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

**Re: Consultation on Short Term Tariff Analysis – Consultation Paper (CER/07/082)**

Dear Jill,

Marathon has reviewed the subject Consultation Document and our comments are set out below.

The primary aim of EC1775 is to provide a guarantee of equal market access conditions for all parties, from any Member State, seeking entry into a market in another Member State. We therefore welcome the recognition, as a short term tariff pricing principle, that such tariffs are required to facilitate efficient gas trade and competition. Unfortunately, the document does not address any mechanism whereby shippers and producers in Ireland are to export gas produced in Ireland to the UK and beyond.

Clearly, since neither the current nor the proposed short term tariffs provide for the flow of gas in both directions at Moffat, neither can be considered to be compliant with the requirements of EC 1775 notwithstanding that the regulation has been in effect since 1<sup>st</sup> July 2006 and its entry into effect was flagged for several years in advance of this date. This is an unacceptable situation which must be addressed by the CER as a matter of urgency.

Notwithstanding the foregoing, it is not clear from the Consultation Paper which, if any, of the disparate methodologies discussed is being considered for implementation. Neither is it clear from the Consultation Paper how these methodologies were deemed to impact on shipper behaviour. In fact, it would appear that no such linkage was recognised and, from the shipper behaviour scenarios considered, it appears that shipper behaviour was somehow assumed to be independent of the cost of the transportation services available.

The Consultation Paper includes a review of how short term tariffs are structured in three benchmark markets, namely Denmark, France and Netherlands. The sum of monthly percentages in these three cases ranges from 210% to 340%. However, nowhere in the Consultation Paper is the level of take up of these short term services in those countries discussed. Neither is the practice in the UK, our closest and most relevant benchmark market, discussed. The successful introduction of the short term products must be measured by reference to the level of take up of such services and a comprehensive analysis must consider the level of take up in all of the benchmark markets.

On behalf of Marathon, I take this opportunity to thank the Commission for enabling us to partake in this consultation process and I can assure you of our continued support in the implementation of the requirements of Regulation EC 1775.

Yours sincerely



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Kieron M Carroll  
Business Development Manager