Conclusions Report on the consultation of the Concept Document on the implementation of CAM and CMP on the BBL interconnector

1 September 2015

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Introduction

BBLC is required to implement by November 2015 the Network Code Regulation on Capacity Allocation Mechanisms (CAM) in Gas Transmission Systems, dated 14 October 2013, and the Congestion Management Procedures (CMP), as set out in Annex I to Regulation (EC) No 715/2009 dated 24 August 2012.

The Network Code on CAM and the CMP Annex apply to the additional BBL capacity made available following the installation of the fourth compressor and, in addition from 2 December 2016, to the capacity that becomes available on the expiry of the first initial contract. CAM and CMP do not apply to and must not impact on the initial launch contracts which were granted an exemption by the relevant regulatory authorities in 2006 (Exempt Capacity). When the remaining two launch contracts expire in 2022 all BBL capacity will be covered by CAM and CMP.

BBLC, GTS and NGG jointly developed proposals for the implementation of CAM and CMP and prepared a concept document.[1] This document was the subject of market consultation: the consultation period ran from 2 April to 8 May 2015. During the consultation period a workshop was arranged to discuss the concept document in detail. All market participants were invited. Five companies were represented at this workshop.

The stakeholders who responded to the concept document provided valuable input to BBLC, GTS and NGG. This report includes the written views received following the consultation of the Concept Document, the response of BBLC to each of the comments and where appropriate the responses of GTS and NGG, and the changes to the CAM and CMP implementation proposals compared to the original proposals contained in the Concept Document.

In its role as lead Transmission System Operator BBLC has led the development of the Concept Document and this Conclusions Report. Although both are joint BBLC, GTS and NGG documents,

[1] The concept document is available here: http://www.bblcompany.com/about-bbl/consultations/$874/$876

they do not cover the implementation of CAM and / or CMP by GTS and / or NGG at network points other than Julianadorp and Bacton.

Summary of responses

BBLC, GTS and NGG received a total of seven responses to the consultation on the proposed implementation of the Network Code on CAM and the CMP Annex. One of these responses was received after the deadline of 8 May. Nonetheless, this response has been taken into account. Two of the respondents requested that their responses be kept confidential. The other responses are published on BBLC's website.

The stakeholders were invited to answer the following questions:

- Do you agree that the proposals are compliant with the Network Code on CAM?
- Do you agree that the proposals are compliant with the CMP Annex?
- Do you agree that the quantity of capacity to be set aside for short term auctions defined in section 2.3 is appropriate?
- Do you support single-sided nominations being accepted for unbundled capacity if the same entity owns the capacity on both sides?
- Do you agree that surrendered capacity that is not reallocated in an auction is not automatically rolled forward to future auctions?
- Do you have any other feedback on the Concept Document?

Most respondents answered all questions. In general and in some occasions without prejudice all respondents agreed or largely agreed that the proposals are compliant with CAM and CMP.

With regard to CAM two respondents requested BBLC to offer interruptible capacity even if firm capacity is not sold out. One respondent asked how a shipper might mitigate the risk that in the auction process capacity was obtained at one Interconnection Point(IP) and not at the other IP.

With regard to CMP most comments were on the implementation of LT UIOLI. Two respondents were not aware that the NRA vision paper on LT UIOLI had been made available not long after the consultation started. One respondent said that the implementation of LT UIOLI should allow shippers to terminate their LT contracts. Two other respondents asked for further clarification on LT UIOLI.

CMP triggered several other responses. One respondent is of the opinion that the implementation of a price cap in the event of a buy-back auction is inappropriate. According to another respondent the CMP measures should be aligned at both sides of the IP.

The quantity that it is proposed to set aside for short term auctions is considered appropriate by all respondents. However, one respondent said that the quantity should take into account the tariff difference between the yearly capacity product and shorter term products.

All respondents agreed that single sided nominations should be accepted for unbundled capacity if the same entity owns the capacity on both sides.

Also, all respondents agreed that surrendered capacity that is not successfully reallocated should not automatically be rolled forward to future auctions.

Several other comments on the Concept Document were made. One respondent asked for more clarity on IRF. Another respondent pointed out that consistency between NGG and BBLC is needed for the implementation date of the OBA. In the event that a shipper is faced with residual unbundled capacity this capacity should be taken back by the TSO according to one respondent. Another respondent's view is that any capacity changing measures should not under any circumstances lead to imbalance of existing capacity rights. Shippers should always be able to make use of their LT BBL capacity rights.

