Regulations of Use of the Inčukalns Underground Gas Storage Facility

Issued pursuant to
Section 15, Paragraph seven of the Energy Law

Amendments

I. General Issues

1. The Regulations shall prescribe:

1.1. the procedure for use of the Inčukalns Underground Gas Storage Facility (hereinafter - the storage facility);
1.2. the procedure for receipt of storage services;
1.3. the rights, obligations and responsibilities of the natural gas storage system operator (hereinafter - the system operator) and the natural gas storage system user (hereinafter - the system user);
1.4. the procedure for information exchange between the system operator and the natural gas transmission system operator, as well as the system operator and the system users;
1.5. the procedure for suspension and restriction of the storage service;
1.6. the procedure, under which a person shall submit the application for acquisition of the rights to use the storage facility and the procedure for conclusion of the storage service contract;
1.7. the procedure, under which the system operator shall be entitled to claim security for the fulfilment of liabilities, and the amount of the security for the fulfilment of liabilities.

2. The following terms are used in the Regulations:

2.1. working day - any day from Monday to Friday, which is not defined as a public holiday in the Republic of Latvia, and a working day which has been postponed on the basis of Paragraph 133 of Labor Law;

2.2. fuel gas – the natural gas quantity required for the operation of the natural gas compressor plants to ensure the injection of natural gas into the storage facility;

2.3. capacity product - the natural gas storage capacity booking service offered by the system operator according to the capacity product types laid down in Chapter III of these Regulations;
2.4. **stock** - the natural gas quantity stored in the storage facility in accordance with the storage service agreement;

2.5. **storage cycle** - the time period from the beginning of the season of natural gas injection into the storage till the end of the season of natural gas withdrawal from the storage;

2.6. **unused storage capacity** - the part of the technical storage capacity booked by system users and not used for stocks;

2.7. **available storage capacity** - the part of the technical capacity of the storage that has not been allocated and is available at the relevant time to the system users for booking, taking into account the integrity of the storage and the requirements for storage management;

2.8. **technical storage capacity** - the ability of the storage to ensure the maximum volume of natural gas stored in the storage that the system operator can offer to the system users;

2.9. **reverse flow capacity** – transmission system capacity in the direction opposite to the actual technological mode flow of the storage facility, which can be booked by then system user;

2.10. **trade notification** - a notification of a system user to a system operator regarding the transfer of a quantity of natural gas to another market participant in a virtual trading point;

2.11. **storage service contract** - the contract concluded between the system operator and the system user, on the basis whereof the system operator provides the storage service to the system user.

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

4. For the purposes of ensuring effective and safe storage service provision, the system operator shall be entitled to request and receive the information necessary for the system operator from the system users for the performance of the activities laid down in these Regulations.

5. The system user, when contacting the system operator in cases provided for in these Regulations, shall submit information and documents to the system operator either in Latvian or English, at its discretion. The documents prescribed by these Regulations, which are sent in electronic form, must be signed by secure electronic signature, unless agreed otherwise between the system operator and the system user.

6. It shall be the duty of the system users to adhere to the procedure for use of the storage facility prescribed by these Regulations and the storage service contract, to fulfil the instructions of the system operator required for receipt of the storage service, to submit information to the system operator required for receipt of the storage service, as well as not to use the storage service in a manner restricting, distorting or hindering competition, for example, by hidden accumulation of capacity.

**II. Publication of storage information**

7. The system operator shall communicate the forecast of the technical capacity of the storage for the next storage cycle by 4 November each year by publication on its website.
8. The system operator shall announce the available storage capacity, including the provisional storage capacity for booking of the bundled unit capacity product, two-year bundled unit capacity product and market product by publishing it on its website in the following order:

8.1. for the first time, a notice regarding the next storage cycle shall be published no later than one working day before the commencement of storage capacity booking for the next storage cycle;

8.2. thereafter, by 30th April, a notice regarding the next storage cycle shall be published daily by 13.00;

8.3. from 1 May until the date of publication of the technical capacity of the storage facility and the available capacity of the storage for the existing storage cycle in accordance with Paragraph 8.1 of these Regulations, a notice regarding the existing storage cycle shall be published daily until 13.00.

