

WHAT?

SWG5's Challenge

The natural gas industry is increasingly exposed to regulatory measures enacted to combat emissions: in terms of transparency relating to GHG emissions and in terms of prevention and pricing of such GHG emissions.

SWG5 deals with the contractual side of this exposure: it will give a response to the question how LNG SPAs can cover energy transition requirements with regards to the carbon footprint of LNG cargos.

HOW?

Approach to the Challenge

1



Hypotheses and drivers

2



Methods, debate and exchange

3

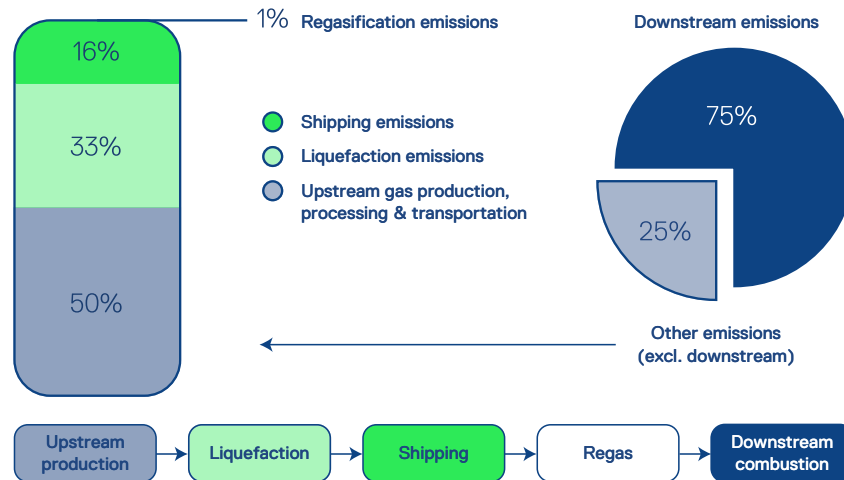


Results and Recommendations

Calculation of emission intensity is a complex task, especially if the exporter is not the gas producer and feed gas is transported through an interconnected pipeline network. There is a risk of incorrect information, and there is a need for a fair allocation of its financial consequences.

After a preparatory kick-off meeting, legal experts from intl. law firms, LNG exporters and importers in Japan, Europe and the US will in a 2-day workshop jointly discuss model clauses to be included in LNG SPAs.

In its final report SWG5 will provide perspectives and text proposals on how to achieve a fair balance of responsibilities and a fair allocation of risk between buyers and sellers, contributing to a liability and remedy regime that responds to the increasingly relevant energy transition requirements in LNG trading.



Source: GIIGNL, LNG carbon offsetting (2020)