

Marathon Oil U.K. LLC

Capital House
25 Chapel Street
London NW1 5DQ



ACER

Trg republike 3
1000 Ljubljana
Slovenia

5th February 2015

Dear Sir/Madam

RE: Public Consultation on the Oil and Gas UK proposal to amend the Gas Network Codes CAM and BAL in order to retain the UK Gas Day (PC_2015_G_01)

Marathon Oil U.K. LLC has been an active participant in the UKCS for over 35 years, has been delivering gas into UK National Transmission System (NTS) for over 20 years and holds a Gas Shipper License for shipping gas in the UK NTS. Considering this experience, we are grateful for the opportunity to express our support for Oil and Gas UK's proposal to amend the CAM and BAL Gas Network Code to allow the UK and Ireland to remain on a 06:00 – 06:00 local time Gas Day.

We agree with Oil and Gas UK's opinion that the current Gas Network Codes CAM and BAL, which require the UK downstream gas industry to move to a 05:00-05:00 UTC Gas Day from the current 06:00 to 06:00 local time Gas Day from 1st October 2015, place an unnecessary cost and risk burden on UK gas industry participants for no discernible benefit to EU consumers.

The EU CAM and BAL Gas Network Codes do not apply to the UK upstream gas industry. However, in order to minimize the associated risks if the UK gas industry moves to operating on two different Gas Days, Oil and Gas UK engaged their members, of whom we are one, to assess what is required to change from an 06:00 - 06:00 local time to 05:00 – 05:00 UTC. We agree with Oil and Gas UK that the cost of making this change in the upstream industry is high. There is no mechanism for the upstream industry to recoup these costs. The high cost is due to the extent of the changes required in fiscal meters, in the IT systems associated with the allocation and reporting systems and in a large number of contractual agreements. In addition due, to the extent of the changes that would be required, the upstream industry will not be able to implement the changes necessary to move to a 05:00 – 05:00 UTC gas day in advance of 1st October 2015. It is therefore likely that the UK gas market will move to operate with two gas days.

It is our opinion that operating the UK gas market on different Gas Days between the upstream and downstream is sub-optimal and creates additional risk for Shippers in the UK NTS. This risk exists as differences between the 06:00 – 06:00 gas day upstream and 05:00 – 05:00 UTC gas day downstream will have to be reconciled. Currently, Claims Validation Services Limited validate

gas quantities entering the UK NTS against Shipper claims to that gas. If it is no longer possible to match those gas entries with the gas being claimed, due to operating on different gas days, then there is a risk that the fair allocation of gas quantities could be undermined.

The UK gas industry has operated on a 06:00 – 06:00 gas day since the beginning of production from the UKCS. As Oil and Gas UK highlighted in their submission, the UK and European gas market hubs are price responsive, as flows through the interconnectors demonstrate, despite the European hubs operating on a different Gas Day. We therefore fail to see how the change to the gas day is of any benefit to EU Consumers. We see only the significant additional cost and risk burden on the UK gas market as outlined above.

Considering these thoughts, we are in support of Oil and Gas UK's proposal for Gas Network Codes CAM and BAL to be modified to allow the UK gas industry to continue to operate on the existing 06:00 – 06:00 local time Gas Day and are hopeful that this proposal will be implemented.

