The summary of proposals and comments received within the process of Public Consultation on the Amendments to the Common Regulations for the Use of Natural Gas Transmission System *second package* (carried out from 6.03.2024 till 20.03.2024)

No.	Relevant regulation norm or initial proposal for the amendments	Comment or proposal	The opinion of TSOs regarding the comments or proposals
1.	*n/a*	First, we assess that the proposed changes related to BalticConnector are not really necessary in the context where the congestions have been caused by too little capacity offered to the market and a. Congestions have happened in rather short periods with market having learned how to operate in those conditions b. After launch of Inkoo LNG terminal there has really been no congestions in the market in combination with BalticConnector operating simultaneously c. TSOs have just announced increase of BalticOnnector capacity from Autumn 2024 in main congestion direction to 70,5 GWh/day and we assume that the work is ongoing to increase the capacity to technically promised 82 GWh per day – this will reduce in reality the likelyhood of congestions further. We would recommend not to execute planned changes that would affect the operations of market players via BalticConnector as the negative effects are bigger than the expected benefits. The price (risk margin) of fixed deliveries from the Baltics to Finnish VTP will increase as the risk of additional costs to deliver exact volumes will be higher.	The reverse flow capacity and limitations on downward renomination are only utilized in situations of congestion on Balticconector. As you mentioned, the likelihood of congestion is lower, and therefore the risk of limitations on downward renomination is rather low as well. The ultimate aim of the amendment is to maximize the utilization of connector physical capacity in situations where efficiency is most crucial.
2.	*n/a*	Our general proposal would be to re-write entirely the 5th chapter as there are too many exceptions on top of another layer of exceptions. There are currently two main IP-s that should be covered in this Regulation. Therefore, it would be way easier to have just separate chapters: one that will handle all the processes related to BalticConnector capacity nomination and allocation, another chapter for Kiemenai IP and the last chapter for all remaining connection points.	Thank you for the proposal. We fully agree with this comment. We would like to address this issue as next amendment after the following steps have been finalized: 1) Amendments on Kiemenai point capacity allocation and congestion management have been agreed on (as requested by NRAs); 2) The process of reviewing the list of relevant points. This will include the process of redefining relevant points with NRAs in line with Regulation 715/2009 Annex 1 (to remove the Russian points). 3) Discussions on the definitions of the production point (including whether gas injected into the distribution grid is included).

3.	*n/a*	Also, we would suggest aligning the public consultation process with counterparts from Gasgrid Finland, because at the very same time Gasgrid Finland has its own public consultation with different proposed changes and another deadline for provision of comments from market participants.	EE-LV and FI are separate balancing zones with different rules. Moreover, the national legislation governing how the rules are prepared, consulted, and approved differs in EE-LV and FI. It should be noted that TSOs work closely to ensure that the principles used at the EE-FI entry/exit point remain consistent and coordinate the amendment processes as much as possible.
4.	*n/a*	In order to avoid any erroneous nominations and re-nominations, the volume of capacity available for booking at each moment should be displayed to network users at EE/LV TSO-s websites. Otherwise it's not possible for the network user to comprehend if this is the case on physical congestion referred to in clause 8.10.3.5 and the network user cannot take it into account.	The TSO informs the Shippers on the volume of available capacity on Elering Live, Gasgrid Portal and Transparency Platform. The information on available capacity is updated without delay after confirmed nominations are sent out to Shippers. The information on available capacity contains the volume of available technical capacity allocated for bilateral trading and virtual capacity summed up. Gasgrid provides data in hourly resolution, Elering in daily resolution. Considering this comment, Elering is preparing to send values also in hourly resolution.
