

REGARDING PUBLIC CONSULTATION ON AMENDMENTS TO REGULATIONS ON THE USE OF INČUKALNS UNDERGROUND GAS STORAGE FACILITY

With this letter UAB Ignitis expresses its opinion to the consultation regarding the amendments to Regulations on the Use of Inčukalns Underground Gas Storage Facility.

Firstly, it is highly appreciated for looking into improvements of the services provided by storage system operator. Some minor improvements may be done in order to create more synergy between the storage services and needs of the market players. Currently in place the set up of Regulations seems to be serving the market needs and drastic changes to the Regulations may have negative impact on the revenue collected by the storage system operator while minor improvement are expected to bring positive outcomes.

Secondly, it is advisable to have simple and transparent rules established in Regulations which are easy to understand, operate and work with. The proposed amendments are not clear, straightforward and lack particularity. For example the Regulations introduces the injection curve which parameters and description shall be more detailed.

Complicated rules and processes are expected to have negative impact both on existing users of the storage facility as well as on those willing to starting using storage facility. Unclear Regulations may create loopholes for inefficient and uncontrolled behaviors as well as may reduce the attractiveness to use the storage services.

Thirdly, in order to assess the impact Regulations may have on the service level and revenue generated to the storage system operator, changes in Regulations are expected to be thoroughly discussed among current storage users, regulator, storage operator and other relevant stakeholder. Current situation suggests there is little time to make a proper evaluation during the timeframe given for the consultation and before the first auction for the next storage cycle.

UAB Ignitis suggests keep working on minor improvements of the Regulations currently in place with no major reshaping of the principles:

Current practice	IGN proposal	Comment
<p>ICP auctions from June to mid August.</p>	<p>Instead of ICP it is suggested offering standard bundled capacity product.</p> <p>Make the reservation process FCFS or prolong the auctions up until start of withdrawal season.</p>	<p>If there are available capacities to offer to the market, it suggests storage price is too high and there is no economical reason to book them. Therefore, during auctions starting in June suggest offering bundled capacity product as well as interruptible product does not create confidence neither for injection, nor for withdrawal.</p> <p>Shall there be still available capacity to offer to the market, they shall be offered on FCFS basis, thus allowing market players utilize them in the best possible way at any time.</p>
<p>Trade notifications at the end of the gas day are processed in full amount if there are available injection capacity.</p>	<p>To keep the current practice in order to ensure highest possible injection volumes.</p>	<p>The current practice evidences that during injection season at the end of the gas day some storage users tend to decrease their injection nominations which allows other users to make use of such unused injection capacity and utilize it. Such possibility to redistribute injection volumes is effective both for storage operator and system users which seek to inject higher extra volumes. From storage operator perspective in such case a total flow for that day remains the same, but it is only redistributed among storage users.</p>

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