A description of the proposed integration of the BBL pipeline into the TTF market area. The integration will result in an extended TTF market area, which will bring the UK and Dutch gas markets closer together and will simplify the transfer of gas between TTF and NBP.
BBLC and GTS bring TTF and NBP closer together

Gasunie Transport Services (GTS) and BBL Company (BBLC) are investigating how they can integrate their transport systems by removing the Interconnection Point (IP) Julianadorp. As a result, the BBL interconnector will become part of the TTF market area, and GTS and BBLC would have a joint entry/exit system in which they could continue to operate as independent TSOs. This integration would create a direct connection between Europe’s two largest gas trading platforms: the Dutch Title Transfer Facility (TTF) and the British National Balancing Point (NBP).

A direct connection between the two market areas would allow shippers to transport gas between TTF and NBP more easily and efficiently. Shippers would also be able to anticipate on tariff differences between TTF and NBP. Improved arbitrage opportunities would lead to fewer price differences and fluctuations between the two trading places.

The integration may contribute to a further expansion of TTF as the most liquid gas trading platform in Europe. GTS and BBLC will consult the market in the second quarter of 2017.
**Benefits of the integration**

By making part of its buffer available, BBL can help GTS balance the network, providing more flexibility for shippers. As a result, in the event of an imbalance in the system, the integrity of the system is jeopardised less quickly. This reduces the need for GTS to trade gas via wholesale trading, resulting in cost savings of approximately €1.5 million per year for shippers.

The partnership between GTS and BBLC also means that, from now on, acknowledgement of shippers will take place via one counter. This makes it easier for shippers to access the expanded TTF market place. Through this collaboration, which contributes to the further development of the EU’s internal energy market and fits in with the ambitions of ACER’s Gas Target Model, BBLC and GTS will be positioning themselves as leading TSOs in providing customised solutions and implementing innovative developments.
**Tariffs and costs**

The transport tariffs for IP Julianadorp will be redistributed by both TSOs over their other network points. For BBL, this means that the tariff for IP Julianadorp will be relocated and added to the current tariff for IP Bacton. As a result, the overall costs of transport through the BBL will remain the same.

GTS will redistribute the tariff over its other entry and exit points. The integration does not affect GTS’s tariff base. The effect on the existing GTS tariffs is very limited (1.2%). The costs of implementing the integration are low and will involve only a few adjustments to the IT systems of the two TSOs.
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Introduction

Bringing TTF and NBP closer together
The BBL pipeline and the GTS network are currently operated as two separate gas transmission systems. They are physically connected at Interconnection Point (IP) Julianadorp, where gas from the GTS system can flow into the BBL interconnector and vice versa, via netting of the physical forward flow. The BBL interconnector is operated by BBL Company (BBL), which offers capacity products for the transport of gas between Julianadorp and Bacton. Gasunie Transport Services (GTS) operates the Dutch gas transmission system and offers capacity products and related services for the transport of gas through their de-coupled entry and exit system, including capacity products for entry and exit at the current IP Julianadorp.

BBL and GTS intend to integrate the BBL interconnector into the TTF market area; GTS and BBL will then have a joint entry/exit system in which they would continue to operate as independent TSOs. The enlarged TTF market area encompasses a virtual trading zone, and two sets of balancing rules (GTS and BBL), each operated by either GTS or BBL within its own regulatory framework. The integration fits in with the ambitions of ACER’s European Gas Target Model, a framework that aims for a better functioning of wholesale markets and a better connection of gas market areas to facilitate hub-to-hub trading1.

As a consequence of the integration, IP Julianadorp will disappear as a commercial entry and exit (e/e) point. This means that shippers can no longer book and nominate and thus receive confirmations and allocations at this e/e point. Julianadorp will, of course, continue to be the physical connection between both transmission systems. Regarding the current situation and the period prior to the integration, Julianadorp will be referred to as IP throughout this document. When presenting information regarding the period from the start of the integration and onwards, it will be referred to as Connection Point (CP) Julianadorp.

The proposed trading zone will deliver various benefits to the Dutch and UK markets, the most important of which are: an improved connection between the two most liquid gas markets in North-west Europe, increased arbitrage opportunities, increased liquidity of TTF and NBP, and significantly more flexibility for shippers within the Dutch balancing regime.

This information document will give an in-depth explanation of the trading zone and its effects. The next chapter provides an overview of the benefits of integration for the Dutch and UK gas markets. Further elaboration on the trading zone can be found in the second chapter. This is followed by a chapter on the capacity services offered. In the last chapter, a detailed description of the operational processes will be given. Finally, the appendices offer insight into the information streams and the main operational changes for shippers.

Benefits of integration

The proposed trading zone will deliver various benefits to the Dutch and UK gas markets.

