

X-LNG CASE STUDY · JUL 2025

LNG pricing: Brent or Henry Hub?

Calculate what a buyer gains from choosing the cheaper pricing formula for each cargo.

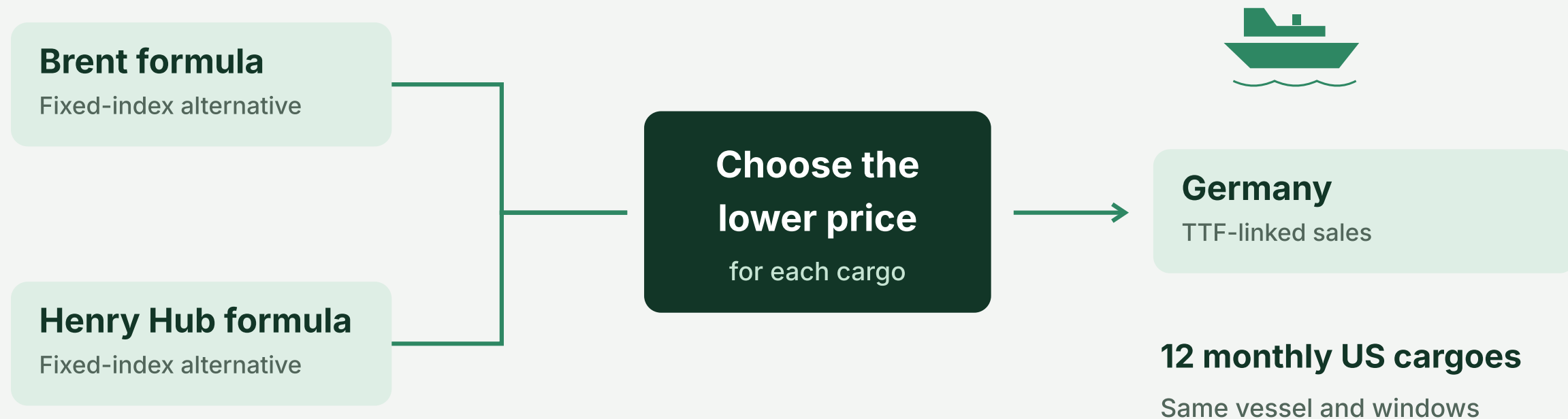


\$0.52/MMBtu

MEAN VALUE OF THE CHOICE VS BRENT-ONLY PRICING

One LNG programme, with a choice of purchase index

