

Assessment of the responses received for Estonian and Latvian Transmission System Operators' Public Consultation on the Network rules of the Common Balancing Zone of Estonia and Latvia

| Provision of the Rules / Topic | Comment and (or) proposal | TSOs' Comments |
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| General comment related with planned infrastructure | Stakeholder 1: Rules should lay a playing field for various kinds of infrastructure and set non-discriminatory rules for it, even for infrastructure which is currently non-existent and future planned infrastructure. We suggest defining terms and conditions which relates with LNG system operators (hereinafter – LNG SO) and biogas production in this document. This would ensure regulatory stability, transparency and does not harm legitimate market participants expectations. | Proposal will be taken into account. LNG entry point and the definition of “production” will be added to the rules. |
| General comment related with Annexes of the Rules | Stakeholder 1: All Annexes of the Rules should be publicly consulted as well as they are considered as an integral part of the Rules. This include credit risk management rules, Annex of Exchange of Information, standard transmission agreement. | <p>Comment will be taken into account. Proposed version of the network rules reflects existing national differences regarding creditworthiness, credit management and collaterals. In the Estonian law there is no provision regarding requesting collateral. Whereas, in compliance with Article 14(3) of Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 and the Rules of Use of the Natural Gas Transmission system, as approved by the Latvian national regulatory authority, the Latvian transmission system operator currently considers appropriate to require the submission of collateral. The credit risk management rules applicable to the Latvian transmission system operator and its network users, therefore, will be consulted as the Stakeholders shall ascertain that the said rules do not constitute undue market-entry barriers, are non-discriminatory, transparent and proportionate.</p> <p>At the time of public consultation of Rules, the work on the IT requirements of Central IT system were ongoing and in TSOs view it would be misleading to consult annex still in development. As the general comment – exchange of information still will be based on EDIG@S standard, providing two ways of communication with market participants – WEB interface and option of direct communication with TSOs IT system. The TSOs will elaborate in more detail the conditions for the exchange of information between the TSO and the NU.</p> <p>It is foreseen that the network rules form an integral part of the standard transmission agreement, meaning that the standard transmission agreement is merely an accession document to the network rules and the use of transmission services in the common balancing zone.</p> |
| General comment related with definitions | Stakeholder 1: Concepts which are named as the definitions in the definitions section 2 is not consistently used within the document also, their names are not used consistently as well. Names changes throughout the document. We ask to use only one definition to describe the same concept in order to prevent | Proposal will be taken into account and definitions will be harmonized. |

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| | misinterpretations and legal uncertainties. Please adjust the terminology used in all document. Also, we encourage to use same sentence structures as used in applicable EU natural gas legislation. | |
| On merit order for congestion management procedure (q.22) | Stakeholder 2 : Does this apply to the points other than interconnection points (IPs) with other EU Member States? | Congestion management procedures in general will be applied to all relevant points subject to the capacity booking. Congestion management procedures applicable to specific points are described in following subsections of Management of contractual congestion. |
| On nomination and re-nomination submission and approval terms (q.24) | Stakeholder 3: It would be also user friendly to have daily nomination process at Balticconnector on Finnish side. Such option does not seem to create any technical problems nor for TSOs, nor for anybody else. | In the public consultation answers to Balticconnector rules, market participants voiced the opinion that the nomination resolution should be harmonized with Finland to be hourly on both sides of Balticconnector. |
| On the timeline set out for Allocation and Invoicing in the Network rules (q.26) | Stakeholder 3: For financial reporting reasons we would see a huge advantage to receive invoices earlier than the 10th of the month. Every day earlier would be a great support. | Proposal will be taken into account in future development of the network rules. Currently date of allocation and invoicing is dependent on other deadlines which are set mostly in the Estonian national legislation (e.g. for providing metering data) and agreements between the TSOs. |
| On transitional period Gas year schedule from 1st of January 2020 till 1st of October2020? (q.27) | Stakeholder 3: both clients and long term liabilities would face tariff uncertainties if start of the gas year would change from 2020. Stakeholder 3: Given relatively short time and long term commitment of suppliers, it would be harmful to change the gas year from October 1, 2020. End consumers also need to be well prepared for such change as most of them are budgeting their activities according to the calendar year. We propose to postpone the change of the gas year. The Transitional period could be until Baltic market is connected to the western Europe market via GIPL connection. Earlier transformation does not give any benefits, only creates complexity to the traders and gas users. | Proposal not taken into account. To clarify, gas year and tariff period are distinguished in relevant EU legislation. Gas year is defined to be from October to October, while tariff period is not strictly specified and national regulatory differences apply. Gas year beginning in October is already implemented in Elering transmission network rules and currently effective. The proposal is that the tariff period in Estonia and Latvia starts with 1 st of January 2020 and will be effective at least for 12 months (i.e. the minimum time period established in the Tariff network code), therefore, no sudden change of tariff period is foreseen. |
| General comment on data exchange (q.29) | Stakeholder 3: It is unclear, what is expected of market participants here. Once it is clear what IT development is needed from market participants it is easier to have a preference. What is the “Common IT platform”? Stakeholder 3: Main requirement is to have possibility for System-To-System communication and manual adjustment of information. | Comment will be taken into account. Provision for clarification of “Common IT Platform” will be added. “Common IT Platform” is current working title of the centralized IT system jointly developed by Elering and Conexus Baltic Grid for the support of operations of the common balancing zone. The IT platform will provide: <ul style="list-style-type: none"> a. Web interface (booking, nominations, balance positions etc) b. Option for direct communication with trading systems Exchange of information will be based on EDIG@S standard, providing two ways of communication with market participants – WEB interface and option of direct communication with TSOs IT system. For those market participants not having or planning to have the trading systems supporting EDIG@S standard, no development will be required, just some training for the use of provided WEB interface. For market participants, having trading systems supporting EDIG@S standard, minor customization may be required. |

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| | | TSOs would like to turn attention of the market participants that manual adjustment of information will be permitted only before submission of messages to the TSOs. The rest of the process will be automatic and adjustments will be possible only by submission of specific adjusted messages in cases permitted by the Rules. |
| On implied nomination calculation (q.30) | Stakeholder 3: This procedure could be used if Operators do not have possibilities to manage this situation in any other ways (inter-operational agreements). To use next day nomination/ flow/balance for fulfilling the needs of shippers to increase or lower the flow. | The rule is based on Article 17 of Commission Regulation (EU) No 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks (hereafter – BAL NC) |
| On energy units used | Stakeholder 4: In the document the default unit used is kWh (or at capacity products the kW/d). Don't you think that kWh has too little value and MWh should be used instead? | According to the Article 10 of the Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 (Hereafter – CAM NC), the following units shall be used: kWh/h or kWh/d. As introduction of the hourly balancing is not planned yet, proposed unit of capacity products is kWh/d. |
| <p>1. General provisions <...> 1.5. The entry/exit points regulated under these standard terms and conditions, where the gas can be input or off-taken from the common balancing zone are: <...> 1.5.7. Entry from Estonian production 1.5.8. Entry from Latvian production</p> | <p>Stakeholder 1: Paragraph 1.5 does not cover biogas entry points. EU energy law does not clearly define the definition of “natural gas production”. Thus, it must be clearly established within national legislation. Consequently, we would like to ask to amend the rules by clarifying the production definition by establishing if this definition covers both natural gas production via <i>upstream pipeline network</i> (Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (hereinafter – Gas Directive) Art. 2 (2)) and natural gas production from <i>renewable energy sources</i> (biogas, biomethane). Rules should be applied to the biogas and biomethane entry points as well, regarding Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (hereinafter – Gas Regulation) Art. 14 (1) (a), Gas Directive recital 26, 41, Art. 32 (1).</p> | <p>Taking into account current intense work on EU level on energy sector coupling and decarbonisation of energy, TSOs would not like to limit the application of network rules to the narrow definition of “natural gas” which implies indirect reference only the fossil form of methane and not provides entry of other power-to-gas technologies rather than methane. In TSOs view the proposed wording of p. 1.5.7 and 1.5.8. covers all potential kinds of entry points from any kind of fossil or renewable gases production facilities into the transmission system as far as the gas to be injected into the network corresponds to the applicable technical rules and safety standards. Currently different types of gases may be injected into the Latvian and Estonian natural gas transmission systems. Although, a specific nationally set technical and safety requirements, including quality specifications, apply to this. The accounting of biogas and gas produced from biomass, as well as LNG which has been turned into a gaseous state for input to the transmission system and determination of quality shall be ensured at the respective entry point of the transmission system. Whereas the network user shall ensure accounting of gas and determination of quality at the entry points to the transmission system, while the TSO shall carry out the same at the exit points from the transmission system. The analyzed provisions, in essence, mean that, according to Article 1(2) of the Gas Directive 2009/73, the rules contained in the said Gas Directive shall be applicable to all types of gas “in so far as such gases can technically and safely be injected into, and transported through, the natural gas system”. Taking into consideration Gas Directive recital 26 and 41, it is up to each Member State to establish the relevant technical rules and safety standards,</p> |

