

MG/sr

25th November, 2008

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

Re: CER Consultation Reference CER/08/222

Dear Ms. Murray,

We refer to the above CER Consultation paper and to the BGES' submission entitled, "*Natural Gas Revenue Control Formula for the Revenue Regulated Non-Daily Metered (NDM) Sector*".

Flogas has a principled concern in relation to the BGES proposals in that they are not in accordance with the Regulatory regime currently in place.

It is of the utmost importance that the CER approved Regulatory Procedures and Systems are adhered to. New market entrants make investment decisions on the basis of the Regulatory Systems in place. Changing these mid-stream and without prior discussion and consultation has the potential to undermine and damage the business models adopted by new market entrants. This is of course to the long term detriment of establishing a competitive market for Natural Gas.

In addition to longer term investment decisions, new market entrants also make ongoing trading decisions based on the Regulatory Framework which they understand to be in place. Commitments in relation to Transportation Capacity Bookings and the Forward Purchase of Gas typically extend for periods of up to twelve months in duration. Clearly in these circumstances, new market entrants require Regulatory certainty.

We would request that the CER give due consideration to the above comments in making their final decision.

Yours sincerely,

Mark Gannon
Finance Director

