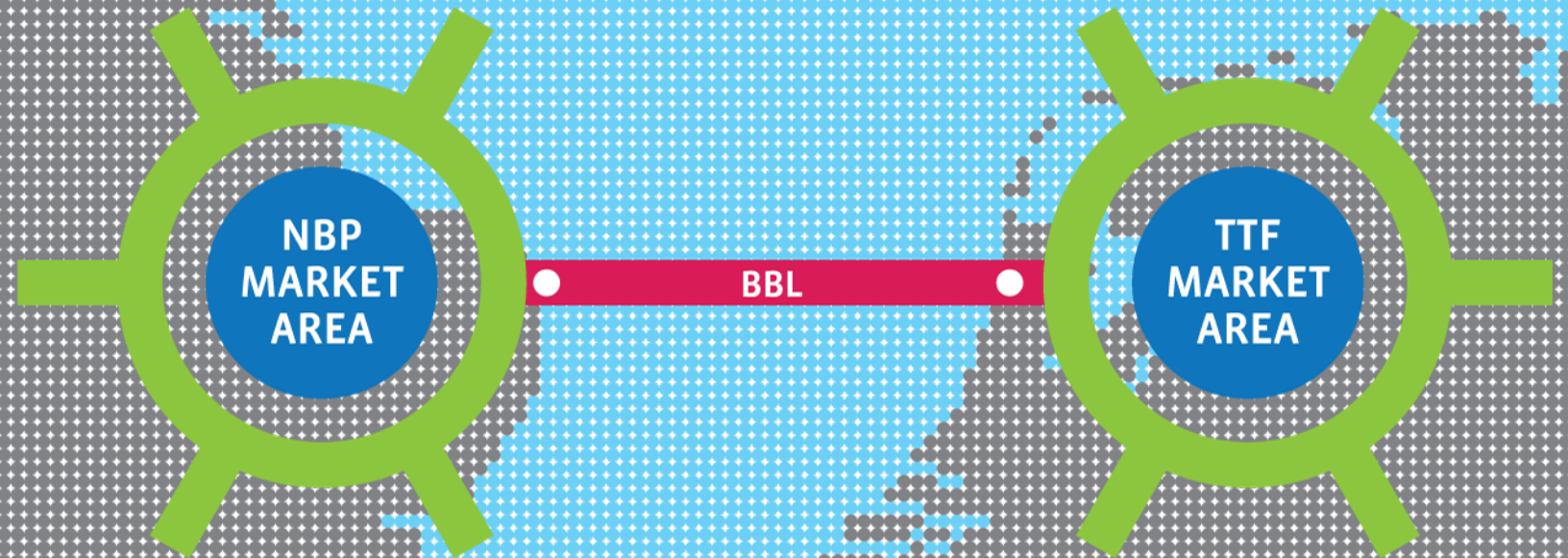


BBL Company shipper meeting on consultation topics, 31 March 2021



Agenda

1. Introductions

2. Process of this MS Teams meeting and process of the consultation

3. BBLC consultation topics for clarification:

- Changes to the GT&C including exhibits
- Improved Implicit allocation policy
- Changes to the Charging Methodology

4. Closure

2. Process of this MS Teams meeting and process of the consultation

A presentation will be given on the consultation topics. Attendees are invited to ask questions. Please do so by “raising your hand” or via the MS Teams chat.

Please be aware that this meeting is mainly for clarification purposes only and not part of the consultation as such.

Formal reactions or questions on the BBLC consultation documents are to be addressed by sending in an email to

consultations@bblcompany.com

The consultation closes on Wednesday 14 April 2021.

3. BBLC consultation topics for clarification (1):

What is BBL Company consulting on?

- Changes to the GT&C including exhibits
- Improved Implicit Allocation policy
- Changes to the Charging Methodology

On the next slides BBLC will give some more background on the above topics in line with the information which can be found in the consultation documents.

