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Rome, August 29 2012

Energie Control Austria für die Regulierung der
Elektrizitäts- und Erdgaswirtschaft (E-Control)
Rudolfsplatz 13a
1010 Wien

Mr. Walter Boltz
Mr. Martin Graf

Subject: Comments to the E-Control Regulation Commission Ordinance Setting the Natural Gas System Charges, Gas System Charges Ordinance 2013 ("Consultation document")

Dear Mr. Boltz, Dear Mr. Graf,

In our previous communication sent E-Control on August 8th we asked for a postponement of the process defining the Entry Exit (EE) tariff) to the end of September. Waiting for your feedback, we notice that the regulatory process proceeded and E-Control published a "Regulation Commission Ordinance Setting the Natural Gas System Charges - Gas System Charges Ordinance 2013" ("Consultation document") on August 16th.

Despite our already mentioned disappointment about the timescale, that doesn't allow us an appropriate and necessary impact assessment; through this letter we provide our comments on the above mentioned "Consultation document".

The European legislation provides that gas transport tariffs have to be non-discriminatory and enforce effective competition and the efficient functioning of the market (Regulation EC 715/2009) and that TSOs have to be given appropriate incentives to increase efficiency and foster market integration and security of supply (Directive 2009/73/EC).

We notice that the structure of the EE tariff, proposed by E-Control in the "Consultation document", seems to be designed to reduce transportation costs for the domestic market to the maximum extent. Lower transportation costs for the domestic market imply necessarily higher transportation cost for transit in order to allow the recovery of TSOs eligible costs.

We also observe a tariff increase at the Austrian/Italian (A/I) border and this might have an impact on the TAG competitive position: TAG might become less attractive for users than the transit service provided by competing pipelines. Therefore, we believe that the EE tariff structure proposed will harm the competitive position of TAG with respect to other TSOs/transit routes both over the short term and over the medium-long term.

Indeed, the tariff increase may not be determined and thus affected by the new costs arising from the implementation in Austria of the new market model

Furthermore, we notice that TAG might not be able to properly sell its transportation capacity offered from time to time and this could lead to negative consequences due to a strong increase of tariff levels . Ths could be considered as a contractual material change and network users could use this reason (or claim) for a contractual breach.

We would also point out that the above comments are the result of our best efforts on the basis of the available information. Due to the short time we had no possibility to discuss the impact of the proposed EE tariffs with all TAG stakeholders. Furthermore, we know that ACER is in the process of publishing the Framework Guidelines in design cross-border tariffs by National Regulators; we were expected that the chosen timescale allows E-Control to take into consideration the ACER Guidelines.

In light of the above considerations, we ask for

a) a EE tariff structure ensuring a non-discriminatory split between domestic and transit tariffs and guaranteeing the development of a liquid gas market in line with the European Regulation;

b) the postponement of the deadline of the current consultation process to allow a full assessment of the proposed EE tariff structure by all interested parties.

Best Regards

CDP GAS S.r.l.

Anna Molinotti

Amministratore Unico