Effect on the gas markets
Pöyry Management Consulting has identified what the effects would be of integrating the BBL interconnector into the TTF market area². The results of this study have been published in a report, which describes the effects for both the UK and the Dutch gas markets.

The main conclusions of the Pöyry report are as follows:

- The integration will lead to more competitive and straightforward transportation of gas between the Dutch and UK markets;
- The integration will lead to increased arbitrage opportunities between TTF and NBP;
- There is a considerable benefit in increased balancing flexibility to the Dutch gas market;
- The licensing procedure will be simplified.

More competitive and straightforward transportation of gas
Overall lower costs of transporting gas (see next paragraph) from the Netherlands to the UK and vice versa, combined with having only one bundled capacity product between TTF and NBP, may result in a relative increase in utilisation of both transmission systems.

A potentially positive side effect is that such increase in utilisation, when accompanied by additional capacity bookings at remaining GTS e/e points, would result in overall lower GTS transportation tariffs. This is because the transportation tariffs of GTS are based on the total permitted revenues and the capacity bookings.

Increased arbitrage opportunities
Lost BBL and GTS revenues due to the removal of IP Julianadorp between the BBL and GTS transmission systems will be compensated for by both BBL and GTS by means of redistribution of the income of the IP over the other entry/exit points in their respective transmission systems.

For BBL, this means that the new exit tariff for the Bacton exit will be the sum of the existing Julianadorp entry tariff and the Bacton exit tariff. This new tariff will be the reserve price for the auctions of exit capacity at IP Bacton. Reversed flow entry will continue to be auctioned at a zero reserve price.

For GTS, the redistribution means that the revenues of entry and exit at IP Julianadorp will be redistributed over the remaining entry and exit points in the GTS transmission system. The removal of the exit tariff at IP Julianadorp increases arbitrage opportunities for TTF-NBP, whereas the removal of the entry tariff at IP Julianadorp increases arbitrage opportunities for NBP-TTF. In both cases, a shipper only has to pay the transport tariffs of BBLC and the National Grid.

² Pöyry Management Consulting: Benefits integrating the BBL and GTS transmission systems into the TTF market area, 2017. The Pöyry report is available on both the BBL and GTS website.
Additionally, BBL shippers will be able to trade on the TTF directly from their BBL shipper portfolio, which will further increase liquidity of the TTF market area. Both the increased arbitrage opportunities and the possibility for BBL shippers to trade directly on TTF is expected to increase the attractiveness of the TTF as the most liquid European hub.

**Increased balancing flexibility**

The integration will enable an adjustment of the current GTS balancing system, resulting in increased balancing flexibility for shippers and an expected reduction of the number of balancing actions.

The GTS balancing system makes use of zones, which provide an incentive for shippers to balance their portfolio. If the shippers act well, the GTS network is in balance and the System Balancing Signal (SBS) remains within the dark green zone. If the shippers do not balance their portfolio sufficiently, the GTS network will become short or long and the SBS may enter the light green, orange or red zone, which would force GTS to buy or sell gas on the ICE Endex exchange. The costs of this intervention are borne by the market parties that contributed to the imbalance.

Since the introduction of the market-based balancing regime in April 2011, on a day-ahead basis GTS has been calculating the size of the various zones based on the latest shipper programmes, historical data and several parameters that take account of the expected GTS network load. GTS makes the maximum linepack flexibility available to its shippers through the size of the dark green zone, while also ensuring the physical integrity of the grid and certain safety measures. In general, a higher grid utilization leads to a smaller dark green zone since there is less spare capacity within the grid that could be made available to the shippers for portfolio balancing purposes.

One of the major benefits of the BBL-GTS market integration is that BBL could offer system support to GTS more easily. The BBL pipeline has a large capacity to store gas, which is normally used as buffer gas for regular gas transport operations. A limited amount of this BBL buffer capacity could be set aside for use by GTS. If necessary, GTS will be able to temporarily park its excess buffer gas in the BBL pipeline and vice versa. This would be an operational optimization for the North-western part of the Netherlands where the GTS grid connects to the BBL pipeline. The assistance will be outside the view of the BBL and GTS shippers and will be independent of the value of the SBS. It will have no negative consequences for BBL shippers or for GTS shippers and will have no visible consequences to shippers besides a larger than before size of the dark green zone. Also, no costs will be allocated to any shipper.

The assurance that BBL could physically assist GTS by temporarily making available BBL buffer capacity to park excess gas or vice versa allow GTS to include this factor into their zone size calculations. In other words, GTS could enlarge the dark green zone, knowing that BBL will physically assist in case the size of the dark green zone would have been set a little too high because of a higher than expected actual network load. It is expected that situations where BBL will be requested to provide physical assistance will only occur a few times per year.
By default the dark green zone will be enlarged by 20% for both the long and short direction, which relates to approximately an additional 5000 MWh long and 5000 MWh short. The result will be that the SBS will less often leave the dark green zone, which will reduce shippers’ exposure to GTS balancing actions. If GTS need to undertake a balancing action this will be done through the regular process that is already in place.

