

Ofgem
By e-mail

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Date
31 January 2025

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Our reference

Your reference

BBL VOF 25.006

Subject:
LETTER OF SUPPORT (non-confidential response)

National Gas Transmission RIIO-GT3 Business Plan

BBL Company (BBLC) operates the BBL Interconnector pipeline between The Netherlands and Great Britain. This interconnector enables gas to be physically transported both to and from Balgzand in the Netherlands and the Bacton facility in Great Britain. In order to provide this service BBLC is reliant on National Gas (NG) providing sufficient gas pressures, suitable gas quality and network Capacity (both Entry and Exit Capacity) at the Bacton Interconnection Point (IP).

National Gas' contractual obligations to BBLC are set out in both the Uniform Network Code (UNC) and in the Interconnector Agreement between BBLC and NG. In order to meet its contractual obligations, NG operate, maintain, and where necessary upgrade, its existing network. In addition, NG is currently incentivised to release additional 'non-Obligated' network Capacity where possible and NG and BBLC have also entered into an agreement for the provision of higher network pressures when available / required.

Whilst both the UK and Europe strive to meet climate commitments over the coming years, BBLC notes that both the UK National Energy System Operator (NESO) and the EU Agency for Cooperation of Energy Regulators (ACER) foresee a significant continued role for gas in their respective energy markets well beyond 2030.

As both the UK and EU energy markets transition to a greater dependency on more intermittent renewable electricity generation, such as wind and solar, the importance of having a flexible and

interconnected gas network will grow. BBLC recognises NG's key role in both delivering and facilitating this network flexibility. This role includes:

1. **GB and EU industry:** Gas interconnectors between the GB and EU markets, such as the one provided by BBLC, are vital to maintain UK Security of Supply and GB consumer access to EU gas storage facilities, supply flexibility and also promote competition between the NBP and TTF market hubs, which in turn send market signals for supply. BBLC considers that it is important for NG to maintain, and where necessary invest, in its gas transmission infrastructure to ensure the continued availability and reliability of the GB network and to facilitate cross border competition that drives lower gas costs to end consumers. BBLC therefore supports NG's proposals to further mitigate network risk, support network resilience and reduce disruption.

BBLC also consider that it is important that NG should continue to be incentivised through its financial incentives to maximise the capability and availability of its network. This includes maintaining strong incentivisation on NG to maximise the availability of network Capacity, including the timely release of additional non-Obligated network Capacity and making associated network pressures available where / whenever possible.

2. **Supporting electrification and peak demand both in GB and EU:** As stated above, the flexible role of gas-fired power stations in supporting the growth of renewables will increase in coming years. Flexible gas infrastructure such as that provided by NG and BBLC will continue to provide essential services such as access to / provision of energy storage and network balancing services, ensuring reliability and availability of supply when renewable output is low. To do this, it is important that NG maintains robust and efficient network assets, including compressors etc, to move gas in a timely manner from supply sources to where it is needed. BBLC provides a key role here by being both a potential source of supply and demand. However, this important role is dependent on NG's capability to move gas to and from the Bacton area in the timeframes necessary to meet consumer demands.
3. **Cost-effective Low Carbon transition enabler:** Looking further ahead, both EU and GB markets are carefully considering the potential for hydrogen to either decarbonise those demands that cannot be easily 'electrified', or, as an input into electricity generation. In Europe and the UK, the concept of a Europe wide hydrogen 'backbone' has been supported by 12 European TSOs including Gasunie, National Gas and Gas Networks Ireland. BBLC recognises that repurposing, existing gas network assets to accommodate hydrogen could facilitate a smoother and lower cost transition to low-carbon alternatives. As such, BBLC supports NG's current activities in this area such as Future Grid and Project Union.

Although this Letter of Support is not legally binding, we express our interest in, and support for, National Gas' RIIO-GT3 Business Plan. We acknowledge that there is still a clear need for gas, and for investment in gas transmission assets, as we progress towards our combined net zero goals, in order to manage GB and EU consumer costs, minimise negative impacts on gas customers, and maintain whole network reliability during the transition to a lower carbon future.

Yours sincerely,

A handwritten signature in blue ink, consisting of a series of fluid, connected strokes that form a stylized representation of the name Rudi Streuper.

Rudi Streuper

General Manager