



Sabiedrisko pakalpojumu  
regulēšanas komisija

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## CONSULTATION DOCUMENT

### on the terms of use of the Inčukalns Underground Gas Storage Facility

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21 May 2026

Riga

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Attachment:

Draft decision on the terms of use of the Inčukalns underground gas storage facility.

## I Summary of the consultation document

The purpose of the consultation document is to inform the public and obtain the views of interested parties on the draft decision of the Public Utilities Commission ('the Regulator') entitled 'Regulations on the use of the Inčukalns Underground Gas Storage Facility' ('the draft decision').

It is apparent from Article 15(7) of the Law on energy that the Regulator approves the terms and conditions for the use of natural gas storage facilities drawn up by the natural gas storage system operator for all users of the natural gas storage system (hereinafter 'system users') and for applicants requesting access to the relevant system. The natural gas storage system operator shall, within the time period and in the amount specified by the Regulator, submit proposals to the Regulator regarding the regulations for the use of the natural gas storage facility. The Regulator is entitled to make changes to these regulations.

On the basis of the authorisation laid down in the Energy Law, the Regulator,<sup>1</sup> by Decision No 1/14 of 1 October 2020, approved the regulations governing the use of the Inčukalns Underground Gas Storage Facility ('the Storage Facility'), which lay down the procedure for using the Storage Facility and the procedure for receiving the natural gas storage service.

The unified natural gas transmission and storage system operator (hereinafter 'the system operator') Joint Stock Company 'Conexus Baltic Grid' (hereinafter 'AS Conexus Baltic Grid') submitted a proposal for a new version of the terms of use of the storage facility to the Regulator for approval.

After evaluating the proposal submitted by AS Conexus Baltic Grid, the Regulator prepared a draft Decision.

Proposals and comments on the draft Decision are requested to be submitted to the Regulator in writing by sending them to the Regulator's official electronic address (e-address) or to the electronic mail address [sprk@sprk.gov.lv](mailto:sprk@sprk.gov.lv) by **5 June 2026**.

The draft Decision prepared by the Regulator is annexed to this consultation document.

## II Necessity of Drafting a Regulatory Act

### 1) Justification

Pursuant to Paragraph 99 of the Transitional Provisions of the Energy Law, amendments to Article 15(1)(1) of the Energy Law will come into force on 1 May 2026, pursuant to which natural gas storage services in the Storage Facility will no longer be provided for tariffs set by the Regulator or for tariffs set by a service provider in accordance with the methodology for calculating tariffs set by the Regulator, if a permit of the Regulator has been received. Article 44(8)(3) of the Energy Law entered into force on 1 January 2026, which provides that the amount of storage market share capacity is to be reserved for the storage capacity products referred to in the regulations on the use of natural gas storage referred to in Article 15(7) of the Energy Law, and that the charge for the service of the natural gas storage system is to be determined by auction in accordance with the rules for the auction of storage market share capacity drawn up by the system operator and published on the website.

In view of the above circumstances, the terms of use of the Storage should be improved. On the basis of paragraphs 5 and 140 of Cabinet Regulation No 108 of 3 February 2009

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<sup>1</sup> <https://likumi.lv/ta/id/317767-incukalna-pazemes-gazes-kratuves-lietošanas-noteikumi>

on the preparation of draft legislative acts, the regulations governing the use of the storage facility have been reworded.

### Scope of the draft decision

Article 44(8)(2) of the Law on energy provides that access to the storage facility is to be organised in accordance with the provisions on the use of natural gas storage facilities approved by the Regulator referred to in Article 15(7) of the Law on energy and the charge for the service of the natural gas storage system in the remaining part of the available capacity of the storage facility, or the market part of the storage facility, laid down in Article 44(8)(3) of the Law on energy. Accordingly, the rules on access to the Storage set out in the draft Decision are reduced to those relating to the market share of the Storage. Access to the solidarity part of the storage facility referred to in Article 44(8)(1) of the Energy Law, which covers the amount of storage capacity for four terawat hours where natural gas is stored for reasons of security of natural gas supply, shall be organised in accordance with the terms and conditions of the natural gas storage service drawn up by the system operator and published on the website.<sup>2</sup>

### Definitions<sup>3</sup>

In order to ensure greater legal clarity, the terms used in the Storage Terms of Use have been clarified and supplemented. The current regulations on the use of the storage facility state that the storage capacity for reserves is a part of the technical capacity of the storage facility, in which natural gas is stored for the protection of the security of natural gas supply or in the amount of the specified reserves in accordance with regulatory enactments. Pursuant to Article 44(8)(1) of the Energy Law, the capacity of the storage facility, where natural gas is stored for reasons of security of natural gas supply, is four terawat hours. In the current version of the Conditions of Use of the Storage Facility, there is scope for different interpretations of the word 'storage' used to clarify the term 'storage capacity for reserves', that is to say, whether it is natural gas actually stored in the solidarity part of the Storage Facility referred to in Article 44(8)(1) of the Energy Law, or whether it is all four teravatsunds dedicated to the storage of natural gas for reasons of security of natural gas supply. In order to avoid the possibility of divergent interpretations, the draft Decision provides that the storage capacity for reserves is the part of the technical capacity of the storage facility, which consists of the solidarity part of the storage facility in the amount of four terawat hours in accordance with Article 44(8)(1) of the Energy Law and the natural gas reserves laid down in other external regulatory enactments. Currently, as the natural gas reserves specified in other external regulatory enactments, the security of energy supply reserves provided for in Section 82.1 of the Energy Law are stored in the Storage Facility.

The draft decision provides for a new term, the product of solidarity. That term has been introduced for the purposes of the regulation of storage overload management and covers the storage capacity reserved pursuant to Article 44(8)(1) of the Energy Law, that is to say the part of the storage capacity actually reserved by system users. In accordance with Chapter VIII of the draft Decision, the solidarity product, the one-year bundled capacity product (hereinafter referred to as 'GMP') and the five-year GMP are equal in the context of storage congestion management.

### Calculation of the available capacity of the storage<sup>4</sup> facility

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<sup>2</sup> [https://www.conexus.lv/uploads/filedir/Komercedala/Solidaritāte/INA-2025-NOT-003\\_Incukalna\\_pazemes\\_gazes\\_kratuves\\_solidaritātes\\_dalas\\_lietošanas\\_noteikumi.pdf](https://www.conexus.lv/uploads/filedir/Komercedala/Solidaritāte/INA-2025-NOT-003_Incukalna_pazemes_gazes_kratuves_solidaritātes_dalas_lietošanas_noteikumi.pdf)

<sup>3</sup> Paragraph 2 of the draft decision

<sup>4</sup> Paragraph 7 of the draft decision

Paragraph 7 of the draft decision specifies the legal framework for the calculation of the available capacity of the storage facility. The available capacity of the storage facility is the part of the technical capacity of the storage facility that is available to system users for reservation, taking into account the integrity of the storage facility and the requirements for managing the storage facility. The current rules for the use of the Storage provide that the available capacity of the Storage for the existing Storage cycle is calculated by the system operator by subtracting from the technical capacity of the Storage the capacity reserved by system users for the existing Storage cycle, the capacity required for the storage part reserves and the capacity necessary for the technical operation of the system operator. The draft decision provides that the system operator shall calculate the available capacity of the storage facility for the existing storage cycle by subtracting from the technical capacity of the storage facility the reserved capacity of the system user for the existing storage cycle, the reserves of storage capacity and the capacity necessary for the technical operation of the system operator in accordance with Annex 2 to the Storage Use Rules. Given that the words 'reserve capacity for part of the storage' are replaced by the words 'reserve capacity', meaning four terawat hours allocated to the storage of natural gas for reasons of security of natural gas supply, the wording of the provision is supplemented by providing that the storage capacities reserved for the existing storage cycle under Annex 2 to the draft decision are to be subtracted. The purpose of that regulation is to prevent the double deduction from the technical capacity of the storage facility of the capacities actually reserved under the solidarity part of the storage facility referred to in Article 44(8)(1) of the Energy Law, since, in accordance with the terms and conditions of the natural gas storage service developed by AS Conexus Baltic Grid for the solidarity part of<sup>5</sup> the storage facility, also recipients of the storage service who receive the service under the solidarity part of the storage facility are to be regarded as system users within the meaning of the terms and conditions of use of the storage facility.

