



**TRANSMISSION SYSTEM OPERATOR AB AMBER GRID**

# **AB AMBER GRID RULES FOR ACCESS TO THE NATURAL GAS TRANSMISSION SYSTEM**

Version 4.0

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**TABLE OF CONTENTS**

1. GENERAL PROVISIONS.....	3
2. DEFINITIONS AND ABBREVIATIONS .....	5
3. RIGHTS AND OBLIGATIONS OF THE TSO AND NETWORK USERS .....	12
4. COOPERATION BETWEEN THE TSO AND OTHER GAS SYSTEM OPERATORS.....	14
5. TRANSMISSION SYSTEM.....	15
6. TRANSMISSION CONTRACT AND THE PROCEDURE FOR ITS CONCLUSION.....	16
7. CAPACITY ALLOCATION .....	21
8. SECONDARY CAPACITY MARKET .....	27
9. TRANSMISSION NETWORK CONGESTION MANAGEMENT .....	31
10. PROCEDURE FOR NOMINATION SUBMISSION AND APPROVAL .....	35
11. ALLOCATION OF GAS QUANTITIES .....	40
12. DETERMINATION OF CONSUMPTION CAPACITIES AT THE DOMESTIC EXIT POINT .....	43
13. DETERMINATION AND APPLICATION OF TRANSMISSION TARIFFS.....	44
14. PROCEDURE OF PAYMENT FOR SERVICES.....	46
15. SECURING CONTRACTUAL OBLIGATIONS FULFILMENT .....	50
16. METERING OF GAS .....	52
17. GAS QUALITY .....	56
18. CASES AND PROCEDURE OF TRANSMISSION RESTRICTION OR TERMINATION.....	57
19. DISPUTE RESOLUTION .....	61
20. FORCE MAJEURE.....	62
21. CONFIDENTIALITY.....	63
22. INFORMATION.....	64
23. FINAL PROVISIONS .....	65
Appendix 1 .....	67
Appendix 2 .....	69

## 1. GENERAL PROVISIONS

- 1.1. AB Amber Grid Rules for Access to the Natural Gas Transmission System (hereinafter - the Access Rules) are prepared in accordance with Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ 2009 L 211, p. 94), Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (OJ 2009, L 211, p. 36), Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks, the obligation for the Transmission System Operators to develop the Access Rules for the Network Users as set out in paragraph 3 of Article 49 of the Law on Natural Gas of the Republic of Lithuania, requirements for the Rules for the Use of the Natural Gas Transmission System and the Rules for the Use of the Natural Gas Distribution System approved by Resolution No O3-178 of the National Commission for Energy Control and Prices of 5 July 2012, and other legislation regulating the natural gas sector of the Republic of Lithuania.
- 1.2. The Access Rules establish the procedure and conditions for the use of the transmission system owned by the Transmission System Operator AB Amber Grid (hereinafter - the TSO), the procedure and conditions for the exchange of information between the TSO and the transmission Network Users (hereinafter - the Network Users), guidelines for the cooperation between the TSO and operators of other gas systems, rights, duties and responsibilities of the TSO and the Network Users.
- 1.3. The Access Rules shall apply to Network Users, the owners of the consumers' systems connected directly to the TSO transmission system, operators of distribution and other gas systems connected to the transmission system as far as it is related to the provisions for the cooperation and information exchange laid down in the cooperation agreements between the TSO and these operators.
- 1.4. The Access Rules are intended to ensure that the Network Users would be entitled to use the TSO transmission system on objective, fair, equal, and non-discriminatory terms between the Network Users, and that the natural gas transmission services provided by the TSO would be transparent and all the conditions for the efficient use of the transmission system capacities would be provided.
- 1.5. The TSO, all Network Users, as well as individuals who in the procedure prescribed by law and the Access Rules are going to become the Network Users of the TSO system must comply with the provisions of the Access Rules. Therefore, the Access Rules form an integral part of the transmission contracts and are subject to the full extent.
- 1.6. The Access Rules have been prepared in accordance with the principles of transparency and publicity, non-discrimination of the Network Users, fairness, promoting competitiveness, safety and reliability, clarity, specificity and precision, and technical and economic efficiency.
- 1.7. The transmission system balancing shall be carried out in accordance with the procedure set out in the AB Amber Grid Rules for Natural Gas Transmission System Balancing (hereinafter – the Balancing Rules).

- 1.8. The TSO shall prepare a separate procedure for the calculation of technical capacity.

## 2. DEFINITIONS AND ABBREVIATIONS

### 2.1. Definitions used in the Access Rules:

**Secondary Capacity Market** (hereinafter - **the secondary market**) means a market where the Network Users, through mediation of the TSO, trade with each other in capacities by transferring the rights (or part thereof) to use capacities of a given period at the certain entry or exit point under a bilateral contract for the purchase and sale of capacities.

**Reporting Period** means one month of gas.

**Cooperation Contract** means a contract concluded between the TSO and other gas system operator in order to increase the efficiency of transmission and other services at the point of system interconnection, to facilitate commercial and technical cooperation between the operators.

**Business Day** means the day from Monday to Friday, excluding public holidays and rest days of the Republic of Lithuania.

**Gas Year** (hereinafter - **the year**) means a period beginning on 1 January, at 7:00 am of each year, and ending on 1 January, at 7:00 am of the following year.

**Gas Nomination** (hereinafter - **the nomination**) means a prior notice of the Network User to the Transmission System Operator on the actual gas flow, which the Network User wishes to inject to or off-take from the system.

**Gas Matching** means the equalization of gas quantities specified in gas nominations of the Network User who receives gas at and the Network User that delivers gas to the interconnection point of the gas transmission systems.

**Gas Year** (hereinafter - **the year**) means a period beginning on 1 January, at 7:00 am of each year, and ending on 1 January, at 7:00 am of the following year.

**Gas Month** (hereinafter - **the month**) means a period beginning on the first day, at 7:00 am of each calendar month and ending on the first day, at 7:00 am of the next calendar month.

**Gas Day** (hereinafter - **the day**) means a period from 7:00 am to 7:00 am the following day.

**Electronic Transmission Service Booking and Administration System** (hereinafter – the Electronic Transmission Service System or ETSS) means an online system developed and administered by the TSO where the TSO and Network Users exchange information on booking and allocation of capacities in the primary and secondary market, transfer and refusal of capacities, submission of gas applications, and allocation, balancing and other transmission services, and other relevant information..

**Energy Identification Code (EIC)** (hereinafter – **the Identification Code**) means the identification code assigned to the Network User based on the Energy Identification Code (EIC) system.

**Allocation of Actual Gas Quantities** (hereinafter – **the allocation**) means natural gas quantities allocated to the Network User by the Transmission System Operator actually

injected at a certain entry point and (or) actually ejected at an exit point, expressed in kilowatt-hours, and (or) cubic meters.

**Physical Congestion** means a situation where the level of capacity utilization at a given time exceeds technical capacity of the transmission system.

**Final Allocation** means the sum of gas quantities finally allocated to the Network User for the balancing period.

**Natural Gas Read Metering Point** (hereinafter – **the read metering point**) means a place where natural gas measuring devices are installed for metering of the amount of gas consumed in a particular object of the Network User.

**Funds of natural gas supply security component in addition to the natural gas transmission price** (hereinafter - **the security component funds**) means the funds payable by the transmission Network Users to compensate for all fixed operating costs of the LNG terminal, its infrastructure and interconnector thereof required to ensure and compensate for the operation of the LNG terminal.

**Natural gas consumption capacities** (hereinafter – **consumption capacities**) means the maximum daily quantity of natural gas required by a natural gas system user, which is necessary to ensure their maximum needs for natural gas consumption at each natural gas delivery location

**Long-Term Services** means services provided by the Transmission System Operator offered for a period of one year or longer.

**Open Season** means a procedure that is used to identify the demands for the newly created capacity and allocate the long-term capacity.

**Exit Capacity** means the capacity of the transmission system at the appropriate exit point.

**Exit Point** means a location where the gas transmission ends and gas is supplied to the adjacent transmission system, distribution system or to the Users' system directly connected to the transmission system. If the distribution system is connected to the transmission system in several points of the transmission system, then all connection points shall be considered as a single connection point.

**Gas Off-Take** means the quantity of gas that has been off-taken or intend to be off-taken from the transmission system at the exit point.

**Entry Capacity** means the capacity of the transmission system at the corresponding entry point.

**Entry Point** means a place where gas is delivered to the transmission system from the adjacent transmission system or the LNG terminal, and where the transmission of gas through the natural gas transmission system begins.

**Gas Input** means the quantity of gas, which has been injected or intended to be injected to the transmission system at the entry point.

**Interconnection agreement** means an agreement entered into by adjacent transmission system operators, whose systems are connected at a particular interconnection point, which specifies terms and conditions, operating procedures and provisions, in respect of delivery and/or withdrawal of gas at the interconnection point with the purpose of facilitating efficient interoperability of the interconnected transmission networks.

**Daily Read Metering Points** mean gas metering points where remote (telemetry) data transmission metering devices are installed, and where gas quantities are recorded at least every day.

**The Maximum Hourly Gas Quantity** (hereinafter - **MHQ**) has the meaning as defined in paragraph 10.12.2.3.

**The Lesser Rule Principle** means the principle when the Network User that delivers and receives gas at the interconnection point to the transmission system wishes to inject or off-take a different amount of gas, the TSO reduces the value of the greater gas nomination to a value of the lower gas nomination.

**Use it or Lose it/ UIOLI Mechanism** means a procedure during which the booked, but unused transmission capacities are re-allocated.

**Non-Daily Read Metering Points** means metering points where the quantity of gas is recorded less than every day.

**Unused Capacity** means firm capacity, which the Network User has acquired under the transmission contract, but which the Network User has not yet nominated before the deadline specified in the contract.

**Firm Capacity** means gas transmission capacity the uninterruptibility of which the Transmission System Operator guarantees under the contract.

**Capacity Allocation Mechanism** means a system of measures selected by the TSO allowing Network Users to allocate transmission capacities in a cost-effective, efficient and optimal manner.

**Capacity Booking** means a procedure for online booking of transmission capacity when the Network User wishing to book capacity is required to log in to the TSO online system (ETSS) by using an individual identification code and password given to him.

**Manual Capacity Booking** means the procedure for transmission capacity booking when the Network User, according to the booking form provided on the TSO website, sends the capacity booking by fax or regular mail, or e-mail, which must be registered on the TSO online system (ETSS), and all capacity bookings sent from this email, shall be binding to the Network User.

**Additional Capacity** means firm capacity exceeding technical capacities of entry or exit point in the event of congestion management, or in the event of submission of nominations capacity in excess of the Network User's booked capacity.

**Re-Nomination** means a subsequent notification on the revised nomination.

**Re-Nomination Cycle** means a process carried out by the Transmission System Operator seeking to timely submit to the Network User a confirmation notice, who timely sent the re-nomination.

**Confirmation Notice** means a notice submitted by the Transmission System Operator to the Network User notifying on the confirmed quantity of gas to the Network User for a specific gas day.

**Confirmed Quantity** means the gas quantity to be transported to the Network User for a specific gas day confirmed by the Transmission System Operator.

**Transmission Service Contract** (hereinafter – **the Transmission Contract**) means the contract concluded between the Transmission System Operator and the Network User, which entitles the Network User to use the transmission system and ensures the performance of the transmission service to the Network Users.

**Transmission System Capacity** (hereinafter – **capacity**) means the largest natural gas flow in cubic meters per time unit or in energy unit per time unit, which the Network User shall be entitled to use in accordance with the provisions of the gas transmission contract.

**Congestion Management** means the capacity management as a whole in order to optimize and maximize the use of technical capacity and timely detect the future congestion areas.

**Interruptible Capacity** means capacity, which may be interrupted by the Transmission System Operator under the conditions laid down in the Access Rules.

**Interruptible Services** means services offered by the Transmission System Operator based on interruptible capacity.

**Oversubscription and Buy-back Mechanism** means a mechanism applied by the TSO when the TSO, having determined the quantities of potentially unused allocated capacity at a particular point of the transmission system, offers to the market additional capacity exceeding technical capacities, and in situations where the TSO cannot meet the Network Users' needs of capacity in excess of technical capacity, the booked amount of capacity in excess of technical capacity the TSO seeks to purchase in the secondary market.

**First Come-First Served Principle** means the capacity allocation method when capacity is allocated primarily to the Network Users who have applied for capacity booking at the earliest.

**Primary Capacity Market** (hereinafter – **the primary market**) means a market of capacity directly sold by the Transmission System Operator.

**Initial Allocation** means the sum of gas quantities preliminary allocated to the Network User for the balancing period.

**Receipt Location** means entry points to the transmission system where the Network User physically delivers gas to the TSO-owned transmission system.

**Delivery Location** means exit points from the transmission system where the transmission of gas ends and the TSO physically supplies gas to the Network User to the systems of the



adjacent natural gas operators or to the User's system directly connected to the transmission system.

**Pro-rata Principle** means the procedure for allocation of quantities at gas entry and exit points according to which gas delivered to the Network Users is allocated in proportion to the actual measured quantities of gas or nominations submitted; as well it means the principle of allocation of transmission capacity when the available transmission capacity is allocated in proportion to the capacity booked.

**Network User** means a person who has concluded an contract with the Transmission System Operator and supplies natural gas to the transmission system, or gas is supplied to him from the transmission system.

**Standard Capacity Product** means a certain amount of capacity at the entry or exit point within a specified period of time (year, quarter, month, day or within-day).

**Interconnection Point** means a physical or virtual point connecting the adjacent entry-exit systems, or connecting an entry-exit system with an interconnector, in so far as these points are subject to booking procedures by Network Users; or an interconnection point of the transmission system to the neighboring transmission systems, or any other gas system.

**Bundled capacity** means a standard capacity product offered on a firm basis which consists of corresponding entry and exit capacity at both sides of every interconnection point.

**Implicit Capacity Allocation Method** means an allocation method where, at the interconnection point with the Latvian natural gas transmission system, both transmission capacity and a corresponding quantity of gas procured at the gas exchange are allocated at the same time.

**Counterparty** means a natural or legal person making use of an adjacent transmission system of a foreign state or of liquefied natural gas terminal facilities, supplying natural gas to the Network User at the entry and exit points of the transmission system, or the Network User delivers gas to him.

**Contractual Congestion** means a situation where the contractual level of demand for firm capacity exceeds technical capacity.

**Technical Capacity** means the maximum firm capacity that the Transmission System Operator can offer to the Network Users considering the integrity of the system and the operational requirements of the transmission network.

**Operational Balancing Account** is an account administered by the two adjacent Transmission System Operators or the TSO and the operator of the LNG terminal for recording the differences in gas volumes transmitted at the interconnection point to allocate gas amounts to the Network Users in accordance with the amount of gas confirmed in nominations.

**Operational Balancing Contract** means a contract concluded between two adjacent Transmission System Operators for the organization of technical balancing.

**Short-Term Services** means services offered by the Transmission System Operator provided less than one year.

**Available Capacity** means part of technical capacity that has not yet booked under the Transmission Contract.

**Gross Calorific Value of Natural Gas** (hereinafter – **gross calorific value**) means the amount of heat (energy) received as a result of complete combustion, under constant pressure, of one cubic metre of gas in air, when all products generated during combustion return to the original set temperature of the reagents and are in a gaseous state, except for the water that formed during combustion. The amount of heat shall also include the heat produced in the course of condensation of the water vapour contained in the products of combustion.

**Virtual Exit Point** means a commercial exit point of gas from the transmission system without a defined physical location.

**Virtual Entry Point** means a commercial entry point of gas to the transmission system without a defined physical location.

**Virtual Trading Point** means a point without a defined physical location in the transmission system where trade in natural gas is carried out.

## 2.2. Abbreviations used in the Access Rules:

### 2.2.1. Abbreviations and acronyms:

GMS: gas-metering station;

GDS: gas distribution station;

ETSS: electronic transmission system service booking and administration system (electronic transmission service system);

MHQ: the maximum hourly gas quantity;

P: day P (P-1, P +1, and so on, means days that go before or after the day P);

TSO: Transmission System Operator;

LNGT: Liquefied Natural Gas Terminal;

DSO: Distribution System Operator;

NCCPE or Commission: the National Control Commission for Prices and Energy.

### 2.2.2. Units of measurement:

Bar: gas pressure system unit;

kWh: kilowatt-hour (unit of energy of gas) calculated according to the gross calorific value;

m<sup>3</sup>: cubic meter of gas (gas volume unit) under normal conditions set out in the Access Rules;

°C: temperature unit expressed in degrees Celsius.

