

# **BBLC Implicit Allocation Guidance Document**

Department  
BBL Company

Report  
BBLC Implicit Allocation Guidance Document

Date, version  
1 February 2019

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*.

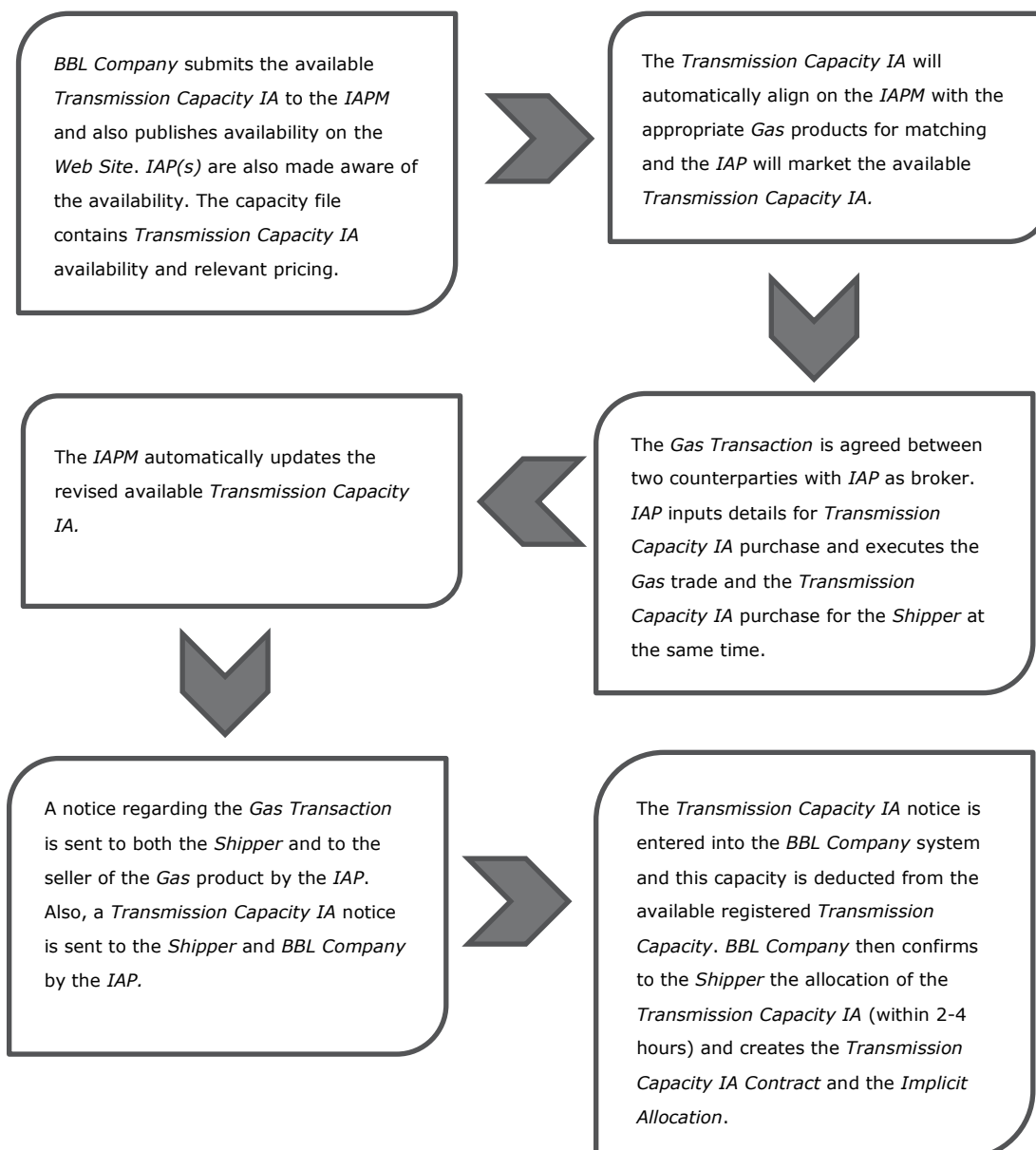
In the *BBL Company General Terms & Conditions (GTC)* the terms defined shall have the same meaning when used in this *BBLC Implicit Allocation Guidance Document*.

*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	Implicit Allocation Offer		Restrictions		Example Purchase Curve	
	Period	Availability	Max. Available Capacity (%)	Profiling	Purchase Date	Available Capacity (tenors)
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".

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

**BBLC** 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

**BBLC** 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

**BBLC** 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