

18 August 2008

Principal & Registered Office
Mahon Industrial Estate
Blackrock
Cork
Ireland

Telephone: + 353-(0)21-4357301
Telefax : + 353-(0)21-4356209

Kieron M Carroll
Business Development Manager

Mr Denis Cagney,
Commission for Energy Regulation,
The Exchange,
Belgard Square North.
Tallaght,
Dublin 24

**RE: TRANSMISSION TARIFF METHODOLOGY AND REGULATION IN IRELAND AND
NORTHERN IRELAND – 27th JUNE 2008**

Dear Mr. Cagney,

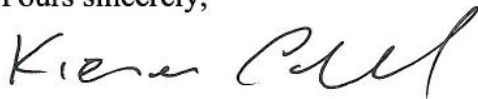
I refer to the above referenced consultation paper and would like to offer the following comments:

Marathon supports the concept of connecting the gas markets of Ireland and Northern Ireland but we do not agree that tariffs and transmission systems need be harmonised to achieve this. Indeed, if harmonisation were necessary, then the importation of gas from other EU jurisdictions would not be the reality that it is. We agree that codes of operation need to be clear and that the avoidance of ambiguities and uncertainties would be helpful. However, we believe that shippers are more than capable of arranging for the transportation of gas (from its point of production through to its end use) in accordance with the differing transportation arrangements of the system owners through whose systems the gas is transited.

Unfortunately, we find ourselves unable to comment in detail on the consultation paper. We believe that the descriptions of key expressions (for instance, postalisation, entry/exit, etc) are capable of multiple interpretations and we found ourselves concerned that our responses could, in turn, be misinterpreted. However, our position with respect to much of the subject matter is already on record with the CER.

We note though that the consultation paper seems to argue that gas flows from domestic fields and through LNG import facilities cause higher gas prices in Ireland. We do not agree with this assertion and would counter argue that it is the current regulatory treatment of BGE's under-utilised interconnectors which is to blame. We appreciate the challenges facing the regulatory authorities in setting tariffs for the use of this Moffat infrastructure and we are prepared to work with them to identify a workable tariff. However, we cannot support any solution which either directly or indirectly subsidises the importation of gas.

Yours sincerely,



Kieron M Carroll
Business Development Manager