

Our date
2017-11-22

Our reference

Administrative officer
Terry Burke

Your date

Your reference

Interconnector (UK) Limited
Attn.: Danielle Stoves
10 Furnival Street
WC4A 1AB London

Dear Danielle,

Statoil welcomes the opportunity to respond to your further consultation on IUK's Charging Methodology for capacity sales from January 2018 and IUK's updated Implicit Allocation rules in the IUK Access terms. Statoil notes the improvements made to the original consultation and offers the following comments.

Statoil is supportive of Implicit Allocation as a concept however, for the proposed pricing options Statoil feels further pricing transparency is required because of the large scope to adjust prices within the multiplier range on a frequent basis. The mechanism for setting tariffs is over complicated – Option 2 on the DA product is, in our view an example of this complication. The proposed range of multipliers as they stand could create short term volatility as the market reacts to the multipliers offered at short notice and push shippers towards the CAM NC auctions. Can you also confirm if “first come first served” will apply to bookings in the event there are more booking requests than capacity available?

Statoil would also suggest IUK investigate the possibility of fixed multipliers for longer term products as are already in place in other countries. Fixed multipliers would provide more certainty to the market and in our view, incentivise bookings via Implicit Allocation.

Yours Sincerely

Terry Burke

Regulatory Affairs Adviser
Statoil (U.K.) Limited

Mobile: +44 7825033038

Telephone: +44 2032043521

Email: tebur@statoil.com