

Unofficial translation

Procedure set in accordance with the
Cabinet of Ministers Decision
“Informative report on update on the security of natural gas supply”
of March 8, 2022

Procedure for Allocation of Natural Gas Transmission System Capacity and Inčukalns
Underground Gas Storage Injection Capacity

1. The Procedure shall determine how the capacity of the natural gas transmission system and the injection capacity of the Inčukalns Underground Gas Storage (hereinafter - Storage) shall be allocated in order to ensure injection of gas transported from the Klaipeda Liquefied Natural Gas Terminal (hereinafter - LNG Terminal) and the Lithuanian-Polish Natural Gas Interconnector (hereinafter - GIPL) into the Storage Facility to the maximum possible extent.
2. All terms in this procedure are used within the meaning of the Energy Law, Common Regulations for the Use of Natural Gas Transmission System, Common Regulations for the Natural Gas Balancing of Transmission System and the Rules for the Use of Storage.
3. Priority for injection into the storage for flows from the LNG terminal and GIPL (hereinafter - priority) shall be determined within the framework of the storage congestion management in accordance with subparagraph 58.2 of the Inčukalns Underground Gas Storage Use Rules approved by the Decision No 1/14 of the Public Utilities Commission on 1 October 2020 (hereinafter - storage rules).
4. The application of storage congestion management by the system operator upon detection of physical congestion of capacity in storage during natural gas injection as specified in subparagraphs 58.2 and 59.2 of the Storage rules shall be postponed from 15:00 to 17:00 (Latvian time) at the time specified in subparagraphs 58 and 59 of the Storage rules.
5. The system user shall inform the system operator of the gas day on which it needs to be given priority by 14:00 (Latvian time) of the previous day by sending information to the e-mail address capacity@conexus.lv, which shall contain:
 - 5.1. Gas day requiring priority
 - 5.2. Amount of priority required
 - 5.3. Amount submitted in nominations at the LNG terminal entry point and the GIPL entry point.
 - 5.4. Market participant name that transports LNG at the terminal entry point and at the GIPL entry point for the system user, if it is not the system user itself.
6. Priority for injection into storage shall be given to the system user in an additional amount which, together with the injection capacity provided by the standard congestion management process, ensures the injection of the amount of natural gas transported by the system user from the LNG terminal or the GIPL, provided that:

6.1. It is not possible for the system user, after the application of the congestion management set out in the storage rules, to inject the amount of natural gas transported by the system user from the LNG terminal or the GIPL in accordance with the daily storage injection capacity allocated to the system user

6.2. injection of a quantity of natural gas into storage is performed under bundled capacity products

6.3. The system user has submitted information in accordance with paragraph 5 of this Procedure.

6.4. The system user has submitted a nomination for injection for a gas day D in the amount allocated as priority.

7. The system operator shall, by 15:00 (Latvian time) of the previous day following the information submitted by the system user in accordance with paragraph 5, inform the system user by e-mail of the assigned priority level for day D by type of bundled capacity product.

8. Priority for a gas day shall be granted only at 15:00 (D-1 15:00 matching time) (Latvian time) on the previous day at the time of confirmation of the storage injection capacity.

9. The amount of priority that a system user is assigned shall be equal to the lesser of:

9.1. the last nomination submitted by the System User at the Kiemenai entry point for the Gas Day;

9.2. the amount in nomination at the LNG terminal entry point and the GIPL entry point for the Gas Day provided as information by the System User.

10. The priority granted may not exceed the daily injection capacity of the storage facility. In the event that the storage injection capacity is less than the amount of natural gas to be injected into the storage from the flows at the LNG terminal entry point and the GIPL entry point, the required amount of priority shall be divided among the system users in proportion to the values set out in paragraph 9 of this Procedure.

11. The system operator shall perform the reduction of the assigned priority and the recalculation of the storage injection capacity by 17:00 (Latvian time), if after receiving the LNG terminal entry point and the GIPL entry point approved nominations for from the Lithuanian transmission system operator AB Amber Grid (hereinafter - Lithuanian system operator), the system operator determines that the priority assigned by the system operator and used by the system user, by submitting a nomination for injection into the storage, is higher than the approved nominations for the LNG terminal entry point and the GIPL entry point received from Lithuanian system operator. System operator informs system user about reduction of priority by an e-mail.

12. The system operator shall, after the end of the gas day and receipt of the information of LNG terminal entry point and GIPL entry point allocations from the Lithuanian system operator, compare the allocations with the priority applied to the system user.

13. The system operator shall have the right to correct the storage injection allocations after the end of Gas Day D and after receipt of the LNG terminal entry point and GIPL entry point allocations, if the system user's priority allocation differs from the Kiemenai, LNG terminal, GIPL entry point allocations.

14. The system operator shall have the right to reduce the amount of priority granted if the system operator establishes that the system user has systematically reserved capacity for the

injection into storage for a quantity of natural gas that is not transported from the LNG terminal entry point and the GIPL entry point.

15. The system operator shall determine the amount of technical capacity at the entry-exit points of the transmission system dynamically, to ensure the highest possible entry capacity at the Latvian-Lithuanian interconnection point Kiemenai, taking into account considerations related to the operation, integrity and security of the natural gas transmission system.

16. For objective reasons, the system operator shall be entitled to make changes to this procedure.

17. The Procedure shall enter into force on 31 March 2022 and shall remain in force until the Cabinet of Ministers decides to repeal it. The procedure shall apply from the of gas day of 1 April 2022.