

Mr David McCrone
Ofgem
3rd Floor
107 West Regent Street
Glasgow
G2 2BA

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

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| Date | Telephone |
| 16 January 2015 | +31(0)6 31 03 70 34 |
| Our reference | Your reference |
| BBL VOF 15.02 | |

Subject
Re: Statutory consultation on proposed licence modifications to facilitate the implementation of the Capacity Allocation Mechanisms Network Code in Great Britain

Dear David,

BBL Company V.O.F. (BBLC) welcomes the opportunity of responding to your consultation document dated 15th December 2014 on the above subject.

BBLC supports your proposal to split the existing Bacton ASEP in two thus creating two new ASEPs, Bacton UKCS and Bacton IP. BBLC also supports your proposal to set the baseline capacity for the Bacton IP ASEP at the sum of the maximum technical capacities of the two interconnectors, namely, 1297.8 GWh/day, with the remaining baseline capacity at the current Bacton ASEP assigned to the Bacton UKCS entry point (485.6 GWh/day). We agree that this solution would be compliant with Article 6 of the CAM regulation.

In addition BBLC supports your proposal to modify Condition 1A and Special Condition 5F of the Gas Transporter Licence held by National Grid Plc in respect of the National Transmission System to give effect to these proposals.

BBLC agrees that CAM should only be implemented at IPs.

In your consultation document you refer to substitution. In BBLC's response of the 12th December 2013 to your earlier consultation on the Bacton ASEP we made reference to NGG's Entry Capacity Substitution Methodology Statements. There seems to be the possibility that NGG could determine that an amount of Bacton IP entry capacity could be substituted which would leave the maximum Bacton IP entry capacity at a figure lower than the combined technical capacities of the two interconnectors.

As we said in our 12th December 2013 response, we believe it is inappropriate for NGG to be able to propose that substitutable capacity at Bacton could exceed the total Bacton capacity minus the total exit capacity of the BBL and IUK pipelines. We believe that this would result in non-compliance with the CAM Network Code.

Therefore, BBLC supports the view that entry capacity made available at Bacton by NGG for both interconnectors should at all times be equal to the sum of the exit capacities of BBL and IUK, namely 1297.8 GWh/day. From a practical point of view potential problems could arise in respect of shippers being unable to transport gas from the Continent if this is not the case. As you are aware any unsold capacity in either interconnector can be bought by shippers at short notice and at times of system stress shippers are very likely to wish to purchase such unsold capacity. Such a situation arose in March 2013 when the remaining unsold capacity in the BBL pipeline was sold for one week. If shippers found that they were unable to transport

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gas from the continent because of NGG's substitution arrangements this could well lead to security of supply problems.

BBLC believes that it is necessary for both NGG and Ofgem to make it clear that they will ensure that the Bacton IP entry capacity will never fall below the combined technical capacities of the BBL and IUK pipelines.

Should you so wish, BBLC would be happy to amplify any of the points raised in our response.

Yours sincerely,



Marcel Neef
Regulatory Affairs Manager
BBL Company V.O.F.