To Stakeholders

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Our reference
BBL VOF 20.028

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

Dear Sir, Madam,

BBL Company (BBLC) is consulting on one specific modification to the Operating Manual of its General Terms and Conditions (GT&C) (Please see attachment, page 8). The modification describes the Net Nomination Tool ('tool') which is required to deal with the situation where net nominations are against the physical flow direction of the BBL.

Background
BBLC has been operating in bi-directional mode with the facility to transport gas from Great Britain to The Netherlands since September 2019.

The engineering works that enabled the Physical Reverse Flow (PRF) project to be completed included changes at our Anna Palowna compressor station but did not include the provision of compression at Bacton. As a result BBLC is not able to change the flow direction of the pipeline at short notice.

Since last September PRF products have been made available and this has meant that there have been occasions when both forward flow and reverse flow products have been sold for the same time period. Consequently there are times when both forward and reverse flow nominations are received from shippers for the same time period with the possibility of net nominations being against the flow direction of the pipeline.

As a result BBLC developed an operating tool to resolve such situations should they arise. This operating tool provides for a third party shipper to make the necessary balancing nomination to redress the nomination imbalance.

This tool has no effect on shippers whose nominations for either forward flow or reverse flow are met in the normal way.

Net Nomination Tool
The confirmation and nomination process will be performed in the usual way. If required the tool will be triggered after Shipper's Nominations are confirmed. BBL Company's dispatchers receive an automated message if the net Nominations of all Shippers are against the flow direction of the pipeline and an additional nomination will be generated by BBLC's dispatchers for a contracted third party. This additional nomination will be added to those Nominations by all Shippers that

have already been confirmed such that all Nominations are netted off. This will resolve the situation where the net nominations and the BBL flow direction are not in line with each other.

BBLC has a temporary arrangement with a third party in respect of the tool. BBLC intends to formalise an arrangement for the long term future.

Access Rules objectives
Although the shippers' allocation and nomination procedure is not affected by the use of this tool, including it within the GT&C's Operating Manual improves transparency for all shippers in relation to how BBLC resolves the issue of net nominations being against the flow direction of the pipeline. All shippers' nominations are met on the same basis, regardless of the flow direction of the pipeline.

The tool is objective as it will be used in the situation where net shipper nominations are against the flow direction of the pipeline and it will be used in the manner described in the proposed provision. Similarly, it is transparent since BBLC describes in the proposed provision when it will be used and how it works in practice. Finally, it is non-discriminatory since it will be applied in a similar manner for all shipper nominations above net nominations against the flow, regardless of the particular shipper and time.

The operating tool is necessary for BBLC to ensure the maximum use of all booked bidirectional capacity. It does not affect shippers' positions at TTF or at Bacton when purchasing capacity or when utilizing this capacity. Also the balancing in=out principle of the BBL stays intact. The nomination lead times and procedures for shippers remain unchanged as are the quality specifications and OBA procedures. Under the current Charging Methodology, BBLC will bear the costs incurred in the use of this tool and consequently these costs are not reflected in BBLC's tariffs. BBLC's current Congestion Management Procedures remain unchanged. Finally, the Capacity Allocation and Nomination procedure of BBLC's shippers is not affected, since the tool will be applied after the regular confirmation and matching process. This operating tool, therefore, is transparent, objective, non-discriminatory and meets the requirements of applicable legislation and, therefore, is in line with the Access Rules objectives (SLC11A(5)).

Process
The consultation period will run from 7 April 2020 until 5 May 2020. Please send your response to consultations@bblcompany.com by 5 May 2020. Any response not marked confidential will be published on the BBLC website. Confidential responses will be published without any references to your company name.

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

If you wish to have further clarification of anything outlined in this letter, the attachment or have any questions please do not hesitate to email us at consultations@bblcompany.com.

Yours sincerely,

Jasper Stevens
Regulatory Affairs