



Regional Gas Market Council Meeting March 29, 2022

Regional Gas Market Council

29.03.2022

Program

- Essentials of early warning situation in Latvia
- Inčukalns UGS update 2022
- Regional developments in Green Gases' area in 2021
- Presentation on the results of the joint consultation on the GO potential in Baltic region
- Update on Regional development plans
- National developments
 - Gasgrid Finland
 - Elering
 - Conexus Baltic Grid
 - Amber Grid



Essentials of early warning situation in Latvia

Essentials of early warning situation in Latvia

- Early emergency announced in Latvia on March 9, 2022, by Cabinet of Ministers
- Tasks put on Conexus Baltic Grid:
 - to provide rules for capacity surrender of Inčukalns UGS capacity for the storage cycle 2022/2023, booked from February 1, 2022 till March 9, 2022, approved on March 15, 2022
(https://www.conexus.lv/uploads/filedir/Komercdala/Procedure_for_system_users_return_In__ukalns_underground_gas_storage_bundled_capacity_.pdf)
 - to provide methodology of transmission system capacity allocation prioritising flows originating from Klaipeda LNG terminal /GIPL with destination for injection into Inčukalns UGS, approved on March 28, 2022
(https://www.conexus.lv/uploads/filedir/Aktualitates/Komercdala/Procedure_for_Allocation.pdf)

Conditions for priority assignment

1

Regular daily injection capacity insufficiency

No priority will be assigned if it is possible for to inject amounts transported from Klaipeda and GIPL with daily injection amount received during regular congestion management

2

Injection is performed under bundled capacity products

No priority will be assigned to other products

3

Request from system user

No default priority will be assigned without request from system user

4

Amount of priority

capacity to ensure injection the lesser of (including injection capacity of regular congestion management):

- Kiemenai entry.
- Klaipeda LNG and GIPL entry total

Process

1

Request for priority

- Request from user
- Determination of priority
- Confirmation from Conexus
- Priority assigned until D-1 15:00

2

Check against confirmed values

- Check against confirmed nominations of :
 - Kiemenai entry
 - Klaipeda and GIPL Entry
- Possible proportional recalculation of confirmed values by 17:00

3

Validation after gas day

- Check of Klaipeda and GIPL entry allocations
- Possible adjustment of Incukalns UGS injection allocations

Example

- Congestion in place
- B injection 30 per day
- B has entries from Klaipeda 40
- Priority assigned as 40,
- +10 difference to default amount
- Priority or allocations might be decreased if entries from Klaipeda are lower than 40





Inčukalns UGS update 2022

Kaspars Skrābāns
Conexus Baltic Grid



Inčukalns UGS update 2022

Kaspars Skrābāns, Deputy Head of Commercial division

March 29, 2022

conexus
B A L T I C G R I D

AMENDMENTS TO INČUKALNS STORAGE REGULATION

- By January 10 of each calendar year, the system operator shall publish on its website information agreed upon with the Regulator regarding all storage capacity auctions for capacity products
- Auctions for the booking of storage capacity shall take place, unless:
 - Available capacity of the storage facility for the next storage cycle is less than 5% (1.015 TWh) of the technical capacity forecast published by November 4 prior year;
 - Tariffs for storage capacity products for the next storage cycle have not been approved or set;
 - Amount of storage capacity available for the booking of the capacity product is 0 kWh.
- Submitting a new trade notification no later than 30 minutes before the end of the gas day, during the gas day the system user may adjust the amount of natural gas indicated in the trade notification for placement into or withdrawal from the storage facility for the remaining hours of the gas day starting from the hour during which the new trade notification is submitted (effective May 1, 2022).
- The system user's credit rating shall be deemed appropriate if it complies with at least one of the following criteria (effective May 1, 2022):
 - Long-term rating of BBB- or higher under Standard & Poor's;
 - Long-term rating of BBB- or higher under Fitch Ratings;
 - Long-term rating of Baa3 or higher under Moody's
- Two year Bundled capacity product - capacity available for booking: 4 000 000 000 (four billion) kWh for two consecutive storage cycles.

