



Making a positive difference
for energy consumers

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Date: 30 October 2015

Dear Gerard

Implementation of relevant aspects of the Congestion Management Procedure (CMP) Guidelines and the European Network Codes on Capacity Allocation Mechanisms (CAM) and Balancing via approval of the modified forward flow charging methodology and modified forward flow access rules submitted by BBL Company (BBL) including directions to approve, pursuant to Standard Licence Condition (SLC) 10 and 11A of the gas interconnector licence ('licence')

On 07 October 2015, BBL¹ submitted a modified forward flow charging methodology and set of forward flow access rules to the Authority² for approval. These were submitted pursuant to Standard Licence Condition (SLC) 10(14) and SLC 11A(14) respectively of BBL's licence.³

This letter and the annexed directions set out our approval of the submitted proposals. Attached to this letter are two directions to BBL approving the proposed charging methodology and access rules. This approval is granted on the basis that they meet the relevant charging methodology and access rules objectives,^{4,5} and are compliant with the relevant aspects of the CMP Guidelines, as well as the European Network Codes (ENCs) on CAM and Balancing (BAL).

Background

BBL was established on 9 July 2004 to design, construct and operate an interconnector for the transportation of natural gas from the Netherlands to Great Britain (GB). The initial capacity was 1.75million cubic meters per hour (mcm/h). After the signing of three initial 'launch' contracts, commercial transportation of gas began on 1 December 2006. The capacity covered by these three launch contracts (1.75mcm/h) is exempted from Article 18 of Directive 2003/55/EC, ie regulations on charging methodologies and access rules, subject to the following time limits and capacity:

- Until 2 December 2016 with respect to approximately 1.15mcm/h

¹ BBL is a certified Transmissions System Operator (TSO) and holder of the GB gas interconnector licence. It operates a uni-directional gas interconnector that links the UK and Dutch gas markets. It can only flow physically in one direction (from the Netherlands to GB).

² The Gas and Electricity Markets Authority. Ofgem is the Office of the Authority's. The terms "Ofgem", "the Authority", "we" and "us" are used interchangeably in this letter.

³ The current version of the gas interconnector licence can be found at:
https://epr.ofgem.gov.uk/Content/Documents/Gas_Interconnector_SLCs_Consolidated%20-%20Current%20Version.pdf

⁴ The relevant charging methodology objectives are set out in SLC 10(4) of the licence.

⁵ The relevant access rules objectives are set out in SLC 11A(5) of the licence.

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- From 2 December 2016 until 2 December 2022 with respect to approximately 0.6mcm/h.

On 15 April 2011, the installation of a fourth compressor increased BBL capacity by around 20% to 2.11mcm/h. All of this capacity is non-exempt.

Ofgem, in its role as National Regulatory Authority (NRA) for GB, is responsible for overseeing implementation of the legally binding Guidelines and ENCs established under the suite of European Union (EU) legislation on electricity and gas markets, referred to as the 'Third Package'.⁶

Taken together, these Guidelines and ENCs aim to promote liquidity, improve integration between Member States' gas markets and promote the efficient use of interconnectors to ensure that gas flows according to price signals, ie to where it is valued most.⁷

The Authority has duties to monitor BBL's compliance with the Guidelines and ENCs and per the terms of its licence to ensure it remains compliant with the relevant requirements as circumstances develop. These responsibilities include ensuring BBL compliance with obligations under the CMP Guidelines and the ENCs on BAL and CAM for the non-exempt capacity.

