

Index

ACCC authorisations - long term agreements, 210

- BHP Billiton Iron Ore Pty Ltd, 210
 - iron ore supply agreement, 210
 - limited public benefit of joint venture agreement, 211
 - public benefits of joint venture agreement, 211
 - relevant market, 210-11
 - third party access considerations, 212
- coal supply contract
 - public benefits, 215-16
 - public detriment, 216
 - relevant market, 214-15
 - Tarong Energy Corporation Limited Coal Supply Agreement, 214
- gas supply agreement - Mereenie Producers, 212, 241-2
 - fringe competition from alternative energy sources, 212
 - Gasgo Agreement, 245-6
 - joint marketing, analysis, 242-4
 - pre-emptive right, 246-7
 - public benefits, 212-13
 - public detriment, 213-14
 - relevant market, 211
 - successors and assigns, 248-9
 - take-or-pay obligations, 245
- overview, 210, 216-17, 249-50
- PNG Gas Project, 244
 - separate marketing, feasibility, 244
 - successors and assigns, 248-9

AGL - long term agreement, 220, 221

- arbitration under the Letter of Agreement, 224
 - producer's cost, emphasis, 224
- Letter of Agreement 1971, 220
 - price review clause, 223
 - price review mechanism under 1971 Letter of Agreement, 223-4
- Re AGL Cooper Basin Natural Gas Supply Arrangement*, 229-30
 - anti-competitive detriments, 232
 - Australian Competition Tribunal, 229
 - authorisation of arrangement, 231
 - determination, 231
 - detriment to the public, 233-5
 - right of first refusal, 233
 - 'substantial lessening of competition', 229-30
 - take-or-pay clause, 232

AGL - long term agreement (*cont*)

- 30-year Gas Supply Agreement, 229
 - Australian Competition Tribunal, and 229
 - exclusive dealing, 230
 - 'substantial lessening of competition', 229-30

Arbitration clauses - design

- Australia's investment agreements, 316-17
 - free trade agreements, 316
 - guarantee of the protection and security of investments, 317
 - investor-state arbitration clauses, 316, 318-19, 323
 - most-favoured-nation status, provisions, 317
 - unfair and inequitable treatment, provisions, 317
 - unlawful expropriation, provisions, 317
 - White Industries (Australia) v India*, 317-18
- consolidation clauses, 320
- Dispute Boards, 321
- equivocation and unworkable promises, 319
- key considerations to achieve effective arbitration clauses, 320
- multi-tiered dispute clause, 321
- New York Convention on Enforcement of Arbitral Awards, 310-11
 - arbitral awards recognition and enforcement, 310
 - China, enforcement, 311
 - 'commercial', clarification of term, 311
 - enforcement rate, 311
 - reciprocity reservation, 311
 - grounds of challenge, 322-3
- step clauses, 320-1
- what not to do, 319

Arbitration of disputes - Australia

- Commercial Arbitration Acts, 331
 - retrospective operation, 332
 - status of existing arbitration rights under long term contracts, 331-3
- confidentiality, 330, 331
 - Commercial Arbitration Acts, 330
 - IAA, under 331
 - judicial review of awards, restrictions, 331
 - non-disclosure, exceptions, 330
- domestic arbitration, 326
 - International Arbitration Act 1974 (Cth) (IAA)*, 325, 336
- finality and enforcement of international arbitral awards, 334
 - grounds for refusing recognition or enforcement, 334-5
 - non-enforcement, 337-9
 - public policy grounds, narrowing, 335-7
- limitations on party autonomy, 339
- long term contracts, 325
- recognition and enforcement, 333
 - international enforcement of awards under IAA, 333-4
- recourse against award, 326-7
 - domestic arbitration, 327

- international arbitration, 329–30
- long term contracts, ramifications, 329
- UNCITRAL Model Law, 326
- which Act applies, 326

Australian Competition and Consumer Commission (ACCC)

- long term contracts, and 238
 - competition concerns, 238–9
 - competition law, compatibility, 239
 - conditions on authorisation, 239
 - public benefits, determination, 240
 - public detriments, determination, 240
 - substantially lessen competition in the market, 240

