S&P Global Platts Launches Carbon-Neutral LNG (CNL) Assessment

First global daily LNG price assessment for well-to-tank emissions

SINGAPORE, June 15, 2021 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information, analytics and benchmark prices for the commodities and energy markets, today announced the launch of the world's first daily carbon-neutral LNG price assessment (CNL), which tracks the cost of carbon credits purchased and retired to offset the carbon emissions for an LNG cargo on the world's most active trade route.

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The assessment brings transparency to this growing portion of the LNG market as the industry seeks to mitigate greenhouse gas (GHG) emissions and deploy further efforts to reduce the climate impact of their activities. CNL involves offsetting the carbon emissions associated with the upstream production, liquefaction, transportation and, where required, combustion of the gas - through the purchase and retirement of carbon credits, which in turn support the protection and restoration of natural ecosystems or other renewable projects.

Ciaran Roe, Global Director of LNG Pricing, S&P Global Platts said: "We are already seeing LNG consumers around the world demand action on emissions associated with LNG use amid an increasingly carbon conscious economy. Providing increased transparency around the carbon footprint of LNG cargoes is vital to aid buyers' and sellers' decision-making in the market."

"JKM is the leading global LNG benchmark reflecting the value of LNG delivered toNorth Asia. This first CNL price assessment builds on JKM's position by also reflecting deliveries into the biggest demand hub for LNG globally. The CNL assessment for well-to-tank emissions was developed in close consultation with the industry, which showed a keen interest in Platts adding greater transparency to the cost of offsetting emissions associated with an LNG cargo. The next steps for the industry are to decide on the development and implementation of GHG quantification and reporting methodologies, as well as how the industry will lower emissions associated with the production and consumption of LNG."

The Platts *CNL WTT JKTC* assessment reflects LNG cargoes loaded in Australia and delivered to JKTC (Japan, Korea, Taiwan, China) - the most active trade route in the world. The assumed cargo size is 3.4TBtu and is assessed in $/MMBtu, using Platts CNC price assessment [link to CNC sub note or press release] to value the cost of nature-based voluntary carbon credits. The launch builds on recent growth in trade of carbon-neutral LNG cargoes in 2021. Platts uses a weighted average of the estimated emissions of CO2e per metric ton of LNG produced from all Australia liquefaction plants and an average emissions rate for a standard LNG vessel sailing from Australia to JKTC. The assessment reflects carbon dioxide emissions offset on a well-to-tank (WTT) basis and takes into consideration emissions associated with production, including an estimate for fugitive emissions, liquefaction, freight (including ballast leg) and regasification.

S&P Global Platts has been publishing daily LNG prices for over a decade. Platts JKM is recognised as the global benchmark for spot physical LNG cargoes delivered to North Asia. It is referenced in spot deals, tenders and short-, medium- and long-term contracts both in the region and globally. In addition, Platts also publishes regional LNG benchmarks such as the West India Marker (WIM) and the US Gulf Coast Marker (GCM). A global editorial team monitors market news and assesses global LNG prices, and a team of LNG analysts provide detailed analysis and outlook of the global LNG market from Platts' offices in Singapore, London and New York.

S&P Global Platts is committed to reviewing its methodology specifications and assumptions on an ongoing basis as the LNG market evolves and Platts will continue to engage with the marketplace.

The full subscriber note can be found **here**.

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