

To the Attention of :

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Please find hereby the response of GDF SUEZ as regards to the open letter published by the National Regulatory Authorities Ofgem and ACM on the implementation by BBL Company (BBL) of the Congestion Management Procedures (CMP).

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1. Which of the potential options – OSBB or FDA UIOLI – do you prefer? Why?

GDF SUEZ has a strong preference for the Oversubscription and buy-back (OSBB) mechanism, as the FDA UIOLI limits the rights of the current shippers to renominate, and is a very complex mechanism to manage.

In gas market areas where renomination rights are restricted at IPs, there is a significant impact on the flexibility these IPs could provide. As the capacity usage is very dependent on the consumption (for shippers as GDFS who supply end customers), the renomination rights are very important to bring the necessary flexibility to the market and to be able to balance the portfolio. Moreover, OSBB is identified within CMP as the basic instrument to prevent contractual congestions and de facto a preferred mechanism over FDA UIOLI.

2. Which of the potential options discussed in this document would provide the greatest level of flexibility that you are seeking in flowing gas from the Netherlands to GB, subject to the requirements of the CMP Guidelines?

As expressed in question 1, the OSBB would be more flexible than the FDA UIOLI, however not in the terms as described in the Key Feature of OSBB in the Open Letter. Indeed, we do not agree with 2 aspects:

- It is stated that, in case offers received for BB are not sufficient, BBL would move to a forced BB implying a curtailment of all shippers (except exempt capacity holders). GDF SUEZ is of the opinion that the curtailment should only impact OS capacities. If the OSBB mechanism impacts on the firmness of contracted LT capacity, the shippers holding these capacities would pay the same as before the CMP implementation, however for a downgraded and substantially different service compared to the one initially contracted.

- It is also stipulated that any costs/revenues from OSBB at the end of the gas year should be split between BBL and the shippers. GDF SUEZ is in the opinion that if there are costs, these should be incurred by BBL only, thus not by the shippers. Costs incurred because of BB should be seen as an incentive for BBL.

Moreover, revenues from OS and curtailment of OS shippers, in extreme cases, should be sufficient to avoid additional costs. If this is not the case, BBL should revise its policy (i.e. the amount of offered OS capacities).

Finally, in the Key Features, the OS capacities are offered via “pay as bid” auctions. This is not in line with the CAM network code which only offers auctions with a uniform clearing price for DA or WD auctions (monthly, quarterly or yearly auctions having a different mechanism with ascending clock algorithm).

3. Do you agree with the advantages and disadvantages of each option as presented? Are there any further advantages or disadvantages to be considered?

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GDF SUEZ agrees with the advantages and disadvantages presented in the Open Letter for the two CMP mechanisms, however:

- As long as there is no congestion, BBL should not offer any OS capacities. If contractual congestion occurs, BBL should study the behavior of its shippers for a certain period of time before proposing additional capacities to the market, as it will necessarily engender a risk for the integrity of the transportation system or for the shippers.

- For FDA UIOLI capacities, again, as long as there is no physical congestion, BBL has no necessity to early implement this mechanism, which should only be implemented in July 2016. However, BBL could foresee an implementation of Surrender of capacities with the possibility for current shippers to surrender their capacities on a monthly, quarterly or yearly basis.

According to GDF SUEZ, the main concerns when implementing the CMP mechanisms for the current shippers, who have contracted LT capacities and pay a fixed price all year, are:

- The sale price proposed for the capacities offered on a DA basis, which should not be discriminatory compared to the price currently paid by the shippers
- The firmness and the flexibility contracted, which should not be hampered because of the new proposed products.

4. How would you value the potential threat of curtailment under an OSBB mechanism with a pot, relative to the potential loss of flexibility due to restriction of renomination rights under the FDA UIOLI mechanism?

The implementation of CMP should be neutral to the current shippers, i.e. no loss of flexibility and no curtailment of their capacities should take place. If the characteristics of the contracted LT capacities should change because of the CMP implementation, the contract should be subject to renegotiation or even termination.