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Concourslaan 17

Submitted by email to: consultations@bblcompany.com, M.R.Neef@gasunie.nl

Dear Marcel, Rudi,

Gazprom Marketing & Trading response to BBLC consultation on the proposed modifications to the GB charging methodology

We welcome the opportunity to respond to this consultation on BBL's proposed GB charging methodology (GB CM). We note that BBLC seeks to not only apply the methodology to reverse flow, but use this as an opportunity to update its charging regime in light of recent market developments. GM&T welcomes modifications that aim to improve the liquidity of the NBP by incentive-based mechanisms to encourage utilisation of infrastructure. With this in mind we find that closer consideration is required in the following aspects of the GB CM.

Incentivising long term bookings

Page 4 of the proposed GB CM states "To encourage longer term booking of capacity network users to book annual capacity products on a long term basis [...] reserve price *may* be discounted for future years" and Page 7 states "To encourage shippers to book annual capacity […] a long term booking incentive *may* be offered". Given the CM should be transparent and provide tariff predictability as addressed by BBLC on page 3 of the CM, we propose two key amendments to the document.

We propose the removal of "may" and replacing these with "will" (or an equivalent modal verb) on pages 4, 7 and 8 where there are references to encouraging long term bookings or combination bookings as the price incentive for such capacity bookings should be firm in principle. If prospective shippers are uncertain whether these incentives will hold, the CM does not achieve its crucial objective in providing tariff predictability. Additionally, assurance of this would likely provide more revenue certainty for BBLC in the current market environment.

Secondly, further information is required on the discount request process briefly mentioned on pages 7 and 8. Currently it appears that shippers who wish to book capacity under the Long Term Booking Incentive (LTBI) or Combination Booking Incentive (CBI) may not have timely information on the applicable discounts ahead of committing to a commercial decision before the auction. We would advise that BBL reconsiders whether the post auction application for discounts is the best way to market these opportunities, and that lead times are outlined for this information.

Lead times for amended reserve prices

We find the minimum notice periods outlined in page 10 for quarterly, monthly and day-ahead products restrictive and not consistent with PRISMA's current schedule of notice for capacity auctions, we would propose that the lead times are amended as set out below. These lead times are consistent with Interconnector UK and would therefore help simplify processes for shippers that manage North West Europe transportation products.

Quarterly	2 weeks' notice
Monthly	2 weeks' notice
Day-ahead	6 hours' notice

General remarks

- We have identified an error on page 4 of the CM states that for long term annual capacity bookings, discounts "will be reflected in the reserve price for relevant years" whilst page 7 states "capacity products that are longer in duration may be eligible for a discount […] This discount will not be reflected in the reserve prices." The prior requires updating for consistency with the remainder of the document.

- The concept of a "lowest price guarantee" exists in the charging methodology for other merchant TSOs that ensure shippers that book annual products will be granted the lowest prevailing price for that contract year. With this in mind, BBLC may wish to consider applying this principle in its charging methodology for annual and quarterly products to further incentivise long term bookings.

- BBL has made considerable efforts to redesign its transportation model with the integration of BBL within the TTF market area and implementing physical reverse flow in 2019. The proposed GB CM has been designed on the basis that it is applicable at only the Bacton IP due to the removal of Julianadorp effective 1st January 2018. Now that the potential annulment of Julianadorp Exit point removal is under discussion within the context of the TAQA-GTS BAT tariff dispute, we seek clarity from BBL on what steps will be taken to mitigate the potential impact of this within its charging framework.

We hope the comments above prove helpful. Please do not hesitate to contact me on +44 (0)20 7756 9732 or at sinead.obeng@gazprom-mt.com if you wish to discuss any aspect of our response in further detail.

Yours sincerely,

Sinead Obeng

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