Date: 30/09/2015

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European Commission
DG Energy - ENER.B.4
'Internal Energy Market: Security of Supply'
DG Energy - ENER.A.3
'International Relations & Enlargement'
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Contribution by VTG AG to issues 11 & 13 concerning the "Consultation on an EU Strategy for Liquefied Natural Gas and Gas Storage"

Dear Sir or Madam,

VTG AG welcomes the initiative by the European Commission to develop a comprehensive strategy for LNG and the storage of natural gas, and provides every support necessary for exploring the potential of LNG. In the medium-to long term, in particular, we envisage significant growth rates in the EU-wide use of LNG.

So far, using natural gas in the EU has been limited to the options available for transportation such as pipeline, ship and truck. This means that alternative transport routes are needed to fully exploit the potential of this environmentally-friendly energy carrier.
In this context, VTG AG has an innovation to offer following many years of development: a rail tank wagon with an approx. 111 m^3 tank capacity for transporting cryogenic liquefied natural gas by rail. This wagon is capable of storing and transporting LNG for 4-6 weeks at a temperature of minus 162°C without the need for external units. The wagon was officially unveiled for the first time in Munich at the 2015 Transport & Logistics fair in May of this year.

This newly created transportation option will help to significantly broaden the spectrum for an EU-wide use of LNG. Thus, for example, industrial plants, energy provider or municipalities, which were excluded from using LNG until now owing to the lack of pipeline connections or access to waterways, can now obtain natural gas over the well-developed EU rail network.

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The first wagon was registered in April 2015 by the competent German authority. The first wagons have also been approved in line with all the pertinent international regulations, such as the railway technical specifications, and RID/dangerous goods regulation.

The newly developed wagon from VTG not only helps to open up numerous new possibilities for transportation, but also for storing LNG. Firstly, alternative distribution channels for supplying and using storage facilities can be tapped into. Secondly, the wagon itself can serve as a storage option in the short-term. In the latter case, for example, a block train consisting of 20 wagons can meet the monthly energy consumption needs of up to 28,000 households.

The LNG wagon also bears great potential concerning environmentally-friendly and economical aspects. The use of rail, in particular, as a method of transport for shipping LNG compared to road, is much more environmentally-friendly and sustainable. In addition, transport by rail compared to transport by truck is more cost-effective, since a block train (20 wagons) can replace up to 52 trucks.

For further details, please refer to the attachment enclosed with this letter.

We look forward to receiving your questions and wish you every success with the project.

Heinz-Jürgen Hiller
VTG Deutschland GmbH

Yvonne Studier
VTG Aktiengesellschaft

About VTG:

VTG Aktiengesellschaft is one of Europe's leading wagon hire and rail logistics companies, with a fleet consisting of more than 80,000 railcars. VTG offers a full-range service, providing tank cars, intermodal wagons, standard freight wagons and sliding wall wagons. In addition to the hiring of wagons, the Group offers comprehensive multi-modal logistics services, mainly around rail transport, and global tank container transports.

Enclosures