

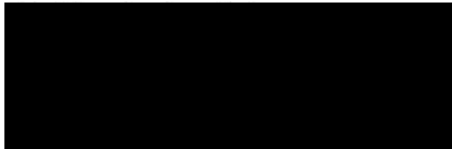


February 9 2015

ACER
Trg Republike 3
1000 Ljubljana
Slovenia

**Public Consultation of 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**

1. *Respondant's name & contact details, name & type of organisation or stakeholder*



ConocoPhillips is a UKCS Producer, a UK Terminal Operator, an NTS Shipper, an Interconnector Shipper, an EU Shipper and a Norwegian Producer.

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

As an active participant in the European Gas Market, see above, ConocoPhillips is interested in the formation of an effective traded gas market across the EU. ConocoPhillips supports the development of the European Network Codes and understands that the harmonisation of the Gas Day across Europe was designed to aid effective trading between member states.

However, this specific inclusion in the CAM and BAL Network Codes has been identified as being detrimental to both United Kingdom Continental Shelf gas production and Shippers trading at the beach.

ConocoPhillips is impacted by the Gas Day harmonisation as a Producer, a Terminal Operator and as an NTS Shipper.

3. *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.*

ConocoPhillips supports the Oil and Gas UK proposal to amend the Gas Network Codes CAM and BAL in order to retain the UK Gas Day being further considered by ACER.

The inclusion of a change in Gas Day for the UK and Ireland into the BAL and CAM Network Codes did not undergo a sufficiently rigorous cost-benefit analysis prior to Comitology. An unintended consequence has resulted from the introduction of this change into the CAM and BAL Network Codes.

This particular unintended consequence will result either in:

- (i) A large cost to the Upstream Industry to implement a 05:00-05:00 regime at a time when some fields in the UKCS are looking more towards decommissioning and abandonment than to new investment. The need to spend capital installing new systems, and utilising manpower to amend existing legal agreements which govern gas allocation and sales, is both unnecessarily expensive and time consuming; or
- (ii) Costs to Shippers purchasing gas from terminals remaining at 06:00-06:00 post October 2015 in the form of scheduling charges, imbalance charges and loss of 'unallocated gas'. National Grid has provided data which indicates that these charges may be in the region of £30MM/year across these Shippers.

Whilst the UK Gas Industry is additionally hurriedly pursuing make-shift proposals to avoid either (i) or (ii), by developing an 'Option A' solution. There is no guarantee that this proposal will be implemented on time, or adequately solve the misallocation issue brought about by the change in the UK Gas Day.

To maintain the liquidity and effectiveness of its traded gas market post introduction of the new Gas Day in October 2015 the UK Gas Industry requires this amendment to the Gas Network Codes CAM and BAL to be pursued further.

Yours sincerely

