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Via email: Marktgebiete@bnetza.de

Düsseldorf, August 24th 2016

Subject: **File reference BK7-16-050 - Adaptation proceedings on the determination of the ruling chamber to introduce a gas quality conversion system in quality overlapping market areas – here: 2nd consultation** (hereinafter: Konni Gas)

[Verfahren zur Änderung der Festlegung zur Einführung eines Konvertierungssystems in qualitätsübergreifenden Marktgebieten – hier: zweite Konsultation]

Eni thanks Bundesnetzagentur (hereinafter BNetzA) for the possibility to participate in this second consultation on Konni Gas.

As said in our response to the first consultation last April, Eni deems a stable and reliable regulatory framework as fundamental for a fair and well-functioning gas market. Transparency and predictability of the evolution of regulated tariffs and charges are an undeniable prerequisite for the market players to be able to design proper commercial offers to their customers, taking into account that gas supply contracts are usually closed with a certain lead-time.

We reiterate our conviction that the best way to ensure a fair allocation of the conversion costs, not altering the hub price formation mechanism to the benefit of the liquidity, the competition and transparency of the German gas market, is that potential losses of the MAMs are reimbursed with a charge applied at the domestic exit points.

In addition with regard to the quality conversion charge, Eni does not share the opinion of BNetzA that charging it on entry points is the most appropriate way with regard to the cost causation principle.

However, acknowledging that BNetzA is determined to prolong the conversion fee after April 1st 2017, of the two proposed models Eni favors Variant 1 "ex-ante" since this variant provides a better predictability of the development of the conversion fee, whilst with Variant 2 "ex-post" the evolution of the conversion fee would be totally unpredictable. However Eni is concerned about the possibility of an (almost) uncapped increase of the conversion fee upon a MAM's request, if unforeseen circumstances occur, that the MAM can publish with a very short notice (usually two weeks, but in the event of special urgency only two days in advance!).

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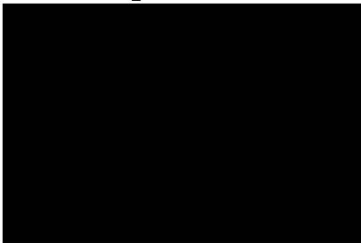
We recognize the contribution to transparency and predictability of the fee produced by the increased publication obligations for the MAMs with regard to the determination of the conversion fee and by the prolongation from six to twelve months of its validity period, provided for in the consultation document. Nevertheless, we underline that such possible sudden increases of the fee would be hardly manageable by the suppliers and we wonder if these circumstances could not be addressed via the liquidity buffer covered by the quality conversion charge.

Finally, Eni would like to raise its general doubt that the prolongation of the conversion fee is the right measure to incentivize shippers to import the L-Gas quantities necessary to supply their L-Gas customers.

We thus encourage BNetzA to check if a potential satellite market model featuring also a merger of the two L-Gas market areas in Germany would not serve the market needs better. We make reference to the COSIMA-model in Austria connecting NCG with the market areas of Tyrol and Vorarlberg, which we consider as a good reference model for a closer connection between the Dutch TTF market and the remaining German L-Gas market area. Positive aspects of such a market integration have been addressed as the MIO 2 proposal in the WECOM-study "EXPERT OPINION CONCERNING POTENTIALS FOR FURTHER NATIONAL OR CROSS-BORDERMARKET INTEGRATION AND ITS IMPLICATIONS FOR THE GERMAN GAS MARKET" commissioned by BNetzA. In our opinion this model will be even more of avail in the long-term with regard to the residual L-Gas market area after 2030.

We remain available for further discussions and thank you for the consideration of our remarks.

Kind regards



Energy Regulation Expert D/A/CH

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