



Irish Offshore
Operators'
Association

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Mr Conor Long,
Gas Networks Ireland.
Gasworks Road,
Cork

1 March 2016

By email: conor.long@gasnetworks.ie; marketdevelopment@gasnetworks.ie

Re: Code Modification A072: Application of Adjustments Related to New Entry Points

Dear Conor,

IOOA's members welcome the opportunity to respond to GNI's code modification consultation A072. The information provided in A072 is extremely poor. It is impossible to support or oppose this code modification as insufficient information has been provided. GNI should outline how certain shippers will benefit from this code mod and how certain shippers will lose from it. Also GNI should detail what it's projected capacity bookings and under / over recoveries will be for each of the entry points for gas year 2015/16. All of this information is required to make an informed decision on this code mod. Notwithstanding the general need for additional clarity and explanation IOOA's members would make the following specific comments on the proposed code mod:

- It is questionable whether any shipper will decide to implement such an entry point transfer until a positive outcome from A072 is confirmed by the CER. Based on this the realistic effective date for this code modification is probably from April onwards.
 - Considering the above, will Corrib shippers actually implement an entry point transfer if the exiting entry point transfer arrangements remain; surely the cost of keeping a shippers capacity at Moffat and procuring short term capacity at Bellanaboy from April for the remainder of the gas year is cheaper than the cost of transferring the capacity under an entry point transfer (E8million) and then having to pay the monthly proportion of the annual Bellanaboy tariff for the remainder of the gas year. Therefore does the E8million actually exist?
 - Is it in the gift of GNI to provide certain shippers with a substantial commercial benefit by removing a certain part of the code over other shippers in the name of tariff stability?
 - Tariffs are expected to change substantially next year due to capacity moving away from Moffat to Bellanaboy and IOOA's members would expect this change in tariffs to be substantially greater than 4%. IOOA's members do accept that tariff stability of 4% is the sole reason for making such a decision and GNI should be transparent in identifying what the actual reasons for A072 are.
 - Is it that GNI facing an over-recovery in 2015/16 that would mean that GNI is penalised Euribor plus 4% and GNI is trying to minimise the impact of this over-recovery?
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- In the 2014/15 GNI tariff submission GNI had made allowances for revenues from entry point transfers. Why did GNI not make such allowance in its 2015/16 submission?

Yours sincerely,

Steve Boldy
Chairman IOOA Gas Sub-Committee and on behalf of:

AzEire Petroleum
Cairn Energy,
Eni,
Faroe Petroleum,
Fastnet Oil & Gas,
PSE Kinsale Energy,
Kosmos Energy,
Lansdowne Oil & Gas,
Providence Resources,
Repsol,
San Leon Energy,
Serica Energy,
Shell,
Statoil,
Vermilion Energy Ireland,
Woodside.

Cc: Patrick Shannon Chairman IOOA
IOOA Management Committee
IOOA Gas Sub-Committee
John Melvin CER (jmelvin@cer.ie)