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Via email: al_2014@acer.europa.eu

09 February 2015

Ref: PC_2015_G_01 - Oil & Gas UK proposal to amend the Gas Network Codes CAM and BAL in order to retain the UK Gas

Thank you for the opportunity to comment in response to this consultation paper. Please note the contents of this letter are not confidential and so may be published on your website.

Q: Respondent's name & contact details, name & type of organisation or stakeholder
See above for full contact details. This brief response is on behalf of Shell UK Ltd and Shell Energy Europe Ltd.

Shell UK Ltd is a gas producer and operator of offshore pipeline infrastructure. It also operates gas terminals at the St Fergus and Bacton entry points to the transmission system network owned and operated by National Grid.

Shell's trading activities in Great Britain are carried out by Shell Energy Europe Limited (SEEL). Headquartered in London, SEEL has 14 offices around Europe and coordinates our European gas, power and CO2 trading & marketing functions.

Q: Please provide a short description of your interest, motivation & role in this amendment proposal. Our interest in the proposed amendment is two-fold as a change to the gas day envisaged by the Gas Network Codes CAM and Gas BAL will have implications for both our upstream and trading activities. These concerns are accurately captured in the OGUK/Gas Forum proposal.

For the avoidance of doubt, Shell has played and continues to play an active role in the Network Code development process to date. Moreover, we remain supportive of the implementation of Codes that enhance market integration and competition through appropriately harmonised rules. From that perspective, the Gas Network Codes CAM and BAL contain much to be supported (the same applies to the Congestion Management Principles).

However, the Network Codes need to be capable of amendment, partly to adapt to market changes but also to deal with the impact of significant unintended consequences. The OGUK/Gas Forum proposal provides several compelling reasons why a change the GB gas day falls into this latter category. In particular, what was never considered or even identified includes:

- the costs for the upstream industry in Great Britain for a change it was repeatedly told would not impact it;
- the disruption of successful upstream/downstream industry & market arrangements; and
- the lack of any quantifiable benefit to NBP trading and liquidity levels.

It is clearly the case that had the issues raised in the proposal been identified at an earlier point in the drafting process, the Network Codes CAM and Gas BAL would have been drafted differently. Put another way, it is difficult to conclude that the intention of the Codes was to create the very difficulties and outcomes described in the proposal.

Q: 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 fully support the proposed amendment being considered further. Prima facie, the proposal makes a compelling case for retention of the current Gas Day in Great Britain and Ireland. In particular, while a series of unintended consequences and costs have been identified and which are in the process of being quantified, there has been no evidence regarding the benefits of proceeding with the change.

Moreover, OGUK/Gas Forum suggest that the amendment would not impact negatively on the application of a harmonised approach elsewhere. If correct, this submission would appear to be an ideal opportunity to demonstrate the application of a minimal, proportionate and appropriate approach to regulation.

I trust that you find the comments in this response helpful. To the extent that you require any clarification or further information, please do not hesitate to contact me.

Yours sincerely

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Shell Energy Europe Limited, acting through its agent

Shell International Trading and Shipping Company Limited

**no signature due electronic transfer*