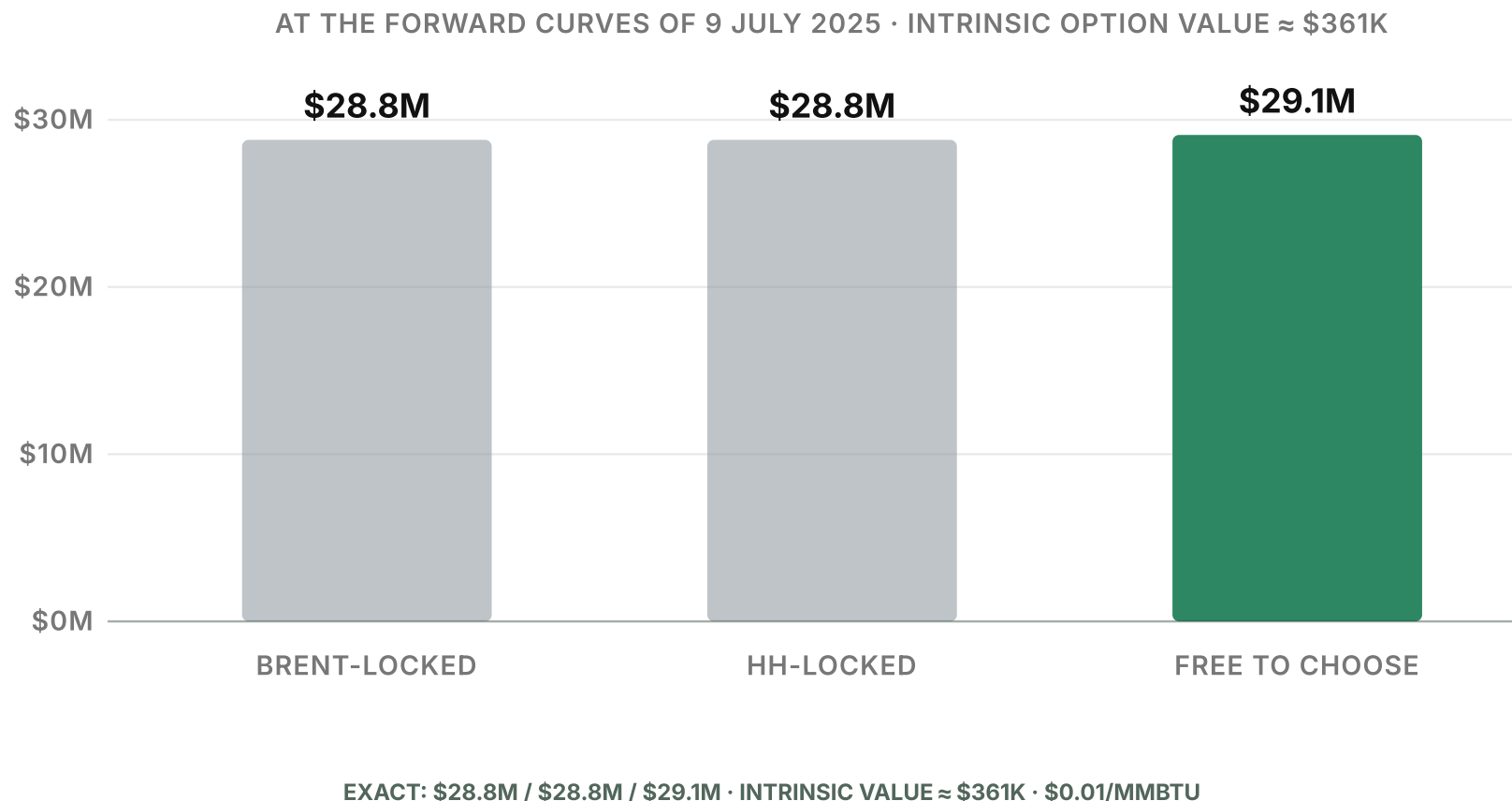
Compare Brent-only, Henry Hub-only and the right to choose



The flexible contract uses the cheaper permitted formula for each cargo.

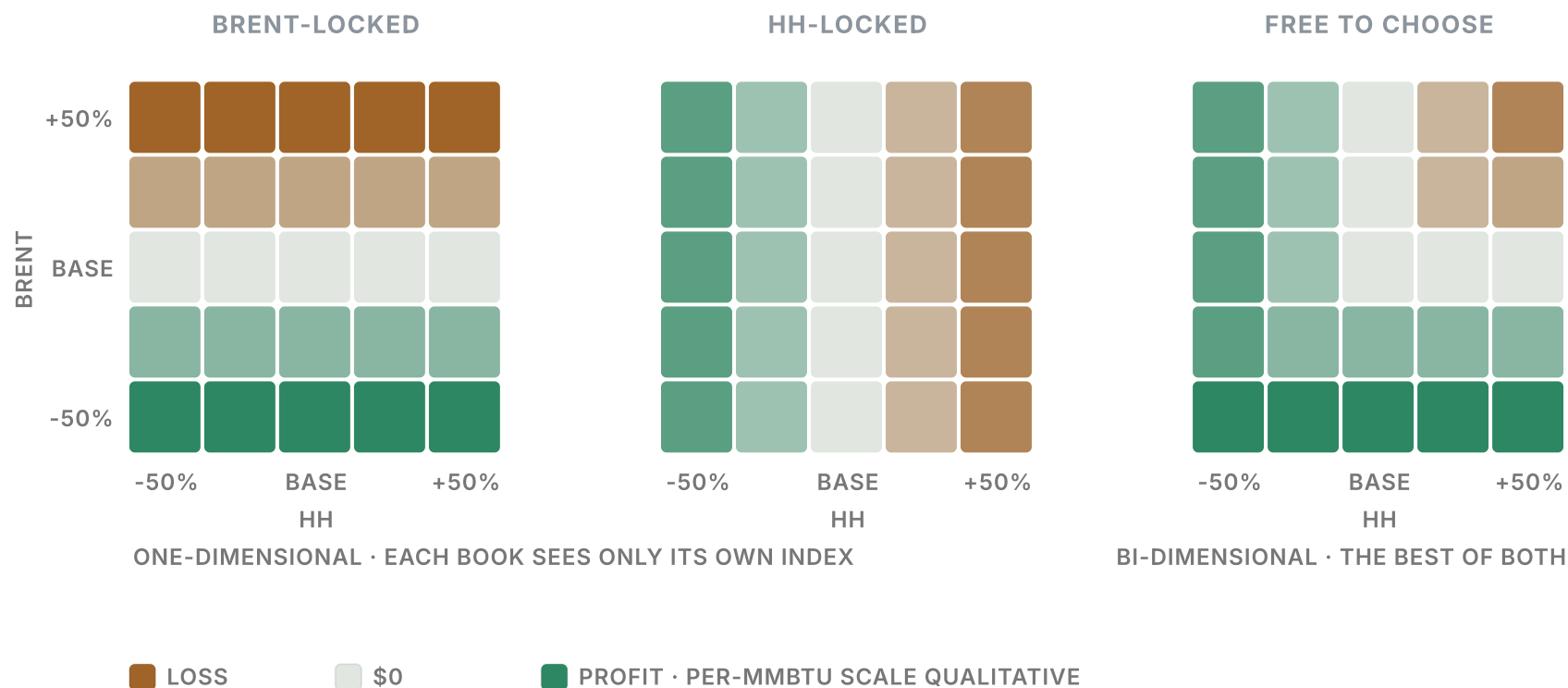
The two fixed-index formulas are calibrated to similar forward values. The delivery programme stays the same.

