Text consolidated by Valsts valodas centrs (State Language Centre) with amending decisions of:

16 December 2021 [shall come into force on 21 December 2021];

31 March 2022 [shall come into force on 2 April 2022];

31 October 2022 [shall come into force on 2 November 2022].

If a whole or part of a paragraph has been amended, the date of the amending regulation appears in square brackets at the end of the paragraph. If a whole paragraph or sub-paragraph has been deleted, the date of the deletion appears in square brackets beside the deleted paragraph or sub-paragraph.

**Decision No. 1/14 of the Board of the Public Utilities Commission**

Adopted 1 October 2020

**Regulations Regarding the Use of Inčukalns Underground Gas Storage Facility**

*Issued pursuant to*

*Section 15, Paragraph seven of the Energy Law*

**I. General Provisions**

1. The Regulation prescribes:

1.1. the procedures for the use of Inčukalns underground gas storage facility (hereinafter – the storage facility);

1.2. the procedures for the receipt of the natural gas storage service (hereinafter – the storage service);

1.3. the rights, obligations, and responsibility of a unified natural gas transmission and storage system operator (hereinafter – the system operator) and of a natural gas storage system user (hereinafter – the system user);

1.4. the procedures for the information exchange between the system operator and the system user;

1.5. the procedures for the discontinuation and restriction of the storage service;

1.6. the procedures by which a person submits an application to acquire the rights to use the storage facility and by which a storage service agreement is entered into;

1.7. the procedures by which the system operator is entitled to request a security for the fulfilment of liabilities and the amount of the security for the fulfilment of liabilities.

2. The following terms are used in the Regulation:

2.1. **working day**– any day from Monday to Friday which has not been determined as a public holiday in the Republic of Latvia and a working day which has been transferred on the basis of Section 133 of the Labour Law;

2.2. **fuel gas**– the quantity of natural gas necessary for operation of the natural gas pumping units to ensure the injection of natural gas into the storage facility or withdrawal thereof from the storage facility;

2.3. **capacity product**– the storage service offered by the system operator according to the types of the capacity product specified in Annex 2 to this Regulation;

2.4. **stocks**– the quantity of natural gas which is stored in the storage facility under the storage service agreement;

2.5. **storage facility cycle**– the time period from the beginning of the season when natural gas is injected into the storage facility until the end of season when the natural gas is withdrawn from the storage facility;

2.6. **unused capacity of the storage facility**– the part of the technical capacity of the storage facility which has been booked by the system users but not used for the storage of stocks;

2.7. **available capacity of the storage facility**– the part of the technical capacity of the storage facility which has not been allocated and is available to the system users for booking, taking into account the storage facility integrity and management requirements for the storage facility, and also the procedures for the booking of capacity products of the storage facility specified in Chapter IV of this Regulation;

2.8. **technical capacity of the storage facility**– the capacity of the storage facility to provide the maximum quantity of natural gas stored in the storage facility which the system operator can offer to the system users in the storage facility cycle;

2.9. **applicant**– a person who submits an application to the system operator to acquire the rights to use the storage facility;

2.10. **counterflow capacity**– the natural gas transmission system capacity in the opposite direction to the current of the actual technological regime of the storage facility which may be booked by the system user;

2.11. **trade notification**– a notification of the system user to the system operator according to the standard communications protocol regarding the transfer of the quantity of natural gas to the natural gas transmission system user or receipt thereof from the natural gas transmission system user;

2.12. **storage service agreement**– an agreement entered into between the system operator and the system user under which the system operator provides the storage service to the system user.

[*31 October 2022*]

3. The system operator shall provide the storage service which is interoperable with the use of the natural gas transmission system, ensuring equal and non-discriminatory treatment of the system users.

4. For the purpose of ensuring efficient and safe provision of the storage service, the system operator has the right to request and receive information from the system user which is necessary for the system operator to carry out the activities specified in this Regulation.

5. The system user shall, upon contacting the system operator in the cases provided for in this Regulation, submit the information and documents to the system operator either in the Latvian or English language. The documents specified in this Regulation and sent electronically shall be signed with a secure electronic signature, unless the system operator and the system user agree otherwise.

6. The system user shall be obliged to comply with the procedures for use of the storage facility specified in this Regulation and in the storage service agreement, carry out the instructions of the system operator which are necessary for receipt of the storage service, provide the system operator with the information necessary for receipt of the storage service, and also not to use the storage service in a way which restricts, distorts, or hinders the competition, for example, through hidden accumulation of capacity.

**II. Publication of the Information on the Storage Facility**

7. The system operator shall, by 4 November each year, announce an estimate of the technical capacity of the storage facility for the next storage facility cycle through publication on its website.

8. The system operator shall, on an annual basis, announce the estimated available capacity of the storage facility, including the estimated available capacity of the storage facility within the framework of the bundled capacity product and of the interruptible capacity product and the estimated available capacity of the storage facility within the framework of the two-year bundled capacity product, through publication on its website in accordance with the following procedures:

8.1. for the first time, the announcement of the next storage facility cycle shall be published not later than one working day prior to commencing booking of the capacity of the storage facility for the next storage facility cycle;

8.2. thereafter until 30 April, the announcement of the next storage facility cycle shall be published daily by 13:00;

8.3. from 1 May until the day of publication of the technical capacity of the storage facility and the available capacity of the storage facility for the current storage facility cycle in accordance with Paragraph 9 of this Regulation, the announcement of the current storage facility cycle shall be published daily by 13:00.

9. The system operator shall, by 21 May each year, announce the technical capacity of the storage facility and the available capacity of the storage facility for the current storage facility cycle, including the available capacity of the storage facility within the framework of the bundled capacity product and of the interruptible capacity product and the available capacity of the storage facility within the framework of the two-year bundled capacity product, through publication on its website. The system operator shall calculate the available capacity of the storage facility for the current storage facility cycle as a difference between the technical capacity of the storage facility and the capacity of the storage facility booked by the system users for the current storage facility cycle.

10. The system operator shall publish on its website the following information about the current storage facility cycle daily by 13:00:

10.1. the technical capacity of the storage facility (kWh);

10.2. the stocks (kWh);

10.3. the available capacity of the storage facility, including the available capacity of the storage facility within the framework of the bundled capacity product and of the interruptible capacity product and the available capacity of the storage facility within the framework of the two-year bundled capacity product (kWh);

10.4. the unused capacity of the storage facility (kWh);

10.5. the counterflow capacity on a gas day D (kWh);

10.6. the maximum quantity of natural gas which can be stored in the storage facility or withdrawn from the storage facility on a gas day D.

11. The natural gas injection season of the storage facility cycle shall start on 1 May of the relevant year and end on 14 October of the relevant year. The natural gas withdrawal season of the storage facility cycle shall start on 15 October of the relevant year and end on 30 April of the following year.

11.1 Due to an objective and justified reason, including the case where the regulation laid down by the competent State administration institutions and referred to in Paragraph 82.11 of this Regulation imposes an obligation on the system operator to allow the system users to inject natural gas into the storage facility during the withdrawal season of the storage facility cycle, the system operator may inject natural gas into the storage facility during the withdrawal season. The system operator shall, not later than two days prior to the commencement of availability of the natural gas injection capacity, publish on its website information on the time of commencement of availability of the natural gas injection capacity.

