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Guiding a large gas pipeline company through its plans to enter the LNG market
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Entering the LNG market

If you operate an established gas midstream business in the US, it is understandable if watching the LNG export market grow creates a sense of missed opportunities. Our client in this case was looking for opportunities for active participation in the LNG value chain to underpin planned corporate growth.

They had discreetly identified several opportunities to enter the LNG market through pre-final investment decision (FID) projects in the US. We were tasked with developing a strategy for the company to enter the LNG market and evaluating the proposed options for doing so.

Risk vs reward

We carried out commercial due diligence on one of the pre-FID projects under consideration by our client. This included looking at the value chain surrounding the potential investment opportunity, then broadening our client's perspective on where in the chain the most valuable investment opportunities could be found.

We helped our client to think about how their appetite for risk and reward matched with the different LNG participation options available to them, with the outcome being that they wanted opportunities in which the level of risk was similar to their existing pipeline business.

As a result of those discussions, our client turned its attention to alternative US LNG opportunities. We helped to identify other pre-FID projects in which our client could provide the infrastructure needed for the development in question, and therefore fulfil its key strategic objectives.

Separately we identified potential counterparties to which our client could propose an LNG offtake deal, then shortlisted and carried out due diligence of the preferred offtake partners. We helped to draft and review a memorandum of understanding sent to offtake partners.

Developing opportunities

Alongside our work on the proposed deal, we conducted further analysis of the risk and reward opportunities of different participation strategies.

Our input enabled our client to approach its executive management team to request a deal mandate in relation to the live market opportunities. They are in ongoing discussions with counterparties and LNG offtakers, and we have continued to give advice on the terms of the potential deal.



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