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Ratingen, 12.03.2015

Application for approval of ICE ENDEX as a relevant trading platform

Dear Sir or Madam,

In operative part 2(c) of its decision concerning the gas balancing regime (implementation of the Network Code on Gas Balancing ["GaBi Gas 2.0"]), the Federal Network Agency approved the EEX – European Energy Exchange AG (EEX) as the relevant trading platform. The approval of EEX as the relevant trading platform is based on sentence 1 of article 22(3) of the Network Code on Gas Balancing (Gas Balancing Code), according to which the trading platforms used to execute the trades which are taken into account to calculate the marginal sell price, the marginal buy price and the weighted average price of gas must be approved by the national regulatory authority.

Operative provision 2(b) of the GaBi Gas 2.0 decision provides that in order to determine the highest and lowest price of all balancing gas purchases and sales, respectively, only those balancing transactions shall be used that are carried out on a global (MOL rank 1) or quality-specific basis (quality-specific products within MOL rank 2) via the relevant trading platform pursuant to provision 2(c) with delivery at the virtual trading point.

In the second quarter of 2015, NetConnect Germany GmbH & Co. KG (NCG) will start using the trading platform ICE Endex (ICE) as an additional tool to procure gas for market-based balancing actions in compliance with the German target model. Relevant trades will be executed for the exchange-traded spot market product ICE TTF Gas Spot (ICE TTF), which will be traded within rank 2 of the merit

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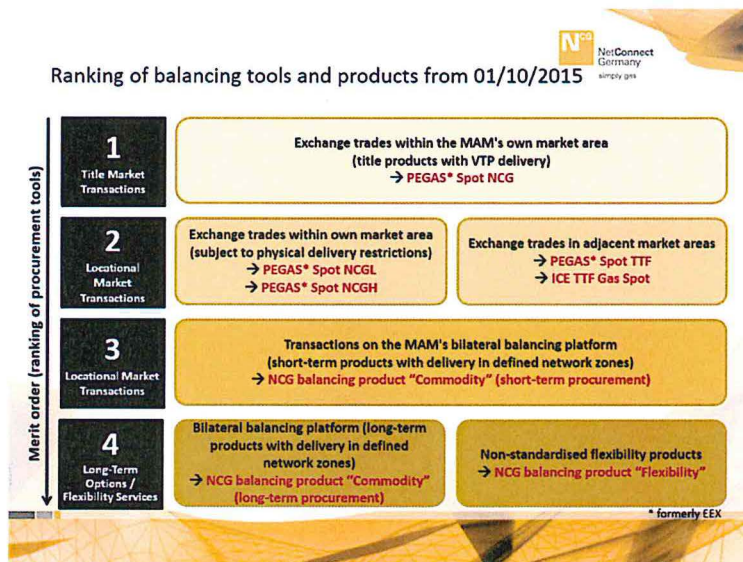
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product ICE TTF Gas Spot (ICE TTF), which will be traded within rank 2 of the merit order list (MOL) as part of the procurement activities in the adjacent Dutch market area.

From 1 October 2015, the MOL could thus be as follows if the product ICE TTF is taken into account:



If ICE were to be approved as a relevant trading platform with effect from 1 October 2015, the quantities and prices relating to trades involving the product ICE TTF could affect the marginal sell and buy prices, respectively, i.e. the lowest (highest) price of all balancing gas sales (purchases) the market area manager executes for the relevant gas day in accordance with operative provision 2(b) of the GaBi Gas 2.0 decision. Therefore, NCG hereby applies for ICE to be approved as a relevant trading platform pursuant to operative provision 2(c) of the GaBi Gas 2.0 decision.

According to article 3(4) in conjunction with article 10(1) of the Regulation (EU) No 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks (Gas Balancing Code), a trading platform must be used to procure short-term standardised products. Among the criteria that a trading platform must satisfy to fall within the scope of the above provisions are that the trading platform must provide a transparent and non-discriminatory access, provide services on an equal treatment basis and ensure anonymous trading. Additional requirements are that the trading platform must provide a detailed overview of the current bids and offers to trading participants, and that it must provide sufficient support throughout the gas day for both the trade in, and the undertaking of appropriate balancing actions through trade in, the relevant short-term standardised products. ICE has published its terms and conditions for the ICE ENDEX spot market, the "ICE ENDEX Rulebook – Dutch TTF & Belgian ZTP Natural Gas Spot Markets" (Rulebook), on its website at "www.theice.com/endex/regulation". According to paragraph 3.3 of the Rulebook, ICE aims to, inter alia, provide uniform, non-discriminatory rules for the

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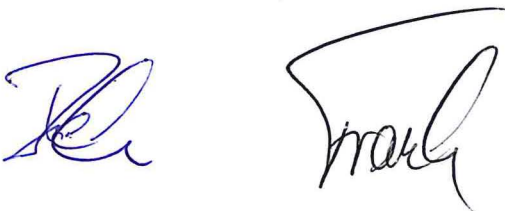
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fair and orderly trading on the gas market. As provided in paragraphs 7.2(b), 32.6 and 32.7 et seq. of the Rulebook, trading participants are provided an overview of, inter alia, the bids and offers posted as part of anonymous trading. Finally, paragraphs 3.1 and 30.1 of the Rulebook are a confirmation that the remaining criteria set out in article 10(1)(a) and (f) of the Gas Balancing Code are met. This includes the criteria that sufficient support must be provided for the undertaking of appropriate balancing actions and that all trades must be duly notified. It can therefore be concluded that ICE is a liquid and transparent trading platform for natural gas and electricity that is within the scope of article 3(4) in conjunction with article 10(1) of the Gas Balancing Code. It follows that NCG may use this trading platform to procure the gas quantities it requires to undertake market-based balancing actions. As a result, ICE meets all the requirements for trading platforms laid down in article 22(3) of the Gas Balancing Code.

NCG has decided to use an additional trading platform as part of its balancing gas procurement activities to take account of the Gas Balancing Code's stated aim that the required balancing volumes are to be procured primarily through trades in competitive short-term wholesale markets. Consequentially, liquidity in the bilateral balancing market has been declining steadily. The procurement of balancing gas in an additional wholesale market can be considered an appropriate measure to achieve the highest possible level of liquidity for balancing actions whilst ensuring availability of the required volumes. It would also increase NCG's independence – while entailing only low costs for the necessary reorganisations and adjustments – and allow NCG to provide some relief to the market in that it might reduce the costs NCG incurs for the procurement of balancing gas and services.

Please do not hesitate to contact us if you have any questions.

Yours faithfully,
NetConnect Germany GmbH & Co. KG



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