

Kirsten Koolmees

Manager Regulatory Affairs

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Date: 10 September 2024

Dear Ms Koolmees,

BBL Company V.O.F. (hereafter "BBLC"): Authority Motivated Decision pursuant to Article 27(4) of the Tariff Network Code on Gas Tariffs

This letter sets out our¹ decision, in accordance with Article 27(4) of the Tariff Network Code on harmonised transmission tariff structures for gas (hereafter "TAR NC")², on all items set out in the periodic consultation required by Article 26 of the TAR NC.

Background

TAR NC was introduced in 2017 with the aim to contribute to European market integration, enhance security of supply and promote interconnection between gas markets. It does this by introducing a number of requirements for Transmission System Operators ("TSOs"). In particular, it sets out how TSOs must design their reference price methodology ("RPM"). There are also requirements in TAR NC that aim to increase the transparency of tariffs, such as requirements to publish and consult on various pieces of information.

¹ Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem', 'the Authority', 'we', 'our' and 'us' are used interchangeably in this document.

² TAR NC: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0460&from=EN>.

TAR NC was incorporated into UK law by the European Union (Withdrawal) Act 2018 and the European Union (Withdrawal Agreement) Act 2020, as amended by Schedule 5 of the Gas (Security of Supply and Network Codes) (Amendment) (EU Exit) Regulations SI 2019/531.³

Under Article 37 of TAR NC, BBLC received a derogation from certain articles in TAR NC that if applied would have negative consequences on BBLC as a merchant interconnector.⁴ Furthermore, pursuant to Standard Licence Conditions 10 and 11A of BBLC's Gas Interconnector Licence, BBLC proposes modifications to its Access Rules and charging methodology on an annual basis, the most recent of which was approved on 14 August 2024.⁵

Article 26 Consultation

Article 26(1) of TAR NC requires TSOs to consult on information relating to the RPM including indicative prices, technical characteristics of the transmission system and an assessment of the RPM against Article 7 of TAR NC. BBLC ran a consultation for Article 26 from 08 July 2024 to 06 August 2024.⁶ There was one consultation response that did not relate to any of the clauses that were consulted upon as part of this Article 26 periodic consultation. The respondent did however query BBLC's obligations under Article 30(1)(b)(vi) and (vii). As this pertains to an issue outside of the scope of the Article 26 consultation, we will engage separately with BBLC on the comments raised by the respondent.

BBLC also ran a consultation for its proposed changes to its Access Rules and charging methodology⁷ from 29 March 2024 to 29 April 2024. There were no consultation responses received.

Motivated Decision

Article 27(4) of TAR NC requires the respective National Regulatory Authority ("NRA") to take and publish a motivated decision on all items set out in Article 26(1). Ofgem is the NRA for Great Britain ("GB"). This letter sets out our motivated decision for BBLC.

³ The Gas (Security of Supply and Network Codes) (Amendment) (EU Exit) Regulations 2019
<https://www.legislation.gov.uk/ukSI/2019/531/made>

⁴ Decision to derogate BBL Company from certain articles of the EU Network Code on Tariffs:
<https://www.ofgem.gov.uk/decision/decision-derogate-bbl-certain-articles-eu-network-code-tariffs>

⁵ Proposed modification to BBL Company's Access Rules and charging methodology – decision:
<https://www.ofgem.gov.uk/decision/decision-proposed-modifications-bbl-companys-access-rules-and-charging-methodology-2024>

⁶ <https://bblcompany.com/news/periodic-consultation-on-article-26-requirements-of-the-network-code-on-harmonised-transmission-tariff-structures-for-gas-tar-nc-regulation-eu-2017460>

⁷ 2024 – Annual Review of BBLC Access Rules and charging methodology: <https://bblcompany.com/consultations-implementation-information/bbl-company-consultation-on-its-general-terms-and-conditions-and-charging-methodology-2024>

Ofgem Assessment

The final consultation prior to the decision referred to in Article 27(4) shall comply with the requirements set out in Article 26 and 27 of TAR NC, and shall include the information set out in Article 26(1). The consultation BBLC undertook between 08 July 2024 to 06 August 2024 is the final consultation referred to in Article 26(1), prior to the motivated decision required by Article 27(4) of TAR NC.

BBLC's consultation sets out where the information required by Article 26(1) is found within BBLC's charging methodology or information that is permanently published on BBLC's website. It also indicates which information is not published either due to derogation from the requirement, or the requirement not being applicable to BBLC. A summary of this is set out below.

Information published on BBLC's website:

- Article 26(1)(a)(i), which requires the publication of indicative information from Articles 30(1)(a)(i), (iv) and (v) only
- Article 26(1)(c)(i)(1) and (3)

Information published in BBLC's charging methodology

- Article 26(1)(a)(v) which requires the publication of indicative information from Article 7(b) and 7(e)
- Article 26(1)(c)(i)(1)

Information not published due to BBLC receiving derogations under Article 37 of TAR NC:

- Article 26(1)(a)(i) – derogated from Article 30(1)(a)(ii) and (iii)
- Article 26(1)(a)(iii) – derogated from this Article
- Article 26(1)(a)(iv) - derogated from Article 5
- Article 26(1)(a)(v) – derogated from Article 7(a). Full compliance with respect to Article 7(c) not needed as derogated from Article 5
- Article 26(1)(a)(vi) - derogated from this Article
- Article 26(1)(b) – derogated from Article 30(1)(b)(i), (iv) and (v)
- Article 26(1)(d) - derogated from Article 30(2)

Information not published as they are not applicable to BBLC:

- Article 26(1)(a)(ii) – BBLC is not connected directly to storage or Liquefied Natural Gas sites

- Article 26(1)(a)(ii) - BBLC is not connected directly to storage or Liquefied Natural Gas sites
- Article 26(1)(a)(v) – Full compliance with respect to Article 7(d) not needed as BBLC has no allowed or target revenue
- Article 26(1)(c)(i)(2) – BBLC has no allowed or target revenue
- Article 26(1)(c)(ii) – BBLC does not offer non-transmission services
- Article 26(1)(e) – BBLC does not operate under a price cap regime

Authority Decision

Upon reviewing the consultation and the documents referred to by that consultation and considering the information above, we are satisfied that BBLC has fulfilled the requirements of Article 26(1) of TAR NC, for the reasons set out above.

This decision satisfies the requirement to take and publish a motivated decision in Article 27(4) of TAR NC.

If you have any questions relating to this decision, please contact:

energy.securityofsupply@ofgem.gov.uk.

Yours sincerely,

Helen Seaton

Head of Gas Security and Flexibility

Signed on behalf of the Authority and authorised for that purpose