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| | | <p>addressing their chemical characteristics, for different types of gases to be granted non-discriminatory access to the gas system. This means that different types of entry points from renewable energy sources can be explicitly foreseen in the network rules if the national legislation in question explicitly addresses the relevant technical rules and safety standards for a specific type of renewables or, alternatively, instead of physical injection of the renewable energy sources into the grid, a nationally established guarantee of origin mechanism could apply.</p> <p>For clarification, TSOs will add the LNG entry point as the relevant point and the “production” definition to the network rules.</p> |
| 1.5.9. Exit to directly connected consumers to the gas transmission system. | Stakeholder 1: Exit to directly connected consumers to the gas transmission system (paragraph 1.5.9) should be considered as an integral part of domestic exit point (paragraph 1.5.5, 1.5.6) and the same rules shall be applied. | Proposal taken into account. |
| Definitions | Stakeholder 1: All definitions used in the Rules shall be in line with existing EU legislation. Definitions which are already defined in the the EU legislation should not be repeated in the Rules. J | Proposal taken into account. All definitions of terms which are invoked directly from the relevant EU legislation and not requiring further implementation into the network rules will be removed. |
| <...> | <p>Stakeholder 1: We propose to add additional paragraph: <i>“Other terms which are used in these Network Rules are understood as they defined in other EU energy legislation acts.”</i></p> <p>Stakeholder 4:</p> <ol style="list-style-type: none"> 1. There should be a definition of “gas” to which these rules are being applied. Please also consider making a definition for “gas” broad and futureproof enough, so the injection of other gases (hydrogen for instance) would be anticipated in a future. 2. Please reconsider using the definition of “Bio natural gas - BNG.” “Biomethane” or similar would be much more common term. There is a term “biogas” used in p.7.1.5.2., one could guess that this is a synonym for BNG? 3. Please define “production,” otherwise it may be confusing. As an example – is the biomethane injection from biomethane mobile storages a production of biomethane or not? Another example – is evaporated LNG a “production” of natural gas or not? 4. Definition of Entry point in p.2.20 includes a definitive list of physical points that are considered as Entry points. The potential of injecting (regasified) LNG or other gases that meet gas quality requirements into the grid, should also be considered. | <p>Proposal taken into account (see comment above).</p> <ol style="list-style-type: none"> 1. Please see our comment above. Relevant national technical rules and safety standards define gas types which can be (physically) injected into transmission systems. 2. Proposal taken into account. 3. Proposal taken into account. While Latvian Energy Law generally provides that the energy production is defined as the type of energy supply that incorporates the conversion of energy resources into energy necessary for use, and extraction of natural gas (including biomethane), the network rules will describe in more detail different types of gases and their injection into the grid. |

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| | | 4. Proposal taken into account. Section 1.5. to be amended in order to include different types of gases and their injection into the grid. |
| 2.2. Allocation means the quantity of gas attributed to a network user by a TSO as an input or an off- take expressed in kWh units. | Stakeholder 1: Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks (hereinafter – BAL NC) Art 3 (15) definition: “‘allocation’ means the quantity of gas attributed to a network user by a transmission system operator as an input or an off-take expressed in kWh for the purpose of determining the daily imbalance quantity; ” | Proposal taken into account. |
| 2.9. Common balancing zone means the combined area of the natural gas transmission networks in Estonia and Latvia where these standard terms and conditions apply. | Stakeholder 1: We suggest linking this definition with an existing definition of BAL NC Art. 3 (1) “balancing zone”: “‘balancing zone’ means an entry-exit system to which a specific balancing regime is applicable and which may include distribution systems or part of them;” Thus: “Common balancing zone means the combined area of the natural gas transmission networks in Estonia and Latvia common Estonian and Latvian balancing zones where these standard terms and conditions apply.” Also, new balancing zone shall acquire EIC code ¹ , thus the definition could be linked with it. | Proposal taken into account. |
| 2.20. Entry point means a physical point where gas is delivered to the transmission system from the adjacent transmission system, UGS or BNG producer site and where the transmission of gas through the natural gas transmission system begins. | Stakeholder 1: Entry point definition does not include option if the virtual interconnection point (VIP) is used. Also, aggregated physical gas intake entry points (e. g. biogas production etc.), o aggregated physical gas off-take exit point (i. e. domestic exit point) does not fall within this definition. LNG SO point is not included as well. Please provide entry point and exit point definition with a broader meaning which covers all types of points, infrastructure, legal entities. Thus, there would be no necessity to update definitions on a yearly basis every year. | According to CAM NC Article 3(23) the virtual interconnection point means “two or more interconnection points which connect the same two adjacent entry-exit systems, integrated together for the purposes of providing a single capacity service”. Whereas common balancing zone of Estonia (in future with Finland) and Latvia (with Lithuania) neither have more than one interconnection point with the adjacent EU member states within the meaning of Article 3(2) of CAM NC, nor creation of other interconnector qualifying as an interconnection point is foreseen by TYNDP. Proposal taken into account. Section 2.20. and Section 2.22. to be amended in order to include different types of gases and their injection/withdrawal into and from the grid. |

¹ <https://www.entsog.eu/energy-identification-codes-eic>

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| <p>2.31. Implicit capacity allocation means a capacity allocation method where both transmission capacity and a corresponding quantity of gas are allocated at the same time.</p> | <p>Stakeholder 1: Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 (hereinafter – CAM NC) Art. 2 proposes different definition: <i>‘implicit allocation method’ means a capacity allocation method where, possibly by means of an auction, both transmission capacity and a corresponding quantity of gas are allocated at the same time;</i></p> <p>It is noted that implicit allocation method definition was adjusted with the Regulation 2017/459. This is an open issue since NRA-TSO proposal for the implicit capacity allocation (hereinafter – ICA) model was based on the old CAM NC version of Regulation 984/2013</p> <p>We encourage TSOs to consider if there is a market need to apply the auction trading algorithm based ICA model and if it could be implemented and could bring benefits to the network users.</p> | <p>Proposal in relation to the removal of definition taken into account.</p> <p>There is currently no necessity to apply the auction trading algorithm based on the implicit capacity allocation model as the existing model is efficient and there is no congestion experienced in relation to the capacity allocated to the network users.</p> |
| <p>2.32. Interconnection point (hereinafter: IP) means a physical or virtual point connecting the adjacent entry-exit systems or connecting an entry-exit system with an interconnector, in so far as these points are subject to booking procedures by the network users; or an IP of the transmission system to the neighbouring transmission systems, or any other gas system.</p> | <p>Stakeholder 1: Regarding the CAM NC Article 2 (1) we suggest adding two separate definitions in order to have a clear definitions distinction – “interconnection point” is a point between Member states. Entry or exit point between Member State and non-Member State shall be called differently. I. e. entry point from third country or exit point to third country.</p> | <p>Proposal taken into account.</p> |
| <p>2.39. Network user is an entity who: 2.39.1. Transport gas to/from transmission network via entry-exit points and/or 2.39.2. Trades gas to/from VTP as trading participant and/or 2.39.3. Books and uses capacity under a transmission service agreement.</p> | <p>Stakeholder 1: Regarding Gas Regulation Art. 2: <i>1) ‘network user’ means a customer or a potential customer of a transmission system operator, and transmission system operators themselves in so far as it is necessary for them to carry out their functions in relation to transmission;</i> Please use definitions provided by the Gas Regulation.</p> <p>If TSOs observe need to define network user’s responsibilities we suggesting adding additional paragraph in the other section than definitions with a text provided in paragraph 2.39.</p> | <p>Proposal not taken into account. Definition in Gas Regulation (715/2009) is too broad for the direct application to the network rules. The definition in network rules is extended to the required scope.</p> |
| <p>2.52. Underground Gas Storage (hereinafter: UGS) means Inčukalns underground gas storage facility.</p> | <p>Stakeholder 1: Please harmonize definition with the Gas Directive: <i>“(9) ‘storage facility’ means a facility used for the stocking of natural gas and owned and/or operated by a natural gas undertaking, including the part of LNG facilities used for storage but excluding the portion used for production</i></p> | <p>Proposal taken into account.</p> |