Change of circumstances – drafting provisions, 42, 89

- ‘bad bargain’, 98
- carbon tax, 91
- change of law provisions, 104
 - ‘pass through’, 104–5
- coal supply agreement – example clauses 368
 - change events, 369
 - convene meeting of the parties, 370
 - five yearly review, 368
 - mitigation, 371
 - receiving party’s notice not accepting options, 370
 - receiving party’s senior officer, 370
 - review of options, 370–1
 - trigger, 368
- cost plus pricing, 103
- dispute resolution provisions, 107–8
 - conciliation, 108
 - expert or third party determination, 108–9
 - litigation and arbitration, 108
 - negotiation, 108
- drafting solutions, 97–8
 - flexibility in change of circumstances, 98
- failure of parties to resolve dispute, 97
 - causation, 106–7
 - common features, 106
 - force majeure* event, 105–6
 - force majeure* provisions, 105
 - non-performance, 106
- gas supply agreement – example clauses, 371
 - substantial change in economic circumstances, 371
 - trigger event, 371
- good faith negotiations, 98–9
- GST, 91–2
- inability to perform contract, 93–4
- legislative changes, 89–90
- long term market price indicator, 102–3
- market conditions, change, 94–7

Change of circumstances - drafting provisions (*cont*)

- market prices of competing commodities, 103-4
- netback pricing, 103
- overview, 109-10
- personal property securities legislation, 92-3
- pricing mechanisms, 101-2
- renegotiation clause, 99-100
- risk allocation provisions, 100-1
- spot market provisions, 103
- take or pay obligation, 102

China - long term contracts

- Anti-Monopoly Law, 37
- arbitration
 - agreement, drafting, 35
 - China International Economic and Trade Arbitration Commission (CIETAC), 34
 - foreign investments, 35
 - Hong Kong, advantages, 34
- business negotiating style, 27
- Confucian gentleman, 27
- control of process, 28
- defer a decision to superiors, 28
- distrust of fast talkers, 29
- foreign counterparty, 28
- gather information, 28
- Maoist bureaucrat, 27
- members of negotiating team, 29
- negotiation strategies, 28
- patience and perseverance, requirement, 29
- signing of contract, importance, 29
- Sun Tzu strategist, 27
- 'time is money', absence, 28
- China International Economic and Trade Arbitration Commission (CIETAC), 34
- contract law, history, 25-7
- dispute resolution, 34
- exclusivity, 37
 - Anti-Monopoly Law, and 37
- exit mechanism, 37-8
- governing law, choice, 35
 - parties to a contract with foreign elements, 35
 - PRC law, 35
- joint ventures, 37
 - management structure, 37
- legal environment, 31
 - foreign lawyers, challenges, 32
 - impartiality and transparency, 31
 - rule of law, 32
- legal system, 29
 - National People's Congress, 29-30

- People's Courts, 31
- People's Procuratorates, 31
- State Council, 30-1
- legislative framework
 - Chinese Construction Law, 32
 - Chinese Submission of Bids laws, 32
 - Ministry of Construction, 32
 - overview, 40
 - regulations, 32-3
 - Standing Committee of the National People's Congress, 33
 - Supreme People's Court, 33
 - The Contract Law, 32
- philosophies, 25
 - continuous and strategic bargaining, 25
 - cooperation, 25
 - national interest, 25
- The Contract Law, 33
 - CIETAC arbitration, provisions, 34-5
 - due diligence, 36-7
 - exemption clauses, 39
 - General Provisions, 34
 - governing law, choice, 35
 - hardship clauses, 39-40
 - language, 36
 - limitation of liability clauses, 38
 - penalty clauses, 39
 - specific performance, 39
 - Specific Provisions, 34
 - UNIDROIT, and 34

Choice of law - enforcement

- alternative dispute resolution steps, exhaustion, 341-2
- arbitration clauses, design *see* Arbitration clauses - design
- arbitration of disputes in Australia *see* Arbitration of disputes - Australia
- Australia's investment agreements, 316-17
 - free trade agreements, 316
 - guarantee of the protection and security of investments, 317
 - investor-state arbitration clauses, 316, 318-19, 323
 - most-favoured-nation status, provisions, 317
 - unfair and inequitable treatment, provisions, 317
 - unlawful expropriation, provisions, 317
 - White Industries (Australia) v India*, 317-18
- bilateral investment treaties, 313-14
 - advantages, 314
 - arbitration under, 315
 - diplomatic protection claims, 314
 - inbound and outbound investment, 314
 - international-law rights of investors, 314
 - 'umbrella clause', 315-16
- commercial efficacy to bargain, 341
- 'local content' (or counter-trade) requirements, 313

Choice of law – enforcement (*cont*)