These EU legislative requirements take precedence over GB domestic legislation and associated regulations and codes. There are three such ENCs relevant to this decision letter, namely:

- Congestion Management Procedures (CMP):^{8,9} this aims to enhance the efficient use of transportation capacity by bringing unused capacity back to the market on a firm basis, thereby making it available to market participants who wish to make use of it. By introducing four key mechanisms (oversubscription and buy-back (OSBB), capacity surrender, long-term use-it-or-lose-it (LT UIOLI) and day-ahead use-it-or-lose-it (DA UIOLI)), the CMP Guidelines tackle contractual congestion (where gas transportation capacity is fully booked but not fully used), thereby removing barriers to cross border trade.
- Capacity Allocation Mechanisms in Gas Transmission Systems (CAM):¹⁰ this was published in the Official Journal of the European Union (OJEU) on 15 October 2013 and applies from 1 November 2015. CAM aims to facilitate equal and transparent access to transmission capacity, achieve effective competition on the wholesale gas market and facilitate a more transparent, efficient and non-discriminatory system of capacity allocation. It does this by introducing standard-duration capacity products, auctions of bundled capacity products at interconnection points (IPs) via a cross-border web-based booking system and coordination of maintenance and communication procedures by Transmission System Operators (TSOs).¹¹

⁶ In relation to gas, the Third Package includes Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (the "Gas Directive") and Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) no 1775/2005 (the "Gas Regulation").

⁷ See Article 8(6) of the Gas Regulation for the areas required to be covered by network codes.

⁸ CMP is a Guideline and not a separate network code; formally, it is an amendment to the guidelines on congestion management procedures which form part of Annex I of the Gas Regulation. However we have referred to it using the same abbreviation of 'ENCs' throughout this letter for brevity.

⁹ Commission Decision of 24 August 2012 on amending Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:231:0016:0020:en:PDF>.

¹⁰ Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0984&from=EN>.

¹¹ References to TSOs in this letter include interconnectors.

COMMERCIAL

2 of 12

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- Gas Balancing of Transmission Networks (BAL): this was published in the OJEU on 27 March 2014 and applies from 1 October 2015.¹² BAL aims to facilitate cross-border gas trade and the further development of competitive and efficient wholesale gas markets in the EU. The code requires the use of non-discriminatory and transparent balancing systems, which are of particular importance for new market entrants, and specifies procedures for nominations to flow gas at IPs.

In order to comply with these EU requirements, BBL has proposed a number of changes to its forward flow charging methodology and access rules. Leading up to these proposed modifications, BBL conducted four consultations:¹³

- The first consultation was on BBL's 'concept document', setting out principles for implementing the CMP Guidelines and the CAM and BAL ENCs at the Julianadorp and Bacton IPs.¹⁴ Seven responses were received, two of which were confidential.
- The second consultation concerned changes to BBL's forward flow charging methodology,¹⁵ receiving one confidential response.
- The third concerned changes to BBL's forward flow General Terms and Conditions (GT&Cs),¹⁶ referred to here as 'access rules'. This received two responses, one of which was confidential.
- The fourth consultation¹⁷ concerned modifications to BBL's booking procedure, applicable until the introduction of CAM on 1 November 2015. No responses were received.

Following each consultation, BBL furnished Ofgem with a report. These reports set out the terms originally proposed for the modifications, the representations made by interested parties and the changes to the terms of the modifications as a consequence of the representations received.

Ofgem has also consulted^{18,19,20} throughout the ENC implementation process, taking account of views shared by all relevant parties including the Dutch Authority for Consumers and Markets (ACM),²¹ other neighbouring NRAs, ACER,²² the European Commission and gas network users.

Proposed Modifications

1. Modifications to Access Rules that relate to the introduction of the CMP Guidelines and the ENCs on CAM and BAL

BBL's proposed access rules set out the GT&Cs as to how capacity will be allocated. Of particular relevance here is *Exhibit G*,²³ which sets out how the CMP Guidelines and CAM ENC will be implemented. These proposals were first consulted on in April 2015 under BBL's

¹² Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.091.01.0015.01.ENG.

¹³ The first consultation started on 2 April 2015 and ran for a month. The second, third and fourth consultation all ran concurrently between 2 September – 1 October 2015.

