

BBL COMPANY IRF AUCTION PROCEDURE

1. Introduction

Terms defined in the *Conditions* shall have the same meaning when used herein. This *IRF Auction Procedure* shall form part of the *Conditions* as amended from time to time and where it modifies provisions in or conflicts with the *Conditions*, the *Conditions* shall govern and take precedent.

This *IRF Auction Procedure* is the procedure employed by *BBL Company* for the processing of bids of *BBL-Shippers* for capacity in the *Reverse Flow Direction*.

This procedure is based on the following fundamental principles:

- a) the procedure must be transparent and non-discriminatory;
- b) capacity in the *Reverse Flow Direction* will be granted via auctions.

2. Precondition of being a *BBL-Shipper*

Capacity in the BBL pipeline can only be contracted by a *BBL-Shipper*. The exact conditions to become a *BBL-Shipper* have been laid down in Article 3.1 of the *Conditions*. All of the conditions need to be fulfilled. It is preferable to start the process of becoming a *BBL-Shipper* well in advance of the date on which *BBL-Shipper* wishes to participate in an auction. *BBL Company* needs at least 10 *Business Days* to complete the process of granting an interested party the status of *BBL-Shipper*.

The *Subscription Fee* amounts to Euro (€) 15,000 per *BBL-Shipper* per *Auction Year*. Parties which get the status of *BBL-Shipper* at a later stage during a running *Auction Year* will have to pay the whole *Subscription Fee*. In the event that the total subscription fee revenues of *BBL Company* exceed Euro (€) 45,000 in an *Auction Year*, the revenues resulting from the subscription fee above Euro (€) 45,000 will after the *Auction Year* be proportionally reimbursed to the *BBL-Shippers* that have subscribed in that *Auction Year*.

This reimbursement will be calculated as follows: The amount of *Months* each party has had the status of *BBL-Shipper* during that *Auction Year* will be added up. The Euro (€) 45,000 maximum sum of *Subscription Fees* to be collected is divided by this total number of *Months* which will lead to a *Monthly fee per BBL-Shipper*. For every *BBL Shipper* this *Monthly fee* is multiplied with the total number of *Months* that this party has had the status of *BBL-Shipper*, resulting in the to be paid subscription fee for this *BBL-Shipper*. The difference between this to be paid subscription fee and the actually paid *Subscription Fee* of Euro (€) 15,000 will be reimbursed to the respective *BBL-Shipper*.

3. Obtaining capacity

Any party which has fulfilled the conditions of becoming a *BBL-Shipper* will get access to a screen in which it can submit bids for capacity. This is the only possible way to obtain *Interruptible Transmission Capacity* in the *Reverse Flow Direction* from *BBL Company*. Each *BBL-Shipper* acknowledges that a bid submitted to *BBL Company* shall constitute a binding offer to enter into an *Agreement*. For any further details relating to obtaining capacity and the placing of bids in particular, we refer to the operating guide as published on *BBL Company's Web Site*.

4. Auction rules

The following rules apply to the auction process:

Exhibit C to the General Terms and Conditions Reverse Flow 2010-1

- Auctions will be held for three different types of products: *Quarterly*, *Monthly* and *Daily*.
- The *Quarterly* auction will open 7 days before the first *Business Day* of the *Month* before the start of each *Quarter* at 12:00 hours *LET*. The *Quarterly* auction will close on the first *Business Day* of the *Month* before the start of each *Quarter* at 12:00 hours *LET*. Thirty-six (36) tranches of 30,000 *kWh/h* will be offered for sale.
- The *Monthly* auction for *Month X* will open 7 days before the eleventh *Business Day* of *Month X-1* at 12:00 hours *LET*. The *Monthly* auction for *Month X* will close on the eleventh *Business Day* of *Month X-1* at 12:00 hours *LET*. Every *Month* thirty-six (36) tranches of 30,000 *kWh/h* will be offered for sale. In addition to that the tranches that have not been sold in the corresponding *Quarterly* auction will be offered as *Monthly* tranches.
- The time frame for *Daily* auctions will be 6 *Hours*. Every Monday, capacity will be auctioned for the individual *Gas Days* of the next week. The *Daily* auction opens at 09:00 hours *LET* and closes at 15:00 hours *LET*. Four hundred and ninety-four (494) tranches of 30,000 *kWh/h* will be offered for sale for every *Gas Day*, plus the tranches that have not been sold in the corresponding *Quarterly* and *Monthly* auctions.
- A zero reserve price is applicable.
- *BBL-Shipper* will only be able to see his own bid(s).
- Only bids from parties that have fulfilled the preconditions of being a *BBL-Shipper* will be accepted.
- Only bids that are within the credit limit of the bidder will be accepted.
- The auction takes place on a pay as bid basis, which means that successful bidders pay the price of their own successful last bid(s).
- Within the same type of product, available capacity will be allocated depending on the level of the bid, starting with the highest bid. In case of equal bids, capacity will be allocated depending on the time stamp, starting with the earlier time stamp. In case of equal time-stamps the allocation will be pro-rata.
- When the time frame has closed, all bidders will be informed on the outcome of the auction.

5. Confirmation of auction results

Every party that has made a binding bid during the auction process, will receive an email from *BBL Company*. This email states if the bid has been accepted or rejected. In case the bid has been accepted, the email contains the corresponding *Agreement* based on *Shipper's* binding bid and signed by *BBL Company*.