

17 April 2024

Contents

Getting an African LNG plant with no commercial procedures ready for operations
Publication date: 26 January 2015

Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
subscriptions@gasstrategies.com



Getting an African LNG plant with no commercial procedures ready for operations

A plant without a plan

There can be few things more daunting for a new LNG project than having your infrastructure in place, but not the commercial processes and procedures to allow you to operate it successfully.

That was the position our client, an African LNG project, was in danger of finding itself when it contacted us. With construction work on its plant nearing completion, the company realised that its commercial procedures were not far enough advanced.

They brought us in to drive the process forward. We were instructed to help our client meet its aim of running an effective and optimised LNG project from the first day of operations.

Preparing for LNG operations

Some initial work on accounting processes; operational procedures; and compliance with gas sales agreements (GSAs) and sale and purchase agreements (SPAs) had been carried out, but we needed to carry out a detailed review of the GSAs and SPAs in order to establish the challenges and opportunities presented by each.

We were also required to develop operational procedures that would allow the project's commercial and operations teams to start work as soon as the plant was ready.

Having reviewed the commercial agreements, we mapped the operational requirements of the contracts using high-level process diagrams. The work previously done by our client was reviewed and incorporated into these diagrams.

The process diagrams were used to create detailed procedures, which were the basis for guiding our client on its invoicing and operations, particularly in relation to production planning scheduling. Detailed flow charts, written instructions and spreadsheets were also delivered to the client to allow the team to manage deliveries against nominations and quantities accounting.

Through the commercial agreements review we further identified:

- challenges in interpreting or operating the contracts.
- opportunities to optimise the value of the contracts.
- improvements our client could seek when renegotiating the contracts.
- issues to consider when negotiating future contracts.

Introducing new commercial procedures

We worked with our client to ensure the newly developed commercial procedures were integrated within the organisation's operating functions. As a result, the accounting and operations teams were in a

position to start business immediately, with clarity provided on a host of factors, including authority levels and priorities.

We undertook training exercises to demonstrate and test use of the procedures to our client's team, and to ensure the processes were integrated as smoothly as possible. An ongoing training programme is in place so that our client's commercial management and staff can continue to build on the lessons learnt during this project.



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com



Information Services

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com