

To all Stakeholders

BBL Company V.O.F.

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Date
5 February 2019

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Our reference
BBL VOF 19.05

Subject
Consultation of the proposed modifications to BBLC's
General Terms & Conditions

Dear Stakeholder,

BBL Company (BBLC) is proposing several modifications to its General Terms and Conditions (GT&C). The modifications are proposed for the following reasons:

1. to make the GT&C applicable to both forward and reverse flow gas transport services when the BBL pipeline's physical reverse flow capability is realized;
2. to allow for the introduction of implicit allocations as a second capacity allocation mechanisms in addition to the auctions of capacity;
3. to allow for the introduction of the capacity bookings reprofiling service;

We seek your views on these modifications and invite you to submit a written response.

1. Reverse flow gas transport services

The GT&C will be applicable to forward flow (NL to UK) and reverse flow (UK to NL) capacity products. Until physical reverse flow services are offered, BBLC's GT&C for virtual reverse flow services will remain in place. This service which is a virtual, administrative flow netted off from the physical forward flow from the Netherlands to the UK, will then be terminated and replaced with interruptible capacity products.

In general all GT&C articles currently applicable to forward flow transport services will be made applicable to both forward and reverse flow capacity transport services. The reverse flow services will be fully compliant with the EU Network Code on Capacity Allocation Mechanisms and the Congestion Management Procedures.

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The main principles are:

- BBLC will offer its firm and interruptible reverse flow capacity products on PRISMA primary. The capacity products offered will be the full range of standardized capacity products: yearly, quarterly, monthly, day-ahead and within-day reverse flow capacity.
- Except for the within-day product interruptible reverse capacity will be offered for all products when firm capacity for the respective products is sold out.
- Capacity will be offered as a bundled capacity product with National Grid as far as possible.
- Reverse flow capacity products may be traded through the secondary market.
- The congestion management procedures currently applicable to the forward flow capacity products will also be applicable to reverse flow capacity products: overbook capacity, surrender of capacity and long-term use-it-or-lose it.
- Reverse flow transport services will also be made available through implicit allocations.

Physical reverse flow capability on the BBL-pipeline is planned for 1 July 2019.

2. Implicit allocations

From 1 July 2019 a implicit capacity allocation method is proposed to be introduced, as a second capacity allocation method in addition to auctions on PRISMA primary, where both transmission capacity and a corresponding quantity of gas are located at the same time.

Exhibit I to the GT&C will contain the General Provisions for this new service and is now being consulted. Alongside the consultation documents a Information Document is available with detailed information about the new service. Furthermore, a Guidance Document is available which contains numerical examples on the use of the service.

3. Reprofilling service

Also from 1 July 2019 BBLC proposes to introduce its Reprofilling Service for long-term capacity contracts. The reprofilling service is designed for shippers that currently hold long term capacity contracts with a termination date beyond the 1st of October 2026. The proposed service will enable such shippers to bring forward any capacity that has been booked for dates after 1st of October 2026.

Exhibit H to the GT&C has been developed for the Reprofilling Service and is now being consulted. The exhibit describes the service, the rules and how to apply for it.

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Process

In accordance with BBL Company's Standard License Condition 11(11) the proposed modifications need to be consulted to ensure that all persons who may have a direct interest have the opportunity to submit a written representation. The consultation period will run from 5 February 2019 to 5 March 2019.

Please send your response to consultations@bblcompany.com by 5 March 2019. Any response not marked confidential will be published on the BBLC website. Confidential responses will be published without any references to your company name. If you indicate that you do not wish to have your response published at all, an anonymized version of your response will be sent to Ofgem.

The final GT&C modification proposal will be submitted to Ofgem for approval following consideration of the responses received. A conclusions report will be written in accordance with SLC 11(11)(b).

We do not foresee any modifications to the GT&C in the event of a no-deal Brexit at this time. All Articles in the GT&C and its Exhibits will remain applicable through the UK's Statutory Instruments, the modifications to the Gas Interconnector Licence and the no-deal contingency measures taken by the Dutch authorities. Several references in the GT&C to the EU-regulations, such as references to the Network Code on CAM and CMP, may be replaced with references to new national laws and regulations later in 2019. The same applies to certain definitions which find their origin in EU-regulations. This would be, however, purely a cosmetic modification.

If you wish to have further clarification of anything outlined in this letter or have any questions on the proposed modifications to the GT&C, please do not hesitate to email us at consultations@bblcompany.com or call Marcel Neef at +31631037034 or Rudi Streuper at +31611005087. For specific questions about Implicit Allocations please contact Rudi Streuper.

Kind regards,



Marcel Neef
Regulatory Affairs Manager