¹⁴ See <http://www.bblcompany.com/about-bbl/consultations-implementation-information>

¹⁵ See <http://www.bblcompany.com/about-bbl/consultations-implementation-information>

¹⁶ See <http://www.bblcompany.com/about-bbl/consultations-implementation-information>

¹⁷ See <http://www.bblcompany.com/about-bbl/consultations-implementation-information>

¹⁸ See <https://www.ofgem.gov.uk/publications-and-updates/open-letter-next-steps-great-britains-implementation-first-european-union-network-code-gas-congestion-management-procedures-cmps>

¹⁹ See <https://www.ofgem.gov.uk/publications-and-updates/options-great-britain%E2%80%99s-implementation-european-union-network-code-capacity-allocation-mechanisms-gas-transmission-systems-regulation-9842013-bacton-entry-point-0>

²⁰ See <https://www.ofgem.gov.uk/publications-and-updates/implementation-congestion-management-procedures-bbl>

²¹ ACM is the Dutch NRA

²² The Agency for the Cooperation of Energy Regulators was established by Regulation 2009/713/EC of the European Parliament and of the Council of 13 July 2009.

²³ See <http://www.bblcompany.com/about-bbl/consultations-implementation-information>

COMMERCIAL

concept document. They were then developed into more detailed proposals and set out in BBL's GT&Cs, which were consulted on between 2 September and 1 October 2015. Two responses were received.

The proposed GT&Cs contain the following key features:

CMP

- Under the OSBB mechanism, BBL can offer additional ('oversubscription' (OS)) capacity in excess of technical capacity. OS volumes offered will be determined on a daily basis for all products with a duration of a day or longer, based on a risk analysis.
- If aggregate nominations exceed (or are expected to exceed) technical capacity, a capacity buy back process then applies. Here, BBL determines the quantity of capacity required to reduce aggregate nominations to within the system's physical capacity. BBL will publish a notification, providing details of the buy-back required.
 - o A voluntary auction-based process allows users to sell capacity back to BBL, who will accept offers in order of price, starting with the lowest offer. If two users offer the same price, a time stamp will be used to determine which offer gets accepted first. The buy back price (per unit) will be capped at the TTF-NBP day-ahead spread, as published daily by ICIS.
 - o The net annual revenue from OSBB (the accumulation of OS revenues minus buy back payments) goes into an 'OSBB account', which will have a maximum deficit of €100,000. In addition to the unit price cap, this OSBB account will act as an overall 'downside pot'.
 - o During the voluntary buy back auction, users would receive a price less than the TTF-NBP spread only in situations where the buy back of the required volume would lead to a breach of the €100,000 downside pot. This price would never be less than the clearing price at which the relevant capacity product was sold.
 - o If the voluntary process fails to meet BBL's buy-back requirement sufficiently (ie if total nominations still exceed technical capacity), an 'emergency buy-back' process applies. Here, the relevant amount of capacity is bought back from all (non-exempt) users on a pro rata basis. Again, the TTF-NBP day-ahead spread will act as a unit price 'cap' on any reimbursement to users.
- Capacity Surrender: BBL will accept any surrender of firm capacity with the exception of capacity products with a duration of a day or shorter. Capacity will be reallocated on a 'timestamp' basis (ie starting with the earliest surrendered). Capacity originally allocated as bundled capacity can only be surrendered as bundled capacity. Any surrendered capacity that doesn't get allocated gets returned to shipper. It will not be automatically entered into the next auction on the users' behalf.
- LT UIOLI: BBL will monitor capacity utilisation levels and provide Ofgem (and ACM) with all necessary data. The NRAs will then make a joint decision whether to remove capacity from a shipper, in line with the principles set out in the joint-NRA 'Vision Paper' published on 9 April 2015.²⁴ Revenues from reallocated LT UIOLI capacity offset the disposing shippers' ongoing payment obligations to a maximum of the price originally paid for the capacity and to the extent the capacity gets successfully reallocated.

