

REGARDING PUBLIC CONSULTATION ON THE METHODOLOGY FOR DETERMINING THE SERVICES FOR THE TRANSMISSION TARIFFS

With this letter UAB Ignitis expresses view to the consultation on the application of the methodology for the calculation of the tariffs on the natural gas transmission system service dated August 8th, 2019.

Firstly, we encourage to create favorable conditions for users of natural gas system to maximize the utilization of all the available infrastructure in the region by reducing any kind of barriers, including tariffs. Based on the market development in a current gas year, both LNG terminal and underground gas storage is of the interest of market participants and brings value to end consumers in all the Baltic countries and Finland. Klaipeda LNG terminal has a strategic importance for natural gas supply security and diversification for all Baltic States and from 2020 for Finland, since currently it is the only alternative to the pipeline gas in the region. The market participants can effectively use all gas infrastructure and get benefits from gas diversification only by using both LNG terminal and Incukalns underground storage. Therefore, we support the least feasible tariffs at the interconnection points of common gas market zone, including exit tariff from Latvia to Lithuania where two aforementioned natural gas facilities are located. Historical data of current and previous years shows that market participants utilize the interconnection whenever market presents such occasions.

Secondly, shippers value certainty in services (firm capacities) provided by transmission and storage system operators. In order to create such certainty for injection and withdrawal to/from gas storage facility we kindly ask to consider re-introducing entry/exit tariffs into/from natural gas storage facility. This way TSO would allocate the **injection and withdrawal** capacities via entry/exit products, and storage facility operator would only allocate **storage service** capacities (1 year, 2 years, market product and/or others). Such amendment would benefit a) national end consumers of Latvia by reducing entry tariff into DSO system, b) contribute to facilitation of operations of shippers in Baltic region c) create simple congestion management mechanism on entry/exit points with storage and d) allow storage operator to have a better planning overview and market participants to avoid situations which has been incurred during the current injection season..

Thirdly, there is a small discrepancy in tariffs presented in Annex 4 of aforementioned consultation documents and consultation carried out by Estonian energy authorities during this summer (ended 26 July 2019). Therefore, please, harmonize calculation methods within one market zone.

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