



6 February 2015

ACER

Sent by email to: a1_2014@acer.europa.eu

**Response to ACER Public Consultation on the Oil & Gas UK proposal to amend
the Gas Network Codes CAM and BAL in order to retain the UK Gas Day
PC_2015_G_01**

Dear ACER

On behalf of the affiliates listed below, ExxonMobil International Limited (EMIL) appreciates the opportunity to comment on the proposed amendments to the Gas Network Codes noted above and we have provided input where appropriate based on our experience in the GB market and other markets throughout Europe. We are highly supportive of the Third Energy Package and the development and appropriate implementation of the Network Codes to enhance the functioning of the internal energy market. We believe the amendments to the Network Codes proposed by Oil & Gas UK would help the GB gas market continue to play an important role in supporting the development of European gas market operation.

We have tailored our response in accordance with the ACER consultation questions and we hope you will seriously consider them as you progress with your review.

Q1. Respondent's name & contact details, name & type of organization or stakeholder

Respondent's name & contact details as per letterhead

Representing:

- ExxonMobil Gas Marketing Europe Limited (EMGME), a major gas shipper operating at the UK NBP, UK beach and Continental European markets
- Esso Exploration and Production UK Limited (EPUK), a major producer on the UK continental shelf in the form of 50% co venture owner with infrastructure operator Shell U.K. Limited

Q2. Please provide a short description of your interest, motivation & role in this amendment proposal

From the perspectives of a European shipper and a producer the change of the GB gas day appears to be an unnecessary disruption to the GB gas industry and will incur unnecessary costs and risks without any clear, value added benefit to the European gas market.

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Q3. Do you support, oppose, or have a neutral position towards the proposed amendment being further considered by ACER? Please specify the main reasons why you think ACER should or should not pursue this amendment request

We support the proposed amendment and therefore support ACER giving further consideration to the amendment of the relevant Gas Network Codes. This is because we strongly believe adopting a harmonized EU gas day could have a significant negative impact on the GB market without corresponding benefit to the European gas market including, but not limited to:

- The significant time, cost and risk associated with offshore infrastructure owners and/or operators meeting the current deadline. There was inadequate consultation across the industry, in particular with the offshore operators, during the development of the relevant EU network codes. If adequate consultation had been carried out then this issue would have been identified earlier and a mutually agreeable solution may have been found and incorporated into the relevant Gas Network Codes. As it stands it may not be possible to meet the deadline for implementation, particularly for older offshore installations utilizing older designs of instrumentation. Furthermore, it may not be financially viable for some older installations to adopt the new gas day and, for reasons detailed in the various submissions from Oil & Gas UK there is a risk of market consolidation which could impact market liquidity.
- There is no legal requirement for the upstream to adopt the harmonized gas day but due to the mode of operation of the upstream-downstream interface it is not possible for the GB system to operate on different gas days. This will require all upstream agreements to be amended without a legal basis for doing so creating a commercial exposure as the change will need to be negotiated rather than adopted as a legal requirement. In addition to the commercial exposure, the task will be very complex and time consuming due to many agreements that are in existence given the long history of UK Continental Shelf production.
- GB is already part of a larger, well-functioning, interconnected North West Europe gas market, with the GB and Netherlands markets particularly demonstrating a high degree of liquidity while operating for many years with a one hour difference. Consequently it is unclear what benefit the harmonization of the gas days would bring to the European gas market. It is clear that significant disruption will result for GB shippers needing to amend existing contracts and operating procedures, in addition to the adverse impact on producers.

Given our position on this we believe that GB adoption of the harmonized gas day is unnecessary. We trust that you will find our input useful and if any clarification is required please do not hesitate to contact us.

Yours sincerely,