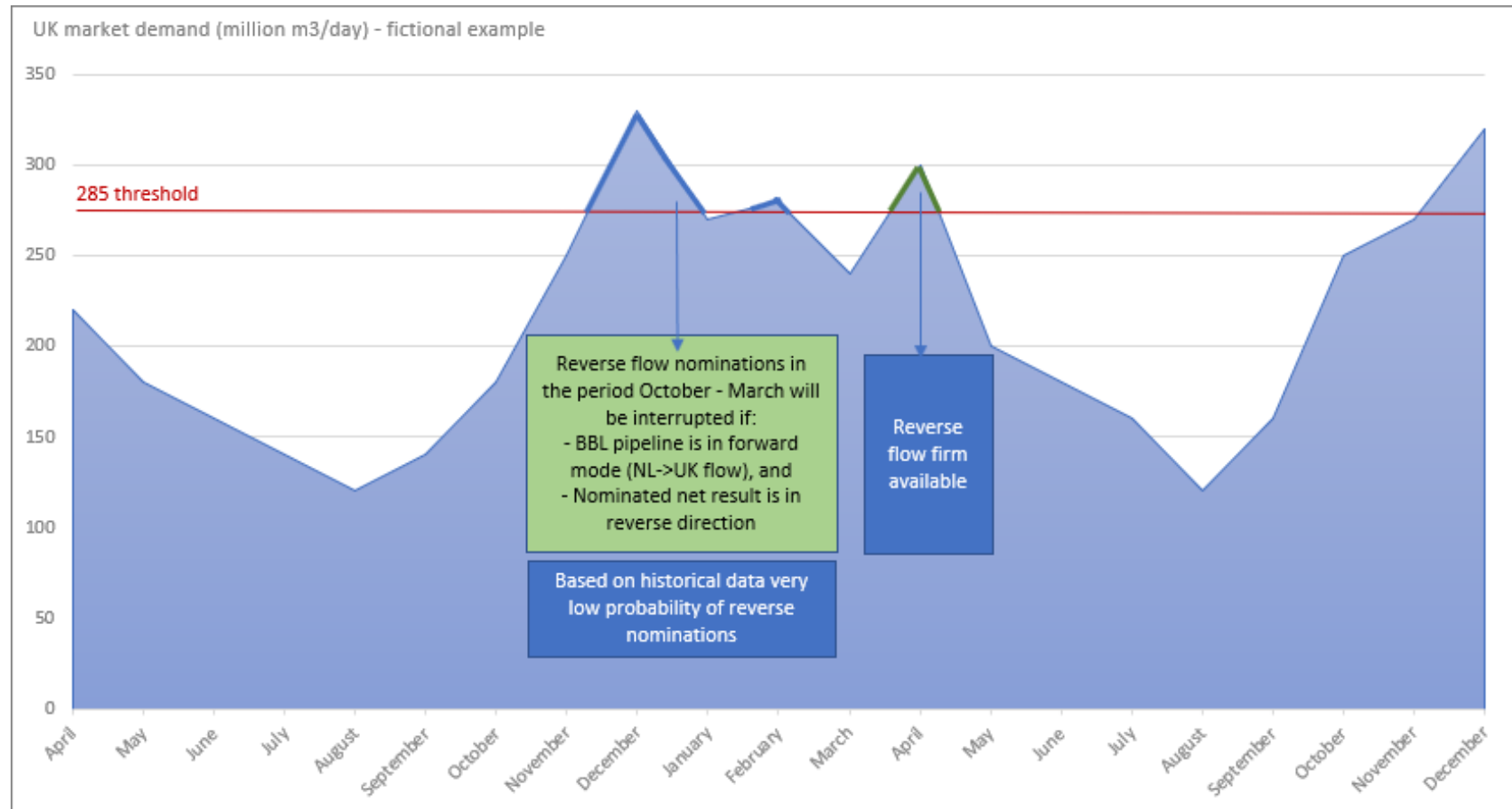
3. BBLC consultation topics for clarification (2):

- **Changes to the GT&C including exhibits (1)**

- Introduction of Conditional Firm Reverse Flow (RF) product (Exhibit G)
 - For the period October through March BBLC will offer its RF products as conditional firm.
 - This means that these products will become interruptible:
 - If the market demand in the UK is higher than 285 mcm/d in the period October through March, and;
 - The BBL pipeline at the same time is in the forward flow direction, and;
 - The BBL net nominations are in the reverse flow direction.
 - If one of these 3 criteria is not applicable BBLC's reverse flow product is firm.
 - The UK market demand figure is published by National Grid on its website. BBLC will on D-1 communicate this same figure via the BBLC website which figure will be applicable for gas day D. The threshold figure of 285 mcm/d will be applicable for gas year 21/22 and for gas years thereafter this threshold will be communicated before 1 September of every year.
 - BBLC will also communicate the physical flow direction of the BBL pipeline via its website (as is already shown since April '20).
 - BBLC introduces this product in order to further avoid a situation where the net nominations are against the physical flow direction of the pipeline.
 - If interrupted, BBL Shippers will get a reimbursement based on their nominations.
 - See also the graph on the next page for some more explanation.