#### **Auction collateral<sup>6</sup>**

Article<sup>7</sup> 6(5) of Regulation 2024/1789 provides that, when providing third-party access services, network users may, where appropriate, be required to provide appropriate guarantees of their creditworthiness. Such guarantees shall not constitute unjustified barriers to market access, shall be non-discriminatory, transparent and proportionate. AS Conexus Baltic Grid provided for the auction collateral in the five-year tender regulations of the GJP for the 2026/2027 storage cycle.<sup>8</sup> The purpose of the auction collateral is to ascertain the financial capacity of the system user to fulfil the obligations that it would incur if the auction resulted in the allocation of a volume of storage capacity to the system user within the relevant capacity product. This is particularly important in the event that a new system user participates in the auction, since, in accordance with Chapter X of the Storage Terms of Use, the system user must ensure that<sup>9</sup> the obligations are met after the storage capacity product has been allocated to him or her as a result of the auction. In light of the above, the draft Decision provides for the

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<sup>5</sup> [https://www.conexus.lv/uploads/filedir/Komercdala/Solidaritate/INA-2025-NOT-003\\_Incukalna\\_pazemes\\_gazes\\_kratuves\\_solidaritātes\\_dalas\\_lietošanas\\_noteikumi.pdf](https://www.conexus.lv/uploads/filedir/Komercdala/Solidaritate/INA-2025-NOT-003_Incukalna_pazemes_gazes_kratuves_solidaritātes_dalas_lietošanas_noteikumi.pdf)

<sup>6</sup> Paragraph 22.3 of the draft decision

<sup>7</sup> Regulation (EU) 2024/1789 of the European Parliament and of the Council of 13 June 2024 on the internal markets for renewable gas, natural gas and hydrogen, amending Regulations (EU) No 1227/2011, (EU) 2017/1938, (EU) 2019/942 and (EU) 2022/869 and Decision (EU) 2017/684 and repealing Regulation (EC) No 715/2009

<sup>8</sup> [https://www.conexus.lv/uploads/filedir/Komercdala/2026.\\_Annual\\_Auction/5\\_GJP\\_Auction\\_Regulations\\_2026.pdf](https://www.conexus.lv/uploads/filedir/Komercdala/2026._Annual_Auction/5_GJP_Auction_Regulations_2026.pdf) and [https://www.conexus.lv/uploads/filedir/Komercdala/2026.\\_Annual\\_Auction/Publication\\_LVL.pdf](https://www.conexus.lv/uploads/filedir/Komercdala/2026._Annual_Auction/Publication_LVL.pdf)

<sup>9</sup> See: Paragraph 83 of the draft decision

possibility for the system operator to determine the auction collateral and its amount in the auction rules for storage capacity products, following the principles laid down in Regulation 2024/1789. At the same time, the Regulator shall consider the possibility of including a more detailed regulation of the auction collateral in the conditions of use of the Storage.

#### **Fee for storage of stocks without a capacity product<sup>10</sup>**

The current regulations on the use of the Repository provide for: if the system user's stocks at the end of the storage cycle exceed the storage capacity reserved by the system user for the next storage cycle, the system user shall pay a storage fee for the storage of stocks without a capacity product of *EUR 0,11* per MWh of stocks stored per gas day. The draft decision provides that the charge for natural gas stored in the storage facility without a capacity product may be set by the system operator itself in the future. At the same time, it is provided that, if a system operator decides to apply such a charge, it must comply with the principles of equality and openness and its amount must discourage system users from storing natural gas in a storage facility without a capacity product. In particular, the fee should be such as to incentivise system users to purchase the storage capacity in a timely manner for the next storage cycle or to take care to remove the storage or transfer it to another system user. The purpose of a charge for the storage of natural gas without capacity product is not to give system users who do not have capacity in the appropriate volume of the product an advantage over those who have taken care to purchase the capacity product or to withdraw or transfer their stocks to another user. When setting the charges, the system operator must respect the principle of equality, i.e. ensure that, under the same factual and legal conditions, the charges imposed on system users are the same. During and after the fee setting process, the system operator must also comply with the principle of openness, i.e. ensure that the process and the amount of the fee are understandable and reasonable, and that information on the process and the amount of the fee is available. It is provided that the system operator shall include the charge for the storage of natural gas without a capacity product or the method for determining it in the terms of reference for the auction of the storage capacity product, which the system operator is obliged to publish on its website no later than five working days before the start of the specified auction. The order in which natural gas stored in the Storage Facility without a capacity product is delivered to the natural gas transmission system without the nomination of the system user, according to a schedule prepared by the system operator, is still maintained. The existing regulation that stipulates that the delivery of natural gas stored without a capacity product to the transmission system shall not start earlier than the last one-year AMP auction of the relevant Storage Cycle is also maintained.

#### **Consequences of non-compliance or non-compliance by the system user<sup>11</sup>**

The current Conditions of Use of the Storage Facility do not contain a legal framework defining the permissible behaviour of the system operator with regard to the Storage Capacity reserved by a system user who does not fulfil the obligations assumed as a result of the auction of the Storage Capacity Product, who moreover does not have a valid security for the fulfilment of the obligations and who does not take action to transfer the Storage Capacity Product to another system user. Taking into account also the legal framework contained in the Civil Law, the draft<sup>12</sup> Decision envisages two

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<sup>10</sup> Paragraph 36.2 of the draft decision

<sup>11</sup> Paragraphs 71-73 of the draft decision

<sup>12</sup> In accordance with Section 2089 of the Civil Law, if at a voluntary auction the highest bidder hesitates to fulfil the conditions, or if he or she does not have the necessary personal qualities for acquiring the

situations: the system user does not actually fulfil the obligations assumed as a result of the auction of the storage capacity product or the system user informs the system operator that the system user will not be able to fulfil the obligations assumed as a result of the auction of the storage capacity product in the future. If a system user fails to comply with its obligations arising from the auction result of a storage capacity product and the system user does not have an adequate credit rating or collateral to fulfil its obligations, the amount of capacity allocated to such system user shall become part of the available capacity of the Storage, meaning that this capacity shall become available to other system users for reservation. Such a situation may in fact occur at any stage of the storage cycle and in any year of the storage capacity product. It should be noted that, in the event of difficulties in meeting obligations, these are primarily covered on the basis of the provisions of Chapter X of the draft Decision, entitled 'Safeguards for meeting obligations', and only once the security has been exhausted and has not been replenished by the system user can the above solution be applied. In the second situation envisaged in the draft decision, the system user shall inform the system operator of any future difficulties in meeting its obligations arising from the outcome of the auction of the storage capacity product. In practice, storage capacity auctions are organised several months before the relevant storage cycle, while the first settlement of reserved storage capacity takes place in the second month for the first month of the storage cycle. If a system user identifies difficulties in meeting its obligations before receiving the first invoice, the system user may agree with the system operator that the amount of capacity allocated to that system user becomes part of the available capacity of the Storage and is available for reservation by other system users. In both situations, if a stock is placed in the system user's relevant capacity product, it becomes natural gas stored without the capacity product and is subject to the provisions of paragraph 36 of the draft Decision. The draft Decision also provides that until capacity is booked by another system user, the system user who originally booked the capacity shall remain obliged to pay for that capacity. In addition, where capacity is booked at a lower price than the price at which the capacity was booked by the original system user, that system user shall continue to be obliged to cover the difference between the two prices.

### **Proportion of five-year AYPs<sup>13</sup>**

Currently, the storage capacity in the five-year GJP and the storage capacity for reserves does not exceed 60% of the technical capacity of the storage facility. The results of the 2025<sup>14</sup> and 2026<sup>15</sup> auctions of storage capacity show that system users are more interested in long-term storage capacity products as opposed to short-term capacity products. In view of the above, the draft Decision provides that 70 % of the technical capacity of the Storage is allocated to storage capacity in the five-year GMP and to storage capacity in the reserves.

