



## Shell E&P Ireland Limited

Shell E&P Ireland Limited  
Corrib House  
52 Lower Leeson Street  
Dublin 2  
Ireland

Tel +353 (0)1 669 4100  
Fax +353 (0)1 669 4101

Mr. Stuart Coleman  
Commission for Energy Regulation  
The Exchange  
Belgard Square North  
Tallaght  
Dublin 24

16 March 2012

**Re: Proposed Decision Paper CER/12/013 "Regulatory Treatment of the BGE Interconnectors"**

Via e-mail: [scoleman@cer.ie](mailto:scoleman@cer.ie)

Dear Mr. Coleman,

Thank you for the opportunity to comment on the CER's Proposed Decision Paper. The comments contained herein are offered on behalf of Shell E&P Ireland Limited, the developer and operator of the Corrib Gas field.

Shell has responded to the CER on a number of occasions during 2011 and the guiding principles of our preferred solution have not changed. We prefer a solution that:

- Avoids cross-subsidies and unfair discrimination between entry points;
- Is based on a clear, reasoned, and transparent methodology;
- Aligns with EU legislation regarding the basis for which tariffs for access should be set in particular that of 'cost reflectivity' at each entry point;
- Avoids distorting gas flows between Irish and GB markets that would potentially increase dependence on a single source of supply and at the expense of incentives to encourage diversity of supply;

Shell offers the following comments on the proposed decision.

1. The paper outlines a conceptual direction that was not mentioned in previous consultations but is a significant departure from past regulatory regimes. Given this major shift, Shell would recommend a comprehensive consultation process up to the target implementation of October 2014.
2. The paper does not contain enough information for us to adequately assess the commercial impact on our business. Some specifics are missing. For example how a LRMC auction reserve price will actually be calculated for each entry point, or how 'common charging' to deal with

under-recovery will work in practice. It is our assumption that such details will be clarified in forthcoming consultation papers.

3. Could the CER organise another workshop that would focus on worked up examples of the LRMC methodology for all entry Irish points? Shell would urge the CER to mandate the TSO to maintain complete transparency in relation to this.
4. The GB market is not necessarily without flaws and careful consideration is required before transposition of the GB system to Ireland.
5. The Corrib partners have entered into commercial underwriting arrangements that enabled BGE to fund and construct the Mayo-Galway onshore gas transmission pipeline linking Corrib to the AGI at Cappagh South in Galway. Future entry tariffs at Bellanaboy are a key component of these commercial arrangements. In relation to this, Shell would like to have a meeting with the CER before a final determination is made.

Please do not hesitate to contact me should you have any further questions.

Yours sincerely,



Simon Stanton

**Commercial Manager**

**Shell Exploration and Production Ireland Ltd**