



Amber  
Grid



**RULES OF NON-BINDING PHASE OF THE  
OPEN SEASON PROCEDURE AT THE  
KLAIPĖDA LNG TERMINAL AND  
LITHUANIAN GAS TRANSMISSION SYSTEM**

December 2022, Vilnius

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# 1 DEFINITIONS

- 1.1.1. **Amber Grid** – Lithuanian gas transmission system operator (or TSO), under the company name AB “Amber Grid” with its seat in Vilnius.
- 1.1.2. **Capacity Request Form (Form)** – completed questionnaire submitted by the Participant on the provided form.
- 1.1.3. **Expanded Capacity** – additional LNG import capacity to existing Klaipėda LNG terminal capacity together with the transmission system capacity.
- 1.1.4. **GMS** – gas metering station.
- 1.1.5. **IP** – interconnection point.
- 1.1.6. **KN** – Klaipėda LNG terminal operator, under the company name AB “Klaipėdos nafta”.
- 1.1.7. **LNG Regasification** – the process of cargo regasification at the Terminal during which LNG is converted from liquid to gaseous state and regasified natural gas is delivered to the transmission system's entry point next to the Terminal gas metering station.
- 1.1.8. **LNG Regasification Capacities** – amount of natural gas which is regasified using the LNG Regasification service.
- 1.1.9. **MWh (megawatt hour)** – shall mean a unit of energy, an equivalent of the quantity of transmitted gas, being the product of the gas transmitted in the given entry point or a given exit point in volume units and the gross calorific value which is characteristic for this point.
- 1.1.10. **NERC** – National Energy Regulatory Council – authorized energy regulatory body in Lithuania.
- 1.1.11. **Operators** – Klaipėda LNG terminal operator AB “Klaipėdos nafta” (KN) and Lithuanian gas transmission system operator AB “Amber Grid” (Amber Grid) together referred to as the Operators.
- 1.1.12. **Participant** – every entity that has submitted Capacity Request Form during the Procedure;
- 1.1.13. **Procedure** – non-binding phase of Open Season Procedure conducted in order to determine a market participants' demand for the Expanded Capacity.
- 1.1.14. **Project** – expansion of Klaipėda LNG terminal regasification capacity together with the development of additional natural gas transmission capacity sufficient to inject additional natural gas amount into the grid.
- 1.1.15. **Schedule** - described in point 2.5. of the Rules, framework plan of realization of the main stages of the Project.
- 1.1.16. **Terminal** – entirety of engineering structures and facilities including the FSRU (Floating Storage and Regasification Unit) through which LNG is imported into the Republic of Lithuania and through which Terminal services are provided.

- 1.1.17. **Terminal Gas Year** – means the period coinciding with the calendar year and correspondingly beginning at 7:00 a.m. on 1st of January of each year and ending at 7:00 a.m. on 1st of January of the following year.
- 1.1.18. **Transmission Gas Year** – means the period correspondingly beginning at 7:00 a.m. on 1st of October of each year and ending at 7:00 a.m. on 1st of October of the following year.
- 1.1.19. **Terminal's Capacity (technological)** – maximum continuous Terminal Regasification Capacities of 3.75 billion nominal cubic meters per Terminal Gas Year, complying with technical characteristics of FSRU that the Operator can offer to terminal users with regard to Terminal's technical characteristics, integrity, requirements for Terminal operation, and other factors.
- 1.1.20. **The Rules** – this document, describing the rules of conducting the non-binding phase of Open Season Procedure on the expansion of Klaipėda LNG terminal capacity and Lithuanian gas transmission system capacity.

## **2 GENERAL INFORMATION**

### **2.1. DESCRIPTION OF THE PROJECT**

Due to high interest in liquefied natural gas (LNG) import capacities, AB Klaipėdos nafta (KN) together with gas transmission system operator AB Amber Grid (Amber Grid) seeks to expand current Klaipėda LNG terminal LNG Regasification capacity as well as capacity of natural gas transmission system in relevant entry and exit points and create possibility to reserve additional LNG import capacities in the future (Project). Before making final investment decision of potential expansion, KN and Amber Grid (Operators) seek to assess level of market participants' demand for additional (especially, long-term) LNG import capacities, and in case of interest, to safeguard long-term capacity bookings in order to underpin required investments.

