

Sabiedrisko pakalpojumu regulēšanas komisija
Ūnijas ielā 45, Rīgā, LV-1039
Ph.: +371 67097200; Fax +371 67097277
E-mail: sprk@sprk.gov.lv

2017-03-24 Nr. SD/2017-

Comments regarding natural gas transmission system usage rules

In reference to “konsultāciju dokuments par akciju sabiedrības „Conexus Baltic Grid” dabasgāzes pārvades sistēmas lietošanas noteikumiem” we would like to provide our recommendations to the transmission system usage rules:

We fully understand the obligation for network user to bear the responsibility of balancing their inputs against their off-takes and totally agree that provisions of balancing principles should be stipulated in the rules of gas market regulation. Herewith such rules should be designed to develop gas market liquidity and make it more integrated in to the common European Union natural gas market. The balancing principles should give network users the certainty that they can manage their balance positions in an economically efficient and non-discriminative manner.

However, the balancing provisions stipulated in the Articles 142 and 143 of the latest version of the rules on the use of the natural gas transmission system are market-limiting and more favorable for existing dominant gas supplier. The limits of gas imbalance tolerance determined in the Article 142 and Article 143 are too strict for the smaller network users that in turn might increase the costs of natural gas transportation in the system.

We would like to offer that during the warm season of the year (May-September) when there is an obvious decrease in consumption of the gas and the usage of transmission system is lower, the imbalance tolerance limit (adjustment) in May-September period could be increased up to 15 percent of the gas quantity instead of currently proposed 5 percent.

In regards to determined imbalance charge coefficient, the EU Network Code on Gas Balancing of Transmission Networks states that daily gas imbalance charge shall be cost reflective and shall take account of the prices associated with transmission system operator's balancing actions. For this reason the value of the small adjustment **shall not exceed 10 percent** of the weighted average price unless the transmission system operator can justify otherwise to the national regulatory authority and have it approved.

The currently proposed 20 percent coefficient might significantly increase the costs of cross-border trading that in turn would limit the market competition and the possibilities of Latvian end-users of natural gas to be supplied from other Baltic countries but Latvia.

We also consider that the gas imbalance charge should not differ depending on the imbalance quantities.

We believe that Public Utility Commission of the Republic of Latvia will take into consideration that such not flexible balancing rules could be seen as a tool of market barrier creation for potential new gas suppliers in the Republic of Latvia.

Strict daily balancing regime could be imposed only when there is a risk to have obstructions in the transmission system, however small network users will not be able to disturb transmission system noticeably and make any aggravations for the transmission system operator.

In addition, it is very important in terms of deeper integration of the regional gas markets, that transmission and balancing rules would be as harmonized as possible, so that network users can balance their balancing portfolios in different balancing zones efficiently. However, comparing transmission and balancing rules of the Baltic States, the rules of Latvian gas system looks less flexible than rules existing in Estonian or Lithuanian gas systems.

Chief Executive Officer



Mantas Mikalajūnas

R. Markauskas, +370 618 38942, rimgaudas.markauskas@ldtiekimas.lt