BAL

²⁴ Ofgem, ACM and Belgium's Commission de Regulation de l'Electricite et du Gaz (CREG) published a joint vision, setting out their joint interpretation of the criteria for invoking LT UIOLI and its application, available [here](#)

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- BBL will continue to operate on an “in equals out” basis, meaning that confirmed entry flows necessarily equal confirmed exit flows. As such, imbalances do not occur.²⁵
- For bundled products, single-sided nominations will be in operation. For shippers holding unbundled products it will remain standard procedure to nominate at both sides of the IP. These proposals are set out in detail in BBL’s Interconnection Agreement with National Grid, approved by Ofgem on 25 September 2015²⁶ and published on BBL’s website.

CAM

- BBL will offer yearly, quarterly, monthly, daily and within-day standardised products via auction on the PRISMA²⁷ booking platform, in accordance with articles 11-18 of CAM.
- At the Julianadorp IP, GTS exit and BBL entry capacity will be bundled and offered as a single product on PRISMA. At the Bacton IP, BBL exit and NGG entry capacity will be bundled and offered as a single product, also on PRISMA. The reserve price for a bundled product will be the sum of the reserve prices of each capacity component.
- Where there is more capacity available at one side of the IP relative to the other, the remaining capacity will be offered separately as an unbundled firm capacity product by the relevant TSO separately through PRISMA.
- In line with CAM requirements, BBL will set aside a minimum of 20% of technical (non-exempt) capacity. Of this 20%, at least half (so 10% of technical capacity) will be offered no earlier than in the annual yearly capacity auction. The other half will be offered no earlier than the annual quarterly capacity auction.
- In the event that BBL sells out of firm capacity, interruptible capacity (both forward flow and ‘interruptible reverse flow’(IRF))^{28,29} will be auctioned on PRISMA in line with CAM. This capacity will be offered on an unbundled basis and in accordance with the CAM auction timetable.

2. Modifications to the Charging Methodology for forward flow capacity

BBL’s proposed forward flow charging methodology sets out how charges will be derived for all future sales of capacity under the provisions set out in BBL’s GT&Cs (access rules). This includes any capacity released under the CMP mechanisms.

The proposed charging methodology introduces general principles for determining reserve prices for BBL capacity and consists of four key components. Each component is subject to one or more key factors which determine its nature. These are summarised below:

- Fixed fee for capacity (to be published on BBL’s website). This is derived from:
 - o A ‘base price’, which reflects the underlying project costs;
 - o A ‘competitive forces’ factor, which enables BBL to respond to competitive pressures;

²⁵ As a result of BBL’s “in=out” principle, only certain provisions of the BAL ENC (namely Articles 12-17) apply.

²⁶ See <https://www.ofgem.gov.uk/publications-and-updates/decision-approve-amendments-bbl-s-interconnection-agreement>

²⁷ PRISMA is a pan-European booking platform operator and will be used by National Grid Gas, BBL, Gasunie Transport Services and many other European TSOs. PRISMA GT&Cs ensure compliance with most of the CAM rules on how to run CAM auctions.

²⁸ Virtual reverse flow is essentially a product which nets off contractual flows in the reverse direction against the physical forward flows. As it is dependent on there being a forward physical flow to net off against, the product is by its nature interruptible.

²⁹ Alongside this letter, Ofgem is also publishing an approval of BBL’s proposed modifications to its IRF charging methodology and access rules.

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- A 'discount' factor, which allows BBL to incentivise future (eg Y+10), as opposed to 'long-term', multi-year bookings (eg Y1 to Y10 inclusive).
- Adjustment formula for duration of contract. This consists of:
 - A multiplier applied to the respective proportion of the reference price in order to calculate a price for capacity products shorter than a year. This will be published on BBL's website;
 - A seasonality factor, reflecting variations in demand throughout the year (also to be published on BBL's website).
- Indexation for inflation:
 - This will be based on the Dutch consumer price index and published on the BBL website.
- Variable fee (to be published on BBL's website):
 - This will cover the energy costs of running the compressors and will be based on actual flows, with average consumption factors applied.