- multi-tiered dispute resolute clause, 341
- New York Convention on Enforcement of Arbitral Awards, 310–11
 - arbitral awards recognition and enforcement, 310
 - China, enforcement, 311
 - ‘commercial’, clarification of term, 311
 - enforcement rate, 311
 - reciprocity reservation, 311
 - grounds of challenge, 322–3
- overview, 310
- sovereign immunity, 312
 - blanket immunity asserted by China, 312
- ‘step clause’, 341
- United States
 - anti-trust statute, 313
 - arbitration, 312

Commercial factors

- enduring commitment, 4
- future events, unpredictable, 4

Damages for breach

- allocation of risk, 254
 - ‘best shot’ rule, 255
 - complexity of subject matter, 255
 - prediction of future events, 254
 - time increases risk, 255
 - unanticipated contingencies, 255
- assessment of damages, rules, 253
 - compensation for loss, 256
 - disgorgement damages, 257
 - double counting of loss, impermissibility, 256
 - nominal damages, 259
 - plaintiff’s expectation interest, 256
 - ‘reliance’ and ‘restitution’ interest, 257
 - Robinson v Harman*, principle, 256
- claims for damages, checklist, 252
 - exclusion of consequential loss, 252
 - exclusive code for remedies, 252
 - heads of damages, 252
 - liquidated damages clause, 252
 - mitigation of loss, 252
 - nature of breach, 252
 - post-breach events, 252
- common law, 251
- date of assessment, 276
- design of contract damages *see* Design of contract damages
- expectation interest, 258
 - diminution in value, 261, 262
 - estimation of loss, 259–60
 - long term contracts, complexity, 259–60

- market information on price, 258
- monetised specific performance, 261
- reinstatement damages, 263
- overview, 251, 276–7
- proof of damage *see* Proof of damage
- reliance interest, 264
 - Commonwealth v Annan Aviation Pty Limited*, 265–70
 - double counting of loss, impermissibility, 264
 - expenses incurred, 264
 - long term contracts, complexity, 265
 - onus of proof, 271
 - wasted expenditure, 266–70
- remoteness of damage, 271
 - assumption of responsibility for loss, 272, 273, 275
 - ‘damages in the usual course of things’, entitlement, 271, 272, 273, 274
 - Hadley v Baxendale*, rule, 271, 273, 274
 - long term contracts, 271
 - loss of the kind actually sustained could have been foreseen, 274
- specific performance, 251

Design of contract damages

- compensation damages, 278–9
 - reliance interest, 278
- doctrinal dominance of expectation damages, 279–80
- factors guiding parties, 280
 - conditional (‘tiered’) damages, 282–3
 - damages and litigation incentives, 281–2
 - damages and risk allocation, 280–1
 - insurance, 281
 - liquidated damages, 281
 - ‘sticky’ defaults, 283–4
- overview, 284
- parties’ informed intentions, 280
- theory of efficient breach, 279
 - first and second Restatement of Contracts, 279

Dispute resolution

- alternative dispute resolution steps, exhaustion, 341–2
- arbitration clause, negotiation, 303
- checklist for commencement and completion of process, 302
- choice of law, 303, 304–5
 - agreements to agree, 307–8
 - choose one applicable law, 309
 - contractual interpretation, 306–7
 - hardship, *force majeure* and unreasonableness, 308
 - importance of, 305–6
 - mandatory law, 309–310
 - public international law as applicable law, 309
- confidentiality of evidence, maintenance, 340
- evidentiary issues, 342–3
 - witness testimony and cultural considerations, 344
- long term contracts, 304

Dispute resolution (*cont*)

- optimise the advantages of arbitration process, 344–5
 - cross-examination of witnesses, limit, 345–6
 - pre-hearing meeting and Procedural Order No 1, 345
 - UNCITRAL Model Law, focus, 345
 - use of protocols and guidelines, 346
- overview, 301
- risk analysis, 340–1
- types of dispute, 342

