

To:

BBL Company

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To:

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Dear colleagues,

Vienna, 8.5.2015

EconGas GmbH would like to thank BBL Company and the adjacent network operators for the invitation to respond to the CAM and CMP Concept Document . Please find below our answer to the questions offered by the involved TSOs. We are largely in line with the proposed changes. Nevertheless we also want to take the opportunity to suggest refinements to the concepts that have already been developed to implement “NC CAM” and “CMP Annex”.

Do you agree that the proposals are compliant with NC CAM?

- Yes we largely agree with the proposal. An additional enhancement to the suggested rules is the unconditional offer of (day-ahead) interruptible forward flow capacity. We believe that BBL needs to offer interruptible day ahead capacity regardless of the auction results of firm capacity for the following reasons
 - o An additional auction window between 17:30-18 CET allows shippers more flexibility to become active on the connected trading hubs TTF & NBP. The possibility to buy capacity also during the last hour of active day-ahead trading might easily result in additional day-ahead capacity requirements that could accordingly be purchased in the second auction window (according to the Prisma auction calendar)
 - o Due to a reduced regulated tariff (ex-ante discount), the offer of interruptible capacity increases the likelihood for BBL to sell capacity. This results in a win-win situation for the transporter (selling interruptible capacity when he would not sell firm capacity) and the shippers (if the price for firm capacity does not match with the underlying market prices, but the interruptible tariff does)
 - o Another matter of importance is, the particularity of BBL that it connects two market areas on only two network points operated by two TSOs (Julianadorp/GTS & Bacton/NGG). With different sets of market rules on each end of the pipeline in terms of CMP regulation, shippers still need sufficient flexibility to secure the route on all three TSOs. Just as an example, - if exit GTS capacity is freed up via short term OSBB or FDA UIOLI in Julianadorp it is not guaranteed that this capacity is also offered on BBL. Therefore shippers could end up seeing additional GTS exit capacity on Prisma, but no firm BBL capacity. In such a case it is essential to be able to cover the mismatch by having the chance to buy interruptible BBL capacity in the second bidding round.
 - o In addition, we strongly suggest to offer, besides mandatorily bundled firm capacity products, also stand-alone firm products on each side of the border. Such capacity products should be marketed under the specification of “competing capacity”. This would enable shippers to choose from the most comprehensive set of capacity products that can be offered by BBL.

Do you agree that the proposals are compliant with the CMP Annex?

- Except LT UIOLI in general, we are fine with the current proposals made regarding the CMP measures that are subject to this consultation. However we need to point out that the deadline for surrendering capacity should be as closely as possible to the publication date of the respective auction. The longer the period between the surrender deadline and the auction is, the less market-friendly the implementation of the concept is. Depending on the technical back-end process employed by BBL, a lead time of maximum a few days or less before the publication of an auction needs to be made possible so that shippers can use the maximum degree of flexibility for using the surrender mechanism.

- The introduction of long-term UIOLI results in extensive implications on shippers' capacity rights. As a result, shippers with long-term contracts might face uncertainties in transportation portfolio planning and unavailability of own capacity. When implementing such a measure these consequences should therefore be absorbed by a termination right for existing long-term contracts.

Do you agree that the quantity of capacity to be set aside for short term auctions defined in section 2.3 is appropriate?

- EconGas agrees.

Do you support single-sided nominations being accepted for unbundled capacity if the same entity owns the capacity on both sides?

- EconGas partly agrees. As a BBL shipper the most convenient type of single-sided nomination would be that BBL is the initiating shipper on both border points.
- As to the published nomination/communication timeline (p 20 of the consultation document), we see a necessity for the TSOs to do their utmost best to perform each of the activities listed as soon as possible but in any case earlier than the scheduled deadlines.

Do you agree that surrender capacity that is not reallocated in an auction is not automatically rolled forward to future auctions?

- Yes. EconGas believes that a surrender of capacity for a specific period and accordingly for one specific auction is a one-off business case. Therefore capacity surrenders should only be valid for the specific auction referred to, and the share of capacity that was not re-marketed in the auction should accordingly go back to the shipper after the publication of the auction results.

Do you have any other feedback on the Concept Document?

EconGas is of the opinion that eliminating the "linepack" is a shipper friendly approach, and thus we strongly support applying the "in-equals-out" principle. In this regard we expect that the cost for the in-kind settlement is transparent and the prices/penalties for the financial settlement of occurring imbalances must not be excessive.

EconGas GmbH would be happy to be informed about any further consultations regarding market developments on the BBL pipeline. In case there is need for additional feedback or should you have further questions, please contact Mr. Alexander Frank (alexander.frank@econgas.com; tel: +43 (0) 50205 8416).

With best regards,

EconGas GmbH