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| <p>2.53. UGS operator means operator of UGS which provides gas storage services at the UGS (natural gas injection into the facility, storage, and withdrawal from the UGS).</p> | <p><i>operations, and excluding facilities reserved exclusively for transmission system operators in carrying out their functions;</i> <i>(10) ‘storage system operator’ means a natural or legal person who carries out the function of storage and is responsible for operating a storage facility”</i></p> <p>There is no necessity to distinguish between “underground” and “not underground” between “Inčuklans” and not “Inčukalns”.</p> <p>Legal act is applied to the legal entity (“<i>storage system operator</i>”) which have specific license and not to the physical asset, equipment (Inčukalns underground gas storage facility).</p> | |
| <p>2.55. Long term Use It Or Lose It (hereinafter UIOLI) means a procedure of reallocation of transmission system capacities booked but not used.</p> | <p>Stakeholder 1: Current definition is inaccurate and do not add additional value to this document. Harmonize the concept and wording in line with a Gas Regulation Annex I² paragraph 2.2.5. Currently Rules are describing only long term UIOLI not short term UIOLI. Thus, we suggest adding wording “Long Term” to the name of the definition.</p> | <p>Proposal taken into account.</p> |
| <p>2.56. Virtual trading point (hereinafter: VTP) means a point without a defined physical location in the common entry-exit system where trade in natural gas is carried out.</p> | <p>Stakeholder 1: We consider that this definition is accurate. Not only trade is carried out in the VTP, other business processes are carried out as well. Consider entry-exit system concept definition (it is noted that entry-exit system definition not defined as well).</p> | <p>Proposal taken into account.</p> |
| <p>2.58. Fixed delivery agreement means type of gas sale - purchase agreement where gas is supplied in accordance to in advance arranged delivery schedule.</p> <p>2.59. Flexible delivery agreement means type of gas sale - purchase agreement that allows gas to be supplied in accordance with network user’s demand with flexibility to adjust delivery schedule.</p> | <p>Stakeholder 1: Entire concept of the mechanism of this fixed vs flexible agreements is not provided in a comprehensible way in the Rules. Please provide additional information and elaborate provisions regarding the definitions and the proposed model.</p> <p>We consider that regulation or evaluation of the supply activities – supply contract conditions is not the purpose of this document. Allocation and nomination rules should not be based on the supply contract conditions. Every consumer / supplier has a different negotiation – bargaining power. This TSO interference to help suppliers with a strong bargaining power (large market share) could be a discriminatory rule for the other market participants.</p> <p>We suggest creating nomination procedures on third countries entry and exit points. However, since there are no operational balancing accounts in place on third countries entry and exit points there is an uncertainty what other allocation mechanisms could be used practically.</p> <p>Stakeholder 2: we propose new wording:</p> | <p>Proposal not taken into account. Allocation rules for third country entry and exit points are drafted to take into account types of delivery agreements, not to regulate them. Current proposal foresees nomination procedure, however it has limited use due to the cooperation arrangements with operator of third country.</p> <p>Proposal not taken into account: Creating allocation rules not taking into account the factual circumstances of existing supply agreements would render created allocation rules useless/not applicable, due the fact that neighboring TSO would be in position to not confirm such quantities.</p> |

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02009R0715-20150525>

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| | <p>p.2.58 Fixed delivery agreement means type of gas sale - purchase agreement where gas is supplied in accordance to in delivery schedule where quantities are agreed before the start of respective gas day.</p> <p>p.2.59 Flexible delivery agreement means type of gas sale - purchase agreement that allows gas to be supplied in accordance with network user's demand and delivered quantities are agreed after the end of respective gas day.</p> | <p>Proposal not taken into account. TSOs consider the existing definitions more appropriate to the network rules in question.</p> |
| <p>3. Procedure for the conclusion of transmission service agreement</p> | | |
| <p>3.1. The potential network user willing to use the transmission services in the common balancing zone shall submit to one of the TSO's application for the conclusion of transmission service agreement in writing and in accordance with the application form provided on the website of TSO. Along with the application potential user shall provide the following data and documents: <...></p> <p>3.2. The potential user in order to be entitled to use the transmission services in the common balancing zone shall conclude a transmission service agreement with one TSO only.</p> | <p>Stakeholder 1: It is not clear to which TSO of the two TSOs in the common balancing zone. Contractual relationship and structure of LV TSO - EE TSO - network user relationship is not clearly established under this document.</p> <p>Criteria which TSO to choose by the network user should be established as well.</p> | <p>Proposal taken into account. Wording clarified.</p> <p>The concept of Contracting TSO of the Common balancing zone is based on the TSO-TSO cooperation model, which means that from the network user perspective, reflected in these rules, it is indifferent with which of the TSO the balancing and transmission agreement is concluded, because the TSO-TSO cooperation model ensures access for the network user to the whole transmission infrastructure of the Common balancing zone and single point of contact for all operations and customer support.</p> <p>Proposal not taken into account.</p> <p>There can be a vast range of the criteria for the choice of the Contracting TSO, known only to the network users. TSOs will abstain from creation of any kind of the list of the limiting criteria in order not to hinder the development of the common gas market.</p> |
| <p>4. Capacity allocation</p> | <p>Stakeholder 3: The only uncertainty for us is the implicit capacity auction for Balticconnector, it does not create the necessary service certainty for cross border trading. In case the IP is out of service, cross border traders face potentially massive liabilities towards their customers.</p> <p>Stakeholder 1: CAM NC Article 8 (9): <i>“The exact proportion of capacity to be set aside pursuant to paragraphs 6 and 8 shall be subject to a Stakeholder consultation, alignment between transmission system operators and approval by national regulatory authorities at each interconnection point. National regulatory authorities shall in particular consider setting aside higher shares of capacity with a shorter duration to avoid foreclosure of downstream supply markets.”</i></p> | <p>Implicit capacity allocation is chosen on the Balticconnector in order to avoid costly auction platform investment for a transitory period of only two years, after which the point would be removed by Finland joining common balancing zone. European network codes do not allow for explicit capacity allocation in case of implicit capacity allocation is applied.</p> <p>TSOs would like to point out that in case Balticconnector is out of service due to forced outage, TSOs would not be in position to still guarantee all capacity on the entry-exit points.</p> |