Drafting – long term contracts

- change in circumstances *see* Change in circumstances- drafting provisions
- commercial goals, 84
 - allocation of risk between parties, 86–7
 - contractual security, 85–6
 - frustration of contract, avoidance, 88–9
 - maintenance of strong relationship with other party, 87–8
 - make a profit and maintain the commerciality of contract, 84–5
- drafting for the buyer, 77–8
- force majeure*, 42
- frustration, 42
- hardship clauses, 46–7
- overview, 83–4
- price adjustment, 42
- price review clause, 43
 - advantages, 45
 - commodity prices, volatility, 44–5
 - consequences if agreement on price is not reached, 51
 - flexibility, 46
 - Japan Crude Cocktail index (JCC), 45
 - LNG contracts, in 45
 - long term iron ore contracts, 45–6
 - nominated event or nominated time, 44
 - oil price linked index, 45
 - price adjustment guidelines, 51
 - price review process *see* Price review process – implementation
 - procedure for arriving at adjusted price, 49–51
 - rationale, 44–5
 - structure of clause, approach, 47–8
 - trigger event, 48–9
- risk, minimisation, 42
- termination, 42

Drafting termination provisions, 61

- cessation or suspension of supply, 68–72
- coal contracts, 63–7, 68
- common themes, 67
 - force majeure*, 67
 - insolvency, 67
 - material breach, 67
- drafting to avoid cessation or suspension, 72

iron ore contracts, 62–3
 LNG contracts, 61–2
 other ‘commodities’, 67

Duties and liabilities

fiduciary obligations *see* Fiduciary obligations
 good faith obligations *see* Good faith obligations

Energy and resources industry

long term contracts, 4

Fiduciary obligations, 112

agency or quasi-agency relationship, 113
 causes of action, 112
 contract performance and enforcement, 143–5
 dependency and vulnerability in delivery of commodities, 113
 fiduciary principle, 139–40
 joint ventures, 141–2, 154
 non-consent activities, 154
 oil and gas industry, 154
 sole-risk, 154
 negotiation
 fiduciary relationship, 140–1
 non-fiduciary, or a to be determined, relationship, 141–2
 negotiation phase and performance phase, distinction, 136
 overview, 151–2
 pre and failed contract negotiations, 138–9
 reasonable expectations, 136–7
 recapturing opportunities, 151

Force majeure clause, 190–1, 203–204, 372

affected parties obligations, 373, 375, 387
 affected party must rectify situation if possible, 376
 apportionment of available product, 396
 buyer’s rights upon sellers *force majeure*, 396–7
 consequences of *force majeure*, 389, 391
 co-operative function, 204
 curtailment, 375
 duty to minimise delay, 389
 economic hardship, 398
 ‘event of *force majeure*’, definition, 372, 376–7, 378, 379, 380, 381, 382, 383, 384, 388, 391
 exemption from compliance with obligations, 397
 labour disputes and Native Title matters, 385–6
 legal obstacles to use, 198–9
 liability for delay or failure in performance, 392–5
 no default, 374
 no obligation to perform, 374
 notice of *force majeure* event, 373, 375, 386, 389
 notice, resumption of normal performance, 395
 notice when suspension period ends, 376
 obligation to remedy *force majeure*, 384

Force majeure clause (*cont*)

optimal termination, payment and release, 390, 392
 parties' attitude to negotiation, 203–4
 release from performance under law, 390
 relief, 385
 seller's rights upon buyer's *force majeure*, 396
 service charges during curtailment, 376
 settlement of industrial disturbances, 396
 subcontractors, affected, 389–9
 suspension of obligations, 373, 383, 387
 termination, 376, 388, 397

Frustration & Force Majeure

academic perspectives, 192–3
 all reasonable steps taken to avoid, requirement, 190
 alternative sources/avenues of supply, requirement, 189
 ban on exports, 189–90
 bespoke approach
 driving factors, 207
 natural gas sector, 207
 'boilerplate' approach, 206
 common mistake and frustration, functions, 193
 common law, shortcomings, 193–6
 events 'beyond the control of the parties', 190
 example clauses, 372
 affected parties obligations, 373, 375, 387
 affected party must rectify situation if possible, 376
 apportionment of available product, 396
 buyer's rights upon sellers *force majeure*, 396–7
 consequences of *force majeure*, 389, 391
 curtailment, 375
 duty to minimise delay, 389
 economic hardship, 398
 'event of *force majeure*', definition, 372, 376–7, 378, 379, 380, 381, 382, 383, 384, 388, 391
 exemption from compliance with obligations, 397
 labour disputes and Native Title matters, 385–6
 liability for delay or failure in performance, 392–5
 no default, 374
 no obligation to perform, 374
 notice of *force majeure* event, 373, 375, 386, 389
 notice, resumption of normal performance, 395
 notice when suspension period ends, 376
 obligation to remedy *force majeure*, 384
 optimal termination, payment and release, 390, 392
 release from performance under law, 390
 relief, 385
 seller's rights upon buyer's *force majeure*, 396
 service charges during curtailment, 376
 settlement of industrial disturbances, 396
 subcontractors, affected, 389–9