[*31 October 2022 / See Paragraph 82.12*]

**III. Procedures for Concluding a Storage Service Agreement**

12. The applicant shall submit an application to the system operator to acquire the rights to use the storage facility (Annex 1). The applicant shall append the following to the application:

12.1. a document attesting that the applicant has registered its commercial activity in accordance with the laws and regulations of the relevant country;

12.2. a document attesting representation if the application is submitted by a representative authorised by the applicant;

12.3. a document attesting that an insolvency procedure of the applicant has not been announced, the economic activity of the applicant is not suspended or the applicant is not liquidated, and issued not later than one month prior to the day of submitting the application;

12.4. an annual report regarding the last three years (or the actual time of operation, taking into account the time when the applicant was established or the operation was commenced regarding which the annual report has to be submitted) or another equivalent document attesting the economic and financial situation of the applicant in accordance with the laws and regulations of the relevant country;

12.5. information on the identification code assigned to the applicant in accordance with the Energy Identification Code scheme;

12.6. [16 December 2021].

13. If the information referred to in the documents specified in Paragraph 12 of this Regulation is available free of charge in the Latvian or English language in an official gazette or a public register, the applicant has the right not to submit the relevant documents, precisely indicating in the application the website where the relevant information is available.

14. If the applicant, concurrently with the application to acquire the rights to use the storage facility, submits also the application to acquire the rights to use the natural gas transmission system (in accordance with the regulations for use of the natural gas transmission system), the documents specified in Paragraph 12 of this Regulation need not be appended, unless the documents to be appended to each application vary.

15. The system operator shall evaluate the application referred to in Paragraph 12 of this Regulation and documents appended thereto within five working days from the day of receipt thereof, and it is entitled to, where necessary, request the applicant to submit the missing documents or additional information.

16. If the system operator has requested the applicant to submit additional information or documents, the applicant shall submit them within 10 working days from the day of sending the request. If the applicant fails to submit the requested additional information or documents within the specified time period, it shall be deemed that the applicant has revoked its application.

17. The applicant may submit the documents and additional information referred to in Paragraphs 12 and 15 of this Regulations to the system operator electronically.

18. If the applicant has submitted all the documents and additional information referred to in Paragraphs 12 and 15 of this Regulation, the system operator shall, within five working days from the day of receipt of all the documents and additional information, prepare an agreement on the natural gas storage service and send it to the applicant. The system operator shall publish a sample agreement on the natural gas storage service on its website.

19. The applicant shall, within 10 working days from the day of sending the storage service agreement, submit to the system operator a signed storage service agreement in two copies. If the applicant has failed to submit to the system operator a signed storage service agreement within 10 working days from the day of sending the storage service agreement, it shall be deemed that the applicant has revoked its application.

20. The system operator shall, within three working days from the day of receipt of the storage service agreement signed by the applicant, sign the storage service agreement and send one copy thereof to the applicant.

21. The system operator shall, within one working day after evaluating the application of the applicant, inform the applicant of the refusal to enter into the storage service agreement by sending a notification to the electronic mail address indicated in the application of the applicant. The system operator shall, within the time period specified in the law On Regulators of Public Utilities, send a reasoned written refusal to enter into the storage service agreement by post to the address indicated in the application of the applicant.

**IV. Procedures for the Booking of Capacity Product of the Storage Facility**

22. To ensure the booking of capacity of the storage facility for the system users, the system operator shall offer the capacity products specified in Annex 2 to this Regulation to the system users within the time periods specified in Annex 2 to this Regulation.

23. The system user shall book the capacity product according to the type of booking specified in Annex 2 to this Regulation.

24. If the type of booking of capacity of the storage facility specified in Annex 2 to this Regulation constitutes the auction procedure:

24.1. the system operator shall, by 10 January each calendar year, publish on its website the information agreed upon with the regulator on all auctions of capacity of the storage facility in respect of the capacity products having the period of use which begins with the next storage facility cycle by indicating the time of auctions of capacity of the storage facility and the capacity products of the storage facility subject to the auctions of capacity of the storage facility;

24.2. the system operator shall, not later than five working days before the specified beginning of the auction, publish on its website the by-law of the auction of capacity of the storage facility which has been agreed upon with the regulator, indicating the maximum amount of capacity of the storage facility which is available for a capacity product in the relevant storage facility cycle within the framework of the auction or the information on cancellation of the auction of capacity of the storage facility if any of the conditions specified in Paragraph 24.1 of this Regulation has set in;

24.3. the system operator shall inform the system user of the amount of capacity of the storage facility allocated within the framework of the relevant capacity product and the premium applicable thereto not later than on the day following the end of the auction of capacity of the storage facility by sending electronically a relevant notification to the system user;

24.4. after receipt of the notification of allocation of the capacity product, the system user shall be obliged to settle accounts with the system operator for the allocated capacity product in accordance with the procedures laid down in this Regulation, the storage service agreement, and the by-law of the auction in conformity with the tariffs for the storage service and the premium specified in the notification of allocation of the capacity product.

[*16 December 2021*]

24.1 Auctions for the booking of capacity of the storage facility shall be held in accordance with the information published as indicated in Sub-paragraph 24.1 of this Regulation, except for the following cases:

24.11. the available capacity of the storage facility for the next storage facility cycle is less than 5 % of the estimated technical capacity of the storage facility for the next storage facility cycle which has been announced in accordance with Paragraph 7 of this Regulation;

24.12. tariffs for the capacity products of the storage facility have not been approved or set for the next storage facility cycle or

24.13. the amount of capacity of the storage facility available for booking of the capacity product is 0 kWh.

[*16 December 2021*]

25. If the type of booking of capacity of the storage facility specified in Annex 2 to this Regulation is a procedure other than the auction procedure:

25.1. the system operator shall, not later than within an hour after receipt of the trade notification or expiry of the time period specified in Sub-paragraph 4.1 of Annex 2 to this Regulation, inform the system user of the amount of capacity of the storage facility allocated within the framework of the relevant capacity product by sending electronically a relevant notification to the system user;

25.2. after receipt of the notification of allocation of the capacity product, the system user shall be obliged to settle accounts with the system operator for the allocated capacity product in accordance with the procedures laid down in this Regulation and the storage service agreement in conformity with the tariffs for the storage service.

26. After allocation of the capacity product, the system operator shall not be obliged to cancel booking of capacity of the storage facility upon request of the system user.

27. The system user shall submit the following upon request of the system operator:

27.1. within five working days, the schedule for injection of the quantity of natural gas indicating the estimated quantity of injected natural gas per each gas month of the injection season, i.e. the average minimum and maximum quantities of injection of the natural gas per one gas day D, or the schedule for withdrawal of the quantity of natural gas indicating the estimated quantity of withdrawn natural gas per each gas month of the withdrawal season, i.e. the average minimum and maximum quantities of withdrawal of the natural gas per one gas day D;

27.2. within 24 hours, the schedule for injection of the quantity of natural gas indicating the estimated quantity of injected natural gas for the next two weeks, i.e. the average minimum and maximum quantities of injection of the natural gas per one gas day D, or the schedule for withdrawal of the quantity of natural gas indicating the estimated quantity of withdrawn natural gas for the next two weeks, i.e. the average minimum and maximum quantities of withdrawal of the natural gas per one gas day D.

28. Stocks of the system user at the end of the storage facility cycle shall be carried forward to the next storage facility cycle in accordance with the procedures for carrying stocks forward laid down in Annex 2 to this Regulation in respect of the relevant capacity product.

**V. Use of Capacity Product of the Storage Facility**

29. The system user shall use the capacity products booked in accordance with the procedures laid down in Chapter IV of this Regulation by following the procedures for the use of the relevant capacity product laid down in Annex 2 to this Regulation.

30. The system operator shall publish on its website the schedule for the quantities of natural gas available for the injection into and withdrawal from the storage facility for the current storage facility cycle and update it within an hour after processing new trade notifications of the system users.

31. The system user that has booked the capacity product and wishes to inject into or withdraw from the storage facility a specific quantity of natural gas in the current storage facility cycle shall submit to the system operator a trade notification within the time periods specified in the balancing provisions of the combined natural gas transmission entry-exit system for activities at the virtual point of sale and in accordance with the standard communications protocol, indicating an appropriate code of the capacity product. The quantity of natural gas indicated in the trade notification shall be distributed evenly between all hours of the gas day.

