

BBLC Implicit Allocation Guidance Document

Department
BBL Company

Report
BBLC Implicit Allocation Guidance Document

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Our reference

Status
Final

Introduction

The *BBLC Implicit Allocation Guidance Document* together with Exhibit I of the *BBL Company General Terms & Conditions (Implicit Allocation)*, sets out the rules that apply to the *Implicit Allocation of Transmission Capacity IA*.

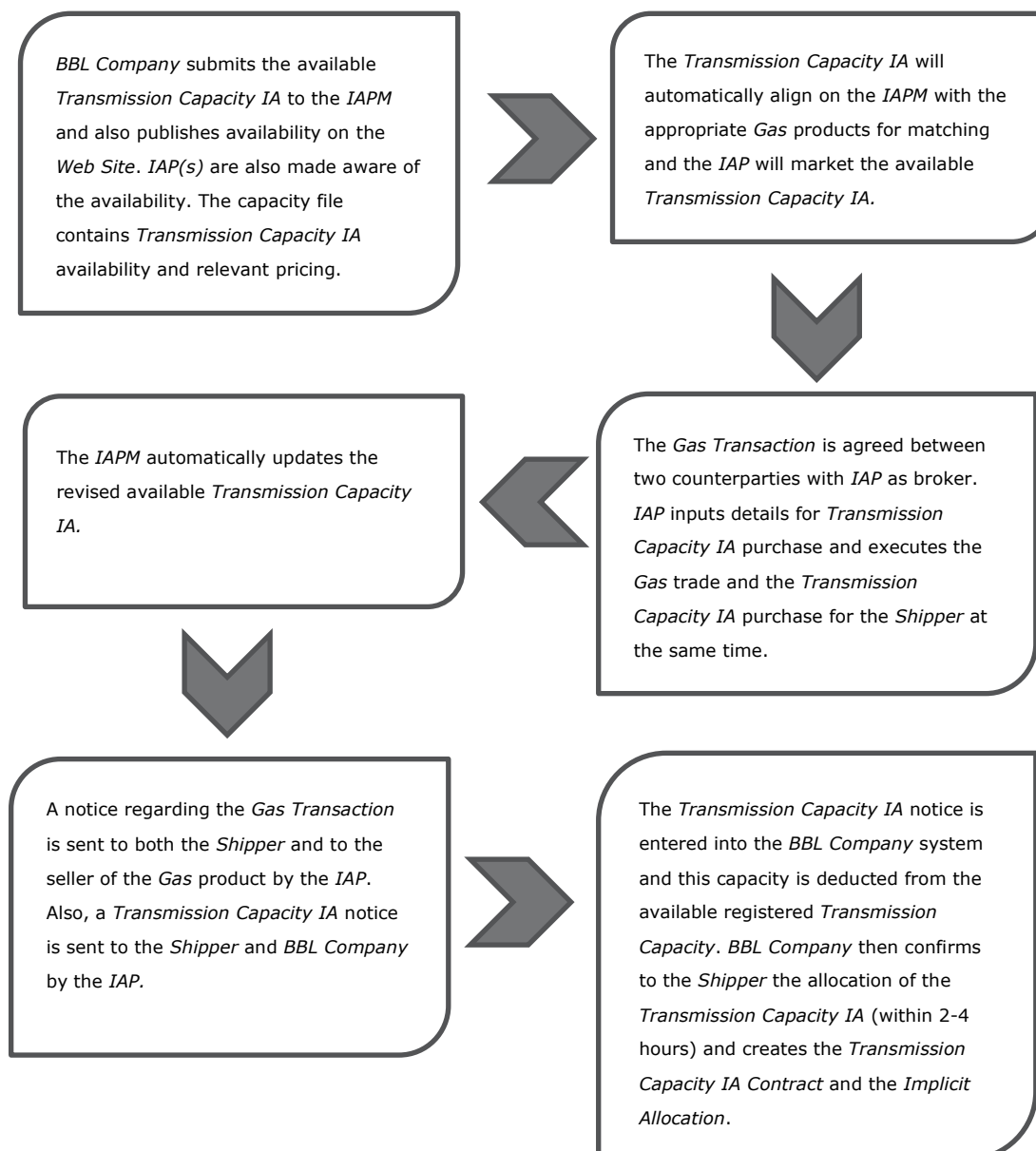
In the *BBL Company General Terms & Conditions (GTC)* the terms defined shall have the same meaning when used in this *BBLC Implicit Allocation Guidance Document*.

