From: Marko Allikson <Marko.Allikson@balticenergy.ee>
Sent: Thursday, January 26, 2023 2:16 PM
To: SPRK <sprk@sprk.gov.lv>
Cc: Kaido Veldemann <kaido.veldemann@scener.eu>; Peeter Pikk <Peeter.Pikk@balticenergy.ee>
Subject: Inculkans public consultation feedback to PUC

Dear Sirs,

Please find here the comments on behalf of Baltic Energy Partners OÜ, Scener SIA and Scener OÜ:

In our understanding the inherent problem to solve here is the fact that BalticConnector capacity from Finland to Estonia is limited to 78 GWh and Kiemenai entry is limited to 90 GWh (30 GWh in June) while in the Summer we might have Estonian, Latvian, Finnish consumption at 30-40 GWh per day and Inculkans entry capacity is 106 GWh per day. So basically there is 20-30 GWh bottleneck most of the time when there is no restrictions at Kiemenai or BalticConnector. So its basically Inkoo LNG terminal versus Klaipeda terminal LGN cargoes competing for Inculkans injection capacity, but the current proposal really does not solve the issue for the market participants. The solution is rather to increase the injection capacity to Inculkans...

In our eyes, the planning of LNG cargoes in the region is related to the cycles of Terminal capacities being auctioned out and its reasonable to believe that there is some clear visibility for 1 year horizon, but not in the 2 year horizon as the capacities are simply not given to all market participants for the second year ahead. And for longer them deals even 2 year horizon is not long term enough, but at the same time its still unclear what months the cargoes will be exactly delivered for longer 5-10 year deals.

Secondly, there is a number of secondary buyers of the volumes that LNG buyers bring to teh terminals. Those volumes are not predefined for the whole year ahead, but they are rather spot deals happening continuously throughout the year.

Furthermore, the current proposal changes the approach for all storage filling to the extreme, neglecting the fact that the storage is used for several purposes. Namely, the market participants use the Inculkans storage not only for storaging LNG gas for the Winter, but also for all year around balancing purposes that helps to keep down the gas costs for all entities involved. Especially some end users use the storage also via aggregators for the same balancing purposes. Therefore, its important that there will be also some share of capacity auctioned out with the current logic that enables withdrawals and injections all year around to be able to execute reasonable balance planning.

Taking into account the rationale above, we would recommend following:

1) Implement no changes to 2-year product and offer 2 year bundled product with similar characteristics as today at least 4 TWh – so it would give possibility both for balancing and some volumes for storing purposes. 2-year product with monthly injection determined has little added value for LNG buyers as, first, its hard to plan particular month for second year with that accuracy as there is not many LNG

terminal slots reserved (can be resereved for long term deals, but those are 5 +years anyway).

2) Define „priority injection months“ for 80% of 1 year product capacity (while leaving some share of 1 year product as currently to serve the same „other use“ needs of the storage). To ensure more flexibility also the „priority injection month“ as a separate product should be offered to the market that would enable to simplify the secondary market transactions and continuous transactions throughout the year
3) Arrange resale platform for injection priorities (e.g. via GetBaltic) to ensure that there a simple way to find a counterparty for excess or missing injection needs. Essentially the tradable commodity needs to be the „priority injection month“

With regards,

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