### **Virtual counterflow power<sup>16</sup>**

According to Annex 2 of the current Storage Terms of Use, virtual counterflow capacity is a separate storage capacity product. In fact, however, virtual counterflow capacity is only available to system users who have already purchased a one-year GJP, a five-year

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property to be sold, then the property, upon the seller's request, shall be re-placed at the auction on the account and risk of the said highest bidder. Until that time, his or her rights and obligations shall remain in force and, until the time for a new auction has come, he or she may rectify them by fulfilling those obligations, i.e. by paying the amount due from him or her and default interest, as well as the costs of the new auction.

<sup>13</sup> Annex 2 to the draft decision

<sup>14</sup> <https://www.conexus.lv/2025-gada-incukalna-pgk-power-auction-866>

<sup>15</sup> <https://www.conexus.lv/2026-gada-incukalna-pgk-power-auctions>

<sup>16</sup> Annex 2 to the draft decision

GJP or a interruptible capacity product. Virtual counterflow capacity is also not booked in the auction, but allocated on the basis of nomination. Accordingly, virtual counterflow capacity is in fact considered to be part of the one-year GJP, the five-year GJP or the interruptible capacity product to which system users are entitled when booking the three storage capacity products at auction. In view of the above, Annex 2 to the draft Decision defines virtual counterflow capacity as part of a one-year GJP, a five-year GJP or an interruptible capacity product.

### **Re-stocking product<sup>17</sup>**

The current rules for the use of the Storage state that the 2026/2027 Storage Cycle is the last Storage Cycle where individual system users are entitled to a restocking product. Accordingly, the Relocation Product has been removed from Annex 2 to the Draft Decision and the Relocation Product Conditions applicable to the 2026/2027 Storage Cycle are included in Chapter XI 'Final Provisions' of the Draft Decision.

### **2) Institutions involved in the development of the project**

Pursuant to Article 15(7) of the Energy Law, AS Conexus Baltic Grid was involved in the drafting of the draft Decision.

### **3) Target groups of society affected or likely to be affected by the regulatory framework**

The regulation contained in the draft decisions will affect natural gas end-users, storage system users and AS Conexus Baltic Grid.

### **4) Evaluation of the impact on target groups in society affected or likely to be affected by the regulatory framework**

The draft decision will provide legal clarity and certainty, taking into account changes in higher-ranking legislation regarding the operation of the Storage. The new legal framework on auction collateral and the consequences of non-compliance or non-compliance by a system user will provide additional legal protection to the system operator, contribute to legal clarity in situations where system users are not able to properly fulfil their obligations, and ensure a more efficient use of storage capacity. The planned changes will not increase the administrative burden as they do not require the preparation and submission of additional information to the Regulator.

The Chair

A. Ozola

\* DOCUMENT SIGNED WITH SAFE ELECTRONIC PARAKE AND SATUR TIME NETWORK.

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<sup>17</sup> Paragraph 90 of the draft decision

## Terms of Use of Inčukalns Underground Gas Storage

*Issued pursuant to the Law on Energy  
Article 15, seventh paragraph*

### I. General questions

1. The Regulation lays down:

1.1. the conditions for the use of the Inčukalns Underground Gas Storage Facility (hereinafter ‘the Facility’) and the conditions for access to the market share of the Facility pursuant to Article 44(8)(2) of the Energy Law (hereinafter ‘the Facility’s market share’);

1.2. the procedures for the receipt, restriction and termination of the natural gas storage service (hereinafter – storage service) in the market part of the storage facility;

1.3. the rights, duties and responsibilities of the single natural gas transmission and storage system operator (hereinafter – system operator) and natural gas storage system user (hereinafter – system user);

1.4. the procedures for the exchange of information between the system operator and the system user;

1.5. the procedures by which the system operator is entitled to request a security for the fulfilment of obligations, and the amount of the security for the fulfilment of obligations in the market part of the storage facility.

2. The following terms are used in this Regulation:

2.1. **working day**: any day from Monday to Friday which has not been designated as a public holiday in the Republic of Latvia and a working day which has been postponed on the basis of Article 133 of the Labour Law;

2.2. **fuel gas** – the amount of natural gas necessary for the operation of natural gas pumping units in order to ensure the injection of natural gas into the storage facility or the removal of natural gas from the storage facility;

2.3. **capacity product** – storage service offered by the system operator in accordance with the types of capacity product specified in Annex 2 to this Regulation;

2.4. **stocks** – the amount of natural gas stored in a storage facility in accordance with a storage service contract;

2.5. **storage cycle**: the period from 1 May to 30 April of the following year;

2.6. **unused capacity of a storage facility**: the part of the technical capacity of a storage facility that is reserved but not used to store stocks;

2.7. **available storage capacity** – the part of the technical storage capacity that is available to system users for reservation, taking into account storage integrity and storage management requirements;

2.8. **storage capacity for reserves** - a part of the technical capacity of the storage facility, which consists of the solidarity part of the storage facility in the amount of four TWh in

accordance with Section 44, Paragraph eight, Clause 1 of the Energy Law and natural gas reserves specified in other external regulatory enactments;

2.9. **technical capacity of the storage facility** – the capacity of the storage facility to ensure the maximum amount of natural gas stored in the storage facility during the storage cycle;

2.10. **applicant** - a person who submits an application to the system operator for the acquisition of the right to use the storage facility;

2.11 **solidarity product** – storage capacity reserved pursuant to Article 44(8)(1) of the Energy Law;

2.12 **virtual counterflow capacity** – virtual storage injection or withdrawal capacity to be used in accordance with the procedures laid down in Annex 2 to this Regulation;

Nomination **2.13 - notification of the system user** to the system operator in accordance with the standard communication protocol regarding the transfer of the natural gas quantity to the natural gas transmission system user or receipt from the natural gas transmission system user;

2.14 **Storage service contract** – a contract between a system operator and a system user on the basis of which the system operator provides a storage service to the system user.

3. The system operator shall provide a storage service compatible with the use of the natural gas transmission system, ensuring equal and non-discriminatory treatment of system users.

4. In order to ensure efficient and safe provision of storage service, the system operator has the right to request and receive from the system user the information necessary for the system operator to perform the activities specified in this Regulation.

5. When contacting the system operator in the cases provided for in these Regulations, the system user shall submit the information and documents to the system operator in Latvian or English. The documents specified in this Regulation, which are sent electronically, shall be signed with a secure electronic signature, unless the system operator and the system user agree otherwise.

## II. Publication of storage information

6. The system operator shall communicate the storage technical capacity forecast for the next storage cycle by means of a publication on its website by 4 November each year, but no later than 10 working days before the first storage capacity auction of the next storage cycle.

7. The system operator shall notify the technical storage capacity for the existing storage cycle by 21 May each year through a publication on its website. The system operator shall calculate the available storage capacity for the existing storage cycle by subtracting from the technical storage capacity the reserved storage capacity of system users for the existing storage cycle in accordance with Annex 2 to this Regulation, the storage capacity reserves and the capacity necessary for the technical activity of the system operator.

8. The system operator on its website every day until 3 p.m. The following information on the existing storage cycle shall be published at 13.00:

8.1. stocks at the end of gas day D-1 (kWh);

8.2. unused capacity of the storage facility (kWh);

8.3. virtual counterflow capacity on gas day D (kWh);

8.4. the maximum amount of natural gas that can be stored in the storage facility or removed from the storage facility on gas day D.

9. The system operator shall maintain up-to-date information on its website on:

9.1. the technical capacity of the storage facility (kWh);

9.2. the available capacity of the storage facility, including the available capacity of the storage facility within the scope of the bundled capacity product, the five-year bundled capacity product and the interruptible capacity product (kWh);

9.3. storage capacity reserved within the solidarity product.