The other modifications to BBL's charging methodology result directly from implementation of the Guidelines and ENCs outlined above. The most relevant of these are set out below:

- The price paid for capacity (the reserve price plus any auction premium) will be fixed at the time of allocation (subject to inflation). Energy costs are invoiced separately (via the variable fee) based on the actual use of allocated capacity rights.
 - Any capacity sold under the OSBB mechanism of the CMP Guidelines will be sold using the same auction reserve price as the capacity product to which OS capacity has been added.
 - As described above, in the event of BBL having to buy back capacity under the OSBB mechanism (voluntary buy back), a maximum unit price will be applied. This 'cap' will be equal to the TTF-NBP day-ahead price spread, as published daily by ICIS.
 - If insufficient capacity is offered during voluntary buy back to maintain system integrity, the required capacity will be bought back on a pro rata basis based on the total (non-exempt) booked capacity. In this event, the reimbursement unit price for this capacity will have the same 'cap' applied as would have been the case in the voluntary buy back auction.
 - Also as described above, the net annual revenue from OSBB (accumulation of OS revenues minus buy back payments) will be split evenly between network users and BBL. This 'OSBB account' will have a maximum deficit of €100,000, thereby acting as an overall 'downside pot'. BBL and its users therefore face both upside and downside risk, incentivising all relevant parties to use the OSBB mechanism as intended.
 - Capacity Surrender: The surrendering shippers' ongoing payment obligations are offset by any revenue received by BBL from the reallocation of the capacity.
 - LT UIOLI: Revenues from reallocated LT UIOLI capacity offset the disposing shippers' ongoing payment obligation to a maximum of the price originally paid for the capacity and to the extent the capacity has been reallocated successfully by BBL.
3. Modifications to BBL's booking procedure, applicable until the introduction of the CAM Network Code on 1 November 2015

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Alongside the proposed modifications to its charging methodology and access rules described above, we note that BBL also submitted a further modified booking procedure to Ofgem for approval. This was available to shippers until 26 October 2015 and applicable only until the introduction of CAM on 1 November 2015.

These proposals introduced a voluntary capacity 'reshuffling' service, whereby shippers with capacity which was obligated for after the year 2022 could effectively bring the usage of this capacity forwards. Profiled bookings were also offered for contract periods of two years or more.

BBL consulted on these proposals from 2 September to 1 October 2015.³⁰ No responses were received. Given that the 26 October 2015 deadline has now closed, the opportunity for taking part in this service has now passed.

Ofgem view and decision on the proposed modified access rules and modified charging methodology

Upon review of the documents submitted on 7 October 2015 to Ofgem for approval, with the main features as summarised above, the Authority considers the proposed modified charging methodology and modified access rules to be transparent, non-discriminatory, objective and compliant with the relevant legally binding decisions of the European Commission and/or ACER (including the CMP Guidelines, CAM and BAL ENCs).

The Authority has therefore decided to approve the proposed modified charging methodology and modified access rules on the basis that they better meet the relevant charging methodology and access rules objectives, as set out in SLCs 10(4) and 11A(5) respectively of the licence.

We are keen to ensure that the OSBB mechanism achieves its objectives of easing incidences of contractual congestions where they arise, by bringing unused capacity back to the market on a firm basis. This will require BBL to undertake a robust risk analysis of how much OS capacity it could offer, and then offer this wherever possible. Ofgem will monitor the volumes of OS capacity being offered on an ongoing basis.

We note that effective functioning of the OSBB mechanism will also require active participation in the voluntary buy back auction by BBL users. Where this fails to happen, pro rata curtailments will occur, resulting in disruptive emergency measures and undermining the firmness of all non-exempt capacity sold. This is not in the interests of the market nor of consumers, and Ofgem will monitor the functioning of the buy back mechanism to ensure it is operating as intended. If it is found that shippers are routinely withholding buy back offers in the voluntary auction, Ofgem will be open to BBL proposing alternative ways of managing the buy back process which better incentivise shippers to participate at the voluntary stage (insofar as they are compliant with the CMP Guidelines).

