



Irish Offshore  
Operators'  
Association

## Irish Offshore Operators' Association

Tramway House, Dartry Road, Rathgar, Dublin 6  
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Mr J Mac Evilly,  
Commission for Energy Regulation,  
The Exchange,  
Belgard Square North.  
Tallaght,  
Dublin 24

August 12<sup>th</sup> 2010

Dear Mr. Mac Evilly,

### **Proposed Decision on BGN Allowed Revenues and Gas Transmission Tariffs for 2010/11 (CER/10/111).**

IOOA thanks the CER for the opportunity to comment on the proposed decision paper.

By way of background, the Irish Offshore Operators' Association (IOOA) was founded in 1995 and is the representative organisation for the Irish offshore oil and gas industry. Its members are companies licensed by the Government to explore for and produce oil and gas in Irish waters. IOOA provides a forum in which its member companies work together to identify and tackle issues facing Ireland's offshore industry. By cooperating and providing a common approach to issues such as safety, the environment, legislation and employment, IOOA proactively assists in the development of oil and gas exploration and production in Ireland's waters.

IOOA believes that transmission tariffs should be stable, predictable, transparent and consistent with all applicable regulations. The proposed decision paper (and the BGN paper) include many references to capacity bookings and allowed revenues having increased / decreased both on a year on year basis and by reference to an original forecast, but without providing any detailed description or justification of the changes. We would favour a return to the past practice whereby BGN published a spreadsheet model each year which included their workings in sufficient detail to enable users of their system to develop a comprehensive understanding as to how the tariffs are calculated and to better track changes year on year.

IOOA is also concerned that the changes to interconnector capacity bookings referenced in section 2.1.2 of the proposed decision paper are solely attributed to Corrib being delayed. IOOA accepts that gas flows from indigenous fields or through alternative import facilities will, if competitively priced, displace gas that would otherwise have been imported from the UK. IOOA understands also that interconnector tariffs are calculated by dividing the revenue allowed for the interconnectors by the expected flows through them and that a change to either the allowed revenues or to the expected flows will necessitate an adjustment of these tariffs. It therefore follows that, rather than being the cause of tariff adjustments, domestically produced gas flows or gas flows through competing import facilities will lead to tariff adjustments as a consequence of the existing regulatory regime.

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IOOA would welcome a meeting with the Commission to review the data used to determine past tariffs in order for it to better predict future tariffs. IOOA will be represented in Dublin for the Code Mod meeting on August 26<sup>th</sup> and would suggest that we meet on the afternoon of the preceding day.

Yours sincerely,

PC

Fergus Cahill  
Chairman

Cc: IOOA Management Committee  
IOOA Gas Sub -Committee

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