednesday  
18 November**

**Changes to the LNG Fleet Profile and the Impact on Chartering Strategies**

**Session 7  
1100-1145**

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

**Session 8  
1200-1245**

**Evolution of LNG Charter Party Formats**

- Adaptation of oil Time Charter Party
- Evolution into a dedicated LNG Charter Party
- LNG Voyage Charter formats (and their shortcomings)
- Shell LNGTime 1 and 2 – reasons for change

**Session 9  
1300-1345**

**Review of Key LNG Charter Party Clauses**

- Key features of ShellLNGTime1
- Changes in Shell LNGTime2
- Review of key clauses and their impact / implications
- Possible future trends

**Cargo Contract Focus**

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**Thursday  
19 November**

**Key Features of Sale & Purchase Agreements**

**Session 10  
1100-1145**

- The process of negotiating a SPA
- Main documents / requirements supporting an LNG S&P
- Key Terms of an SPA:
  - o Quantity / Quality
  - o ADP and Scheduling
  - o Vessel Performance
  - o Break Clauses and Price Reviews

**Emerging Short-Term Master Sale Agreements**

**Session 11  
1200-1245**

- New Market Participants and the trend towards shorter contracts
- MSA Architecture: Confirmation Notices and other key documents
- Future trends: MSA vs Oil Contracts
- Case Study: Trade Deal and Negotiation

**Cargo Documentation, Disputes and their Resolution**

**Session 12  
1300-1345**

- Relationship Charter Party, Cargo Contract and Bill of Lading
- Incoterms and "Contract Clash"
- Electronic Document Transfer (E-Bills)
- Disputes and under what contract (Demurrage, Q&Q and TCP)
- Claims process vs legal proceedings (Law, Arbitration, ADR)
  
- **Final round-up and Q&A**

***Programme subject to change***