- suspension of obligations, 373, 383, 387
- termination, 376, 388, 397
- force majeure* clause, 190–1, 203–204
 - co-operative function, 204
 - legal obstacles to use, 198–9
 - parties' attitude to negotiation, 203–4
- governance of long term contracts, and 199–202
- institutional economic analysis of the firm, 199–203
- LNG contracts, 207
 - apportionment, 208
 - bespoke approach, 207
 - DES v FOB, 208
 - destination flexibility, 208
 - flexibility of supply source, 208
 - political risk, 207
 - third-party contractors, 208–9
 - upstream/downstream continuum, 207–8
- non-performance of contract, excuse, 187–8
- overview, 187, 205, 209
- penalty default rule, 196–7
- rules of construction, 189
- Gas supply agreement – Mereenie Producers, 212, 241–2**
 - ACCC authorisation
 - fringe competition from alternative energy sources, 212
 - Gasgo Agreement, 245–6
 - joint marketing, analysis, 242–4
 - pre-emptive right, 246–7
 - public benefits, 212–13
 - public detriment, 213–14
 - relevant market, 211
 - successors and assigns, 248–9
 - take-or-pay obligations, 245
- Good faith obligations, 114**
 - commercial relationships, boundaries, 154–5
 - contract performance and enforcement, 143–5
 - doctrinal confusion, 114
 - duration of contract, importance, 114
 - fair dealing, and 145–8
 - faithfulness to agreed purpose, 147
 - fettering discretionary powers/judicial review, 149
 - fidelity to the bargain, 148
 - honesty in fact, 146
 - long term contracts, 153–4
 - matters for consideration, 114–15
 - negotiations, and 142–3
 - observance of reasonable commercial standards of fair dealing, 146
 - overview, 111, 151–2
 - recapturing opportunities, 151
 - 'show cause' clause, 149

Government contracts

- long term contract, 10
- negotiation, factors, 10
 - legislation enacted, amended or repealed, 10
 - political climate, 10
 - social and political dynamics, 10

Implementation of contract - challenges

- key players, change, 12
- political, social and business environments, 12
- short-term transactional matter, treatment, 11-12

Incompleteness - long term contracts, 7

- classical contract law, 7
- express terms, 7
- insufficient sensitivity to future contingencies, 7
- legal incompleteness, 7
- opportunistic behaviour, risk, 7

Interpretation of contract

- absurdity and inconsistency, avoidance, 122
- ambiguity in language, 119, 134
- common intention of the parties, 119
- estoppel, 126
- express terms, construction, 118, 129-30, 131-2
- extrinsic evidence, 119-20, 156
 - admissibility, 121
 - background, context and market, 121
 - pre-contractual surrounding circumstances, 119-21, 133-4
 - prior negotiations, 121
- fundamentals and assumptions, 117-18
- implied terms, 123
- letter of agreement, 131-2
- overview, 115-16, 130
- rectification, 124-5
 - actual (subjective) common intention, 124-5
 - equitable remedy, 124
 - implied, 133
- risks, 116
- supervening events, 116
 - express adaptation terms, 117
 - suspension of obligations, 117
- variation, 125-6
 - consideration, requirement, 125
 - optimal time for renegotiation of terms, 125
 - variation agreements, 125
- waiver, 127
- Western Export Services* case, 128-30

Investment agreements - Australia, 316-17

- arbitration clauses, design
 - free trade agreements, 316

- guarantee of the protection and security of investments, 317
- investor-state arbitration clauses, 316, 318–19, 323
- most-favoured-nation status, provisions, 317
- unfair and inequitable treatment, provisions, 317
- unlawful expropriation, provisions, 317
- White Industries (Australia) v India*, 317–18

