



Polskie Górnictwo Naftowe i Gazownictwo SA
Polish Oil and Gas Company
Headquarters
25 Kasprzaka Street
tel. (0 22) 583 50 00, 691 79 00, fax (0 22) 691 82 73

Trade Department
tel. (0-22) 691 79 56
fax (0-22) 691 84 52
doz@pgnig.pl

Mrs. Fay Geitona
ERGEG

Your ref.:

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Our ref.: DH/HE/iw/255/08

Dear Ms. Geitona,

Please find enclosed response of Polish Oil and Gas Company under ERGEG public consultation on gas transparency monitoring (Ref: E07-TRA-02-03c):

General questions:

- Do you consider the existing transparency requirements to be sufficient?

In opinion of Polish Oil and Gas Company, information provided by Transmission System Operator, accordingly to Regulation No 1775/2005, can be considered as detailed enough to ensure non-discriminatory access to the network for all system users. Nevertheless, we believe that not only the sufficiency, accuracy and scope of the information provided by TSO itself, but also the **state of market development** and organization in particular Member State - **must** be taken into consideration here.

In Poland the stage of the market development is definitely incomparable with the diversified markets (regarding both the sources of supply and the competition) in the former EU15 countries, where transparency requirements can be applied without reservation. Polish stakeholders operate in the conditions of the emerging competition. There are many entry/exit points used still by one shipper only. In this conditions it is impossible to provide neutral and aggregated data. We should also remember, that in such case the availability of information concerning daily nominated quantities and duration of contract constitutes a disclosure of trade secret. Therefore we think that

rules protecting sensitive information are needed, such as the *3 minus shipper rule* that should be applied when less than 3 network users have contracted capacity at the same entry point.

The removal of *3minus shipper rule* will create unequal conditions of running business to existing users' disadvantage, specially if they operate in conditions of emerging competition, like in Poland. New players considering entering the market will be equipped with full information about their main competitors. With limited possibility of supply routes, while negotiating a supply contract with a supplier, the "newcomer" to the market will be in the more favorable position compare to existing players on the market.

Polish Oil and Gas Company's opinion is that the transparency requirements are very helpful in building the competition. However, we think that asymmetry of information and an inappropriate building of transparency can harm rather than encourage creating competition on Polish gas market. The information on contractual quantities available for less than 3 shippers deteriorates negotiating position of existing players.

- Are the existing transparency requirements too prescriptive?

Existing transparency requirements are not too prescriptive.

- If not, what are areas where more transparency is needed?

Requirements on transparency are not too low, they are sufficient.

Users

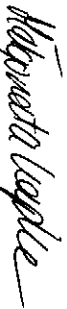
- From a users' perspective, is the information provided by TSOs in line with your own observations, especially with regard to usability, completeness, updating, and coverage of information/data provided.

TSO is responsible for providing each shipper with reliable data on execution of service for shipper. Such information should be detailed enough in order to make settlement of imbalance. So TSO would have to provide settlement data concerning service execution in previous twenty-four hours in due time so that shipper is able to use it in preparing the next twenty-four-hours re-nomination. The lack of such information results in increasing the imbalance and threatens security of gas supply to the shippers, customers. In practice on the Polish gas market there are still cases that the operator does not provide data / information needed to minimize shipper's imbalance.

TSO does not provide data because of the lack of telemetry systems at the exit points of transmission system (in Poland there is a significant number of exit points without such system. Secondly there is a lack of suitable systems of verifying and collecting data (including IT systems) from stations equipped with telemetry systems. In some areas there is out-of-date communication equipment that is not adequate to collect needed information. Moreover the regulation regarding terms and conditions of providing shipper with information from point used by more than one shipper is missing.

- What are areas where further improvement by the TSOs is needed to ensure better usability of the information provided?
Providing twenty-four-hours data regarding execution of transmission service from each point and providing information on imbalance of previous twenty-four-hours.
- From your own experience, which are the transmission systems with congestion where historical capacity information is not available and/or the probability of an interruption is not transparent?
PGNiG S.A. has not been in such situation, yet.
- Taking transparency forward, what is it that you as users would like to see (e.g. single secondary market platform, specific pieces of information etc.)?
PGNiG would support setting up platform for secondary gas market.

Sincerely Yours,



Małgorzata Czapka

Director

Trade Department