



Shell Energy Europe Limited
80 Strand
London, WC2R 0ZA
United Kingdom
Tel + 44 20 7546 2460
Fax + 44 20 7546 5252
Email: Amrik.Bal@shell.com
Internet: <http://www.shell.com>

Colm Ó Gormáin
Commission for Energy Regulation
The Exchange, Belgard Square North
Tallaght
Dublin, 24

19th May 2015

Dear Colm

Re: Future Gas Entry Tariff Regime: Draft Decision, CER/15/057

Thank you for the opportunity to respond to this draft decision. The comments in this letter are offered on behalf of Shell Energy Europe Ltd (SEEL), the pan-EU gas, power & CO₂ trading and marketing arm of Royal Dutch Shell. SEEL is also the holder of an Irish gas shipper licence.

As a general comment, we remain supportive of the CER's extensive consultation process, including the NTLG meetings. Such an approach is much appreciated and vital. That said, we disagree with the CER's draft decision.

Using a MEC tariff-setting approach for the Irish transmission network is inappropriate for the reasons articulated in the response from the Irish Offshore Operators Association (IOOA). As a member of IOOA, we concur with its criticisms of such an approach and support the preference for a CWDA methodology.

In doing so, we would reiterate broad overriding doubts regarding the MEC methodology, namely that it will result in:

- a) the cross-subsidization of interconnector flows by other entry points, to the detriment of investment (both current and future) in indigenous gas production such as Corrib; and
- b) entrenching the dependence of Ireland on gas from Great Britain, both now and in the future, to the detriment of competition and the diversity of gas supply.

Such outcomes should concern both regulator and market participants. However, we do not believe that these issues have been adequately or plausibly addressed to date, certainly not to the satisfaction of shippers and producers.

The above provide grounds for the draft decision to be reviewed. However, there are others that at least suggest it should be put on hold.

For example, a link has been made between the gas entry regime and the requirements of a future EU Network Code on Tariffs. However, it has become clear over recent months that the nature of the final Code is increasingly uncertain and this uncertainty includes the number of permitted cost allocation methodologies. Before reaching a final decision on the Irish gas entry regime, it may be advisable to wait until it becomes clearer which methodologies are permitted in the Code and the nature of any accompanying Guidelines for Good Practice (for application of each charging methodology).

Another element of uncertainty is provided by the Ofgem interconnector licence. It is still unclear the extent to which this may require an additional approval process for changes to the tariff methodology. It would be helpful if CER could provide clarity on this point.

I trust that you have found these brief comments useful. Should you wish to discuss any of our views in greater detail, please do not hesitate to contact me. In the meantime, rest assured that we remain committed to playing a constructive and helpful role with regards to developing the entry charging regime.

Yours sincerely

Amrik Bal

Commercial & Regulatory Affairs Manager
Shell Energy Europe Limited

Due to electronic transfer, this letter is unsigned.