AUCTION CALENDAR 2022

Bundled capacity product
Tuesday, February 01, 2022
Tuesday, February 08, 2022
Tuesday, February 15, 2022
Tuesday, February 22, 2022
Tuesday, March 01, 2022
Tuesday, March 08, 2022
Tuesday, March 15, 2022
Tuesday, March 22, 2022
Tuesday, March 29, 2022
Tuesday, April 05, 2022
Tuesday, April 12, 2022
Tuesday, April 19, 2022
Tuesday, April 26, 2022
Tuesday, May 03, 2022
Tuesday, May 10, 2022
Tuesday, May 17, 2022
Tuesday, May 24, 2022
Tuesday, May 31, 2022
Tuesday, June 07, 2022
Tuesday, June 14, 2022

Two year Bundled capacity product
Tuesday, February 01, 2022
Tuesday, February 08, 2022
Tuesday, February 15, 2022
Tuesday, February 22, 2022
Tuesday, March 01, 2022
Tuesday, March 08, 2022
Tuesday, March 15, 2022
Tuesday, March 22, 2022
Tuesday, March 29, 2022
Tuesday, April 05, 2022
Tuesday, April 12, 2022
Tuesday, April 19, 2022
Tuesday, April 26, 2022
Tuesday, May 03, 2022
Tuesday, May 10, 2022
Tuesday, May 17, 2022
Tuesday, May 24, 2022

Interruptible capacity product
Tuesday, June 28, 2022
Tuesday, July 05, 2022
Tuesday, July 12, 2022
Tuesday, July 19, 2022
Tuesday, July 26, 2022
Tuesday, August 02, 2022
Tuesday, August 09, 2022
Tuesday, August 16, 2022
Tuesday, August 23, 2022
Tuesday, August 30, 2022
Tuesday, September 06, 2022
Tuesday, September 13, 2022
Tuesday, September 20, 2022
Tuesday, September 27, 2022

<https://www.conexus.lv/storage-capacity-auctions>

AVAILABLE CAPACITY FOR AUCTION

- Before the end of current cycle
 - Technical Capacity 20,3 TWh
 - - 2YPCP 2,0 TWh
 - - Storage inventory on publishing day
 - - Booked capacity at prior auctions
 - = Available capacity for auction

- After the end of current cycle
 - Updated (no later than 21.05.2022) Technical Capacity
 - - Booked capacity at prior auctions

If available capacity was calculated in Jan 2022:

20,3	Technical
- 2,0	2YBCP
- 9,3	Inventory
- 0,0	Previously booked
= 9,0	Available

2021/2022 STORAGE CYCLE INČUKALNS UGS CAPACITIES

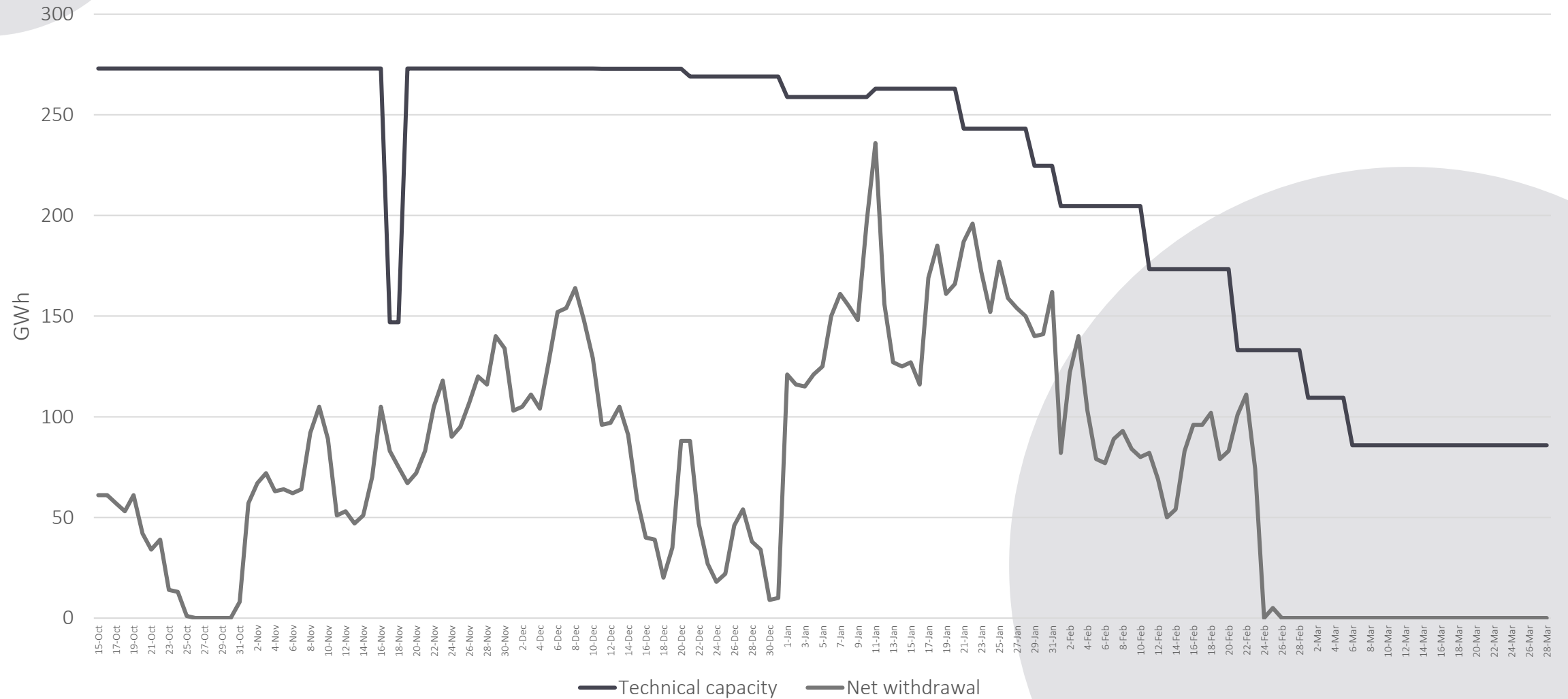
Injection season	2021-05-01 - 2021-10-14	kWh
Withdrawal season	2021-10-15 - 2022-04-30	
Technical capacity		21 800 000 000
Booked products for 2021/2022 storage cycle at the end of gas day 2022-01-19		18 902 447 675
1 year bundled product (IPGK1YP)		12 433 701 231
2 year bundled product (IPGK2YP)		4 000 000 001
Interruptible capacity product (IPGKAP)		260 000 000
Transfer product (INTP)		2 208 746 443
Current stock in 2021/2022 at the end of gas day 2022-01-19		9 323 586 214
Available capacity for booking		0
Unused capacity 2021/2022 from booked		9 578 861 461