BBL Company and partners in the Implicit Allocation process

BBL Company will appoint an *Implicit Allocation Partner(s) (IAP)* to offer *Transmission Capacity IA* on behalf of *BBL Company* in combination with an equivalent quantity of *Gas*.

BBL Company in cooperation with the *IAP* will also appoint an *Implicit Allocation Platform (IAPM)* to ensure that offered *Transmission Capacity IA* sold through the *IAP* is displayed in a clear and transparent manner.

The process involving both the *IAP* and *IAPM* for the purchase of *Transmission Capacity IA* through the *Implicit Allocation* is shown below.



Requirements for Shippers to be able to participate in the Implicit Allocation process

Shippers who wish to buy Transmission Capacity IA products through Implicit Allocation must:

- 1) Become a formal BBL Company Shipper and need to sign the BBL Company General Terms & Conditions
- 2) Conclude a contractual agreement with the Implicit Allocation Partner
- 3) Obtain access to the Implicit Allocation Platform.

Transparency w.r.t. available capacity and products offered through Implicit Allocation

BBL Company will make Transmission Capacity IA products (see Table 1) available for sale through the Implicit Allocation process. BBL Company will offer a maximum of 75% of the available technical capacity via Implicit Allocation. All Transmission Capacity IA will be offered as firm, unbundled capacity.

After the monthly Prisma auction has taken place, BBL Company will offer an additional maximum of 75% of the remaining available capacity for Transmission Capacity IA that is available for the applicable month

All Transmission Capacity IA products offered through Implicit Allocation will be available for sale at the BBL Exit Point (firm forward flow) and Entry Point Reverse Flow ~~(after the introduction of physical reverse flow in summer 2019)~~ at Bacton.

The quantity of Transmission Capacity IA that will be made available for sale through Implicit Allocation each Gas Day will be published in an up-to-date, actual overview on the BBL Company Web Site.

BBL Company makes sure that the IAP and the IAPM will also be provided with an up-to-date overview on available Transmission Capacity IA and the relevant capacity tariffs.

BBLC will offer following Transmission Capacity IA products via Implicit Allocation:

- Monthly, Quarterly, Seasonal, Annual

Table 1: Overview of tenors and relevant available Transmission Capacity IA

Implicit Allocation Offer		Restrictions			Example Purchase Curve	
Product Length	Period	Availability	Max. Available Capacity (%)	Profiling	Purchase Date	Available Capacity (tenors)
annual	Gas Year (GY)	8 front GYs	75	none	Nov'18 Nov'20	GY19GY21 - GY26GY28
6 monthly	2 contiguous quarters	8 front seasons (Or 8 front contiguous Qs)	75	none	Nov'18 Nov'20	(Q1'19Q1'21, Q2'19Q2'21) - (Q3'22Q3'24, Q4'22Q4'24)
quarterly	calendar quarter	8 front quarters	75	none	Nov'18 Nov'20	Q1'19-Q1'21 - Q4'20Q4'22
monthly	calendar month	8 front months	75+75 of the remaining available capacity after the monthly Prisma auction	none	Nov'18 Nov'20	Dec'18-Dec'20 - Jul'19Jul'21

BBLC will publish all available transmission capacity and all sold transmission capacity (via *Implicit Allocation* or via *PRISMA* auctions) on the *BBL Company Web Site*.

Capacity tariffs for *Transmission Capacity IA*

BBL Company will publish the tariffs of *Transmission Capacity IA* for any potential product at the *BBL Company Web Site*. Tariffs of *Transmission Capacity IA* are in line with the *BBL Company* charging methodology. *Transmission Capacity IA* will be sold on a First Come First Serve base and therefore only involves the reserve price and no additional "surcharge".

Product compatibility between *PRISMA* products and *Transmission Capacity IA*

Transmission capacity IA will not be offered at the same time as capacity on the *PRISMA* platform. There will be no overlap of capacity being offered at a certain moment in time to make sure no transmission capacity will be sold twice. Before the start of a *Prisma* auction all offered *Transmission capacity IA* will be removed for sale from the Third Party Communication Platform. Unsold transmission capacity can be offered for sale via *Implicit Allocation* again after the *PRISMA* auction has taken place.