**Figure 1. Increased flexibility**

**Simplified licensing procedure**

BBL and GTS will continue to have their own general terms and conditions, but the licensing process required for becoming a shipper will be simplified. The licensing process for both BBL and GTS will make use of a single harmonised form. GTS will coordinate the licensing process, including performing the required communication checks for both TSOs. The creditworthiness checks will be done by BBL and GTS separately under their own general terms and conditions. A single harmonised request form will be made available on the websites of BBL and GTS.
The enlarged TTF market area

The integration of the BBL pipeline and the GTS market area will lead to the creation of an enlarged TTF market area. The enlarged TTF market area will consist of three elements: a trading zone in which the Virtual Trading Point (TTF) is located, operated by a trading zone manager and two sets of balancing rules (GTS and BBL). Below, a short overview of the model is given followed by an explanation of each element.

The model

To implement the extended TTF market area, a model has been chosen that was inspired by the Trading Region model of ACER’s Gas Target Model.

Figure 2. The enlarged TTF market area

The model consists of the following elements:

- The Virtual Trading Point TTF, located in the trading zone that encompasses the enlarged TTF market area. In order to minimise the impact on the shipper and TSO IT systems, the name of the enlarged TTF will remain ‘TTF’\(^3\). GTS will act as the trading zone manager.
- The BBL set of balancing rules.
- The GTS set of balancing rules.

The BBL set of balancing rules

The BBL set of balancing rules applies to the BBL pipeline, the physical exit point IP Bacton and the virtual entry point at the Transfer Point BBL – Trading zone (TPB). The BBL interconnector has always been operated on an ‘in equals out’ principle, which ensures that

\(^3\) The TTF Edig@s code will also stay the same.
confirmed BBL entry flows are equal to the confirmed BBL exit flows. This will be maintained once the BBL interconnector has become part of the TTF market area. As a result, BBL shipper imbalances do not and will not occur in the BBL interconnector. The manner in which this principle is maintained is described below.

Although BBL shippers will be active in the trading zone, BBL shippers will not become part of the GTS set of balancing rules.

**The GTS set of balancing rules**
The GTS set of balancing rules applies to the GTS transmission system and the entry and exit points of the GTS transmission system. It is physically connected to the BBL at Connection Point Julianadorp.

The GTS shipper portfolio (in which the balance position of the GTS shippers in the GTS system is recorded) is part of the GTS set of balancing rules. In the GTS set of balancing rules, use is currently made of the market-based balancing system, which will also be used in the new integration model.

Within the GTS set of balancing rules, the current balancing rules will apply to all GTS shippers. Since TTF will be moved to the trading zone, all TTF deals will also move to the trading zone. TTF itself will no longer be part of the GTS set of balancing rules. The aggregated allocated result of all trades on TTF will be transferred to the Transfer Point GTS – Trading zone (TPGT), which will be included in the GTS set of balancing rules. As such, they will become part of the balance position of the GTS shipper portfolio. The relocation of TTF does not affect shippers.

**The trading zone**
All licensed GTS shippers and BBL shippers will have access to the trading zone, where they can trade freely amongst each other. BBL shippers are automatically licensed to trade on TTF and do not have to take any measures. GTS shippers can choose whether they want to trade on TTF or not.

The gas exchanges currently linked to TTF remain linked to the enlarged TTF market area in the trading zone. Both GTS and BBL shippers will therefore also have access to TTF via these gas exchanges.

As stated earlier, the ‘in equals out’ principle for BBL shippers will be maintained, as a result of which no imbalances can occur in the BBL interconnector. Each BBL portfolio therefore needs to be linked to a portfolio of a GTS shipper. This GTS portfolio will become the balancing portfolio for the linked BBL portfolio, where, upon closure of the TTF trading window (for each Hour H at H-30 minutes), any remaining imbalance in the BBL portfolio will be automatically transferred to the GTS portfolio. This process is described in more detail in the section providing the detailed description of the operational processes.

It is the responsibility of both current and new BBL shippers to submit to BBL the GTS shipper portfolio that is linked to its BBL portfolio. BBL will maintain a register of all BBL portfolio/GTS portfolio relations.
Capacity services to be offered

Introduction
In the current situation, exit capacity that can be made available at IP Bacton is not only determined by the technical capacity of the BBL interconnector, but also by the capacity that GTS can make available at the IP Julianadorp, where the BBL interconnector is connected to the GTS system. An uncoupled entry/exit system means that the gas to be made available at this point may originate from any entry point in the GTS system.

