

This abstract will be presented during LNG2023 conference on 10-13 July in Vancouver, Canada among many other innovative projects, ideas and outlooks. LNG2023 will provide a unique platform for the global LNG industry and key stakeholders to discuss, debate, and showcase the latest industry developments and opportunities.



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CAN NEW LNG PROJECTS BE LAUNCHED ON A “MERCHANT” BASIS? THE CHALLENGE OF FINANCING LNG GROWTH IN AN ESG AND HIGH-COST WORLD

Russia’s invasion of Ukraine and cutoff of gas supply to Europe was met by an LNG industry drive to resupply Europe through the 2022 winter. Many of those cargoes came from the US which sent 72% of its LNG cargoes to Europe. But as the attached shows, in the short-term LNG is largely a zero-sum game, and those cargoes were diverted from other buyers who will need their supplies restored for the future. Adding LNG capacity currently requires that projects have long-term sales contracts with creditworthy buyers. But despite strong demand, some buyers have been reticent to commit to long-term contracts, hampering the ability to finance new projects. In some cases buyers hope future prices will fall. In other cases, buyers, particularly in Europe, are reticent to “lock in” fossil fuels while they are exploring a transition to hydrogen or other low carbon fuels.

Is it possible to launch a new LNG liquefaction project (or expansion) on a “merchant” basis? As EPC costs relentless climb with inflation, who will provide the capital for merchant project that may cost \$10-40 billion?

The author proposes to draw on his 20 years in the LNG industry and his experience structuring dozens of LNG projects to address the need for a solution to launching and funding “merchant” projects, the challenges associated with various forms of funding, and the possibilities for structuring a project without long-term LNG contracts in place in order to help meet the world’s future needs for LNG.

To view the full conference agenda, visit <https://www.lng2023.org/lng-programme-overview>