

Bratislava, 12. January 2012

**Subject: NAFTA a.s. comments concerning KEMA interim reports on entry-exit and balancing**

To whom it may concern,

Hereby we would like to express our appreciation concerning the professional and transparent way how E – CONTROL is handling the process of the amendment of the gas market rules.

As a storage system operator we understand that most of the questions concerning KEMA interim reports on entry-exit and balancing published on E – Control's website should be answered by the TSO's/shippers/suppliers. On the other hand we are happy to answer those questions which we regard as relevant for our storage activities and especially our customers.

**Questions to market players:**

**„With a direct allocation of network costs to storages, how do market participants see the network charges at storage sites set solely on the basis of annual capacity products? Should network charges reflect the individual usage of the storages (e.g. through short-term capacity products)?“**

In our opinion it is difficult to answer the above stated question unless it will be already clear what portion of the network charges would be covered in the storage network charges according to the slide 10 of KEMA interim report on entry – exit tariffs. In this respect we are of the opinion that (i) "Full Socialization" or (ii) "Shallow Pricing", as explained on page 10 of the Kema presentation dated 20 December 2011 "Principles of Entry-Exit Tariff Setting", are the appropriate mechanisms to reflect these costs in the tariffs.

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In general we are of the opinion that no significant network cost to storages should be paid for not booked storage capacity.

The other questions of this section are not relevant for us as our storage is connected with a sufficiently strong pipeline directly to the Austrian market.

**Questions concerning Balancing:**

As a SSO we are pleased to offer our services for balancing purposes regardless the chosen model of balancing.

We are pleased to discuss our comments.

Sincerely

A blue ink signature of Jean-Luc Rupp, consisting of a large, stylized 'J' followed by 'Rupp' in a cursive script.

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Dipl. Ing. Jean-Luc Rupp

Vice-chairman of Board of the Directors

A blue ink signature of Michael Fipper, consisting of a stylized 'M-F' followed by 'Fipper' in a cursive script.

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Michael Fipper

Member of the Board of the Directors

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