Japan – long term contracts

- change of circumstances clauses, 24
- Confucian thinking, influence, 14–15
- CSR sugar dispute, 20–1
- cultural heritage, 14–15
- good faith, 14, 17
- historical context, 15
 - abuse of rights doctrine, 18
 - benevolence, 17
 - Construction Contractor's Law 1949, 17
 - 'contract consciousness', 15
 - corporate groups, 16
 - dispute resolution clauses, 16
 - feudal relationship, 16
 - group harmony, 15
 - patriarchal power structures, 16
 - post-World War II perceptions, 15
- impossibility of performance and changed circumstances, 14, 18–20
- iron-ore and coal contracts with Australia, 21–3
 - annual price negotiations, 22
 - flexibility, 22
 - hardship clause, 21
 - inequitable or unreasonable position, provisions, 22
 - strategic investment in mining projects, and 21
- Japan-Australia Long Term Sugar Agreement 1974, 20
- Japanese legal system, 15
 - Confucian, German and American influences, 15
- LNG sale and purchase agreements, 23–4
 - change of circumstance or hardship clauses, 23
 - flexibility, 23
 - North West Shelf Project, 23
- overview, 24
- supply of coal, iron ore and LNG, 14

Joint ventures

- control issues, 11
- day to day management, 11
 - deadlock breaking mechanisms, 11
- fiduciary duties, 11
- individual interests, 11
- joint venture agreement, 11
 - matters within scope, 11
- minority parties, 11
- relationship agreement, 11
- unanimous decision-making, 11

LNG contracts

- frustration and *force majeure*, 207
 - apportionment, 208
 - bespoke approach, 207
 - DES v FOB, 208
 - destination flexibility, 208
 - flexibility of supply source, 208
 - political risk, 207
 - third-party contractors, 208–9
 - upstream/downstream continuum, 207–8

Long term contracts

- ACCC authorisations *see* ACCC authorisations – long term agreements
- advantages, 5, 349–50
 - allocation of risk over time, 5
 - contracting costs, reduction, 5
 - predictable case flows, 6
 - specialised investments, 5
- allocation of risk, 347–8
- China, in *see* China – long term contracts
- clauses dealing with uncertainty, 8
- common features, 6
- disadvantages, 6
 - incompleteness, 6–7
- dispute resolution mechanisms, 6
- drafting *see* Drafting – long term contracts
- duration, effects, 5, 8
- fiduciary obligations *see* Fiduciary obligations
- future of, 351–3
- good faith *see* Good faith
- history, 350
- holding parties to their bargain, 350–1
- incompleteness, 7
 - express terms, 7
 - insufficient sensitivity to future contingencies, 7
- interpretation of contract, Interpretation of contract
- Japan, in *see* Japan – long term contracts
- natural gas market in Eastern Australia *see* Natural gas market – Eastern Australia
- nature of the commodity traded, effects, 8
- non-linear pricing structures, 6
- parties' relationship, 8
 - distributorship arrangements, 8
 - franchise, 8
 - good faith, 8
- price adjustment mechanisms, 7
 - redetermination processes, 7
 - renegotiation processes, 7
- price review clause *see* Price review clause
- pro-forma documents, 156
- relational contracts, distinction, 5

- standard documents, 156
- termination *see* Termination
- terms *see* Terms of contract
- types
 - government contracts, 10
 - long term supply contracts, 10
 - relationship agreements, 10
- Natural gas market - Eastern Australia**
 - AGL, 220, 221
 - arbitration under the Letter of Agreement, 224
 - producer's cost, emphasis, 224
 - Letter of Agreement 1971, 220
 - price review clause, 223
 - price review mechanism under 1971 Letter of Agreement, 223-4
 - annual contract quantity (ACQ), 228
 - Australian resources landscape, 218-19
 - Bass Strait gas field, 220
 - Bass Strait Producers (Esso/BHP), 220
 - Cooper Basin gas field, 220
 - East Australia Pipeline Corporation Limited (EAPC)
 - Eastern Gas Pipeline (EGP), 227-8
 - first oil shock, 223
 - gas market liberalisation, 226
 - history, 219-20
 - long term contracts, 221
 - beneficial effects, 226
 - catalyst for change, 226-7
 - market at the level of distributors and consumers, 225-6
 - Moomba to Sydney pipeline, development, 222-5
 - 1994 Council of Australian Governments (COAG), 227
 - overview, 237
 - pipelines, 221
 - Re AGL Cooper Basin Natural Gas Supply Arrangement*, 229-30
 - anti-competitive detriments, 232
 - Australian Competition Tribunal, 229
 - authorisation of arrangement, 231
 - determination, 231
 - detriment to the public, 233-5
 - right of first refusal, 233
 - 'substantial lessening of competition', 229-30
 - take-or-pay clause, 232
 - supply of gas, developments, 235-6
 - coal seam methane gas, 235-6
 - international markets, 236
 - PNG pipeline, 236
 - 30-year Gas Supply Agreement, 229
 - Australian Competition Tribunal, and 229
 - exclusive dealing, 230
 - 'substantial lessening of competition', 229-30

