



Andrew Pearce

European Regulatory Affairs
Gas Trading Europe and LNG

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Dear Sirs

Consultation on Capacity Sales 2018

Thank you for the opportunity to respond to the above consultation document. BP wishes to make the following comments. These comments are not confidential.

Products and allocation process

1. Is the product offered suitable for meeting market requirements?

For the long term auctioning of capacity using annual and quarterly product is in line with the requirements of the CAM network code, so it would seem appropriate to offer these products.

2. Do you agree that the limitation of quarterly products to 50% of the flat annual capacity subscribed strikes a balance between meeting market demand for seasonality and maintaining capacity for annual products in the future?

We would prefer to see no limit on quarterly capacity. However, as the products are being offered for sale at the same time we can see why maintaining capacity for the annual products is necessary.

We would also like to have the ability to have more seasonal product. We would prefer it if there were just single quarterly products offered that we could choose to use as we saw fit.

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3. Do you support the allocation process described?

We have no issue with the allocation process.

Charging Methodology

4. Do you agree that the Charging Methodology for this sale of capacity from October 2018 is appropriate?

The charging methodology seems appropriate.

5. Do you support the proposal that reserve prices for entry capacity at Bacton and exit capacity at Zeebrugge will be about 25% higher than the reserve prices for exit capacity at Bacton and entry capacity at Zeebrugge to reflect the different underlying market and cost conditions?

We understand the reasoning behind the proposal that prices are set 25% higher because of underlying market and cost conditions. However, there is no provision to adjust the prices if market and cost conditions changed by 2018 for some reason.

6. The price for day-ahead capacity prior to 1 October 2018 under the IAA has been set such that Shippers acquiring capacity made available from CMP mechanisms pay a broadly equivalent tariff to existing STA Shippers to avoid cross-subsidy. Do you agree that this basis is also suitable for capacity products longer than a day for the period from 1 November 2015 to 30 September 2018?

Yes, original capacity holders should not cross subsidise IAA shippers.

7. Do you agree that Forced Buy-back should only affect day-ahead and within-day capacity?

Yes we agree forced buy-back should only affect day-ahead and within-day capacity.

Contract

8. We seek your feedback on any elements of the IAA and IAC.

We have no further comments on the IAA or the IAC.

We hope that you find these comments helpful. If you wish to discuss further please don't hesitate to contact me on the number above.

Yours sincerely

Andrew Pearce
Regulatory Affairs