Capacity bookings at Julianadorp

Forward flow
The auctioning of BBL entry capacity at IP Julianadorp and of exit capacity at IP Bacton will be simplified. Following the integration of the BBL pipeline and the GTS market area, all BBL capacity will only be auctioned as exit capacity at IP Bacton and allocated by BBL via regular Prisma auctions. BBL will continue to offer yearly, quarterly, monthly, daily and within-day products, in line with the CAM network code and the Congestion Management Procedures.

Current capacity bookings
Current BBL (entry BBL) capacity bookings will remain valid and will be transferred to IP Bacton as exit BBL only. GTS will discuss the commercial and contractual consequences for customers who hold capacity at Julianadorp with these customers in due time. Access to the BBL pipeline from the GTS grid and access to the GTS grid from the BBL pipeline is implicitly granted via entry and exit bookings at IP Bacton in the BBL transportation system.

Future capacity bookings
GTS shippers no longer need to book capacity for their transport from GTS to BBL or vice versa. The transfer of capacity from GTS to BBL or vice versa should be settled on TTF in the trading zone, either by the shippers or the trading zone manager (see below for a full explanation). BBL shippers still need to book capacity at IP Bacton. By doing this, BBL shippers automatically have the right to transport gas flows through the BBL.

BBL virtual reverse flow
BBL’s virtual reverse flow booking process will not significantly change. Auctioning of these products will now take place only at IP Bacton, as BBL shippers need to book only entry BBL capacity at IP Bacton. BBL shippers no longer need to book entry capacity at Julianadorp. The capacity at IP Bacton automatically gives them access to TTF.

New capacity methodology GTS
GTS is planning to introduce a new methodology to determine transport capacity in the GTS transmission system. In the new methodology, GTS takes the changing gas world into account, such as a noticeable shift from long-term contracts to short-term contracts and better insights into transport capacities of all NNOs. The basic idea behind the new methodology is to split the technical capacity into long-term and short-term technical capacity. Long-term technical capacity used by commodity shippers is determined by the same planning assumptions as before. Short-term technical capacity is mainly used by shippers to get gas to/from TTF (traders). The short-term technical capacity will be based
partly on utilisation of the transportation system in the recent past (1-2 years). Using this split GTS creates maximum short-term interconnectivity for the shippers, with limited risks. Short-term technical capacity will be offered for monthly, daily and within-day products.

To give an impression of the capacity situation of GTS and BBL with and without the integration, two tables are presented below.

Capacity situation as of 1 October with new capacity methodology without integration

<table>
<thead>
<tr>
<th>Firm</th>
<th>Firm</th>
<th>OSC max</th>
<th>Firm</th>
<th>OSC max</th>
<th>Firm</th>
<th>OSC max</th>
<th>Shorthaul max**</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.6</td>
<td>20.6</td>
<td>Yearly capacity GWh/h</td>
<td>20.6</td>
<td>1.25</td>
<td>1.25</td>
<td>8.1</td>
<td></td>
</tr>
<tr>
<td>20.6</td>
<td>20.6</td>
<td>Quarterly capacity GWh/h</td>
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<td>1.25</td>
<td>1.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.6</td>
<td>20.6</td>
<td>Monthly capacity GWh/h</td>
<td>20.6</td>
<td>2.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.6</td>
<td>20.6</td>
<td>Max 15%* Daily capacity GWh/h</td>
<td>20.6</td>
<td>Max 15%*</td>
<td>20.6</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>20.6</td>
<td>20.6</td>
<td>Within Day capacity GWh/h</td>
<td>20.6</td>
<td>2.5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Maximum of 15% of non-exempt part of technical capacity
** Maximum available firm capacity for short term products, based on calculations of GTS 6 weeks ahead based on expected gas flows. Due to unexpected gas flows the maximum available firm capacity for short term products can be adjusted

Capacity situation as of 1 October with new capacity methodology and integration

After the integration, the GTS cluster Julianadorp-Zelzate will be terminated, because it is not possible to implement competing capacities between two transmission operators. GTS has therefore taken the recent auction results into account in allocating the available capacity between Julianadorp and Zelzate. BBL is considering the commercial and technical conditions that apply to offering capacity between 12.5 GWh/h and 20.6 GWh/h (for yearly and quarterly products) to the market. Table 2 therefore excludes BBL’s measures with regard to offering additional products for yearly and quarterly capacity.