The fixed-index contracts start near the same value



The formulas are calibrated so both fixed-index portfolios earn about \$28.8M at forward prices. The choice adds approximately \$361,000, or \$0.01/MMBtu.

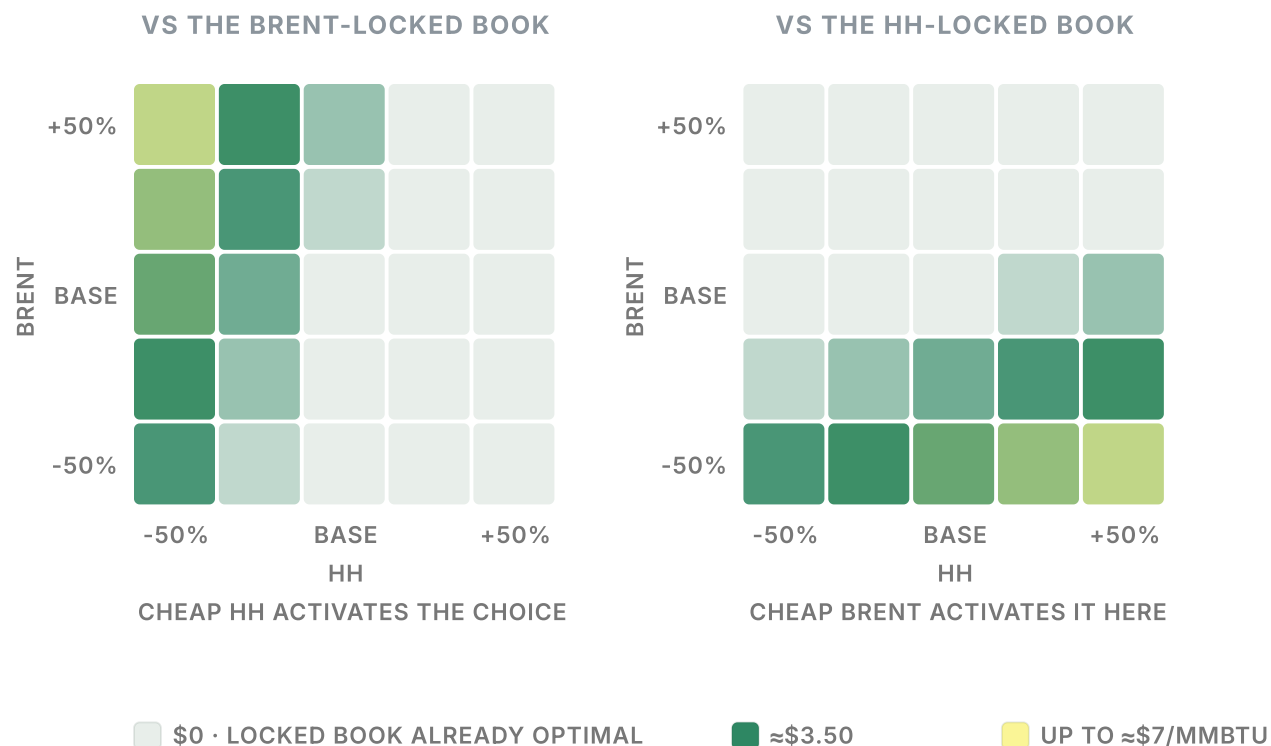
Index choice changes the response to HH and Brent



REBUILT FROM THE ENGINE SURFACES · CELL COLOURS QUALITATIVE

The purchase price is the lower of the two permitted formulas for each cargo. The boundary plot shows where HH-linked supply becomes cheaper than Brent-linked supply under the tested prices.