Detailed overview of the responses, answers and changes to the implementation proposals as compared to the Concept Document

In this chapter an overview is given of the views received and a detailed response is given to each of the comments. Furthermore, the changes to the implementation proposals as compared to the Concept Document are provided.

Italicized text is the reply received from the respondent. All comments have been included in full. BBLC, GTS and NGG have not edited the text in any way. The names of the two respondents whose views are confidential are not included.

Response from Centrica

On the whole the proposals appear sensible and are generally consistent with those already established by National Grid NTS. Whilst we welcome this approach, earlier engagement would have been appreciated to allow further time for discussion before the 1st November 2015 deadline for implementation.

- *Users require visibility over other aspects of CMP such as Long Term Use it or Lose it (LTUIOLI) measurement rules which should already have been developed.*

  Response
  ACM and Ofgem published their vision paper on the LT UIOLI implementation on their websites on 8 April 2015. BBLC will implement LT UIOLI for the non-exempted capacity contracts in line with the vision paper.

  Changes compared to the Concept Document
  None

- *Furthermore, it is important that the detail surrounding the reimbursement mechanism for (forced) capacity buy-back is developed in conjunction with industry.*

  Response
  BBLC appreciates the wish for involvement. Shippers who attended the workshop held on 29th April 2015 had the opportunity to discuss this matter..

  Changes compared to the Concept Document
  None

- *We would welcome more clarity on the proposals for Interruptible Reverse Flow (IRF). For example, what level of technical capacity is made available at the Julianadorp entry point to support the IRF product? It is referenced on page 17 but it is not clear how much will be offered. Also, will IRF capacity require bundling?*

  Response
  The amount of IRF capacity made available is matched with the total sold forward flow capacity. The levels are determined annually. For gas year 2015 1,080,000 kWh/h will be available for the quarterly product, 1,080,000 kWh/h for the monthly product and remaining capacity will be available for the daily product. IRF capacity is interruptible and, therefore, is not offered as bundled capacity.

  Changes compared to the Concept Document
  None

- *BBLC is only proposing to offer day-ahead interruptible capacity once all firm capacity has been sold. We would welcome BBL offering a discretionary day-ahead product, regardless of whether all firm capacity has been sold out. This would be consistent with the arrangements that National Grid has introduced in GB.*

  Response
  BBLC operates in a competitive environment and therefore there is no certainty of recovery of costs. As a consequence BBLC does not think it is appropriate to offer the cheaper interruptible capacity at times of no congestion and with a zero chance of interruption. BBLC will offer interruptible once the firm capacity products have been sold out.

  Changes compared to the Concept Document
  None

- *The consultation states that BBL is planning to offer an Operational Balancing Account (OBA) "by the end of 2015". However, our understanding is that National Grid is aiming for 1 October 2015 implementation of OBAs and we would welcome consistency in this area.*

  Response
  BBLC agrees. The OBA with NGG will be implemented on 1 October 2015.

  Changes compared to the Concept Document
  The implementation date is now set for 1 October 2015 instead of 1 November.

- *The consultation states that "unused capacity will be reallocated" in circumstances where all firm capacity has been sold out and there is contractual congestion. This is not an accurate Response of the CMP legislation. Rather, it may be reallocated but this will be subject to NRA scrutiny of the circumstances.*

  Response
  BBLC agrees. The CMP annex states that the measures are aimed at returning unused capacity to the market. LT UIOLI capacity may be returned to the market subject to NRA instruction and in line with the process outlined in the vision paper on LT UIOLI of ACM, Ofgem and CREG.

Changes compared to the Concept Document
None

- *As a general point, we have some concerns over shippers' apparent lack of ability to make changes to the rules embedded in the PRISMA functionality and we would welcome BBL's views on this. This issue was presented by ourselves during the development of UNC modification 500 (introduction of CAM and CMP) and generally recognised as an issue amongst stakeholders.*

  Response
  The responsibility of PRISMA is to comply with CAM and CMP requirements and to commit thereto in conjunction with its TSO shareholders. The link between booked capacity and contractual obligations remains between shipper and TSO.