[*16 December 2021*]

32. The system user can submit trade notifications for the injection of natural gas into the storage facility in the amount of unused capacity of the storage facility at the disposal of the system user and for the withdrawal of natural gas from the storage facility in the quantity of stocks of the system user which are stored within the framework of the capacity product indicated in the trade notification. If the quantity of natural gas indicated in the trade notification of the system user exceeds the amount of unused capacity of the storage facility at the disposal of the system user or the quantity of stocks, the system operator shall apply the provision of the minimum quantity of natural gas.

33. The capacity of the storage facility indicated by the system user in the trade notification for the injection of the quantity of natural gas into the storage facility or for the withdrawal thereof from the storage facility shall not be used for other activities specified in this Regulation until performance of the trade notification. The quantity of natural gas indicated in the trade notification by the system user for the withdrawal of the quantity of natural gas from the storage facility shall not be used for other activities specified in this Regulation until performance of the trade notification.

33.1 When submitting a new trade notification not later than 30 minutes before the end of the gas day, the system user may, during the gas day, adjust the quantity of natural gas indicated in the trade notification for the injection into or withdrawal from the storage facility for the remaining hours of the gas day which begin from the hour during which the new trade notification is submitted. The quantity of natural gas indicated in the new trade notification of the system user for the injection into or withdrawal from the storage facility shall be distributed evenly between the remaining hours, taking into account the quantity of natural gas injected into or withdrawn from the storage facility over the previous hours. The system operator shall reject the new trade notification if the quantity of natural gas is increased under the new trade notification and it exceeds the quantity of natural gas which can be injected into or withdrawn from the storage facility over the remaining hours of the gas day or the quantity of natural gas is reduced under the new trade notification and it is smaller than the quantity of natural gas injected into or withdrawn from the storage facility over the previous hours.

[*16 December 2021 / See Paragraph 82.1*]

34. The system operator shall assess the received trade notifications according to the schedule specified in Paragraph 30 of this Regulation and in accordance with Paragraph 33.1 of this Regulation taking into account whether the capacity product is offered with firm or interruptible capacity in accordance with Annex 2 to this Regulation.

[*16 December 2021*]

35. Having processed the trade notification submitted by the system user, the system operator shall, using the standard communications protocol, send to the system user a confirmation of the quantity of natural gas to be injected into or withdrawn from the storage facility but, in the case of congestion, where necessary, inform the system user of changes in the quantity of natural gas to be injected into or withdrawn from the storage facility by using the standard communications protocol.

36. The system user may change the already confirmed quantity of natural gas to be injected into or withdrawn from the storage facility on a gas day D by 17:00 the next day in the following cases:

36.1. the system user transports natural gas as a non-Union product and the change is necessary to ensure that the quantity of natural gas injected into or withdrawn from the storage facility corresponds to the quantity of natural gas transmitted in the natural gas transmission system as a non-Union product;

36.2. adjustment is made to the allocation determined at the entry or exit point of the natural gas transmission system, except for the exit point for the supply of Latvian users with natural gas. A change in the quantity of natural gas to be injected into or withdrawn from the storage facility can be made in the quantity by which formation of imbalance in the natural gas transmission system is prevented for the system user.

37. The system user shall distribute stocks between the capacity products at the disposal of the system user in accordance with the procedures for the movement of stocks laid down in Annex 2 to this Regulation by submitting an application to the system operator for application of the capacity product to the stocks according to the application form published on the website of the system operator. The system operator shall, not later than by 17:00 of the gas day D+1, electronically inform the system user of the approved or rejected changes in the capacity products applied to stocks of the system user on a gas day D.

**VI. Procedures for the Transfer of the Natural Gas and Capacity Product Placed in the Storage Facility**

38. Upon agreement with another system user, the system user is entitled to transfer to another system user the natural gas or capacity product at its disposal and placed in the storage facility. When transferring the natural gas at its disposal and placed in the storage facility, the system user shall comply with the procedures for the movement of stocks stored within the framework of the relevant capacity product which have been laid down in Annex 2 to this Regulation.

39. The system user transferring the natural gas or capacity product at its disposal and placed in the storage facility and the system user receiving the natural gas or the relevant capacity product placed in the storage facility shall inform the system operator according to the standard communications protocol by submitting the following information to the system operator:

39.1. the type of capacity product in accordance with Annex 2 to this Regulation;

39.2. the quantity of the transferred or received natural gas (kWh) or the amount of capacity product (kWh per period of use of the capacity product);

39.3. the time of the transfer and receipt of natural gas or capacity product which is not earlier than the gas day following sending of the application;

39.4. Energy Identification Codes of both system users.

[*16 December 2021*]

40. The system operator shall inform the system user of the receipt of the application for transfer of natural gas or capacity product according to the standard communications protocol.

[*16 December 2021*]

41. The system operator shall approve the transaction referred to in the applications which have been specified in Paragraph 39 within one hour after receipt of another consistent application, provided that the information on the transaction indicated in both applications is the same.

[*16 December 2021*]

42. Natural gas or capacity product shall be available to the system user, to whom it has been transferred, for use with all rights related thereto from the beginning of the gas day of receipt indicated in the application, provided that an approval of the transaction has been received from the system operator.

[*16 December 2021*]

43. System users that are parties to the transaction shall submit to the system user an application for transfer of the natural gas placed in the storage facility and being other than a Union product only in respect of the natural gas for which special procedures have been performed in accordance with Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code.

44. When transferring a capacity product at its disposal, the system user shall transfer to another system user the right to use the capacity product. During the period of use of the capacity product, the system user who has initially booked the capacity product shall have liabilities against the system operator, including the liability to pay for the booked capacity product.

45. [16 December 2021]

46. The system operator shall refuse to approve the transfer of the natural gas or capacity product placed in the storage facility to another system user in the following cases:

46.1. information on conclusion of the transaction has been received only from one system user (one party to the transaction);

46.2. the information provided by the system users does not match or is incomplete;

46.3. the capacity product of the relevant amount has not been booked for the party involved in the transaction who receives the natural gas.

47. The system operator shall electronically inform both parties to the transaction of the refusal to approve the transaction within two hours after receipt of the applications specified in Paragraphs 40 and 41 of this Regulation and within three days after receipt of the applications specified in Paragraph 43 of this Regulation.

**VII. Procedures for the Determination of the Quantity of Natural Gas**

48. The system operator shall determine for the system user the quantity of natural gas injected into the storage facility per each gas day D, the quantity of natural gas withdrawn, and the quantity of stocks.

49. The quantity of natural gas injected into the storage facility on a gas day D during the injection season shall be determined according to the following formula:

Qnov D= Qpiešķ D– Qdeg D

where

Qnov D– the quantity of natural gas injected into the storage facility on a relevant gas day D (kWh);

Qpiešķ D– the quantity of natural gas allocated to the system user on a relevant gas day D for injection into the storage facility (kWh);

Qdeg D– the quantity of fuel gas to ensure injection process of natural gas of the system user (kWh) on a relevant gas day D. If natural gas of the system user is injected by using the virtual counterflow, the quantity of natural gas shall be equal to zero.

[*16 December 2021 / Amendment regarding the supplementation of the Paragraph with the words “during the injection season” shall come into force on 1 May 2022. See Paragraph 82.2*]

50. The system user shall, on its own account, provide the quantity of fuel gas necessary for the functioning of natural gas pumping units according to the fuel gas consumption ratio for the injection of natural gas into the storage facility which has been determined by the system operator for the relevant injection season of the storage facility and according to the actually recorded fuel gas consumption for the withdrawal of natural gas from the storage facility. The system operator shall, at least one month before the beginning of the injection season, publish on its website the fuel gas consumption ratio necessary to ensure the natural gas injection process and the methodology for the determination thereof.