- 2.3. Other definitions used in the Access Rules shall be construed as defined by the Law on Natural Gas of the Republic of Lithuania, Balancing Rules and other legislation regulating the natural gas sector.
- 2.4. Definitions formulated in the Access Rules such as "no less than n working days before the commencement of the period for which the capacity is booked", "at least n days before the commencement of the period of use of capacity" must be understood as definitions that by the commencement of transmission or use of capacity must remain a number of complete n working days. Let's suppose that in the event of the provision that "bookings are accepted no later than 3 business days prior to the commencement of the period for which the capacity is booked, and if the commencement period (P) is Friday, bookings must be placed no later than on Monday (P-4), if the commencement of the period (P) is Thursday, bookings must be submitted no later than on Friday (P-6).
- 2.5. If the operations associated with the booking and administration of the transmission services are carried through the ETSS, the time limits provided in these Access Rules shall be recorded without distinction of work and rest days; if the said operations are conducted in writing (by e-mail, fax, telephone or regular mail) time limits shall be expressed in the Access Rules in working days.
- 2.6. All the definitions and terms used in Access Rules, related to the provision of information, are indicated in Lithuanian time, i.e. EET (Eastern European Time) time is used for winter time, EEST (Eastern European Summer Time) time is used when daylight saving is applied.

### **3. RIGHTS AND OBLIGATIONS OF THE TSO AND NETWORK USERS**

#### **3.1. Rights and obligations of the TSO and Network Users:**

3.1.1. The TSO shall have the right:

- 3.1.1.1. to set out the Access Rules;
- 3.1.1.2. to set out the Balancing Rules;
- 3.1.1.3. to require the Network Users to carry out the provisions of the Access Rules and of the Balancing Rules;
- 3.1.1.4. to refuse to grant access to the transmission system and to restrict or stop the transmission of gas in the procedure set out in section 18 of the Access Rules and in legislation;
- 3.1.1.5. to require Network Users to pay for the transmission services provided in the procedure set out in the Access Rules;
- 3.1.1.6. to use other rights granted by the TSO defined in legislation, the Access Rules and Balancing Rules.

3.1.2. The TSO shall have the obligations:

- 3.1.2.1. to ensure reliable operation of the transmission system, and the efficient and safe transmission of gas;
- 3.1.2.2. to provide the right to make use of the transmission system for all Network Users under the conditions laid down in the Access Rules and legislation;
- 3.1.2.3. to ensure the transmission of gas to the Network Users to the gas delivery location;
- 3.1.2.4. to transmit gas in the procedure set out in the Access Rules;
- 3.1.2.5. to provide Network Users with the relevant and timely information related to the transmission services in the procedure set out in the Access Rules and Balancing Rules;
- 3.1.2.6. to perform the transmission system balancing in accordance with the procedure set out in the Balancing Rules;
- 3.1.2.7. to perform other responsibilities of the TSO specified in the provisions of the Access Rules, Balancing Rules and legislation.

3.1.3. The Network User shall have the right:

- 3.1.3.1. to make use of the transmission system in the procedure set out in the Access Rules;
- 3.1.3.2. to obtain necessary information relating to the transmission services and other information, which the TSO has to provide to Network Users according to the responsibilities specified in the Access Rules, in the procedure set out in the Access Rules;
- 3.1.3.3. to receive invoices for the transmission services provided to them in the procedure set out in the Access Rules;

## Rules for Access to the Natural Gas Transmission System

- 3.1.3.4. to require the TSO to perform its duties set out in the Access Rules, Balancing Rules and legislation;
- 3.1.3.5. to use other rights granted to the Network Users set out in other legislation, the Access Rules, and Balancing Rules.
- 3.1.4. The Network User shall have obligations:
  - 3.1.4.1. to comply with the provisions of the Access Rules and Balancing Rules;
  - 3.1.4.2. to deliver natural gas to the TSO to the Receipt Location and receive gas from the TSO at the Delivery Location;
  - 3.1.4.3. to pay for the transmission services provided in accordance with the procedure set out in the Access Rules;
  - 3.1.4.4. to provide the TSO with the required information related to the transmission services in accordance with the procedure set out in the Access Rules and Balancing Rules;
  - 3.1.4.5. to perform other obligations assigned to the Network Users and specified in the provisions of the Access Rules, Balancing Rules and legislation.

#### **4. COOPERATION BETWEEN THE TSO AND OTHER GAS SYSTEM OPERATORS**

- 4.1. The TSO shall cooperate with other gas system operators by exchanging the necessary technical and commercial information with them.
- 4.2. Guidelines for the cooperation between the TSO and other gas system operators, the extent of the provision of information, frequency and other relevant conditions shall be provided for in the cooperation contracts concluded between the TSO and other gas systems operators under the specified terms and conditions.
- 4.3. Guidelines for the cooperation between the TSO and Latvia's transmission system operator, the extent of the provision of information, frequency and other relevant conditions shall be provided for in the Interconnection Agreement, in accordance with Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules. TSO conducts a public consultation with market players, for the rules for the matching process, rules for the allocation of gas quantities and communication procedures in case of exceptional events, foreseen to be determined in the Interconnection Agreement.
- 4.4. The Cooperation Contracts with the DSO may not be concluded if gas transmitted to the distribution system is not supplied to other Network Users or the DSO.
- 4.5. Cooperation Contracts shall include the following:
  - 4.5.1. matching procedures, if applicable;
  - 4.5.2. how gas metering is carried out;
  - 4.5.3. what are the requirements at the interconnection point of gas pressure systems;
  - 4.5.4. what are the rules for natural gas allocation at the interconnection points of the systems (in the case of the Cooperation Contract between an adjacent Transmission System Operator or the LNGT operator);
  - 4.5.5. how the exchange of information, which is necessary for the provision of licensed services, is carried out;
  - 4.5.6. actions in the event of accidents and failures;
  - 4.5.7. other provisions provided for in legislation and necessary to ensure proper cooperation of operators.

## 5. TRANSMISSION SYSTEM

- 5.1. TSO-managed transmission system shall consist of:
  - 5.1.1. main pipelines;
  - 5.1.2. gas Compressor Stations (GCS);
  - 5.1.3. gas Metering Stations (GMS) at the cross-border connections;
  - 5.1.4. gas Distribution Stations (GDS) or the interconnection points of GMS with the distribution systems or consumers' systems directly connected to the transmission system;
  - 5.1.5. pipeline corrosion protection equipment;
  - 5.1.6. data transmission and communication systems.
- 5.2. Maximum operating pressure of the transmission system: 54 bar.
- 5.3. Entry points of the transmission system:
  - 5.3.1. interconnection point of transmission systems of Lithuania and Belarus. Gas metering point: Kotlovka GMS;
  - 5.3.2. interconnection point of transmission systems of Lithuania and Latvia. Gas metering point: Kiemenai GMS;
  - 5.3.3. Interconnection point of the transmission system with the LNGT system.
- 5.4. Exit points of the transmission system:
  - 5.4.1. interconnection points of the transmission system with the distribution systems. Gas metering point: GDS or GMS behind which the distribution system commences;
  - 5.4.2. interconnection points of the transmission system with the consumers' systems directly connected to the transmission system. Gas metering point: GDS behind which the consumer's system commences;
  - 5.4.3. interconnection point of transmission systems of Lithuania and Latvia. Gas metering point: Kiemenai GMS;
  - 5.4.4. Interconnection point of transmission systems of Lithuania and Kaliningrad region of the Russian Federation. Gas metering point: Sakiai GMS.
- 5.5. While conducting trade in gas existing in the transmission systems, gas shall be injected at the Virtual Entry Point and off-taken at the Virtual Exit Point.
- 5.6. Gas shall be traded on the Virtual Trading Point under the purchase and sale agreements, on the Exchange and / or in other ways. Gas, which is injected at the Entry Point, but still has not been ejected from the Exit Point, shall be traded on the Virtual Trading Point.
- 5.7. The operator of the Exchange and / or a supply company shall provide information to the Transmission System Operator on the quantities of gas sold and / or purchased on the Virtual Trading Point.

## **6. TRANSMISSION CONTRACT AND THE PROCEDURE FOR ITS CONCLUSION**

- 6.1. The potential user of the transmission system in order to be entitled to make use of the transmission system operated by AB Amber Grid and of the gas transmission services must to conclude a Transmission Contract with the TSO.
- 6.2. After the conclusion of the Transmission Contract, the applicant shall become a Network User and shall be entitled to book capacity, transport gas through the transmission system and perform other actions related to the use of services provided by the Transmission System Operator.
- 6.3. The potential user of the transmission system in order to conclude a Transmission Contract shall submit a request for conclusion of a Transmission Contract providing the necessary information and documents as set out in paragraph 6.8.2.
- 6.4. The TSO, upon receipt of a request for a Transmission Contract, shall have the right to require a potential user of the transmission system to provide the last (most recent) financial reports and other relevant information to determine the financial position of the potential transmission Network User and to decide on the reliability of the creditworthiness of the potential user of the transmission system in assessing financial results, sustainability, liquidity, profitability and debt ratios of that potential Network User, and if this is not enough - other financial data. In the event of high risk for the solvency of the potential user of the transmission system, the TSO shall have the right to require submitting a measure securing the fulfilment of obligations.
- 6.5. The TSO, having identified the changed (increased) risk of the solvency of the Network User during the Transmission Contract, and / or based on the opinion of the TSO that the contractual commitments cannot be met, shall have the right to require submitting security measures for the fulfilment of obligations.
- 6.6. The Energy Identification Code (EIC) granted to the Network User may be indicated at the time of entering into a Transmission Contract.
- 6.7. The Network User, when submitting the request for a Transmission Contract in the form provided on the TSO website, thereby also agrees to conclude a contract to use the ETSS. By concluding the contract to use the ETSS, the Network User shall be granted an identification code and password for use the ETSS.
- 6.8. **The procedure for submitting a request for a Transmission Contract:**
  - 6.8.1. A request for a Transmission Contract along with the documents specified in paragraph 6.8.2 shall be submitted to the TSO in writing (by facsimile, registered mail, courier or e-mail) in accordance with the request form published on the TSO website.
  - 6.8.2. By submitting a request for a Transmission Contract the following data and documents must be provided:
    - 6.8.2.1. addresses and details of the entity submitting the request (name, entity code, VAT number, address, phone number, fax, e-mail address, website address, bank details);



- 6.8.2.2. contact details of the representative (s) of the entity having the right to assume obligations on behalf of the entity (including full name, title, phone number, fax number, e-mail address), and documents proving such authorisation in case the Transmission Contract is concluded not by the head of the company;
  - 6.8.2.3. contact data (e-mail address and phone number). The TSO shall have the right to contact on matters related to the provision of transmission services 24 hours a day.
  - 6.8.3. The TSO may request the applicant to submit additional documents necessary for the conclusion of the Transmission Contract.
  - 6.8.4. The request together with the documents referred to must be submitted to the TSO no later than 2 months before booking capacity for the first time in accordance with the procedure set out in section 7, unless TSO agrees to accept a request for another term than set out in this paragraph.
  - 6.8.5. After the submission of the request in case of changes in the data or documents of the applicant, the applicant within a reasonable period, but no longer than within 3 working days, shall notify the TSO thereof.
- 6.9. **The procedure for the examination of the request and decision making:**
- 6.9.1. The TSO, upon receipt of the request for a Transmission Contract, shall assess data and documents specified in the request (their adequacy, validity, accuracy), consider the request and within 14 calendar days from receipt of the request:
    - 6.9.1.1. offer to conclude a Transmission Contract;
    - 6.9.1.2. or request to specify / supplement the information or documents referred to in the request by providing explanations and justification for such a request;
    - 6.9.1.3. after the identification of risks, shall request the potential users of the transmission system to provide the latest financial statements;
    - 6.9.1.4. request to submit security measures for the fulfilment of obligations if the Network User does not have a long-term foreign currency credit rating which is equal or higher than Baa1 according to Moody's agency, or BBB+ - according to Standard & Poor's agency, or BBB+ - according to Fitch Ratings agency, or there are any other circumstances (signs of insolvency in respect of other suppliers, other factors leading to financial risks), which reasonably suggest that a Network User cannot fulfill its obligations under the contract and / or the Access Rules.
    - 6.9.1.5. refuse to grant the request for a Transmission Contract.
  - 6.9.2. If the TSO request to supplement / clarify data and (or) to prove the reliability of the creditworthiness, the applicant must submit to the TSO the revised / supplemented request and the required documents within seven calendar days of receipt of the request.
  - 6.9.3. The TSO, after the receipt of a revised request and (or) the required documents, shall notify the applicant about its decision to grant the request to use the transmission system in writing within seven calendar days.

- 6.9.4. If the TSO fails to receive the required information and (or) documents (according to paragraphs 6.9.1.2 - 6.9.1.3) within seven calendar days, the request examination procedure shall be suspended until the Network User provides the required (according to paragraphs 6.9.1.2-6.9.1.3) documents.
- 6.9.5. In the event of refusal to grant a request to use the transmission system and suspension of the request examination procedure, the TSO shall inform the applicant in writing about the reasons of the decision.
- 6.9.6. If the Transmission Contract between the TSO and the applicant fails to be concluded within 2 months of the date of the initial request for a Transmission Contract, a request to make use of the transmission system shall expire.
- 6.9.7. If the TSO fails to reply to a request to make use of the transmission system within 14 calendar days or within 7 calendar days after the receipt of additional information, it shall be considered that the request is deemed appropriate.

**6.10. Conclusion of a Transmission Contract:**

- 6.10.1. The TSO, by submitting a proposal to conclude a Transmission Contract under paragraph 6.9.1.1, shall send to the applicant by email or fax a signed Transmission Contract drawn up in accordance with the Transmission Contract form provided on the TSO website.
- 6.10.2. The applicant shall send to the TSO the signed Transmission Contract by email or fax within 5 working days of its receipt.
- 6.10.3. If the contract drawn up by the TSO contains errors or discrepancies, the applicant shall immediately notify the TSO and the TSO shall revise the Transmission Contract.
- 6.10.4. The TSO, upon receipt of the signed contract from the applicant by e-mail or fax, within 5 working days of receipt of the signed contract, shall send two copies of the original signed Transmission Contract to the applicant by registered mail.
- 6.10.5. The applicant shall send to the TSO the original signed Transmission Contract (one copy) by registered letter within 5 working days of its receipt.
- 6.10.6. If the applicant fails to send the signed contract within the time specified in paragraph 6.10.2, the request for the Transmission Contract shall be deemed rejected and the TSO shall forthwith inform the applicant and the Commission in the manner provided for in paragraph 6.11.1.

**6.11. Grounds and procedure of refusal to grant the right to use the transmission system:**

- 6.11.1. In the event of refusal of a request to use the transmission system or to sign the Transmission Contract, the TSO shall within 10 working days inform the Commission about its decision and reasons.
- 6.11.2. The TSO shall be entitled to refuse to grant the right to use the transmission system because of the following reasons:
  - 6.11.2.1. the request does not contain all the required information, or it turns out to be false;
  - 6.11.2.2. the deadline for submission of requests laid down in paragraph 6.8.4 of the Access Rules is missed;

- 6.11.2.3. there are no technical possibilities for transmission services;
- 6.11.2.4. the person who submitted the request failed to pay for transmission services previously provided, if they have been provided;
- 6.11.2.5. the consumer's gas system connected to the transmission system fails to meet technical requirements set out in legislation;
- 6.11.2.6. in other cases stipulated by legal acts.