  Changes compared to the Concept Document
  None

- *The consultation states that under certain circumstances, BBL may unbundle previously bundled capacity. Whilst we understand that the CMP rules provide for this, we would welcome additional guidance that would require TSOs to ensure that any residual unbundled capacity is taken back by them and is no longer the responsibility of shippers.*

  Response
  The shipper has the option to offer for surrender residual capacity to the TSO, or to trade the capacity on the secondary market. The contractual rights and obligations of capacity that has not been successfully reallocated on the secondary market or by BBLC, either by the surrender of capacity mechanism or by LT UIOLI, will remain with the shipper who holds the original capacity contract.

  Changes compared to the Concept Document
  None

Response from EconGas

- 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.

  - *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).*

  - *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.*

- *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.*

- *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.*

<u>Response</u>
BBLC operates in a competitive environment and, therefore, there is no certainty of recovery of costs. As a consequence BBLC cannot offer the cheaper interruptible capacity at times of no congestion when there would be a zero chance of interruption. BBLC will offer interruptible capacity once the firm capacity products have been sold out.

With regard to the suggestion that BBLC should offer "stand-alone" firm products on each side of the border, under certain circumstances unbundled capacity products are available on the BBL. Firm capacity will be bundled as much as possible and the remaining capacity will be offered as unbundled capacity products. In the event of different technical capacities at both sides of the IP, the difference will be offered unbundled for a maximum duration of one year. In the event of existing capacity contracts with a different duration at both sides of the IP, unbundled capacity will be offered for the duration of the capacity contract.

<u>Changes compared to the Concept Document</u>
None

- 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.

<u>Response</u>

BBLC agrees that the period between the surrender deadline and the start of the auction should be as short as possible. Shippers are able to submit their capacity for surrender up to one business day before the PRISMA publication date on which BBLC is required to submit the capacity for auction to PRISMA.

<u>Changes compared to the Concept Document</u>
None, the deadline for submitting capacity for surrender is already described in the Concept Document in line with the respondent's wish, see page 27

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.

<u>Response</u>
The shipper has the option to offer capacity for surrender to the TSO or to trade the capacity on the secondary market. The contractual rights and obligations of capacity that has not been successfully reallocated on the secondary market or by BBLC, either by the surrender of capacity mechanism or by LT UIOLI, will remain with the shipper who holds the original capacity contract.

BBLC opposes the introduction of a termination right for existing long term contracts with the implementation of LT UIOLI. The secondary market and the surrender of capacity measure allow shippers to transfer existing capacity rights and if unsuccesful LT UIOLI may not be triggered.

<u>Changes compared to the Concept Document</u>
None

- 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.

  <u>Response</u>
  No response

  <u>Changes compared to the Concept Document</u>
  None

- 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.

  <u>Response</u>
  BBLC cannot be the initiating TSO because of operational matching agreements with GTS and NGG. It is agreed that BBLC will be the matching TSO at both IPs to ensure the in-equals-out principle. Consequently, GTS and NGG will be the initiating TSOs in the matching process. With regard to the single-sided nomination procedure the relevant TSOs

have agreed to be consistent in the matching process. Therefore, GTS and NGG will be the initiating TSOs.

Changes compared to the Concept Document
None

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.

Response
The timeline is in line with the European Network Code on Balancing.

Changes compared to the Concept Document
None

- 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.

  Response
  No response

  Changes compared to the Concept Document
  None

- 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.

  Response
  Shippers can not be imbalanced in the BBL because of the in-is-out principle, therefore no imbalance costs are charged.

  Changes compared to the Concept Document
  None

Response from EFET

- Do you agree that the proposals are compliant with the Network Code on CAM?
  Yes, we agree that the proposals for the implementation of CAM on the BBL pipeline, as set out in the concept document, are compliant with Regulation 984/2013.

Response
No response

Changes compared to the Concept Document
None

- Do you agree that the proposals are compliant with the CMP Annex?
  Yes, we agree that the proposals for CMP, as set out in the concept document, are compliant with Annex 1 of Regulation 715/2009, provided that a future long-term use-it-or-lose-it mechanism will allow for the lack of trading opportunities as a justification for not using capacity, contrary to section 3.6 of the vision paper LT UIOLI by the ACM, Ofgem, and CREG.

