



Irish Offshore
Operators'
Association

Irish Offshore Operators' Association

Tramway House, Dartry Road, Rathgar, Dublin 6
Tel: 01 497 5716 Email: iooa@tramway.ie Website: www.iooa.ie

Ms Celine Hayes,
Market Arrangements,
Gaslink,
6 Lapps Quay,
Cork

22 July 2011

Re: Consultation Paper on Moffat Reverse Flow Dated 7 July 2011

Dear Ms Hayes,

Founded in 1995, the Irish Offshore Operators' Association (IOOA) 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. The 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, the IOOA proactively assists in the development of oil and gas exploration and production in Ireland's waters.

The IOOA members welcome the opportunity to comment on the above referenced consultation paper. The consultation paper outlines that for Irish shippers not holding primary forward flow capacity on the Moffat interconnector, a reverse flow tariff similar to the forward flow tariff will apply. This proposed tariff for reverse flow does not meet the European requirements for tariffing as outlined in Article 13 of regulation (EC) 715/2009. The reverse flow tariff proposed is neither market based nor cost-reflective. The reverse flow tariff needs to be revised to meet the requirements of European regulation.

Whilst the consultation paper states that the revenue attained from reverse flow will go to reducing the CER regulated Moffat tariff for forward flow (assuming forward flow tariff equals reverse flow tariff), the IOOA members contend that the Moffat tariff for forward flow will actually increase. If the reverse flow product is not priced competitively to alternatives (e.g. swaps) then shippers without forward flow capacity will use swaps to reverse flow. Swaps will lead to reduced forward flow capacity bookings on the interconnector and higher forward flow tariffs. If priced competitively to alternatives, shippers will use the reverse flow product which will lead to higher forward flow capacity bookings plus incremental revenues achieved from reverse flow ultimately



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providing lower forward flow tariffs. The reverse flow tariff proposed in the consultation paper is not priced competitively to alternatives.

Yours sincerely,

Steve Boldy
Chairman, IOAA Gas Sub-Committee

Cc: Fergus Cahill (Chairman) & IOOA Management Committee
IOOA Management Committee

