

To direct stakeholders

BBL Company V.O.F.

P.O. Box 225

9700 AE Groningen

The Netherlands

Concourslaan 17

T +31 (0)50 521 35 41

F +31 (0)50 521 35 45

E management@bblcompany.com

Trade register Groningen 02085020

www.bblcompany.com

Date

17 March 2021

Our reference

BBL VOF 21.021

Subject

Consultation of the proposed modification to BBLC's General Terms & Conditions (GT&C) and Charging Methodology (CM)

Dear Sir, Madam,

BBL Company (BBLC) is proposing several modifications to its General Terms and Conditions (GT&C) and the Charging Methodology (CM). The modifications are proposed for the following reasons:

- 1. To introduce new products**
- 2. To respond to changing market circumstances**
- 3. Other proposed modifications, mostly for clarification purposes**

We seek your views on these modifications and invite you to submit a written response.

1. Modifications to introduce new products

- BBLC introduces the Conditional Reverse Flow Firm product.

BBLC has been operating in bi-directional mode with the facility to transport gas from Great Britain to The Netherlands since September 2019. The engineering works that enabled the Physical Reverse Flow (PRF) project to be completed included changes at our Anna Paulowna compressor station but did not include the provision of compression at Bacton. As a result BBLC is not able to change the flow direction of the pipeline at short notice.

As a result there are times when both forward and reverse flow nominations are received from shippers for the same time period with the possibility of net nominations being against the flow direction of the pipeline. BBLC developed the Net Nomination Tool to resolve such situations should they arise. This Net Nomination Tool was consulted and approved by Ofgem in 2020.

In order to further avoid the situation where the net nominations are against the flow direction of the pipeline, BBLC proposes to offer its reverse flow technical capacity as conditional firm in the period October through March. This means that this capacity can be interrupted if the following exceptional conditions are met: The BBL pipeline is in the forward flow direction and on the same day the UK market demand for natural gas is above 285 mcm/d. In all other cases the capacity will be treated as firm capacity. Further details can be found in Exhibit G.

BBLC believes that this conditional firm product is required to enable BBLC to manage the situation where the net nominations are against the physical flow direction of the pipeline in the most efficient way. It, therefore, also helps to minimise the use of the Net Nomination Tool.

- BBLC introduces the Balance of the Month product for both directions (Only available via Implicit Allocation Mechanism). This product will enable a shipper to buy BBL capacity during a month for the remaining consecutive days of such a month.
- BBLC may introduce future booking incentives which will enable BBLC and shippers to utilise capacity products in the most efficient way.

2. Modifications as a response to changing market circumstances

Several modifications are proposed as a response to changing market circumstances.

- BBLC currently defines the relevant maximum reserve prices for its non-yearly capacity products by applying a multiplier between the multiplier ranges as described in the Charging Methodology. Given the competitive environment of the market, BBLC proposes to have the ability to adjust its multipliers during the year within these multiplier ranges.
- An option for BBLC to adjust the reserve prices for the remainder of the auctions for quarterly capacity products during a gas year.
- BBLC proposes to improve the available monthly capacity, by offering additional implicit allocation capacity after the monthly Prisma Auction, independent of the implicit allocation capacity that has been sold in the period before the monthly Prisma auction. This will mean that after the monthly Prisma auction, BBLC will make 75% of the remainder of the capacity available for IAM shippers.

3. Other proposed modifications

- BBLC proposes to delete Exhibit E & F of the GT&C. These Exhibits describe the Information Services Portal. These services are no longer used.
- BBLC includes a paragraph about Capacity Conversion Mechanism. The Capacity Conversion Mechanism is mandatory under NC CAM. This Mechanism was consulted on the 23rd of October 2017 and approved by Ofgem¹. Due to an oversight it was not added to the GT&C at the time. It is now proposed to include it in the GT&C. The proposed mechanism is identical to the text consulted and approved in 2017.
- BBLC proposes several changes in the Credit Protocol, in order to further align with the protocol of Gasunie Transport Services with whom BBLC operates in the TTF market area.
- The current CM only describes a notice period for changing the multiplier of CAM products of one month in duration or less. The new CM will also clarify the notice period for changing the reserve price of IAM products and all quarterly products.

Access Rules objectives

All the proposed changes are described and marked in the attached tracked-change documents. All newly introduced products are objective, non-discriminatory and available for all BBL shippers. The changes meet the requirements of applicable legislation and, therefore, are in line with the Access Rules objectives (SLC11A(5)).

Process

The consultation period will run from 17 March 2021 until 14 April 2021. Please send your response to consultations@bblcompany.com by 14 April 2021. Any response not marked confidential will be published on the BBLC website. Confidential responses will be published without any references to your company name.

The final GT&C modification proposal will be submitted to Ofgem for approval following consideration of any responses received. A conclusions report will be written in accordance with SLC 11A(11)(b).

The final CM modification proposal will be submitted to Ofgem for approval following consideration of the responses received. A conclusions report will be written in accordance with SLC 10(11)(b).

If you wish to have further clarification of anything outlined in this letter, or the consultation documents please do not hesitate to email us at consultations@bblcompany.com.

Yours sincerely,

Jasper Stevens
Regulatory Affairs

¹ <https://www.ofgem.gov.uk/publications-and-updates/approval-modified-access-rules-and-charging-methodology-bbl-interconnector-pursuant-standard-licence-conditions-10-and-11a-gas-interconnector-licence>