

# Public Consultation on the Amendments to the Common Regulations for the Use of Natural Gas Transmission System

## Summary of the public consultation

The purpose of this consultation document, developed by the Latvian gas transmission system operator JSC “Conexus Baltic Grid” and Estonian gas transmission system operator Elering AS (hereinafter separately referred to as TSO or jointly – TSOs), is to inform and ascertain the opinion of public regarding the proposed draft amendments to the “Common Regulations for the Use of Natural Gas Transmission System” (hereinafter – the Regulation), as coordinated by and between the Public Utilities Commission of Latvia (Decision No. 267 of December 8, 2022), and Estonian Competition Authority (Decision No. 7-10/2022-011 of November 30, 2022) (hereinafter – draft Amendments). Content of proposed draft Amendments was analyzed and discussed also with Lithuanian gas transmission system operator AB Amber Grid.

Draft Amendments are needed to formally implement European Commission and Council Regulation (EU) 2022/2576 of 19 December 2022 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders (hereinafter the – Regulation (EU) 2022/2576) and to ensure effective use of transmission capacities at interconnection points in order to address issues related to the congestion management in gas transmission networks.

The draft Amendments are intended to enter into force no later than April 1, 2023. Until the date of entry into force of the draft Amendments, the Decision No. 267 of December 8, 2022 of the Public Utilities Commission of Latvia, and the Decision No. 7-10/2022-011 of November 30, 2022 of the Estonian Competition Authority shall apply.

Please submit your proposals and comments on the draft Amendments (in English) till February 22, 2023 by sending them (electronically) to the TSOs e-mail addresses: JSC “Conexus Baltic Grid” ([capacity@conexus.lv](mailto:capacity@conexus.lv)) or Elering AS ([info@elering.ee](mailto:info@elering.ee)).

Should you have any further questions please contact the respective TSOs listed above.

## Justification for the development of draft Amendments

On December 19, 2022, European Commission adopted Council [Regulation \(EU\) 2022/2576](#), which entered into force on December 30, 2022. Whereas Article 14 of the Regulation (EU) 2022/2576 sets conditions on more effective use of transmission capacities at interconnection points in order to address issues related to the congestion management in gas transmission networks. Article 31 of the Regulation (EU) 2022/2576 foresees that Article 14 shall apply from 31 March, 2023. Therefore, considering formal procedures, draft Amendments shall be adopted by 1 March, 2023.

Draft Amendments are developed and needed to ensure timely implementation of Regulation (EU) 2022/2576.

## Essence of draft Amendments

Aim of the Article 14 of the Regulation (EU) 2022/2576 is to ensure a more efficient use of quarterly and annual capacity products. Article 14(1) of the Regulation (EU) 2022/2576 provides, inter alia, that the transmission system operators shall offer underutilised contracted firm capacity at interconnection points

as a monthly capacity product and as daily and within-day capacity products for the upcoming month in the event of an underutilisation pursuant to paragraph 2. Moreover, Article 14(7) provides, inter alia, that before offering underutilised firm capacity in accordance with Article 14(7), the transmission system operator shall analyse the potential effects at every interconnection point it operates and shall inform the competent national regulatory authority.

TSOs have analysed possible mechanisms and solutions to be applied in order to fulfil the requirements foreseen in Article 14 of the Regulation EU 2022/2576 and come to conclusion, that the most appropriate solution at Kiemenai interconnection point is the introduction and application of alternative mechanism as foreseen in Article 14(7)(c) of Regulation (EU) 2022/2576 - offering initially not nominated capacity on a day-ahead and within-day basis, to be allocated as interruptible capacity.

Draft amendments include specific concepts regarding Kiemenai entry/exit point, setting obligation for TSOs to offer interruptible capacity. Additionally, offering of the interruptible capacity, has to be harmonised with implicit capacity allocation process, so that after offer to book and possible booking of interruptible capacity no additional firm capacity would be returned to TSO and offered to the market, causing earlier booked interruptible capacity to become obsolete. Concept also includes clarification on the periods, when network user can submit interruptible capacity bookings, and clarification of surrender capacity provisions that interruptible capacity and firm capacity which has been traded on secondary market, cannot be surrendered.

## Proposed draft Amendments

### 1. Supplement the Regulation with sub-paragraph 4.4.4 as follows:

“4.4.4. if all available capacity, excluding capacity intended for implicit capacity allocation, is booked at Kiemenai entry/exit, TSOs must offer interruptible capacity at least in amount of booked, but not nominated capacity on a day-ahead and within-day basis.”

### 2. Sub-paragraph 4.6.3.9 of the Regulation shall be redrafted and expressed as follows:

“4.6.3.9 The residual amount of capacity given for allocation shall be returned by trading platform by the deadline agreed between trading platform and TSO. Capacity at entry /exit Kiemenai for implicit capacity allocation for gas day D offered by TSOs via trading platform shall not be returned in any part until the end of gas day D.”

### 3. Sub-paragraphs 4.7.5 shall be redrafted and expressed as follows:

“4.7.5 Short-term capacity product allocation using FCFS principle

4.7.5.1 The network user shall submit short-term capacity booking applications within the following periods:

a) for the quarterly standard capacity product starting two gas months before gas year including respective gas quarter until 13:00 UTC on a gas day before respective gas quarter;

b) for the monthly standard capacity product starting 20 gas days before the gas quarter including the gas month until 13:00 UTC on a gas day before the beginning of the respective gas month;

c) for the day-ahead standard capacity product starting 14 gas days before the gas month including respective gas day until 13:00 UTC on gas day D-1;

d) for the within-day standard capacity product not earlier than confirmation deadline of nomination 15:00 UTC (or 14:00 UTC if daylight saving is applicable) and not later than three hours before the end of gas day;

e) for the daily interruptible capacity product starting from 7:00 UTC (or 8:00 UTC if daylight is applicable) on gas day D-1 until 13:00 UTC on gas day D-1;

f) within-day interruptible capacity product starting from 15:00 UTC (or 14:00 UTC if daylight is applicable) on gas day D-1 until three hours before the end of gas day.”

**4. Sub-paragraph 4.7.6.2 of the Regulation shall be redrafted and expressed as follows:**

“4.7.6.2 The TSO shall publish information about interruptible capacity in line with standard information exchange user guide.”

**5. Supplement the Regulation with sub-paragraph 5.3.1.1 as follows:**

“5.3.1.1 Interruptible capacity cannot be surrendered.”

**6. Sub-paragraph 6.1 of the Regulation shall be redrafted and expressed as follows:**

“6.1 A network user who has booked the firm capacity products may agree with another network user and transfer right to use the firm capacity product or part of it. Secondary capacity trading shall be restricted to transfer of rights to use capacity of an entry/exit point for a specific time period. Obligations arising from the booked capacity product, including, but not limited to, obligation to pay the TSO for the booked capacity product, shall not be transferred and shall maintain with the network user intending to transfer the booked capacity product. A network user by transferring right to use the capacity product or part of it loses its right to surrender the transferred capacity.”

**7. Sub-paragraph 19.5 of the Regulation shall be redrafted and expressed as follows:**

“19.5 This Regulation shall come into force on 1 April 2023.”