[*31 October 2022*]

51. The quantity of natural gas withdrawn from the storage facility on a gas day D shall be equal to the quantity of natural gas allocated to the system user for withdrawal from the storage facility on the relevant gas day D.

52. The quantity of stocks of the system user on a gas day D shall be determined according to the following formula:

Qkr D= Qkr D–1+ Qnov D– Qizņ D

where

Qkr D– the quantity of stocks of the system user on a gas day D (kWh);

Qkr D-1– the quantity of stocks of the system user on a gas day D-1 (kWh);

Qizņ D– the quantity of natural gas withdrawn from the storage facility by the system user on a gas day D (kWh).

53. Each day by 14:00 (12:00 UTC in the winter period and 11:00 UTC in the summer period), the system operator shall, by using the standard communications protocol, inform the system user of the quantity of natural gas injected into the storage facility, withdrawn from the storage facility, transferred to another system user, or received from another system user on a gas day D-1, and of the quantity of stocks at the beginning of the gas day.

54. The system operator shall, within 14 days after the end of the injection season, determine the actual fuel gas consumption to ensure the natural gas injection process.

54.1 The system operator shall, within 10 days after the end of the withdrawal season, determine the actual fuel gas consumption to ensure the natural gas injection process during the relevant withdrawal season.

[*31 October 2022*]

55. If the quantity of fuel gas consumed by the system operator to ensure the natural gas injection process is smaller than the quantity received from the system user during the injection season, the system operator shall return the unused fuel gas to the system user in proportion to the quantity actually injected during the injection season.

55.1If the quantity of fuel gas consumed by the system operator to ensure the natural gas injection process in accordance with Paragraph 11.1 of this Regulation is smaller than the quantity of fuel gas received from the system user during injection, the system operator shall return the unused fuel gas to the system user in proportion to the quantity actually injected during injection.

[*31 October 2022*]

56. If the system user does not have at its disposal a bundled capacity product, a two-year bundled capacity product, or an interruptible capacity product in the appropriate amount when the system operator returns the unused fuel gas to the system user, then the system operator shall store this amount of fuel gas free of charge until the moment when the system user has sufficient capacity of the storage facility at its disposal to place the quantity of fuel gas. The system user shall indicate the capacity product of the storage facility at its disposal within the framework of which the unused fuel gas is to be placed.

57. If the quantity of fuel gas consumed by the system operator during the injection season exceeds the quantity of fuel gas transferred by the system users during the injection season, no additional accounts between the system users and the system operator shall be settled.

57.1 During the withdrawal season, the system operator shall distribute the quantity of fuel gas necessary for the functioning of natural gas pumping units and consumed actually per month between the system users in proportion to the quantity of natural gas indicated in their trade notifications the withdrawal of which has been ensured by the functioning of natural gas pumping units.

[*16 December 2021; 31 October 2022*]

57.2 The system user shall, by the 14th day of the following month, transfer the quantity of fuel gas necessary for the functioning of natural gas pumping units in a calendar month to the system operator in the storage facility or at the virtual point of sale of transmission.

[*16 December 2021 / Paragraph shall come into force on 1 May 2022. See Paragraph 82.2*]

57.3 The system operator shall publish on its website on the following working day the quantity of fuel gas necessary for the functioning of natural gas pumping units and actually consumed on gas day D.

[*16 December 2021*]

57.4If the quantity of fuel gas consumed by the system operator to ensure the natural gas injection process in accordance with Paragraph 11.1 of this Regulation exceeds the quantity of fuel gas transferred by the system user during injection, the fuel gas not transferred shall be transferred to the system operator by the system user in the storage facility or at the virtual point of sale of transmission within 10 days after receipt of the notification of the system operator regarding the quantity of used fuel gas in proportion to the quantity of natural gas actually injected into the storage facility during injection.

[*31 October 2022*]

**VIII. Congestion Management of the Storage Facility**

58. If the system operator detects physical congestion of capacity by 15:00 on a gas day D-1:

58.1. during the withdrawal of natural gas from the storage facility, the system operator shall, within the framework of congestion management, distribute the capacity of natural gas withdrawal between system users for the highest priority bundled capacity product and two-year bundled capacity product and in proportion to the booked capacity of the storage facility, first providing the system user who ensures supply of natural gas to the provided users, only in the quantity of natural gas to be provided;

58.2. during the injection of natural gas into the storage facility, the system operator shall, within the framework of congestion management, distribute the capacity of natural gas injection between system users for the highest priority bundled capacity product and two-year bundled capacity product within the scope of the available capacity and in proportion to the booked and unused capacity of the storage facility.

59. If the system operator detects physical congestion of capacity after 15:00 on a gas day D-1:

59.1. during the withdrawal of natural gas from the storage facility, the system operator shall, within the framework of congestion management, distribute the capacity of natural gas withdrawal between system users in the order of receipt of trade notifications and for the highest priority bundled capacity product and two-year bundled capacity product indicated in the trade notification, first providing the system user who ensures supply of natural gas to the provided users, only in the quantity of natural gas to be provided;

59.2. during the injection of natural gas into the storage facility, the system operator shall, within the framework of congestion management and capacity available for the injection of natural gas for storage, distribute the capacity of natural gas injection between system users in the order of receipt of trade notifications and for the highest priority bundled capacity product and two-year bundled capacity product indicated in the trade notification.

**IX. Discontinuing or Restricting the Provision of Storage Service**

60. The system operator has the right to restrict or discontinue the injection of natural gas into the storage facility or withdrawal thereof from the storage facility for system users without prior warning in the following cases:

60.1. there are damages in the natural gas transmission system or storage facility that may cause an accident or emergency situation or in case of an accident or emergency situation;

60.2. an energy crisis has been declared in accordance with the Energy Law;

60.3. there are deviations from normal operational mode in the natural gas transmission system or the physical and chemical properties of natural gas do not conform to the quality characteristics of natural gas specified by the Cabinet, and the system operator has asked to discontinue the injection of natural gas into the storage facility or withdrawal thereof from the storage facility;

60.4. the pressure of the flow of natural gas does not conform to the pressure necessary for the provision of the storage service;

60.5. it is necessary to perform urgent repair works in order to rectify damages or consequences of accidents or to prevent an emergency situation in the natural gas transmission system or in the storage facility;

60.6. it is necessary to perform activities of technical maintenance, repair, connection, disconnection, or disassembling, and such works cannot be performed without restricting or discontinuing injection of natural gas into the storage facility or withdrawal thereof from the storage facility.

61. In the cases specified in Paragraph 60 of this Regulation, the system operator shall immediately, as soon as possible but not later than within 24 hours, publish a notification on the website of the system operator indicating the time of publication and informing of the discontinuation or restriction of the injection of natural gas into the storage facility or withdrawal thereof from the storage facility, reasons for it, and the estimated time when the injection of natural gas into the storage facility or withdrawal thereof from the storage facility could be renewed, sending concurrently a relevant electronic notification to the system users and the regulator.

62. Taking into account the provisions of this Chapter, the system operator may reduce the quantity of natural gas injected into and withdrawn from the storage facility which has been specified on a gas day for the time period in which the maintenance, repair, and renewal works (hereinafter – the maintenance works) are carried out in the storage facility. The system operator shall carry out the maintenance works in a way not to hinder, to the extent possible, the use of the storage facility and not to reduce the capacity of natural gas injected into and withdrawn from the storage facility.

