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Dear Clive, Richard

**Re: CAG – Draft conclusions on Transmission Tariff Harmonisation in Ireland and Northern Ireland**

Statoil Exploration Ireland Ltd (SEIR) welcomes the work being undertaken by the CER and the NIAUR to establish All-Island Common Arrangements for Gas (CAG), with a view to harmonising the tariff regimes and facilitating security and diversity of supply through providing the appropriate incentives for new developers and producers.

### **Tariff Design**

SEIR supports the proposed implementation of an Entry Exit Regime in the two jurisdictions as this should provide investment signals for new indigenous gas production as well as for any LNG and / or storage facility. This will have a consequent positive impact on diversity and long-term security of supply.

Moreover, an Entry Exit regime would align with recommendations at a European level. These are currently being further developed by the third legislative package in the internal market for energy and such proposals would avoid the need to revisit the tariff methodologies. Implementing enduring tariff arrangements will work towards ensuring a consistent and stable regime.

### **Specific Asset Configuration**

SEIR supports implementation of separate Entry Points as it allows for producer margin at lower cost Entry Points, thus incentivising indigenous gas production and facilitating competition, with a consequential benefit to security of supply.

### **Low IC Utilisation**

With respect to the utilisation of the second interconnector, SEIR has not changed its position from the previous response. The IC was created by an investment decision to develop a pipeline without sufficient evidence to justify the need for that asset. SEIR does, however, welcome the RA's statement that Corrib is not 'in any way "responsible" for the prospective reduced IC2 utilisation'.

SEIR considers there is merit in further exploring the pricing options for IC recovery. However, we await further analysis and modelling on the impact of such options before it is possible to conclude the appropriate way forward.

Finally, SEIR does not support the suggestion that shippers book a set number of days back-up capacity on a separate physical connection as suggested in section 6.5. Given the possibility to book capacity on a short term basis and the existence of the IBP it should be possible for each shipper to manage their portfolio according to their own commercial circumstances rather than being obliged to purchase additional capacity they may not need even for security of supply purposes.

SEIR trust that our views will be taken into consideration. Please do not hesitate to contact me, if you wish to discuss any of the above.

Yours sincerely

Christiane Sykes  
UK Regulatory Affairs Manager  
Statoil (UK) Ltd  
For an on behalf of SEIR