10. The natural gas injection season of the storage cycle shall start on 1 May of a given year and end on 14 October of that year. The natural gas withdrawal season of the storage cycle shall start on 15 October of that year and end on 30 April of the following year.

### **III. Procedures for the Conclusion of a Storage Service Contract**

11. The applicant shall submit to the system operator an application for the acquisition of the right to use the storage facility (Annex 1). The applicant shall attach to the application:

11.1. a document certifying that the candidate has registered commercial activity in accordance with the laws and regulations of the relevant state;

11.2. a document certifying representation, if the application is submitted by an authorised representative of the candidate;

11.3. a document certifying that the insolvency proceedings of the candidate have not been declared, the economic activity of the candidate has not been suspended or the candidate has not been liquidated, and which has been issued not earlier than one month before the date of submission;

11.4. an annual report for the previous three years (or actual period of activity, taking into account the time of establishment or commencement of activity of the applicant, for which an annual report is to be submitted) or another equivalent document certifying the economic and financial situation of the applicant in accordance with the laws and regulations of the relevant country.

12. If the information referred to in the documents referred to in Paragraph 11 of this Regulation is available free of charge in the official gazette or in the public register, the applicant has the right not to submit the relevant documents, indicating precisely in the application the website on which the relevant information is available.

13. If an applicant concurrently with an application for the acquisition of the right to use a storage facility submits an application for the acquisition of the right to use the natural gas transmission system (in accordance with the regulations on the use of the natural gas transmission system), the documents specified in Paragraph 11 of this Regulation may not be appended, unless the documents to be appended to each application differ.

14. The system operator shall evaluate the application referred to in Paragraph 11 of this Regulation and the documents appended thereto within ten working days from the date of receipt and, if necessary, request the applicant to submit the missing documents or additional information.

15. The applicant shall submit the additional information or documents within ten working days from the date on which the request was sent. If the applicant fails to submit the additional information or documents requested within the specified time limit, the applicant shall be deemed to have withdrawn its application.

16. The applicant may submit the documents and information referred to in Paragraphs 11 and 14 of this Regulation to the system operator electronically.

17. Within ten working days from the day of receipt of all documents and information, the system operator shall prepare a natural gas storage service contract and send it to the applicant. The system operator shall publish the model natural gas storage service contract on its website.

18. If the tenderer has not submitted a signed storage service contract to the system operator within ten working days from the date of dispatch of the storage service contract, the tenderer shall be deemed to have withdrawn its application.

19. The system operator shall, within three working days from the day of receipt of the storage service contract signed by the applicant, sign the storage service contract and send it to the applicant.

20. The system operator shall inform the tenderer of the refusal to conclude a storage service contract by sending a notification to the electronic mail address indicated in the tenderer's application within one working day after the evaluation of the tenderer's application. A system operator shall send a reasoned written refusal to conclude a storage service contract to the address indicated in the tenderer's application within the time limit laid down in the Law on Regulators of Public Utilities.

#### **IV. Reservation procedure for the available capacity of the storage facility**

21. The system user shall reserve the available capacity of the storage facility by purchasing capacity products in accordance with Annex 2 to this Regulation.

22. The auction of storage capacity products specified in Annex 2 to this Regulation shall be organised in accordance with the following procedures:

22.1. the system operator shall, not later than one month before the first auction of the storage capacity product of the next storage cycle, publish on its website an auction calendar for the auctions of storage capacity products the beginning of the period of use of which is the next storage cycle, indicating the storage capacity products to be auctioned and the time of the auctions thereof;

22.2. the system operator shall publish the terms of reference for the auction of the storage capacity product, in which the maximum amount of storage capacity available for the relevant storage cycle within the scope of the auction shall be indicated, on its website not later than five working days before the start of the determined auction;

22.3. the system operator may determine the auction security in the auction regulations, which shall not constitute unjustified obstacles to access to storage and shall be non-discriminatory, transparent and proportionate;

22.4. not later than the day following the auction of the storage capacity product, the system operator shall electronically inform the system user regarding the amount of storage capacity allocated within the scope of the relevant capacity product and the fee determined for it;

22.5. after receipt of the capacity allocation notice, the system user shall settle with the system operator for the allocated capacity in accordance with the procedures laid down in the storage service contract;

22.6. if a system user has purchased a storage capacity product at an auction after the beginning of the storage cycle, the system user may send nominations after receiving the capacity allocation notification.

23. Virtual counterflow capacity shall be booked in the following order:

23.1. not later than within one hour after receipt of the nomination, the system operator shall electronically inform the system user regarding the amount of virtual counterflow storage capacity allocated within the scope of the relevant storage capacity product;

23.2. after receipt of the capacity allocation notice, the system user, if applicable, shall settle with the system operator for the allocated capacity in accordance with the procedures specified in the storage service contract in accordance with the fee determined by the system operator and published on its website.

24. Once capacity has been allocated, the system operator shall not be obliged to cancel a reservation of storage capacity at the request of a system user.

## **V. Use of storage capacity product**

25. The system user shall, at the request of the system operator, provide:

25.1. within five working days, a schedule for the injection of natural gas quantity indicating the forecast quantity of natural gas to be injected in each month of the gas injection season – average minimum and maximum quantity of natural gas to be injected per gas day D – or a schedule for the withdrawal of natural gas quantity indicating the forecast quantity of natural gas to be withdrawn in each month of the gas withdrawal season – average minimum and maximum quantity of natural gas withdrawal per gas day D;

25.2. within 24 hours, a natural gas injection schedule indicating the projected quantity of natural gas to be injected in the following two weeks – average minimum and maximum natural gas injection quantity per gas day D – or a natural gas withdrawal schedule indicating the projected quantity of natural gas to be injected in the following two weeks – average minimum and maximum natural gas withdrawal quantity per gas day D.

26. The system operator shall publish on its website the available capacity for placing natural gas in the storage facility and removing it from the storage facility for the existing storage cycle and shall update it within one hour after processing the nominations of new system users.

27. A system user who has purchased a storage capacity product and wishes to place a certain amount of natural gas in the storage facility or remove it from the storage facility during the current storage cycle shall submit a nomination to the system operator within the time limits specified in the common rules for the use of the natural gas transmission system and in accordance with the standard communication protocol, indicating the relevant capacity product code.

28. A system user may submit a nomination for placing natural gas in the storage facility in the amount of unused capacity of the storage facility at the disposal of the system user and for removing natural gas from the storage facility in the amount of stocks held within the capacity product specified in the nomination. If the amount of natural gas indicated in the nomination of a system user exceeds the amount of unused storage capacity or stocks at the disposal of the system user, the system operator shall apply the lowest amount of natural gas rule.

29. Storage capacity indicated in the nomination of the system user for placing or removing natural gas from the storage facility and the amount of natural gas for removing from the storage facility shall not be used for other activities specified in this Regulation until the fulfilment of the nomination.

30. If a nomination is submitted during a gas day, the system user may adjust the quantity of natural gas indicated therein for the remaining hours of the same gas day starting from the hour at which the nomination was submitted. The system operator shall only take into account values relating to the remaining hours of the gas day from the moment of submission of the

nomination. The system user may submit a new nomination no later than 30 minutes before the end of the gas day.

31. The system operator shall evaluate the received nomination, taking into account the information referred to in Paragraph 26 of this Regulation and Paragraph 30 of this Regulation, taking into account whether the capacity product is offered with firm or interruptible capacity in accordance with Annex 2 to this Regulation.

32. After processing the nomination submitted by the system user, the system operator shall send the system user, using the standard communication protocol, confirmation of the amount of natural gas to be placed in or removed from the storage facility, but in the event of an overload, it shall inform the system user, using the standard communication protocol, of changes in the amount of natural gas to be placed in or removed from the storage facility.

33. The system user may correct the already approved amount of natural gas to be placed in the storage facility or removed from the storage facility for gas day D until 17.00 on the following day in the following cases:

33.1. the system user performs the transport of natural gas as non-Union goods, and a correction is necessary so that the amount of natural gas placed in or withdrawn from the storage corresponds to the amount of natural gas transferred into the natural gas transmission system as non-Union goods;

33.2. if the allocation at the entry or exit point of the natural gas transmission system is adjusted, except at the exit point for the supply of Latvian customers. The correction of the amount of natural gas to be placed in the storage facility or removed from the storage facility is possible to the extent that the imbalance of the system user in the natural gas transmission system is prevented.