63. Each year, not later than 1 September, the system operator shall publish information on its website on the planned maintenance works, their characterisation, possible duration, and changes in the quantity of natural gas which can be injected into or withdrawn from the storage facility for the time period from 1 October of the relevant year until 30 September of the following year. The system operator shall update the published information according to the status of carrying out the maintenance works.

64. Where the maintenance works affect the quantity of natural gas which can be injected into or withdrawn from the storage facility, the system operator shall inform the system users not later than 42 days before the beginning of the planned maintenance works by sending electronically information to the system users about the scope and duration of the maintenance works and changes in the quantity of natural gas which can be injected into or withdrawn from the storage facility.

65. The system operator shall inform electronically the system users and the regulator of unplanned maintenance works which can affect the capacity of injection of natural gas into the storage facility and withdrawal thereof from the storage facility as soon as possible but not later than by 18:00 (16:00 UTC in the winter period and 15:00 UTC in the summer period) of the day before carrying out the unplanned maintenance works by indicating also the quantity of natural gas available for injection into and withdrawal from the storage facility on the specific gas day.

66. During the injection season specified in Paragraph 11 of this Regulation, the system operator may make a transition from the injection mode to the withdrawal mode due to unplanned repair works of the natural gas transmission system or neighbouring natural gas transmission system. The system operator shall immediately, but not later than 24 hours before change of the operational mode of the storage facility, publish a relevant notification on the website of the system operator indicating the time of publication and informing concurrently the system users and the regulator of change of the operational mode of the storage facility.

67. The system operator shall not cover losses incurred by the system users in the cases specified in Paragraphs 60 and 62 of this Regulation, and also in the cases when the planned maintenance works are carried out in compliance with the deadlines published in accordance with Paragraphs 64 and 65 of this Regulation.

67.1 If the system operator restricts injection of natural gas into the storage facility in the cases specified in Paragraphs 60 and 62 of this Regulation and also in the cases when maintenance works are carried out in compliance with the deadlines published in accordance with Paragraphs 64 and 65 of this Regulation or restricts withdrawal of natural gas from the storage facility during the gas day in the cases specified in Paragraph 60 of this Regulation, the system operator shall distribute the injection or withdrawal capacity of natural gas between the system users in accordance with the procedures for the congestion management laid down in Chapter VIII “Congestion Management of the Storage Facility” of this Regulation.

[*16 December 2021*]

**X. Security for Fulfilment of Liabilities**

68. During validity period of the storage service agreement, the system user shall ensure fulfilment of liabilities by using an appropriate credit rating or security for the fulfilment of liabilities of the system user. The system user may choose one or more types of security for the fulfilment of liabilities (a security deposit, a guarantee of a financial services provider or related merchant which corresponds to the criteria specified in Paragraph 71 of this Regulation).

[*16 December 2021*]

69. If the system user has chosen to ensure fulfilment of contractual liabilities by using a credit rating, after the first full calendar year since entering into the storage service agreement the system user shall, by 1 May and 15 October of the relevant year, submit to the system operator updated information on the credit rating of the system user. The system user has an obligation to immediately inform the system operator of any changes in the credit rating of the system user. The system operator is entitled to request the system user to submit updated information on the credit rating of the system user.

[*16 December 2021*]

70. If the system user has chosen to ensure fulfilment of contractual liabilities by using a credit rating, the system operator is entitled to request, over the validity period of the storage service agreement, that the system user provides a security for the fulfilment of liabilities (a security deposit, a guarantee of a financial services provider or related merchant who corresponds to the criteria specified in Paragraph 71 of this Regulation) to cover the claims arising from the storage service agreement if:

70.1. the system operator has grounds to believe that the system user is wholly or partly unable or will be unable to cover the liabilities arising from the storage service agreement;

70.2. insolvency or liquidation proceedings have been initiated for the system user;

70.3. according to the criteria specified in Paragraph 71 of this Regulation, the system user does not have an appropriate credit rating;

70.4. the system user has delayed payments specified in the storage service agreement at least twice over 12 months.

[*16 December 2021*]

71. The credit rating of the system user shall be deemed appropriate if it complies with at least one of the following criteria:

71.1. Standard & Poor’s long-term rating is BBB- or higher;

71.2. Fitch long-term rating is BBB- or higher;

71.3. Moody’s long-term rating is Baa3 or higher;

71.4. [16 December 2021].

72. If the system user or related merchant does not agree with the findings of the system operator of the non-compliance of the credit rating of the system user or related merchant, the system user or related merchant may, within five working days, submit appropriate evidence so that the system operator could objectively assess creditworthiness of the system user.

[*16 December 2021*]

73. The system user shall provide a security for the fulfilment of liabilities to the system operator within seven working days from the day of receiving a request of the system operator.

74. The system operator shall recognise the guarantee as a proper security for the fulfilment of liabilities provided that it meets the following conditions:

74.1. the guarantee has been issued by a financial services provider who or whose group has at least Baa1 credit rating according to Moody’s agency or BBB+ in accordance with Standard & Poor’s agency, or BBB+ according to Fitch Ratings agency for long-term foreign currency loans;

74.2. the guarantee has been issued by the related merchant who has a credit rating which corresponds to Paragraph 71 of this Regulation;

74.3. the guarantee shall be first demand and irrevocable.

[*16 December 2021*]

75. The security for the fulfilment of liabilities shall be valid over the entire validity period of the storage service agreement if the system user has chosen to ensure fulfilment of contractual liabilities by using a security for the fulfilment of liabilities.

[*16 December 2021*]

75.1 The security for the fulfilment of liabilities shall be valid over the entire validity period of the storage service agreement if the system operator has requested the system user, who has chosen to ensure fulfilment of contractual liabilities by using a credit rating, to provide a security for the fulfilment of liabilities in accordance with Paragraph 70 of this Regulation. If the system user fails to provide the security for the fulfilment of liabilities to the system operator within the time period specified in Paragraph 73 of this Regulation, the system operator may restrict or discontinue injection of natural gas into the storage facility, withdrawal thereof from the storage facility, or transfer of natural gas or capacity product placed in the storage facility.

[*16 December 2021*]

76. The system operator shall determine the amount of the security for the fulfilment of liabilities and apply it in the amount of the two-month fee specified in Sub-paragraph 24.4 of this Regulation per storage facility cycle for all capacity products booked by the system user in each storage facility cycle.

[*16 December 2021*]

76.1 After using the security for the fulfilment of liabilities in the amount specified in Paragraph 76 of this Regulation to cover the claims arising from the storage service agreement, the system operator shall send a warning to the system user regarding the restriction or discontinuation of the injection of natural gas into the storage facility, the withdrawal thereof from the storage facility, or of the transfer of natural gas or capacity product placed in the storage facility. If the system user fails to restore the security for the fulfilment of liabilities within the time period indicated in the warning which may not be less than 10 working days, the system operator may restrict or discontinue injection of natural gas into the storage facility, withdrawal thereof from the storage facility, or transfer of natural gas or capacity product placed in the storage facility.

[*16 December 2021*]

77. If liabilities of the system user within the framework of the storage service agreement exceed the sum for which the security for the fulfilment of liabilities has been provided, the system operator has the right to request the system user to increase the amount of the security for the fulfilment of liabilities and provide to the system operator, within seven working days, a new security for the fulfilment of liabilities which meets the conditions of Paragraph 76 of this Regulation. If the system user fails to provide a new security for the fulfilment of liabilities within the indicated time period, the system operator may restrict or discontinue injection of natural gas into the storage facility, withdrawal thereof from the storage facility, or transfer of natural gas or capacity product placed in the storage facility.

[*16 December 2021*]

78. Upon termination of the storage service agreement, the system operator shall, within five working days, refund to the system user the sum of security for the fulfilment of liabilities which has not been used to cover the unfulfilled liabilities of the system user or return to the system user the provided original guarantee of the financial services provider or related merchant whose credit rating corresponds to the criteria specified in Paragraph 71 of this Regulation.