  Response
  It will be up to ACM, Ofgem and CREG to determine whether the lack of trading opportunities is a justification for not using capacity.

  Changes compared to the Concept Document
  None

- Do you agree that the quantity of capacity to be set aside for short term auctions defined in section 2.3 is appropriate?
  The concept document proposes that 20% of available capacity that is subject to the CAM regulations should be set aside for the Quarterly and Short term auctions. This is in line with the procedure in CAM.

  Response
  No response

  Changes compared to the Concept Document
  None

- Do you support single-sided nominations being accepted for unbundled capacity if the same entity owns the capacity on both sides?
  Yes, we support single-sided nominations being accepted for unbundled capacity if the same entity owns the capacity on both sides of the IP.

  Response
  No response

  Changes compared to the Concept Document
  None

- Do you agree that surrendered capacity that is not reallocated in an auction is not automatically rolled forward to future auctions?
  We agree that Shippers should be able to take back surrendered capacity if the capacity has not been sold in the auctions, i.e. prior to each auction, shippers would need to confirm that they still wish to surrender capacity which they had previously surrendered, but which had not been sold in the auctions.

  Response

No response

Changes compared to the Concept Document
None

- Do you have any other feedback on the Concept Document?
  Due to temperature differences shippers currently have to nominate slightly more exit from BBL. We would like to have a guarantee from BBL and National Grid Gas (NGG) that temperature differences on NGG will not lead to a mismatch of capacity entered into BBL from GTS and exited from BBL to NGG.

  Response
  From April 2016 there will be no mismatch as both TSOs will be aligned to 0/25. Between October 15 and April 16 it is currently expected that there will be a mismatch in shipper nominations either side of the flange but the matching process will resolve this by defaulting to the BBL 0/25 value.

  NG and BBL continue to discuss this matter.

  Changes compared to the Concept Document
  None

Response from GasTerra

- Do you agree that the proposals are compliant with the Network Code on CAM?
  Yes, we agree.

  Response
  No response

  Changes compared to the Concept Document
  None

- Do you agree that the proposals are compliant with the CMP Annex?
  Yes, we agree.

  Response
  No response

  Changes compared to the Concept Document
  None

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

  Response
  No response

Changes compared to the Concept Document
None

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

  Response
  No response

  Changes compared to the Concept Document
  None

- Do you agree that surrendered capacity that is not reallocated in an auction is not automatically rolled forward to future auctions?
  Yes, we agree.

  Response
  No response

  Changes compared to the Concept Document
  None

- Do you have any other feedback on the Concept Document?
  GasTerra is of the opinion that CMP measures and procedures should be aligned.

  Response
  The decision to offer OSC capacity is the sole responsibility of the TSO and is based on its own analysis of available capacity and chances of physical congestion. Alignment between TSOs would make this process unnecessary complex and would not in practice lead to a different outcome. Surrender of capacity and LT UIOLI measures are aligned.

  Changes compared to the Concept Document
  None

Response from Vattenfall

- Do you agree that the proposals are compliant with the Network Code on CAM?
  Yes, Vattenfall has not signalled any lack of compliance with the NC on CAM. However, we trust the regulatory authorities will ensure this also.

  Response
  No response

  Changes compared to the Concept Document
  None

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

Yes, all proposals appear to be in line with the CMP annex. However, we trust the regulatory authorities will ensure this also.

<u>Response</u>
No response

<u>Changes compared to the Concept Document</u>
None

- Do you agree that the quantity of capacity to be set aside for short term auctions defined in section 2.3 is appropriate?
  As we have mentioned throughout the CAM process, Vattenfall strongly supports a set aside of capacity for the short term, especially when tariffs for long term capacity products are proportionally lower than for short term capacity. The higher the tariff difference (or multiplier and/or seasonal factor), the higher the set aside should be, to ensure the cheaper capacity products are not all bought and lead to contractual congestion.

  <u>Response</u>
  To ensure long term viability of BBLC's services and operations at least some long term capacity needs to be sold. Compared to TSOs with meshed networks BBLC is operating in a competitive environment in which full recovery of costs is not guaranteed. BBLC aims to have a tariff structure in place that ensures both business viability and the additional sale of shorter term capacity products. In the event of contractual congestion oversubscription capacity may be made available the amount of which is determined by the TSO's assessment of the chance of physical congestion. Furthermore, interruptible capacity will be offered when all firm capacity has been sold out.