8.1 The system operator shall announce the technical capacity of the storage and the available storage capacity for the existing storage cycle, including the available storage capacity for booking of the bundled unit capacity product, two-year bundled unit capacity product and market product, by 21st May each year. The available storage capacity for the current storage cycle shall be calculated by the system operator as the difference between the technical storage capacity and the storage capacity booked by system users.

9. The system operator shall post the following information on current storage cycle on its website every day by 13:00 AM:

9.1. technical capacity of the storage (kWh);

9.2. stocks (kWh);

9.3. the available capacity of the storage, including the available capacity of the storage for booking the bundled unit capacity product, two-year bundled unit capacity product and market product (kWh);

9.4. unused storage capacity (kWh);

9.5. reverse flow capacity of gas per day D (kWh);

9.6. the maximum natural gas quantity that can be placed into the storage facility or withdrawn from the storage facility per gas day D.

10. The injection season of the storage cycle shall begin on 1st May of the relevant year and end on 14th October of the relevant year. The withdrawal season of the storage cycle shall begin on 15th October of the relevant year and end on 30th April of the following year.

III. Procedure for Booking the Storage Capacity

11. To provide the system users with the possibility to book the storage capacity, the system operator shall offer the following capacity products to the system users:

11.1. bundled unit capacity product (product code IPGK1YP);

11.2. market product (product code IPGKMP);

11.3. two-year bundled unit capacity product (product code IPGK2YP);
11.4. stock transfer product (product code INTP).

12. The system operator shall allocate storage capacity taking into account system users' capacity product applications in accordance with Paragraph 13 of these Regulations, which have been submitted in the period from 9.00 am on the previous business day to 8.59 am on the relevant business day. In case of several capacity product applications from system user, the system operator shall examine the last submitted capacity product application.

12.1 If at the time of allocation of the capacity product the amount of requested storage capacity indicated in the system user capacity product applications submitted within the time period specified in Paragraph 12 of these Regulations does not exceed the available storage capacity specified for capacity product reservation, the capacity product shall be allocated to all system users.

12.2 If at the time of allocation of the capacity product the amount of requested storage capacity indicated in the system product capacity product applications submitted within the time period specified in Paragraph 12 of these Regulations exceeds the available storage capacity specified for the capacity product reservation:

12.2.1 from the commencement of storage capacity reservation for the next storage cycle until 31 May of the relevant year, the capacity product is allocated in proportion to the proportion of the reserved storage capacity specified in the system user's application for capacity product reservation 23.1, 23.2.1 and in the amount of available storage capacity specified in Sub-paragraph 26.1;

12.2.2 from 1 June of the relevant year until the end of the storage cycle, the capacity product is allocated in proportion to the proportion of the reserved storage capacity indicated in the system user's application in the amount of available storage capacity.

12.3 If the amount of requested storage capacity indicated in the system user's capacity product application exceeds the available capacity of the storage specified for capacity product reservation, the system user shall be deemed to have requested capacity products in the amount of available capacity of the storage specified for capacity product booking.

13. For the reservation of storage capacity, the system user may request a capacity product by submitting an application to the system operator in accordance with the application form published on the system operator's website regarding the capacity products specified in Sub-paragraphs 11.1–11.3 of these Regulations.

14. In the case specified in Paragraph 12.2 of these Regulations, the system operator shall electronically inform the system user regarding the reduction of the applied capacity product by sending a relevant notification no later than within one hour after the deadline for submission applications of system user specified in Paragraph 12 of these Regulations. The system user shall confirm or reject the reduced capacity product booking application by sending a relevant notification to the system operator no later than within 30 minutes after receipt of the electronic notification of the system operator. If the system operator does not
receive the system user's notification within the specified time, the system user shall be deemed to have approved the reduced capacity product booking application:

15. The system operator shall electronically inform the system user for allocated capacity product, no later than within two hours after the expiry of the term for submission of applications of the system user capacity product specified in Paragraph 12 of these Regulations by sending a relevant notification.

16. After receiving a notice on granting the capacity product, it shall be the duty of the system user to settle the accounts with the system operator for the granted capacity product under the procedure laid down in these Regulations and the storage service contract in accordance with the storage service tariffs (hereinafter - the tariffs).

17. After granting the capacity product, the system operator shall not be obliged to cancel the storage capacity booking at the storage user's request.