Negotiations

- articulating needs and wants, 12
- best alternative to negotiated agreement (BATNA), 12
- financial analysis, 12
- individual and organisational incentives, 12
- motivations, style and tactics, 12
- negotiating skills, 12
- objectives, 12
- risk analysis, 13
- scenario analysis, 12
- simulation modelling, 13
- sources of power, 12
- suboptimal agreement, and 12
- war games, 12
- zone of potential agreement (ZOPA)

New York Convention on Enforcement of Arbitral Awards, 310-11

- arbitral awards recognition and enforcement, 310
- China, enforcement, 311
 - 'commercial', clarification of term, 311
 - enforcement rate, 311
 - reciprocity reservation, 311
- grounds of challenge, 322-3

Planning - long term contracts

- industries, complexity, 9
- mechanisms dealing with uncertainty, 9
- negotiating parties, motivations, 9
- negotiations, context, 9
- sub-optimal agreement, avoidance, 9
- successful negotiation, 9
- unpredictability of the future, 9

Price adjustment mechanisms, 7

- flexibility, uncertainty and cost, 7
- market indices, 8
- redetermination processes, 7
 - agreed formula, 7
 - definite or indefinite, 7
 - long term market price indicators, 7
 - post-execution information, 7
 - spot market prices, 7
- renegotiation processes, 7
 - flexible and costly, 7
 - further agreements, 7
 - price review clauses, 7
 - unpredictable future events, 8

Price review clause, 43

- advantages, 45
- commodity prices, volatility, 44-5
- consequences if agreement on price is not reached, 51

- flexibility, 46
 - gas supply agreement – example clauses, 358, 360, 362, 363, 365
 - confidentiality of proceedings, 359–60
 - effect of price review, 365
 - expert determination, 365
 - negotiations of price review, 364
 - original price to apply unless changed, 363
 - prevailing contract price notice, 360–1
 - price review and counter-price review notices, 363–4
 - price review arbitration, parameters, 359
 - price review arbitrators, appointment, 359
 - pricing principles 360
 - reference to an expert, 363
 - trigger event, 354
 - fixed dates of review, 366
 - price under agreement no longer reflects market, 354
 - significant change in circumstances beyond parties’ control, 367
 - Japan Crude Cocktail index (JCC), 45
 - LNG contracts, in 45
 - long term iron ore contracts, 45–6
 - nominated event or nominated time, 44
 - oil price linked index, 45
 - overview, 58
 - price adjustment, example, 354
 - contract price, effect, 357
 - factors for consideration, 357–8
 - ‘First and Second Price Review Dates’, 356
 - Price Review and Other Additional Gas, 354–6
 - price adjustment guidelines, 51
 - price review process *see* Price review process – implementation
 - procedure for arriving at adjusted price, 49–51
 - rationale, 44–5
 - structure of clause, approach, 47–8
 - trigger event, 48–9
- Price review process – implementation**
- arbitration or expert determination, 54–5
 - arbitration process, 56
 - confidentiality, issues, 57
 - evidence of the market, 57
 - information gathering, 57
 - judicial enquiry, 55–6
 - scope of the matter, 56
 - test for relevance, 57
 - conflicting interests in market conditions, 51
 - financial consequences for contracting parties, 51
 - negotiation phase, 53–4
 - trigger, 52–3
 - expiry of time, 52
 - occurrence of external developments, 52

Proof of damage

- 'but for' test, 286
- common mistakes, 287
 - cash flows v accounting for profit, 288
 - 'counter factual', 287-8
 - date of calculation, 288
 - mitigation, 288
- forecasting, 286-7
- future 'actual' cash flows, 286
- future 'but for' cash flows, 286
- historical 'actual' cash flows, 286
- historical 'but for' cash flows, 286
 - inflation, 293-4
- interest, 296
 - interest as damages, 297-8
 - interest on damages, 296-7
 - interest on tax and tax on interest, 298
- long term contracts, and, 285-6
 - actual v but for, issues, 287
- maximising chances of recovery, 298-9
- options to extend the length of the contract, 294
- overview, 299-300
- reliance losses, 296
- risk (discount rate), formula, 291
 - discounting v 'top slice' discount, 292-3
 - risks change over time, 292
- sense check, 295-6
- taxation, 294-5
- unrealistic or inappropriate 'but for' cash flows, 289