Explanatory graph to the conditional firm product

- The graph below shows a conceptual schematic image of the conditional firm reverse flow product.
- The threshold of 285 mcm/day is based on analysis of historical data concerning UK market demand and realized Bacton exit (both IC's) flows throughout the year.
- This analysis showed a very low probability of exit Bacton nominated quantities during the period October through March.



3. BBLC consultation topics for clarification (3):

- **Changes to the GT&C including exhibits (2)**

- Introduction of Balancing of the Month product (remaining consecutive days of a month can be bought against sum of daily tariffs starting from D+2, Exhibit G).
 - Shippers are currently only given the opportunity to buy daily products within each month.
 - Introducing the Balancing of the Month product will facilitate the market because this enables shippers to buy (remaining) monthly capacity during a month.
 - The Balancing of the Month product is a non-standard product and will therefore only be offered via Implicit Allocation.

3. BBLC consultation topics for clarification (4):

- **Changes to the GT&C including exhibits (3)**

- Alignment of rules with regards to customs declarations NL and UK based on Brexit. This means that shippers are responsible for such declarations at the NL side, BBLC will do the declarations at the UK side.
- Alignment credit protocol criteria (Exhibit B) with those of GTS. BBLC has merged with GTS into the TTF market area, which substantiate these renewed criteria. BBLC will only allow three types of credit collaterals:
 - A Surety Deposit;
 - A Bank Guarantee;
 - A Parent Company Guarantee.
- Furthermore, the assumed exposure will be three (3) times the expected Monthly invoice for the fixed fee or the remaining contract value.
- Include the necessity of having a TTF balancing portfolio in the matching process (Exhibit A). Because of stricter rules at GTS, this balancing portfolio can be cancelled by GTS meaning that BBLC cannot fulfil the matching process.

3. BBLC consultation topics for clarification (5):

- **Changes to the GT&C including exhibits (4)**

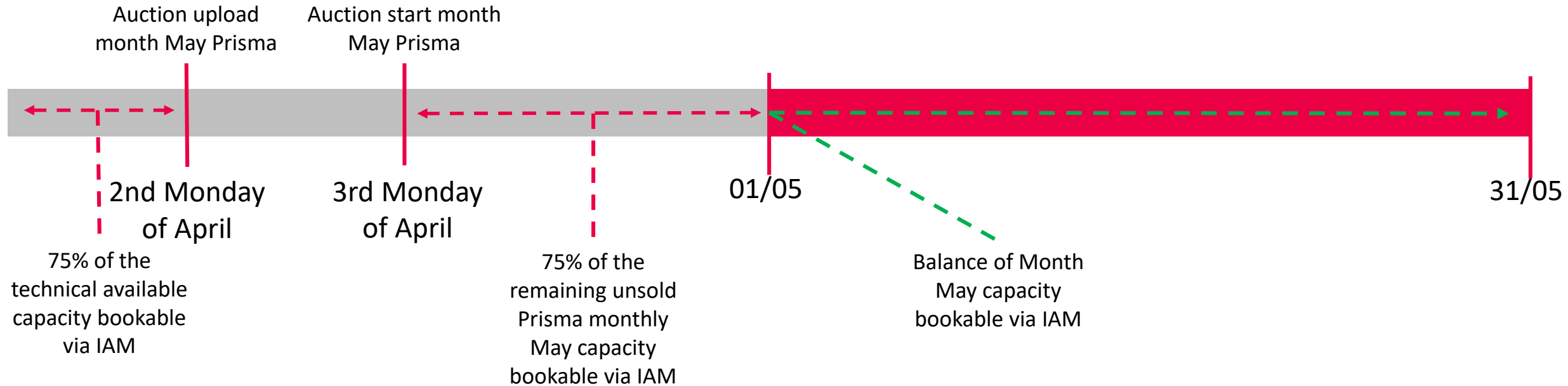
- Accepting the BBLC GT&C and exhibits by signing the Declaration of Acceptance by a shipper will mean that successor versions of the GT&C and exhibits are applicable as well for this shipper.
- BBLC proposes to terminate its “Information Services BBL” system (Exhibits E and F) since this has not been used by shippers over the last couple of years.
- BBLC proposes a change to the cap of allowable to be offered Implicit Allocation capacity as further specified on the next slide.
- Lastly, BBLC reintroduces the “Capacity Conversion” paragraph which already was consulted and approved by Ofgem in October 2017 but was omitted in later versions of the GT&C. The capacity conversion paragraph is highlighted in Exhibit G for transparency reasons but is identical to the text consulted in 2017.

