



conexus
B A L T I C G R I D

Auction on the storage of natural gas and guarantee obligations 2019 / 2020

Brief history on different auctions

Storage cycle 2017 / 2018 - Auction on ensuring availability of natural gas at the transmission system interconnection with the storage

Grounds for the auction – Section 15(6) and Section 112 of the Energy Law and the applicable EU legislation to ensure safety of the transmission system, its efficient and economically reasonable operation and long-term capability to ensure transmission of natural gas according to demand

Aim: maintaining the transmission system within the operational limits in the emergency situation, which does not qualify as energy crisis, but is outside the operational balancing of the system

Storage cycle 2018 / 2019 – Auction on the storage of natural gas and guarantee obligations

Grounds for the auction – **new** Section 12.1 to the Cabinet of Ministers Regulation No. 312 «Procedures for the Supply of Energy Users and Sale of Heating Fuel During Declared Energy Crisis and in Case of Endangerment to the State»

Aim: ensuring the necessary daily withdrawal capacity from the storage in the event and during the energy crisis

Where we are: the current Auction procedure

- ✔ Negotiated procedure without prior publication of a call for competition;
- ✔ Pre-condition for participation – existing transmission service agreement, balancing agreement and storage agreement;
- ✔ **No public consultation of the rules;**
- ✔ Auction rules submitted for coordination with the Ministry of Economics and the Public Utilities Commission;
- ✔ Proposal to commence and complete the auction prior beginning of the 2019/2020 injection season

Conditions of the auction

- ✔ Basis – Cabinet of Ministers Regulation No.312 (on energy crisis);
- ✔ Amount of the total obligations **2 845 000 MWh** (supply standard of 315 000 MWh already forming part of the technical pressure);
- ✔ Obligations from the beginning of withdrawal season until **the beginning of gas day** (NC CAM) of March 1, 2020;
- ✔ Complete natural gas amount must be provided already on the first date of withdrawal season and maintained («frozen») in the storage until March 1, 2020

Auction and the energy crisis

- ✔ The agreement as commercial arrangement within the meaning of **Regulation (EU) 2017/1938 (SoS Regulation)**;
- ✔ The transmission system operator may use the natural gas under the guarantee obligations:
 - in the event of energy crisis; and
 - subject to the decision of Cabinet of Ministers;
- ✔ Full remuneration for the natural gas storage obligations and the natural gas actually used by the transmission system operator