**PUBLIC CONSULTATION ON PROVISIONS OF INTERCONNECTION AGREEMENT FOR THE GAS TRANSMISSION SYSTEMS INTERCONNECTION POINT BETWEEN ESTONIA AND LATVIA**

Gas transmission system operators (TSOs) of Baltic States, Elering AS, AS Conexus Baltic Grid and AB Amber Grid are seeking for measures for closer integration of the national gas markets of Estonia, Latvia and Lithuania, which would foster the cross-border trade and development of a competitive regional market. With this in mind, the TSOs are implementing implicit capacity allocation method for short-term cross-border capacity and trading. When this method is applied both cross-border transmission capacity and a corresponding quantity of purchased gas are allocated at the same time through the trading platform of gas exchange.

All three national regulatory authorities of the Baltic States approved the implicit capacity allocation model on January 2017 and on 23 January 2017, the TSOs signed a Cooperation Agreement on the Implementation of the Implicit Capacity Allocation Model.

Also with implementation of the implicit capacity allocation model, it is foreseen to sign the interconnection agreement between Elering AS and AS Conexus Baltic Grid with the revised provisions than those currently applicable for the interconnection point between Estonia and Latvia. It is foreseen to determine that:

* **Rules for the matching process, used to coordinate between TSOs the confirmation of nominations and re-nominations provided by network users, are:**
	+ The main matching rule shall be *lesser rule.* TSOs may apply other rule for matching of re-nominations in case of limitations stipulated by network rules of any of TSOs;
	+ The matching process shall start at 15.00 EET (EEST) on D-1;
	+ TSOs shall send confirmed quantities to network users no later than 17.00 EET (EEST) on D-1;
	+ The re-nomination cycle starts on every hour within the re-nomination period;
	+ TSOs shall send confirmed re-nominations to network users within two hours from the start of each re-nomination cycle.
* **Rules for the allocation of gas quantities:**
	+ TSOs shall ensure the consistency between the allocated quantities at both sides of the interconnection points;
	+ Gas volume allocated to network user for a specific day shall be equal to the volume according to nominations confirmed by the TSOs for the network user;
	+ Difference between confirmed nominations for network users and measured gas volumes (steering difference) shall be allocated to an operational balancing account administered by both TSOs;
	+ The both TSOs shall endeavour to maintain at all times an operational balancing account balance that is as close to zero as possible during agreed period depending on operational regimes agreed by TSOs;
	+ TSOs shall allow the netting of gas flows. Main principles of netting gas flows are:
		- Commercial flows in gas system are allowed for all interconnection points;
		- Net flow is the actual physical flow resulting from the netting of the commercial flows;
		- Net flow is in the direction of enabled physical flow or zero;
		- No cross-border imbalance will occur for commercial gas flow;
		- Cross-border imbalance can only occur for net flow and is allocated to an operational balancing account;
		- Commercial flow can be restricted due to the technical or operational limitations of the gas system.
* **Communication procedures in case of exceptional events are:**
	+ TSOs shall ensure that communication procedures which facilitate fast and simultaneous communication in cases of exceptional events are in place;
	+ Communication between TSOs shall be performed by oral communication for information, followed by an electronic written confirmation unless agreed otherwise;
	+ TSO affected by an exceptional event shall be required, as a minimum, to inform its network users if there is a potential impact on their confirmed quantities and to provide all necessary information about:
		- the possible impact on the confirmed quantities for network users active at the concerned interconnection point;
		- the expected and actual end of the exceptional event.
	+ TSO affected by an exceptional event shall be required, as a minimum, to inform the adjacent TSO of the occurrence of such exceptional event and to provide all necessary information about:
		- the possible impact on the quantities and quality of gas that can be transported through the interconnection point;
		- the expected and actual end of the exceptional event.

Elering AS invites to provide comments and opinions on draft provisions of Interconnection Agreement until May 2, 2017 to Elering AS by e-mail airi.noor@elering.ee.

Should you have any questions please contact the representative of Elering AS Airi Noor by e-mail Airi.Noor@elering.ee.