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| | <p>It is important to mention that TSOs do not implement CAM NC Art. 8 (9) with this document. However, the share of capacity that is set aside have to be carefully considered. We ask TSOs to amend the rules with a proposal for NRAs.</p> <p>Also, we encourage TSOs to evaluate what long-term contracts currently there are in force in the LV and EE and assess if it is necessary to apply CAM NC for third countries entry and exit points, especially CAM NC Art. 8.</p> <p>Stakeholder 4: Entry point for LNG or other gases than biomethane should not be forgotten.</p> | <p>Proposal taken into account. The principles for setting aside capacity for implicit capacity allocation on gas exchange is clarified. For FCFS capacity, 10% of technical capacity is set aside for short-term products, as suggested by CAM NC Art. 8(7)(b).</p> <p>Proposal taken into account.</p> |
| <p>4.1. Capacity allocation mechanism set out in these standard terms and conditions shall apply at all entry and exit points with exception on: <...> 4.1.2. Exit to Estonian Domestic consumption; 4.1.3. Exit to Latvian Domestic consumption</p> | <p>Stakeholder 1: Considering that LT TSO could join the common entry-exit system in the future it is important to mention that:</p> <p>Regarding AB “Amber Grid” rules³ (hereinafter – Amber Grid rules), various duration capacity products are applied for all entry and exit points.</p> <p>Gas Regulation Article 14 stipulates that: “1. <i>Transmission system operators shall:</i> (a) <i>ensure that they offer services on a non-discriminatory basis to all network users;</i> <...> <i>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 harmonized 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.</i>“</p> <p>Consequently, if LT TSO offer various duration capacity products, both LV and EE TSO imperatively should as well offer the same products, because the same products have to be offered at a whole entry-exit zone (common balancing zone) because otherwise network users connected to the LV and EE TSOs would be discriminated and Gas Regulation Art. 14 (1) would be breached. Considering previous justifications, the same products should be offered at LV TSO and at EE TSO areas.</p> <p>Since there is a goal to ultimately create single FI-LV-EE-LT market we strongly encourage to harmonize this document as much as currently possible.</p> | <p>Proposal not taken into account.</p> <p>It was agreed among all the involved TSO which prepared to create a common balancing zone (including Lithuanian TSO), that national regulations concerning distribution would not be harmonized at this stage, because of differences in exit tariff calculation, capacity allocation principles and remuneration process.</p> <p>In TSOs view, discrimination will not occur because all network users will have the same rules of access to the same national domestic exit points.</p> |

³ <https://www.ambergrid.lt/en/transportation-services/transmissionnetworkcode>

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| | We advise to establish an interim solutions / steps in this document (e. g. since 2020 or since 2022 other products are offered as well etc.) | |
| <...> 4.1.4. Entry from Estonian production 4.1.5 Entry from Latvian production | Stakeholder 1: Same comment as to the paragraph 4.1. Since there is a common entry zone there is no need to distinguish that there are a two separate domestic exit points and production points. The same allocation rules should be applied at both domestic exit points and both production entry points. Thus, it could be called common balancing zone domestic exit point and common balancing zone domestic production entry point. | In TSOs view there in no procedural discrimination regarding entry into the system where it is applicable. Distinction between entries of Estonian and Latvian production is introduced considering potential differences in states' support schemes introduced in order to enhance local production of gas for injection into transmission system. In order to eradicate proposed distinction national climate policies and implemented set of instruments of Estonia and Latvia must be harmonized, effectively merging them into one. TSOs would be in favor of it, but it is out of the scope of this document. Regarding exits to distribution systems (domestic retail markets) - it was agreed among all involved TSOs preparing for wholesale market merger into to the common balancing zone (including Lithuania), that national regulations concerning distribution (retail) would not be harmonized at this stage because of differences in exit tariff calculation, capacity allocation principles and remuneration process. Therefore TSOs are not in a position to introduce requirements which require transposition of specific provisions into national retail market regulations. |
| 4.2. At entry/exit point Balticconnector: 4.2.1. Capacity is allocated: 4.2.1.1. by implicit capacity allocation rules via trading platform as described under article 4.6. 4.2.1.2. by implicit capacity allocation rules by the TSO as described under article 4.5. | Stakeholder 1: Gas Regulation Article 16 (3): „3.The transmission system operator shall implement and publish non-discriminatory and transparent congestion-management procedures which facilitate cross-border exchanges in natural gas on a non-discriminatory basis and which shall be based on the following principles: <...>“ Gas Regulation Annex I section 2 provides detailed requirements for congestion management procedures (hereinafter – CMP). We ask TSOs to amend this document by implementing the CMPs at IPs as defined in the regulation above. | Proposal not taken into account. The capacity allocation rules have built in congestion management – the capacity of interconnection point is allocated at the same time with the quantities of gas traded between market areas on the gas exchange. |
| <...> | Stakeholder 1: Gas Regulation Article 14 stipulates that: „1. Transmission system operators shall: (a) ensure that they offer services on a non-discriminatory basis to all network users; (b) provide both firm and interruptible third-party access services. The price of interruptible capacity shall reflect the probability of interruption; (c) offer to network users both long and short-term services.“ We highlight that current capacity allocation rules set in this document are not in line with a Gas Regulation since, TSOs are not planning to provide long term services related with a capacity booking at IP. We ask to amend the Rules respectively. | Proposal currently not taken into account. Balticconnector will be removed as an entry-exit point, when Finland joins the common balancing zone (planned 2022 at the earliest). Until then implicit capacity allocation is proposed to be applied by TSOs. |

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| <...> | Stakeholder 1: It is not clear if ICA technically can be applied for longer than day-ahead and with-in day basis, because it is potentially technically not possible to allocate the respective quantity together with capacity. | In order to avoid stranded IT development costs TSOs will consult with the market and if market will request introduction of longer than DA capacity product to be available for ICA, TSOs in coordination with gas exchange(s) will introduce them. |
| <...> | Stakeholder 1: Regarding CAM NC Art. 2 (1) and Art. 2 (5) capacity auctions on the capacity booking platform or ICA shall be applied at IP. Thus, all products which are not provided on ICA basis shall be provided on the capacity booking platform auction basis at IP. We ask to amend respective paragraph. | Proposal not taken into account. CAM NC Article 2(5) states “Where implicit capacity allocation methods are applied, national regulatory authorities may decide not to apply Articles 8 to 37.”, which means that articles requiring auctioning are not applicable if decided so by national regulatory authorities. |
| 4.4. At entry/exit point GMS Kiemenaï (Lithuania-Latvia) 4.4.1. Capacity is allocated: <...> | Stakeholder 1: Same comments as above to the 4.2 | Proposal not taken into account. CAM NC Article 2(5) states “Where implicit capacity allocation methods are applied, national regulatory authorities may decide not to apply Articles 8 to 37.”, which means that articles requiring auctioning are not applicable if decided so by national regulatory authorities. |
| <...> 4.4.1.2. by FCFS rules under article 4.7. | Stakeholder 1: Regarding CAM NC Art. 2 (1) and Art. 2 (5) FCFS cannot be applied at IP . Capacity auctions on the capacity booking platform or ICA shall be applied. Thus, all products which are not provided on ICA basis shall be provided on the capacity booking platform auction basis. We ask to amend respective paragraph. We will inform AB „Amber Grid“ and initiate changing our national rules as well regarding this issue as well. | Proposal not taken into account. CAM NC Article 2(5) states “Where implicit capacity allocation methods are applied, national regulatory authorities may decide not to apply Articles 8 to 37.”, which means that articles requiring auctioning are not applicable if decided so by national regulatory authorities. |
| 4.4.2. Congestion management rules under article 4.8 apply. | Stakeholder 1: Same comments as above to the paragraph 4.2. | Proposal taken into account. The list of congestion management principles will be updated. |
| 4.5.1.1. Confirmed Nominations which has gone through the TSO’s local processing of Nominations and the Matching Process as described in section 4 of this document. | Stakeholder 1: Regarding Gas Regulation Art. 2: “7) ‘nomination’ means the prior reporting by the network user to the transmission system operator of the actual flow that the network user wishes to inject into or withdraw from the system;” Regarding BAL NC Art. 3: “8) ‘confirmed quantity’ means the quantity of gas confirmed by a transmission system operator to be scheduled or re-scheduled to flow on gas day D; <...> 15) ‘allocation’ means the quantity of gas attributed to a network user by a transmission system operator as an input or an off-take expressed in kWh for the purpose of determining the daily imbalance quantity;” Please provide clearer wording regarding this principle because this provision is inaccurate. Also, section 4 does not provide nomination rules, but section 6. | Proposal taken into account. |
| 4.6. Implicit capacity allocation booking rules via trading platform | Stakeholder 1: We suggest harmonizing ICA rules and wording with Amber Grid rules since later rules are described in more detailed and comprehensible manner. | Comment taken into account. |

