

**Responses received from market participants on public consultation on Amber Grid tariffs' methodology and indicative 2022-2023 tariffs and assessment of responses:**

Response received	Assessment of the response
<p><b>AB „Klaipėdos Nafta“, LNGT operator, Lithuania</b></p> <p><b>(1.1.)</b> Proposing to increase the discount at entry point from Klaipėda LNG terminal up to 100%, i. e. to apply 0 EUR / MWh transmission tariff for natural gas supplied through LNG, grounding such proposal that it would provide more pressure for gas prices in the market and taking into account the fact that at Entry point from Świnoujście LNGT 100 % discount is applied. Other arguments were that Regulation (EU) 2017/460, of 16 March 2017, establishing a network code on harmonized transmission tariff structures for gas (hereinafter – TAR NC) does not limit the volume of discounts at Entry points from LNG terminal, and that discounts for LNG terminal entry points shall not differ in the interconnected gas transmission systems, and the competition shall not be distorted by applying different level of discounts.</p>	<p><b>National Energy Regulatory Council (hereinafter - NERC) / Amber Grid</b></p> <p><b>(1.1.)</b> It is obvious that interests of various stakeholders and assessment of the benefits of the discounts differ (e.g. - see the response of Baltic Energy Partners OU). It should be noted that commercial conditions of Klaipėda and Świnoujście LNG terminals cannot be directly compared, as the costs of Klaipėda LNG terminal are highly socialized by financing its operations via security supplement payable by all Lithuanian final gas consumers, while Świnoujście LNG terminal operates with much higher regasification tariff than the one applied by Klaipėda LNG terminal. Therefore, application of 100% would not equalize but rather distort competition of LNG terminals in the region. Moreover, application of 100% discount on Klaipėda LNG terminal point could create the risk of capacity over-booking in this entry point.</p>
<p><b>Baltic Energy Partners OU, energy trader, Estonia</b></p> <p><b>(2.1.)</b> It's unclear what kind of market distortions may bring different exit and entry tariff with Poland at Santaka ENTRY/EXIT point. Different tariffs will reduce the competitiveness of one side players by artificially increasing the competitiveness of players on the other side of the border. Suggest to consider equal tariffs.</p>	<p><b>NERC / Amber Grid</b></p> <p><b>(2.1.)</b> As the transmission tariffs are derived from allowed revenue base, it would be rather an exceptional situation if tariffs at the same interconnection point at both entry and exit were equal, especially when unified benchmark tariffs are applied at entry points (like in Estonia/Latvia /Finland tariff zone and adjacent Lithuanian tariff zone). Moreover, tariff adjustments, as per TAR NC, are possible only at entry points from LNG facilities and infrastructure ending isolation, while to the side of main EU network (towards Poland) they are not currently feasible. Therefore, no equalization of the tariffs at GIPL entry/exit point is proposed for 2022. However, in longer-term perspective, the TSOs of Santaka (GIPL) IP point will seek the ways how to enhance its commercial attractiveness and economic benefits, and solutions making tariffs level more attractive might be proposed. When making those decisions all comments and proposals received during market surveys and public consultations will be considered.</p>

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**(2.2.)** Discount to Klaipeda LNG entry seems difficult to understand when Lithuania will become same entry/exit tariff area with Estonia/Latvia/Finland. Also Finland has Hamina LNG terminal in its network and is not applying any discounted tariffs today.

**(2.3.)** Differentiation of domestic exit tariff for Achema seems as favoring one market player on the account of all other players. This should not happened at the TSO network level as different distribution costs will be automatically ensuring fair cost distribution without different TSO exit tariffs.

**(2.4.)** It's unclear how the tariffs will be adjusted when Lithuania will join Latvia/Estonia in the same exit/entry area.

**(2.2.)** The application of discount at Klaipėda LNGT entry point is proposed and justified by yet dominance of Russian gas supplies in the region and the need to maintain the pressure for the wholesale gas price by favorable access to alternative gas supplies. Moreover, based on Roadmap<sup>1</sup>, Lithuania might be in one tariff zone with Latvia/Estonia/Finland only from Q4 2022 at the earliest, until the presented deadline all decisions on discount application are national.

**(2.3.)** The differentiation at Lithuanian domestic exit points is justified by the significance of Achema exit point and is made by directly allocating the related costs to each of domestic points. So it increases cost-reflectivity of tariffication, and, since asset-cost split of local network costs is applied, the differentiation at Lithuanian domestic points does not affect the tariffs for cross-border transmission services.

**(2.4.)** Based on Roadmap of regional market development, Lithuania might be in one tariff zone with Latvia/Estonia/Finland only from Q4 2022 at the earliest. The most probably scenario would be that the tariffs at Kiemenai entry/exit would be lifted from the day when the joint tariff zone is formed, with the rest tariff kept the same (if that would be still in Q4 2022). However, the negotiations regarding formation of the common tariff zone are still ongoing, and market participants will be duly informed about concrete scenario via public consultations, which will be launch by TAR NC requirements, once the concrete scenario will be proposed.

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<sup>1</sup> Roadmap on regional gas market integration between Finland, Estonia, Latvia and Lithuania