18. Every year the system user shall submit the following within the deadline set by the system operator:

18.1. the schedule for the injection of natural gas quantity, indicating the estimated natural gas quantity to be injected during each month of the injection season - average minimum and maximum natural gas injection quantity per one gas day D;

18.2. the schedule for the withdrawal of natural gas quantity, indicating the estimated natural gas quantity to be withdrawn during each month of the withdrawal season - average minimum and maximum natural gas withdrawal quantity per one gas day D.

19. If the system user has stocks that are stored within a two-year grouped capacity product during the first storage cycle, at the end of the storage cycle the stocks shall be transferred to the second storage cycle on two-year bundled unit capacity product.

20. If the system user has stocks at the end of the storage cycle within the capacity product for which the period of use ends (does not apply to the stock transfer product):

20.1. as regards the balance of stock at the end of the withdrawal season, not exceeding 5% of the total booked capacity within the scope of this product, it shall be considered that the system user has booked relevant product for the next storage cycle in the respective quantity of stock, settling the accounts for it with the system operator according to the tariff set for next storage cycle;

20.2. as regards the balance of stock at the end of the withdrawal season, exceeding 5% of the total booked capacity within the scope of this product, it shall be considered that the system user has booked the stock transfer product for the next storage cycle in the respective quantity of stock, settling the accounts for it with the system operator according to the tariff of the stock transfer product established for the next storage cycle.

21. To ensure booking of the storage capacity for the system users, the system operator may apply the storage capacity auction procedure, if the permit from the regulator has been obtained to
independently establish the tariffs, when applying the auction procedure. The system operator shall post the auction regulations, coordinated with the regulator, on its website.

IV. Use of the Capacity Products

22. The duration of a bundled unit capacity product shall be one storage cycle, and it shall include the use of the storage capacity in the booked amount, placement of the natural gas into the storage facility and withdrawal of the natural gas from the storage facility in unlimited quantity for the purposes of using the storage capacity booked within the scope of the bundled unit capacity product.

23. The bundled unit capacity product shall be available to system users for the booking of the entire storage cycle at the tariff value determined for the relevant storage cycle:

23.1. from the commencement of the booking of storage capacity for the next storage cycle until 31 May of the relevant year in the amount of the available capacity for booking for the reservation of the bundled unit capacity product and the market product;
23.2. from 1 June of the relevant year until the end of the storage cycle in the amount of available storage capacity.

23.1. The duration of a two-year bundled unit capacity product shall be two consecutive storage cycles and shall include the use of storage capacity in the booked amount, two storage cycles, the storage of natural gas and the withdrawal of unlimited natural gas from the storage capacity of the two-year bundled unit capacity product. The value of the tariffs set for the relevant storage cycle at that time;

23.2. A two-year bundled unit capacity product for two consecutive storage cycles shall be available to system users for reservation in the amount of not more than 2,000,000 (two million) MWh:

23.2.1. from the commencement of the reservation of storage capacity for the next storage cycle until 31 May of the relevant year, taking into account the available capacity of the storage facility for the reservation of a two-year bundled unit capacity product;
23.2.2. from 1 June of the relevant year until the end of the storage cycle, taking into account the available storage capacity.

24. When placing the natural gas into the storage facility or withdrawing it from the storage facility, the bundled unit capacity product and a two-year bundled unit capacity product are firm capacity products.

25. The duration of a market product shall be one storage cycle, and it shall include the use of the storage capacity in the booked amount, placement of the natural gas into the storage facility and withdrawal of the natural gas from the storage facility in unlimited quantity for the purposes of using the storage capacity booked within the scope of the market product.
26. The market product shall be available to system users for booking from the day of commencement of storage capacity booking for the next storage cycle until 31 August of the relevant year for the value of tariffs set for the relevant storage cycle:

26.1. from the commencement of the booking of storage capacity for the next storage cycle until 31 May of the relevant year in the amount of the available capacity of the storage for the booking of the bundled unit capacity product and the market product;

26.2. from 1 June to 31 August of the relevant year in the amount of available storage capacity.

27. When placing the natural gas into the storage facility or withdrawing it from storage, the market product is an interruptible capacity product.