**6.12. Transmission Contract:**

- 6.12.1. The Transmission Contract shall enter into force upon signature by both parties.
- 6.12.2. The Transmission Contract shall be concluded for an indefinite period.
- 6.12.3. The Access Rules shall form an integral part of the Transmission Contract..
- 6.12.4. The Transmission Contract shall contain the following information:
  - 6.12.4.1. parties to the contract and their particulars;
  - 6.12.4.2. the object of the contract;
  - 6.12.4.3. the procedure and conditions of transmission;
  - 6.12.4.4. service pricing and request procedures;
  - 6.12.4.5. settlement procedure;
  - 6.12.4.6. obligations of the parties: rights and duties;
  - 6.12.4.7. gas accounting/metering;
  - 6.12.4.8. gas quality;
  - 6.12.4.9. gas transmission restriction or interruption conditions;
  - 6.12.4.10. dispute settlement procedure;
  - 6.12.4.11. conditions of amendment and termination of the contract;
  - 6.12.4.12. procedure for the submission of information on the transmission services;
  - 6.12.4.13. transmission system balancing procedure.
- 6.12.5. The Parties to the Transmission Contract shall immediately, but no later than within 3 working days, inform each other in writing of the change in legal status, name, address or other particulars.
- 6.12.6. The Transmission Contract may be terminated:
  - 6.12.6.1. upon agreement between the parties to the Transmission Contract;
  - 6.12.6.2. If one party, wishing to terminate unilaterally the Transmission Contract, gives a 10 days prior notice to the other party on the termination of the Transmission Contract in the event that party fails to comply with or improperly executes the Transmission Contract, and it constitutes a material breach of the Transmission Contract on the grounds provided for in Article 6.217 of the Civil Code of the Republic of Lithuania, additionally, material breach of contract shall cover the following circumstances:

- 6.12.6.2.1. where a Network User fails to make a timely settlement for the transmission services received;
  - 6.12.6.2.2. where a Network User, in spite of the existence of grounds as provided for by the Rules, fails to submit to the TSO a security measures for the fulfilment of obligations in accordance with the terms and conditions as prescribed by the Rules;
  - 6.12.6.3. The TSO shall be entitled to terminate unilaterally the Transmission Contract with a prior 10 days' notice to the Network User, in cases where the Network User does not use the transmission services for a period exceeding one year.
  - 6.12.7. About terminated Transmission Contracts TSO shall immediately inform gas exchange operator and distribution system operators, to which distribution systems in accordance with that contract natural gas was transported.
- 6.13. Planning of natural gas quantities transmitted:**
- 6.13.1. The Network User must specify (declare) in the ETSS, on a quarterly basis during the contract period, the scheduled monthly quantities of gas to be delivered to the transmission system and (or) off-taken from the transmission system for each delivery and receipt location, for the next four quarters ahead or a shorter period if the Transmission System Operator is planning to use the transmission system for less than one year.
  - 6.13.2. Quantities of gas planned to be delivered to the transmission system and (or) off-taken from the transmission system, changes in gas quantities must be executed no later than 10 calendar days prior to the beginning of each quarter by providing them to the ETSS or by presenting them in writing no later than 15 calendar days before the beginning of each quarter.
  - 6.13.3. At the TSO's request, the Network User must provide the planned quantities of gas to be delivered to the transmission system and (or) off-taken from the transmission system for the next period (other than specified in paragraph 6.13.1) requested by the TSO.

## **7. CAPACITY ALLOCATION**

- 7.1. Capacity allocation for Network Users that have entered into a Transmission Contract with the TSO shall be provided in the procedure described in this section.
- 7.2. Capacity allocation mechanism set out in the Access Rules shall apply at all entry and exit points.
- 7.3. Capacity at the entry points and exit points shall be allocated separately and not linked.
- 7.4. Network Users shall be entitled to acquire both entry and exit capacity.
- 7.5. Network Users, which deliver gas to the transmission system, must purchase entry capacity at the entry points. Network Users wishing to transport gas to the distribution system, other transmission systems or to the users' systems directly connected to the transmission system must purchase exit capacity. Network Users, wishing to transport gas in an adjacent gas systems, shall conclude contract with the operator of adjacent gas system and shall book entry and/or exit capacity in adjacent gas system.
- 7.6. **Transmission services and capacity products:**
  - 7.6.1. The TSO offers long-term, short-term and interruptible services at all entry and exit points of the system. That is, a long-term capacity from 1-year inclusive, and short-term capacity of up to 1-year, firm (not exceeding technical capacity) and interruptible capacity.
  - 7.6.2. The TSO offers the following standard capacity products at all entry and exit points:
    - 7.6.2.1. Yearly;
    - 7.6.2.2. Quarterly;
    - 7.6.2.3. Monthly;
    - 7.6.2.4. Daily;
    - 7.6.2.5. Within-day.
  - 7.6.3. If the TSO identifies the need for longer-term capacity, the TSO can offer longer-term capacity products (2-years, and so on) by informing all Network Users and ETSS and by announcing allocation time limits of the specific term capacity. At interconnection points, using longer than 1 year capacity products, shall be allocated no more than 80 percent of the technical capacity of the interconnection point.
  - 7.6.4. The proposed capacity shall be expressed in units of energy per unit of time - MWh / day.
- 7.7. **General provisions for the allocation of capacity:**
  - 7.7.1. At Lithuanian and Latvian transmission systems' interconnection point, 10 percent of the technical capacity of the interconnection point shall be reserved for short-term day-ahead capacities and for within-day capacities.
  - 7.7.2. If the start time of use of capacities coincides, the long-term capacity the beginning of use of which is the beginning of the gas year shall be allocated first. After the allocation of the long-term capacity, short-term capacity shall be allocated.

- 7.7.3. If during the allocation of the certain term firm capacity, the demand for capacity exceeds the supply (the demand for capacity is greater than available technical capacity), the TSO shall propose to the Network Users interruptible capacity of this term.
- 7.7.4. The TSO, having established the need for interruption of interruptible capacity, shall carry out the interruption of capacity to the Network Users to the extent that is necessary to ensure firm capacity by applying the principle of pro-rata or first-come, first-served, therefore:
- 7.7.4.1. if Interruptible Capacity bookings have been submitted during the booking period determined (in accordance with paragraphs 7.10 and 7.11), the interruption of interruptible capacity shall be carried out by applying the principle of pro rata, i.e. the interruptible capacity for a particular Network User at the particular entry or exit point shall be reduced by the quantity equal to the ratio between the quantity of interruptible capacity booked at that point by that particular Network User and the quantities of interruptible capacity ordered by all Network Users at that point, multiplied by the quantity of interruptible capacity required to be interrupted as established by the TSO;
  - 7.7.4.2. the interruption of those bookings that were placed later (including bookings for capacity specified in paragraph 7.13.1) shall be carried out on the first-come, first-served principle, i.e. the interruption of interruptible capacity shall be executed in the sequence when the interruptible capacity services were booked and the interruption shall be primarily carried out for the Network Users that have booked interruptible capacity at the latest;
  - 7.7.4.3. if at the end of the booking period set, two or more Network Users booked interruptible capacity at the same time, the interruption of capacity shall be carried out for these Network Users by applying the above principle of pro-rata.
- 7.8. **Demand for new capacity:**
- 7.8.1. In the event of demand for new capacity, the creation of which requires investment in the transmission system, they shall be classified using the Open Season Procedure.
  - 7.8.2. The procedure referred to in paragraph 7.8.1 shall not apply in cases where the capacity is created for new users or gas systems to be connected. In such a situation, the capacity shall be created and allocated in accordance with the procedure laid down by law.
- 7.9. **Capacity booking methods and general principles:**
- 7.9.1. Capacity can be booked and confirmed:
    - 7.9.1.1. online, using the ETSS, when the Network Users so that to use the ETSS must conclude a contract to use the system and get their ID and password; or
    - 7.9.1.2. in writing, using the booking forms provided on the TSO website.
  - 7.9.2. In case of interruption of the ETSS operation, the TSO shall immediately inform Network Users about the interruptions, and all the procedures shall be performed in writing (by e-mail or fax) until the disturbances in ETSS are resolved.

- 7.9.3. Network Users shall book capacity in accordance with the following principles:
- 7.9.3.1. capacity bookings must be made only during the set booking period (in accordance with paragraphs 7.10 and 7.11);
  - 7.9.3.2. capacity bookings must be provided according to each entry and exit point;
  - 7.9.3.3. a request to acquire only a single-term (or consecutive days) capacity may be presented for each capacity booking;
  - 7.9.3.4. if after the capacity booking, the Network User receives information from the TSO that the amount of capacity booked can be confirmed only partially or not at all confirmed, and interruptible capacity is offered to him, the Network User within the time limits set out in paragraphs 7.10.1.4, 7.11.2.1, 7.11.2.2, must notify the TSO whether agrees to reserve the interruptible capacity or not.
- 7.9.4. In the event of a manual capacity booking, the TSO shall assess only the time when the booking form was received, but not sent.

**7.10. Long-term capacity booking and confirmation deadlines, the principle of allocation:**

- 7.10.1. Long-term bookings must be submitted to and confirmed according to the following deadlines:
- 7.10.1.1. long-term bookings shall be accepted online no later than 20 calendar days before the commencement of use of capacity, and no earlier than 6 months before the commencement of the period of use of capacity;
  - 7.10.1.2. manual long-term bookings shall be accepted no more than 6 months before the commencement of the period of use of capacity and not later than 3 working days before the latest booking period as indicated in paragraph 7.10.1.1;
  - 7.10.1.3. the TSO, in the shortest possible time, but no later than the following working day after the last date of submission of bookings, at 16:30 h, shall inform the Network User about the firm capacity (allocated) granted to him and if the quantity of capacity booked is not fully confirmed, the TSO shall offer interruptible capacity;
  - 7.10.1.4. when interruptible capacity is offered to the Network User, the Network User shall within 5 working days send to the TSO the approval (via ETSS and e-mail or fax) whether he agrees to book interruptible capacity. If the Network User fails to send the confirmation within 5 working days, only allocated firm capacity shall be allocated to the Network User.
- 7.10.2. If the demand for long-term capacity exceeds technical capacity, the long-term capacity shall be allocated using the pro rata principle. That is, when available technical capacity is insufficient to meet the needs of the Network Users, capacity for a particular Network User shall be allocated in proportion to the quantity of capacity requested by the Network Users. Therefore, the quantity of capacity allocated to the Network User shall be equal to the ratio between the quantity of capacity booked at that point by that Network User and the total quantity of capacity booked at that point by all Network Users, multiplied by the quantity of capacity available with the TSO. Capacities booked for the DSO technological needs at the interconnection points with distribution systems shall not be reduced.

**7.11. Quarterly, monthly, daily and within-day capacity booking and confirmation deadlines, and the principles of their allocation:**

- 7.11.1. Quarterly, monthly, and daily capacity bookings must be submitted according to the following deadlines:
- 7.11.1.1. quarterly online capacity bookings and quarterly manual capacity bookings shall be accepted no later than 5 calendar days before the commencement of use of quarterly capacity, and no earlier than 15 calendar days before the commencement of the period of use of quarterly capacity;
  - 7.11.1.2. monthly online capacity bookings and monthly manual capacity bookings shall be accepted no later than 5 calendar days before the commencement of use of monthly capacity, and no earlier than 15 calendar days before the commencement of the period of use of monthly capacity;
  - 7.11.1.3. daily online capacity booking shall be accepted no later than by 13:00 h of the day preceding the gas day on which the period of use of capacity commences, and no earlier than 14 calendar days prior to the commencement of the gas day for which capacities are booked. Daily manual capacity bookings shall be accepted no later than 3 working days before the commencement of the period for which the capacity is booked, and no earlier than 14 calendar days before the commencement of that period.
- 7.11.2. Quarterly, monthly, and daily capacity bookings shall must be confirmed in accordance with the deadlines specified in paragraphs 7.11.2.1-7.11.2.2.
- 7.11.2.1. The TSO shall inform the Network User about the capacity quantities allocated in accordance with paragraphs 7.11.1.1 and 7.11.1.2 via the ETSS and e-mail no later than the next working day after receipt of the capacity booking before 16:30 h. All capacity bookings received during the capacity booking period shall be summed up. If the request cannot be fully granted and interruptible capacity is offered, the Network User shall, in the shortest possible time, but no later than the following working day at 16:30 h, after the day of the offer to purchase interruptible capacity, send a confirmation to the TSO whether he agrees to reserve interruptible capacity. If the Network User fails to send the said confirmation by the deadline set, only allocated firm capacity shall be allocated to the Network User.
  - 7.11.2.2. The TSO shall inform the Network User about the daily capacity quantity to be allocated in accordance with paragraph 7.11.1.3 no later than 1 hour after the capacity booking, if the booking is received through the ETSS, and no later than the next working day after the capacity booking made in writing. If the request cannot be fully granted and interruptible capacity is offered, the Network User shall, in the shortest possible time but not later than 15:00 h of the day preceding the gas day on which the period of use of capacity commences, in case the capacity is booked through ETSS, and no later than the nearest working day at 16:30 h, following the date of the offer to purchase interruptible capacity, in the event of manual capacity booking, send to the TSO a confirmation whether he agrees to reserve interruptible capacity. If the Network User fails to send the said



confirmation by the deadline set, only allocated firm capacity shall be allocated to the Network User.

- 7.11.3. The within-day capacity shall be booked and confirmed through the nomination submission and confirmation procedure described in section 10 by booking additional daily capacity.
- 7.11.4. Quarterly, monthly and daily capacities shall be allocated on the first-come, first-served principle. That is, capacities shall be primarily allocated for the Network Users that have booked capacity at the earliest.
- 7.11.5. By applying the first come, first served principle, all bookings received on the same gas day during the booking period of the certain term capacities (in accordance with paragraphs 7.11.1.1-7.11.1.3) shall be are treated as bookings received on the same time.
- 7.11.6. The first come, first served principle shall be applied only when there is no contractual congestion. In the event of contractual congestion, or situation when in the case of bookings received at the same time in accordance with paragraph 7.11.5 the TSO cannot meet the Network Users' requests, capacity remaining after a first-come, first-served procedure, shall be allocated to the Network Users in proportion to the capacity quantities requested.

#### **7.12. Implicit capacity allocation at the entry/exit point with Latvia**

- 7.12.1. The entry/exit point with Latvia shall, among other methods, use the implicit capacity allocation method. The implicit capacity allocation method shall be applicable to short-term day-ahead capacities.
- 7.12.2. Implicit capacity allocation shall be executed by the natural gas exchange operator. Information on transmission system capacities allocated through the implicit capacity allocation method shall be posted by the natural gas exchange operator.
- 7.12.3. Implicit capacity allocation shall be made from 10:00 h of day D-1 until 14:00 h of day D-1.
- 7.12.4. Implicit capacity allocation method shall be used for the allocation of at least 80 percent of available capacities of day D-1 at the entry/exit point of the interconnection of Lithuanian and Latvian gas transmission systems for day D. In cases where capacities available at Latvia's TSO will happen to be lower than the capacities owned the TSO, implicit capacity allocation method may be employed for the allocation of less than 80 percent of the capacities available at the entry/exit point of the interconnection of Lithuanian and Latvian gas transmission systems.
- 7.12.5. Quantity of transmission capacities to be allocated through the implicit capacity allocation method shall be estimated by the TSO by processing the bookings for day D as received from Network Users by the deadline of 09:00 h of day D-1, and data on the quantity of transmission capacities subject to allocation through the implicit capacity allocation method for day D shall be reported to the natural gas exchange operator at 09:30 h.

- 7.12.6. The natural gas exchange operator shall submit information to the TSO on capacities allocated through the implicit capacity allocation method no later than by 14:15 h of day D-1.
- 7.12.7. Any day-ahead daily capacities not subject to the allocation in accordance with the procedure stipulated by clause 7.12.4 shall be allocated in accordance with the procedure stipulated by clause 7.11.
- 7.12.8. Any transmission capacities which in accordance with clause 7.12.4 of the Rules had been planned to be allocated through the implicit capacity allocation method but that had not been actually allocated, at 15:00 of day D-1 shall be allocated in accordance with the procedure stipulated by clause 7.11.3 of the Rules

**7.13. Unallocated, refused and unused capacity:**

- 7.13.1. After the deadline for booking of a certain term capacity, the TSO shall offer to the market unallocated, refused and unused firm capacity of each term.