  <u>Changes compared to the Concept Document</u>
  None

- Do you support single-sided nominations being accepted for unbundled capacity if the same entity owns the capacity on both sides?
  Vattenfall supports the option of single sided nominations, in case of unbundled capacity. However, it would be practical, in the case of ownership of capacity on both sides, to also allow two-sided nominations.

  <u>Response</u>
  Two sided nominations will also be allowed.

  <u>Changes compared to the Concept Document</u>
  None, already included in the Concept Document, see page 21.

- Do you agree that surrendered capacity that is not reallocated in an auction is not automatically rolled forward to future auctions?
  Yes, as the capacity (and accompanying payment obligations) remain with the market party, it is important that this market party obtains the full rights to use this capacity. Automatic inclusion in another auction decreases the rights of the market parties, without providing decreased obligations. Therefore, we strongly believe the market party should have the opportunity to decide to include surrendered but unsold capacity in the next auction.

Response
No response

Changes compared to the Concept Document
None

- Do you have any other feedback on the Concept Document?
  Regarding section 3.1, Vattenfall opposes the proposed maximum buy-back price, as a negative consequence could be that insufficient capacity is offered when a buy-back is needed and as a result all market players suffer from a required buy back, e.g. a pro rata scale down of firm capacity. This is disastrous for the ability of market players to fulfil their obligations to their customers or counterparts and would decrease trust in the BBL as a firm route or product. When there is no maximum buy-back price, it is much more likely that one or some market players will voluntarily sell back its capacity. If the financial risk of an uncapped buy-back price is deemed too high by the TSOs, the OBB should be avoided altogether, or an alternative mechanism must be proposed for consultation.

  Response
  The maximum buy back price limits the financial risk of very high buy back costs. Without it, BBLC would be likely to make OSC available less frequently. By having a maximum buy back price there is an incentive for BBLC to make OSC available more often than would be the case in the absence of a maximum buy back price.

  Changes compared to the Concept Document
  None

  The text on page 14, under 'Setting aside capacity', is ambiguous: "Of this 20% technical capacity that is set aside at the relevant IPs, 10% will be offered for the annual yearly capacity auctions for Y+1 to Y+5". This can be interpreted as 2% (10% of 20%) for the yearly capacity auctions for Y+1 to Y+5, instead of 10%. We ask for clarification of the exact set aside amounts or percentages.

  Response
  Our proposal is for the 10% to be half of the 20% technical capacity that will be set aside for the annual yearly capacity auctions for Y+1 to Y+5 and the other half of the 20% will be set aside for the annual quarterly capacity auctions.

  Changes compared to the Concept Document
  None

Confidential response #1

- *Section 2.2 – we understand the reasoning behind the proposal for 2-TSO bundle implementation (i.e. two bundled products to be offered at IP Bacton and IP Julianadorp) over 3-TSO bundle. We would like to know what happens if a shipper succeeds in buying capacity at one IP but not at the other? How can a shipper mitigate this risk of having capacity at only one IP?*

  Response

BBLC acknowledges that the shipper cannot be certain that the same amount of capacity will be obtained at both IPs. The risk is likely to be higher at times of contractual congestion. The shipper should be able to mitigate this risk by trading on the secondary capacity market. At times of congestion BBLC may also make additional capacity available through the OSC mechanism.

<u>Changes compared to the Concept Document</u>
None

- *Section 2.3 – the document proposes that 20% of available capacity that is subject to the CAM regulations should be set aside for the Short term auctions (i.e. both quarterly and yearly products for the next 5 years). This is in line with the procedure set out within CAM and we strongly support it.*

<u>Response</u>
No response

<u>Changes compared to the Concept Document</u>
None

- *Section 2.4 – why is interruptible forward flow capacity not offered as bundled capacity?*

<u>Response</u>
Interruptible capacity is not bundled as CAM does not provide for this.

<u>Changes compared to the Concept Document</u>
None

- *Section 3.1 – how is the revenue/cost from capacity buy back post OBB shared amongst all shippers, especially shippers with exempted capacity?*

<u>Response</u>
CAM and CMP do not apply to exempted capacity contracts. Therefore OBB revenues and costs are not shared with shippers holding these contracts. For all other capacity contracts revenues and costs are shared pro rata based on booked capacity.

