

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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### STRAIN OF LNG NEW BUILDS ON THE EPC MARKET – INHERENT RISKS TO CAPITAL DELIVERY

The reduction in Russian piped gas flows associated with the war in Ukraine has forced Europe to look for alternative gas supplies. The demand pressure in the LNG market has accelerated commercial activity for pre-FID projects. Several projects have publicly announced their aim to reach FID in the next 18-24 months, with many others looking to follow to meet the new demand for LNG capacity. The high volume of LNG projects coming online between 2025-2029 (40% higher than 2015-2019) will likely impact key contractors' execution capacity. A strained EPC contractor market, impacted by M&A, decreased willingness to take on risk, and financial challenges has shrunken the pool of capable LNG contractors. Additionally, escalating equipment and materials driven by volatility in construction materials, equipment, and freight has led to industry wide cost escalation – driving the cost of mega capital projects even higher.

In reaction to capital cost escalation and the availability / willingness to take risks of contractors, Owners' teams are exploring alternative contracting strategies and mechanics to help mitigate some of the risk.

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