## **8. SECONDARY CAPACITY MARKET**

- 8.1. The TSO seeking to optimise the use of capacities of the transmission, and grant the right to the Network Users to trade in transmission capacities, shall organize a secondary capacity market.
- 8.2. All capacity products offered in the primary market referred to in paragraph 7.6.2, except for the within day capacity, or their parts (shorter periods of capacity) calculated in gas days, shall be traded in the secondary market.
- 8.3. The role of the TSO and the Network Users on the secondary market shall be defined in accordance with the below provided principles:
  - 8.3.1. the TSO is a mediator of secondary capacity trading;
  - 8.3.2. Network Users are the capacity-right holders, and transactions in the secondary capacity market shall create the rights and obligations of Network Users that transferred and (or) acquired capacity in the secondary market.
- 8.4. **Object of the secondary capacity market:**
  - 8.4.1. The rights to use capacity are traded in the secondary capacity market. That is, by selling capacity on the secondary market, the rights (or part thereof) to use capacity of certain periods are transferred at the certain entry or exit point, whereas the obligations of the Transmission System Operator, including the obligation to pay for the transmitted capacity, remains to the Network User that transferred the capacity.
- 8.5. **Secondary market trading conditions:**
  - 8.5.1. Network Users in order to sell the right to use capacity for a certain period on the secondary market must have the capacity purchased under the contract in the primary market, covering that period.
  - 8.5.2. The price of transferred capacity on the secondary market and any other conditions relating to the transfer of capacities, not specified in paragraph 8.7.4 of the Rule, shall be determined by mutual agreement of the Network Users involved in the capacity transfer process.
  - 8.5.3. It shall be possible to trade in capacities in the secondary market only between the Network Users of the same group.
- 8.6. **Rights and obligations of the Network User trading in the secondary market:**
  - 8.6.1. Network User's rights:
    - 8.6.1.1. to purchase or transfer capacity in the secondary market under a bilateral capacity sale and purchase contract;
    - 8.6.1.2. in the procedure set out in the Access Rules, to submit requests and offers in writing or through the ETSS system to purchase or sell capacity in the secondary market;
    - 8.6.1.3. to obtain all information on the ETSS and / or TSO's website related to the intentions to transfer or to purchase capacity in the secondary market (type of capacity, entry/exit point where capacity is transferred or acquired, quantity, etc.),

- including contact information of the Network User submitting a request / offer to transfer or acquire capacities in the secondary market;
- 8.6.1.4. to obtain information from the TSO on the confirmation or rejection of the transactions made in the secondary capacity market;
  - 8.6.1.5. to change or cancel transactions concluded and approved in the secondary capacity market;
  - 8.6.1.6. to obtain information from the TSO if the TSO considers that transactions, cancelled for reasons given in paragraph 8.10.3, or not cancelled.
- 8.6.2. Network User's obligations:
- 8.6.2.1. to follow the provisions of the Access Rules and of the Transmission Contract;
  - 8.6.2.2. to provide all information specified in paragraph 8.7.4 when filing an request or offer to purchase or sell capacity in the secondary market;
  - 8.6.2.3. in the procedure set out in the Access Rules, inform the TSO on the capacity acquisition and transfer transactions concluded in the secondary capacity market and information on cancelled contracts;
  - 8.6.2.4. when trading in the secondary capacity market, to follow the terms and conditions relating to the trade in the secondary capacity market specified in the Access Rules.
- 8.7. Terms and conditions for the submission of requests / offers to make transactions in the secondary market:**
- 8.7.1. Network Users must submit requests and offers to buy or sell capacity in the secondary market through the ETSS or in writing. In the case of requests / proposals submitted in writing, they must be submitted on a form provided on the TSO website, and should be sent from the e-mail address specified in the Transmission Contract, or from the email address most recently registered in the ETSS (if the Network User's email specified in the transmission contract has been amended) to the email address specified by the TSO.
  - 8.7.2. If the Network Users wishes to transfer or acquire capacity in the secondary market, they must submit requests / offers to buy or sell capacity in accordance with the following deadlines:
    - 8.7.2.1. if the ETSS system is used, a request / offer to purchase / sell the capacity the commencement period of use of which is the day P, must be submitted no later than 2 days before that working day, before 15:00 h;
    - 8.7.2.2. if the request / offer is submitted in writing, a request / offer to purchase / sell capacity the commencement period of use of which is on the day P must be submitted no later than 4 working days before that day, by 15:00 h. The TSO, having timely received a duly completed request / offer to acquire / transfer capabilities shall within 2 working days enter it in the ETSS.
  - 8.7.3. In cases referred to in paragraphs 8.7.2.1 and 8.7.2.2, the authorized employee (s) of the Network User, registered in the ETSS, may submit, accept and approve requests / offers to buy and sell capacity in the secondary market.

- 8.7.4. The following information must be provided when filing a request / offer to transfer or acquire capacity in the secondary market:
- 8.7.4.1. entry/exit points of the transmission system;
  - 8.7.4.2. capacity period in days;
  - 8.7.4.3. capacity type (firm / interruptible);
  - 8.7.4.4. capacity quantity and whether this quantity can be split into smaller units;
  - 8.7.4.5. capacity is purchased or sold;
  - 8.7.4.6. contact information of the Network User filing a request / offer to transfer or acquire capacity in the secondary market (e-mail address and (or) phone number).
- 8.7.5. The TSO shall provide information on all requests / offers to buy and sell capacities in the secondary market filed by the Network Users on the ETSS and TSO's website within 2 working days if requests / offers to buy / sell capacity were made in writing, and immediately (in real-time) if requests / offers to purchase / sell capacities were submitted via the ETSS. If it is impossible to use this system and the TSO website (its operation is temporarily disrupted, etc.), the TSO shall inform Network Users about requests / offers to buy and sell capacities submitted by other Network Users by email within the shortest possible time, but no later than the next working day at 16:30 h after the temporary disruption of the ETSS and TSO's website was recorded.
- 8.8. Conditions for concluding transactions in the secondary market, and information about the transactions concluded:**
- 8.8.1. A capacity seller by transferring capacity to another Network User has to enter into a bilateral capacity purchase and sale contract, which provides conditions for the transfer of capacity.
  - 8.8.2. The recommended form of the contract referred to in paragraph 8.8.1 shall be published on the TSO website.
  - 8.8.3. The interested Network User in order to purchase / sell capacity should contact the applicant that filed a request / offer for the transaction submitted via the ETSS. After the conclusion of the transaction, both Network Users shall inform the TSO about it in writing or through the ETSS.
- 8.9. Confirmation of transaction:**
- 8.9.1. The TSO shall confirm that the transaction indicated in paragraph 8.8.3 has been concluded if the TSO has received information from both Network Users about the conclusion of the transaction.
  - 8.9.2. The TSO must receive information about the transactions concluded for the daily or longer-term capacity not later than 2 hours before the deadline for submission of nominations specified in paragraph 10.10.1.
  - 8.9.3. The TSO shall immediately send a reply to the Network Users on the transaction confirmation by email, but no later than within 1.5 hours after receipt of information about the transaction entered into by both parties to the transaction.

**8.10. Refusal to confirm a transaction**

- 8.10.1. The TSO shall be entitled to refuse to confirm a transaction because of the following reasons:
  - 8.10.1.1. If the information about the conclusion of the transaction is received only from one Network User;
  - 8.10.1.2. If the information provided by the Network Users does not coincide or has not been provided in full;
  - 8.10.1.3. If information on concluded transactions is provided by the Network Users to the TSO later than specified in paragraph 8.9.2.
- 8.10.2. The TSO shall communicate the refusal to confirm the transaction to both parties to the transaction.
- 8.10.3. If the TSO refuses to confirm a transaction, such a transaction shall not enter into force.

**8.11. Refusal of confirmed transactions:**

- 8.11.1. Network Users shall have the right to change or cancel the concluded and confirmed transactions in the secondary capacity market.
  - 8.11.2. Network Users on order to cancel the TSO-confirmed transactions must inform about it the TSO no later than the deadline for submission of nominations referred to in paragraph 10.10.1.
  - 8.11.3. The transaction shall be deemed cancelled only if both Network Users who have previously reported on the conclusion of the transaction have informed the TSO about the cancellation of the transaction. If information about the transaction cancellation is received only from one Network User, the transaction shall be deemed not cancelled, and the TSO shall immediately inform the counterparties thereof.
- 8.12. The TSO shall publish on its website and update once a day information about the total volume of capacity offered / requested and transferred in the secondary market, and other aggregated information relating to such transactions (entry / exit point, capacity type, and so on).

## 9. TRANSMISSION NETWORK CONGESTION MANAGEMENT

- 9.1. In order to use technical capacity efficiently and to facilitate conditions for Network Users to book necessary capacity, when the demand for capacity exceeds the offer, the TSO shall perform procedures of the transmission system network congestion management.
- 9.2. TSO shall perform congestion management using the following measures:
- 9.2.1. organizing secondary capacity market according to provisions set in Article 8;
  - 9.2.2. accepting refused (surrendered) capacity;
  - 9.2.3. applying long-term capacity mechanism „use it or lose it“;
  - 9.2.4. offering a day in advance unused firm capacity as interruptible;
  - 9.2.5. applying oversubscription and buy-back mechanism.
- 9.3. Measures, listed in para 9.2.1–9.2.5, shall apply at entry/exit point with the member state – Latvia, measures listed in para 9.2.1–9.2.4 – entry point from LNG, measures specified in para 9.2.1 and 9.2.4 – entry point from Belarus as well as exit points to distribution and consumer systems.
- 9.4. **Firm capacity refusal procedures and conditions:**
- 9.4.1. The procedure for refusal of firm capacity shall be executed according to the order and under the terms specified in Paragraphs 9.4.1.1–9.4.1.6.
    - 9.4.1.1. Network Users shall have the right to apply to the TSO regarding acquired capacity, booked by Network Users at the specific entry/exit point, except capacity products with validity term of a day or less, refusal (surrender) not later than 5 working days prior to the beginning of the period of this capacity use.
    - 9.4.1.2. Upon receipt of the Network User request on capacity refusal, in cases of the formation of contractual congestion at the interconnection points, within 2 working days, (or in cases where at the time of the Network Users' application regarding capacity refusal no contractual congestion will have formed at the interconnection points – within 1 working day from the formation of contractual congestion) the TSO shall place on the ETSS system information on the volume of refused capacity, the entry/ exit point where capacity is refused if a capacity refusal request was filed in writing, and with no delay (in real time) if a capacity refusal request was filed using ETSS.
    - 9.4.1.3. The TSO shall reallocate refused capacity according to para 9.4.1.2 when Network Users occur which wish to acquire capacity in this point.
    - 9.4.1.4. A Network User refusing capacity shall be informed with no delay about redistribution of refused capacity.
    - 9.4.1.5. In case when demand for capacity refused under para 9.4.1.2 exceeds the offer of such refused capacity, refused capacity shall be allocated in pro rata to the amount of refused capacity requested to acquire by Network Users.
    - 9.4.1.6. A Network User shall retain its rights and obligations for acquired and refused, though not yet reallocated capacity, up to the moment when TSO reallocates them.

**9.5. Long-term capacity mechanism „use it or lose it“:**

- 9.5.1. The application of this mechanism shall be based on the fact that the TSO has the right to withdraw, either partially or entirely, the capacity which has been continuously under-utilised by the Network User in a specific entry/exit point, provided that the Network User has not sold or offered the unused capacity under acceptable terms (in the secondary market or by filing a request to transfer the capacity with the TSO) and provided that other Network Users request firm capacities.
- 9.5.2. The TSO shall execute capacity redistribution according to ‘use it or lose it’ procedure of congestion management, provided all below conditions are met:
  - 9.5.2.1. The TSO cannot entirely or partially satisfy Network Users’ requests/bookings to acquire capacity at specific point of the system for a year or longer;
  - 9.5.2.2. The TSO shall define that in the point where Network Users wish capacity, other Network User (s) during April 1<sup>st</sup> – September 30 and October 1<sup>st</sup> – March 31<sup>st</sup> periods utilize less than 80 % of booked capacity and does not release it to other Network Users in the secondary market.
- 9.5.3. Provided all para 9.5.2 conditions are met, TSO shall convey information about the situation to Network User(s) which have unused capacity for this desired capacity period at desired entry/exit point. Report shall present requested capacity, maximum part from unused capacity (in case few Network Users have unused capacity at this point) that can be transmitted to other Network Users, and it shall indicate that Network Users which have overcapacity within 5 working days shall offer it in the secondary market.
- 9.5.4. Provided Network Users requesting for necessary capacity within 10 working days from the TSO’s report (according to para 9.5.3) dispatch to Network Users which have unused capacity, does not receive it in the secondary market, the TSO shall apply to Network Users and shall request to indicate actual needs at a relevant point for specific period (s). Network Users shall present requested information not later than 5 days from the date of the receipt of such request.
- 9.5.5. Provided Network Users under the TSO request indicated in para 9.5.4, substantiate capacity demand with documents, the TSO shall inform Network Users which request capacity, that there is no overcapacity.
- 9.5.6. Provided Network Users can not substantiate part or entire capacity demand with documents or does not provide information requested according to para 9.5.4, the TSO shall initiate forced capacity transmission with a prior notification to Network Users.
- 9.5.7. Provided few Network Users have unused capacity and forced capacity transmission has been initiated against them, or few Network Users during the procedure have expressed their willingness to transmit capacity, the TSO shall execute capacity transmission under pro-rata principle, which shall mean the following:
  - 9.5.7.1. In case of forced capacity transmission – transmittable amount shall be equal to capacity booked by Network User at specific point (where other Network User(s) wish capacity), though unused, and booked at the point, though unused total



capacity ratio of all Network Users which are under initiative of forced capacity transmission, multiplied by capacity wished by other Network User(s).

9.5.7.2. In case when few Network Users wish to transmit capacity, the transmitted amount shall be equal to the ratio of the amount of capacity booked by the Network User at a specific point (where other Network User(s) wish capacity), though unused, and requested to be transmitted, and the amount of capacity unused at that point and requested to be transmitted by all Network Users who expressed their willingness to transfer capacity, multiplied by the amount of capacity requested by other Network User(s).

9.5.8. In case of forced capacity transmission the Network User requesting capacity shall be obliged to acquire it from the TSO, and shall pay the price for capacities calculated in pro rata to the remaining capacity period.

9.5.9. The Network User shall retain its rights and obligations for acquired and transmitted, though not yet reallocated capacity, up to the moment when the TSO reallocates it.

9.5.10. In case of the forced capacity transmission from the Network User that has unused capacities and which is subject to the forced capacity transmission, the amount of capacity shall be transmitted to another Network User (s) on a non-refundable basis.

**9.6. Unused capacity offered on a day-ahead basis:**

9.6.1. In case of contractual congestion, having assessed quantity applications of Network Users for a specific day (P) and unused firm capacity of a specific day (P) in the procedure prescribed in Article 10, TSO shall offer unused firm capacity of a day (P) as interruptible a day before (on D-1 day) in the primary market.

9.6.2. capacity referred to in paragraph 9.6.1 is offered at the following points of the transmission system:

9.6.2.1. at the entry/exit point with the Member State – Latvia;

9.6.2.2. at the entry point from Belarus;

9.6.2.3. at the entry point from the LNGT;

9.6.2.4. at the exit points into the distribution and user systems.

**9.7. Oversubscription and buy-back mechanism and its application:**

9.7.1. The TSO having assessed statistical data of booked and used capacities at a certain entry/exit point during the previous period, and having established that not all technical capacities at that point are historically exploited, and having regard to the possible scenarios of the unused amount of capacity at a given point during the specific period, shall offer to the market additional capacity, i.e. capacity exceeding technical capacity.

9.7.2. By offering additional capacity, the TSO shall take into account the associated potential risks and the likelihood of repurchase of capacity in the market.

9.7.3. In a situation where all Network Users want to use 100% of the capacity booked; however, the TSO is unable to meet the needs of Network Users, the TSO shall apply

the capacity redemption procedure aiming to repurchase the amount of capacity booked exceeding technical capacity from the Network Users in the secondary market.

- 9.7.4. The TSO shall inform in advance the ETSS Network Users about the quantity and price of capacity at the certain entry /exit point requested to be redeemed during a given period.
- 9.7.5. The oversubscription and buy-back mechanism shall be entrenched by a separate document regulating this mechanism, which will be prepared as a separate appendix to these Access Rules.

## **10. PROCEDURE FOR NOMINATION SUBMISSION AND APPROVAL**

- 10.1. Network Users wishing for gas transmission at agreed period, shall in advance, and under the terms specified in this article, inform TSO about gas flow wished to inject into or release from the system.
- 10.2. Network Users shall have the right to adjust gas volume claimed.
- 10.3. Gas quantities expressed in kWh for each day P or for every day for a longer period (7 days, with the right to update data) must be announced at all entry and exit points of the transmission system.
- 10.4. In absence of nominations for a specific day, it shall be considered that:
  - 10.4.1. volume notified by the Network User is equal to zero – at interconnection points at which at the entry and exit points gas quantity allocated for a specific day is equal to the Network User's gas quantity nomination approved through the regular approval procedure;
  - 10.4.2. volume notified by the Network User is equal to the last notified volume – at all the specified interconnection points except for the interconnection points as indicated in clause 10.4.1.
- 10.5. Nominations at non-daily read metering points shall meet the forecast on the gas quantity to be taken by the Network Users at non-daily read metering points at the delivery locations connected to the distribution systems, which shall be submitted to the TSO by the system operator appointed by the forecasting party. When submitting the nomination, the Network User is entitled to re-nominate the gas quantity to be transmitted to non-daily read metering points that has been nominated by the system operator appointed by the forecasting party.
- 10.6. **Content of nominations:**
  - 10.6.1. When submitting nomination or re-nomination to the TSO, the Network User shall provide the following information:
    - 10.6.1.1. entry / exit point;
    - 10.6.1.2. direction of gas flow;
    - 10.6.1.3. identification code of Network User;
    - 10.6.1.4. identification code of the counterparty related to Network User;
    - 10.6.1.5. gas day P (days), for which gas volume is notified;
    - 10.6.1.6. gas volume to be transported.
  - 10.6.2. When submitting a nomination or re-nomination at a domestic exit point, the Network User shall also indicate the specific point of connection with the distribution system or connection with the User's system directly connected to the transmission system.
- 10.7. **Nomination submission terms:**
  - 10.7.1. Network User can submit nominations or re-nominations under the following terms:

- 10.7.1.1. nomination submitted by Network User for gas volume wished to inject into the system shall not match nominations for gas volume to be released from the system, and vice versa, as gas can be purchased and sold inside entry/exit system.
- 10.7.1.2. Network User in specific entry/exit point of the system can note about gas volume which is not bigger than capacity acquired at that point, except the case defined in para 10.11.1;
- 10.7.1.3. provided specific day volume is bigger than it is possible to transport during that day utilizing to maximum capacity acquired for that day, it shall be considered that when nomination is submitted, additional daily capacity, exceeding capacity for day P which has been already acquired, is booked;
- 10.7.1.4. In case when demand for additional capacity according to para 10.7.1.3 exceeds such capacity offer (free technical capacity), additional capacity shall be allocated in pro rata to Network Users' request to acquire additional capacity. Therefore, additional capacity allocated to Network User shall be equal to the ratio between additional capacity requested for acquisition at specific entry/exit point by that Network User and additional capacity at that point requested by all Network Users, multiplied by amount of free technical capacity at that point.
- 10.7.1.5. In case and according to para 10.7.1.3, if there is no free capacity exceeding acquired capacity, it shall not be granted to Network User.