Therefore, Operators announce joint process of Open Season which will start with non-binding phase (Procedure) and afterwards will continue with the binding phase (if sufficient demand for additional capacity would be identified during the non-binding phase).

The main purpose of the Project is to establish additional LNG import capacity and develop sufficient gas transmission capacity to accept increased gas quantity into the grid and effectively transmit gas to Lithuanian domestic exit points or to the adjacent Polish and Latvian transmission systems via Santaka and Kiemenai interconnection points. The implementation of the Project should create additional LNG import and natural gas transmission capacity of up to 2.5 bcm/year. Project solutions should not require acquisition of new or additional Floating Storage Regasification Units (FSRUs), however modifications to the existing equipment as well as construction of new gas infrastructure elements will be needed. Additional capacities are planned to be available from second half of 2026. Implementation of the Project is possible in these two alternative scenarios:

- If the expressed demand for additional Terminal LNG Regasification capacity does not exceed 1.25<sup>1</sup> bcm/year, LNG import capacity and gas transmission capacity should

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<sup>1</sup> According to the following reference conditions: combustion/measurement temperature - 25/0 °C, pressure - 1.01325 bar

- respectively be increased only by up to 1.25 bcm/year (~14 TWh/year);
- If the demand for additional Terminal LNG Regasification capacity exceeds 1.25 bcm/year, LNG import capacity and gas transmission capacity should be increased by up to 2.5 bcm/year (~28 TWh/year). In case this scenario is chosen, the expansion of capacity at exit point(s) of gas transmission system shall also be considered depending on interest in directions expressed of Procedure Participants.

## **2.2. INFORMATION ABOUT AMBER GRID**

Amber Grid is the operator of Lithuania's gas transmission system and is in charge of transmission of gas (transportation of gas through high pressure pipelines) to system users, and operation, maintenance and development of gas transmission system. Amber Grid started its operations on 1<sup>st</sup> of August 2013, when the fixed-term gas transmission licence (issued to Amber Grid by the National Control Commission for Prices and Energy) came into effect. On 10<sup>th</sup> of April 2015, Amber Grid received an open-ended gas transmission business license and was designated as the Transmission System Operator.

Company operates 2285 km of high-pressure gas pipelines, gas distribution stations, 2 gas compressor stations in Lithuania. Lithuanian gas transmission system is interconnected with the gas transmission systems of Latvia, Belarus, Poland, Kaliningrad region of Russian Federation, also with Klaipėda LNG terminal and the systems of Lithuanian gas distribution operators, as well as directly connected large consumers. Well-developed Lithuanian gas transmission system serves as a regional corridor for gas transmission northwards towards Latvia, Estonia and Finland, as well as southwards towards Poland and further EU markets. Entry and exit points of the Lithuanian transmission system operator network and their current characteristics (technical capacity in GWh/d/year) are presented below.

