

22nd August 2018

RE: Consultation on the proposed modifications to the BBL GB charging methodology

Dear Marcel / Rudi,

Thank you for the opportunity to respond to your consultation on the proposed changes to BBL's charging methodology. This response represents the view of the Centrica group of companies and is non-confidential. Our comments are primarily in relation to the proposed modifications as a response to changing market circumstances and are as follows:

- We broadly support the proposals to offer an ex-post discount to shippers that buy capacity products of a multiple year duration and / or a combination of forwards and reverse flow. However, our support is conditional on the arrangements not leading to a situation whereby the same capacity is sold to new customers at cheaper rate than that already sold in the market. If the same circumstances arise where capacity is sold at a cheaper rate than that already in the market, any existing holders of the same product purchased for the same duration or longer should also receive a discount to ensure that they are not disadvantaged.
- The consultation outlines different arrangements for claiming the discount, depending on whether the discount is being awarded for 1. having bought a capacity product with a longer duration than one year or 2. having bought a consecutive combination of forward flow capacity products and reverse flow capacity. For the former, capacity holders submit a request for the discount directly after the annual yearly capacity auction but for the latter the discount is obtained after the end of the calendar year for the capacity obtained during that year. From a shipper's point of view, we believe that the arrangements proposed for the first scenario are preferable and should also be applied the second scenario. At the very least, we would welcome clarity on why two different arrangements for obtaining the discount are being proposed.
- We would welcome more clarity on the methodology that will be used to calculate the discount. It is also important that the methodology is applied in the same way to all shippers; i.e. having bought the same product with the same duration, it should not be possible for one shipper to negotiate a better discount than another.
- For completion, we support the other proposals to comply with NC TAR, to make the charging methodology applicable to both forward and reverse flow gas transport services and the other minor changes being made for clarification purposes.

We hope this response is helpful. If there are any of the points raised in this response that you would like to discuss in more detail feel free to contact me on 07789 579169.

Yours sincerely,
Ricky Hill