**10.8. Gas volume matching:**

- 10.8.1. Gas flow at both sides of connection points with other gas systems shall be calculated in the same way, therefore TSO shall carry out regular matching procedure and shall verify with adjacent system operator whether gas volume planned for entry/exit at specific point of the system as indicated in submitted nomination comply with gas volume planned for entry/exit as indicated in country related to Network User nomination.
- 10.8.2. If provided gas volume indicated in para 10.8.1 does not match, '*lesser rule*' for gas volume shall apply, and in case when at the point of connection and transmission via system gas provider and recipient Network Users wish to inject or release different gas volume, transmission system operator shall reduce significance of the bigger nominated gas volume to a smaller nominated gas volume significance.
- 10.8.3. The Lesser Rule principle shall not be applicable at the entry point of the transmission system from the LNGT if the LNGT operator in accordance with the Access Rules of Use of the LNG Terminal unilaterally adjusts nominations submitted by the LNGT users. In this case, nominations submitted by the Network Users shall be adjusted and approved in accordance with the nominations unilaterally adjusted by the LNGT operator.

**10.9. Exchange of information on nominated gas volume:**

- 10.9.1. Network Users shall submit nominations (as appropriate also re-nominations) and receive all information about accepted/rejected/reduced nominations from TSO using ETSS. In case of system failure, information exchange shall continue via e-mail, fax and phone.

- 10.9.2. Nominations can be submitted only by employees of Network Users who have such right, and who are identified either in the transmission service contract or in the contract on the right to use ETSS.

**10.10. Nomination submission and approval terms:**

- 10.10.1. Nominations for day P can be submitted any time, but only those nominations shall be accepted which were submitted prior to nomination submission deadline – not later than P-1 day 15:00 h.
- 10.10.2. Not later than P-1 day 17:00 h, TSO shall send to related Network Users, who timely submitted nomination, confirmation notice about planned transportable gas volume of day P, indicating the following:
- 10.10.2.1. whether nominations are approved;
  - 10.10.2.2. whether gas volume indicated in nominations (one or more) is not reduced or rejected due to certain reasons (such as capacity shortage or unacceptably submitted information when nominating);
  - 10.10.2.3. whether gas volume indicated in nomination is not reduced or rejected due to alignment procedure in process, initiative of TSO or other adjacent system operator.
- 10.10.3. When approving volumes, TSO shall also consider terms of contract between TSO and Network User.

**10.11. Re-nomination submission conditions and approval terms:**

- 10.11.1. Re-nomination shall be considered as booking for additional capacity, provided when submitting re-nomination to specific point, bigger gas volume is nominated than possible for transportation under maximum utilization of capacity acquired in that point.
- 10.11.2. Provided gas volume for specific point, as per re-nomination of Network User, is smaller than initial nominated volume, capacity booked for this Network User shall not be adjusted.
- 10.11.3. Re-nominations can be sent any time during re-nomination cycle, starting at 17:00 h on P-1 day and ending at day P 4:00 h.
- 10.11.4. During re-nomination cycle, Network User shall have the right to adjust nominations both during all 24 hours and the rest of day P hours, under the following terms:
- 10.11.4.1. nomination(s) approved for all P day hours, Network User can adjust for P-1 day 17:00 h – P-1 day 5:00 h period (i.e. TSO shall accept re-nominations not earlier than as of P-1 day 17:00 h and not later than 2 hours before beginning of P day);
  - 10.11.4.2. nomination (s) approved for the rest of P day hours, Network User can adjust for P-1 day 5:00 h – P day 4:00 h period (i.e. TSO shall accept re-nominations not earlier than 2 hours prior to beginning of P day and not later than 3 hours before end of P day).
- 10.11.5. Upon receipt of re-nominations, within 2 hours TSO shall inform Network User and shall indicate whether nominations adjusted according to para 10.11.4.1–10.11.4.2

have been accepted, gas volume not reduced due to alignment procedure, and whether related country in adjacent system did not submit new re-nominations.

10.11.6. Requested gas volume as per re-nominations shall be changed 2 hours (starting every hour) after beginning of re-nomination cycle (e.g.: re-nomination received on P day at 14:30 will come into force only after 17:00 h for the remaining hours of the day – i.e. 17:00 h – 6:00 h), except cases when:

10.11.6.1. Network Users request later time for change; or

10.11.6.2. Network User request earlier time for such change and TSO agree for it to happen earlier.

**10.12. Nominations and re-nomination rejection (non-acceptance):**

10.12.1. TSO shall have the right to reject nominations and re-nomination and inform Network Users about it within the shortest time possible, but not later than 2 hours following nomination and re-nomination submission deadline.

10.12.2. TSO shall have the right to reject nomination or re-nomination of Network User, if:

10.12.2.1. nomination does not meet nomination content requirements; and/or

10.12.2.2. in case of nominations, volume nominated at specific point exceeds capacity acquired by Network User at that specific point, and there is no free capacity at point;

10.12.2.3. in case of daily nominations and re-nominations situation occurs when, the ratio between the part of non-transportable gas volume (quantity) left according to submitted re-nomination (NQRN) to the Network User from re-nomination enforcement day and P day remaining hours (T) exceeds maximum hourly gas volume (quantity) (MHQ), which can be transported to Network User, with respect to its firm capacity (i.e. if  $NQRN/T > MHQ$ );

10.12.2.4. in case of re-nominations, situation occurs when smaller volume is nominated, than already actually transported prior to enforcement of re-nomination;

10.12.2.5. TSO does not receive information necessary for gas volume reconciliation from adjacent system operator.

10.12.3. If the specified nomination is rejected the TSO shall apply to the Network User the last approved amount, if any.

**10.13. Other nomination submission and approval terms:**

10.13.1. TSO shall assess only the last nomination/re-nomination timely submitted at specific point for appropriate period.

10.13.2. When assessing whether nominations have been submitted on time, TSO shall take into account only time/date when they have been received, and not sent.

10.13.3. If TSO within 2 hours from nomination receipt does not send Network User notice on approved/rejected/reduced nomination, Network User shall immediately contact TSO.

10.13.4. TSO shall reserve the right to stop re-nomination submission cycle or extend it. TSO shall inform related Network Users about it immediately.

- 10.13.5. Network User who acquired at concrete point both entry and exit capacity, when submitting re-nomination (without gas volume) can change direction of gas flow.
- 10.13.6. Upon receipt of information from adjacent system operator, that its users due to technical or other reasons failed to deliver or accept gas volume indicated in nomination, or TSO does not have possibility to transport this volume because of potential transmission service interruption, TSO shall have the right to adjust gas volume indicated in TSO related nominations informing related Network Users about such changes in advance.
- 10.13.7. TSO can reduce nominated gas volume due to technical, crash, gas quality noncompliance and other reasons. Because of these reasons, volume shall be reduced in proportion.
- 10.13.8. TSO shall give priority to firm capacity nomination. Therefore, if few Network Users acquired interruptible capacity and total transportable gas volume indicated in nomination exceeds technical capacity, TSO allocates available capacity to Network Users proportionally to nominated interruptible capacity. When implementing this procedure TSO shall not bear responsibility for reconciliation procedure carried out by adjacent system operator.
- 10.13.9. Other terms for submission and approval of nominations may be set at the interconnection points with other gas transmission systems. If other terms than those laid down in paragraph 10.10 of the Access Rules are set for submission and approval of nominations, the TSO shall notify about it on the ETSS and / or the TSO's website.
- 10.13.10. Revised notifications at the interconnection points with other gas transmission systems can be submitted only if the TSO have provided for a reconciliation procedure of the revised notifications in the cooperation agreements concluded with the operator of the other transmission system. The TSO shall inform Network Users on the ETSS and / or TSO's website about the possibility to submit revised notifications at the interconnection points with other gas transmission systems.

## 11. ALLOCATION OF GAS QUANTITIES

- 11.1. Based on the gas quantities allocation procedure laid out in this part, the TSO shall determine for the Network Users the daily allocated gas quantities injected at the entry point and released at the exit point intended for settlement for gas and for determining the scope of use of the transmission system.
- 11.2. Provided at specific entry or exit point gas supplied only by one supplier, and provided TSO does not have contract, where operational balancing account is foreseen, with TSO of adjacent transmission system, total gas volume determined at this specific point according to metering results would be allocated to this Network User.
- 11.3. When gas is supplied by more than one Network User, actual gas volume shall be allocated to Network User according to procedure and terms specified in part 11.6.
- 11.4. To points of delivery, where gas metering data is recorded in lower frequency than a day – at non-daily read metering points:
  - 11.4.1. to determine the daily gas volume submitted, daily gas consumption data provided by operators of the distribution system shall be used;
  - 11.4.2. within 3 working days following the reporting period, the gas quantities shall be adjusted based on the actual quantities accounted during the reporting period, where the distribution system operator provides such data;
  - 11.4.3. gas quantities may be re-adjusted during the year in accordance with the data provided by the distribution system operator. Updated data shall be provided together with the data for the previous reporting period.
- 11.5. Network User daily received from TSO information about gas volume allocated to him for previous gas day, and volume injected into and released from transmission system according to procedure and terms defined in part 11.7.
- 11.6. **Procedure of allocation at separate points:**
  - 11.6.1. Every day, at entry and exit to/from adjacent transmission system(s) points, the gas quantity to be allocated to the Network Users shall be determined in accordance with Paragraphs 11.6.1.1 - 11.6.1.2.
    - 11.6.1.1. Provided TSO concluded contract with TSO of adjacent transmission system regarding operational balancing, allocation of gas volume shall be determined as follows:
      - 11.6.1.1.1. at entry and exit points to/from adjacent transmission system(s), gas volume allocated to Network User for specific day shall be equal to volume indicated by Network User for that day at those points and according to nominations approved following reconciliation procedure;
      - 11.6.1.1.2. difference between total gas volumes according to all specific point nominations approved for Network Users and according to gas volume measured according to meter device in that point shall be allocated to TSO and operational balancing account administered by adjacent transmission system operator.



- 11.6.1.2. Provided contract, where operational balancing account is foreseen, between transmission operators is not concluded, gas volume allocation shall be implemented according to methods specified by clause 11.6.1.2.1.
    - 11.6.1.2.1. Actually imported gas volume, when contract, where operational balancing account is foreseen, is not concluded, shall be allocated to Network Users which import gas, according to the following principles:
      - 11.6.1.2.1.1. provided contract on gas import does not specify otherwise, imported gas volume allocated to Network User during balancing period cannot be bigger than gas volume actually taken from transmission system by Network User;
      - 11.6.1.2.1.2. provided during balancing period gas volume supplied to transmission system has been bigger than determined by gas import schedule, and gas volume actually taken from the transmission system by Network Users has been bigger than imported gas volume as per gas import schedule, which exceeds gas import schedule, and has been allocated proportionally to Network Users (according to proportions of available import quota), but not exceeding gas volume actually taken out from transmission system by Network Users, and restrictions determined in gas import contract;
      - 11.6.1.2.1.3. information shall be taken into account on gas volume acquired according to purchase and sell contract and / or on the Exchange.
  - 11.6.2. at transmission system entry point from LNG, daily gas volume injected and allocated to Network User, is equal to the amount indicated in nomination approved following alignment procedure, provided TSO and LNG operator have concluded cooperation contract, covering operational balancing issues
  - 11.6.3. gas volumes allocated to the Network Users at the exit points to distribution systems and users' systems directly connected to the transmission system shall be determined by the following means:
    - 11.6.3.1. at points where gas is delivered to distribution systems, allocated daily gas volumes for concrete Network Users shall be determined by TSO on the ground of information received from DSO according to the procedure established in TSO and DSO cooperation contract;
    - 11.6.3.2. at points where gas is delivered directly to consumer systems connected to transmission system, allocated daily gas volume for concrete Network Users shall be determined by TSO on the ground of meter device data.
  - 11.6.4. When distributing gas volume at virtual entry and exit points, gas volume allocated to Network User correspond to volume indicated in nominations approved by Network User.
- 11.7. Exchange of information about allocated gas volume:**
- 11.7.1. The TSO shall provide information on the specific daily gas volume allocated to the Network User, and expressed in MWh, through ETSS.

- 11.7.2. In case of disruption of ETSS operation, information shall be exchanged via e-mail, fax or phone.
- 11.7.3. TSO shall provide Network Users with information about gas volume allocated to them in two stages: preliminary data daily and summarized monthly data – monthly, as defined in para 11.7.4.1.1 and 11.7.4.2.1. Thus, the following shall be singled out:
  - 11.7.3.1. initial allocation – preliminary determined and notified to Network Users daily gas volume shall be grounded on non-validated metering or forecast data; and
  - 11.7.3.2. final allocation – daily gas volume finally determined and notified to Network Users grounded on validated (once again recalculated/verified) metering and actual data.
- 11.7.4. Information on initial and final allocations shall be delivered to Network Users according to the following procedure:
  - 11.7.4.1. Information about initial allocation shall be delivered as follows:
    - 11.7.4.1.1. TSO sends every gas day until 14:00 h (P+1) initial allocation notification to Network User and informs about injected and released gas volume allocated to him for an earlier gas day (P);
    - 11.7.4.1.2. TSO presents Network User with initial allocation and together submits information about misbalance of primary gas volume allocated to him, calculated according procedure established in Balancing rules, which can be specified at the end of reporting period;
  - 11.7.4.2. Information about final allocation shall be delivered as follows:
    - 11.7.4.2.1. TSO not later than 7 calendar days following reporting period, during which gas is transmitted, through ETSS presents each Network User with information (report or its summary) about final volume allocated to him (need be specified) exit and entry gas volume which will be used for payment (information submitted on daily and monthly gas volume value, their gross calorific value).
    - 11.7.4.2.2. Gas quantities may once again be subject to adjustment in cases where either the distribution system operator or the TSO adjust their data on the quantity transported to the delivery point, provided any such adjustment is made for a period not exceeding one year
- 11.8. **Determining allocated gas volume at exit points in case of meter device failure:**
  - 11.8.1. In case of meter device failure or detection of its inappropriate functioning prior to determining volumes used for payment, TSO shall determine daily volume delivered during failure.
  - 11.8.2. In case of detection of a metering device failure after determining the quantities used for payment, the TSO shall perform the procedure specified in Paragraph 16.9.6.

**12. DETERMINATION OF CONSUMPTION CAPACITIES AT THE DOMESTIC EXIT POINT**

- 12.1. Those Network Users who transport gas into the consumer systems directly connected to the transmission system, the TSO shall declare required consumption capacities at each delivery location of the natural gas transmission system pursuant to the provisions of the Description of the Natural Gas Supply Diversification Procedure.
- 12.2. If the Network User fails to timely declare the required consumption capacities pursuant to the provisions of the Description of the Natural Gas Supply Diversification Procedure, the consumption capacities shall be established by the TSO.
- 12.3. The distribution system operator shall provide the TSO with information on the consumption capacities established for each Network User in the distribution system located within the territory of the natural gas distribution licence issued to the distribution system operator. Not later than by the end of the month following the month during which the consumption capacities were adjusted, the distribution system operator shall inform the TSO of the consumption capacities adjusted in the distribution system as well as of the period for which they are adjusted.
- 12.4. Consumption capacities determined for a year shall not be changed and/or recalculated at a specific delivery location, except for cases when after the end of the year, upon the change of the owner (or lawful operator) of the delivery location or termination of gas transmission and/or distribution to the specific gas delivery location, it is established that they were greater. If it is found that the maximum daily natural gas quantity actually transported to a specific natural gas delivery location was greater than the established consumption capacities, the consumption capacities and the payments of safety component funds shall be adjusted.
- 12.5. The TSO shall provide the information on the consumption capacities established for the Network Users to the ETSS.