AUCTION RESULTS TO DATE

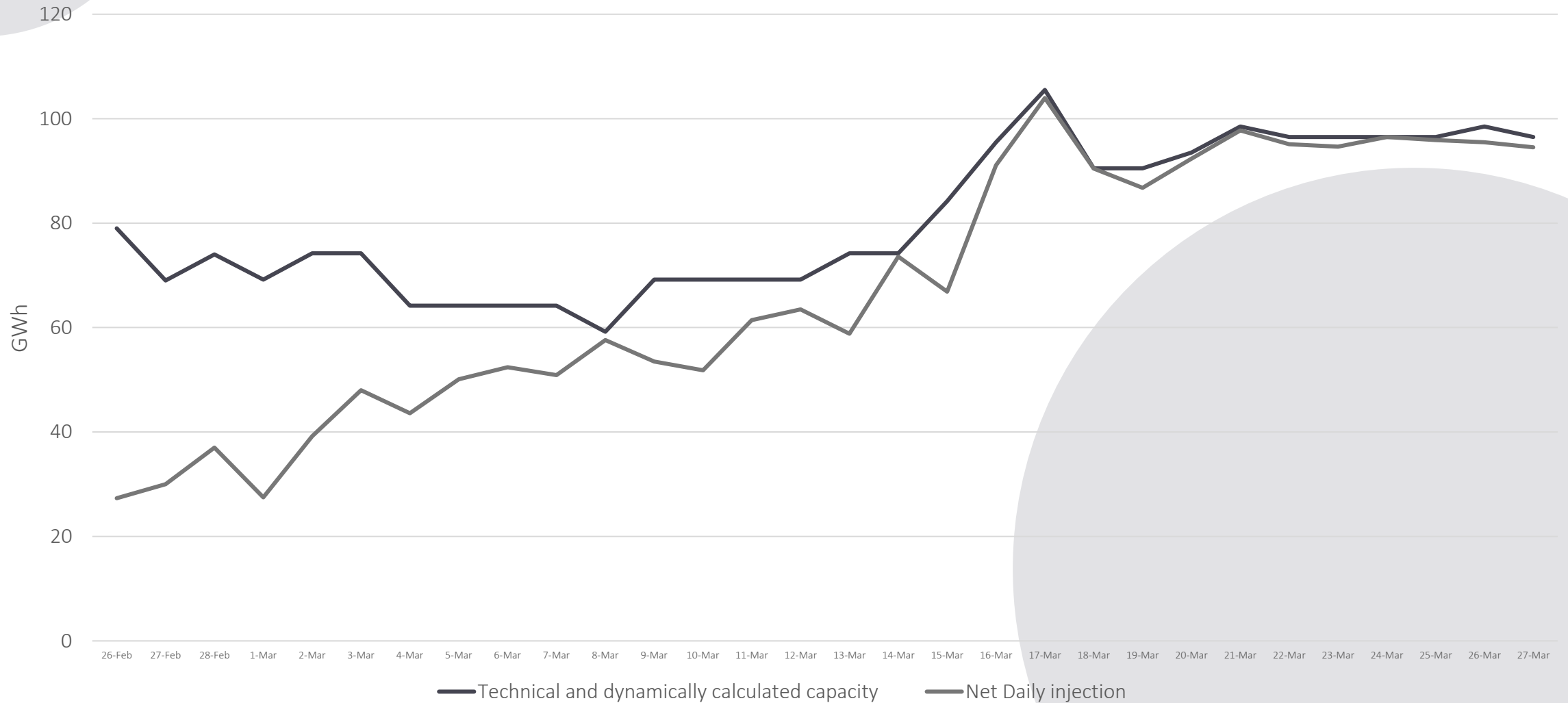
- Auction results information on IT Platform first page (after login) and on Conexus web site <https://www.conexus.lv/storage-capacity-auctions>