34. A system user shall allocate stocks among its capacity products in accordance with the procedures for the transfer of stocks laid down in Annex 2 to this Regulation by submitting an application for the application of a capacity product to stocks to the system operator in accordance with the standard communication protocol. The system operator shall inform the system user of changes approved or rejected on gas day D no later than one hour in accordance with the standard communication protocol.

35. At the end of the storage cycle, the system user's stocks shall be transferred to the next storage cycle in accordance with the procedures for the transfer of stocks specified in Annex 2 to this Regulation for the relevant capacity product.

36. If the system user's stock at the end of the storage cycle exceeds the storage capacity reserved by the system user for the next storage cycle:

36.1. the system operator shall, within 10 working days after the end of the withdrawal season, inform the system user of the schedule according to which the system operator, without the nomination of the system user, shall supply the natural gas stored without the storage capacity product at the exit point from the storage to the transmission system. The delivery of natural gas shall not start earlier than the last auction of the bundled capacity product of the relevant storage cycle;

36.2. for natural gas stored in a storage facility without capacity product, the system operator may apply a fee which complies with the principle of equality and openness and discourages system users from storing natural gas in a storage facility without capacity product. The system operator shall indicate the fee or the method for determination thereof in the auction regulations referred to in Sub-paragraph 22.2 of this Regulation.

## **VI. Modalities for the transfer of stock and capacity product**

37. A system user may transfer its stocks or capacity product to another system user. When transferring its stocks, the user of the system shall comply with the procedures for transferring the stocks laid down in Annex 2 to this Regulation.

38. The system user transferring its stocks or capacity product and the system user receiving it shall provide the system operator with the following information in accordance with the standard communication protocol:

38.1. the type of capacity product;

38.2. the amount of transferred or received stocks (kWh) or the amount of the capacity product (kWh/ capacity product during the period of use);

38.3. the time of delivery and receipt of the stock or capacity product, which shall not be earlier than the gas day following the date of dispatch of the application;

38.4. energy identification codes of both system users.

39. The system operator shall inform the system user of the receipt of an application for the transfer of stocks or capacity product in accordance with the standard communication protocol.

40. The system operator shall validate the transaction within one hour of the receipt of the other matching application if the information in the two transaction applications is the same.

41. The stock or capacity product shall be available for use by the system user to whom it is transferred, with all rights attached thereto, from the start of the gas day of receipt specified in the application, subject to confirmation of the transaction by the system operator.

42. An application for the release of stocks of non-European Union goods shall be submitted by the system users that are parties to the transaction to the system operator only for natural gas for which special procedures have been fulfilled in accordance with Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code.

43. When transferring a capacity product, the system user shall transfer the right to use that capacity product to another system user. The obligations towards the system operator, including the obligation to settle the reserved capacity, shall remain with the system user who originally reserved the capacity.

44. A system operator shall refuse to approve the transfer of a stock or capacity product to another system user where:

44.1. information regarding the conclusion of the transaction has been received only from one user of the system (one party to the transaction);

44.2. the information submitted by the system users does not match or is incomplete;

44.3. the party involved in the transaction, which receives stocks, has not reserved capacity in the relevant quantity.

45. The system operator shall inform both parties to the transaction regarding the refusal to approve the transaction in accordance with the standard communication protocol within two hours after receipt of the applications specified in Paragraphs 39 and 40 of this Regulation and within three days after receipt of the applications specified in Paragraph 42 of this Regulation.

## **VII. Procedures for the Determination of the Quantity of Natural Gas**

46. The system operator shall determine for each gas day the amount of natural gas placed in storage D, the amount of natural gas withdrawn and the amount of stocks held by the system user.

47. The amount of natural gas stored per gas day D shall be determined in accordance with the following formula:

$$Q_{\text{nov D}} = Q_{\text{given D}} - Q_{\text{burns D}},$$

where

$Q_{\text{nov D}}$  = amount of natural gas stored in the relevant gas day D (kWh);

$Q_{\text{is given by D}}$  – the amount of natural gas allocated to the system user for storage on the relevant gas day D (kWh);

$Q_{\text{burns D}}$  – Amount of fuel gas to inject natural gas (kWh) of the system user on the relevant gas day D. If the natural gas of the system user is injected via virtual counterflow, the amount of fuel gas shall be zero.

48. Fuel gas is provided by the system user at his own expense, also covering the cost of emission allowances corresponding to the consumption of fuel gas. The system operator shall publish on its website, at least one month before the start of the injection season, the fuel gas consumption factor necessary for the injection of natural gas in the next storage cycle and the methodology for determining it, as well as information on the cost of emission allowances. The system operator shall calculate the amount of fuel gas attributable to the system user for the injection of natural gas into the storage facility, taking into account the fuel gas consumption ratio, and for the withdrawal of natural gas from the storage facility, taking into account the actually accounted fuel gas consumption.

49. The amount of natural gas removed from the storage facility on gas day D shall be equal to the amount of natural gas allocated to the system user on that gas day D to be removed from the storage facility.

50. The amount of stock of a system user for gas day D shall be determined in accordance with the following formula:

$$Q_{\text{kr D}} = Q_{\text{kr D-1}} + Q_{\text{nov D}} - Q_{\text{out D}},$$

where

$Q_{\text{kr D}}$  – amount of system user stocks per gas day D (kWh);

$Q_{\text{kr D-1}}$  – amount of system user stocks per gas day D-1 (kWh);

$Q_{\text{out D}}$  is the amount of natural gas removed from storage by the system user per gas day D (kWh).

51. The system operator every day until 11 p.m. 14:00 (at 12:00 UTC in winter time and at 12:00 UTC in winter time) 11.00 UTC during the summer time period) shall inform the system user, using the standard communication protocol, of the amount of natural gas placed in the storage facility on the previous day, removed from the storage facility, transferred to another system user or received from another system user, and of the amount of stocks at the beginning of the gas day.

52. Within 14 days after the end of the injection season and the end of the withdrawal season, the system operator shall determine the amount of fuel gas actually consumed for the injection of natural gas in the relevant season.

53. If the amount of fuel gas consumed by the system operator for the injection of natural gas is less than the amount of fuel gas received from the system user, the system operator shall, not later than within five working days after the deadline laid down in Paragraph 52 of this Regulation, return the unused fuel gas to the system user in proportion to the amount of natural gas actually injected during the relevant season.

54. If a system user does not have a storage capacity product in a corresponding amount when the system operator transfers unused fuel gas to the system user, then this amount of fuel gas shall be transferred by the system operator to the system user at the exit point from the storage to the transmission system, without applying a charge for the storage of natural gas without a capacity product, after prior agreement with the system user on the timing of the transfer.

55. If the amount of fuel gas consumed by the system operator during the natural gas injection season is greater than the amount of fuel gas received from the system user during the injection season, no additional payments shall be made between the system user and the system operator.

56. If the removal of natural gas is ensured by natural gas pumping units, the amount of fuel gas actually consumed shall be distributed among system users in proportion to the amount of natural gas indicated in their nominations for the relevant month, the removal of which is ensured by natural gas pumping units.

57. The amount of fuel gas determined in accordance with paragraph 56 shall be transferred by the system user to the system operator at the storage facility or entry point to the storage facility from the transmission system by the 14th day of the following month.

58. The system operator shall publish the amount of fuel gas actually consumed on gas day D on its website on the following working day.

59. After the system operator has determined the actual fuel gas consumption in accordance with Paragraph 52 of this Regulation, the system user shall settle the emission allowances used for the combustion of the fuel gas actually used in accordance with the calculation provided by the system operator.