BBL Company will provide a forward view on the *BBL Company Web Site* as to when *Implicit Allocation* will be suspended due to the *PRISMA* auction process.

The matching process of *Implicit Allocation*

Transmission Capacity IA may only be allocated by the *Implicit Allocation Partner* in tandem with and simultaneously to the execution of a *Gas Transaction* for a corresponding quantity of *Gas*. Furthermore following criteria must be met :

- 1) The purchase of the *Gas* must be made between a seller of *Gas* (who is also client of the *Implicit Allocation Partner*) and the *Shipper*
- 2) The *Gas* product must be physically settled
- 3) The tenor of the purchased *Gas* product must correspond directly with the tenor of the purchased *Transmission Capacity IA*
- 4) The volume of the *Gas* product must correspond directly with the volume of the purchased *Transmission Capacity IA*
- 5) The *Gas* product must be purchased at a delivery point or hub within North West Europe, including delivery points and hubs in the UK, Belgium, France, The Netherlands and Germany.

The *Transmission Capacity IA* and the *Gas* product form the *Matched Product*.

The matching will result in two transactions:

- *Gas transaction* (Commodity deal between the *Shipper* and the seller of the *Gas* product)
- *Implicit Allocation Transaction* (*Transmission Capacity IA* between *BBL Company* and the *Shipper*)

Miscellaneous

Please Be-be aware that *Transmission Capacity IA* products, *Gas* products and the conditions described in this *BBLC Implicit Allocation Guidance Document* may be amended by *BBL Company* from time to time.

Examples of Matched Products:

1) Monthly Gas + Monthly capacity NL → UK

Counterparty A (CPA) buys 250,000 Therms of Dec'20 NBP (equivalent to 305.287 MWh/h) from Counterparty B (CPB) at the wholesale market price, for example 67.0 pence per therm (ppt). At the same time CPA wants to buy *Transmission Capacity IA* from NL → UK.

Result:

CPA is long 250 kT of Dec'20 NBP at 67.0 ppt, to be delivered each day through Dec'20. CPA is also long 305.287 MWh/h of *Transmission Capacity IA* flowing from the NL → UK during Dec'20 at the price specified at purchase and designated by *BBL Company*

CPB is short 250 kT of Dec'20 NBP at 67.0 ppt, that it will deliver each day through Dec'20

BBLC has sold 305.287 MWh/h of *Transmission Capacity IA* for Dec'20 NL → UK

2) Quarterly Gas + Quarterly Capacity NL → UK

CPA buys 300 MW of Q1'20 TTF DA Heren indexed forward from CPB at a price of 0.00 €/MWh premium. At the same time CPA wants to buy *Transmission Capacity IA* from NL → UK.

Result:

CPA is long 300 MWh/h of DA indexed TTF. To be delivered each day through Q1'20 at the TTF DA Heren index level. CPA is also long 300 MWh/h of *Transmission Capacity IA* flowing from the NL → UK during Q1'20 at the price specified at purchase and designated by *BBL Company*

CPB is short 300 MWh/h of DA indexed TTF, that it will deliver each day to CPA through Q1'20 at the TTF DA Heren index level

BBLC has sold 300 MWh/h of *Transmission Capacity IA* for Q1'20 NL → UK

3) Annual Gas + 6 month Capacity NL → UK & 6 month Capacity UK → NL

CPA buys 300 MW of GY'20 TTF DA Heren indexed forward from CPB at a price of 0.00 €/MWh premium. At the same time CPA wants to buy *Transmission Capacity IA* from NL → UK for Win20 AND UK → NL for Sum21.

Result:

CPA is long 300 MWh/h of DA indexed TTF. To be delivered each day through GY'20 at the TTF DA Heren index level. CPA is also long 300 MWh/h of *Transmission Capacity IA* flowing from the Netherlands to the UK during Win'20, and also long 300 MWh/h of BBL capacity flowing from UK → NL. Both at the prices specified at purchase and designated by *BBL Company*

CPB is short 300 MWh/h of DA indexed TTF, that it will deliver each day to CPA through GY'20 at the TTF DA Heren index level

BBLC has sold 300 MWh/h of *Transmission Capacity IA* for Win'20 NL → UK AND 300 MWh/h of *Transmission Capacity IA* for Sum'21 UK → NL