Redetermination processes - price

- agreed formula, 7
- definite or indefinite, 7
- long term market price indicators, 7
- post-execution information, 7
- spot market prices, 7

Relational contracts

- incompleteness and longevity, 5
- long term contracts, distinction, 5
- meaning, 5
- ongoing process of negotiation, 5

Relationship agreements

- joint ventures, 11

Renegotiation processes - price

- clauses dealing with uncertainty, 8
- flexible and costly, 7
- further agreements, 7
- price review clauses, 7
- unpredictable future events, 8

Specific performance, 72-3

- availability, 73-4
- contractual obligation, 73
- discretionary remedy, 74
- equitable remedy, 72, 74
- impossible performance, 74
- long term commodities supply agreement, breach, 75
 - damages, adequacy, 75-6
 - factors against equitable relief, 76-7
- relevant considerations, 74-5

State agreements

- arbitration, 183
- Australian natural resources, 157
- benefits, 163
- Commonwealth laws, relationship, 177-8
- context and content, 166-9
 - basic obligations of government, 168
 - commitments and concessions, 167
 - environmental provisions, 169
 - financial provisions, 168
 - flexibility, 166
 - government planning and coordination of resource developments, 167
 - guarantees infrastructure development, 167
 - land and infrastructure arrangements, 169
 - local content obligations on the company, 169
 - modifications or exemptions to the law, 169
 - procedural matters, 168
 - staged development process, 168
 - tailored obligations and responsibilities, 166
- court interpretation, 170
 - statutory or contractual force, 170-2
- direct government involvement, 162-3
- energy and resource projects, 157, 159
- enforcement, 181-3
 - arbitration, 183
 - developer, against, 184-5
 - state, against, 183-4
 - third parties, against, 185-6
- executive and developer, contract, 163
- extraction and processing of minerals, 161
- historical background, 164-6
- international law, and 180-1
 - exemptions from general law, 181
 - human rights standards, 180
 - radiation standards, 181
- McArthur River in Northern Territory, 165
- meaning, 162
- Ok Tedi (copper) in Papua New Guinea, 164
- Olympic Dam in South Australia, 164
- overview, 157

State agreements (*cont*)

- parliamentary laws, versus, 174–6
 - access to infrastructure, 175–6
 - interaction, 174
 - land owner's rights, override, 174
 - 'savings' provisions, 174–5
- parliamentary process, and 178
 - regulatory impact assessment (RIA), 179–8
- principles of construction, 158
 - extrinsic evidence, admissibility, 158
 - interpretation, 157
 - Interpretation Acts, 158–9
 - strict textualism, 158
- project-specific legislation, 163
- ratifying statute, 157–8, 164
- relationship to other laws, 172
 - changes and exceptions to normal laws, 173
 - scope of state agreement, 172–3
- Sierra Rutile in Sierra Leone, 165
- sovereign risk, consequences 159
- 'stabilisation', issue, 176–7
 - restricting adverse changes of law, 176
- statutory or contractual force, 157
- types, 157–8
- Western Australia, in 159–60

Supply contracts

- dispute resolution mechanisms, 11
- security and continuity of supply, 11
- undue hardship clauses, 11
- value maximisation motive, 11

Termination

- contracting for commodities supply, 59
 - escalation and price adjustment, 60
 - force majeure*, 60
 - unilateral termination, 60
- drafting termination provisions, 61
 - cessation or suspension of supply, 68–72
 - coal contracts, 63–7, 68
 - common themes, 67
 - force majeure*, 67
 - insolvency, 67
 - material breach, 67
 - drafting to avoid cessation or suspension, 72
 - iron ore contracts, 62–3
 - LNG contracts, 61–2
 - other 'commodities', 67
- extended term, advantages, 60
 - buyers, 61
 - sellers, 61

- rights, 6
- sample clause for coal, 78-9
 - insolvency event, 79
 - termination for force majeure, 79-80
 - termination for material breach, 79
- sample clause for iron ore
 - default and termination, 80-1
 - insolvency, definition, 81
- sample clause for specific performance
 - dispute resolution, 82
 - equitable remedies, 81-2
- specific performance, and 72-3
 - availability, 73-4
 - contractual obligation, 73
 - discretionary remedy, 74
 - equitable remedy, 72, 74
 - impossible performance, 74
 - long term commodities supply agreement, 75
 - relevant considerations, 74-5
- Unpredictable events, 13**