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| <p>4.6.2. The following information shall be published on TSO's respective website:</p> <p>4.6.1. The amount of capacity (%) given for a gas exchange. <...></p> <p>4.6.4. Amount of capacity given to each respective gas exchange is agreed between TSO and gas exchange operator and any change in the amount of capacity given is communicated via TSO respective website at least three days prior to the change.</p> | <p>Stakeholder 1: Regarding CAM NC Art. 9 the set aside percentage must be approved by the NRA, thus the percentage share cannot be unilaterally changed by the TSO or trading platform.</p> <p>General rule how much technical capacity is set aside for ICA should be established. Then, TSOs shall use dynamic method to calculate what is the available capacity for the market participants at a particular Gas day or hour. Only then, TSO can choose how to differentiate which capacity could be utilized through one trading platform and what through the other.</p> <p>Thus, we ask to amend this document and provide concrete proposal for the NRAs.</p> | <p>Proposal partially taken into account.</p> <p>CAM NC Article 9 describes auctioning principles, which are not applied because CAM NC Article 2(5) states "Where implicit capacity allocation methods are applied, national regulatory authorities may decide not to apply Articles 8 to 37.", which means that articles requiring auctioning are not applicable if decided so by national regulatory authorities. However TSOs agree to prepare transparent provisions in regards to capacity amounts set aside for Implicit Capacity Allocation process.</p> |
| <p>4.6.7. TSO shall reserve part of the capacity of their IP's technical capacity for implicit allocation by itself for bilateral agreements between the network users. The exact distribution of capacity allocated by TSO shall be published on TSO's relevant website.</p> | <p>Stakeholder 1: Users who have bilateral contract at IPs must procure monthly, quarterly, yearly, long term capacity products or other and book the capacity by themselves.</p> <p>TSO shall set the booking application deadlines then network users have a right to participate and to express their market needs. TSO shall allocate capacity products and quantity based on not discriminatory rules by accepting booking applications, offering interruptible capacity products or using CMPs. Existing long-term bilateral contracts could restrict the access to the system for new supply undertakings if the proposed paragraph 4.6.7 is applied.</p> <p>To sum up, the proposed principle is not in line with Gas Regulation and CAM NC and should be amended.</p> | <p>Proposal taken into account. Provision deleted.</p> |
| <p>4.7.2. TSO taking into account technical restrictions in the system, may offer other capacity products including capacity products with capacity allocation restrictions and capacity delivery restrictions as well as services related there.</p> | <p>Stakeholder 1: It is not clear "when" and "on what conditions" TSO may offer it. It is not a concrete provision</p> <p>Offering of new products could be considered as an amendment of these Rules. Thus, it's amendments should be carried out under the same level of scrutiny, because NRAs need to ensure that other products are offered in a transparent and non-discriminatory way. E. g. NRA have an obligation under CAM NC Article 8 (9). We consider that TSOs need NRAs approval when they want to use other products or TSO could define terms and conditions in the Rules of introduction of the new capacity products. TSO should announce introduction of the new products under the terms and requirements defined in this document. E. g. TSO should announce new product no later than 30 days, before the booking of new product by receiving written NRA consent etc.</p> | <p>Proposal taken into account.</p> |
| <p>4.7.3. TSO shall publish capacity allocation restrictions and capacity delivery restrictions, if any, affecting individual entry or exit points.</p> | <p>Stakeholder 1: Paragraph 4.7.3 does not contribute to the paragraph 4.7 and to these Rules. TSOs have obligations to publish restrictions regarding other legal acts. We suggest removing this provision.</p> | <p>Proposal taken into account.</p> |

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| <p>4.7.5. Network users, which deliver gas to the transmission system of the common balancing zone, must purchase entry capacity at the entry points.</p> | <p>Stakeholder 1: This provision should be amended regarding the case when network users which deliver gas from production entry points to the transmission system of the common balancing zone have to purchase entry capacity.</p> <p>In parallel we suggest adding additional paragraph: <i>“Network users, which deliver gas from common balancing zone to the adjacent transmission system, must purchase exit capacity at the exit points.”</i></p> | <p>Proposal taken into account. Article amended to reflect requirement to book entry and exit points.</p> |
| <p>4.7.6. Yearly capacity booking using FCFS principle</p> | <p>Stakeholder 1: The proposed deadlines of booking applications should be justified by the TSOs. E. g. what are the reasons, and why do they need to know what are the yearly capacity demand no later than 2 months before the start of the gas year, when AB “Amber Grid” needs only 21 day. TSOs should provide justification if it is related with a system flows management and etc. Because, 2 months prior deadline from first look seems unreasonably long deadline. The more flexible the deadline – the more accurate forecasts for the gas demand network users can make – the lower expenditure on natural gas for the network user and for the final consumer.</p> <p>Stakeholder 3: Par. 4.7.6. states that yearly capacity product can be booked 3 months before beginning of the gas year up to 2 months prior to the start of the year. We propose to keep possibility to book yearly capacity up to one day before the year starts (in the same manner as quarterly and monthly capacity products work).</p> | <p>Proposal taken into account.</p> |
| <p>4.7.6.1. The network user shall submit the yearly capacity booking application of a long-term capacity 3 months before beginning of the gas year up to 2 months prior to the start of the gas year.</p> | <p>Stakeholder 1: These Rules offer less flexible provisions than current Amber Grid rules. It’s paragraph 50.1.1 sets 6 months deadline before. And 21 days deadline – prior. Also, we suggest using Amber Grid rules wording for paragraph 4.7.6 and 4.7.8 because it is written in more comprehensible way.</p> | <p>Proposal taken into account.</p> |
| <p>4.7.6.3. If the request for the firm capacity exceeds the available capacity and the network user has not indicated the minimum acceptable quantity the TSO shall reject the capacity booking application and notify the network user. If network user has indicated minimum acceptable quantity and it is less or equal to all available capacity then all available capacity shall be allocated. If network user has</p> | <p>Stakeholder 1: In case when there is not enough capacity, TSO shall offer interruptible capacity regarding Gas Regulation Art. 14 and 16 (3) (a). Thus, the TSOs process for offering interruptible capacity should be integrated with a firm capacity booking application. Also, TSOs shall use pro rata principle at third counties entry-exit points and CMPs at IPs.</p> | <p>Proposal not taken into account. Booking of interruptible capacity integrated in firm capacity booking imposes risk of selling unwanted product by network user. In TSOs opinion it is better to leave booking of interruptible capacity as separate process initiated by network user decision as interruptible and firm product differ by their qualities. If <i>pro rata</i> principle is implemented extended booking deadlines are not in favor to network users, as dividing by pro rata would be possible only after the conclusion of booking deadline. As TSOs agreed to increase booking deadlines and congestions are not observed, pro rata principle will not be applied until observation of congestions.</p> |