## **VIII. Storage overload management**

60. If by the gas day D-1 at 15.00 the system operator detects a physical overcapacity:

60.1. during natural gas withdrawal from storage, the system operator shall, within the framework of congestion management, allocate natural gas withdrawal capacity among system users priority for the solidarity product, the grouped capacity product and the five-year grouped capacity product and in proportion to their reserved storage capacity;

60.2. during natural gas injection into the storage facility, the system operator shall allocate natural gas injection capacity among system users within the limits of the available capacity within the framework of congestion management, as a priority for the solidarity product, the product of grouped capacity and the product of five-year grouped capacity and in proportion to their reserved unused storage capacity.

61. If after gas day D-1 at 15.00 the system operator detects a physical overcapacity:

61.1. during natural gas withdrawal from storage, the system operator shall, within the framework of congestion management, allocate natural gas withdrawal capacity among system users in the order of receipt of nominations and priority for the solidarity product, the grouped capacity product and the five-year grouped capacity product;

61.2. during natural gas injection into the storage facility, the system operator shall, within the framework of congestion management, allocate natural gas injection capacity among system users in the order of receipt of nominations and priority for the solidarity product, the product of grouped capacity and the product of five-year grouped capacity.

## **IX. Interruption or limitation of the provision of the storage service**

62. A system operator may, without prior notice, limit or suspend the injection of natural gas into or removal from a storage facility in the following cases:

- 62.1. the natural gas transmission system or storage is damaged, which may cause an accident or emergency situation, or an accident has occurred, or an emergency situation has arisen;
- 62.2. a crisis in the supply of natural gas has been declared in accordance with the Energy Law, including an energy crisis;
- 62.3. there are deviations from the normal working regime in the natural gas transmission system or the physico-chemical characteristics of natural gas do not conform to the natural gas quality characteristics specified by the Cabinet;
- 62.4. the natural gas flow pressure does not conform to the pressure necessary for the provision of the storage service;
- 62.5. perform urgent repairs for the elimination of damage or accident consequences or for the prevention of an emergency situation in the natural gas transmission system or storage facility;
- 62.6. technical maintenance, repair, connection, disconnection or dismantling measures must be performed, and it is not possible to perform such works without restricting or interrupting the injection of natural gas into the storage facility or removal from the storage facility.
63. The system operator shall immediately, as soon as possible, but not later than within 24 hours, publish, indicating the time of publication, a notice on the website of the system operator regarding the interruption or restriction of natural gas injection into or withdrawal from the storage facility, the reasons and the forecasted time for the restoration of natural gas injection into or withdrawal from the storage facility, concurrently sending the relevant electronic notice to system users and the Public Utilities Commission (hereinafter – the Regulator).
64. The system operator may reduce the daily capacity of natural gas to be injected into and removed from the storage during maintenance, upkeep and restoration work ('maintenance work'). The system operator shall carry out maintenance work in such a way as not to hinder as much as possible the use of the storage facility and not to reduce the capacity to inject natural gas into the storage facility and to remove it from the storage facility.
65. By 1 September of each year at the latest, the system operator shall publish on its website information on planned maintenance works, their characteristics, possible duration and capacity changes for injection of natural gas into and removal from storage, for the period from 1 October of the relevant year until 30 September of the following year. The system operator shall update the published information depending on the progress of the maintenance work.
66. Where maintenance works have an impact on the capacity to inject natural gas into the storage facility or to remove natural gas from the storage facility, the system operator shall inform system users no later than 42 days before the start of the planned maintenance works by sending information electronically to system users on the duration of the maintenance works and changes in the capacity to inject natural gas into or remove natural gas from the storage facility.
67. The system operator shall electronically inform system users and the Regulator of the performance of unplanned maintenance work, which may affect the capacity to inject natural gas into the storage facility and to remove it from the storage facility, as soon as possible, but not later than by 5 p.m. I'm sorry, but I'm sorry. At 4 p.m. UTC in winter time and at 4 p.m. 15:00 UTC during the summer time period) on the day preceding the unplanned maintenance work, indicating also the capacity available on that gas day to inject natural gas into the storage facility and to remove it from the storage facility.
68. During the injection season, the system operator may switch from the injection mode to the withdrawal mode due to unplanned repairs of the natural gas transmission system or an adjacent natural gas transmission system. The system operator shall immediately, but not later than 24

hours before the change of the operational mode of storage, publish a relevant notice on the website of the system operator, indicating the time of publication, simultaneously informing system users and the Regulator electronically regarding the change of the operational mode of storage.

69. The system operator shall not cover losses incurred by system users in the cases specified in Paragraphs 62 and 64 of this Regulation, as well as in cases when the planned maintenance work is performed within the time period published in accordance with Paragraphs 66 and 67 of this Regulation.

70. If a system operator restricts the capacity to inject natural gas into the storage facility in the cases specified in Paragraphs 62 and 64 of this Regulation, as well as in cases where maintenance work is carried out within the time period published in accordance with Paragraphs 66 and 67 of this Regulation, or restricts the capacity to withdraw natural gas from the storage facility during the day in the cases specified in Paragraphs 62 and 64 of this Regulation, the system operator shall allocate the capacity to inject natural gas into the storage facility or to remove it from the storage facility among system users in accordance with the congestion management procedures laid down in Chapter VIII of this Regulation.

71. If a system user fails to fulfil the obligations undertaken as a result of the auction of a storage capacity product and the system user does not have a corresponding credit rating or security for the fulfilment of obligations in the amount specified in Paragraph 83 of this Regulation, the allocated amount of capacity shall become part of the available storage capacity and shall be available to system users for reservation. If a system user has a stock in the relevant capacity product, it shall become natural gas stored without the capacity product and shall be subject to Paragraph 36 of this Regulation.

72. Where a system user informs the system operator that it will not be able to meet its obligations resulting from the auctioning of a storage capacity product, the amount of capacity allocated shall become part of the available storage capacity and shall be available to system users for reservation, subject to the agreement of the system user with the system operator. If a system user has a stock in the relevant capacity product, it shall become natural gas stored without the capacity product and shall be subject to Paragraph 36 of this Regulation.

73. The payment obligations entered into by the system user upon the reservation of capacity shall remain in force until they are fully discharged. If, in the case specified in Paragraphs 71 and 72 of this Regulation, the amount of capacity is rebooked, the system user, on the basis of an invoice issued by the system operator, shall be obliged to cover the difference between the amount that the system operator would have received if the system user fully fulfilled the payment obligations assumed as a result of the auction in relation to the amount of capacity allocated and the amount that the system operator will receive for the amount of capacity allocated as a result of the re-auction.

## **X. Collateral for the enforcement of obligations**

74. During the term of the storage service contract, the system user shall ensure the fulfilment of the contractual obligations by using an appropriate credit rating of the system user or security for the fulfilment of the obligations. A system user may choose one or several types of security for the fulfilment of obligations (security deposit, guarantee of a financial service provider or a related merchant, which conforms to the criteria laid down in Paragraph 77 of this Regulation).

75. If a system user chooses to provide a credit rating to fulfil its contractual obligations, it shall provide the system operator with information on the system user's credit rating by 1 May of each year. The system user is obliged to immediately inform the system operator of any changes

in the credit rating of the system user. The system operator may request the system user to submit up-to-date information on the credit rating of the system user.

76. If the system user has chosen to ensure the fulfilment of contractual obligations with a credit rating, the system operator may, during the term of validity of the storage service contract, request the system user to submit a security for the fulfilment of obligations (security deposit, guarantee of the financial service provider or related merchant, which conforms to the criteria laid down in Paragraph 77 of this Regulation) to cover the requirements arising from the storage service contract, if:

76.1. the system operator has grounds to believe that the system user is fully or partially unable or will not be able to cover the obligations arising from the storage service contract;

76.2. insolvency or liquidation proceedings have been initiated for the system user;

76.3. in accordance with the criteria laid down in Paragraph 77 of this Regulation the system user does not have a corresponding credit rating;

76.4. the system user has delayed the payments specified in the storage service contract twice within twelve months.

