

**From:** Kalvi Nõu <Kalvi.Nou@alexela.ee>  
**Sent:** Wednesday, July 15, 2020 10:55 AM  
**To:** SPRK <sprk@sprk.gov.lv>  
**Cc:** Rauno Otsasoo <Rauno.Otsasoo@alexela.ee>  
**Subject:** RE: Consultation on the changes in the regulation of the Inčukalns underground gas storage facility

Hi,

As a response to the consultation:

We think that if an auction based model has to be used in the future, then the best option would be on the principle of the „last accepted bid“ premium- both for bundled as well as for interruptible capacity products when there is low demand.

Regarding the priority rights for injection capacity, we think that this kind of auction should not be taken into use at all, because it would discriminate smaller market participants for following reasons:

- Any priorities given out would make it very difficult to plan yearly and monthly deliveries as there would not be any certainty that the market participants could inject gas when they want/plan to:
  - I.e. it can be that we plan the gas deliveries (already months ahead) to July, but are unsuccessful in the priority rights auction. What to do with the gas then?
  - I.e. we get the priority rights for storage in July, but later are not able to get gas deliveries to July. We have a sunk cost.
- It would add an element of uncertainty to the cost of storing gas – which makes storage less attractive and might hinder smaller players from storing gas at all.



**Best regards,**  
**Kalvi Nõu** • Energy Portfolio Manager  
+372 5303 4948 • [Kalvi.Nou@alexela.ee](mailto:Kalvi.Nou@alexela.ee)  
AS Alexela • Roseni 11, 10111 Tallinn  
[www.alexela.ee](http://www.alexela.ee)