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| indicated minimum acceptable quantity, but it is higher than all available capacity, TSO shall reject the capacity booking application and notify the network user. | | |
| 4.7.7. Short-term capacity booking using FCFS principle | Stakeholder 1: We note that the final capacity booking application deadlines (hours) and nomination deadlines should correlate and be harmonized with applicable balancing regime and trading platforms sessions gate closure times in order to enable network users to balance their portfolios to the full extent. | Proposal taken into account. |
| 4.7.7.1. The network user shall submit short-term capacity booking applications within the following periods: a) quarterly product starting two (2) months before gas year including respective quarter until 15:00 EE(S)T on a day before | Stakeholder 1: These Rules offer less flexible provisions than current Amber Grid rules, 2 months vs 20 days. We propose to harmonize deadlines. | Amber Grid rules are less flexible for the quarterly capacity and equal for the monthly product. TSOs support not making the rules less flexible. |
| <...> c) daily product not earlier than nine (9) days before the gas month including respective gas day and not later than D-1 15:00 EE(S)T. | Stakeholder 1: These Rules offer less flexible provisions than current Amber Grid rules, 9 days vs 14 days. We propose to harmonize deadlines. Also, please adjust editorial error – not daily product but day-ahead product | Proposal taken into account. |
| <...> d) daily capacity product may be booked by submitting nomination as set in section 6 of these standard terms and conditions. | Stakeholder 1: There is no clear separation what are the properties of this product – is it a day-ahead of within-day product and Rules does not provide a clear mechanism how invoices would be provided for network users when they are using nominations both for daily capacity product (one tariff) and for within-day capacity product (the other tariff) because tariffs for these products could be different. | Proposal taken into account. Although TSOs would like to point out that, daily product currently offered by TSOs of Baltic States has different qualities, most notable being flexible booking time in contrast to day- ahead booking of day-ahead product. |
| <...> | Stakeholder 1: Same comments as to the paragraph 4.7.6.3. | Proposal not taken into account. Booking of interruptible capacity integrated in firm capacity booking imposes risk of selling unwanted product by network user. In TSOs opinion it is better to leave booking of interruptible capacity as separate process initiated by network user decision as interruptible and firm product differ by their qualities. If pro rata principle is implemented extended booking deadlines are not in favor to network users, as dividing by pro rata would be possible only after the conclusion of booking deadline. As TSOs agreed to increase booking deadlines and congestions are not observed, pro rata principle will not be applied until observation of congestions. |
| 4.7.8. Interruptible capacity | Stakeholder 1: Gas Regulation Art. 14: „1. Transmission system operators shall: | Proposal not taken into account. |

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| | <p><...> (b) provide both firm and interruptible third-party access services. The price of interruptible capacity shall reflect the probability of interruption“;</p> <p>Rules does not foreseen provisions regarding pricing of interruptible capacity. We ask to amend respective paragraph.</p> | <p>Pricing of capacity products is not subject of Network Rules and is subject to the national tariff setting process of each TSO.</p> |
| <p>4.7.8.3. If the TSO finds necessary to interrupt the provision of interruptible capacity products to the network users to the extent required for the provision of firm capacity, it shall do so by first interrupting the capacity for the network users who were the last to book interruptible capacity.</p> | <p>Stakeholder 1: Interruptible capacity at IPs shall be allocated via an auction process as defined in the CAM NC Art. 32 (5), thus pro rata and FCFS principle cannot be used in this case.</p> <p>Also, this document does not provide provisions regarding the implementation of CAM NC Art. 32–36. We ask to amend the Rules respectively.</p> <p>Regarding other entry-exit points than IPs, firstly pro rata principle should be applied as a more fair principle, than FCFS principle. See more info on Amber Grid rules paragraph 47.4.</p> | <p>Proposal not taken into account.</p> <p>Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 Article 2(5) states “ Where implicit capacity allocation methods are applied, national regulatory authorities may decide not to apply Articles 8 to 37.”, which means that articles auctioning and 32-36 are not applicable if decided so by national regulatory authorities.</p> |
| <p>5. Management of contractual congestion</p> | <p>Stakeholder 1: It is not clear how planned congestion rules will work in practice. From this document we got an impression that congestion rules will only be valid on paper and that the practical implementation of it into the TSOs platform’s IT algorithms is not planned.</p> <p>Stakeholder 3: The wording of the UIOLI mechanism is a little unclear: will the market participant lose all booked capacity or only unused part?</p> <p>Stakeholder 3: UIOLI benchmark of average usage of 80% is high. We suggest 70%. Also it needs clarification if the TSO will take away all booked capacity in case of UIOLI or only the unused portion of it. We would prefer the second option, where only unused capacity is taken away.</p> <p>Stakeholder 3: We propose to consider creating standardized product for capacity secondary market – to have a platform for trading capacities in the secondary market (in the same way gas exchange works).</p> | <p>TSOs assure that implementation of congestion management algorithms in IT processes and practical application in processes is planned.</p> <p>Network users would lose unused part.</p> <p>Proposal not taken into account.</p> <p>“80%” is a direct reference to the provision envisaged in the rules on congestion management procedures described in Article 2.2.5(1)(a) of 2012/490/EU: Commission Decision of 24 August 2012 on amending Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks</p> <p>Secondary market platform will be created, however, auctioning feature is not foreseen for the transitional period.</p> |
| <p><...></p> | <p>Stakeholder 1: Regarding Gas Regulation Annex I paragraph 2.2.2 (1) TSOs shall propose and NRA shall approve Capacity increase through oversubscription and buy-back scheme (OSBB). We ask TSOs to provide the proposal for the respective NRAs and amend the Rules because this scheme is not defined in it.</p> | <p>Proposal taken into account.</p> |

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| 5.2.3 offering secondary capacity market trading. | <p>Stakeholder 1: Secondary market is a market (Gas Regulation Art. 16 (3) (b), Art. 22) not a CMP defined in the Gas Regulation Annex. I paragraph 2.2. Thus, this provision should be removed from section 5.</p> <p>Also, 5.1 and 5.2 paragraphs contradict secondary market principle – market participants can use secondary market anytime, not just when TSO announce that there is a congestion.</p> | Proposal taken into account. |
| 5.3. Surrendered capacity | <p>Stakeholder 1: Gas Regulation Annex I: “2.2.4. <i>Surrender of contracted capacity</i> <i>Transmission system operators shall accept any surrender of firm capacity which is contracted by the network user at an interconnection point, with the exception of capacity products with a duration of a day and shorter.</i>”</p> <p>We suggest adding additional paragraph which defines that surrendered capacity scheme is not applied to the capacity products with a duration of a day and shorter.</p> <p>Also, we suggest transposing Amber Grid rules paragraph 69.1.5 as a implementation of the Gas Regulation Annex I paragraph 2.2.4.</p> | Proposal taken into account. |
| 5.4. Long Term UIOLI mechanism | <p>Stakeholder 1: Gas Regulation Annex I paragraph 2.2.5: “3. <i>Withdrawal shall result in the network user losing its contracted capacity partially or completely for a given period or for the remaining effective contractual term. The network user shall retain its rights and obligations under the capacity contract until the capacity is reallocated by the transmission system operator and to the extent the capacity is not reallocated by the transmission system operator.”</i></p> <p>We suggest amending the Rules in order to implement Gas Regulation Annex I paragraph 2.2.5 (3) requirements.</p> | Proposal taken into account. |
| <...> | <p>Stakeholder 1: We suggest adding additional principle as defined in the Amber Grid rules paragraph 70.3-70.4 where a network user which booked capacity is planned to be taken away by the TSO, have a right to sell that capacity on the secondary market based on the deadline and conditions defined in this document. E. g. There is proposed 2 mounts period from booking application to start of the yearly capacity product allocation. During that time contractual congestion issues could be solved or capacity could be traded on the secondary market.</p> | Proposal taken into account. |
| 5.4.3. Network user has to provide a justification and reasoning for unused capacity amount within five business days from receiving the notification from TSO. | <p>Stakeholder 1: There is no need for network user to provide justifications. It is a TSO right to use CMP unilaterally. This provision could cause complex legal disputes in order to confirm whether network user justification is sufficient and TSO decision is objective and unbiased. We suggest removing this provision.</p> | Proposal taken into account. |