Auction date	Auction ID	Auction status Y / N	Capacity available for booking MWh	Auction regulation, link	Offer sheet, link	Total requested amount of storage capacity MWh	Total allocated amount of storage capacity MWh	Applicable premium EUR/MWh w/o VAT
Bundled capacity product								
1.02.2022	IPGK1YP/2022/1	Y	5 696 937,919	Link	Link	9 237 576,000*	5 696 937,919	0,03*
8.02.2022	IPGK1YP/2022/2	Y	1 234 721,000	Link	Link	1 564 721,000	1 234 721,000	0,01
15.02.2022	IPGK1YP/2022/3	N	0					
22.02.2022	IPGK1YP/2022/4	Y	1 204 128,000	Link	Link	1 854 128,000	1 204 126,000	0,03
1.03.2022	IPGK1YP/2022/5	N	0					
8.03.2022	IPGK1YP/2022/6	N	0					
15.03.2022	IPGK1YP/2022/7	N	0					
22.03.2022	IPGK1YP/2022/8	N	0					
29.03.2022	IPGK1YP/2022/8	N	0					
Two year bundled capacity product								
1.02.2022	IPGK2YP/2022/1	Y	4 000 000,000	Link	Link	4 592 590,000*	4 000 000,000	0,00
8.02.2022	IPGK2YP/2022/2	N	0					
Interruptible capacity product								

2021 / 2022 Inčukalns withdrawal season



2021 / 2022 Inčukalns withdrawal season - injection



Procedure to return storage capacity

- Applies for one year bundled capacity that is booked for 2022/2023 cycle
- Application to auction@conexus.lv by March 31
- Can return all capacity or part of it
- Application can not be recalled
- Returned capacity goes no next BCP auction if min 5% from technical capacity is available
- If returned capacity is not re-booked in next auctions it remains at disposal of applicant



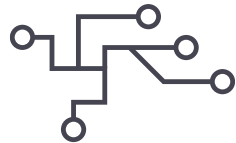
Regional developments in Green Gases' area in 2021

Ance Ansone
Conexus Baltic Grid

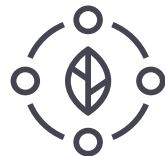
Regional developments in Green Gases' area in 2021



Memorandum of Understanding on promoting the development of green gases signed among Baltic-Finnish gas TSOs. MoU foresees cooperation in joint research regarding possible gas transmission infrastructure decarbonisation solutions, green gas integration into existing infrastructure, development of new infrastructure, cross-sectoral integration, other technological processes and pilot projects.



Joint procurement in order to develop a project plan for joint research & development project, which shall evaluate technical capabilities of the gas transmission systems of Estonia, Finland, Latvia and Lithuania **for injection and transportation of hydrogen** and estimate required retrofitting measures and investments carried out by Baltic-Finnish gas TSOs. The project plan is ready to be implemented and first phase of the project is foreseen to start in 2022



Ongoing work by Baltic-Finnish gas TSOs with the aim of harmonizing and creating conditions for the implementation of **cross-border transfer of guarantees of origin**.

