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| Date | Direct number |
| June 09, 2017 | +31 (0)50 364 8648 |
| Our reference | Your reference |
| JS 17.263 | GTS 17.349 |
| Subject | |
| GTS Consultation on BBL merger with the TTF market | |

Dear Madame/Sir,

GasTerra has taken notice of the proposal of GTS and BBL Company (BBLC) to merge the BBL interconnector with the TTF market area by 1 January 2018.

GasTerra generally supports the idea of a more integrated infrastructure supporting the TTF market area as it could improve trading possibilities for network users. GasTerra does recognize benefits for all shippers in the simplification of the operational procedures, as a consequence of which hurdles for flowing to the UK will be removed. However, we do question the way GTS and BBLC propose to implement the merger.

In the current proposal GTS allows all current bookings on exitpoint Julianadorp (JD) to be cancelled without additional costs, while the availability of the capacity remains unchanged. Subsequently, the forfeited revenues for JD will be socialized among all entry- and exit points from GTS. The proposed socialization of the JD tariffs creates a cross-subsidisation between all network users and parties using the BBL. The socialization will on the one hand result in higher tariffs on all the remaining network points, causing higher costs for all shippers and users in The Netherlands, while on the other hand it will lower the costs for current and future BBL-users. This method of socialization of tariffs is the least cost reflective (user pays) option as there is no direct transportation fee covering the GTS costs for flows towards UK anymore.

The Pöyry study¹ shows a cost-benefit analysis of the merge. GasTerra would like to point out that this study does not consider some essential aspects..

First, the (real) additional costs for shippers resulting from socializing the JD tariffs are not taken into consideration in the study, while the (estimated) perceived advantages, such as avoided balancing actions, are. This does not reflect the full cost/benefit picture.

¹ The benefits of integrating the BBL and GTS Transmission systems into the TTF market area, April 2017.

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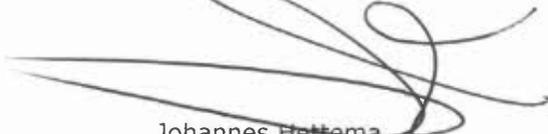
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In addition, one of the advantages suggested in the Pöyry study is that lowering the transportation costs towards UK could contribute to better arbitrage possibilities between NBP and TTF. While this could be true, it should not be a reason to apply a non-cost reflective discount on the transportation cost on JD. These benefits do not contribute to the TTF market area, but are benefits that potentially can be realised by individual companies. This also applies to the benefits of avoided balancing actions.

Given the objections raised, GasTerra suggest not to implement the current proposal but to add the current exit JD tariff (GTS) to the Bacton exit IP (BBL) connecting the TTF to the NBP area. The TSO's GTS and BBLC can divide and settle the costs and revenues amongst each other if desired. In this way the same advantages of the merge will be realized, while avoiding unnecessary cross-subsidisation.

With kind regards,

A handwritten signature in black ink, appearing to be 'Johannes Hettema', written over a horizontal line.

Johannes Hettema

Legal Counsel GasTerra B.V.