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Via email: consultation@interconnector.com

Dear Darren

Ref: Consultation on IUK's proposed additional new services from March 2017

Shell Energy Europe Ltd (SEEL) would like to offer the following brief comments in response to IUK's recent proposals to offer two new services via next year's CAM auction process. Please note that this response is not confidential.

We would offer broad support to the proposed introduction of both a re-profiling service and a simplification conversion service. Both are services that the market should find useful in optimising their use of the interconnector and adjacent grid capacity. In particular, they should help provide shippers with additional flexibility in terms of matching capacity bookings with the seasonal profile of expected gas flows, as well as a more efficient use of existing transmission capacity.

It is important that the price of the new services is based on appropriate levels of CAPEX and OPEX costs to be recovered, as well as the relevant, current market conditions. From that perspective IUK should continue to monitor this issue. Additionally, speedy consideration should be given to extending the re-profiling service to cover all capacity products (at present it is only intended to apply to the annual capacity product).

Finally, we welcome the proactive approach taken by IUK in developing new services and consultation with the market. IUK is in a somewhat different position to other TSOs (whose funding is more typically linked to a regulated asset base); in order that the interconnector can continue to play its role in linking GB and continental markets, it would seem sensible and appropriate that NRAs take this fact into account when considering whether or not approve new services.

Regards

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Due to electronic transfer this letter is unsigned