Development on Green Gases

GREEN GASES	Q1/22	Q2	Q3	Q4	Q1/23	Q2	Q3	Q4
Guarantees of Origin Development <ul style="list-style-type: none"> Evaluation of the status of guarantees of origin (GO) related development in each country Investigate possibility on common GO exchange solution implementation among Baltic-Finnish countries Development of new action plan and continuous work, to ensure cross border GO exchange and guarantee strong cooperation among TSOs 								
Hydrogen Development <ul style="list-style-type: none"> Joint study regarding hydrogen injection into Baltic States and Finnish gas transmission system and needs for gas network retrofitting Work in European Hydrogen Backbone developing potential hydrogen infrastructure maps for 2030, 2035, 2040. 								



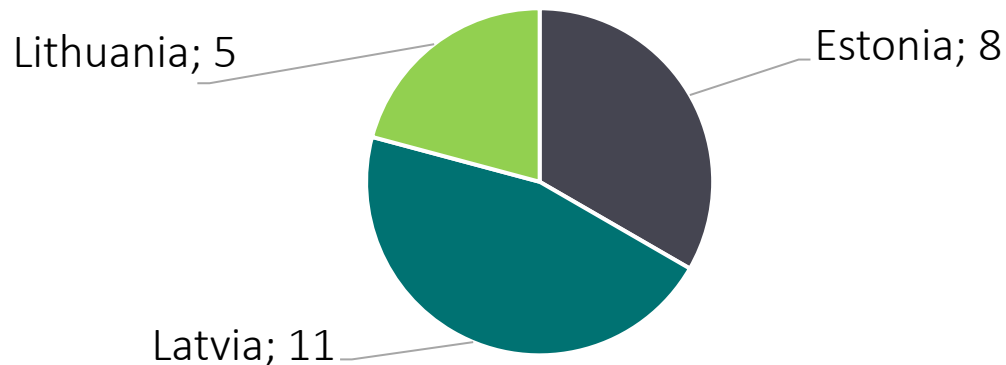
Results of the joint consultation on the GO potential in Baltic region

Ance Ansone
Conexus Baltic Grid

Joint consultation on the GO potential in Baltic region

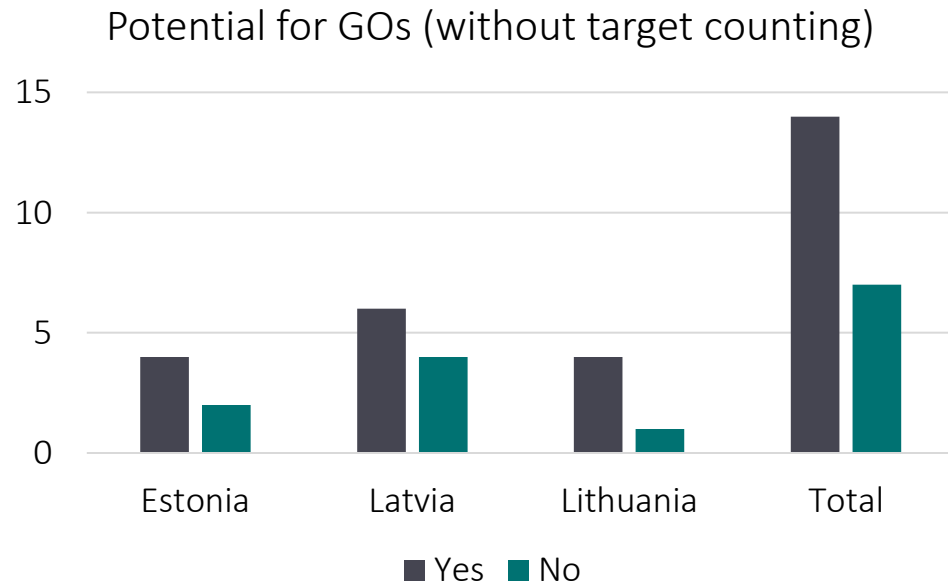
- TSOs - Elering, Conexus Baltic Grid and Amber Grid in January 2022 organised **joint consultation on GO potential in Baltic States**, it was published on the TSO websites and sent via e-mail to potential respondents
- Received opinions will be used as a base for TSOs for prioritizing future GOs market development and related activities in the Finnish-Baltic countries.