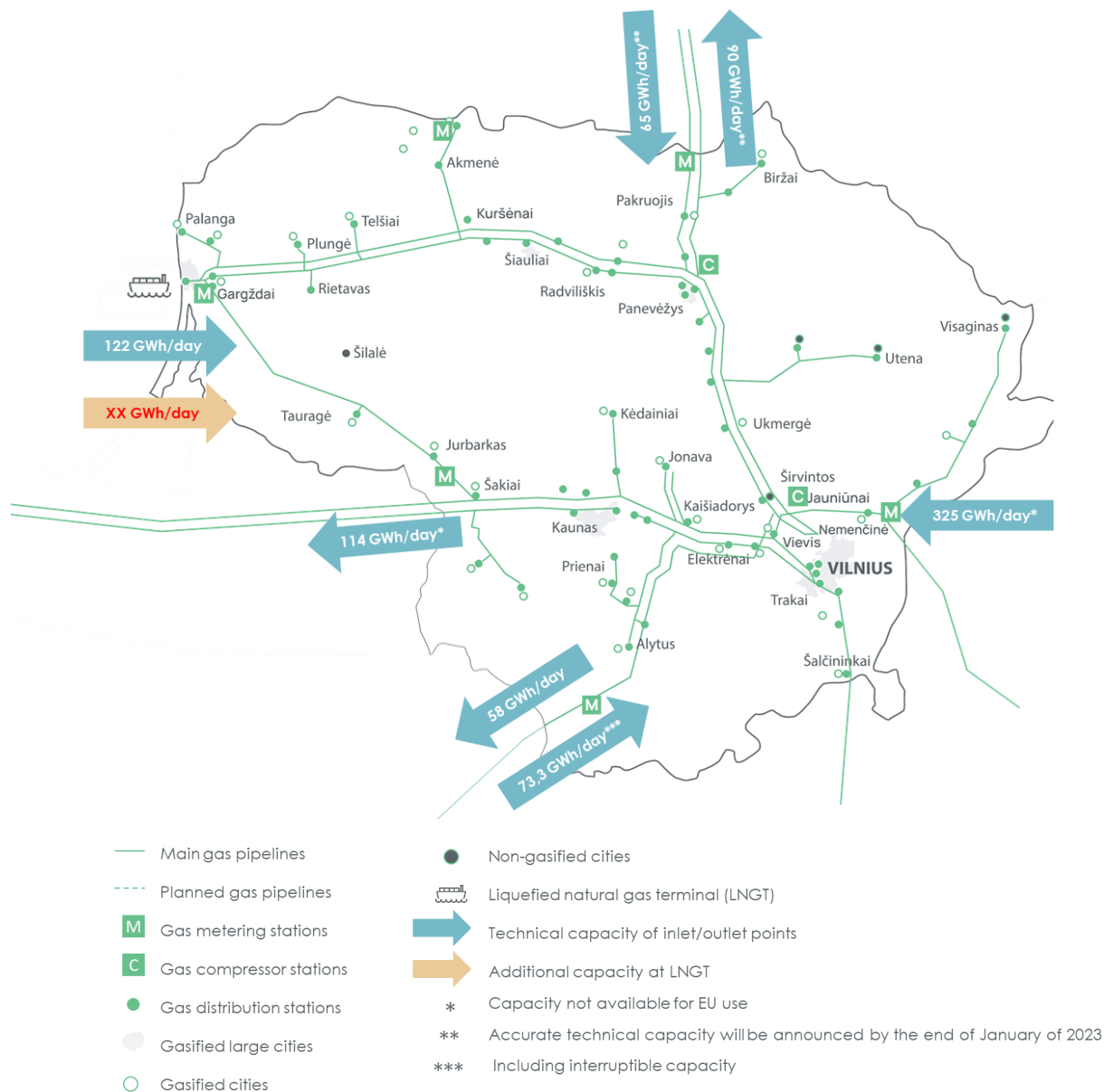


Figure 1. Lithuania gas transmission system - entry and exit points

Gas is supplied to the Lithuanian transmission system via the LNG terminal in Klaipėda and can also be transported via the GIPL pipeline from Poland (Santaka IP), via a pipeline coming from the Latvian side (Kiemenai IP).

As of 1 April 2022, gas from Russia via Belarus is no longer supplied to Lithuania for EU needs (through Kotlovka GMS). Since 12 July 2022 the imports via this entry point is abolished by national law. Gas from Kotlovka GMS is transported only for non-Lithuanian and non-EU consumers (transit to Kaliningrad).

By achieving the goals of decarbonisation of the gas sector, Amber Grid is actively analysing the possibilities and conditions for adapting the Lithuanian gas transmission system to the transportation of green gases, including biomethane and, in the further perspective, renewable or low-carbon hydrogen. Amber Grid shares are listed on the Baltic Secondary List of the NASDAQ

Vilnius Stock Exchange. The controlling stake of Amber Grid is owned by the holding company EPSO-G with its main shareholder State of Lithuania represented by the Ministry of Energy of the Republic of Lithuania (holds 100 % of all shares).

### 2.3. INFORMATION ABOUT KN AND KLAIPĖDA LNG TERMINAL

KN is a public limited liability company registered in the Republic of Lithuania with its main shareholder State of Lithuania represented by the Ministry of Energy of the Republic of Lithuania (holds 72.47 % of all shares). Other shares are held by UAB koncernas Achemos grupė (10.43 %) and other shareholders. KN shares are listed on the Baltic Main List of the NASDAQ Vilnius Stock Exchange.

