BBLC Implicit Allocation Guidance Document

Department
BBL Company

Report
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Our reference

Status
Final
Introduction

The *BBLC Implicit Allocation Guidance Document* together with Exhibit I of the *BBL Company General Terms & Conditions (Implicit Allocation)*, sets out the rules that apply to the *Implicit Allocation of Transmission Capacity IA*.

In the *BBL Company General Terms & Conditions (GTC)* the terms defined shall have the same meaning when used in this *BBLC Implicit Allocation Guidance Document*.

*BBL Company and partners in the Implicit Allocation process*

*BBL Company* will appoint an *Implicit Allocation Partner(s) (IAP)* to offer *Transmission Capacity IA* on behalf of *BBL Company* in combination with an equivalent quantity of *Gas*.

*BBL Company* in cooperation with the *IAP* will also appoint an *Implicit Allocation Platform (IAPM)* to ensure that offered *Transmission Capacity IA* sold through the *IAP* is displayed in a clear and transparent manner.

The process involving both the *IAP* and *IAPM* for the purchase of *Transmission Capacity IA* through the *Implicit Allocation* is shown below.
Requirements for Shippers to be able to participate in the Implicit Allocation process

Shippers who wish to buy Transmission Capacity IA products through Implicit Allocation must:

1) Become a formal BBL Company Shipper and need to sign the BBL Company General Terms & Conditions
2) Conclude a contractual agreement with the Implicit Allocation Partner
3) Obtain access to the Implicit Allocation Platform.

Transparency w.r.t. available capacity and products offered through Implicit Allocation

BBL Company will make Transmission Capacity IA products (see Table 1) available for sale through the Implicit Allocation process. BBL Company will offer a maximum of 50% of the available technical capacity via Implicit Allocation. All Transmission Capacity IA will be offered as firm, unbundled capacity.

All Transmission Capacity IA products offered through Implicit Allocation will be available for sale at the BBL Exit Point (firm forward flow) and Entry Point Reverse Flow (after the introduction of physical reverse flow in summer 2019) at Bacton.

The quantity of Transmission Capacity IA that will be made available for sale through Implicit Allocation each Gas Day will be published in an up-to-date, actual overview on the BBL Company Web Site.

BBL Company makes sure that the IAP and the IAPM will also be provided with an up-to-date overview on available Transmission Capacity IA and the relevant capacity tariffs.

BBLC will offer following Transmission Capacity IA products via Implicit Allocation:

- Monthly, Quarterly, Seasonal, Annual

| Table 1: Overview of tenors and relevant available Transmission Capacity IA |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| **Product Length** | **Period** | **Availability** | **Max. Available Capacity (%)** | **Profiling** | **Example Purchase Curve** |
|--------------------|-----------|-----------------|-----------------|-----------------|
| annual             | Gas Year (GY) | 8 front GYs | 50              | none            | Nov’18, GY19-GY26 |
| 6 monthly          | 2 contiguous quarters | 8 front seasons (Or 8 front contiguous Qs) | 50              | none            | Nov’18, (Q1’19, Q2’19) - (Q3’22, Q4’22) |
| quarterly          | calendar quarter | 8 front quarters | 50              | none            | Nov’18, Q1’19 - Q4’20 |
| monthly            | calendar month | 8 front months | 50              | none            | Nov’18, Dec’18 - Jul’19 |

BBLC will publish all available transmission capacity and all sold transmission capacity (via Implicit Allocation or via PRISMA auctions) on the BBL Company Web Site.

Capacity tariffs for Transmission Capacity IA

BBL Company will publish the tariffs of Transmission Capacity IA for any potential product at the BBL Company Web Site. Tariffs of Transmission Capacity IA are in line with the BBL Company charging methodology. Transmission Capacity IA will be sold on a First Come First Serve base and therefore only involves the reserve price and no additional “surcharge”.

BBL Company V.O.F.
Product compatibility between PRISMA products and Transmission Capacity IA

Transmission capacity IA will not be offered at the same time as capacity on the PRISMA platform. There will be no overlap of capacity being offered at a certain moment in time to make sure no transmission capacity will be sold twice. Before the start of a Prisma auction all offered Transmission capacity IA will be removed for sale from the Third Party Communication Platform. Unsold transmission capacity can be offered for sale via Implicit Allocation again after the PRISMA auction has taken place.