3. BBLC consultation topics for clarification (6):

- **Improved Implicit Allocation policy**
 - BBLC proposes to expand the 75% mandate for monthly IA capacity also to be applicable after monthly Prisma auction for the remainder of unsold capacity. This can be found in the “BBLC Guidance Document IAM”.
 - This will facilitate the market by giving shippers more opportunities to buy capacity by means of implicit allocation after the monthly Prisma auction has taken place. After the Prisma monthly auction 75% of the remaining unsold Prisma capacity becomes available for IA. This creates more flexibility for shippers to gain capacity in the BBL.

Explanatory graph to the Improved Implicit Allocation policy

The graph shows an example how capacity for the month of May could be booked



Example:

- If 75% of the technical available capacity has been booked via IAM before the monthly Prisma auction and
- No capacity has been sold during the monthly Prisma auction
- Then BBLC will offer another 75% of the remaining unsold Prisma capacity via IAM

3. BBLC consultation topics for clarification (7):

- **Changes to the charging methodology**

- Possibility to adjust multipliers upwards and downwards during the year (taking into account the upper and lower limits of the multipliers).
- BBLC will announce (in the month of June of every year) the tariffs for all capacity products and underlying (starting) multipliers for each capacity: quarterly, monthly, day-ahead and WID product. The multiplier for the yearly product is 1.
- BBLC may then adjust the multipliers within the ranges of BBLC's charging methodology according to the table below.

Capacity product	Quarterly	Monthly	Day-ahead	Within-day
Lower limit	0.5	0.5	0.1	0.1
Upper limit	1.5	3	6	6

- BBLC may do so taking into account the notification periods for such adjustments. For CAM products this is two weeks prior to the auction for the monthly and consecutive quarterly capacity products, 6 hours for the day-ahead auction product and 1 hour for the WID capacity auction product.
- For Implicit Allocation products longer than a month the notification period is one week. For Implicit Allocation products equal to or less than a month the notification period is one day.

3. BBLC consultation topics for clarification (8):

- **Changes to the charging methodology (2)**

- BBLC describes the Conditional Firm Reverse Flow product and Balance of the Month product and charging criteria:
 - For the Conditional Firm Reverse Flow product this means that shipper will be charged with the applicable Reverse Flow tariff for the applicable Reverse Flow product which is booked for a capacity product within the period October through March. Shipper will get a reimbursement for its paid reserve price when interrupted, based on nominations.
 - For the Balance of the Month product (both forward and reverse and to be booked by means of Implicit Allocations) shipper will be charged the sum of the remaining daily tariffs for that particular month, starting with D+2 (taking into account Bank Holidays and weekends).

3. BBLC consultation topics for clarification (9):

- **Changes to the charging methodology (3)**

- BBLC will include a paragraph that incentives may be offered to encourage more efficient use of the BBL pipeline, both forward and reverse.
- The introduction of any incentives will be transparent as well as non-discriminatory and be notified to the market in a timely fashion.
- Lastly, BBLC reintroduces the “Capacity Conversion” paragraph also in the charging methodology (as in Exhibit G, as mentioned earlier).

4. Closure

- BBL Company likes to thank shippers for their interest by attending this meeting.
- We would like to ask shippers to send in their formal reactions to consultations@bblcompany.com until Wednesday 14 April 2021