77. A credit rating of a system user shall be considered eligible if it meets at least one of the following criteria:

77.1. 'Standard & Poor's' long-term rating of BBB- or higher;

77.2. Fitch Ratings long-term rating BBB- or higher;

77.3. Moody's long-term rating of Baa3 or higher.

78. If a system user or a related economic operator does not agree with the system operator's finding of non-compliance with the credit rating of a system user or a related economic operator, the system user or related economic operator may, within five working days, submit appropriate evidence in order for the system operator to objectively assess the credit rating of the system user.

79. The system user shall submit the security for the fulfilment of obligations to the system operator within seven working days from the day of receipt of the request from the system operator.

80. A system operator shall recognise a guarantee as an adequate security for the fulfilment of its obligations if it complies with the following conditions:

80.1. the guarantee is issued by a financial service provider which, or a group of which, has a long-term foreign currency borrowing credit rating of at least Baa1 under Moody's or BBB+ under Standard&Poor's or BBB+ under Fitch Ratings;

80.2. the guarantee has been issued by a related merchant, the credit rating of which complies with Paragraph 77 of this Regulation;

80.3. the guarantee is first demand and irrevocable.

81. The performance security shall be valid for the entire duration of the storage service contract if the system user has chosen to ensure the performance of the contract with the performance security.

82. The performance security shall be effective for the entire duration of the storage service contract if the system operator has requested the performance security of the system user who has chosen to ensure the performance of contractual obligations with a credit rating in accordance with Paragraph 76 of this Regulation. If a system user fails to submit security for

the fulfilment of obligations to the system operator within the time period specified in Paragraph 79 of this Regulation, the system operator may restrict or suspend the injection of natural gas into the storage facility, removal from the storage facility or transfer of the natural gas or capacity product placed in the storage facility.

83. The amount of the security for the fulfilment of obligations shall be twice the amount of the fee laid down in Sub-paragraph 22.4 of this Regulation for each capacity product allocated to the system user in each storage cycle.

84. If the system operator has used the security for the fulfilment of obligations to cover the requirements arising from the storage service contract, the system operator shall send a warning to the system user. If the system user fails to restore the security of compliance within the time period specified in the alert, which shall not be less than ten working days, the system operator may restrict or suspend the injection of natural gas into the storage facility, its removal from the storage facility or the transfer of the natural gas or capacity product placed in the storage facility.

85. If the obligations of a system user within the framework of a storage service contract exceed the amount for which the security for the fulfilment of obligations has been submitted, the system operator may request the system user to increase the amount of the security for the fulfilment of obligations and to submit a new security for the fulfilment of obligations to the system operator, which complies with the conditions of Paragraph 83 of this Regulation, within seven days. If the system user does not submit a new security for the fulfilment of obligations within the specified time period, the system operator may restrict or suspend the injection of natural gas into the storage facility, the removal from the storage facility or the transfer of natural gas or capacity product placed in the storage facility.

86. Upon termination of the storage service contract, the system operator shall, within five working days, return to the system user the amount of the security that has not been used to cover the default of the system user, or return the original guarantee submitted to the system user.

## **XI. Closing issues**

87. Applications for the acquisition of rights to use storage facilities submitted to the system operator prior to the day of coming into force of this Regulation shall be evaluated by the system operator and a storage service contract shall be entered into in accordance with this Regulation.

88. A system user who has a storage service contract in force on the day of coming into force of this Regulation shall have it in force, insofar as it is not in contradiction with this Regulation. If the conditions of a storage service contract concluded before the date of entry into force of this Regulation are contrary to these Regulations, these Regulations shall apply.

89. The fee laid down in Paragraph 59 of this Regulation shall be calculated by the system operator when the free emission allowances allocated to the system operator have expired.

90. Procedures for the Use of a Relocation Product Reserved on the Date of Entry into Force of this Regulation:

90.1. the capacity product includes:

90.1.1. the use of storage capacity in the amount of the available inventory transfer product;

90.1.2. placing of natural gas in a storage facility: not possible;

90.1.3. removal of natural gas from storage: the quantity of stocks held with the product of the transfer of stocks;

- 90.1.4. the use of virtual counterflow in accordance with Paragraph 4 of Annex 2 to this Regulation for the removal of natural gas from the storage facility in the reserved amount of capacity at the disposal of the user: for a virtual counterflow fee;
- 90.2. removal of natural gas from the storage facility: the product of interruptible capacity;
- 90.3. transfer of stocks to a storage facility: as part of a transfer product;
- 90.4. settlement of the capacity product: in accordance with the procedure set out in the storage service contract, in accordance with the fee set by the system operator, which shall not be higher than the tariff for the storage transfer product set for the 2025/2026 storage cycle;
- 90.5. the transfer of stocks to the next storage cycle is possible in accordance with the conditions of the capacity product to which the stocks are transferred;
- 90.6. if the system user does not have a reserved storage capacity product for the next storage cycle, the system user is obliged to release the storage.
91. Annuls Decision No 1/14 of the Public Utilities Commission of 1 October 2020 on the terms of use of the Inčukalns Underground Gas Storage Facility (Latvijas Vēstnesis, 2020, No 193; 2021, No 245; 2022, No 65; 2022, No 212; 2024, No 211).
92. This Regulation shall enter into force on the day following that of its publication in the official gazette Latvijas Vēstnesis.

The President

A. Ozola

### Application for obtaining the right to use Inčukalns Underground Gas Storage

20 \_\_\_\_\_  
No \_\_\_\_\_

Addressee: Joint Stock Company Conexus Baltic Grid

registration number: 40203041605

registered office: \_\_\_\_\_

Applicant: \_\_\_\_\_

*/name/*

Energy identification  
code:

Registered office:

Telephone number:

Official e-address:

E-mail address (if there is  
no official e-mail  
address):

Bank details:

VAT number:

Please be granted the right to use the Inčukalns Underground Gas Storage Facility and to conclude a storage service contract in accordance with the Inčukalns Underground Gas Storage Facility Terms of Use ('the Storage Facility Terms of Use').

I agree to receive information and documents on the processing of this application:

- official e-address;
- e-mail (if there is no official e-address);
- by post to the legal address

#### Representative details

	First name, Last name	Position	Phone, e-mail
Person entitled to represent the tenderer and conclude a storage service contract			
<hr/>			
		Telephone	E-mail
Contact information that can be used by the system operator to communicate with the system user at any time of the day			

#### Attached documents

1.  A document confirming that the applicant has registered the commercial activity in accordance with the laws and regulations of the relevant country.\*

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2.  A document certifying representation, if the application is signed by a person who is not a member of the administrative body of the applicant.\*

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3.  A document confirming that the applicant's insolvency proceedings have not been declared, the economic activity of the applicant has been suspended or the applicant has not been liquidated.\*

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4.  Annual report for the previous three years (or actual period of activity, taking into account the time of establishment or start-up of the applicant for which an annual report is to be submitted) or other equivalent document proving the economic and financial standing of the applicant in accordance with national laws and regulations.\*

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5.  Information on the applicant's credit rating issued by a well-known credit agency.\*

(tick with x as appropriate)

\* If the document is available in an official publication or in a national public register, indicate the website

The Applicant confirms that he is familiar with the Inčukalns Underground Gas Storage Terms of Use.

The tenderer declares that it undertakes to provide security (security deposit or financial service provider guarantee) at the request of the system operator.

**Contact details of the person submitting the application**

(name)	(position)	(phone, e-mail)
<b>Signature of the person submitting the application</b> _____		

Acceptance of the application (to be completed by the system operator)
_____
Registration number
_____
Date of registration
_____

## **Inčukalns underground gas storage capacity products, their use and capacity reservation procedure**

### **1. Product of bundled capacity (product code IPGK1YP)**

1.1. Reservation time for storage capacity: in accordance with the information published in Sub-paragraph 22.1 of this Regulation.