Number of consultation participants

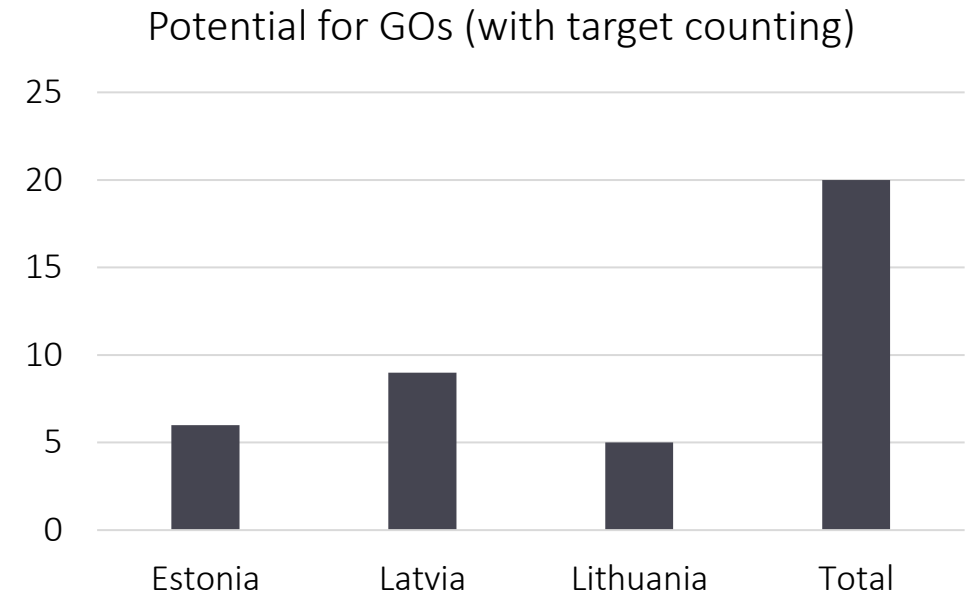


- Liquid fuel sellers
- Gas sellers
- Electric vehicle charging operators
- Biomethane producers
- Electricity producers
- Manufacturing companies

Potential for Guarantees of Origin



Mostly interested. However, it will depend on the regulations, opportunities available and the related risks.



All respondents are interested in GO with target counting (information on sustainability and GHG saving) exchange.

Potential for GOs without target counting

- What could be your annual potential for import and export of these GOs into your country for 2022-2025 and 2026-2030 (GWh)?
- What sectors it would be used in?

Mostly will be used:
Manufacturing;
Industrial customers;
GHG reduction

Estonia

Import (5 responses, GWh per respondent)
(2022-2025) up to 100 GWh
(2026-2030) up to 200 GWh

Export (5 responses, GWh per respondent)
(2022-2025) Up to 100 GWh
(2026-2030) Up to 200 GWh

Latvia

Import (2 responses, GWh per respondent)
(2022-2025) 14-100 GWh
(2026-2030) 14-200 GWh

Export (7 responses, GWh per respondent)
(2022-2025) 3-150 GWh
(2026-2030) 3-200 GWh

Lithuania

Import (2 responses, GWh per respondent)
(2022-2025) 10-500 GWh
(2026-2030) 100-1000 GWh

Export (3 responses, GWh per respondent)
(2022-2025) 40-500 GWh
(2026-2030) 60-1000 GWh

Potential for GOs with target counting

- What could be your annual potential for import and export of these GOs into your country for 2022-2025 and 2026-2030 (GWh)?
- What sectors it would be used in?

Mostly will be used:
Transport sector;
Manufacturing;
Heat production;
ETS participants

Estonia

Import (7 responses, GWh per respondent)
(2022-2025) up to 100 GWh
(2026-2030) up to 200 GWh

Export (5 responses, GWh per respondent)
(2022-2025) Up to 100 GWh
(2026-2030) Up to 200 GWh

Latvia

Import (3 responses, GWh per respondent)
(2022-2025) 14-100 GWh
(2026-2030) 14-200 GWh

Export (6 responses, GWh per respondent)
(2022-2025) 3-150 GWh
(2026-2030) 3-200 GWh