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4 Both BBL and GTS publish their technical capacities on the transparency platform of ENTSOG. The technical capacities of BBL at Julianadorp and Bacton which are presented in the tables match the published technical capacity. However, the technical capacity of GTS at Julianadorp presented in the tables is not the same as the published technical capacity at the transparency website. The difference can be explained by the fact that Julianadorp is auctioned in competition with Zelzate (cluster Julianadorp-Zelzate). The technical capacity published at the ENTSOG website is the capacity of the export station at Julianadorp. In the table below, GTS has defined the technical capacity without integration as the booked capacity, plus a part of the available capacity of the cluster. The available capacity of the cluster is corrected for the recent auction results at Zelzate (size of market behind Zelzate).
Table 2. Capacity situation with integration

<table>
<thead>
<tr>
<th>Firm</th>
<th>Firm</th>
<th>Interruptible</th>
<th>OSC max</th>
</tr>
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<td>Quarterly capacity GWh/h</td>
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<td>20.6**</td>
<td>Max 15%*</td>
<td>Daily capacity GWh/h</td>
</tr>
<tr>
<td>20.6</td>
<td>20.6**</td>
<td></td>
<td>Within Day capacity GWh/h</td>
</tr>
</tbody>
</table>

* Maximum of 15% of non-exempt part of technical capacity
** Maximum available firm capacity for short term products, based on calculations of GTS 6 weeks ahead based on expected gas flows. Due to unexpected gas flows the maximum available firm capacity for short term products can be adjusted

The technical capacity presented in the tables are the technical capacities of GTS valid at this moment, to be offered on 1 October 2017. The defined capacities may change between the date on which this document is published and the auction on 1 January 2018.
Detailed description of operational processes

To ensure a full understanding of the operational processes an extended model of the enlarged TTF market area is included.

Figure 3. Extended model of the enlarged TTF market area

The extended model consists of the following elements:

- The BBL set of balancing rules, which applies to IP Bacton and the Transfer Point BBL – Trading zone (TPBT) that administers the transfer from the trading zone to the BBL set of balancing rules (or vice versa).
- The GTS set of balancing rules applies to the GTS transmission system and the entry and exit points of the GTS transmission system. Within the GTS set of balancing rules a number of changes will occur: i) IP Julianadorp will cease to exist ii) TTF will be moved to the trading zone and iii) a Transfer Point GTS – Trading zone (TPGT) will be introduced. The TPGT will administer the transfer of gas from the GTS set of balancing rules to the trading zone (or vice versa).
- The virtual point for the transfer of programme responsibility (VPPV) remains within the GTS set of balancing rules.

Transfer of gas from Trading Zone to BBL or vice versa

For BBL shippers, the nomination process will be simplified. BBL shippers will only have to submit a nomination at IP Bacton. A description of the operational process of a forward flow nomination is given below. For reverse flow, the directions are vice versa.

After a BBL shipper has submitted a nomination at IP Bacton, he has two options: if the BBL shipper has traded on TTF before and created a balance position related to the confirmed quantity at IP Bacton, the trading zone manager (TZM) will not create a balancing
nomination. If the BBL shipper has not yet traded on TTF (and has therefore not yet created a balance position related to the confirmed quantity at IP Bacton), two TTF trades will be created as follows by the trading zone manager:

- One entry nomination on behalf of the BBL shipper with the linked GTS balancing shipper-portfolio (most of the time the same shipper);
- One exit nomination on behalf of the GTS shipper, which is the linked balancing shipper for the BBL shipper, with the BBL shipper as a countershipper.\(^5\)

Upon closure of the TTF trading window (for each Hour H at H-30 minutes), this nomination will be confirmed to both the BBL shipper and the GTS shipper. Below, examples will be given in which the mechanism is explained.

**Situation 1: BBL shipper nominates at Bacton and at TTF**

1. **GTS shipper:** 100 entry
2. **BBL shipper:** 100 exit
3. **BBL shipper:** 100 entry
4. **BBL shipper:** 100 entry
5. **GTS shipper:** 100 exit

Step 1. The GTS shipper nominates and gets confirmed 100 entry at e.g. Oude Statenzijl.
Step 2. The BBL shipper nominates 100 exit Bacton, matching takes place between BBLC and NGG, resulting in a confirmation to the BBL shipper of 100 exit.
Step 3. The TZM will ensure the balance position of each BBL portfolio, using this confirmed quantity whereas the imbalance will be transferred to the GTS countershipper. However, the BBL shipper has created balance himself, the TZM will not create additional trades.
Step 4. BBL will confirm 100 entry to the BBL shipper at TPBT.
Step 5. GTS will confirm 100 exit to the GTS shipper at TPGT.

\(^5\) Or vice versa in the case of reverse flow.
Situation 2: BBL shipper only nominates at Bacton

Step 1. The GTS shipper nominates and gets confirmed 100 entry at e.g. Oude Statenzijl (OSZ).

Step 2. The BBL shipper nominates 100 exit Bacton, matching takes place between BBLC and NGG, resulting in a confirmation to the BBL shipper of 100 exit.

Step 3. The TZM will ensure the balance position of each BBL portfolio, using this confirmed quantity whereas the imbalance will be transferred to the GTS countershipper. The TZM creates a TTF trade between the BBL shipper and the predefined GTS countershipper.

Step 4. BBL will confirm 100 entry to the BBL shipper at TPBT.

Step 5. GTS will confirm 100 exit to the GTS shipper at TPGT.