5.	*n/a*	In addition, we would like to add that Balticconnector allocation mechanism should support normal market functioning. Balticconnector capacities should be allocated so that in case of physical congestion the shippers with actual needs should have their needs met first. Similar to the gas exchange volumes, which are preferred over other capacity requests. By such shippers we mean for example shipper having LNG in Inkoo terminal. The practice has shown low interest in using Inkoo terminal's capacity so far. If having substantial volumes of LNG on Finnish side is not taken into account, it could discourage shippers to use Inkoo terminal. Considering Inkoo terminal regasification capacities during Balticconnector allocation so that the shipper regasifying at Inkoo LNG terminal would have a priority in booking Balticconnector southbound capacities, could increase the interest in using Inkoo terminal. Another example of shippers to be preferred could be northbound shippers already having commitments in Finland. This would contribute to the main goal – security of supply in our region.	Prioritizing one shipper is not permitted by Regulation 715/2009, Article 14(1): *Transmission system operators shall: (a) ensure that they offer services on a non-discriminatory basis to all network users;* *In regard to point (a) of the first subparagraph, where a transmission system operator offers the same service to different customers, it shall do so under equivalent contractual terms and conditions, either using harmonised transport contracts or a common network code approved by the competent authority in accordance with the procedure laid down in Article 41 of Directive 2009/73/EC.*
6.	*n/a*	Finally, we would like to repeat our proposal from previous consultations. Finland and Estonia would not have to tackle with issues of congestion at all if we had a common balancing zone. Integration of Finnish gas balancing system into Estonian-Latvian joint balancing system would erase Balticconnector's inefficiency issues completely. The latter of course suggests that Finnish TSO should be prepared for the periods where the offered Balticconnector capacity is below anticipated domestic demand in Finland and the Inkoo LNG terminal is scheduled to be low on	Comment fully noted. We would like to stress that merging the balancing zones will not eliminate congestion itself; rather, it will be managed by TSOs. This includes more challenging situations to ensure system operations, as the market does not receive signals on system adequacy. Consequently, this will increase the risk to system security and lead to higher

		gas. Actually, this is what happened during 2023 winter and it only shows that TSO should be prepared for such circumstances even when Finland and Estonia are in the separate balancing zones.	costs for TSOs in maintaining balanced systems on both sides of the (internal) congestion. These costs shall be allocated to transmission system users. The merger should be evaluated taking into account all gas market participants.
7.	*8.10.3.5 in the event entry/exit point Balticconnector becomes physically congested, the renominations downwards (in full, partially (pro rata) or at all) to the opposite direction if this capacity has already been booked as virtual capacity based on virtual reverse flow.*	1) In case the changes still would be preferred, then we see that the changes assume that simultaneous flow and other direction virtual flow nomination are only executed for capacity hoarding purposes, but in fact its the only way to balance portfolios of market players in Finland in case of congestion. We understand the need to maximize flows, but it should not come with the cost of taking away all balancing tools from market players. As you clearly know that Inculkans storage is an ultimate balancing tool for the region that can be accessed from Finland only via BalticConnector nominations. Furthermore, we have seen lately now the extent of the problems the market players have currently when balancing is only possible by the few importers at Inkoo LNG terminal (withinday until 23:00 lately introduced late renomination cycle) while its not really offered further to market players having to purchase gas essentially from monopoly position players having LNG in the terminal. 2) Therefore, we suggest that there should be some kind of treshold for virtual flow nomination changes during the congestion e.g., up to 1200 MWh that is currently threshold for nominations that can be changed without penalty in case of congestion. 3) More specifically, the addition of clause 8.10.3.5 limitation on reverse volume downwards re-nomination motivates quicker congestions and more overnominations as it s better to be in excess in Finland and increase reverse flow by renominating after D-1 results. So it is creating more systematic pressure towards quicker overnomination as penalty for not having enough gas due to less nomination is more expensive. Currently, there is no reason to overestimate as one could change the reverse flow re-nominations in either direction.	