



**VALSTYBINĖ ENERGETIKOS REGULIAVIMO TARYBA
NATIONAL ENERGY REGULATORY COUNCIL**

Verkiu str. 25C-1, LT-08223 Vilnius, Lithuania
Tel. +370 5 213 51 66. Fax. +370 5 213 52 70. E-mail. rastine@vert.lt

Public Utilities Commission

21-07-2020 No. R2-(R)-4178

**REGARDING CONSULTATION DOCUMENT ON THE REGULATIONS OF THE USE OF
THE INČUKALNS UNDERGROUND GAS STORAGE FACILITY**

On the 18th of June 2020 fulfilling the provisions of the Energy Law, Public Utilities Commission published a document on the Regulations Regarding the Use of the Inčukalns Underground Gas Storage Facility (hereinafter – Consultation Document).

National Energy Regulatory Council (hereinafter – the Council) has reviewed the Consultation Document and we would like to take the opportunity to express our views on the Consultation Document. Consultation Document contains some specific statements, which raise the following doubts or questions for the Council.

According the Consultation Document in order to guarantee that the system operator receives the necessary revenues and there is no need for a mechanism to compensate the permitted revenues, if the price of the capacity product obtained in the auction is lower than the approved tariff of the capacity product, the Inčukalns UGS capacity auctions will be held at a *premium*. It was also mentioned, that the system operator will create a *regulatory invoice* where the system users' premium payments and the actual permitted revenues at the end of the tariff period, which are higher or lower than the planned permitted revenues for the tariff period, will be credited. The purpose of the regulatory invoice is to minimize the under-recovery and over-recovery of storage service revenues, with due regard to the investment needs. Considering the information, which is presented above, please indicate the specific document, which determines the principles of operation of the regulatory invoice and the obligation of the system operator to create the invoice.

As the Council understood from Consultation Document under-recovery and over-recovery of storage service revenues will be processed on the system operator regulatory account basis. Please provide the additional explanation, how the under-recovery and over-recovery of the revenues, which will be accumulated in regulatory account, will affect the transmission tariffs or the result of revenue differences will be evaluated only on Inčukalns UGS point?

Thank you for your cooperation.

Chair

Inga Žilienė

M. Vorobjova-Derkač, tel. (+370 5) 250 6183, e-mail. marta.vorobjova@vert.lt