Transfer of gas from Trading Zone to GTS or vice versa

The transfer of TTF to the trading zone has no impact on the nomination process. For TTF the same Edig@s code applies, so nominations at TTF are similar to the current process. The trading zone manager will validate all nominated quantities and will confirm the result.

As soon as the TTF trading window for a certain hour is closed, the trading zone manager will aggregate all confirmed quantities per GTS shipper portfolio for this hour. In addition, the trading zone manager will transfer the aggregated quantities per portfolio and allocate these quantities to the newly created TPGT in the GTS set of balancing rules. In this way, the results of all TTF trades by the GTS shippers are included in the GTS set of balancing rules and thus become part of the balance position of the GTS shipper portfolio and the system balance. Below, one example is given in which the mechanism is explained.
Situation 3: BBL shipper only nominates at Bacton, GTS shipper has imbalance

Step 1. The GTS shipper nominates and gets confirmed 80 entry at e.g. Oude Statenzijl.
Step 2. The BBL shipper nominates 100 exit Bacton, matching takes place between BBLC and NGG, resulting in a confirmation to the BBL shipper of 100 exit.
Step 3. The TZM will ensure the balance position of each BBL portfolio, using this confirmed quantity whereas the imbalance will be transferred to the GTS countershipper. The TZM creates a TTF trade between the BBL shipper and the predefined GTS countershipper.
Step 4. BBL will confirm 100 entry to the BBL shipper at TPBT.
Step 5. GTS will confirm 100 exit to the GTS shipper at TPGT. The GTS shippers now has an imbalance of 20 for this hour.

Programmes for BBL shippers
Programme responsibility only applies to GTS shippers. BBL shippers do not need to submit a programme, since BBL shippers are not part of the GTS set of balancing rules.

Programmes for GTS shippers
The virtual point for transfer of programme responsibility (VPPV) remains within the GTS set of balancing rules. GTS shippers continue to have programme responsibility and therefore need to submit a programme. The transfer of gas from a GTS shipper to a BBL shipper will take place on TTF in the trading zone. This affects the content of programmes to be submitted.

Entry programme
In an entry programme, the GTS shipper specifies the total volume of physical entry into

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6. A programme specifies the hourly predictions of the gas flows for each portfolio for the following gas day.
the GTS gas transmission network for the specific portfolio for each hour. Furthermore, the shipper specifies the aggregated volume of gas for each hour, no longer specifying each counterparty but using the reserved shippercode "GSTPTRADE" as counterparty, for the trades on TTF.

Exit programme
In an exit programme, the GTS shipper specifies the total volume of physical exit for the specific portfolio for each hour. Furthermore, the shipper specifies the aggregated volume of gas for each hour, no longer specifying each counterparty, but using the reserved shippercode "GSTPTRADE" as counterparty, for the trades on TTF.

GTS shippers can still add their trade transactions to the entry and exit programmes: there is no need for them to supply separate programmes. When a shipper applies damping7, it is advisable to add the aggregated trade transactions to the entry programme.

Trade programme
GTS shippers with a C licence (i.e., parties solely trading on TTF) must submit a programme to GTS. In this trade programme (per portfolio for each hour) the transfer from the GTS set of balancing rules to the trading zone (or vice versa) is represented. Contrary to the current trading programmes, these parties should no longer specify each counterparty for the trades on TTF, but only specify the aggregated volume of gas traded, using the reserved shippercode "GSTPTRADE" as counterparty.

Nomination, matching and allocation for BBL shippers
The BBL interconnector continues to operate on the ‘in equals out’ principle. This principle ensures that confirmed BBL exit flows are equal to the confirmed BBL entry flows or vice versa. When transporting gas through the BBL, shippers need to nominate their flows on both sides of the BBL IP Bacton, being the National Grid (NGG) side and the BBL side of IP Bacton.

In the matching procedures applied at IP Bacton between BBL and NGG, the ‘BBL prevail’ rule is applied. In the current situation, this BBL prevail rule ensures that the matching outcome on IP Julianadorp prevails over IP Bacton. In the new integration model, this BBL prevail rule is shifted towards IP Bacton, where the nominations on the BBL side of IP Bacton prevail over the nominations entered at the National Grid side of IP Bacton.

BBL will ensure that the BBL shipper will be in balance within the BBL set of balancing rules, by mirroring the confirmation of the BBL shipper at IP Bacton to the newly created Transfer Point BBL – Trading zone TPBT, which will be confirmed to the BBL shipper.

Both at IP Bacton and the newly created Transfer Point BBL – Trading zone the confirmed quantities are deemed to be the allocated quantities.