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| <p>Secondary capacity trading</p> | <p>Stakeholder 1: TSO should organize the secondary market as it organize a primary market by providing a platform for network users. We suggest organizing secondary market not only on the OTC but on the exchange platform basis with standardized products settlement and clearing. This will ensure transparent rules and keeps market participants always informed about the offered products on the secondary market. As consequence it will create level playing field and, also reduce consumers expenditure for procured capacity services</p> <p>Stakeholder 3: Before the “lesser rule” is applied, it would be preferred that the official matching procedure would include notifying the mismatching trade quantities to BRPs so that they would have time to correct them before the rule is applied.</p> <p>Stakeholder 3: It is worth considering a price cap for Bilateral capacity trades to avoid capacity hoarding at a favorable entry point. Otherwise market participants may abuse the system by overbooking and then selling the capacity for profit. In such a case the UIOLI mechanism would also not kick in yet.</p> | <p>Secondary market platform will be created, but without auctioning feature.</p> <p>Proposal not taken into account. There is one matching procedure and application of “lesser rule” is internal part of it. Network users have right to change nominations in next matching cycle.</p> <p>TSOs in no way are able to regulate secondary capacity trade pricing as TSOs have not authority of price regulation.</p> |
| <p>6.1.1.2. If quantity in nomination is bigger than capacity booked by network user for relevant gas day in all entry-exit points except IPs where capacity booking is applied, the nomination exceeding booked capacity for gas day D shall be considered as capacity booking application for additional firm daily capacity.</p> | <p>Stakeholder 3: Please explain in more details par. 6.1.1.2. It states that if nomination exceeds booked capacity, the application will be considered as capacity booking for additional firm daily capacity but only at IPs where capacity booking is not applied. The question then arise what capacity is considered to be book automatically if there are no capacities at those points?</p> | <p>Current provision will be updated to clearly give indication on the overnomination for within day capacity only for interruptible capacity as stated in balancing network code.</p> |
| <p>6.3.4.2. the network user may adjust the confirmed nominations for the remaining hours of gas day D-1 from 3.00 UTC winter time and 2.00 UTC daylight saving time (5:00 local time) (on gas day D- 1 and until 2.00 UTC winter time and 1.00 UTC daylight saving time (4.00 local time) on gas day D;</p> | <p>Stakeholder 2: Should it be: the network user may adjust the confirmed nominations for the remaining hours of gas day D from 3.00 UTC ...</p> | <p>No, within day process begins on previous day, right after first matching procedure.</p> |
| <p>6.5. Nomination Matching <...> 6.5.3 Matching rule for the UGS shall be as follows:</p> | <p>Stakeholder 1: TSO should set a non-discriminatory, transparent rules by oneself. TSO rules should provide stability and clarity of what rules are applied for market participants and future market participants. TSO decision for entry</p> | <p>Proposal taken into account.</p> |

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| <p>6.5.3.1 The Lesser Rule principle shall not be applicable at the entry point of the transmission system from the entry/exit point of UGS if the UGS operator in accordance with the or rules of use of UGS unilaterally adjusts nominations submitted by the users of UGS. In this case, nomination submitted by the network user shall be adjusted and approved in accordance with the nomination unilaterally adjusted by the UGS operator;</p> <p>6.5.3.2. After the matching of the quantity of natural gas flow with the adjacent TSO, the UGS operator or the application of the Lesser Rule, the nomination shall be deemed to be confirmed and the TSO shall send to the network user the notification set out in Article 6.3.6. Upon confirmation of the nomination, the TSO shall inform the adjacent transmission system operator or the UGS operator</p> | <p>exit points does not necessary has to depend on the rules applied by other operators.</p> <p>We suggest setting clear rules in the current version of this document by cooperating with SSO since SSO is the same entity as the LV TSO. Since this document is related with SSO rules, we suggesting to consult and amend SSO rules as well if needed in the context of creation of a common balancing zone. Also, please provide information if there a possibility to have congestions regarding UGS injection / withdrawal capacity. In this case appropriate mechanisms should be provided in order to solve this issue.</p> | |
| <p>7. Allocation</p> | <p>Stakeholder 3 : “Final allocation shall be available after update from UGS operator” – it is unclear from this what exactly will happen to the difference between nomination and final allocation? If 1 MWh is entered into system and nominated to UGS. And UGS final allocation is 0.5 MWh instead – will the remaining 0.5 MWh be sold for balancing gas that gas day?</p> | <p>The general rule for allocation at Incukalns storage entry/exit point is that allocation is equal to confirmed nomination, however it is foreseen in future to allow storage users request change of allocated volumes to some extent. This provision is intended.to benefit users and make flexible storage usage for them, not to limit storage users</p> |
| <p>7.1.4. A network user’s allocation at entry points from 3rd countries shall be determined based on the following criteria:</p> <p>7.1.4.1. Network user’s with fixed delivery agreement allocation shall be equal to the last confirmed nomination or re-nomination;</p> | <p>Stakeholder 1: Access to the system has to be set regardless of the existing supply contracts. There should be clear separation of activities – TSO activity and supply activity. Other allocation rules should be used. See more comments at “fixed delivery agreement” definition paragraph 2.58, 2.59 comment.</p> | <p>Proposal not taken into account : Creating allocation rules not taking into account character of existing supply agreements would render created allocation rules useless/not applicable, due the fact that neighboring TSO would be in position not confirm such quantities.</p> |

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| <p>7.1.4.2. If there is an agreement establishing operational balancing account between adjacent operator or network user(s) and TSO, allocation shall be equal to nomination. The difference between the nominated flow and measured quantity shall be allocated to operational balancing account;</p> | <p>Stakeholder 2: Does that mean that either Latvian or Estonian TSO will seek possibility to enter into agreement with network user(s) in regard establishing OBA in regard interconnection point with 3rd countries? We would like to express our support to such efforts. Does p. 7.1.4.4 refer to such agreement between network user(s) and TSO?</p> | <p>This means that all network users with flexible agreement will be balancing shippers proportionally to transported volumes.</p> |
| <p>7.1.4.3. In case there is no agreement establishing operational balancing account, TSO shall allocate the difference between the nominated flow and the measured quantity pro-rata to nominated gas quantity of all network users. Allocated gas quantity shall not exceed flexibility limits specified in network user's flexible delivery agreement;</p> | <p>Stakeholder 1: This allocation method could cause cross-subsidy between market participants regarding balancing.</p> | <p>TSOs are working on the establishment of relevant operational balancing account arrangements and until any binding agreement is in place the alternative allocation measure is used.</p> |
| <p>7.1.4.4. If there is no flexible delivery contracts between network user(s) and TSO, then the difference between the nominated flow and measured quantity shall be allocated pro rata to all network users;</p> | <p>Stakeholder 1: This allocation method could cause cross-subsidy between market participants regarding balancing.</p> <p>Stakeholder 2: Does that mean that either Latvian or Estonian TSO will seek possibility to enter into agreement with network user(s) in regard establishing OBA in regard interconnection point with 3rd countries? We would like to express our support to such efforts.</p> | <p>TSOs are working on the establishment of relevant operational balancing account arrangements and until any binding agreement is in place the alternative allocation measure is used.</p> <p>These provisions foresee that no operational balancing arrangements are necessary with network users as Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules provides such mechanism only between the transmission system operators.</p> |
| <p>7.1.5.1. At non-daily metered points: a) to determine the daily gas volume submitted, daily gas consumption data provided by DSOs shall be used;</p> | <p>Stakeholder 1: Not daily metered (NDM) data is provided by the forecasting party (legal entity) which is depicted by the NRA in each member state (not a DSO).</p> <p>BAL NC Art. 39 (5) states that: „5. The national regulatory authority shall designate the forecasting party in a balancing zone after prior consultation with the transmission system operators and distribution system operators concerned. The forecasting party shall be responsible for forecasting a network user's non daily metered off-takes and where appropriate its subsequent allocation. It may be a transmission system operator, distribution system operator or a third party.“</p> | <p>Proposal taken into account.</p> |

