

European Commission
DG Energy - ENER.B.4
'Internal Energy Market: Security of Supply'
DG Energy - ENER.A.3
'International Relations & Enlargement'
Rue De Mot 24-26
B-1049 Bruxelles
Belgium

Re: European Commission's consultation on an EU strategy for LNG and gas storage

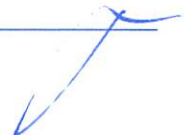
The Association of Energy Trading (hereinafter referred to as 'TOE') has been taking an active part in shaping the legal framework of the Polish energy and gas market. According to the Statute, the main tasks of the TOE is to undertake activities in support of the development of the competitive Polish energy (electricity and gas) market and promote the principles of trading in energy and fuel and their standard. Within the Association of Energy Trading operates the Team for the Gas Market and the Group for Formal and Legal Conditions, which undertake activities for the gas market development. Due to the initial period of the competitive natural gas development in Poland, our members operate or commence the operations in the scope of the natural gas supply (sales) and yet they not use services of the storage and regasification of LNG, which enables to present only directional position.

In response to the **consultations on an EU strategy for LNG and gas storage** (hereinafter referred to as '**Consultations**') conducted by the European Commission, we present directional position of TOE, which includes the barriers to the storages and LNG entrance and functioning, containing description of initiatives, which are intended to the development of a competitive gas market.

Taking above mentioned into account, we present reply to questions put in the Consultations (hereinafter referred to as '**Questions**') on an aggregate basis for the three groups of issues, ie.:

- LNG infrastructure and gas storage,
- Regulatory area,
- Political purposes in the area of storages and LNG,

After the internal consultations Members of TOE reported the following issues in reply to the Questions put in the Consultations:



I. LNG infrastructure and gas storage (commentary to the Questions no.: 1, 2, 3, 4, 5, 16, 18)

- We identify quantitative barriers in the access to the LNG infrastructure and storage introducing restrictions in usage of storages and LNG by the smaller trading companies, which may compel smaller trading companies to establish purchasing groups;
- TOE supports the promotion of infrastructural connections increasing the usage of LNG terminals in conjunction with neighboring countries, which may increase liquidity and quantity of the turnover on the gas market. We support the implementation of the systemic solutions enabling to access or calculate rates of fees i.e. for the regasification and the storage services at the level encouraging to enter by the wider group of entities, as well as the usage of LNG terminal services and storages (one platform allocation).

II. Regulatory area (commentary to the Question no.: 6, 7, 8, 19, 20, 21)

- members of TOE support the regulatory initiatives propositions increasing the flexible and commercial usage of the storages and LNG terminals;
- TOE identifies the following regulatory barriers regarding to the diversification regulation¹ and the stocks act²:
 - administrative and reporting barriers related with performing the obligations resulting from aforementioned regulation, which requires simplification in the terms of reporting or unambiguous interpretation (i.e. lack of guidance- how to identify the gas origin),
 - the necessity of increasing the threshold volume of transportation 100 mln m³/year as well as limiting the obligation of maintaining the mandatory reserves only for so- called protected custom (the change of reserves maintenance is required),
 - the necessity to implement the Security of Supply mechanism for the neighboring countries in case of the lack of the gas supplies from the East,
 - reduction of the financial barriers for the small entities as increasing numbers of financial security while gas trading as well as during the

¹ Regulation of the Council of Ministers of 24th October 2000 on the minimum level of diversification of gas supplies from abroad (Dz.U.2000 no. 95 pos. 1042 with further changes), (hereinafter referred to as: '**diversification regulation**').

² Act of 16th February 2007 on the stocks of crude oil, petroleum products and natural gas and the rules of conduct in emergency situations the fuel security of the State and disruption on the petroleum market (Dz.U.2014 pos. 1695 with further changes), (hereinafter referred to as: '**the stocks act**').

usage of storage, regasification and transmission services with the possibility of simplification the access mechanisms for the above mentioned services (including i.e. bundling/merging joint allocation of LNG regasification, gas storage and transmission services with an option to aggregate joint settlement of the gas trade),

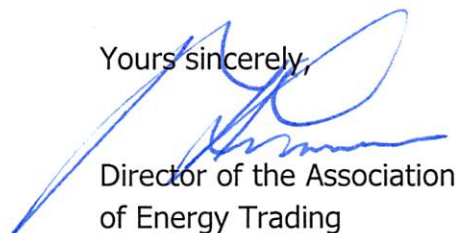
- introducing the transparency and simplification of the LNG tariffs and storage for standardization (harmonization) / comparability / uniformity at EU level,
- standardizing the conditions of entities participation on various exchanges/ hubs at EU level,
- we support regional initiatives supporting the innovative usage of LNG industry and transport, with support the necessary structural / technical changes;

III. Political purposes in the area of storages and LNG (commentary to the Question no.: 9, 10, 12, 13)

- the accomplishment of the objectives by 2050 (a low-carbon energy / renewable energy sources) should not lead to additional costs charged to end-users,
- supporting the political objectives aiming to enable the supply of gas from LNG terminals or storage facilities with neighboring countries in terms of supporting the demanding security of supply.

We would like to inform that the above mentioned commentary has been sent directly to the European Commission at the stage of LNG strategy and gas storage consultations. In case of any questions or concerns, please contact us directly by e-mail (marek.kulesa@toe.pl) or telephone (+48 502 34 91 45).

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Marek Kulesa', is written over the typed name and title.

Director of the Association
of Energy Trading

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