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ENET sa

Ref: 8615-NDP Gas 2018-2028 Consultation NDP Gas

Dear Sirs/ Madam,

We would like to express our opinion and formal stance with reference to Bundesnetzagentur consultation workshop on the security of supply alternatives of July 10th 2018, especially with regards to the German Network development plan (NDP) 2018 and the subsequent market consultations, e.g. August 3rd 2018.

Enet Energy SA is one Swiss independent commodity house based in Lugano, specialized in natural gas supply and trading on EU markets. Our main positions are in Italy, Germany and the Netherlands. Combined, we delivered natural gas in excess of 4bcm in 2017. The company is also active in the management of storage and transportation contractual assets and is one of the main suppliers of Italian municipalities. The managers and owners have 20 years of experience in the gas sector in the EU each.

We would like to submit our opinion based on technical analytical and administrative-operational grounds.

The liberalization of the EU market has fostered competition, increased liquidity and the security of the system. In addition, this process has favored a more balanced playing field for producers, former monopolies and independent commodity companies.

The EU has expressed clearly an intention to create one single EU market and to increase safety of supply. Directive 2003/55/CE of the EU Parliament and EU Council and regulation 1775/2005 of the EU Parliament and EU Council have laid down the rules for common internal regulation and market access, transportation within the internal EU market. These have been followed by Directive 2009/73/CE and regulation 715/2009 which clearly strengthen the need for a common internal wholesale market with an increased level of safety of the system. All these directives have been integrated afterwards and are all based on the Treaty on the functioning of the EU, art. 194-114 (TFEU).

To reduce the capacity of one of the key EU pipeline systems would mean infringing all the Directives and regulation above – combined. The TENP pipeline supplies Italy, Switzerland and is a key alternative route for Slovenia/Croatia. In addition, it can provide an alternative route to France. No further comment is needed.

From a technical analysis, we noticed FZK capacity Exit Wallbach for Gas Year 2018 (period GY 2018-2019) completely sold out during July auctions after 16 rounds of bidding, reaching a premium of 45% over the base price. Demand was over 200% of the offered capacity for 9 rounds. This indicates a capacity need of at least additional 3.6 GWh/h.

We do not consider emergency situations and extreme events such as Baumgarten incident in December 2017 and the cold spell at the end of February - beginning March 2018, as well as geo-political tensions between Ukraine and Russia, which could affect the transit capacity through Ukraine and the only alternative supply route to Italy. No LNG capacity could offset these risks in the timing required and at a competitive cost.

In conclusion, Enet believes the TENP pipeline capacity should be reinstated. Any maintenance works needed can be supported by EU funds and in terms of security of supply at EU level, any maintenance cost would be low compared with the economic consequences of potential reduction of supply to industrial/household users due to exceptional events, such as the ones mentioned above.

We remain available for further discussions.

Best regards,

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