

To all Stakeholders

BBL Company V.O.F.

P.O. Box 225

9700 AE Groningen

The Netherlands

Concourslaan 17

T +31 (0)50 521 35 41

F +31 (0)50 521 35 45

E management@bblcompany.com

Trade register Groningen 02085020

www.bblcompany.com

Date
9 May 2017

Direct Dial
+31 6 3103 7034

Our reference
BBL VOF 17.039

Your reference

Subject
GT&C Consultation for the BBL interconnector to become part of the TTF market area

Dear Stakeholder,

BBL Company (BBLC) and Gasunie Transport Services B.V. (GTS) are proposing to integrate their transport systems from 1 January 2018. With this integration the BBL interconnector will form part of an enlarged TTF market area.

The proposal is for the TTF market area to consist of a single entry-exit system with the Title Transfer Facility (TTF) as the joint trading hub on which shippers from both transmission systems will be able to trade gas. The TTF will be part of a joint trading zone which will also be used to transfer gas between a shipper's BBLC portfolio and GTS portfolio. As a result, with the removal of the Julianadorp IP from a commercial viewpoint, there will be only one BBL Interconnection Point, namely (IP) Bacton, remaining which means the TTF market area will be directly connected to the NBP market area.

However, BBLC and GTS will keep their own respective balancing rules, which will not be affected by the integration. This means that for BBLC the in-equals-out balancing system will continue. Furthermore, BBLC and GTS will operate as independent transmission system operators in the enlarged TTF market area, with their own respective general terms and conditions and tariff methodologies. More detailed information on this is available in the joint BBLC-GTS Information Document.

BBL shippers will benefit from a more competitive and direct transport route between the Dutch and UK gas markets in addition to being able to trade on the TTF. Through the creation of the single entry-exit system and the subsequent removal of IP Julianadorp shippers will no longer have to book, nominate and pay transport charges to transfer gas between the GTS transport system and the BBL interconnector.

GTS will redistribute its missing IP Julianadorp tariff revenue to all its other entry and exit points. BBLC will do the same by adding its IP Julianadorp tariff to its IP Bacton tariff. Therefore, the total costs of transport through the BBL interconnector will not change, while shippers will benefit from cheaper gas transportation between the TTF market area and the NBP market area through the GTS tariff redistribution. Several other potential benefits for network users in the TTF market area and the NBP market area are described in the BBLC-GTS Information Document and in Pöyry

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Management Consulting's slidepack. These documents are also available for information purposes on the BBLC and GTS websites and on the website www.ttftradingzone.com.

On 1 November 2015 the Network Code on Capacity Allocation Mechanisms (CAM) and the Congestion Management Procedures were implemented on both IPs of the BBL interconnector. The creation of the enlarged TTF market area will not affect any of these arrangements at IP Bacton. Furthermore, only minimal capacity contract revisions are required since all existing long term BBL contracts were concluded before the introduction of CAM. The BBLC Charging Methodology Statement will not be affected.

The creation of the enlarged TTF market area does lead, however, to a number of proposed modifications to BBLC's General Terms & Conditions (GT&C). In line with Condition 11A of BBLC's Gas Interconnector Standard License Conditions, BBLC needs to consult on these proposed modifications by allowing everyone who may have a direct interest to submit a written representation.

Most of the proposed modifications to the GT&C relate to the removal of references of IP Julianadorp. The most substantive modifications proposed are contained in Exhibit A, the Operating Manual, which describes how BBL shippers will be able to nominate capacity at IP Bacton and to have gas transferred automatically from the GTS transmission system into their BBL portfolio or vice versa. Alternatively, if the shipper wishes to acquire or deliver gas at the TTF, Exhibit A describes how gas can be transferred between the TTF and his BBL portfolio. These modifications are designed to have a minimal impact on the shipper's nomination procedure.

As well as the GT&C modifications, a detailed description of the new nomination procedure, including step by step examples, is provided in the Information Document.

Other proposed modifications relate to the deletion of quality and pressure requirements at IP Julianadorp and the deletion of several measurement and allocation rules at IP Julianadorp as gas transferred between a shipper's BBL and GTS portfolio will always be balanced and will always meet the quality requirements. The GT&C documents are available on BBLC's website as a version with tracked changes and a clean version.

The consultation period will run from Tuesday 9 May 2017 until close of business on Friday 9 June 2017. We invite you to respond to the following questions:

- Do you agree that the integration will deliver benefits to the network users in the TTF and NBP market areas?
- Do you agree that the integration will contribute to the further development of the EU internal energy market?
- Do you agree that the proposed modifications to the BBLC GT&C are compliant with European regulations, specifically the European Network Codes?
- Do you agree that the proposed BBLC GT&C modifications are transparent, objective and non-discriminatory?
- Do you have any other feedback?

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Please send your response to consultations@bblcompany.com until close of business on Friday 9 June 2017. Please ensure a "read receipt" is requested if you wish to confirm that your response has been received. Any response not marked confidential will be published on the BBLC website.

A combined BBLC-GTS workshop has been arranged for Tuesday 23 May 2017. All interested market parties are invited to attend. Further information about this workshop is available on the BBLC and GTS websites.

The final GT&C modification proposals will be submitted to Ofgem for approval by late June or early July following consideration of your feedback. These modifications will also be submitted to ACM.

Please note that GTS consults the market through a separate process for GTS shipper specific changes. More information is available in their consultation letter and on the GTS website.

If you wish to have further clarification of anything outlined in this letter or have any questions on the proposed modifications to the GT&C or the joint BBLC-GTS Information Document please do not hesitate to contact us at consultations@bblcompany.com, Marcel Neef: +31 6 3103 7034, or Rudi Streuper: +31 6 1100 5087.

Kind regards,



Marcel Neef
Regulatory Affairs BBL Company