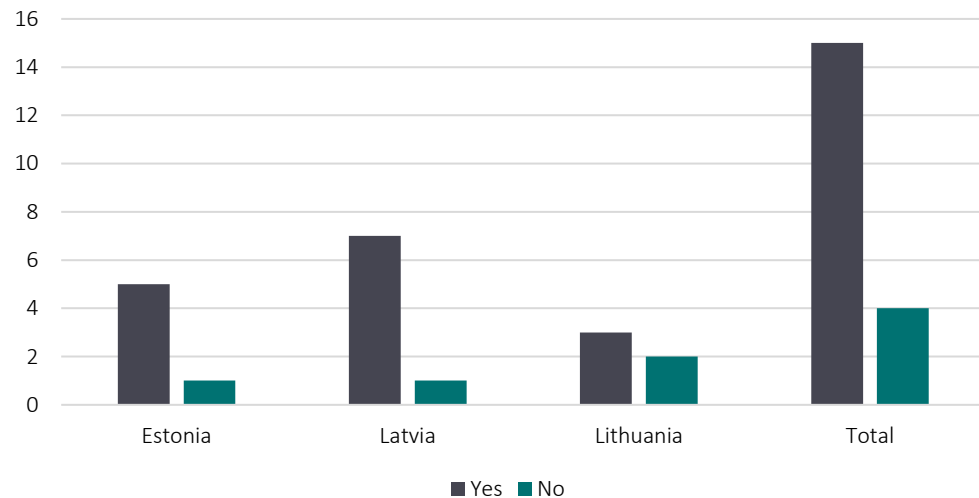
Lithuania

Import (4 responses, GWh per respondent)
(2022-2025) 20-500 GWh
(2026-2030) 0-500 GWh

Export (4 responses, GWh per respondent)
(2022-2025) 20-1000 GWh
(2026-2030) 50-1000 GWh

- Would you consider it beneficial to exchange GOs that can be used to provide proof to final customer (without target counting) with other EU countries?
- Which countries?

Would it be beneficial to exchange only GOs (without target counting) with other EU countries?



Most respondents find it beneficial and are interested. Respondents pointed out –

- depending on the regulations, opportunities available and the related risks that are difficult to fully foresee;
- depending on the quantities available regionally and the price level.
- cross-border exchange of GOs must consider that the biomethane produced (GOs issued) in different countries must compete on an equal basis (state aid must be taken into account). The market situation must be similar in the respective countries.

Market participants named **Finland, Estonia, Latvia, Lithuania, Poland, Germany, Netherlands, France, Denmark, Spain and Italy, Belgium, Luxemburg, United Kingdom.**

Concrete countries are difficult to predict as the interest is to export to counties where the price level is higher and import from countries where it is lower.

Conclusions

TSOs have come to the conclusion, that there are too many drawbacks for fast and effective regional Baltic-Finnish GO scheme development, such as:

Lack of important EU standard (significantly delayed CEN EN16325);

Not yet fully developed EU regulatory principles on mass balancing, sustainability, off-grid GOs etc.;

High cost and complicity data exchange solution;

Lack of national legislation/different policy principles/approaches.

Market participants in all markets have interest in biomethane GO import and export; amounts increase over time.

Next steps

All TSOs will continue work closely together and move towards common goal – to enable cross-border GO exchange with and without target counting as soon as possible.

1. Baltic and Finnish TSO agreed to join AIB organization and work on gas GO exchange scheme.

2. In addition, Amber Grid will join ERGaR CoO scheme to enable GO exchange with Netherlands, UK, Germany, Austria.



Regional Development plan

Diāna Fathelbajanova, Jānis Eisaks

Conexus Baltic Grid

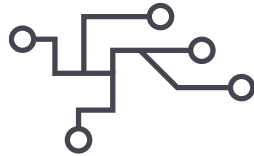
Update on improved communication towards the market in 2021

- Baltic-Finnish gas TSOs have developed a descriptive document on Common principles for market information publication* to clarify, align and communicate the current principles to the market participant, including:
 - capacity calculation methodology coordination
 - coordination of joint maintenance plans
 - the use of UMM and inside information disclosure
 - common publication locations etc.

* <https://conexus.lv/common-principles-publication-market-information>

Cooperation in RGMCG – seeking solutions for future unified gas market

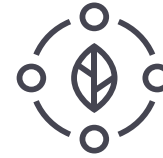
In Q1 2022 – ongoing revision of Terms of Reference (ToR) of the RGMCG to renew commitment of each party. ToR provides background, defines the purpose, structure and objectives of RGMCG. General objectives are:



to facilitate an **effectively functioning common regional gas market and internal gas market;**



to contribute to the **security of gas supply;**



to **facilitate decarbonisation** in gas sector;



to contribute to the **development in hydrogen market**

TSOs SHALL BE PART OF SEEKING SOLUTIONS TO:

- a regional gas market model (incl. a common balancing area);
- establishment of effective ITC mechanism;
- gas infrastructure to support development of regional and internal gas market;
- a unified trading and data exchange platform

TSOs SHALL BE PART OF DISCUSSIONS TO:

- adoption of network codes and harmonization of the national rules;
- a common entry-exit tariff regime;
- decarbonisation in gas sector;
- development in hydrogen market;
- other legal, economic and technical measures, providing a level playing field for the gas market participants