**XI. Closing Provisions**

79. The system operator shall evaluate applicants’ applications to acquire the rights to use the storage facility submitted to the system operator before the day of coming into force of this Regulation and shall enter into the storage service agreement in accordance with this Regulation.

80. If the system user has entered into the storage service agreement which is valid on the day of coming into force of this Regulation, it shall remain in force, in so far as it is not in contradiction with this Regulation. If provisions of the storage service agreement which has been entered into before the day of coming into force of this Regulation are in contradiction with this Regulation, this Regulation shall be applied.

81. Stocks of the system user at the end of the 2020/2021 storage facility cycle within the framework of the capacity product having the period of use which comes to an end shall be carried towards the next storage facility cycle as follows:

81.1. it shall be deemed in respect of the quantity of stocks at the end of the storage facility cycle which does not exceed 5 % of the total booked capacity within the framework of bundled capacity product and two-year bundled capacity product that the system user has booked the bundled capacity product for the next storage facility cycle in the relevant quantity of stocks for which the system user settles accounts with the system operator in conformity with the tariff for the relevant capacity product set for the next storage facility cycle;

81.2. it shall be deemed in respect of the quantity of stocks at the end of the storage facility cycle which does not exceed 5 % of the total booked capacity within the framework of market product that the system user has booked the interruptible capacity product for the next storage facility cycle in the relevant quantity of stocks for which the system user settles accounts with the system operator in conformity with the tariff for the interruptible capacity product set for the next storage facility cycle;

81.3. it shall be deemed in respect of the quantity of stocks at the end of the storage facility cycle which exceeds 5 % of the total booked capacity within the framework of the relevant capacity product that the system user has booked the stocks transfer product for the next storage facility cycle in the relevant quantity of stocks for which the system user settles accounts with the system operator in conformity with the tariff for the stocks transfer product set for the next storage facility cycle.

82. In respect of the capacity products of the storage facility booked and the quantity of natural gas placed in the storage facility in the 2020/2021 storage facility cycle, the system operator and system users shall, until 30 April 2021, use capacity products, transfer natural gas and capacity products placed in the storage facility, and manage physical congestion of capacities in accordance with the decision No. 1/10 of the Public Utilities Commission of 28 March 2018, Regulations Regarding the Use of Inčukalns Underground Gas Storage Facility.

82.1 Paragraph 33.1 of this Regulation shall be applicable from the beginning of the 2022/2023 storage facility cycle.

[*16 December 2021*]

82.2 Amendments to Paragraphs 49–50 and Sub-paragraph 71.4 of this Regulation shall come into force on 1 May 2022. Paragraphs 57.1 and 57.2 of this Regulation shall come into force on 1 May 2022.

[*16 December 2021*]

82.3 Costs incurred by the system operator before 30 April 2020 ensuring the quantity of fuel gas which is necessary for the functioning of natural gas pumping units in the withdrawal season and published in accordance with Paragraph 57.3 of this Regulation shall be included by the system operator in the costs necessary for efficient provision of the storage system service.

[*16 December 2021*]

82.4 The system operator shall request the system users, who secure fulfilment of liabilities by using the credit rating specified in Sub-paragraph 71.4 of this Regulation before 30 April 2022, to provide a security for the fulfilment of liabilities to the system operator in the amount specified in Paragraph 76 of this Regulation within seven days after coming into force of amendments to Sub-paragraph 71.4 of this Regulation. If the system user fails to provide a new security for the fulfilment of liabilities within the indicated time period, the system operator may restrict or discontinue injection of natural gas into the storage facility, withdrawal thereof from the storage facility, or transfer of natural gas or capacity product placed in the storage facility.

[*16 December 2021*]

82.5 The system operator may allow system users to inject natural gas into the storage facility during the withdrawal season of the 2021/2022 storage facility cycle within the framework of the capacity product booked for the 2021/2022 storage facility cycle. The system operator shall, not later than two working days before injection, publish the start date of the injection on its website.

[*31 March 2022*]

82.6 The quantity of fuel gas necessary for the functioning of natural gas pumping units which ensures the natural gas injection process in accordance with Paragraph 82.5 of this Regulation shall be determined according to the fuel gas consumption ratio specified by the system operator for the injection season of the 2021/2022 storage facility cycle and shall be ensured by the system user on its own account.

[*31 March 2022*]

82.7 The system operator shall, within 10 days after the end of the 2021/2022 storage facility cycle, determine the actual fuel gas consumption to ensure the natural gas injection process in accordance with Paragraph 82.5 of this Regulation.

[*31 March 2022*]

82.8If the quantity of fuel gas consumed by the system operator to ensure the natural gas injection process in accordance with Paragraph 82.5 of this Regulation exceeds the quantity of fuel gas transferred by system users during injection, the fuel gas not transferred shall be transferred to the system operator by the system user in the storage facility or at the virtual point of sale of transmission by 25 May 2022 in proportion to the quantity of natural gas actually injected into the storage facility during injection.

[*31 March 2022*]

82.9 If the quantity of fuel gas consumed by the system operator to ensure the natural gas injection process in accordance with Paragraph 82.5 of this Regulation is smaller than the quantity received from the system user during injection, the system operator shall return the unused fuel gas to the system user in proportion to the quantity actually injected during injection.

[*31 March 2022*]

82.10 Stocks of the system user at the end of the 2021/2022 storage facility cycle within the framework of the capacity product having the period of use which comes to an end shall be carried towards the next storage facility cycle as follows:

82.101. stocks stored in the storage facility when injecting natural gas in accordance with Paragraph 82.5 of this Regulation shall be carried in the relevant quantity towards the capacity product of the storage facility within the framework of which they were stored in the 2021/2022 storage facility cycle and which the system user has booked in the relevant quantity of stocks for the 2022/2023 storage facility cycle. The system user shall settle accounts with the system operator in conformity with the tariff for the relevant capacity product set for the 2022/2023 storage facility cycle and the premium specified in the notification of allocation of the capacity product;

82.102. the system operator shall inform the system user on 2 May 2022 of the quantity of stocks for which the system user has not booked the capacity product for the 2022/2023 storage facility cycle;

82.103. the system user shall inform the system operator on 3 May 2022 of the following:

82.103.1. the quantity of stocks which is carried towards the capacity product of the storage facility which the system user has booked for the 2022/2023 storage facility cycle in the relevant quantity of stocks at the auctions of capacity of the storage facility which have taken place before 2 May 2022 and for which the system user settles accounts with the system operator in conformity with the tariff for the relevant capacity product set for the 2022/2023 storage facility cycle and the premium specified in the notification of allocation of the capacity product;

82.103.2. the quantity of stocks for which the system user will book the capacity product in the relevant amount at the next auction of capacity of the storage facility after 3 May 2022;

82.104. the stocks referred to in Sub-paragraph 82.103.2 of this Regulation shall be carried towards the capacity product of the storage facility within the framework of which they were stored in the 2021/2022 storage facility cycle in the quantity in which the system user has booked the relevant capacity product for the 2022/2023 storage facility cycle at the next auction of capacity of the storage facility after 3 May 2022. The system user shall settle accounts with the system operator in conformity with the tariff for the relevant capacity product set for the 2022/2023 storage facility cycle and the premium specified in the notification of allocation of the capacity product;

82.105. the stocks referred to in Sub-paragraph 82.102 of this Regulation shall be carried towards the stocks transfer product in the quantity in which they have not been carried towards the next storage facility cycle in accordance with Sub-paragraph 82.103.1 of this Regulation and in which the system user has not booked the capacity product of the storage facility for the 2022/2023 storage facility cycle at the next auction of capacity of the storage facility after 3 May 2022. The system user shall settle accounts with the system operator in conformity with the tariff for the stocks transfer product set for the 2022/2023 storage facility cycle;

82.106. in determining the maximum available amount of capacity of the storage facility for the capacity product within the framework of the next auction of capacity of the storage facility after 3 May 2022, the system operator shall take into account the stocks for which the system users will book the capacity product.

