

BBL Company

Draft Modification Report Optional Limits for Inert Gases at System Entry Points Modification Reference Number 0049

Introduction

BBL Company is constructing a 36" pipeline from Balgzand to Bacton with a capacity of approximately 16 bcm. First commercial gas is expected to be transported through the pipeline by the end of 2006. The full capacity has been sold under long term contracts to three launching shippers.

Modification Proposal

The modification proposal, if implemented, would allow Delivery Facility Operators the option to adopt common limits for the specified inert gas parameters. It would also bring the Transco NTS Entry Specification in this respect into line with the EASEE-gas recommendations increasing the limit for carbon dioxide from 2% to 2.5% and removing the direct limits for Total Inert Gases and Nitrogen.

In the Draft Modification Report comments are sought on certain points and BBL gives its response below.

Extent to which implementation of the proposed modification would better facilitate the relevant objectives

BBL Company agrees that introducing the modification would enable gas from a greater range of sources to be imported into Britain thus helping to alleviate the forecast supply deficit. BBL Company also agrees that in widening the sources of gas, competition in Britain would be more effective.

The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

BBL Company agrees that implementing the Proposal would enhance security of supply in Britain by allowing gas to be imported from a wider range of sources than would otherwise be the case.

The implication for Transporters and each Transporter of implementing the Modification Proposal, including (a. implications for operation of the System and b. development and capital cost of operating cost implications)

BBL Company agrees that by increasing the number of gas sources competition in the provision of gas balancing and other system services would be enhanced. BBL notes that the Proposer does not anticipate incurring any development or capital costs

Analysis of any advantages or disadvantages of implementation of the Modification Proposal

BBL Company agrees with the suggestions made by the Proposer concerning the advantages of implementation of the proposal. The adoption of the EASEE-gas recommendations would also facilitate trading and the competitive markets both in Britain and continental Europe.

BBL Company believes there would be disadvantages to Britain generally in that there would be greater difficulty in meeting the forecast gas demand if the proposal were not implemented thus having a detrimental effect on Britain's security of supply with consequential cost implications.

Conclusion

If the proposal is implemented BBL Company sees significant advantages to Britain both in respect of security of supply and the effect on competition by widening the potential availability of gas sources.

BBL Company also believes that if this proposal were not implemented there would be potentially a significant adverse effect on Britain's security of supply from both a cost and availability standpoint.

Additionally BBL Company believes that there are advantages generally in bringing Britain into line with what is likely to be a standard specification across Europe for inert gas parameters.

Consequently BBL Company fully supports the implementation of the Proposal from the 1st November 2006.