1.2. Reservation type of storage capacity: the auction procedure.

1.3. Auction procedure used to book the capacity product: a single charge auction.

1.4. Storage capacity available for reservation: an unlimited amount of available capacity of the storage facility minus the available capacity of the storage facility to book the five-year bundled capacity product in accordance with points 2.1 and 2.5 of this Annex. For the reservation of a bundled capacity product, the amount of available storage capacity shall also include that part of the storage capacity reserves which has not been reserved for the next storage cycle by 1 December of each year, on the basis of Article 44(8)(1) of the Energy Law.

1.5. Arrangements for the allocation of storage capacity: in accordance with paragraph 22 of this Regulation.

1.6. Duration of the capacity product: one storage cycle.

1.7. The capacity product shall include:

1.7.1. the use of storage capacity in the amount of the bundled capacity product at the disposal of the user;

1.7.2. placing of natural gas in a storage facility: unlimited, ensuring that stocks are stored in quantities that can be stored with the capacity product at the disposal of the system user;

1.7.3. removal of natural gas from the storage facility: unlimited, ensuring the removal of stocks stored with a capacity product;

1.7.4. the use of virtual counterflow in accordance with paragraph 4 of this Annex for the use of storage capacity to the extent of the capacity at the disposal of the user: free of charge.

1.8. Storage and removal of natural gas from storage: firm power product.

1.9. Transfer of stocks to a storage facility: within a bundled capacity product and a five-year bundled capacity product.

1.10. Payment for the capacity product: in accordance with paragraph 22 of this Regulation.

1.11. At the end of the storage cycle, stocks may be transferred to the next storage cycle from any product to the bundled capacity product, subject to the payment of a transfer fee set out in the auction rules for the specific bundled capacity product. The system operator shall calculate the highest value of the stock carry-over fee by applying the higher of the two following indicators at the time of the auction announcement: 1) two *euros* for the remaining MWh of transferable stocks; 2) 1.25 times *EEX Natural Gas Futures TTF Settlement price* next winter/summer price difference for the remaining MWh of transferable stocks.

1.12. If the system user does not have a reserved storage capacity product for the next storage cycle, the system user is obliged to release the storage.

## **2. Five-year bundled capacity product (product code IPGK5YP)**

2.1. Reservation time for storage capacity: in accordance with the information published in Sub-paragraph 22.1 of this Regulation.

2.2. Reservation type of storage capacity: the auction procedure.

2.3. Auction procedure used to book the capacity product: a single charge auction.

2.4. Storage capacity available for reservation: the capacity for the five-year bundled capacity product and the capacity for storage capacity for reserves shall not exceed 70 % of the technical capacity of the storage facility. If, at the end of the five-year booking period for a bundled capacity product, the allocated volume of storage capacity is lower, the unreserved volume of storage capacity shall be included in the volume of storage capacity available for the booking of the bundled capacity product.

2.5. Arrangements for the allocation of storage capacity: in accordance with paragraph 22 of this Regulation.

2.6. Duration of the capacity product: five consecutive storage cycles.

2.7. The capacity product shall include:

2.7.1. the use of storage capacity in the amount of the five-year bundled capacity product at the disposal of the user;

2.7.2. placing of natural gas in the storage facility: unlimited, ensuring that stocks are stored in quantities that can be stored with the capacity product at the disposal of the system user;

2.7.3. removal of natural gas from storage: unlimited, ensuring the removal of stocks stored with a capacity product;

2.7.4. the use of virtual counterflow in accordance with paragraph 4 of this Annex for the use of storage capacity to the extent of the capacity at the disposal of the user: free of charge.

2.8. Storage and removal of natural gas from storage: firm power product.

2.9. Transfer of stocks to a storage facility: within a bundled capacity product and a five-year bundled capacity product.

2.10. Payment for the capacity product: in accordance with paragraph 22 of this Regulation.

2.11. Carry-over of stocks. At the end of the storage cycle (during the lifetime and at the end of the capacity product), stocks may be transferred to the five-year bundled capacity product from any product:

2.11.1. free of charge in the amount of 50 % of the five-year bundled capacity product at the disposal of the system user for the next storage cycle. The system user shall inform the system operator of the amount of stocks to be transferred no later than five days before the end of the storage cycle;

2.11.2. above 50 % of the five-year bundled capacity product at the disposal of the system user for the next storage cycle by paying a stock carry-over fee specified in the auction rules for the specific five-year bundled capacity product. The system operator shall calculate the highest value of the stock carry-over charge for the entire period of use of the five-year bundled capacity product, whichever is the greater of the following two at the time of the auction announcement: 1) one *euro* per MWh of the balance of transferable stocks; 2) 0.75 times the arithmetic mean of the *EEX Natural Gas Futures TTF Settlement price* difference for the remaining MWh of the four following winter/summer stocks.

2.12. If the system user does not have a reserved storage capacity product for the next storage cycle, the system user is obliged to release the storage.

### **3. Product of interruptible capacity (product code IPGKAP)**

3.1. Reservation time for storage capacity: in accordance with the information published in Sub-paragraph 22.1 of this Regulation.

3.2. Reservation type of storage capacity: the auction procedure.

3.3. Auction procedure used to book the capacity product: a single charge auction.

3.4. Storage capacity available for reservation: unlimited storage capacity.

3.5. Arrangements for the allocation of storage capacity: in accordance with paragraph 22 of this Regulation.

3.6. Duration of the capacity product: one storage cycle.

3.7. The capacity product shall include:

3.7.1. the use of storage capacity in the amount of the interruptible capacity product at the disposal of the user;

3.7.2. placing of natural gas in the storage facility: unlimited, ensuring that stocks are held in quantities that can be stored with the capacity product at hand;

3.7.3. removal of natural gas from storage: unlimited, ensuring the removal of stocks stored with a capacity product;

3.7.4. the use of virtual counterflow in accordance with paragraph 4 of this Annex for the use of storage capacity to the extent of the capacity at the disposal of the user: for a virtual counterflow fee.

3.8. Storage and removal of natural gas from storage: product of interruptible capacity.

3.9. Transfer of stocks to a storage facility: within the product of interruptible capacity.

3.10. Payment for the capacity product: in accordance with paragraph 22 of this Regulation.

3.11. Transfer of stocks to the next storage cycle is possible under the conditions of the capacity product to which the stocks are transferred.

3.12. If the system user does not have a reserved storage capacity product for the next storage cycle, the system user is obliged to release the storage.

### **4. Virtual counterflow**

4.1. Capacity booking time for existing storage cycle: during the use of the storage capacity product.

4.2. Type of reservation for storage and withdrawal of natural gas capacity: submitting a nomination to the system operator.

4.3. Capacity available for reservation:

4.3.1. during the injection season – according to the information published on the website of the system operator on the amount of capacity available for reservation, which is not less than the total amount of natural gas placed in the storage facility of system users approved in accordance with Paragraph 33 of this Regulation within the scope of the storage capacity product for the relevant gas day, from which the maximum amount of natural gas withdrawal capacity for the relevant gas day has been subtracted. The amount of capacity available for reservation shall not be less than 0;

4.3.2. during the withdrawal season – according to the information published on the website of the system operator on the amount of capacity available for reservation, which is not less than the total amount of natural gas to be withdrawn from storage by system users approved in accordance with Paragraph 33 of this Regulation within the storage capacity product for the relevant gas day, from which the maximum amount of natural gas injection capacity for the relevant gas day has been subtracted. The amount of capacity available for reservation shall not be less than 0.

4.4. Capacity allocation arrangements: in the order of receipt of nominations.

4.5. Duration of virtual counterflow: the gas day for which the capacity was booked.

4.6. Virtual counterflow includes: placing natural gas in storage contrary to the direction of the withdrawal capacity and removing it from storage contrary to the direction of the injection capacity of the storage facility.

4.7. Storage of natural gas: firm or interruptible capacity product, depending on the capacity product specified in the nomination.

4.8. Transfer of stocks to a storage facility: Not applicable.

4.9. Capacity settlement: in accordance with paragraph 23 of this Regulation. Where the amount of capacity available for reservation in accordance with point 4.3 of this Annex is simultaneously available in both injection and withdrawal directions, no virtual counterflow charge shall apply.

4.10. Carry-over of stocks to the next storage cycle: Not applicable.