[*31 March 2022*]

82.11 If the competent State administration institution declares any of the crisis levels in the natural gas supply, including an energy crisis, referred to in Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010, the Regulation shall be applicable in so far as it is not in contradiction with the regulation specified by the relevant competent State administration institutions in the case of the relevant crisis level.

[*31 March 2022*]

82.12 If natural gas is injected into the storage facility from 15 October 2022 to the day when amendments come into force supplementing this Regulation with Paragraph 11.1, the quantity of fuel gas necessary for the functioning of natural gas pumping units which ensure the natural gas injection process shall be determined and accounts for it shall be settled in accordance with Paragraphs 50, 54.1, 55.1, and 57.4 of this Regulation.

[*31 October 2022*]

83. Decision No. 1/10 of the Public Utilities Commission of 28 March 2018, Regulations Regarding the Use of Inčukalns Underground Gas Storage Facility (*Latvijas Vēstnesis*, 2018, No. 105; 2019, No. 257; 2020, No. 52), is repealed.

84. The Regulation shall come into force on the day after its publication in the official gazette *Latvijas Vēstnesis*. Requirements laid down in Chapters V, VI, and VIII of this Regulation shall be applicable from 1 May 2021.

Chair of the Board of the Public Utilities Commission R. Irklis

**Annex 1**

Decision No. 1/14 of the Public Utilities Commission

1 October 2020

**Application to Acquire the Rights to use Inčukalns Underground Gas Storage Facility**

[*16 December 2021*]

\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20\_\_\_

No.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Addressee: |  | unified registration number |  | , |
|  | */name of the system operator/* |  |  |  |

legal address:

|  |  |  |
| --- | --- | --- |
| Applicant: |  |  |
|  | */name/* |  |
|  | Energy Identification Code: |  |
|  | Legal address: |  |
|  | Telephone number: |  |
|  | E-mail address: |  |
|  | Fax number: |  |
|  | Bank details: |  |
|  | Registration number of the VAT payer: |  |

Hereby I request to grant the rights to use the Inčukalns underground gas storage facility and to conclude the storage service agreement in accordance with the Regulations Regarding the Use of Inčukalns Underground Gas Storage Facility (hereinafter – regulations regarding the use of the storage facility).

**Information on the representative**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Given name, surname | Position | Telephone number, e-mail, fax |
| Person who has the right to represent the applicant and conclude the storage service agreement |  | | |

|  |  |  |
| --- | --- | --- |
|  | Telephone | E-mail |
| Contact details which can be used by the system operator to communicate with the system user at all hours of the day |  |  |

**Documents attached**

|  |  |  |
| --- | --- | --- |
| 1. |  | A document attesting that the applicant has registered the commercial activity in accordance with the laws and regulations of the relevant country.\* |
|  |  |  |
| 2. |  | A document attesting to the representation if the application is signed by a person who is not a member of an administration body of the applicant.\* |
|  |  |  |
| 3. |  | Document attesting that an insolvency procedure of the applicant has not been announced, the economic activity of the applicant is not suspended or the applicant is not liquidated.\* |
|  |  |  |
| 4. |  | An annual report on the last three years (or the actual time of operation, taking into account the time when the applicant was established or the operation was commenced regarding which the annual report is to be submitted) or another equivalent document attesting the economic and financial situation of the applicant in accordance with the laws and regulations of the relevant country.\* |
|  |  |  |
| 5. |  | Information on the credit rating of the applicant granted by a known credit agency.\* |
|  |  |  |

(mark with an “x” as appropriate)

\* If the document is available in an official gazette or a State public register, the website shall be indicated.

The applicant attests that it has got acquainted with the regulations regarding the use of Inčukalns underground gas storage facility.

The applicant attests that it undertakes to provide a security for fulfilment of liabilities (a security deposit or a guarantee of a financial services provider) upon request of the system operator.

**Contact information of a person submitting the application**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| (given name, surname) | (signature) | (position) | (telephone number, e-mail, fax) |

|  |  |
| --- | --- |
| Acceptance of the application (to be filled in by the system operator) |  |
| Registration number |  |
| Registration date |  |

Chair of the Board of the Public Utilities Commission R. Irklis

**Annex 2**

Decision No. 1/14 of the Public Utilities Commission

1 October 2020

**Capacity Products of the Inčukalns Underground Gas Storage Facility, Procedures for the Booking and Use Thereof**

[*16 December 2021*]

**1. Bundled Capacity Product (Product Code IPGK1YP)**

1.1. Time of booking of capacity of the storage facility: according to the information published in accordance with Sub-paragraph 24.1 of this Regulation, starting booking of capacity of the storage facility not later than on 15 March of the relevant year and ending it not later than on 15 June of the relevant year.

1.2. Type of booking of capacity of the storage facility: auction procedure.

1.3. Auction procedure used for the booking of capacity product: an auction which uses determination of a unified premium.

1.4. Amount of capacity of the storage facility available for booking: unrestricted, in the amount of available capacity of the storage facility, less the available capacity of the storage facility for the booking of a two-year bundled capacity product in accordance with Sub-paragraphs 2.1 and 2.4 of this Annex.

1.5. Procedures for the allocation of capacity of the storage facility: in accordance with Paragraph 24 of this Regulation.

1.6. Period of use of the capacity product: one storage facility cycle.

1.7. The capacity product shall include the following:

1.7.1. use of capacity of the storage facility in the amount of the bundled capacity product at the disposal of the user;

1.7.2. injection of natural gas into the storage facility: unrestricted, ensuring that stocks are stored in the quantity which can be stored together with the capacity product at the disposal of the system user;

1.7.3. withdrawal of natural gas from the storage facility: unrestricted, ensuring that stocks stored together with the capacity product are withdrawn;

1.7.4. use of virtual counterflow for the use of capacity of the storage facility in the amount of the capacity at the disposal of the user: free of charge.

1.8. Injection of natural gas for storage in the storage facility and withdrawal of natural gas from the storage facility: the firm capacity product.

1.9. Movement of stocks in the storage facility: within the framework of the standard bundled capacity product and two-year bundled capacity product.

1.10. Settlement of accounts for the capacity product: in accordance with Paragraph 24 of this Regulation.

1.11. Carrying stocks towards the next storage facility cycle: it shall be deemed in respect of the quantity of stocks at the end of the storage facility cycle which is stored within the framework of the bundled capacity product that the system user has booked the stocks transfer product for the next storage facility cycle in the relevant quantity of stocks for which the system user settles accounts with the system operator in conformity with the tariff for the stocks transfer product set for the next storage facility cycle.

**2. Two-year Bundled Capacity Product (Product Code IPGK2YP)**

2.1. Time of booking of capacity of the storage facility: according to the information published in accordance with Sub-paragraph 24.1 of this Regulation, starting booking of capacity of the storage facility not later than on 15 March of the relevant year and ending it not later than on the sixth working day after the day of publication of the technical capacity of the storage facility and available capacity of the storage facility for the current storage facility cycle in accordance with Paragraph 9 of this Regulation.

2.2. Type of booking of capacity of the storage facility: auction procedure.

2.3. Auction procedure used for the booking of capacity product: an auction which uses determination of a unified premium.

2.4. Amount of capacity of the storage facility available for booking: 4 000 000 000 (four billions) kWh per two consecutive storage facility cycles. If the amount of capacity of the storage facility booked within the framework of the capacity product is less than 4 000 000 000 (four billions) kWh at the end of booking of the capacity product, the not booked amount of capacity of the storage facility shall be included in the amount of capacity of the storage facility available for booking of the bundled capacity product.

