

# BBL Reverse Flow project and implications for IP Bacton

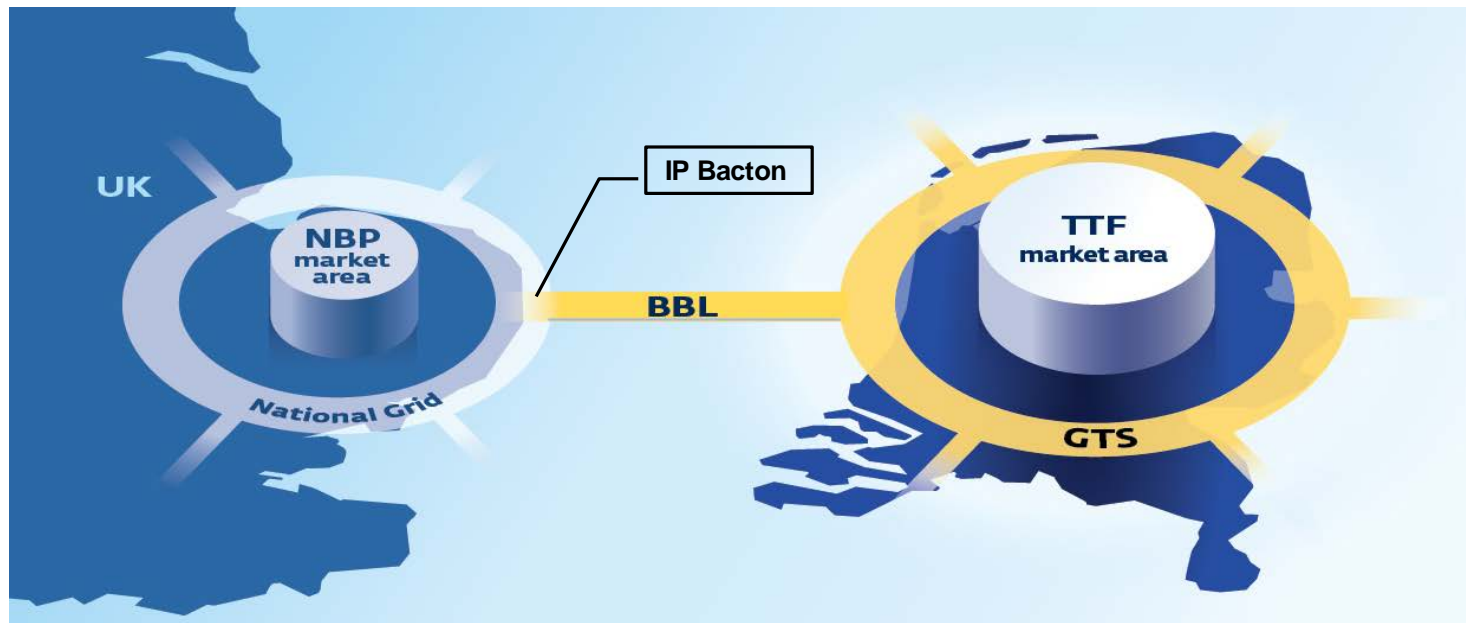
Presentation to the UNC Transmission Workgroup  
7<sup>th</sup> June 2018

# Introduction

- The BBL pipeline is currently only able to physically flow gas from The Netherlands towards Great Britain
- BBL Company (BBLC) are undertaking works to enable physical flow in the opposite direction, so called “reverse flow”
- BBLC aims to offer the full range of CAM NC standardized products (obligated firm Y, Q, M, DA, WD)
- However exit capacity from NGG at IP Bacton is limited and allocated to IUK only
- Competing auctions would offer a market based solution

# The BBL pipeline

- BBL Company operates the 235 km long interconnector between The Netherlands and Great Britain
- This pipeline connects the two most liquid gas hubs in North West Europe: the TTF and the NBP



