

Latvian Public Utilities Commission

sprk@sprk.gov.lv

AS „Conexus Baltic Grid”

info@conexus.lv

26.01.2023 nr 3-1/17-23

Opinion on “Amendments to the Public Utilities Commission Decision No.1/14 of 1 October 2020 “Regulations of Use of Inčukalns Underground Gas Storage Facility””

AS Eesti Gaas, as the largest natural gas seller in Estonia and experienced holder of the capacities in Inčukalns Underground Gas Storage (the IUGS), welcomes the initiative to adjust the injection rules of the IUGS to the restructured gas market. Regarding that, we would like to render our opinion on proposed solution and make a proposal of our own.

1. Simpler solution

We see that there’s an alternative possibility to amend the rules of the injection even less and to achieve the same result as in the amendment proposal. When implementing this alternative there would not be any need to introduce the new instrument - natural gas injection curve.

This simpler alternative would be amending the current *pro rata* rule (clause 58.2) so, that the priority to the holders of the bundled and the two-year bundled capacity product is not given in proportion to their booked unused storage capacity, but in proportion to their total booked storage capacity. With this solution each IUGS user would, by dividing his total booked storage capacity by total storage capacity, be able to predict his personal minimum injection capacity for particular day. This would allow the IUGS operator and users to

continue with the tried and tested arrangement and the rules would need only minor adjustment.

It has to be noted that one can anyway predict frequent use of *pro rata* rule in case of proposed amendment, because it would not be rare to have firm capacities covering the whole injection capacity for some period and any additional needs for injection to arise for the same period.

2. Comments on the solution proposed

In case for some reason the simpler alternative proposed by us will not be implemented, we wish to comment on the solution proposed in Consultation Document¹. We welcome rendering additional security to IUGS users but have two additional proposals.

- 2.1. Hopefully we have understood correctly, that in case any bundled capacity product or two-year bundled capacity product is booked, the injection capacity is allocated to all days of respective period. If yes, we see no need for differentiating the injection capacity by calendar month, i.e. different injection curve in different months. The firm injection capacity should be divided equally to all days without any monthly alterations. Differentiating between months would lead to overbooking the firm capacities in some months and underbooking in the others. There's no methodology introduced to solve these situations.
- 2.2. In order to avoid harmful consequences from unexpected interruptions (e.g. technical malfunctions), it is important to

1

https://www.sprk.gov.lv/sites/default/files/editor/Sabiedribas_lidzdaliba/Dabasgaze/DG_Konsultaciju%20dokumenti/KD_kr%C4%81tuves_noteikumu%20gr_EN.pdf

leave some (for example 20) days not covered by the firm injection capacity at the end of injection season of the storage cycle. This would allow later injection of some natural gas not injected due to unexpected obstacles and maximum use of the booked storage space.

Kind regards,

/signed digitally/

Margus Kaasik

Chairman of the Management Board