POZAGAS joint stock company
underground gas storage

Energie-Control
Rudolfsplatz
A-1010 Wien
Austria

Malacky, August 27, 2012

Subject: Comments to the E – CONTROL Consultation Draft of System Charges Ordinance 2013 (GSNE-VO 2013: Gas-Systemnutzungsentgelte-Verordnung 2013) (the "Ordinance") plus explanation to GSNE-VO 2013

Attn: Mr. Mag. Michael Schmöltzer

Dear Mr. Schmöltzer,

Thank you very much for having a possibility to meet you and discuss the Ordinance on August 22, 2012. We very much appreciate the time you had reserved for us. Pozagas understands and supports the development of activities aiming at improving the European market liberalization and market liquidity. From the SSO's perspective this means to meet the following goals (i) stable/comparable economic conditions with the currently valid legislative environment (bearing in mind significant long-term investments involved within the infrastructure business) and (ii) non-discriminatory approach in comparison with the other Austrian SSO's.

Based on the above, and based on our discussions we understand, that the new system charges shall remain neutral from the financial point of view comparing to the previous status and shall not create any additional fees. The total revenues received from the users by the different infrastructure operators, for the same services shall remain neutral.

We are submitting the following comments to the draft Ordinance:

We propose that "Storage facility MAB" and "Storage facility MAB (Baumgarten)" fee in Section 4 of the Ordinance subsection (2) and (3) shall include the fee for MAB pipeline capacity and operation services. In addition, a compensation payment from Baumgarten-Oberkappel Gasleitungsgesellschaft m.b.H. ("BOG") to Gas Connect Austria GmbH ("GCA") for the MAB pipeline capacity and operation services shall be introduced in the Section 7 of the draft Ordinance.

A compensation payment from BOG to GCA will safe GCA the sustainability of revenues and the overall target of Draft Ordinance to keep the tariff on the same level as it was in the past will be preserved. This compensation payment represents one of the possible solutions of the situation that (i) the fee should be cost based (§§ 74, 82 Natural Gas Act) (ii)

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change of the MAB pipeline status should not result to increased overall payments of POZAGAS (or it's customers) for exit fee to BOG and fee to GCA for capacity and operation services of MAB pipeline and thus unreasonably higher prices for customers of POZAGAS for infrastructure usage. This compensation payment should reflect the amount of GCA´s legitimate cost for operating MAB pipeline.

We believe that our proposal to include the fee for MAB capacity and operation services to the tariff of Section 4 subsection (2) and (3) of the draft Ordinance together with introduction of compensation payment of BOG to GCA i) will safe for GCA the revenues which will be cost based also in the future and ii) will safe for POZAGAS the comparable level of costs paid by its customers in the past and iii) the comparable position of the other storage operators, which was the target of the draft Ordinance.

Implementation of this proposal will ensure the competitive position of POZAGAS in Baumgarten and support the liquidity of the European gas market.

Further we propose in the Section 2 subsection 1 point 1 of draft Ordinance delete the words „the virtual trading point".

According to the definition of the virtual trading point given in the Natural Energy Act and based on the nature of this point (no connection to any physical point and possibility to buy or sell the gas also without any need of capacity booking) POZAGAS is of the opinion that the access to this point cannnot be on interruptible basis. The interruptible basis could be for capacities on entry, exit points to the market area or to the points within the market area only.

POZAGAS proposes in Section subsection 5 point 5 and Section 6 point 2 replace in the brackets word "MAB" by "Storage facility POZAGAS" as well as in Section 4 subsection 2 point 2 and subsection 3 point 2 replace "Storage facility MAB" by "Storage facility POZAGAS". This proposal aimed to harmonize the definition of the relevant Storage Facility as "Storage facility POZAGAS", which is generally well known and satisfactory distinguished within the gas industry (to avoid any confusion of the market participants).

Please note, that the above comments are drafted on the basis of available information and data published by E-Control as of today. In addition, please note that we have made our best efforts to raise all relevant points and collect all relevant information. However due to short time available, so far Pozagas has not had the chance to discuss the impacts of the Ordinance to its current and potential clients and partners. Therefore we reserve the right for further comments and positions to the implementation of the new Austrian legislation in gas sector that could help supporting the European market liberalization.

We hope that our comments will be taken into consideration when adopting the Ordinance.

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Should you have any questions, please do not hesitate to contact us. We are happy to discuss our comments with you.

Sincerely,

Mária Bronišová
Chairman of Board of Directors

Tino Urban
Member of the Board of Directors

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