



**International  
Association  
of Oil & Gas  
Producers**

Mrs. Una Shortall  
Secretary General  
CEER  
Rue Le Titien, 28  
B-1000 Brussels

September 26, 2005

Dear Mrs Shortall,

We would like to thank you for the opportunity to comment on the ERGEG "Discussion Paper for Public Consultation" dated July 18, 2005 and have the pleasure of submitting below The International Association of Oil and Gas Producers' comments on question three, related to the length of the balancing period.

OGP and its member companies are in favour of daily balancing, in preference to hourly balancing, for the following reasons:

- Loss of operational flexibility for indigenous production: In case of temporary interruption of the production process the producer will no longer be able to catch up by delivering at a higher rate during the remainder of the day, instead the producer will have to adhere to the set hourly nominations. Effectively this means the producer will lose production capacity during that day. This in turn could lead to increased investment in redundancy equipment to maintain a certain production capability.
- Many upstream production facilities have minimum flow rates and restrictions on ramp-up ramp-down rates. They are not designed to change production flows on hourly bases, both technically, as well as operational and organisational. Frequent changes in production pattern could in addition have negative impacts on reservoir, sub sea equipment and wells, reduce the ultimate recovery etc.
- Hourly balancing requires information flows based on within hour time frames as well as hourly rather than daily hydrocarbon accounting. This will lead to new or increased investment in IT equipment.

We hope you will consider our thoughts and remain at your disposal to discuss these comments further, should you so wish.

Yours sincerely,

**Norbert Liermann**  
**Manager EU Affairs**