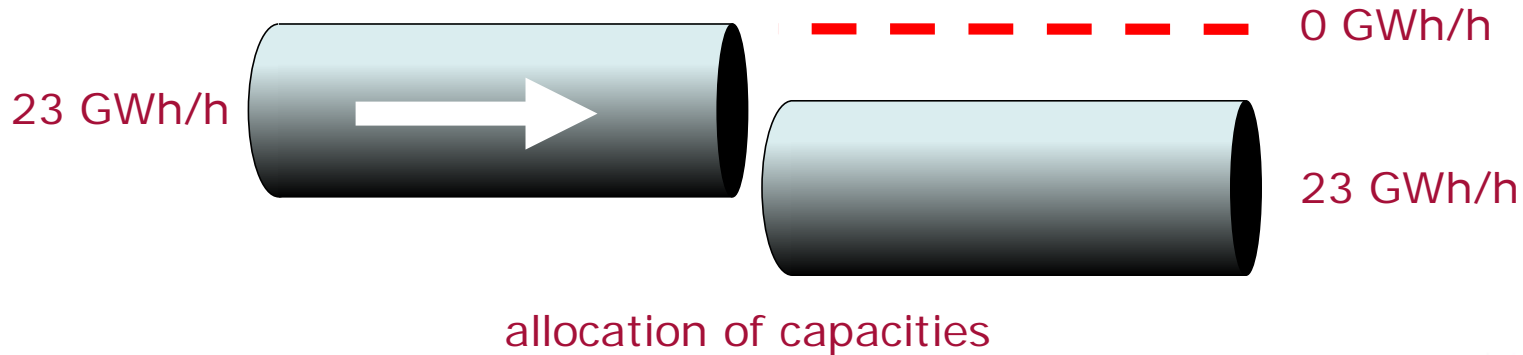
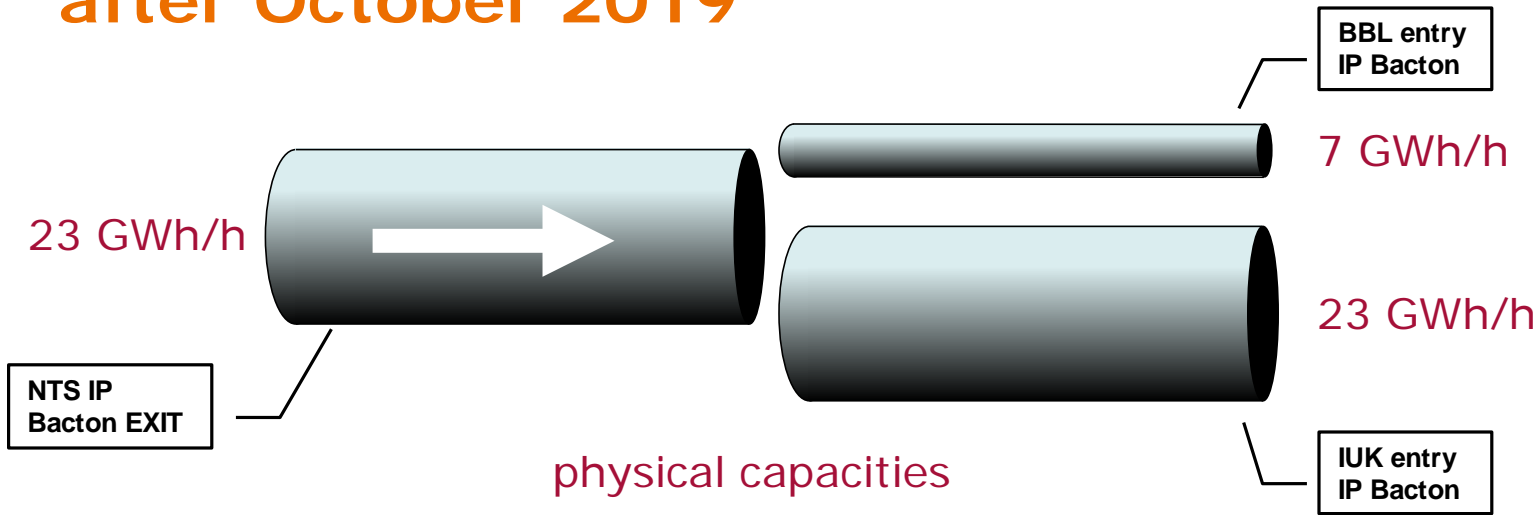
# BBL Reverse Flow impacts Bacton NGG exit capacity requirements

