Industry Update on Common Arrangements for Gas (CAG)

During the course of 2008 the Regulatory Authorities ("the RAs") have engaged with Industry to develop the high level design for CAG and have focussed on three key areas – the options for the operations regime, the options for the tariff methodology, and gas quality. The RAs have published conclusions in each of these areas.

On the basis of the published conclusions, the RAs are now in a position to initiate work-streams for the further design and development of the CAG regime; for example on the roles and responsibilities of the CAGSO and asset owners and the structure of the all-island tariff.

However, it has always been recognised by the RAs that the core elements of the CAG would need to be underpinned by approval from both Energy Ministers and by legislation in both jurisdictions and that the final decision on initiating CAG and these work streams rests with Ministers. The RAs will align their work plan with the timetable for implementing CAG legislation if and when Ministers agree an appropriate overall structure for CAG. An important aspect of this structure will be the arrangements for the proposed single system operator for the CAG regime.

Due to the timing of these issues, the RAs believe that it is now unlikely that their October 2010 target implementation date for CAG will be met. The RAs are continuing to examine the options available regarding these issues and will issue a revised work plan when they are in a position to do so.

Date: 8th April 2009