**13. DETERMINATION AND APPLICATION OF TRANSMISSION TARIFFS**

- 13.1. Gas transmission tariffs, defined by TSO and consistent with Commission, shall apply to Network Users for transmission services.
- 13.2. Valid gas transmission tariffs shall be announced on TSO webpage.
- 13.3. Gas transmission tariffs shall be defined for:
  - 13.3.1. capacity – at the entry and exit points;
  - 13.3.2. transmitted gas Quantity – at the exit points;
  - 13.3.3. consumption capacities – at the domestic exit point.
- 13.4. In every entry and exit point transmission tariffs shall be determined for firm and interruptible capacity. Considering capacity duration, TSO shall define tariffs for the following capacity products: yearly, quarterly, monthly, daily and within-day capacity. The tariff of consumption capacities shall be determined at the domestic exit point
- 13.5. The determined transmission tariff for yearly capacities and consumption capacities at specific entry and exit points shall not vary during the year and shall apply to the yearly booked capacities and determined consumption capacities at the specific entry and exit points of the Network User. The Network User shall pay for the yearly capacities and consumption capacities in equal portions each reporting period.
- 13.6. Transmission tariff for quarterly capacity at specific entry and exit points shall be determined once per year for each quarter. Transmission tariff for quarterly capacity shall apply for booked respective quarter capacity at specific Network User's entry and exit points. The Network User shall pay for the quarterly capacities in equal portions each reporting period
- 13.7. Transmission tariffs for monthly, daily and within-day capacity at specific entry and exit points shall be determined once per year for each calendar month. Transmission tariffs for monthly, daily and within-day capacity shall apply for monthly, daily or within-day capacity ordered on respective calendar month at specific Network User's entry and exit points.
- 13.8. Provided during certain period TSO provides lower interruptible capacity than booked by Network User, transmission tariff for interruptible capacity shall apply only for actually granted interruptible capacity.
- 13.9. Tariff for transmitted quantity shall be applied to gas quantity transported by the Network User through every exit point of the transmission system.
- 13.10. **Price for overrun capacity:**
  - 13.10.1. For a Network User who, on a certain day, at a certain entry or exit point, exceeds the capacities acquired by him at that point, the TSO shall charge an additional fee a for the overrun capacity, which the Network User must pay to the TSO when paying for transmission services according to procedure specified in Chapter 14.
  - 13.10.2. Overrun capacity for specific day recorded for Network User shall be equal to gas quantity released and delivered by Network User on that day at respective entry or exit point, finally allocated according to procedure specified in Article 11, and to the

difference of acquired respective daily capacity at that point – provided difference is positive, otherwise (if difference is negative) – 0 (zero).

- 13.10.3. If the the quantity of the overrun capacity recorded for the Network User according to Paragraph 13.10.2 on a specific day at a specific entry or exit point is not more than 3 % of the capacity acquired for that day at that point, when calculating the additional fee (according to Paragraph 13.10.1), the tariff for each overrun capacity unit shall be equal to the within-day capacity tariff.
- 13.10.4. If the the quantity of the overrun capacity recorded for the Network User according to Paragraph 13.10.2 on a specific day at a specific entry or exit point is more than 3 % of the capacity acquired for that day at that point, when calculating the additional fee (according to Paragraph 13.10.1), the tariff for each overrun capacity unit in excess the limit of 3% shall be equal to the within-day capacity tariff multiplied by the coefficient 3.0.
- 13.10.5. If an overrun capacity is recorded for the Network User on a specific day at a specific entry or exit point on the basis of the data of the reporting period updated according to Paragraph 11.4.3 of the Access Rules, when calculating the additional fee (according to Paragraph 13.10.1), the tariff for each overrun capacity unit shall be equal to the within-day capacity tariff.
- 13.10.6. If, after the end of the reporting period, according to the data on the quantity of gas transferred into the distribution system for technological needs of the distribution system operator it is established that the quantity of gas for technological needs exceeds the quantity of gas for technological needs as indicated as required for transmission in the notification of the distribution system operator, the price for each unit of exceeded capacity shall be equal to within-day capacity tariff.

**13.11. Tariff for the overrun consumption capacity:**

- 13.11.1. If it is found that the maximum daily natural gas quantity actually transported to a specific natural gas delivery location was greater than the established consumption capacities, the consumption capacities shall be updated and the payments for the consumption capacities shall be recalculated.
- 13.11.2. When calculating the additional fee for the overrun consumption capacity, the tariff for each overrun consumption capacity unit shall be equal to the consumption capacity tariff.

**13.12. Tariff for the restriction of the capacity:**

- 13.12.1. The tariff applied for the restriction of the capacity pre-agreed with the Network User shall be equal to the within-day capacity tariff applicable at specific entry and exit points in the respective calendar month.
- 13.12.2. The tariff applied for the restriction of the capacity not agreed with the Network User shall be equal to the transmission tariff for the overrun capacity to be calculated according to Paragraph 13.10 of the Access Rules.

- 13.13. If the TSO grants entry capacity in the case provided for in Paragraph 18.4.6 of the Access Rules, no transmission tariff for such granted capacity shall apply.

#### **14. PROCEDURE OF PAYMENT FOR SERVICES**

- 14.1. According to data submitted by DSO, metering data at the delivery locations directly connected to the transmission system and/or according to an act of the transmitted natural gas, TSO shall prepare a report on quantities of the transmitted natural gas for each reporting period and shall submit it to the Network User together with a VAT invoice according to the procedure indicated in clause 14.10.
- 14.2. The TSO shall submit to the Network User a VAT invoice for transmission services provided during the reporting period until the 7<sup>th</sup> calendar day following the reporting period. The TSO shall indicate in the VAT invoice data of the Network User for the reporting period in MWh.
- 14.3. The Network User shall pay for the transmission services provided during the reporting period until the 14<sup>th</sup> calendar day following the reporting period against the VAT invoice issued by the TSO.
- 14.4. If the TSO fails to ensure firm transmission capacity to the Network User, after in advance coordination or non-coordination of restriction with the Network User, the Network User shall issue to TSO an invoice for restriction of firm transmission capacity. The invoice for restriction of firm transmission capacity during the reporting period shall be issued until the 7<sup>th</sup> calendar day after the reporting period.
- 14.5. In the cases of the restriction of capacity specified in Chapter 18, the TSO shall assume no responsibility and shall be released from the obligation (according to Paragraph 14.4) to pay the Network Users for possibly incurred losses due to the restriction of the firm capacity.
- 14.6. TSO after receipt of an invoice from the Network User for the firm transmission capacity restricted during the reporting period shall be liable to pay it until the 14<sup>th</sup> calendar day of the month following the reporting period.
- 14.7. The TSO shall issue the Network User a VAT invoice for payable safety component funds calculated during the reporting period. The invoice shall be submitted by the 7<sup>th</sup> calendar day following the reporting period and shall be paid by the Network User until the 14<sup>th</sup> calendar day of the month following the reporting period. The calculated payable safety component funds shall be paid by the Network User to the settlement account for collecting safety component funds indicated in the VAT invoice.
- 14.8. After the end of the reporting period, in case if within the reporting period the Network User imbalance is determined during any balancing period, a payable amount for balancing gas and/or payment for imbalance shall be calculated under the Balancing rules. TSO shall issue a VAT invoice to the Network User for balancing until the 10<sup>th</sup> calendar day following the reporting period and it shall be paid by the Network User until the 17<sup>th</sup> calendar day of the month following the reporting period.
- 14.9. If during any balancing period over the reporting period the Network User imbalance is determined and the Network User induces gas surplus in the transmission system, the Network User shall issue to TSO a VAT invoice for the balancing gas sold during the reporting period until the 10<sup>th</sup> calendar day following the reporting period and TSO shall pay it until the 17<sup>th</sup> calendar day of the month following the reporting period. If agreed separately,

documents (or VAT invoices) for balancing gas sold by the Network User to TSO may be documented by TSO in the name of the Network User.

- 14.10. VAT invoice(s) shall be issued to the Network User in an Electronic Transmission Service System (ETSS). Delivery day of the VAT invoice shall be deemed to be the day when the invoice is formed in the electronic system. When it is impossible to submit or receive the VAT invoice in the electronic system, the original of the VAT invoice shall be sent by registered mail.
- 14.11. If the last day for settlement falls on an official holiday or legal rest day, the last day for settlement shall be the next business day.
- 14.12. All payments shall be made in Euros to the accounts indicated by TSO and the Network Users.
- 14.13. Penalty charges for late payment shall be calculated to the Network User if he fails to pay for transmission services on time and under the terms indicated in the Access Rules. Penalty charges for late payment for the provided transmission services shall be calculated once a month. The calculated amount of penalty charges shall be indicated in the VAT invoice for the reporting period together with other data; the latter invoice shall be submitted to the Network User and shall be paid by the Network User according to the procedure indicated in clause 14.3.
- 14.14. Penalty charges for late payment shall be calculated to TSO if it fails to pay for restriction of firm transmission capacity on time and under the terms indicated in the Access Rules. Penalty charges for late payment shall be calculated by the Network User to TSO once a month and the invoice shall be issued until the 7<sup>th</sup> calendar day following the reporting period.
- 14.15. Penalty charges for late payment shall be calculated to the Network User if he fails to pay the calculated payable safety component funds on time and under the terms indicated in the Access Rules. Penalty charges for late payment for payable safety component funds shall be calculated by TSO once a month. The calculated amount of penalty charges shall be indicated in the VAT invoice for the reporting period together with other data; the latter invoice shall be issued to the Network User and shall be paid by the Network User according to the procedure indicated in clause 14.3.
- 14.16. Penalty charges for late payment shall be calculated to the Network User if he fails to pay for balancing on time and under the terms indicated in the Access Rules. Penalty charges for late payment for balancing shall be calculated by TSO once a month. The calculated amount of penalty charges shall be indicated in the VAT invoice for balancing; the latter invoice shall be provided to the Network User and shall be paid by the Network User according to the procedure indicated in clause 14.8.
- 14.17. If VAT invoice for the reporting period is not issued to the Network User, the penalty charges for late payment calculated to the Network User shall be indicated in a report on calculation of penalty charges for late payment.
- 14.18. Penalty charges for late payment shall be calculated to TSO if it fails to pay for balancing gas sold by the Network User on time and under the terms indicated in the Access Rules. Penalty

charges for late payment for the invoice shall be calculated by TSO once a month and the invoice shall be submitted until the 10<sup>th</sup> calendar day following the reporting period; the latter invoice shall be paid until the 17<sup>th</sup> calendar day of the month following the reporting period.

- 14.19. If the Network User fails to pay for transmission services, balancing or calculated payable safety component funds on time and under the terms indicated in the Access Rules, he shall pay to TSO a penalty in the amount of 0.04 % of the overdue amount for each delayed day. The TSO shall have the right, without any prior notice, to issue notifications on Network Users that had failed to duly settle their accounts for gas transmission services to any companies, institutions or other organisations accumulating information on persons' credit ratings and solvency situation
- 14.20. If TSO fails to pay for restriction of firm transmission capacity or the purchased balancing gas under the determined terms, it shall pay to the Network User a penalty in the amount of 0.04% of the overdue amount for each delayed day.
- 14.21. If within a year the employees of the TSO record different data regarding quantities of gas transmitted during certain reporting period(s) than it was recorded before and there is a necessity to correct VAT invoice(s) of certain reporting period(s) for the provided transmission services and/or imbalance, the determined and calculated difference shall be documented by a separate VAT invoice. The VAT invoice issued by the TSO for the amount payable by the Network User shall be paid within 7 calendar days. In case of issue of the VAT invoice for the amount payable by the TSO, the TSO shall set off against the amount payable by the Network User.
- 14.22. If by the end of the year, it is necessary to meter repeatedly and the Network User is attributed to other group of Network Users, it shall be done within 10 days after the end of the year and it shall be documented by a credit VAT invoice. The credit VAT invoice issued by TSO amounting the amount payable by the Network User shall be paid by the Network User no later than until the 17<sup>th</sup> calendar day of the month following the reporting period, and penalty charges for late payment shall be calculated to the Network User in case of failure to pay for the transmission services on time. In case of issue of a credit VAT invoice amounting the amount payable by TSO, TSO shall set off against amount payable by the Network User.
- 14.23. If upon the change of the owner (or lawful operator) of the delivery location or termination of gas transmission and/or distribution to the specific gas delivery location, it is found that the maximum daily natural gas quantity actually transported to a specific natural gas delivery location was greater than the established consumption capacities, the payments for the consumption capacities and safety component funds shall be recalculated with application of the updated amount of the consumption capacities. The updated amount of the consumption capacities shall be determined within 20 calendar days from the change of the owner (or lawful operator) of the delivery location or termination of gas transmission and/or distribution to the specific gas delivery location. The TSO shall calculate the additionally payable amount for consumption capacities and additionally payable amount for the safety component funds and present updated invoices to the Network User. The Network User shall



pay the presented invoices not later than within 7 calendar days from the day of receipt of the invoice.

- 14.24. If after the end of the year it is found that the maximum daily natural gas quantity actually transported to a specific natural gas delivery location was greater than the established consumption capacities, the payments for the consumption capacities and safety component funds shall be recalculated with application of the updated amount of the consumption capacities. The updated amount of consumption capacities shall be determined within 20 calendar days after the end of the year. When recalculating the safety component funds, the tariff for the overrun consumption capacities shall be determined pursuant to the provisions of the Description of the Natural Gas Supply Diversification Procedure. The TSO shall calculate the additionally payable amount for consumption capacities and additionally payable amount for the safety component funds for the previous year and present updated invoices to the Network User not later than within 30 calendar days after the end of the year. The Network User shall pay the presented invoices not later than within 7 calendar days from the day of receipt of the invoice.
- 14.25. Any payment shall be considered as performed on the day when funds are actually received in the receiver's bank account. All received payments shall be added under the following sequence determined in the Civil Code of the Republic of Lithuania, independent from what it is indicated in payment documents of the Network User: (1) penalty charges for late payment; (2) debt for previous period; (3) current payments.
- 14.26. After the end of the year within 30 calendar days, TSO and the Network User shall coordinate mutual settlements and document it by an act that should be signed by the Network User and returned to TSO. If TSO does not receive the signed act of mutual settlements within the indicated period it shall consider the balance indicated in the act as correct.

## 15. SECURING CONTRACTUAL OBLIGATIONS FULFILMENT

- 15.1. The TSO shall have the right to request to submit appropriate security measures for the fulfilment of all obligations under the contract and / or the Access Rules under the following circumstances:
- 15.1.1. If the TSO identifies changed (increased) risk due to the imbalances of a Network User; and / or
  - 15.1.2. If the TSO identifies changed (increased) risk due to solvency of a Network User; and / or
  - 15.1.3. A Network User under the terms and conditions set out in the transmission or balancing service contract fails or delays to fulfill its obligations to pay for the rendered transmission services and/or imbalance; and / or
  - 15.1.4. A Network User violates the basic conditions of the contracts and / or the Access Rules; and / or
  - 15.1.5. Bankruptcy, restructuring, separation or dissolution proceedings are initiated in respect of the Network User; and / or
  - 15.1.6. There are other circumstances (worsened financial situation, signs of insolvency in respect of other suppliers, other factors leading financial risks), which reasonably suggest that a Network User can fail to fulfill its obligations under the contract and / or the Access Rules.
- 15.2. The appropriate security measures for the fulfilment of obligations provided by the TSO shall be:
- 15.2.1. An advance payment for the rendered transmission services and/or imbalance and/or calculated safety component funds;
  - 15.2.2. bank or other credit institution's guarantees (hereinafter –guarantee).
- 15.3. The security measures for the fulfilment of obligations shall be recognized as duly submitted when the following conditions are met:
- 15.3.1. The minimum amount of the security measures for the fulfilment of obligations must not be less than:
    - 15.3.1.1. of the two biggest monthly fee, evaluating the last three reporting periods and closest three reporting periods, amount payable for the booked transmission capacity, by summing up the booked long-term and short-term and interruptible capacities, amount payable for consumer's capacity; or;
    - 15.3.1.2. the total estimated amount for capacity products booked for less than two months;
    - 15.3.1.3. one of the following values, whichever is greater:
      - 15.3.1.3.1. 20 percent of the value of gas, which a market player trading in gas under bilateral gas purchase and sale contracts and/or on the exchange, must deliver over the next reporting period; or
      - 15.3.1.3.2. 20 percent of the value of gas, which a market player trading in gas under bilateral gas purchase and sale contracts and/or on the exchange, delivered over the previous reporting period.