- BBLC are undertaking works to enable physical flow in the opposite direction, so called “reverse flow”
- This work will be completed by October 2019 and will create a reverse flow capability of 7 GWh/h (168 GWh/day)
- The full range of CAM NC standardized products will be offered (non obligated firm Y, Q, M, DA, WD)
- Gas physically entering the BBL pipeline from GB needs to exit the National Gas Grid

# Exit capacity from NGG at IP Bacton is limited and allocated to IUK only

- NGG Exit capacity at Bacton is limited
- NGG's licence allocates all available obligated firm exit capacity on IP Bacton towards IUK
- The licence specifically states that no ('zero') obligated firm capacity is available at NGG's IP Bacton towards the BBL
- This situation was understandable, since the IUK pipeline was underwritten by long term contracts and there was no reverse flow possible through the BBL
- However IUK launching contracts expire by October 2018, BBL reverse flow will be operational from 2019

# NGG IP Bacton EXIT situation (simplified) after October 2019



# Extra physical exit could not be provided without “*significant investment*”

- Given the technical situation at Bacton, BBL commissioned a study from NGG on availability of exit capacity at Bacton. Main conclusions:
  - Relatively minor work would need to be undertaken at Bacton by NGG to enable exit access to the BBL pipeline
  - However, extra physical exit capacity above the current 23 GWh/h at Bacton could not be provided without “*significant investment*”
- A cross border capacity constraint will exist at Bacton once BBL works are complete
- Given the potential level of NGG investment another, more efficient and economic solution is desired
- As the BBLC reverse flow capacity is only 7 GWh/h and NGG’s exit Bacton capacity is 23 GWh/h, no competition between IPs will be seen below a demand of 23 GWh/h

# Competing auctions is the CAM NC proposed method to allocate scarce capacity

- We believe competing auctions would offer a solution in case demand exceeds 23 GWh/h . Based on the auction premium shippers decide if capacity will be allocated on NGG's IP towards BBL or IUK
- The method is CAM NC compliant and facilitated by the PRISMA platform
- For competing auctions to be implemented a NGG licence change is required
- A licence change is possible after the competing auctions mechanism has been implemented in the UNC through a Modification procedure
- BBLC has engaged with NGG about a possible code modification proposal which would provide for competing auctions for exit capacity at Bacton



# Competing auctions explained (PRISMA)



- The two auctions at the bundle AB and AC take place in parallel on the PRISMA platform, according to the rules and procedures of a standard competing clock auction as described in the NC CAM.
- After each bidding round the results are analyzed and it is checked whether the competition constraint - available capacity at A (100) - is solved.
- In case the competition constraint is solved, the competition is removed and the auctions continue independently until the capacity is allocated.

Source: PRISMA, basic trainer shipper workshop, Vienna, 15 September 2015

# Summary

- The BBL Reverse Flow project is underway, works due for completion by October 2019
- As things stand, potential shippers cannot access the full range of BBL reverse flow products
- One solution is for the NGG licence and the UNC to be modified to provide for NGG exit capacity to be made available to BBLC
- Competing auctions would achieve this
- A UNC modification proposal would introduce a market mechanism for the sale of exit capacity at Bacton which enables equal and transparent access for shippers interested in reverse flow through the BBL

If you have any questions or need further information  
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