BBL Company will provide a forward view on the BBL Company Web Site as to when Implicit Allocation will be suspended due to the PRISMA auction process.

The matching process of Implicit Allocation

Transmission capacity IA may only be allocated by the Implicit Allocation Partner in tandem with and simultaneously to the execution of a Gas Transaction for a corresponding quantity of Gas. Furthermore following criteria must be met:

1) The purchase of the Gas must be made between a seller of Gas (who is also client of the Implicit Allocation Partner) and the Shipper
2) The Gas product must be physically settled
3) The tenor of the purchased Gas product must correspond directly with the tenor of the purchased Transmission Capacity IA
4) The volume of the Gas product must correspond directly with the volume of the purchased Transmission Capacity IA
5) The Gas product must be purchased at a delivery point or hub within North West Europe, including delivery points and hubs in the UK, Belgium, France, The Netherlands and Germany.

The Transmission Capacity IA and the Gas product form the Matched Product.

The matching will result in two transactions:
- Gas transaction (Commodity deal between the Shipper and the seller of the Gas product)
- Implicit Allocation Transaction (Transmission Capacity IA between BBL Company and the Shipper)

Miscellaneous

Be aware that Transmission Capacity IA products, Gas products and the conditions described in this BBLC Implicit Allocation Guidance Document may be amended by BBL Company from time to time.
Examples of Matched Products:

1) Monthly Gas + Monthly capacity NL->UK

Counterparty A (CPA) buys 250,000 Therms of Dec'20 NBP (equivalent to 305.287 MWh/h) from Counterparty B (CPB) at the wholesale market price, for example 67.0 pence per therm (ppt). At the same time CPA wants to buy Transmission Capacity IA from NL -> UK.

Result:
**CPA** is long 250 kT of Dec'20 NBP at 67.0 ppt, to be delivered each day through Dec'20. CPA is also long 305.287 MWh/h of Transmission Capacity IA flowing from the NL -> UK during Dec'20 at the price specified at purchase and designated by **BBL Company**

**CPB** is short 250 kT of Dec'20 NBP at 67.0 ppt, that it will deliver each day through Dec'20

**BBL Company** has sold 305.287 MWh/h of Transmission Capacity IA for Dec'20 NL -> UK

2) Quarterly Gas + Quarterly Capacity NL->UK

CPA buys 300 MW of Q1’20 TTF DA Heren indexed forward from CPB at a price of 0.00 €/MWh premium. At the same time CPA wants to buy Transmission Capacity IA from NL -> UK.

Result:
**CPA** is long 300 MWh/h of DA indexed TTF. To be delivered each day through Q1’20 at the TTF DA Heren index level. CPA is also long 300 MWh/h of Transmission Capacity IA flowing from the NL -> UK during Q1’20 at the price specified at purchase and designated by **BBL Company**

**CPB** is short 300 MWh/h of DA indexed TTF, that it will deliver each day to CPA through Q1’20 at the TTF DA Heren index level

**BBL Company** has sold 300 MWh/h of Transmission Capacity IA for Q1’20 NL -> UK

3) Annual Gas + 6 month Capacity NL->UK & 6 month Capacity UK->NL

CPA buys 300 MW of GY’20 TTF DA Heren indexed forward from CPB at a price of 0.00 €/MWh premium. At the same time CPA wants to buy Transmission Capacity IA from NL -> UK for Win20 AND UK->NL for Sum21.

Result:
**CPA** is long 300 MWh/h of DA indexed TTF. To be delivered each day through GY’20 at the TTF DA Heren index level. CPA is also long 300 MWh/h of Transmission Capacity IA flowing from the Netherlands to the UK during Win’20, and also long 300 MWh/h of BBL capacity flowing from UK -> NL. Both at the prices specified at purchase and designated by **BBL Company**

**CPB** is short 300 MWh/h of DA indexed TTF, that it will deliver each day to CPA through GY’20 at the TTF DA Heren index level

**BBL Company** has sold 300 MWh/h of Transmission Capacity IA for Win’20 NL -> UK AND 300 MWh/h of Transmission Capacity IA for Sum’21 UK -> NL