The main activities of KN include operation of oil terminal, oil products transshipment services and operation of the LNG terminal dedicated to receiving and temporary store LNG, regasify it and supply it to gas transmission system of Lithuania operated by Amber Grid. In 2020 KN also has been appointed as the operator of liquefied natural gas terminal at Açu Port, Brazil and in 2022 KN was selected by German energy company Uniper to provide the operational services of LNG terminal in Wilhelmshaven, Germany.

National Energy Regulatory Council (NERC) issued Natural Gas Regasification License to KN on 27 November 2014. In accordance with the Law on liquefied natural gas Terminal of the Republic of Lithuania states that Terminal activities shall be performed until at least 31<sup>st</sup> December 2044. The current Terminal infrastructure is operated according to the Regulated Third-party access regime. The Terminal's activities are organized in accordance with the Regulations for Use of the Liquefied Natural Gas Terminal (Terminal Regulations), established in accordance with the requirements stipulated in the national and EU legislation and approved by regulatory authority NERC. NERC is authorized regulatory institution of energy sector which includes KN as the LNG system operator. The regulated Terminal's capacities are allocated on the prepublished non-discriminatory and transparent capacity allocation procedures.

Current Technical characteristics of the Terminal are presented in a table below\*<sup>2</sup>:

<b>Klaipeda seaport jetty</b>	157
<b>The volume of the tanks</b>	170,000 m <sup>3</sup>
<b>FSRU capacity</b>	3.75 billion m <sup>3</sup> of natural gas per year (10.24 million m <sup>3</sup> per day)
<b>Minimum operative LNG heel</b>	3 500 m <sup>3</sup> LNG
<b>Maximum gas flow into the gas pipeline</b>	10.24 million m <sup>3</sup> per day
<i>*Terminal's technical specifications are given according to the following reference conditions: combustion/measurement temperature - 25/0 °C, pressure - 1.01325 bar.</i>	

<sup>2</sup> More information on Klaipeda LNG terminal characteristics can be found here: [https://www.kn.lt/uploads/files/dir246/dir12/1\\_0.php](https://www.kn.lt/uploads/files/dir246/dir12/1_0.php)

As per current capacity allocation mechanism, which is foreseen in the latest edition of Terminal Regulations, part of Terminal capacity (24 TWh, or ~60% of total Terminal’s capacities) have been allocated during Long-term Terminal’s capacity allocation procedure for upcoming 10-year period starting from 1st of January 2023. Remaining part of Terminal Capacities will be allocated annually by the Terminal operator KN every Gas Year during the annual capacity allocation procedure (latest in September of every year) or on spot basis during the Terminal Gas Year, if any capacity is available.

**2.4. LEGAL BASIS**

This procedure is exclusively dedicated to assessing the additional and total demand for the capacity and therefore, implementation of the Project despite the expressed demand level is at the Operators disposal and depends on the final investments decisions made by the Operators.

The Operators do not undertake any obligations to implement the Project and shall not be liable for any losses incurred by any entity which made commercial decisions based on this procedure. Entities participating in this non-binding phase of Open Season procedure shall be fully responsible for making commercial decisions and commitments on the basis of this Procedure, which is also not binding to the Operators.