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| | Please, adjust 7.1.5 wording by changing “DSO” to “forecasting party”. | |
| <p>7.1.5.2 At daily metered points: <...></p> <p>c) At BNG entry points the allocation shall be determined based on the measured quantity. At one biogas entry point it shall be allowed injection of only one network user. In one biogas portfolio it shall be maximum as many network users as biogas entry points.</p> | <p>Stakeholder 1: Allocation rules at BNG entry point should not be treated differently than other entry points. We are suggesting implementing quantity nominations in case several network users are using that point as there is in the other entry points.</p> <p>Again, this document should be applied to the biogas and biomethane entry points as well, regarding Gas Regulation Art. 14 (1) (a), Gas Directive recital 26, 41, Art. 32 (1).</p> <p>Also, the concept of biogas portfolio is not defined in this document. E.g. it would be more flexible to consider that BNG entry point is considered as a virtual point in the VTP which combines all physical biogas intake to the transmission system points or similar.</p> <p>See comments for paragraphs 1.5.7, 1.5.8, 1.5.9 as well.</p> | <p>Proposal not taken into account</p> <p>TSOs would like to point the crucial difference in gas production on the gas fields and in biomethane facilities. In the former case the production is regulated by steering the production by well-heads, thus augmenting or reducing the flow down to the full stop of production if required in emergency cases. At biomethane facilities the production rate is dictated by biochemical processes which cannot be steered such easily as operations on the gas field, which in case of full stop of productions required dumping of the reactor’s content or venting-off the methane and CO₂ containing mixture of gases into atmosphere. As such potential mechanism of reduction of imbalance, in case if standard allocation rules would apply, is totally against the goals to be reached by development of the local production of gas meaning reduction of reliance on fossil gas, reduction of methane emissions in gas value chain and limiting other GHG emissions, TSOs are in favor of proposed mechanism, which will also reflect TSOs contribution to the support of the development of local gas production.</p> <p>It requires mentioning that investments of additional resources in accumulation of produce can be done by biomethane producers, but it will significantly raise the cost of biomethane production, thus requiring more intensive state’s support and hindering the development of the industry.</p> |
| 9. Operations and gas entry provisions | Stakeholder 4: Gas quality has to be measured at all Entry points, including biomethane and LNG injection. | Proposal taken into account. |
| 9.1.2. The measurement of natural gas quality shall be performed at: | <p>Stakeholder 1: Gas Regulation Annex I paragraph 3.1.2: <i>„Transmission system operators shall publish at least the following information about their systems and services:</i> <...> <i>(c) the network code and/or the standard conditions outlining the rights and responsibilities of all network users including:</i> <...> <i>2. if relevant for access to the system, for all relevant points as defined in paragraph 3.2 of this Annex, a specification of relevant gas quality parameters, including at least the gross calorific value and the Wobbe index, and the liability or costs of conversion for network users in case gas is outside these specifications;</i> <...> <i>3.2. Definition of all relevant points for transparency requirements</i> <i>(1) Relevant points shall include at least:</i></p> | <p>Proposal not taken into account. Currently gas quality at domestic exit points is result of calculation. Installation of gas quality measuring at each domestic exit point would be unjustifiable expenses without necessity, as it would not give any overall value to network users or TSOs. Natural gas quality at domestic exit points is and will be published. In the current Latvian TPA rules it is foreseen that at least for biogas and gas produced from biomass, as well as LNG which has been turned into a gaseous state for input into the transmission system and determination of quality shall be ensured at the respective entry point to the transmission system. Whereas, the network user shall ensure accounting of natural gas and determination of quality at the entry points, while the transmission system operator ensures it at the exit points.</p> |

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| | <p>(a) all entry and exit points to and from a transmission network operated by a transmission system operator, with the exception of exit points connected to a single final customer, and with the exception of entry points linked directly to a production facility of a single producer that is located within the EU;</p> <p><...></p> <p>(3) <...> The national regulatory authority may require the transmission system operators to publish the requirements under paragraph 3.3 of this Annex for groups or all of the exempted points. In such case, the information, if available to the TSO, shall be published in an aggregated form at a meaningful level, at least per balancing zone. This aggregation of these points shall for the application of this annex be considered as one relevant point.“</p> <p>Considering the above we assume that gas quality has to be measured at domestic exit points to the DSO systems (“city gate points”) and exit points to third countries and published as well.</p> | |
| 9.3.2. The planned gas network maintenance or the start of connection works of other operators or consumers, during which gas transmission shall be terminated or restricted shall be announced no later than 42 calendar days before the start of works. | <p>Stakeholder 1: This situation can cause a disclosure of inside information as foreseen in the Article 2 (1) (b) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (hereinafter – REMIT).</p> <p>We inform that AB “Amber Grid” has to publish information that is depicted in the paragraph 7.4 on the public website instantly, but no later than 1 hour of the approval of the maintenance plans as foreseen in the paragraph 9.6 of the Electricity and natural gas trading monitoring rules approved by the Stakeholder 1 resolution No O3-450 of 22nd December, 2016.</p> | TSOs agree and comply with REMIT requirements. |
| 9.3.3. In case of interruption of transmission services, TSO shall inform the network users individually since when and for what period of time the gas transmission shall be restricted. | <p>Stakeholder 1: Note that this information also should be published publicly regarding REMIT.</p> | TSOs agree and comply with REMIT requirements. |
| 10. Suspension or restriction of the transmission system service | <p>Stakeholder 3: In case of long or unplanned maintenance due to TSO fault there shall be compensation mechanism for network users. For instance, shall there be uninformed shutdown of services, TSO shall pay tariff compensation to system user the same way system users pay TSO 3 times the tariff.</p> | To clarify, TSOs are liable for confirmed capacity bookings. |
| 10.1.1.2 the pressure of the gas input flow does not meet the requirements set out in the cooperation agreement between natural gas network operators or the Connection Agreement ; | <p>Stakeholder 1: Connection Agreement definition is not defined in these Rules. Please clarify if it is a connection to the grid agreement in mind. Please describe what kind of agreement is it.</p> <p>This document purpose is to determine access to the system rules, term and conditions of the transportation contracts Thus, connection to the grid process should be defined in a separate document, because it is not related with the purpose of this document.</p> | Proposal taken into account. |

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| 11. Invoicing and settlement | Stakeholder 3: For financial reporting reasons we would see a huge advantage to receive invoices earlier than the 10th of the month. Every day earlier would be a great support. | Proposal will be taken into account in future development. Currently date of allocation and invoicing is dependent on other deadlines which are set in national legislation and agreements between operators, changing of which will take considerable amount of time. |
| 12. Creditworthiness, credit management and collaterals | Stakeholder 1: BAL NC Art. 30 (2): <i>„2. The national regulatory authority shall set or approve and publish the methodology for the calculation of the neutrality charges for balancing, including their apportionment amongst network users and credit risk management rules.“</i> Credit management rules of TSO including creditworthiness, credit management and collaterals of network users should be approved by the NRAs. Since the transmission service agreement is not consulted it is not clear how the requirements would be implemented. If it is not implemented by approving this document NRAs need to approve it by the other decision. Since, there is a common balancing zone TSOs and NRAs should match and comply differences of national legislation and approve single conditions for market participants to enter the market otherwise network users would be discriminated regarded geographical area. | Taking into account the current differences in the national legislation of Estonia and Latvia, the collateral rules in the beginning of the common balancing zone application will be different (i.e. approved within the applicable legal framework of each national regulatory authority), until it will be possible to unify. According to Article 14(3) of Regulation 715/2009 the third-party access services may be granted subject to appropriate guarantees from network users with respect to the creditworthiness of such users. TSOs agree that the national laws of Estonia and Latvia should be harmonized that such guarantees should not constitute undue market-entry barriers and should be non-discriminatory, transparent and proportionate. TSOs will consult and align with the national regulatory authorities. |
| 14. Validity period, amendment and termination of the transmission service agreement | Stakeholder 3: For the sake of clarity, we suggest to mention that contract is valid for indefinite period of time. | Proposal taken into account. Such provision will be included in the transmission service agreement. |
| 19. Final provisions | | |
| 19.5. The network users who have a contractual arrangement in force for the provision of transmission services and the balancing in the transmission system with the TSO in force on 31 December, 2019 and who want to receive the transmission system services in the common balancing zone shall be under the obligation to submit to the TSO the application and documents set out in article 3 of these standard terms and conditions with a pre-condition that the balancing agreement is concluded with the same TSO in | Stakeholder 2: Already active network users should submit the initial documents in order to get access to common zone. What happens if network user fails to do so or the documents do not match the requirements set out in the new rules? | The existing agreements can not be transferred for the operation in the common balancing zone. From 2020 new rules will come into effect with completely different provisions, which means that in order to have network user rights network users must conclude new agreement with the contracting TSO. |

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| accordance with the balancing rules of the common balancing zone. | | |
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