27.1. The stock transfer product shall include the removal of natural gas from the storage in an unlimited amount of the remaining stocks in accordance with the provisions of Sub-paragraph 20.2 of these Regulations. When natural gas is removed from storage, the stock transfer product is a product of interruptible capacity;

28. The system operator may carry out the placement of the natural gas into the storage facility and withdrawal thereof from the storage facility in a direction opposite to the actual technological flow of the storage facility, by means of a virtual reverse flow product. Virtual reverse flow product is an interruptible capacity product, which is available to the system user by submitting a trade announcement to the transmission system operator on the placement of natural gas into the storage facility and withdrawal from storage in the direction opposite to the actual technological mode flow of the storage facility.

29. The system user, to whom the bundled unit capacity product and the two-year bundled unit capacity product has been granted, shall use the virtual reverse flow product in unlimited quantity free of charge. The system user, to whom the market capacity product has been granted, in the amount booked for use of the storage capacity, shall use the virtual reverse flow product in unlimited quantity for the tariff of the virtual reverse flow. The system user, to whom the stock transfer product has been allocated shall use the virtual reverse flow product for the withdrawal of natural gas from the storage in the amount reserved for the relevant storage cycle by specified tariffs of current storage cycle...

30. The stocks held under the one year and two-year bundled unit capacity product, the system user may transfer between these capacity products. A system user may not transfer stocks held under a marketed product to other capacity products.

31. The system operator shall post the schedule of the natural gas quantity available for the placement of the natural gas into the storage facility and withdrawal from the storage facility for a storage cycle on its website and shall update it within one hour after processing of the trade announcement of the new system users.

32. The system user, willing to place a certain natural gas quantity into the storage facility or withdraw it from the storage facility, shall submit the trade announcement to the transmission
system operator in accordance with the regulations of use of the natural gas transmission system, specifying the corresponding capacity product code.

33. The system operator shall assess the received trade announcement in accordance with the schedule specified in Clause 31 of these Regulations, applying the "first-come, first-served" principle and that which is stated in Clause 24 and Clause 27 and 27.1 of these Regulations.

34. The system operator, following the processing of the trade announcement submitted by the system user, by means of a standard correspondence procedure, shall send the system user confirmation of the natural gas quantity to be placed into the storage facility or to be withdrawn from the storage facility, but, in the event of overload management, if necessary, -by means of a standard correspondence procedure, shall inform the system user about the changes in the natural gas quantity to be placed into the storage facility.

35. The system user may correct the already approved quantity of natural gas to be placed in or removed from the storage for gas day D until 17.00 of the following day in the following cases:

35.1 the system user performs the transportation of natural gas as a non-Union commodity, and the correction is necessary so that the amount of natural gas placed in the storage or withdrawn corresponds to the amount of natural gas transported as a non-Union commodity in the natural gas transmission system;

35.2 if an adjustment is made for allocation at the entry or exit point of the natural gas transmission system, except at the exit point for the supply of natural gas to Latvian users. It is possible to correct the amount of natural gas to be placed in or removed from the storage in the amount that prevents the formation of an imbalance in the transmission system for the system user..

36. The (Paragraph 36 deleted)

V. Procedure for the Transfer of the Natural Gas and Capacity Products into the Storage Facility

37. The system user, by agreement with another system user, shall be entitled to transfer the natural gas placed into the storage facility or the capacity products booked by it to another system user.

38. The system user transferring the booked capacity product or the natural gas placed into the storage facility and the system user receiving the respective capacity product or the natural gas placed into the storage facility, shall submit an application to the system operator in accordance with the application form posted on the website of the system operator.

39. If the applications of the system users on the transfer of natural gas, which is a European Union product, or the transfer of the capacity products booked by the system user are received by 15:00 o'clock (13:00 UTC during the winter season and 12:00 UTC during the summer season), the system operator, by 17:00 o'clock (15:00 UTC during the winter season and 14:00 UTC during the summer season), shall electronically inform the relevant system user about the natural gas or capacity products transferred to it.
40. If the applications of the system users on the transfer of the natural gas, which is a European Union product, or the transfer of the capacity product booked by the system user are received after 15:00 o'clock (13:00 UTC during the winter season and 12:00 UTC during the summer season), the system operator, by 17:00 o'clock on the next day (15:00 UTC during the winter season and 14:00 UTC during the summer season), shall electronically inform the relevant system user about the natural gas or capacity products transferred to it.