**2.5. SCHEDULE OF THE PROCEDURE**

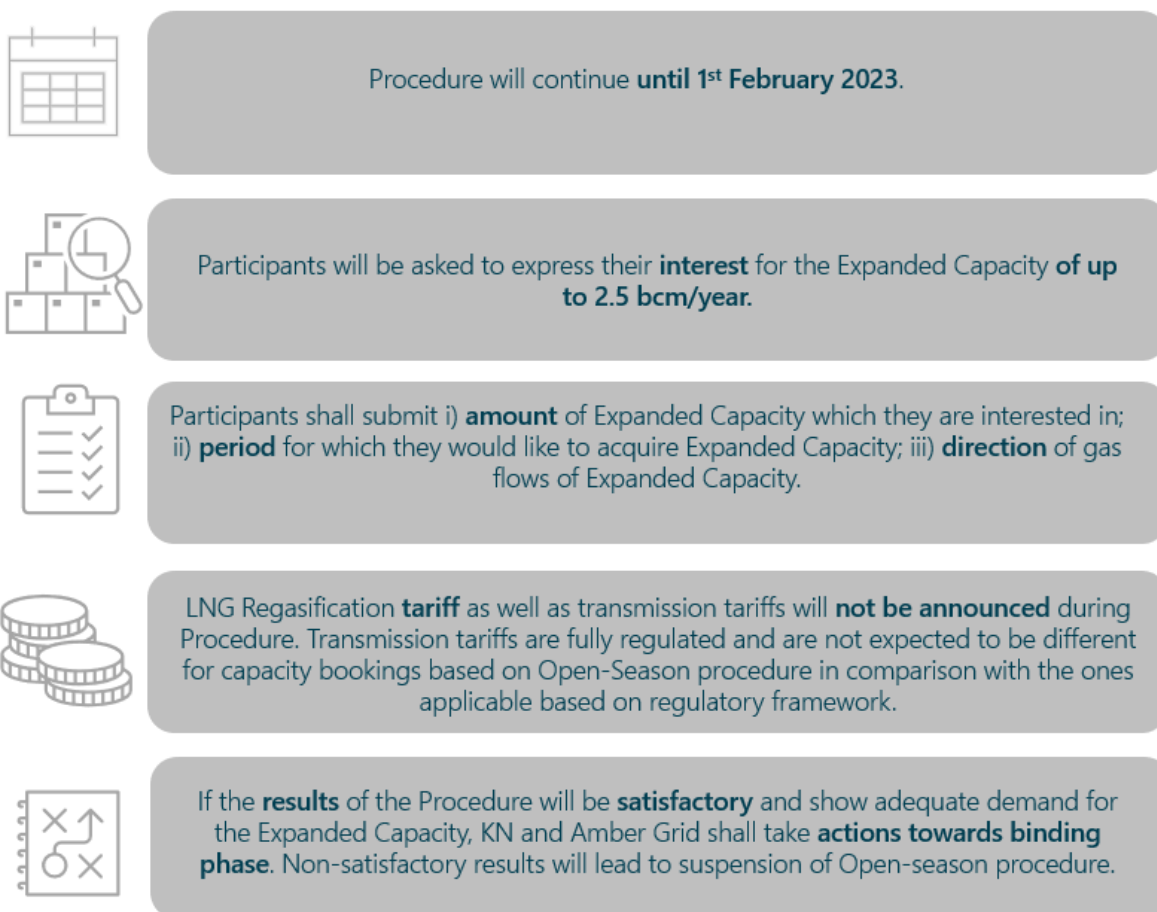
	<b>Time-schedule</b>	<b>Phase of the Open Season Procedure</b>
1.	<b>19<sup>th</sup> Dec 2022</b>	<b>Start</b> of Non-binding phase of Open Season Procedure.
2.	<b>1<sup>st</sup> Feb 2023</b>	<b>Deadline for submission</b> of the Capacity Request Form during the non-binding phase of Open Season Procedure.
3.	<b>6<sup>th</sup> Feb 2023</b>	<b>Deadline of evaluation</b> of the Capacity Requests Forms submitted during non-binding phase of Open Season Procedure.
4.	<b>1<sup>st</sup> March 2023</b>	<b>Announcement of the decision</b> to conduct the binding phase of the Open Season Procedure.

The Operators reserve the right to unilaterally adjust or extend the time periods provided in the Time Schedule.

**3 THE NON-BINDING OPEN SEASON PROCEDURE**

- 3.1. During the Procedure, Operators seek to determine:
  - i) Whether the demand for the additional LNG import capacities in the Terminal exists; and if so
  - ii) What are the preliminary amounts, period of use and directions of additional flows.





*Figure 2. Process of the Procedure*

- 3.2. Operators during the Procedure shall evaluate demand for additional Terminal's and respective transmission system capacity of only up to 2.5 bcm/year.
- 3.3. The Participants of the Procedure should complete and submit to the Operators a Capacity Request Form (No. 1 Annex to the Rules).
- 3.4. The Participants of the Procedure shall indicate the following information in the Capacity Request Form:
  - 3.4.1. corporate details of the Participant,
  - 3.4.2. amount of capacity of the Terminal in (MWh/year) and amount of capacity of transmission system which they are interested in (MWh/day/year), which the Participant would be ready to book additionally without cancelling his currently booked capacity level;
  - 3.4.3. period, for which Participant would like to acquire the LNG Regasification capacity of the Terminal as well as capacity of transmission system;
  - 3.4.4. direction of gas flows of additional LNG import capacity;
  - 3.4.5. any other relevant comments and/or considerations for the Procedure.
- 3.5. Only the Capacity Request Form signed by an authorized person of the Participant of the

Procedure will be considered as dully submitted. The proper authorization to sign the Capacity Request Form on behalf of the Participant should be demonstrated by attaching an excerpt of the relevant register and a proxy.