Update on progress of further gas market integration

- Baltic-Finnish gas TSOs have prepared and on March 25, 2022, submitted to NRAs an updated joint application for implementation of the four country single entry tariff area and inter-TSO compensation mechanism between TSOs of FinEstLat and Lithuania
- In case of positive opinion expressed by four NRAs, TSOs are targeting implementation of the proposed solution to start operations from **October 1, 2023**

Development on Market Integration and Harmonization

MARKET INTEGRATION AND HARMONISATION	Q1/22	Q2	Q3	Q4	Q1/23	Q2	Q3	Q4
Development of common regional roadmap	[Solid dark grey bar]							
Development of joint tariff area between FINESTLAT and LIT	[Solid dark grey bar]							
<ul style="list-style-type: none"> • Negotiation of compensation mechanism & joint position • Market and regulatory consultation • Agreement preparation and negotiations • Tariff consultations and preparation • Go-live (earliest Q4/2023) 			[Dashed grey bar]					
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Depends on negotiation outcome

Development on Technical and Operational co-operation










TECHNICAL AND OPERATIONAL CO-OPERATION	Q1/22	Q2	Q3	Q4	Q1/23	Q2	Q3	Q4
Coordination of Joint Maintenance Plans	[Solid dark grey bar]							
COMMS: Regional Gas Market Council								
<ul style="list-style-type: none"> • Presentation and publication of PCI-project status and joint maintenance plans 			◆				◆	



Gasgrid Finland Gas Market Development Activities 2022

Mika Myötyri
Gasgrid Finland

Key Development Activities Finland 2022

	Q1	Q2	Q3	Q4
Hamina LNG – Go to market – Preliminary schedule*				
Assessment of tariff period harmonization				
Wholesale and retail market forums (Retail market forum on 28 th of April, Wholesale market forum on May; exact date to be announced)				
Commissioning of Guarantee of Origin system in Finnish market – 1.4.2022				
Framework agreements – Review process				
Development of Finnish market area commercial services				
Balancing methodology review project				











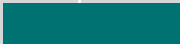
*The latest press release: https://www.haminalng.fi/wp-content/uploads/2022/02/LNG-tiedote_helmikuu-2022_en.pdf



Elering Gas Market Development Activities 2022

Veiko Aunapuu
Elering

Key Market Development Activities Estonia 2022








	Q1	Q2	Q3	Q4
Gas Market Council meetings		   		
Purchase of physical reserve for Protected customers				
Analysis regarding Assessing options for fast development of new supply sources.				
Development of market rules in extended gas deficit situation.				
EE-LV Network rules assessment in context of gas crises				



Conexus Gas Market Development Activities 2022

Janis Eisaks
Conexus Baltic Grid

Key Development Activities Latvia 2022

	Q1	Q2	Q3	Q4
Transmission tariffs for the gas year 2023				
Introduction of capacity auctions at Inčuklans UGS				
Market participant events				
Introduction of national Guarantees of Origin system*				








* Depends on national legislation development and approval time.



Amber Grid Gas Market Development Activities 2022

Vytautas Ruolia
Amber Grid

Key Development Activities in Lithuania 2022

	Q1	Q2	Q3	Q4
The re-launch of a new IT platform (AmberFlows) for data exchange with network users (capacity booking, nominations, imbalance position, etc.), expected in April 2021				
Dedicated webinar on usage of GIPL (together with Gaz-System) (2nd week of April)				
First capacity auction at Santaka (GIPL) interconnection point will take place on 19.04.2022 at GSA Platform (auction for monthly product of May)				
Start of commercial operations at GIPL interconnection on 01.05.2022				
Publication of Lithuanian transmission tariffs, effective from 01.01.2023 (incl. Santaka (GIPL) Interconnection Point), publication by 31.05.2022.				
First capacity auction for Yearly capacity product for gas year 2022/23 at GIPL interconnection point will take place on 04.07.2022				
Switching to gas year which starts on 1 October				

Capacity at Santakos IP (GIPL)

Short-term capacity available for the period 01.05.2022 – 01.10.2022 announced:

PL > LT		LT > PL	
Firm	Interruptible	Firm	Interruptible
2 564 500 kWh/h		Will be offered for day-ahead and within-day products	2 419 550 kWh/h
61 548 000 kWh/d			58 069 200 kWh/d
(~80% of design capacity)			(100% of design capacity)

Capacity available for long-term products will be announced not later than 1 month prior to long-term capacity auction (by 4th of June).

All material will be published on TSOs websites.

Thank you for your interest!