<u>Changes compared to the Concept Document</u>
None

- *Section 3.2 – we were informed during the workshop that shippers have the choice whether surrendered capacity should be automatically rolled over to the next auction (not sold/not fully sold within yearly, then offered in quarterly, then in monthly and so on) or returned after the auction. We strongly support that shippers must have an option to choose what they wish to do with surrendered capacity that's not sold.*

<u>Response</u>
We agree the shipper should manage their capacity themselves. Therefore, BBLC will return capacity that is not reallocated to the shipper's portfolio.

<u>Changes compared to the Concept Document</u>
None

- *Section 3.3 – please confirm the priority of capacity sale for any capacity received under long-term use-it-or-lose-it provision. Also, we hope that lack of capacity utilization due to uneconomic trading conditions won't be held against a shipper justification for low utilization.*

Response
Capacity under the LT UIOLI provision will be offered for auction on top of the available technical capacity together with any surrendered capacity. The relevant NRAs take the final decision on UIOLI and it will, therefore, be for them to determine whether there are mitigating circumstances that have to be taken into consideration.

Changes compared to the Concept Document
None

Confidential response #2

- Do you agree that the proposals are compliant with the Network Code on CAM?
  From our technical point of view, the proposals in the concept paper constitute a good overview and are consistent to the Network Code on Capacity Allocation Mechanisms for the non-excempted capacity on the BBL. However this is not a legal statement nor a detailed examination.

  Response
  No response

  Changes compared to the Concept Document
  None

- Do you agree that the proposals are compliant with the CMP Annex?
  From our technical point of view, the proposals in the concept paper constitute a good overview and are consistent to the CMP Annex for the non-excempted capacity on the BBL. However this is not a legal statement nor a detailed examination.

  Response
  No response

  Changes compared to the Concept Document
  None

- Do you agree that the quantity of capacity to be set aside for short term auctions defined in section 2.3 is appropriate?
  The quantity of non-excempted capacity to be set aside for short term auction is sufficient at a level of 10%, if OBB-capacity is offered to satisfy shipper`s demand above this 10%.

  Response
  No response

  Changes compared to the Concept Document
  None

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

If the single-sided nomination is working properly, it might facilitate the operation of nominations. It is positive, that the opportunity to use the single-sided nomination is also possible for existing contracts, where an entity owns the capacity on both sides, but does not have bundled capacities.

Response
No response

Changes compared to the Concept Document
None

- Do you agree that surrendered capacity that is not reallocated in an auction is not automatically rolled forward to future auctions?
  Capacity should only automatically be offered in following auctions, if the shipper has given his written consent to do so. In all other cases, the capacity should return to the shipper`s portfolio after the auction, for which the shipper has given his written consent and no reallocation has been achieved.

  Response
  We agree the shipper should manage their capacity themselves. Therefore, BBLC will return capacity that is not reallocated to the shipper's portfolio.

  Changes compared to the Concept Document
  None

- Do you have any other feedback on the Concept Document?
  We would like to point out that any capacity changing measures (reallocation, LT UIOLI,...) even pro rata or capacity returns at Bacton IP ASEP and/or exit Julianadorp can under no circumstances lead to imbalance of existing capacity rights. This means that under no-circumstances it should be possible, that a shipper gets caught in a situation, where he cannot make use of his long term acquired capacity contract in the BBL, due to any capacity changing measures at Bacton IP ASEP or at exit Julianadorp.

  Response
  BBLC notes this comment. In relation to Bacton this is part of Modification 501V's and is awaiting an Ofgem decision.

  Changes compared to the Concept Document
  None

Conclusion

BBLC, GTS and NGG welcome the valuable input received from the stakeholders. All comments have been taken into consideration in the further development of the implementation proposals. Based on the responses received the relevant TSOs conclude that no fundamental changes to the implementation proposals are required to comply with the NC on CAM and the CMP Annex. Furthermore, the TSOs believe all questions raised have been discussed and answered in this report. Where respondents' suggestions for change have not been adopted, BBLC, GTS and NGG believe that they have explained the reasons behind the decision.