

To direct stakeholders

BBL Company V.O.F.

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Our reference

BBL VOF 24.014

Subject

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

Dear Stakeholder,

BBL Company (BBLC) is proposing to make a number of modifications to its General Terms and Conditions (GT&C) and Charging Methodology (CM).

This consultation seeks your views on these proposed modifications and we invite you to submit a written response by Monday 29th April 2024. You can find further details on how to submit your response at the bottom of this letter.

Introduction

NBP and TTF gas market data shows that the GB and EU energy markets have recently become more aligned and absolute NBP and TTF price levels have come down from the unprecedented levels seen during 2021 and 2022. Although market prices are now at lower levels, the volatility of, and degree of uncertainty regarding, the NBP -TTF price spreads still remains. This in turn means that BBLC needs to remain vigilant and pro-active regarding the flow direction of the BBL pipeline.

In light of the continuing volatility in NBP and TTF price spreads, BBLC considers that greater tariff flexibility is required to enable BBLC to operate the pipeline in the most efficient manner. Over the last 12 months the market data shows that the energy markets are also experiencing the impact of the energy transition. This is especially the case in relation to the power market which has recently seen a greater degree of volatility leading, on occasions, to negative market prices as a result of oversupply. BBLC is concerned that allowing the possibility of negative tariffs may lead to shipper nomination behaviour which would result in BBLC operating its pipeline in an inefficient way. Negative commodity charges may incentivise BBL shippers to nominate against the implied flow direction signalled by the prevailing NBP-TTF markets price spreads and against the prevailing flow

direction of the BBL pipeline. If this were to happen BBLC would incur unnecessary counter-steering costs.

1. Proposed modifications to the GT&C document

- BBLC proposes to introduce various minor clarificatory drafting changes to update and improve current wording including new, or amended, 'Definitions' within Article One of the GT&C and changing references to 'National Grid' to 'National Gas' to reflect the recent change in ownership.

2. Proposed modifications to Exhibit G

- In paragraphs A.14 and A.15 BBLC considers that the description of what nominations are to be used to calculate a reimbursement could be improved and further clarified.
- Currently, the definitions of 'Daily', 'Weekend' and 'Working days next week' products, as mentioned in A.17, do not take into account Bank Holidays. The proposed modifications to this section now make it clear that these definitions exclude Bank Holidays.

3. Proposed modifications to Charging Methodology (CM)

- BBLC proposes to delete the current references on page 2 which state that BBLC publishes the starting multipliers.
- BBLC proposes to add a minor clarification to the application of the Reserve Price Discount Factor on page 3 to aid understanding.
- BBLC proposes to also delete the current references on page 5 regarding publication of underlying key factors, starting multipliers and seasonal factors. BBLC will continue to publish the tariffs for all its capacity products and the multiplier range.
- BBLC proposes to amend the indexation text on pages 4 and 5. The changes aim to clarify how the indexation is applied for capacity bookings that have a start date in the next Gas Year or any Gas Year thereafter.
- BBLC proposes to amend the definition of the factor 'E' (Energy Costs) in the formula that determines the Energy Costs on page 6. If the outcome of the formula that determines the Energy Costs is a negative number, then, under the revised definition, the result will default to zero.
- BBLC proposes to amend the sentence on page 9 which states that *"BBLC publishes the price steps on its website in advance of the auction"*. BBLC notes that this information is already published by Prisma in accordance with the auctions that Prisma run. Deleting this sentence therefore avoids duplication.
- BBLC proposes to change the notification period for implicit allocation products, as mentioned on page 11. The notice period, for adjustment of reserve prices for products longer than a month, will be changed to three [3] days. Where BBLC introduces a price reduction, the notification period will be one [1] day for all capacity products.

Access Rules objectives

The proposed changes are described and highlighted in the attached 'tracked-change' documents. The proposed changes meet the requirements of applicable legislation and, therefore, are in line with the Access Rules objectives (SLC 11A(5)).

Process

The consultation period will run from Friday 29th March 2024 through to Monday 29th April 2024. Please send your response to consultations@bblcompany.com. Any response not marked confidential will be published on the BBLC website. Confidential responses will be published without any references to your company name.

Following consideration of any responses received BBLC will prepare a conclusion report in accordance with SLC 11A(11)(b) and SLC 10(11)(b) and submit it to Ofgem for approval.

Yours sincerely,



Rudi Streuper
Commercial Manager