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Your message dated Your reference Our reference Date

Append(ix)(es)

Subject German Network Development Plan Gas 2020-2030: draft scenario framework.

Dear Madams and Sirs,

We refer to the your consultation on the draft scenario framework for the German Network Development Plan Gas 2020-2030 published on your website on 17 June 2019 (hereafter, the "Document").

First of all, FluxSwiss would like to thank this Association for the consultation workshop held in Berlin on 1 July 2019 which allowed us to get clarifications on the different sections of the document. We hereby take the opportunity to express our appreciation for the simultaneous English translation.

Alike in previous consultation processes, we welcome the opportunity to state our position in particular with regards to the envisaged capacity expansion at exit Wallbach as described in section 7.4 and Appendix 3 of the Document.

The strong reduction of available capacity on TENP due to maintenance works implies a considerable mismatch between the available capacities on the German and the Swiss sides of the Wallbach Interconnection Point (Swiss local market needs alone are >70% of the available capacity on the German side). We observe that this mismatch results in high auction premiums at the exit from Germany which indicate that the current capacities are not sufficient to cover the needs of both Switzerland and Italy. One could expect that this will sooner or later turn into a security of supply issue for one of both countries, or both. As FluxSwiss believes that more capacity will be needed at exit Wallbach from Germany in the future, we continue to maintain in operations our full technical capacity on the Transitgas system.

Therefore, **FluxSwiss is fostering any project aimed at restoring TENP 1 capacity at exit Wallbach towards the Swiss system (originally equal to 24.0 GWh/h versus the current 13.3 GWh/h).**

Based on these observations, FluxSwiss actively contributed to the Joint Working Group ("JWG") discussions grouping all relevant TSOs on the German-Swiss-Italian route. Even if only a full restoration of the original capacity in Germany (24.0 GWh/h) would restore the perfect match between the capacities on the two sides of the Interconnection Points, **FluxSwiss was open to investigate intermediate scenarios, in the light of finding a pragmatic and acceptable solution for all parties.**

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Although the scenario 2, as recommended by the JWG (+2.9 GWh/h), is not optimal from our perspective, we deem it for the time being to be an acceptable compromise taking into account:

- On the one hand, the importance of exit Wallbach to (i) avoid possible disruptions of import sources for the Italian market which have historically proven to be particularly intermittent (e.g. LNG), not sufficiently reactive (such as Libyan gas) or with a long-term declining outlook (namely Algerian gas); (ii) avoid security of supply problems in both downstream markets as a consequence of unpredictable capacity sharing at Wallbach.
- On the other hand, the need to identify an efficient and right-sized investment solution in Germany.

In the light of the above considerations, **FluxSwiss reaffirms strongly its support to a capacity expansion of at least +2.9 GWh/h at exit Wallbach** (i.e. up to a total technical capacity of 16.2 GWh/h) **by the earliest possible date and the activation of additional operational measures** to exploit the full potential of the pipeline system in Germany.

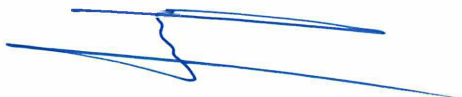
We take the opportunity to highlight the importance of the stability of the capacity situation in Wallbach. We assumed that further regulatory developments in Germany like amongst other Marco will not jeopardize the Wallbach capacities.

Regarding the future development of the market, any further development in the Italian and/or Swiss market leading to additional capacity needs (beyond 16.2 GWh/h) and hence further expansions should not be excluded.

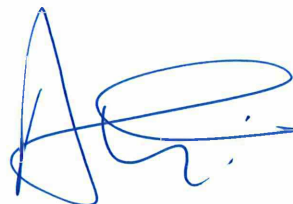
Looking forward to discuss our position in the appropriate venues at the relevant occasions, we remain at your disposal to support and clarify our statements.

Yours faithfully,

FluxSwiss Sagl

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Erik Vennekens
Chief Executive Officer

A blue ink signature with a large, stylized 'A' and a long horizontal stroke extending to the right.

Damien Adriaens
Deputy Chief Executive Officer