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7 Due to the linepack (buffer effect) in the GTS network, it is possible that a change in the gas flow on the exit side of the GTS network will be followed at a later moment by a damped change in the gas flow on the entry side of the GTS network. This is called damping. This means that on an hourly basis, entry and exit are not equal (entry minus exit is not zero). The amount of damping that must be applied varies from day to day and from hour to hour and is determined by the damping formula. On a daily basis, the sum of all hourly entries and sum of all exits have to be equal (entry - exit = 0).
Single-sided nominations
For firm capacity products, the two TSOs connected at IP Bacton, BBL and NGG, will continue to facilitate a single-sided nomination procedure. This means that a shipper with bundled firm capacity at IP Bacton will need to submit one single-sided nomination.

For allocated unbundled capacities, shippers will still need to submit a nomination on both sides of IP Bacton.

Nomination, matching and allocation for GTS Shippers
The nomination, matching and allocation processes within the GTS set of balancing rules will not change.

Constraints (move from Julianadorp to Bacton)
In the event that BBL or GTS incur physical issues resulting in a restriction in the gas flow from GTS to BBL or from BBL to NGG, whereby the nominated quantities cannot be met, the party having the physical issues will place a REMIT message. In addition, this party may order a constraint, resulting in lower confirmed quantities. Such a constraint will be ordered at IP Bacton by BBL, either on behalf of GTS (if GTS is the party having the physical issues), or on its own behalf (if BBL is experiencing the physical issues). By ordering a constraint at IP Bacton, it is ensured that the trading zone will also use the lower confirmed quantities, and thus no imbalances for GTS shippers and BBL shippers will occur resulting from such a constraint.
Appendices
Appendix 1: Information streams in the trading zone model

Information stream model
With the introduction of the trading zone, new interfaces for information exchange between the two sets of balancing rules and the trading zone have been created. Information on the entry and exit of gas at IP Bacton will be exchanged between the BBL set of balancing rules and the trading zone. Information on the position of the GTS shipper in the trading zone will be exchanged between the GTS set of balancing rules and the trading zone. An overview of the model is given in Figure 3. Extended model of the enlarged TTF market area.

Changes in the information streams
The introduction of a trading zone and the shift of the virtual trading point (TTF) from the GTS set of balancing rules to the trading zone has consequences for the information streams between both BBL and their shippers and GTS and their shippers.

To accommodate the recording of the information streams, additional transfer points will be created in the two sets of balancing rules. In Figure 3. Extended model of the enlarged TTF market area, these points are called “Transfer Point BBL – Trading zone” (TPBT) and “Transfer Point GTS – Trading zone” (TPGT). In the confirmations and allocations, the transfer points will be used to identify the information.

In the following sections, the changes will be described for, respectively, the BBL shipper and the GTS shipper.

BBL-related information streams
There are no changes with respect to the current technical situation. Confirmations will be received via the regular EDIGAS channel, and allocation information will be made available via the B2B channel and the Information Services BBL (ISB) website.

Confirmation information related to the transfer of gas from the trading zone into the BBL set of balancing rules will be received via the EDIGAS channel. Allocation information will be made available via the B2B channel and the ISB website. These confirmations and allocations will only show the aggregated results.

The BBL shipper will receive confirmation of all nominated and system-generated trade actions at TTF via the regular EDIGAS channel. Allocation information will be made available via the B2B channel. Information related to trade actions in the trading zone will be available on the ISB website.

GTS-related information streams
There are no changes with respect to the current technical situation. Confirmations will be received via the regular EDIGAS channel, and allocation information will be made available via the B2B channel and the GTS GasPort website.

Confirmation information related to the transfer of gas from the trading zone into the GTS set of balancing rules or vice versa will be received via the EDIGAS channel. Allocation
information will be made available via the B2B channel and the GTS GasPort website. These confirmations and allocations will only show the aggregated results of all trade actions at TTF.

The GTS shipper will receive confirmation of all nominated and system-generated trade actions at TTF via the regular EDIGAS channel. Allocation information will not be made available via the B2B channel, only via the GTS Gasport website.
Appendix 2: Main operational changes for shippers

Below the main changes from an operational perspective for BBL shippers are described.

<table>
<thead>
<tr>
<th>BBL perspective</th>
<th>Current situation</th>
<th>New situation</th>
<th>Impact messaging for shippers</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTF (virtual trading point)</td>
<td>N.a.</td>
<td>In Trading Zone</td>
<td>No impact</td>
<td>Shippers can use their BBL portfolio. Edigas code “TTF” will not change. Also on gas exchanges.</td>
</tr>
<tr>
<td>Trades possible with GTS shippers</td>
<td>N.a.</td>
<td>Yes</td>
<td>No impact</td>
<td>Each BBL shipper portfolio has to be coupled to a GTS shipper portfolio.</td>
</tr>
<tr>
<td>GTS shipper balancing for BBL shipper</td>
<td>N.a.</td>
<td>Yes</td>
<td>No impact</td>
<td>This is not an automated process.</td>
</tr>
<tr>
<td>Transfer Point BBL - Trading Zone</td>
<td>N.a.</td>
<td>In BBL set of balancing rules</td>
<td>No impact</td>
<td>Aggregation of all TTF trades. BBL will send each hour a confirmation of the aggregated quantities per portfolio.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interconnection Point</th>
<th>Entry/exit</th>
<th>Julianadorp no longer exists</th>
<th>No impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Julianadorp (GTS-BBL)</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>- Capacity bookings</td>
<td>Yes</td>
<td>No</td>
<td>Primary effect on BBL shipper, transferred to GTS balancing.</td>
</tr>
<tr>
<td>- Tariff</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>- Nomination-confirmation</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>- Allocation</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>- Physical constraints</td>
<td>Yes</td>
<td>Via Trading Zone</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interconnection Point</th>
<th>Entry/exit</th>
<th>Entry/exit</th>
<th>No impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bacton (NGG-BBL)</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>- Capacity bookings</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>- Tariff</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>- Nomination-confirmation</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>- Allocation</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>- Physical constraints</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