1) Market players in Finland, in addition to using Incukans/Balticconnector, have two alternative ways to balance portfolios: through exchange or via within-day nominations from LNG. 2) TSOs aim to introduce virtual flow capacity is to maximize the efficiency of the Balticconnector. This can only be achieved if TSOs have the right to limit downward re-nominations in the opposite direction if necessary, meaning if this capacity has already been allocated in the congested direction. Allowing a threshold (for example, 1200 MWh per day or 50000 MWh per hour) would mean that this threshold is set for all market participants who placed nominations. For example, if we have 10 nominations, the threshold amount would be 12 GWh per day, which is already a significant share of the capacity that could not be offered as virtual and would therefore result in inefficient use of capacity and contradict the whole idea of virtual reverse flow. 3) We do not agree that limiting downward re-nominations motivates quicker congestion or that it would be advantageous to be in excess in Finland compared to current rules. If there is congestion in one direction (FI->EE congestion only occurs if there is LNG in Inkoo; EE->FI congestion occurs if there is no LNG in Inkoo or very high demand in FI), there is no risk of congestion in the other direction. As is the case today, when there is a risk of congestion, market participants attempt to nominate as much as possible (there is no difference in how capacity is shared between market participants). If they obtain more capacity than
8.	*8.10.3.5 in the event entry/exit point Balticconnector becomes physically congested, the renominations downwards (in full, partially (pro rata) or at all) to the opposite direction if this capacity has already been booked as virtual capacity based on virtual reverse flow.*	2) Proposed wording of 8.10.3.5 paragraph remains to be quite difficult to understand. Network user should always have the right to renominate downwards their nomination at least by the volume defined in the Balticconnector underutilisation fee calculation principle. So, if it is allowed for network user to renominate downwards his/her nomination by 50 000 kWh per remaining hour free of charge, then this option should be kept for network user no matter whether the virtual capacity was booked based on virtual reverse flow or not. Otherwise, it makes very complicated (and often impossible) to keep the nomination balanced if the re-nomination downwards might be unavailable for the remaining hours. Re-nomination downwards that exceed the threshold set up in the Balticconnector underutilisation fee calculation principle (currently 50 000 kWh per hour), indeed might be subject to availability depending on virtual capacity booked based on virtual reverse flow.	

9.	*8.10.3.5 in the event entry/exit point Balticconnector becomes physically congested, the renominations downwards (in full, partially (pro rata) or at all) to the opposite direction if this capacity has already been booked as virtual capacity based on virtual reverse flow.*	2) We especially welcome introduction of virtual reverse flow. We really feel that this will enhance effective utilization of capacity and reduces the occasions of contractual congestion. However, we would like to draw your attention at the fact that if the virtual reverse flow is allowed, the restrictions to nominations and re-nominations above the technical capacity should not be posed. Not by Estonian/Latvian TSO-s according to clause 8.10.3.1 nor by the Finnish TSO according to Gasgrid regulations.	needed, they re-nominate downwards D or the D-1 (no changes occur). However, if there are nominations in the opposite direction and one knows that downward re-nominations might not be possible, but there is always the possibility to increase the renomination, market participants would prefer to be conservative when nominating. This means they are more realistic in their nominations. Realistically (re)nominated capacity is then offered and available as virtual capacity. If a market participant systematically nominates more capacity than needed in the congested direction and holds onto that capacity, delaying downward re-nominations until no one else can use it, one could consider this behavior as not in line with REMIT rules.
10.	*7.2 For the purposes of congestion management, capacity obtained through secondary capacity trading is treated as daily capacity product. When allocated capacity that has been transferred through secondary capacity trading, it is allocated from the transferrin network user´s portfolio, starting with shorter duration capacity products and then progressing to longer duration capacity products.*	Secondary capacity transfer practicalities involve discrepancy of the capacity product qualities when it is transferred from one user to another. System user holding certain capacity product, for instance, quarterly has a priority in case of congestion over shorter-term capacity products. When such user transfers the capacity to another system user (further - Receiving party), Receiving party gets qualities of Daily capacities. This disturbs and discourages secondary market as it downgrades the quality of the product. Suggest keeping qualities of the originally booked capacity product when it is transferred to another system user on the secondary market. For the purposes of congestion management, capacity obtained through secondary capacity trading is treated as specified in the transfer notification between the network users daily capacity product. When allocated capacity that has been transferred through secondary capacity trading, it is allocated from the transferring network user´s portfolio, starting with shorter duration capacity products and then progressing to longer duration capacity products by deducting the product type specified by the users.	The solution of providing priority during congestion for longer term capacity products was intended to reward transmission users for booking capacity in advance, which helps to ensure there's enough capacity available for everyone. It's important to note that capacity products typically bundle capacity for a specific period and don't include the ability to trade congestion rights. TSOs oppose promoting congestion rights markets because they can lead to an increase in contractual congestion.