- 15.3.1.4. 20 percent of the value of gas, which a market player transporting gas plans to transport over the next reporting period.
- 15.4. A Network User must provide additional security measures for the fulfilment of obligations in the event a minimum amount of the security measures for the fulfilment of obligations determined in accordance with paragraph 15.3.1 of the Access Rules increases by 10 percent.
- 15.5. When calculating the amount of the performance security under Paragraphs 15.3.1.3 and 15.3.1.4, the average weighted gas price in the natural gas exchange GET Baltic for the previous reporting period shall be used.
- 15.6. If an amount payable by the Network User for imbalances caused during the current month exceeds the amount of the security measures for the fulfilment of obligations, the TSO shall have the right to require additional security measures for the fulfilment of obligations the amount of which shall be not less than estimated revenue for the current month from the transmission services and / or imbalance.
- 15.7. Guarantees shall be recognized as properly submitted security measures for the fulfilment of obligations when the following conditions are met:
  - 15.7.1. The guarantee shall be issued by a bank or other credit institution that has (have) a long-term foreign currency credit rating not less than Baa1 by Moody's agency, or BBB+ - by Standard & Poor's agency, or BBB+ - by Fitch Ratings agency. Where at least one credit rating agency as specified by the present paragraph has given to the bank or other credit institution the aforesaid long-term credit rating then it shall be considered that the guarantee issued by such a bank or other credit institution is appropriate.
  - 15.7.2. The guarantee shall be the first demand and irrevocable guarantee.
- 15.8. Security measures for the fulfilment of obligations must be submitted not later than five business days from the date of request.
- 15.9. The period of validity of the security measures for the fulfilment of obligations provided by a Network User cannot be less than two months after expiration of the booked capacity products.
- 15.10. Funds received by the TSO in accordance with the security measures for the fulfilment of obligations of the Network Users may be used to cover missed payments for services and / or calculated security component funds.
- 15.11. The TSO shall no later than within fourteen calendar days after the fulfilment of all obligations under the transmission contract and / or the Access Rules waive all or part of its rights under the security measures for the fulfilment of obligations and return them to the person who issued security measures for the fulfilment of obligations.

## 16. METERING OF GAS

- 16.1. TSO shall perform metering of the transmitted gas; the latter metering shall include parameters of quantities, pressure, temperature and quality of the transmitted gas.
- 16.2. Quantity, pressure, temperature and quality parameters of gas shall be metered aiming at settlement for the transmission services.
- 16.3. Each metering point that may coincide or not coincide with the delivery location shall have a determined point where parameters of quantity, pressure, temperature and quality (random) of gas are metered.
- 16.4. **Gas metering units:**
  - 16.4.1. The following types of gas metering units shall be used by TSO for gas metering and settlements:
    - 16.4.1.1. volume units;
    - 16.4.1.2. energy units.
  - 16.4.2. The quantity for payment for transmission services shall be calculated in energy units.
  - 16.4.3. Gas quantity (volume) metering unit is a cubic meter (m<sup>3</sup>) converted in standard reference conditions (LST EN ISO 13443:2005 Natural gas. Standard reference conditions ISO 13443:1996 including Corrigendum 1:1997) shall be applied for recalculating to standard reference conditions when the absolute gas pressure equals to 1.01325 bars and the temperature equals to 0 °C.
  - 16.4.4. Gas energy unit – kilowatt-hour (kWh).
  - 16.4.5. Energy value of gas quantity in kilowatt-hours (kWh) shall be metered under standard reference conditions by multiplying cubical meters by gross calorific value expressed in kWh/m<sup>3</sup>.
  - 16.4.6. TSO shall determine a fixed coefficient of conversion of volume to energy values (recalculation coefficient) for each day.
  - 16.4.7. The following gas quantities at the entry and exit points shall be metered according to volume and energy units determined at the metering points:
    - 16.4.7.1. hourly gas quantity;
    - 16.4.7.2. maximum hourly gas quantity of day (MHQ);
    - 16.4.7.3. daily quantity expressed as a total amount of quantities of hourly gas of that day;
    - 16.4.7.4. monthly quantity expressed as a total amount of quantities of daily gas of that month;
    - 16.4.7.5. yearly quantity expressed as a total amount of quantities of monthly gas of that year.
- 16.5. TSO shall ensure that actual quantities of gas at the entry and exit points are determined according to the allocation principles indicated in Article 11 of the Access Rules.

**16.6. Metering procedure at different entry and exit points:**

- 16.6.1. Metering at the entry and exit from/to the adjacent transmission system(s) points, the entry from LNGT point shall be performed according to the Cooperation Contracts concluded between adjacent TSO or TSO and LNGT Operators where it is determined what gas quality and quantity metering methods and coordinated conversion coefficients shall be used, what are the rules for metering inspection and what actions shall be taken if metering discrepancies are determined.
- 16.6.2. Metering at the exit points to the distribution systems and systems of users directly connected to the transmission system shall be performed according to the procedure determined in clauses 16.6.2.1–16.6.2.5.
  - 16.6.2.1. Energy value of gas quantity per day at the specific exit points to the distribution systems and systems of users directly connected to the transmission system shall be determined according to equipment for metering gas quality parameters or according to the daily gross calorific value used as a base for determination of gas quality and quantity.
  - 16.6.2.2. Each day daily gross calorific value for the specific exit point to the system of user directly connected to the transmission system or each exit point to the specific distribution system shall be determined by TSO by metering it or by using metering equipment determining gross calorific value.
  - 16.6.2.3. Daily gas energy quantity supplied at the exit point to the system of user directly connected to the transmission system shall be metered by multiplying the gas quantity metered by metering equipment by average gross calorific value determined for that point. In that method the gas quantity is expressed in m<sup>3</sup> and MWh.
  - 16.6.2.4. Daily gas energy quantity supplied at the exit point to the specific distribution system shall be calculated by multiplying the gas quantity metered by metering equipment by average gross calorific value determined for that point. Therefore, TSO transfers information concerning daily gross calorific value for each entry point of the distribution system to DSO according to the provisions of the Cooperation Contract concluded between TSO and DSO.
  - 16.6.2.5. When the TSO transmits gas to the gas delivery location from which the user's system directly connected to the transmission system begins:
    - 16.6.2.5.1. gas metering systems (metering equipment) shall be installed and exploit according to the requirements of legal acts, normative documents and manufacturer requirements;
    - 16.6.2.5.2. the maximum and minimum allowable gas flow (debit) of gas metering system(s) (metering equipment) under standard conditions ( $Q_{\max}$  ir  $Q_{\min}$ ) and gas pressure at the specific gas delivery locations of the Network User indicated in the Connection Contract and an Application for a Transmission Service Contract;
    - 16.6.2.5.3. gas flow shall not exceed the allowable metering limit  $Q_{\max}$  of the installed metering system (metering equipment) or shall not be less than  $Q_{\min}$ ;

- 16.6.2.5.4. in order not to influence the operation of gas metering system without taking off seals, it shall be sealed;
- 16.6.2.5.5. if due to the fault of the Network User gas flow does not reach the minimum allowable gas flow limit  $Q_{\min}$  determined for the metering system, it shall be metered according to the minimum allowable gas flow  $Q_{\min}$  determined to the metering system.
- 16.6.2.5.6. gas flow transmitted at this delivery location to the Network User within the reporting period shall be coordinated on the 1<sup>st</sup> business day following the reporting period.

**16.7. Installation and exploitation of the metering systems:**

- 16.7.1. TSO shall be responsible for installation and exploitation of the metering systems.
- 16.7.2. Gas quantity and quality metering equipment at all exit points to the distribution systems, to the systems of users directly connected to the transmission system and at the exit point to the adjacent transmission system shall be owned by the user or TSO, TSO shall exploit it under a loan for use contract.
- 16.7.3. TSO shall ensure that metering equipment with remote data transfer (telemetry systems) is installed at all exit points.
- 16.7.4. TSO shall have the right to install metering equipment with remote data transfer at the delivery location if there is no such equipment.

**16.8. Inspection of metering equipment and metrological verification:**

- 16.8.1. The correctness of operation of gas quantity and quality metering devices shall be controlled with the knowledge of the DSO and consumers, whose consumer system is directly connected to the transmission system.
- 16.8.2. Provisions for work correctness control shall be described in the Cooperation Contract concluded between TSO and DSO and in the contracts concluded with the Network Users.
- 16.8.3. Metrological verification of the equipment for metering gas quantity and quality shall be performed according to the procedure determined in legal acts.
- 16.8.4. The Network User shall have the right to ask TSO to perform metrological verification of the metering equipment of the metering system. Such verification shall be performed according to the following procedure:
  - 16.8.4.1. verification shall be performed after reception of such request, as soon as possible;
  - 16.8.4.2. after metrological verification is performed TSO shall submit a verification protocol to the Network User;
  - 16.8.4.3. if after performing a metrological verification it appears that metering is performed under the determined procedure and no metering errors are determined, costs of such verification shall be covered by the Network User who made that request, in other case – TSO.

**16.9. Metering system errors and actions to be taken:**

- 16.9.1. In case of failure of the gas metering systems at the entry and exit points from/to adjacent transmission system(s), metering system failures shall be corrected according to the procedure determined in the Cooperation Contract concluded by adjacent TSO.
  - 16.9.2. In case of failure or incorrect operation of the gas metering systems or its parts installed at the exit points to the systems of users directly connected to the transmission system, TSO shall ensure that the metering system is fixed and failures are corrected.
  - 16.9.3. In case of determined failure, error of the gas metering system installed at the exit point to the user system directly connected to the transmission system and in case of its metrological verification, gas quantity shall be metered from the start of failure or error of the gas metering system until the day when the fault or error was corrected or until metrological verification is finished, taking an average consumption of gas consumed in the last 3 days or is metered in other method agreed by the parties.
  - 16.9.4. In case of determined metering system failure at the exit points to the distribution systems, the metering system failures shall be corrected according to the procedure determined in the Cooperation Contract concluded between TSO and DSO.
  - 16.9.5. TSO shall not be responsible for incorrect gas quality and quantity metering data received from DSO or in case of errors in data transferred from DSO to TSO due to fault of DSO.
  - 16.9.6. In case of metering equipment failure determined after quantities used for settlement are determined:
    - 16.9.6.1. TSO shall have the right to correct daily gas quantities of the reporting period within the period from the recorded metering system operation failure or improper operation until their proper correction, in such case TSO shall have to inform the related Network User and shall base such data corrections;
  - 16.9.7. If violation determined at the exit point of the metering system is governed by gas consumption exceeding  $Q_{\max}$  norm, the metering system shall be repeatedly inspected. Any costs relating the repeated inspection shall be covered by the Network User or the owner of the user system directly connected to the transmission system.
  - 16.9.8. In case of failure of metering equipment with remote (telemetric) data transfer, a subject using such metering equipment shall inform about the failure parties using telemetric data and shall immediately take measures in order to restore the transfer of telemetric data.
- 16.10. Principles of the metering system inspection, metering data exchange shall be set under the procedure determined in the Cooperation Contract between TSO and DSO or between TSO and other Operator.
  - 16.11. TSO in its website shall publish gas quantities and gross calorific value metered at the significant points of the transmission system.

## 17. GAS QUALITY

- 17.1. Components and quality parameters of gas at the entry and exit points shall correspond natural gas quality requirements approved by the Order of the Minister of Energy of the Republic of Lithuania (hereinafter – Natural Gas Quality Requirements) and gas quality requirements determined in other legal acts.
- 17.2. If gas delivered to the entry point does not correspond the Natural Gas Quality Requirements and provisions of other legal acts, TSO shall have the right to refuse to accept and transmit gas until accredited laboratory documents, proving that gas correspond gas quality requirements, are delivered.
- 17.3. If gas delivered to the exit point does not meet gas quality requirements, the Network User shall have the right to refuse to accept such gas.
- 17.4. Gross calorific value shall be metered by adding average daily gross calorific values of the reporting period and by dividing the derived sum by number of days of the reporting period.
- 17.5. If the Network User acknowledges that the supplied natural gas or natural gas that shall be supplied at the exit point does not correspond quality requirements, he shall immediately inform TSO about the aforementioned.
- 17.6. Disputes regarding gas quality shall be settled by mutual negotiations, and should the parties fail to reach an agreement under out of court dispute settlement procedure, the dispute shall be settled at the State Energy Inspectorate.
- 17.7. If in the conclusion of dispute solution, under clause 17.6, it is determined that there are violations due to which the Network User has suffered losses, the dispute-relating costs shall be paid by the TSO, or, in other case, the dispute-relating costs shall be paid by the Network User.



## **18. CASES AND PROCEDURE OF TRANSMISSION RESTRICTION OR TERMINATION**

### **18.1. Cases of transmission restriction or termination:**

18.1.1. TSO shall have the right to restrict, terminate gas transmission, to disconnect the consumer's gas system directly connected to the transmission system or to address DSO regarding gas distribution restriction or termination in the following cases:

18.1.1.1. immediately, without any in advance notice, when:

18.1.1.1.1. it is determined that the gas system of the Network User consumer is a threat to human life, health or property;

18.1.1.1.2. there is a threat of accident or there is a threat to the transmission system safety and reliability due to actions of the Network User;

18.1.1.1.3. there is an accident or emergency energetic situation regarding which it is impossible to continue gas transmission to the Network User; if bases for restriction during extreme energetic situations set out in the Law on Energy of the Republic of Lithuania are met;

18.1.1.1.4. termination or restriction of gas supply to the territory of the Republic of Lithuania and natural gas companies do not have sufficient gas reserve;

18.1.1.1.5. if there is a threat to the transmission system functionality and transmission system safety or implementation of any signed transmission service supply contracts due to imbalance governed by the Network User;

18.1.1.2. no later than 5 calendar days prior the notification of the Network User when:

18.1.1.2.1. the Network User, ignoring the received notification from TSO in writing, disturbs and makes negative influence on gas quality by its actions or lack of actions;

18.1.1.2.2. it is necessary to perform works of gas system connection or repair;

18.1.1.2.3. the Network User does not agree to allow the representative of TSO or DSO or other third party controlling the metering system to enter the territory and/or premises of the Network User, to install, supervise or change gas metering equipment or to record its readings;

18.1.1.3. when the Network User fails to pay for gas transmission services on time and under terms determined in the Access Rules, for balancing under the Balancing rules and fails to pay invoices for these services within 10 calendar days after reception of TSO notification in writing;

18.1.1.4. in other cases determined by the laws.

18.1.2. The volume of gas transmitted to the DSO technological needs shall not be restricted.

### **18.2. Procedure for restarting transmission, which was restricted due to indebtedness:**

18.2.1. After termination or restriction of gas transmission due debts, gas transmission is started again only after the Network User fully pays all debts and pays the costs of the disconnection and connection of the gas system.

**18.3. Procedure for transmission in cases of emergency and extreme events, and the rights and obligations of the TSO and the Network Users during such events:**

- 18.3.1. In case of emergency, extreme events, full or partial malfunction of gas supply, gas transmission, transmission restriction or termination to the Network User shall be performed according to the requirements of the Description of Measures Ensuring Safe Natural Gas Supply approved by Resolution No 163 of the Government of the Republic of Lithuania (hereinafter – the Description), unless otherwise specified in the legislation.
- 18.3.2. TSO, under provisions of Regulation (EU) No 994/2010, shall perform functions of crisis controller provided in Regulation (EU) No 994/2010 and in the Plan of control of national natural gas supply under extreme situations (approved by Order No. 1-241 of the Minister of Energy of the Republic of Lithuania of 28 November 2012) and shall be responsible for practical and operational gas supply control (activity coordination) during extreme situations in gas sector. Therefore, TSO:
  - 18.3.2.1. in case of serious gas supply failure, partial gas supply failure or termination of gas supply, accidents, errors or gas supply regime violations regarding which gas transmission may be reduced, restricted or terminated, shall inform the Network Users immediately under the procedure set out in the Specification;
  - 18.3.2.2. shall inform Network Users about the start and finish of crisis levels (early notification level, danger level, extreme level) indicated in part 3 of Article 10 of Regulation (EU) No 994/2010 and shall update information during crisis levels;
  - 18.3.2.3. shall have the right to provide instructions to the Network Users about actions to be taken in case of emergency situations or extreme situations in gas sector;
  - 18.3.2.4. shall take all actions to make sure that gas transmission is restricted as less as possible.
- 18.3.3. The Network Users:
  - 18.3.3.1. during emergency situations or extreme situations in gas sector shall have the right to get all relevant related information with instructions what actions should be taken, as soon as possible;
  - 18.3.3.2. after receipt of information indicated in clause 18.3.3.1 must immediately follow the TSO instructions.

**18.4. Procedure of capacity allocation and submission of nomination in case of restriction:**

- 18.4.1. In case of capacity restrictions, capacity shall be restricted in the following order: first, interruptible capacity of the shortest period; then interruptible capacity of a longer period; and finally, if demand still exceeds the supply, firm capacity of a shorter period, and if necessity, firm capacity of a longer period.
- 18.4.2. Interruption of interruptible capacity of the same duration shall run as describe clause 7.7.4.
- 18.4.3. When submitting a nomination relating interruptible capacity and in case if TSO determines a need to restrict it, the restriction shall run in line with relation between

the submitted nomination and the amount of all the submitted nominations relating interruptible capacity.