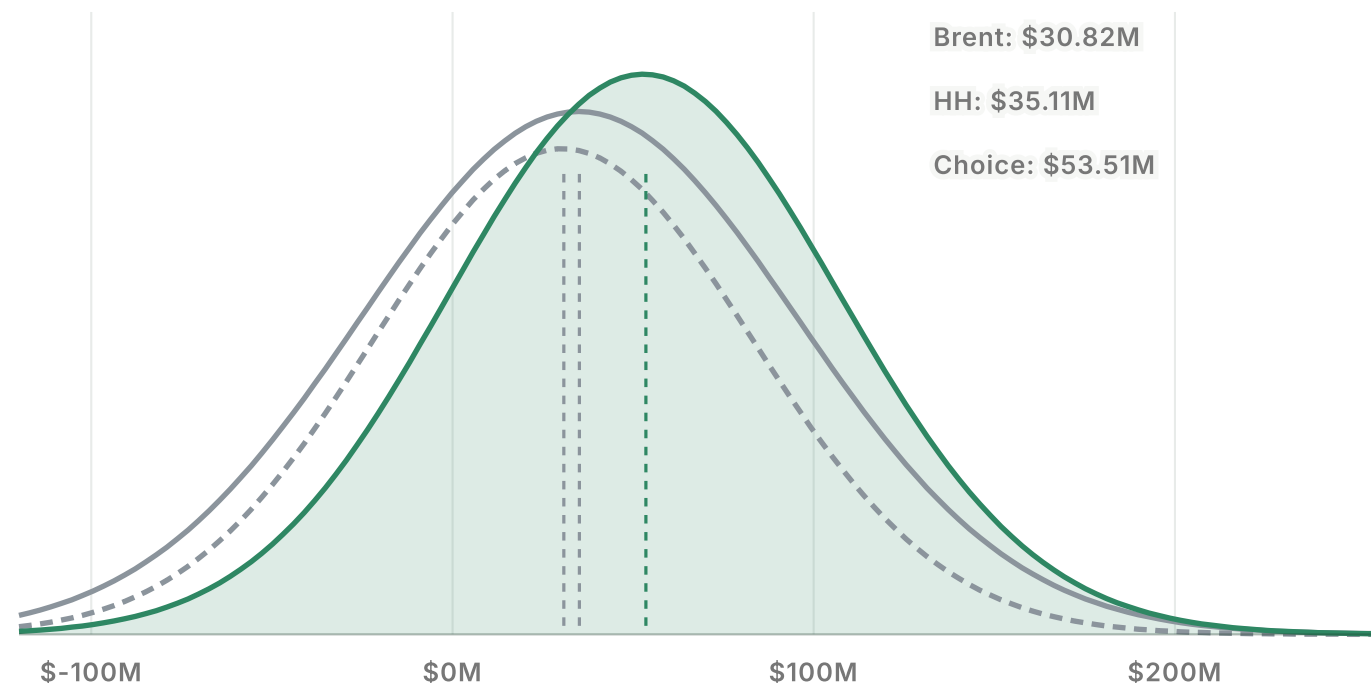
The buyer switches to whichever formula is cheaper



CELL COLOURS QUALITATIVE, ANCHORS FROM THE ENGINE SURFACES · UP TO ~\$7/MMBTU

The purchase price is the lower of the two permitted formulas for each cargo. The boundary plot shows where HH-linked supply becomes cheaper than Brent-linked supply under the tested prices.