| Transfer of gas from The Netherlands to the UK (or vice versa) | Via IP Julianadorp | Via TTF Bacton | No impact | BBL shippers now only have to nominate at Bacton, so the nomination process will be simplified. |
| - Delivery of gas to the UK (or vice versa) | Via IP Bacton | Via TTF Bacton | No impact | |

<table>
<thead>
<tr>
<th>Programmes to be send by BBL shippers</th>
<th>N.a.</th>
<th>N.a.</th>
<th>N.a.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>BBL buffer part of Dark Green Zone</th>
<th>N.a.</th>
<th>N.a.</th>
<th>N.a.</th>
</tr>
</thead>
</table>

| All BBL shippers must balance their portfolio (maintain OUT=IN principle) | Yes | Yes | No impact |

Resulting in an enlarged Dark Green Zone for GTS shippers.
Below the main changes from an operational perspective for GTS shippers are described.

<table>
<thead>
<tr>
<th>GTS perspective</th>
<th>Current situation</th>
<th>New situation</th>
<th>Impact messaging for shippers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virtual trading point “TTF” will move from GTS set of balancing rules to trading zone</td>
<td>GTS set of balancing rules</td>
<td>in Trading Zone</td>
<td>No impact. Edigas code “TTF” will not change</td>
</tr>
<tr>
<td>- Trades possible with BBL shippers on TTF (also on gas exchanges)</td>
<td>No</td>
<td>Yes</td>
<td>Shippers can use their GTS portfolio.</td>
</tr>
<tr>
<td>Each BBL shipper portfolio has to be coupled to a GTS shipper portfolio</td>
<td>No</td>
<td>Yes</td>
<td>No impact. This is not an automated process.</td>
</tr>
<tr>
<td>Introduction of networkpoint “Transfer Point GTS - Trading zone”</td>
<td>N.a.</td>
<td>GTS set of balancing rules</td>
<td>No impact</td>
</tr>
<tr>
<td>- Aggregation of all TTF trades by trading zone manager</td>
<td>N.a.</td>
<td>Yes</td>
<td>GTS will each hour send a confirmation of the aggregated quantities per portfolio</td>
</tr>
<tr>
<td>- Included in POS (in case shippers trade on TTF)</td>
<td>N.a.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Transfer of gas from GTS shipper to BBL shipper (or vice versa) via TTF instead of IP Julianadorp</td>
<td>Via IP Julianadorp</td>
<td>Via TTF</td>
<td>No impact</td>
</tr>
<tr>
<td>- IP Julianadorp capacity auctioned on Prisma</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>- Tariff</td>
<td>Yes, IP Julianadorp</td>
<td>Socialized</td>
<td></td>
</tr>
<tr>
<td>- Nomination-confirmation</td>
<td>Yes, IP Julianadorp</td>
<td>Yes, TTF</td>
<td></td>
</tr>
<tr>
<td>- Allocation</td>
<td>Yes, IP Julianadorp</td>
<td>Yes, TTF</td>
<td></td>
</tr>
<tr>
<td>- Included in POS (in case of transfer for GTS shipper to BBL shipper or vice versa)</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>- Physical constraints</td>
<td>Yes</td>
<td>Via Trading Zone</td>
<td></td>
</tr>
<tr>
<td>Shippers should include the countershippers for TTF trades in their programmes</td>
<td>Yes</td>
<td>No</td>
<td>Possible impact</td>
</tr>
<tr>
<td>BBL buffer part of Dark Green Zone resulting in an enlarged Dark Green Zone for GTS shippers</td>
<td>No</td>
<td>Yes</td>
<td>No impact</td>
</tr>
<tr>
<td>Distribution of information on TTF allocations per counterparty</td>
<td>Via Edigas (confirmation), Gasport and B2B</td>
<td>Via Edigas (confirmation) and Gasport</td>
<td>Possible impact</td>
</tr>
</tbody>
</table>