11.	*5.4.4. if all available capacity, excluding capacity intended for implicit capacity allocation, is already booked at the Kiemenai entry/exit point,*	During the maintenance works at Kiemenai point in February 2024 it became clear that the amount of interruptible capacity to be offered should be calculated not only based on booked, but not yet nominated capacity, but also based on quantities nominated in the opposite direction. That would make it possible to nominate higher quantities to be transported towards Lithuania and avoid huge imbalance in the Lithuanian market zone. So, the new wording could be:	Thank you for your suggestion. We appreciate you bringing this to our attention. We'll consider this proposal during future public consultations. However, implementing this change would require coordination with AB Amber Grid for operations at the Kiemenai

	the TSOs must offer interruptible capacity to network users. The amount of interruptible capacity offered should be at least equal to the booked capacity that is not nominated, and this offering should be done on a daily and within-day basis.	5.4.4. if all available capacity, excluding capacity intended for implicit capacity allocation, is already booked at the Kiemenai entry/exit point, the TSOs must offer interruptible capacity to network users. The amount of interruptible capacity offered should be at least equal to the booked capacity that is not nominated, **plus the capacity that is already nominated in the opposite direction** and this offering should be done on a daily and within-day basis.	point. It would also necessitate amendments to their transmission rules.
12.	*8.9.2. A network user may submit a re-nomination during the re-nomination period, which begins immediately after the nomination confirmation deadline and ends three hours before the end of gas day D. The re-nomination cycle starts at the beginning of every hour within the re-nomination period. Renominations received between 13:00 UTC (winter time) and 12:00 UTC (daylight saving time) and 15:00 UTC (winter time) and 14:00 UTC (daylight saving time) on gas day D-1 shall be processed by the TSO as part of the first renomination cycle.*	We appreciate the focus on re-nominations, but request a modification to the proposed re-nomination period indicated in the third sentence of clause 8.9.2. Specifically, we propose splitting this period into two hourly cycles. As taking part of at least in one re-nomination cycle is a normal course of business for active shipper, it would be logical to receive the first results of re-nomination within the business hours. Given that the hours in the Regulations are specified in UTC rather than EET, they currently extend beyond typical working hours in our region. Allowing first renomination cycle to end within business hours would contribute to normal working regime.	The proposed timing is in line with regulation. Please note that the time to place the renomination is during EET working hours. It is up to market participants whether they would like to react to the results immediately after they become available or wait until the next morning, as renominations can be made up to three hours before the end of gas day D.
13.	*n/a*	Referring to the proposed changes in Common Regulations, I did not exactly find how would be a situation handled when virtual BC nominations towards one direction will exceed nominations towards the other direction? How then the capacities will be allocated in such cases?	Firstly (referring to p2.25 and p6.6) virtual capacity in one direction is allocated only after all forward flow capacity in that direction is already allocated (congestion). Virtual flow capacity can only be allocated if there are nominations in the opposite direction, and only in the amount corresponding to those nominations. Therefore, nominations in one direction cannot exceed the allocated forward flow capacity plus the virtual

			reverse flow capacity from opposite direction nominations. This means that the physical flow will be equal to the forward flow capacity. Secondly, downward renominations in opposite directions are limited (p 8.10.3.5) by the TSO when virtual flow is allocated. Therefore, even in the renomination cycles, virtual reverse flow nominations will not exceed opposite direction nominations (and nominations cannot exceed the technically allowed physical flow).