- 3.6. After obtaining the Capacity Request Forms from the Participants of the Procedure, Operators will evaluate the demand of LNG Regasification capacity.
- 3.7. If the results of the Procedure will be satisfactory and show sufficient demand, for the Expanded capacity (i.e. the interest of the Participants create preconditions for cost-effective investments for both Operators), Operators shall take actions described in point 4.
- 3.8. If the results of the Procedure will be non-satisfactory, Operators shall suspend the Open Season Procedure and shall discuss further actions. In any case, the Operators shall provide the aggregated anonymized data of Procedure as feedback to the Participants and outlook for the intended further actions by the Operators.
- 3.9. If the Participants have already booked long-term capacity at the Terminal, they should only indicate in the Capacity Request Form additional amount of Capacity of the Terminal as well as amount of capacity of transmission system which Participant seeks to acquire. Despite the allocated long-term capacity, Participant should also take into consideration the regasification capacity currently available at the Terminal on annual basis.

## **4 ACTIONS AFTER THE PROCEDURE**

- 4.1. Based on the results of non-binding phase and in case of decision to continue with binding phase, Operators will prepare the draft of the Rules of binding phase of the Open Season Procedure.
- 4.2. The draft of the Rules of binding phase of the Open Season will be subject for public consultations with the market participants. The participants of the consultation process will be entitled to submit comments to the draft of the Rules of binding phase of the Open Season.
- 4.3. The final version of the Rules of binding phase of the Open Season shall be consulted with the NERC, if required by NERC and to the extent required by NERC.

## **5 CONFIDENTIALITY**

- 5.1. Any information obtained by the Operators in the course of the Procedure shall be treated as confidential and shall not be made available to any third parties. However, Operators reserve the right to disclose the confidential information obtained during the Procedure to the following:
  - 5.1.1. the corporate bodies of the Operators;
  - 5.1.2. NERC as the regulatory authority;
  - 5.1.3. other entities that are entitled to obtain information on the basis of applicable provisions of the law.
- 5.2. In case the Operators transfer confidential information to third parties in accordance with

the point 5.1 of the Rules, they shall ensure (if reasonably possible) confidentiality obligations of such third parties in respect of transferred information.

## **6 SUBMISSION OF CAPACITY REQUEST FORM**

- 6.1. Capacity Request Form as an MS Excel file shall be delivered via means of electronic communication using the e-mail addresses indicated in point 8.1 of the Rules.
- 6.2. Scanned Capacity Request Form signed by authorized representative of the Participant along with the scanned valid transcript (extract) issued by respective authorized national institution (e. g. register of legal entities) and valid proxy is also acceptable by the Operators. In any case, it is necessary to prove the authorization of persons, who sign the Capacity Request Form, to represent the given entity by attaching the extract from the register and the proxy. The scanned Capacity Request Form together with the proof of proper authorization shall also be delivered via e-mail to the addresses indicated in point 8.1.

## **7 FINAL PROVISIONS**

- 7.1. The Operators may terminate the Procedure for reasonable reasons at any time without prior notice. Operators shall inform Participants of the termination of the Procedure and specify the cause of such termination together with the further actions expected by the Operators.
- 7.2. The Operators reserves the right to amend or supplement the Rules hereto, including the extension of time limits set out herein, in particular in the case of changes in legal regulations, a need to obtain administrative approvals or decisions from competent authorities, including regulatory authorities. Such amendments and supplements will be published on the website of the Operators.
- 7.3. The Rules and integral annexes hereto were prepared in English.

## **8 NOTICES AND CONTACT DATA**

- 8.1. Any and all questions and related correspondence, including Capacity Request Forms on the Procedure shall be addressed to both of the Operators to the following e-mail addresses:

KN – [paslaugos@kn.lt](mailto:paslaugos@kn.lt);

Amber Grid – [openseason@ambergrid.lt](mailto:openseason@ambergrid.lt).

## **ANNEXES**

Annex no. 1 – Capacity Request Form