Directions issued in accordance with SLC 10(14) and SLC 11A(14) of the licence to this effect can be found in the Annexes 1 and 2 to this letter.

As soon as practicable after approval, and in any event, prior to 1 November 2015 CAM implementation deadline date, Ofgem requires BBL to publish (at least on its website) the access rules, as modified, and a charging methodology statement that sets out the prevailing charges and how they have been derived in accordance with its modified charging methodology. We consider that the prevailing charges include reserve prices for capacity offered via capacity auctions. As a result, we expect the applicable reserve prices to be published before the auction.

³⁰ See <http://www.bblcompany.com/about-bbl/consultations-implementation-information>

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Yours sincerely,



Rob Mills

Head of Gas Transmission, Gas Networks
Duly Authorised on behalf of the Authority

COMMERCIAL

8 of 12

ANNEX 1 – Access Rules

Direction issued to BBL Company pursuant to Standard Licence Condition 11A (approval of terms for access to the licensee’s interconnector) paragraph 14 of its gas interconnector licence

1. This Direction is issued by the Gas and Electricity Markets Authority (the “Authority”) pursuant to Standard Licence Condition 11A (SLC 11A) paragraph 14 of the gas interconnector licence (“the Licence”) granted or treated as granted under section 7ZA of the Gas Act 1986 (“the Act”) to BBL Company (“BBL” or “the licensee”).
2. SLC 11A paragraph 2 provides that the licensee shall prepare and submit for approval by the Authority a statement setting out the Access Rules (as defined in the Licence).
3. SLC 11A paragraph 5 requires that the Access Rules be transparent, objective, non-discriminatory and compliant with the Regulation (Regulation (EC) No 715/2009 on conditions for access to the national gas transmission networks) and any relevant legally binding decision of the European Commission and/or Agency (collectively the ‘relevant access rules objectives’).
4. SLC 11A paragraph 9 requires the Licensee to review its Access Rules at least once in each calendar year and make such modifications to the Access Rules as may be requisite for the purpose of ensuring that the Access Rules better achieve the relevant access rules objectives. The Access Rules for the Licensee were first approved on 19 December 2014.
5. SLC 11A paragraph 11 requires the licensee to take all reasonable steps to ensure that all persons, including those in other Member States who may have a direct interest in the Access Rules, are consulted on the proposed modifications and allow them a period of not less than 28 days within which to make written representations. The licensee must also furnish the Authority with a report setting out the terms originally proposed for the modifications, the representations, if any, made by interested persons, any change in the terms of the modifications intended as a consequence of such representations, how the intended modifications better achieve the relevant access rules objectives, and a timetable for the implementation of the modifications.
6. In accordance with SLC 11A paragraph 11(b), on 8 May 2015 BBL furnished the Authority with a report.
7. In accordance with SLC11A paragraphs 2 and 11, on 8 May 2015 BBL submitted its proposed modified Access Rules to the Authority for approval.
8. SLC11A paragraph 15 requires the licensee to publish (at least on its website) the Access Rules as soon as practicable after the Access Rules, as modified, have been approved by the Authority. The Access Rules must be published 28 days prior to coming into effect, unless the Authority directs otherwise.
9. Having regard to the relevant access rules objectives set out in SLC 11A paragraph 5, and to our principal objective and statutory duties, the Authority considers that BBL’s proposed modified charging methodology better meet the relevant access rules objectives.
10. The Authority hereby directs, pursuant to SLC 11A paragraph 14, that BBL’s proposed modified Access Rules are approved.