2.5. Procedures for the allocation of capacity of the storage facility: in accordance with Paragraph 24 of this Regulation.

2.6. Period of use of the capacity product: two consecutive storage facility cycles.

2.7. The capacity product shall include the following:

2.7.1. use of capacity of the storage facility in the amount of the two-year bundled capacity product at the disposal of the user;

2.7.2. injection of natural gas into the storage facility: unrestricted, ensuring that stocks are stored in the quantity which can be stored together with the capacity product at the disposal of the system user;

2.7.3. withdrawal of natural gas from the storage facility: unrestricted, ensuring that stocks stored together with the capacity product are withdrawn;

2.7.4. use of virtual counterflow for the use of capacity of the storage facility in the amount of the capacity at the disposal of the user: free of charge.

2.8. Injection of natural gas for storage into and withdrawal thereof from the storage facility: the firm capacity product.

2.9. Movement of stocks in the storage facility: within the framework of the bundled capacity product and two-year bundled capacity product.

2.10. Settlement of accounts for the capacity product: in accordance with Paragraph 24 of this Regulation.

2.11. Stocks shall be carried towards as follows:

2.11.1. at the end of the first storage facility cycle of the capacity product, stocks shall be carried towards to the second storage facility cycle of the two-year bundled capacity product;

2.11.2. at the end of the second storage facility cycle of the capacity product, it shall be deemed in respect of the quantity of stocks at the end of the storage facility cycle which is stored within the framework of the two-year bundled capacity product that the system user has booked the stocks transfer product for the next storage facility cycle in the relevant quantity of stocks for which the system user settles accounts with the system operator in conformity with the tariff for the stocks transfer product set for the next storage facility cycle.

**3. Interruptible Capacity Product (Product Code IPGKAP)**

3.1. Time of booking of capacity of the storage facility: according to the information published in accordance with Sub-paragraph 24.1 of this Regulation, starting booking of capacity of the storage facility not later than on 1 July of the relevant year and ending it not later than on 29 September of the relevant year.

3.2. Type of booking of capacity of the storage facility: auction procedure.

3.3. Auction procedure used for the booking of capacity product: an auction which uses determination of a unified premium.

3.4. Amount of capacity of the storage facility available for booking: unrestricted, in the amount of the available capacity of the storage facility.

3.5. Procedures for the allocation of capacity of the storage facility: in accordance with Paragraph 24 of this Regulation.

3.6. Period of use of the capacity product: one storage facility cycle.

3.7. The capacity product shall include the following:

3.7.1. use of capacity of the storage facility in the amount of the interruptible capacity product at the disposal of the user;

3.7.2. injection of natural gas into the storage facility: unrestricted, ensuring that stocks are stored in the quantity which can be stored together with the capacity product at the disposal;

3.7.3. withdrawal of natural gas from the storage facility: unrestricted, ensuring that stocks stored together with the capacity product are withdrawn;

3.7.4. use of virtual counterflow for the use of capacity of the storage facility in the amount of the capacity at the disposal of the user: in conformity with the tariff for virtual counterflow.

3.8. Injection of natural gas for storage into and withdrawal thereof from the storage facility: the interruptible capacity product.

3.9. Movement of stocks in the storage facility: within the framework of the interruptible capacity product.

3.10. Settlement of accounts for the capacity product: in accordance with Paragraph 24 of this Regulation.

3.11. Carrying stocks towards the next storage facility cycle: it shall be deemed in respect of the quantity of stocks at the end of the storage facility cycle which is stored within the framework of the interruptible capacity product that the system user has booked the stocks transfer product for the next storage facility cycle in the relevant quantity of stocks for which the system user settles accounts with the system operator in conformity with the tariff for the stocks transfer product set for the next storage facility cycle.

**4. Stocks Transfer Product (Product Code INTP)**

4.1. Time of booking of capacity of the storage facility for the current storage facility cycle: on the second day after the end of the previous storage facility cycle in accordance with Paragraph 11 of this Regulation.

4.2. Type of booking of capacity of the storage facility: in accordance with the procedures for carrying stocks forward laid down in Sub-paragraphs 1.11.1, 2.11.2, and 3.11 of this Annex.

4.3. Amount of capacity of the storage facility available for booking: unrestricted, in the quantity of stocks at the end of the storage facility cycle in accordance with Sub-paragraphs 1.11.1, 2.11.2, and 3.11 of this Annex.

4.4. Procedures for the allocation of capacity of the storage facility: in accordance with Sub-paragraphs 1.11.1, 2.11.2, and 3.11 of this Annex.

4.5. Period of use of the capacity product: one storage facility cycle.

4.6. The capacity product shall include the following:

4.6.1. use of capacity of the storage facility in the amount of the stocks transfer product at the disposal;

4.6.2. injection of natural gas into the storage facility: not possible;

4.6.3. withdrawal of natural gas from the storage facility: in the quantity of stocks which is stored together with the stocks transfer product;

4.6.4. use of virtual counterflow for the withdrawal of natural gas from the storage facility in the booked amount of the capacity at the disposal of the user: in conformity with the tariff for virtual counterflow.

4.7. Withdrawal of natural gas from the storage facility: the interruptible capacity product.

4.8. Movement of stocks in the storage facility: within the framework of the stocks transfer product.

4.9. Settlement of accounts for the capacity product: in accordance with Paragraph 25 of this Regulation.

4.10. Carrying stocks towards the next storage facility cycle: it shall be deemed in respect of the quantity of stocks at the end of the storage facility cycle which is stored within the framework of the stocks transfer product that the system user has booked the stocks transfer product for the next storage facility cycle in the relevant quantity of stocks for which the system user settles accounts with the system operator in conformity with the tariff for the stocks transfer product set for the next storage facility cycle.

**5. Virtual Counterflow Product**

5.1. Time of booking of capacity for the current storage facility cycle:

5.1.1. during use of the bundled capacity product;

5.1.2. during use of the interruptible capacity product.

5.2. Type of booking of capacity for the injection of natural gas into and withdrawal thereof from the storage facility: submission of the trade notification to the system operator.

5.3. Amount of capacity available for booking:

5.3.1. during the injection season – according to the information published on the website of the system operator regarding the amount of capacity available for booking which is not smaller than the total quantity of natural gas to be injected in the storage facility of the system users and approved in accordance with Paragraph 36 of this Regulation within the framework of the bundled capacity product and interruptible capacity product on a relevant gas day, less 27.7 GWh/day. Amount of capacity available for booking shall not be less than 0;

5.3.2. during the withdrawal season – according to the information published on the website of the system operator regarding the amount of capacity available for booking which is not smaller than the total quantity of natural gas to be withdrawn from the storage facility of the system users and approved in accordance with Paragraph 36 of this Regulation within the framework of the bundled capacity product and interruptible capacity product on a relevant gas day.

5.4. Procedures for the allocation of capacity: in the order of receipt of trade notifications.

5.5. Period of use of the capacity product: the gas day for which the capacity product has been booked.

5.6. The capacity product shall include the following: injection of natural gas into and withdrawal thereof from the storage facility in the opposite direction to the current of the actual technological regime of the storage facility.

5.7. Injection of natural gas for storage: the firm or interruptible capacity product depending on the capacity product indicated in the trade notification.

5.8. Movement of stocks in the storage facility: not applicable.

5.9. Settlement of accounts for the capacity product: in accordance with Paragraph 25 of this Regulation.

5.10. Carrying stocks towards the next storage facility cycle: not applicable.

[*16 December 2021*]

Chair of the Board of the Public Utilities Commission R. Irklis