

Auction announcement

The Joint Stock Company "Conexus Baltic Grid" (hereinafter - JSC "Conexus Baltic Grid") announces the launch of the auction for ensuring availability of natural gas at the entry point specified in paragraph 5.4. of the Rules for Use of the Natural Gas Transmission System (https://capacity.conexus.lv/uploads/filedir/rules_of_use_of_the_natural_gas_transmission_system.pdf) – at the interconnection of transmission system with Inčukalns Underground Gas Storage Facility (hereinafter – the Storage). The auction will be organized and run by an independent third party (hereinafter – the organizer of the auction).

The market participants can participate in the auction by submitting the binding offer in accordance with Annex 1 of the Auction Rules (http://www.conexus.lv/docs/consultations/IPGK_izsole/Auction_rules_EN.pdf) until July 17, 2017 17:00, by sending the offer to the e-mail address: conexusizsole@kpmg.lv.

The subject matter of the auction is a contractual agreement with the market participants on ensuring availability of natural gas at the interconnection of the transmission system with the Storage which shall be carried out by the market participants making sure that natural gas is being stored in the Storage according to the following terms and amounts (hereinafter – the Guarantee obligation):

- from the end of the injection season until October 31, 2017 - 1 150 000 MWh;
- from the end of the injection season until November 30, 2017 - 1 150 000 MWh;
- from the end of the injection season until December 31, 2017 - 1 150 000 MWh;
- from the end of the injection season until January 31, 2018 - 1 150 000 MWh;
- from the end of the injection season until February 28, 2018 - 3 450 000 MWh.

More detailed information on the Auction Rules can be obtained from the organizer of the auction, KPMG Baltics SIA, by phone: +371 20137045 or by e-mail - conexusizsole@kpmg.lv.

The organizer of the auction will assess the binding offers not later than within 2 (two) days after the expiry of deadline for submitting the binding offers.

The auction winners will be determined by assessing the binding offers in descending order starting from the tranches covering the longest period of time. The binding offers in each tranche will be assessed based on the price of the Guarantee obligation and arranging them in the merit order, starting from the lowest offered price per tranche until the amount indicated in each tranche is reached (hereinafter – the approved amount).

If the indicated maximum amount for the relevant tranche, for which the binding offer is submitted is reached, the binding offer of an auction participant will be included in the merit order proportionally and will be rejected in the remaining part.

If the offered price in several binding offers will be equal, the binding offers will be arranged in the merit order proportionally until the amount indicated in the particular tranche is reached.

JSC "Conexus Baltic Grid" will conclude a contract on the Guarantee obligation (Annex 2 of the Auction Rules) with the auction winners.

Remuneration for the auction winner will be calculated by multiplying the price offered in the binding offer by the approved amount in the respective tranche. If the auction winner has submitted an offer for several tranches the remuneration will be calculated for each tranche separately.