

Robert O'Rourke  
Commission for Energy Regulation  
The Exchange  
Belgard Square North  
Tallaght  
Dublin 24

11 July 2008

Dear Robert

## **Re: Single Approach to Gas Quality – CER Consultation Paper**

Statoil Exploration Ireland Ltd (SEIR) welcomes this consultation as a starting point to promote further discussion on gas quality issues, as part of the Common Arrangements for Gas (CAG).

SEIR supports the CER's commitment to establish a Gas Quality Workgroup, where market participants will have an opportunity to discuss the issues in detail as any change to gas quality specifications will have significant commercial and operational implications for Ireland, the consequences of which will need to be assessed, from both a short and long-term perspective. As the CER has noted in the consultation, 'gas quality does not currently present a safety issue', therefore, the industry should have sufficient time to appraise the associated risks and benefits, associated with changing gas quality specifications.

SEIR acknowledges the work already undertaken by the DTI and their conclusion that there would be no change to GSMR gas quality specifications until 2020, however, we understand that Ofgem is committed to undertaking further analysis to improve industry understanding of the impact of the DTI 'no change' decision, with respect to short to medium-term security of supply, given GB's increasing reliance on imported gas. Given the considerable reliance that Ireland has on gas imported from GB, in the event that that source of gas is constrained, the ability for Ireland to accept diverse sources of gas is paramount to security of supply.

Ireland needs to remain an attractive destination for new gas supplies in order to secure both long and short term supply security. If the cost of bringing gas to the Ireland rises, it may become cheaper to deliver the gas elsewhere in Europe, where gas specifications are less restrictive.

SEIR has been broadly supportive of the EASEEgas work to harmonise gas quality specifications across Europe at cross border points; if the European market is to be realised then there is a need for a commitment to this standardisation to improve the interchangeability of gas between markets. Ultimately, security of supply should be maintained and the trading of gas between countries unencumbered by issues of gas quality. In the long term, adherence to the EASEEgas quality standard would help to achieve both of these goals.

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