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11. The Authority hereby directs, pursuant to SLC 11A paragraph 15 that the Access Rules may be published less than 28 days before coming into effect and, in any event, prior to CAM implementation on 1 November 2015.
12. This Direction shall have immediate effect. It shall remain in effect until such time as the Authority may revoke or vary the Direction in writing upon reasonable notice.
13. This direction constitutes notice of the Authority's reasons for the decision pursuant to section 38A of the Act.

Dated: 30 October 2015



Rob Mills

Head of Gas Transmission, Gas Networks

Duly Authorised on behalf of the Authority

COMMERCIAL

10 of 12

ANNEX 2 – Charging Methodology

Direction issued to BBL Company (BBL) pursuant to Standard Licence Condition 10 (charging methodology to apply to third party access to the licensee’s interconnector) paragraph 14 of its gas interconnector licence

1. This Direction is issued by the Gas and Electricity Markets Authority (the “Authority”) pursuant to Standard Licence Condition 10 (“SLC 10”) paragraph 14 of the gas interconnector licence (“the Licence”) granted or treated as granted under section 7ZA of the Gas Act 1986 (“the Act”) to Interconnector (UK) Ltd (“BBL” or “the licensee”).
2. SLC 10 paragraph 2 provides that the licensee shall prepare and submit for approval by the Authority a charging methodology for access to (including use of) the licensee’s interconnector.
3. SLC 10 paragraph 4 requires that the charges and application of the underlying charging methodology be objective, transparent, non-discriminatory and compliant with the Regulation (Regulation (EC) No 715/2009 on conditions for access to the national gas transmission networks) and any relevant legally binding decision of the European Commission and/or Agency (collectively the ‘relevant charging methodology objectives’).
4. SLC 10 paragraph 9 requires the Licensee to review its charging methodology at least once in each calendar year and make such modifications to the charging methodology as may be requisite for the purpose of ensuring that the charging methodology better achieves the relevant charging methodology objectives. The charging methodology for the Licensee was first approved on 19 December 2014.
5. SLC 10 paragraph 11 requires the licensee to take all reasonable steps to ensure that all persons, including those in other Member States who may have a direct interest in the charging methodology, are consulted on the proposed modification and allow them a period of not less than 28 days within which to make written representations. The licensee must also furnish the Authority with a report setting out the terms originally proposed for the modification, the representations, if any, made by interested persons, any change in the terms of the methodology intended as a consequence of such representations, how the intended modifications better achieve the relevant charging methodology objectives, and a timetable for the implementation of the modification.
6. In accordance with SLC 10 paragraph 11(b), on 26 June 2015 BBL furnished the Authority with a report.
7. In accordance with SLC10 paragraph 2 and 11, on 26 June 2015 BBL submitted its proposed modified charging methodology to the Authority for approval.
8. SLC10 paragraph 15 requires the licensee to publish (at least on its website) a charging methodology statement that sets out the prevailing charges for access to the licensee’s interconnector and how the charges have been derived in accordance with its charging methodology as soon as practicable after the charging methodology, as modified, has been approved by the Authority. The charging methodology statement must be published 28 days prior to it coming into effect, unless the Authority directs otherwise.
9. Having regard to the relevant charging methodology objectives set out in SLC 10 paragraph 4, and to our principal objective and statutory duties, the Authority considers that BBL’s proposed modified charging methodology better meets the relevant charging methodology objectives.

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10. The Authority hereby directs, pursuant to SLC 10 paragraph 14, that BBL's proposed modified charging methodology is approved.
11. The Authority hereby directs, pursuant to SLC 10 paragraph 15 that the charging methodology may be published less than 28 days before coming into effect and, in any event, prior to CAM implementation on 1 November 2015.
12. This Direction shall have immediate effect. It shall remain in effect until such time as the Authority may revoke or vary the Direction in writing upon reasonable notice.
13. This direction constitutes notice of the Authority's reasons for the decision pursuant to section 38A of the Act.

Dated: 30 October 2015



Rob Mills

Head of Gas Transmission, Gas Networks

Duly Authorised on behalf of the Authority

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12 of 12