**Public Consultation on Amendments to the Common Regulations for the Use of Natural Gas Transmission System**

**Explanation of the current situation**

The “Common Regulations for the Use of Natural Gas Transmission System” are coordinated between and approved by the Public Utilities Commission of Latvia (Decision of the Board No.18, dated March 2, 2023), and Estonian Competition Authority (Decision No. 7 10/2023 002 28.02.2023).

During the period from July 5, 2023 until July 30, 2023 Estonian and Latvian gas transmission system operators Elering and Conexus (hereinafter – the TSOs) organized a public consultation on changes to the Common Regulations for the Use of Natural Gas Transmission System (hereinafter – the first amendment package). TSOs summarized the results of the public consultation and submitted August 14, 2023 the amendments for approval to the Public Utilities Commission of Latvia (hereinafter – the PUC) and the Estonian Competition Authority (hereinafter jointly – the NRAs).[[1]](#footnote-1) The amendments were intended to enter into force in 2023.

The PUC found that some of the first package amendments were incompatible with national legislation in force, therefore NRAs on September 28, 2023 approached TSOs with request to wait for respective amendments in Latvian national regulation or resubmit only those amendments, which are compatible. TSOs resubmitted the first amendments package for approval to the NRAs on November 16, 2023. After revising the amendments January 19, 2024, NRAs provided comments and suggestions to the proposed changes. Also, considering necessity to amend provisions relating to Balticconnector (hereinafter – the BC), on February 26, 2024 NRAs requested TSOs to merge both the submitted amendments of November 16, 2023 and new intended amendments regarding BC (hereinafter – the second amendment package) and submit both amendments packages together for approval to NRAs. NRAs also requested that second amendment package regarding BC must be publicly consulted for a period of two weeks before submission for approval.

**Summary of the public consultation**

The purpose of this consultation, developed by the TSOs and coordinated with Finnish gas transmission system operator Gasgrid Finland Oy, is to inform and gather public opinion on the second amendment package concerning proposed draft changes on the BC capacity allocation principles.

Both amendment packages to the Common Regulations for the Use of Natural Gas Transmission System are intended to enter into force 30 days after the coordinated decision by the PUC and the Estonian Competition Authority, but not before developments in the TSOs´ IT systems have been finalized and tested. Until the entry into force of the proposed amendments, the current version of the Common Regulations for the Use of Natural Gas Transmission System will remain applicable.

**Please note that the proposed draft Amendments second package in this consultation are marked with *track changes* and the TSOs are particularly interested in receiving the views of stakeholders on the issues addressed only in the proposed draft Amendments.**

Stakeholders are invited to submit proposals and comments in English on the **proposed draft Amendments**until March 20, 2024, by sending them electronically to the TSOs´ e-mail addresses: JSC “Conexus Baltic Grid” (capacity@conexus.lv) and Elering AS (airi.noor@elering.ee).

The proposed draft Amendments are included in Annex, which also contains the revised version of amendments first package submitted to the NRAs on November 16, 2023.

**Justification of proposed amendments**

Estonian and Finnish gas transmission system operators Elering AS and Gasgrid Finland Oy (hereinafter – EE-FI TSOs) have prepared and introduced the principle of virtual reverse flow to improve the efficient use of capacity at the entry/exit point BC. In spring 2023, a congestion situation occurred at the BC, where the actual physical flow remained below the available technical capacity when nominations were made in opposite directions, leading to inefficient capacity allocation. To explore possible solutions, EE-FI TSOs conducted a public consultation in May 2023, revealing that market participants understand the issue but are hesitant to support significant changes in BC capacity allocation. In order to optimize capacity utilization, EE-FI TSOs propose a solution where virtual capacity is offered to the market in addition to the technical capacity within the scope of reverse flow.

The proposed solution was presented to market participants at the Elering Gas Market Council on October 12, 2023, and Gasgrid Finland Oy conducted preliminary consultation on amending the “Capacity Allocation at Balticconnector Interconnection Point” rules in Finland from November 27 until December 18, 2023. Consequently, the proposed changes to the Common Regulations for the Use of Natural Gas Transmission System are outlined in the proposed draft Amendments by the TSOs.

Annex:

1. Second amendment package on The proposed draft Amendments of the Common Regulations for the Use of Natural Gas Transmission System of Latvia and Estonia 06\_03\_24 (tracked)
2. The proposed draft Amendments of the Common Regulations for the Use of Natural Gas Transmission System of Latvia and Estonia 06\_03\_24
1. https://conexus.lv/aktualitates-sistemas-lietotajiem-eng-575/par-publiskas-apspriesanas-rezultatiem-918-33336 [↑](#footnote-ref-1)