Index choice raises mean simulated profit

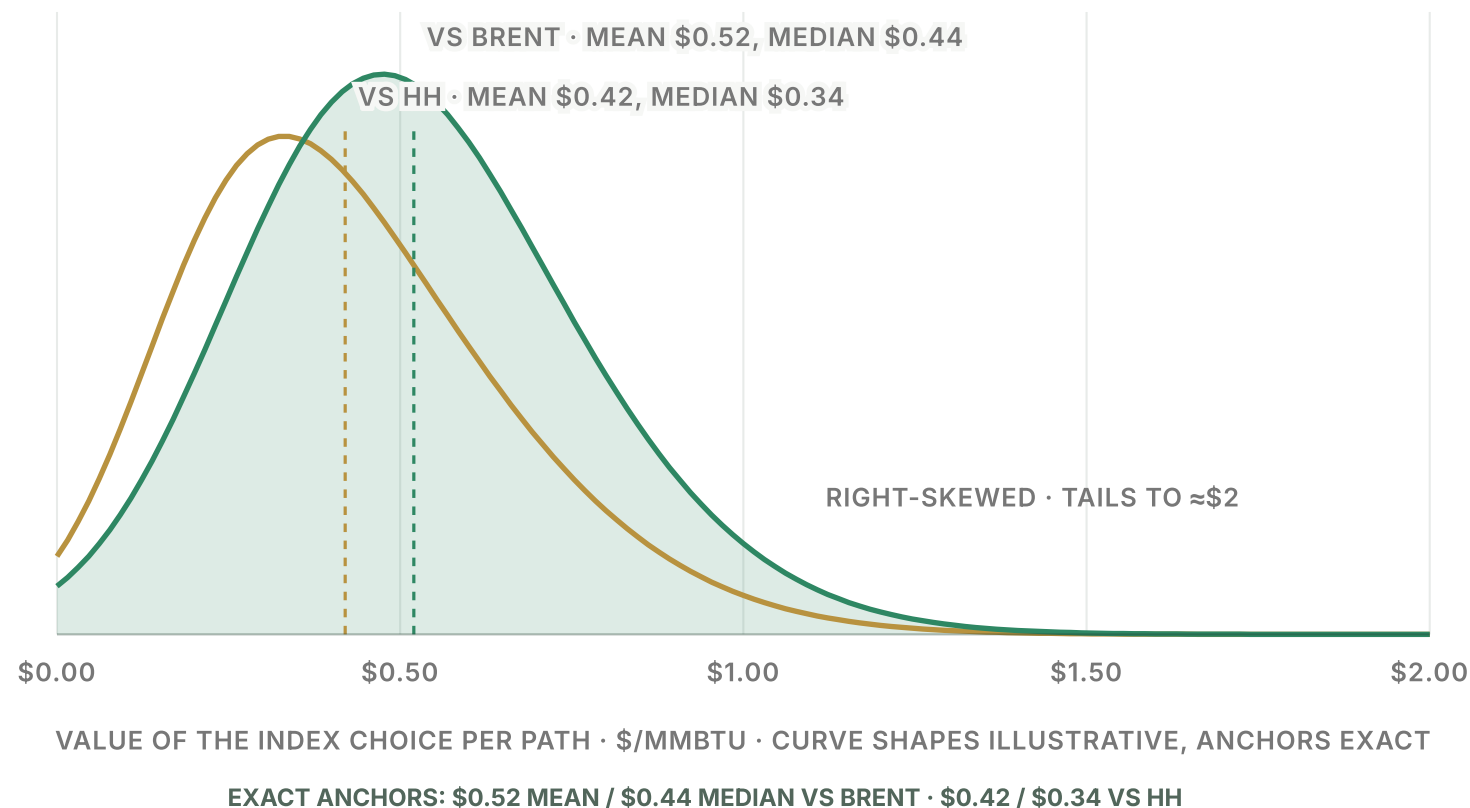


1,000 MC PATHS, RE-OPTIMISED PER PATH · SHAPES ILLUSTRATIVE, MEANS EXACT

EXACT MEANS: \$30.82M / \$35.11M / \$53.51M · MEDIAN \$28.13M / \$34.80M / \$51.98M

Mean portfolio profit is \$30.82M with Brent, \$35.11M with HH and \$53.51M with the pricing choice.

Value the choice against each fixed-index alternative



For every path, subtract the fixed-index profit from the flexible profit. The mean difference is \$0.52/MMBtu against Brent and \$0.42 against HH.

RESULT AND SCOPE

Mean choice value of \$0.52/MMBtu versus Brent-only and \$0.42/MMBtu versus HH-only.

The pricing formulas deliberately start near equal value at forwards. The simulation values depend on their calibration and price assumptions. A separate premium charged for the right would reduce its net benefit.

Calculate the value of an indexation choice in your contract

Calypso Ventures GmbH

www.calypso-commodities.com · ms@calypso-commodities.com

+49 157 769 40574

Bismarckstraße 10-12, 10625 Berlin · HRB 239736 B, Amtsgericht Charlottenburg

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