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Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

07/07/2008

Subject: Single Approach to Gas Quality

Dear Sirs,

EASEE-gas would like to thank you for the opportunity to comment on the consultation paper "Single approach to gas Quality" dated 20th June 2008.

As EASEE-gas is an association representing the whole gas value chain throughout Europe, it is not in a position to give detailed comments on issues in a single Member State or between two Member States. Therefore, EASEE-gas will not comment on the specific questions put forward by CER in its consultation paper. However, EASEE-gas would like to offer some general observations and comments.

It should be noted that EASEE-gas is not a standards organisation and its Common Business Practices (CBPs) are not standards. They are developed across industry segments and across different countries as principles of best practice; adoption is strongly recommended to achieve an efficient pan-European market, but is not enforced.

The CBP regarding gas quality was approved by EASEE gas and its members, including the Spanish members. EASEE-gas procedures allow for changes to CBPs and, to date, none of the EASEE-gas members have requested a change to the CBP on gas quality.

The CBP has an implementation date of 1st October 2006 for the non-combustion parameters and of 1st October 2010 for the combustion parameters. In particular, the implementation of the combustion parameters by 1st October 2010 is influenced by the work the European Commission has initiated through CEN, whereby a European gas quality standard is being pursued. Some Member States or companies are already making progress towards this deadline, as reported to the Madrid Forum in October 2007, whilst others have indicated a reluctance to move towards the full implementation of the CBP parameters and associated values as long as there is uncertainty around the outcome of the CEN work.

The BGN report makes the observation on the applicability of the CBP that, "The EASEE-gas CBP 2005/001-01 applies only to cross border points and it is understood that the intention of the CBP is that, if the CBP compliant gas is tendered for delivery at a cross border point it should be accepted. Each individual national authority (or TSO as the case may be) should then decide if further processing/blending of the compliant gas is required before delivery to the end user." This is correct but does not highlight the degree of freedom this provides Member States regarding the timing of the

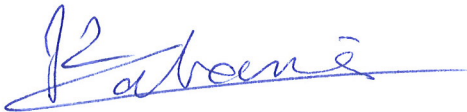
installation of possible equipment. Member States can implement the CBP and allow trading of natural gas under the quality specifications whilst maintaining a different specification with the country. This can be possible as long as the physical gas flows entering or exiting a country do not change dramatically (for instance if gas is traded from Hungary to Spain or from Italy to England it does not mean that the physical flows will be from Hungary to Spain or from Italy to England. So countries only have to start installing blending or ballasting facilities when the physical flows are expected to change).

In that light it need not be the upstream producers who are best positioned to provide the necessary quality conversion services. The TSO usually has superior information regarding the expected gas stream into the country in the coming years and what quality can be expected. This is for instance the case in the Netherlands where the TSO provides the services to blend/ballast gas to the specification for all the different gas entering the country. This approach tends to be very cost effective because it allows the optimum use of blending possibilities within the system of the TSO.

The fact that the Republic of Ireland and Northern Ireland present a special situation, being at the end or beginning of the pipeline, may limit these two countries in their possibilities to control the quality of gas and possibly upstream blending is the best option.

EASEE-gas felt it worthwhile to give some background to the CBP which should allow the Republic of Ireland and Northern Ireland to continue to implement the CBP 2005/01/01 by 1st October 2010.

Kind regards



Jean-Michel Cabanés
Chairman EASEE-gas Executive Committee