- 18.4.4. Nominations during restriction period shall be submitted under the general procedure for nomination submission determined in the Access Rules.
- 18.4.5. Forasmuch restriction may influence the gas quantities confirmed to the Network Users before the restriction:
  - 18.4.5.1. new confirmed gas quantities shall be determined for each Network User for a certain period;
  - 18.4.5.2. gas flow shall be determined according to the sum of newly confirmed quantities;
  - 18.4.5.3. the Network Users shall be immediately informed about the newly confirmed changed gas quantities.
- 18.4.6. If the capacity of an entry point is restricted in the cases provided for in Paragraph 18.1.1.2.2 of the Access Rules, the TSO may provide the Network User with capacity in a different entry point provided that free capacity is available at that entry point.

**18.5. Collective input of TSO and Adjacent Operators during accidents:**

- 18.5.1. In case of emergency situations at the entry and exit points to the adjacent transmission system(s), TSO shall exchange information with Operators of the adjacent transmission systems and shall take urgent actions for accident elimination and actions for control of gas flow according to the procedure determined in the contracts concluded between Operators of the adjacent transmission systems regarding collective input in case of accidents in the transmission system.
- 18.5.2. In case of accidents at the entry and exit points to the distribution systems or other points, accident elimination, gas flow control and information exchange relating the aforementioned shall run according to the procedure determined in the Cooperation Contracts concluded between TSO and DSO or TSO and other operator of infrastructure.

**18.6. Information regarding planned and unplanned transmission restriction or termination:**

- 18.6.1. The TSO shall publish, on its website, the schedule of works to be performed at the transmission system with indication of gas transmission system construction, reconstruction, and repair works planned for the current year, which may affect the rights of the Network Users provided for in the Access Rules.
- 18.6.2. The schedule of the works to be performed at the transmission system shall indicate the objects and names of the works to be performed at those objects, start and end dates of the planned repair works and disconnection works at objects of certain zones, and their impact on gas supply.
- 18.6.3. TSO shall inform publicly the Network Users about the planned gas system repair or the start of connection works of systems of other users, during which gas transmission shall be terminated or restricted no later than 42 calendar days until the start of works.
- 18.6.4. TSO shall inform the Network Users since when and for what period of time the gas transmission shall be terminated or restricted by mail, e-mail, by courier or facsimile

## Rules for Access to the Natural Gas Transmission System

no later than 5 days before the start of gas repair works or connection works of systems of other users.

- 18.6.5. TSO shall inform about the unplanned termination of interruptible service supply and the probable time of renewal of such services immediately after the determination of such termination.
- 18.6.6. TSO shall also post on its Internet site information relating planned or actual termination of the interruptible capacity.

**19. DISPUTE RESOLUTION**

- 19.1. Disputes arising in relation to the implementation of the Access Rules and application of provisions shall be settled by mutual negotiations of the parties of the Transmission Service Contract or under procedure set out in legal acts.
- 19.2. The parties may agree to transfer all or certain disputes to arbitration.

## 20. FORCE MAJEURE

- 20.1. TSO and the Network User shall not be liable for non-implementation of the Access Rules if they prove that non-implementation of the Access Rules was caused by circumstances that could not have been controlled or forecasted by them and that they could not have been avoided or consequences of such circumstances could not have been prevented. The fact that TSO or the Network User does not have the necessary financial resources or partners of the debtor violate their liabilities shall not be considered as Force majeure circumstances.
- 20.2. The rise of Force majeure circumstances shall be reported to TSO Dispatching Centre office by telephone immediately and later in writing. In case of failure to inform about the rise of Force majeure circumstances, the right to refer to the Force majeure circumstances as basis to be released from the liability to implement the Access Rules shall be lost. It shall also be necessary to inform when the basis for discharge from liability due to Force majeure circumstances disappears.
- 20.3. In case of Force majeure circumstances TSO and the Network User shall be discharged from implementation of contractual obligations in the period of existence of the aforementioned circumstances, but no longer than 30 calendar days.
- 20.4. If basis to be released from liabilities due to Force majeure circumstances lasts for more than 30 calendar days TSO or the Network User shall have the right to terminate the Transmission Service Contract or to suspend its implementation. Termination of the Transmission Service Contract shall not release from the right to require recovering losses suffered due to non-implementation of the Transmission Service Contract before the start of Force majeure circumstances.
- 20.5. After end of Force majeure circumstances it shall be necessary to immediately implement liabilities not implemented before the rise of Force majeure circumstances if not agreed otherwise.

## 21. CONFIDENTIALITY

- 21.1. Data on the quantities of natural gas transmitted to the Network User, capacity booked and distributed under the transmission contract the and/or through the ETSS, and other data which become known in performing the activities of the transmission system operator shall be considered as commercially sensitive information and, therefore, are confidential.
- 21.2. The TSO shall provide the data specified in Article 21.1 to undertakings engaged in gas storage, distribution or liquefaction activities to the extent as necessary for the proper execution of these Access Rules as well as to institutions entitled to regulate, control and/or inspect undertakings involved in energy activities, in accordance with the procedure established by legal acts
- 21.3. The TSO may provide the data specified in Article 21.1 to institutions, organisations, and undertakings performing natural gas sector research, preparing reviews, and carrying out other similar activities, provided that the institutions, organisations, and undertakings specified in this paragraph submit a written request to disclose data with indication the purpose of the use of those data and provide a written consent of the Network User regarding the disclosure of the data, wherein the degree of detail of the disclosure of the data is specified (transmitted quantities/booked capacity; date/period; entry/exit point).
- 21.4. The TSO shall provide the data specified in Article 21.1 to law enforcement agencies which, in accordance with the procedure established by legal acts, have the right to demand and receive such data.
- 21.5. The acts by which the TSO transfers information and other data of the Network User specified in Paragraph 21.1 to the persons specified in Paragraphs 21.2, 21.3, and 21.4 of this Chapter shall not be considered as the disclosure of the commercial secret of the Network User, failure to comply with law, or violation of the confidentiality obligation under the transmission contract.

## 22. INFORMATION

22.1. TSO shall publicly post on its Internet site the following:

- 22.1.1. entry and exit points of the transmission system and other significant transmission system points controlled by TSO;
- 22.1.2. the Access Rules;
- 22.1.3. supplied transmission services;
- 22.1.4. service prices;
- 22.1.5. form of an Application to Execute a Transmission Service Contract ;
- 22.1.6. an example of a Transmission Service Contract;
- 22.1.7. form of an Contract granting the right to use ETSS;
- 22.1.8. forms of other documents relating the transmission services;
- 22.1.9. the Balancing Rules;
- 22.1.10. investment projects that increase a quantity of the suggested capacity;
- 22.1.11. other information relating the supply of transmission services and information set out in the Access Rules.



**23. FINAL PROVISIONS**

- 23.1. Natural gas transit conditions from a third country to a third country through the territory of the Republic of Lithuania shall be determined in a bilateral agreement with the recipient of this service and must comply with legal requirements.
- 23.2. Access Rules Version 4.0 shall be applied from 1 July 2017.
- 23.3. Natural gas transmission services shall be rendered upon conclusion of the natural transmission contract. Contract forms and standard conditions are provided in appendix No 2 to the Access Rules.
- 23.4. All the appendices specified in the Access Rules shall form an integral part of the Access Rules.
- 23.5. Amendments of the Access Rules shall be posted on the website of the TSO.
- 23.6. Amendments of the Access Rules shall be posted no later than one month before they become effective.
- 23.7. Issues not regulated by the Access Rules and the Balancing Rules shall be settled according to the Law on Natural Gas of the Republic of Lithuania and other legal acts and legal acts of direct application regulating natural gas sector of the European Union.

## **APPENDIXES**

\_\_\_\_\_ (name of a legal entity/natural person)

Legal entity/natural person:

Address: Legal entity's number/personal ID number: VAT payer's number: Phone number: Fax number: E-mail: Website: Bank, bank code: Current account:	
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AB Amber Grid

\_\_\_\_\_ (name of the transmission system operator)

Savanoriu pr. 28, LT-03116, Vilnius

\_\_\_\_\_ (address)

**APPLICATION  
FOR THE EXECUTION OF A TRANSMISSION SERVICE CONTRACT**

\_\_\_\_\_ (date)

\_\_\_\_\_ (place)

It is hereby requested to:

- Execute a new transmission service contract
  - Revise the existing transmission service contract
- (mark x as appropriate)

**Responsible persons**

	Name, surname	Job title	Phone number, e-mail, fax number
Head of the legal entity (or persons authorized to execute transmission service contract)			

	Phone number	E-mail
Contact data which the transmission system operator shall be entitled to use 24/7 for matters pertaining to transmission service provision		

**Accompanying documents**

1.  Power of attorney (if signatory is a person other than head of the legal entity)
  2.  Other documents:
- (mark x as appropriate)

The applicant confirms that it has read and agrees to all the provisions of the Rules for Access to the Natural Gas Transmission System, and shall comply with the conditions of the Rules by performing any actions regulated by the Rules.

**Details of the person submitting the application**

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(job title) (signature) (name, surname) (phone number, e-mail, fax number)

L.S.

Application registration (registration by the transmission system operator)

Registration number

Date of registration

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**NATURAL GAS TRANSMISSION SERVICE**

**CONTRACT No .....**

..... 20..

(place)

This contract (hereinafter referred to as the Contract) is entered into by and between transmission system operator AB Amber Grid (hereinafter referred to as TSO), represented by ....., acting pursuant to ....., on one side, and transmission system user ..... (hereinafter referred to as Network User), represented by ....., acting pursuant to ....., on the other side.

**1. Terms and definitions**

1.1. Terms used in this Contract shall be understood as they are defined in the Law on Natural Gas of the Republic of Lithuania and other legislation governing the natural gas sector in Lithuania, AB Amber Grid Rules for Access to the Natural Gas Transmission System (hereinafter referred to as the Access Rules), and AB Amber Grid Rules for Natural Gas Transmission System Balancing (hereinafter referred to as the Balancing rules) as defined and published by TSO on its website at [www.ambergrid.lt](http://www.ambergrid.lt).

**2. Subject matter**

- 2.1. Subject matter of the Contract shall be the provision of natural gas transmission services (hereinafter referred to as the transmission services) to Network User under the terms and conditions of the Contract.
- 2.2. TSO hereby agrees to accept gas from Network User at the acceptance location(s) for natural gas (hereinafter – gas) when Network User injects gas into the transmission system and transmit gas to the gas delivery location(s) when Network User is supplied gas from the transmission system.
- 2.3. Network User hereby agrees to comply with the requirements set out in the Access Rules and the Balancing rules, and to pay for the transmission services and for the balancing service.

**3. Terms and conditions of gas transmission service provision**

- 3.1. Terms and conditions of gas transmission service provision shall be the same as set out in the Access Rules and the Balancing rules available on the TSO’s website.
- 3.2. The Access Rules and the Balancing rules shall constitute an integral part of the Contract. Parties to the Contract shall fulfil all terms and conditions of the latest versions of the Access Rules and the Balancing rules.
- 3.3. In the event of discrepancies between the provisions of the Contract and provisions of the Access Rules or the Balancing rules, provisions of the Access Rules or the Balancing rules shall take precedence.

**4. Obligations of the parties**

4.1. TSO shall:

- 4.1.1. Comply with all terms and conditions of this Contract in a proper and timely manner; and
- 4.1.2. Ensure proper quality of transmission services.
- 4.2. Network User shall:
  - 4.2.1. To pay, timely and properly, for the transmission services provided under the terms and conditions of this Contract;
  - 4.2.2. Comply with all terms and conditions of this Contract in a proper and timely manner.

## **5. Transmission service rates and their application**

- 5.1. Network User shall pay for the transmission services rendered at transmission service rates determined by TSO and published on the TSO's website at [www.ambergrid.lt](http://www.ambergrid.lt).
- 5.2. Transmission service rates shall apply as set out in the Access Rules.

## **6. Payment for transmission and balancing services**

- 6.1. Network User shall pay to TSO for the transmission services rendered in accordance with the procedure set out in the Access Rules.
- 6.2. Any payments pertaining to balancing shall be made in accordance with the procedure set out in the Balancing rules.

## **7. Gas metering and gas quality**

- 7.1. Gas metering shall be done in accordance with the procedure set out in the Access Rules using devices designed to record gas quantity, temperature, and quality parameters and conforming to legal requirements applicable to such devices.
- 7.2. Quality of gas shall conform to the Requirements for natural gas quality as approved by the order of the Minister of Energy of the Republic of Lithuania, and requirements for gas quality stipulated in other legal acts.

## **8. Liability**

- 8.1. Parties to the Contract shall be liable for proper implementation of the provisions of this Contract.
- 8.2. The responsibility, rights and duties of Parties to the Contract, which are mandatory for the Parties to the Contract, are established in legal acts, the Contract, the Access Rules, and the Balancing Rules.
- 8.3. The Party failing to perform the terms and conditions of this Contract and (or) terms and conditions of the Rules and (or) Balancing rules, shall be liable to compensation for damages caused to the other party.
- 8.4. Either party shall be released from liability for non-performance of this Contract if able to prove that non-performance was due to force majeure circumstances, i.e. circumstances the party could not control or reasonably anticipate at the time of execution of this Contract, and could not prevent the occurrence of these circumstances or consequences thereof.

## **9. Terms and conditions of restricting or terminating gas transmission**

- 9.1. Gas transmission may be restricted or terminated in cases and subject to the procedure set out in legislation, the Access Rules and the Balancing rules.

## **10. Dispute resolution**

- 10.1. Any and all disputes in connection with performance of this Contract, the Access Rules or the Balancing rules shall be resolved by way of mutual negotiations, or in accordance with the procedure set out in legislation.

### **11. Amendments, validity, and termination of the contract**

- 11.1. Any and all amendments, supplements and addenda to this Contract shall be binding only if made in writing and signed by both parties.
- 11.2. If agreed between the parties, amendments and supplements to appendices of the Contract may be executed using the TSO's electronic transmission service booking and administration system.
- 11.3. This Contract shall be an open term contract.
- 11.4. This Contract may be terminated by upon agreement between the parties of contract, or in cases and subject to the procedure set out in legislation, the Access Rules and the Balancing rules.

### **12. Information exchanges**

- 12.1. Parties to this Contract shall exchange information pertaining to the provision of transmission services in accordance with the procedure and within such time frames as set out in the Access Rules.
- 12.2. By entering into this Contract Network User agrees to enter into an contract for the access to the electronic service booking and management system operated by TSO.

### **13. Final provisions**

- 13.1. Matters not covered by this Contract shall be governed by the Law on Natural Gas of the Republic of Lithuania, other legislation and European Union law of direct effect, the Access Rules and the Balancing rules.
- 13.2. Data on the quantities of natural gas transmitted to the Network User, capacity booked and distributed, and other data which become known in performing the activities of the transmission system operator shall be confidential except for the provision of such data in the cases provided for by legal acts and the Access Rules. The Parties hereby agree that the TSO shall have the right to disclose information specified in the Access Rules to the third parties specified in the Access Rules. The Network User hereby acknowledges that any actions whereby the TSO transfers information to the parties specified in the Access Rules shall not be considered as disclosure of commercial secret, violation of the laws of the Republic of Lithuania, or violation of the confidentiality obligation under the Contract.
- 13.3. The Party may indicate different address and particulars for the purposes of this Contract at any time, upon presentation of a notice to the other Party.
- 13.4. The Parties undertake to inform each other in writing of the change of the particulars indicated in Paragraph 14.1 of this Contract not later than within 3 working days from the day of the occurrence of such changes. In the absence of such a notification, all notices, requests, claims, invoices, and other information for the purposes of this Contract shall be considered as have been properly provided by the particulars indicated in Paragraph 14.1.
- 13.5. The parties hereby represent that they have read the Contract, understand content and consequences thereof and sign the same as an expression of the parties' intent.
- 13.6. This Contract is executed in two copies of the same legal force TSO and Network User retaining one copy of the Contract each.

13.7. All additional agreements, Contract amendments and Appendices concluded by the parties to the Contract in writing constitute an integral part of the Contract and are binding on both parties.

**14. Legal details and representatives of the parties**

14.1. Addresses and legal details of signatories:

Transmission System Operator	Network User
Name of the legal entity	Name of the legal entity
Legal entity's number: VAT payer's number: Address: Phone number: Fax number: E-mail: Website: Bank details: current account No	Legal entity's number: VAT payer's number: Address: Phone number: Fax number: E-mail: Website: Bank details: current account No Identification code <sup>1</sup> :

14.2. Representatives of TSO and Network User appointed to ensure the performance of provisions of this Contract:

	Transmission System Operator	Network User
Name, surname		
Job title		
Phone number		
Fax number		
E-mail		

14.3. Details of TSO Dispatching Centre:

Address	Phone number	E-mail	Fax number

14.4. Signatories:

	Transmission System Operator	Network User
Job title		
Name, surname		
Signature		
Date		

L. S.

L. S.

<sup>1</sup> Energy Identification Code (EIC) assigned to the Network User