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Our reference
BBL VOF 13.045

Your reference

Subject
Response to the consultation on 'The Entry Capacity Substitution Methodology Statement'

Dear Lesley,

BBL Company (BBLC) welcomes the opportunity of responding to your consultation document on the above subject. The BBL pipeline transmits gas from The Netherlands to Bacton and BBL Company has an Interconnection Agreement with NGG enabling gas to flow from the BBL pipeline into the NGG system.

We note that in Appendix 1 of the proposed ECS (v4.1) it is assumed that 740.8 GWh/day of the total baseline capacity of the Bacton terminals of 1783.4 GWh/day is substitutable capacity as of 01-10-2017. You will be aware that a number of European network codes are being introduced over the next few years; in particular the CAM code requires bundled capacity to be made available between adjacent TSOs. This means that BBLC and NGG will need to offer all available capacity to the market as bundled capacity units. We believe that, together with capacity already sold , the total available NGG capacity at Bacton must not be lower than the maximum of the BBL exit capacity of 494.4 GWh/day to comply with the CAM code. The same arrangements will also apply in respect of IUK which, we believe, will create a total capacity requirement at Bacton significantly higher than the proposed non substitutable capacity of 1042.6 GWh/day.

Whilst not fully conversant with the Capacity Substitution process we believe it is inappropriate for NGG to suggest that Substitutable Capacity at Bacton can exceed the total Bacton entry capacity minus the total exit capacity of the BBL and IUK pipelines. We believe it would be unhelpful if gas that shippers wished to nominate into the NGG system from the BBL pipeline was denied entry because capacity had been substituted to another entry point.

Substituting more entry capacity at the Bacton Terminals than the sum of exit capacity of the BBL and IUK pipelines, could lead to the possibility of non-compliance by both NGG and adjacent TSOs in respect of the CAM network code and might also have security of supply implications for the UK in times of high gas demand.

We would be happy to discuss these observations further with you should you so wish.

Kind regards,

David Bakker
Manager Regulatory Affairs
BBL Company