41. The natural gas or capacity products shall be available to the system user, to whom they have been transferred, on the next day after the receipt of the notice from the system operator.

42. If the system users wants transfer the natural gas, which is not a commodity of the European Union, the system user shall submitted an application to the system operator only for natural gas for which customs procedures have been performed.

43. When transferring the booked capacity product, the system user shall transfer the rights to use the capacity product to another system user. Obligations towards the system operator, including the obligations to settle the accounts for the booked capacity product, shall be imposed on the system user, who has initially booked the capacity product.

44. Along with the approval of the transaction, the system user, who has received the relevant storage capacity or the natural gas quantity, shall obtain the rights to use it.

45. The system operator shall refuse to approve the transfer of the capacity product or the natural gas to another system user, if:

   45.1. information about the conclusion of the transaction has only been received from one system user (one counterparty);

   45.2. information submitted by the system users is not consistent or is incomplete;

   45.3. the party involved in the transaction, who is receiving the natural gas, does not have a booked capacity product in sufficient quantity.

46. The system operator shall electronically inform both counterparties about the refusal to approve the transaction within the period of two hours from the receipt of the applications specified in Clauses 39 and 40 of these Regulations and within a period of three days from the receipt of the applications specified in Clause 42 of these Regulations.

VI. Procedure for the Determination of Natural Gas Quantity

47. The system operator shall determine the natural gas quantity placed into the storage facility, the withdrawn natural gas quantity and the stock quantity per each gas day D for the system.

48. The natural gas quantity placed into the storage facility per gas day D shall be determined by the following formula:

   \[ Q_{pla\ D} = Q_{grant\ D} - Q_{fg\ D}, \]

   where,

   \[ Q_{pla\ D} \] - the natural gas quantity placed into the storage facility on the relevant gas day D (kWh);

   \[ Q_{grant\ D} \] - the natural gas quantity granted to the system user on the relevant gas day D for the placement into the storage facility (kWh);
Qfg D - the fuel gas quantity for ensuring the injection process of the natural gas of the system user (kWh) on the relevant gas day D. If the natural gas of the system user is injected by means of a virtual reverse flow, the fuel gas quantity shall be equal to zero.

49. The system user shall, at its own expense, ensure the fuel gas quantity necessary for the operation of the gas compressor plants in accordance with the fuel gas consumption ratio established by the system operator. The system operator, at least one month before the beginning of the injection season, shall post the fuel gas consumption ratio and the methodology for the determination thereof on its website.

50. The natural gas quantity withdrawn from the storage facility per gas day D shall be equal to the natural gas quantity granted in the relevant gas day D to the system user for withdrawal from the storage facility.

51. The stock quantity of the system user per gas day D shall be determined by the following formula:

\[ Q_{st\ D} = Q_{st\ D-1} + Q_{pla\ D} - Q_{wd\ D}, \]

where,

- \( Q_{st\ D} \) – stock quantity of the system user per gas day D (kWh);
- \( Q_{st\ D-1} \) – stock quantity of the system user per gas day D-1 (kWh);
- \( Q_{wd\ D} \) – the natural gas quantity withdrawn by the system user from the storage facility per gas day D (kWh).

52. Every day by 14:00 o’clock (12:00 UTC during the winter season and 11:00 UTC during the summer season) the system operator shall, by means of a standard correspondence procedure, inform the system user about the natural gas quantity, which on a gas day D-1 has been placed for storage into the storage facility, withdrawn from the storage facility, transferred to another system user or received from another system user, and about the stock quantity at the beginning of the gas day.

53. At the end of the injection season, the system operator shall determine the actual fuel gas consumption for ensuring the natural gas injection process.

54. If the fuel gas quantity consumed by the system operator for ensuring the natural gas injection process is less than the quantity received from the system user during the injection season, the system operator shall return the unused fuel gas to the system user in proportion to the actually injected quantity during the injection season.

55. If the system user has not booked the storage capacity, when the system operator performs the return of the unused fuel gas to the system user, the system operator shall store such fuel gas quantity free of charge till the moment, when the system operator has sufficient booked storage capacity, where such fuel gas quantity is to be placed.

56. If the fuel gas quantity consumed by the system operator during the injection season exceeds the fuel gas quantity transferred by the system users during the injection season, no additional settlement of accounts shall take place between the system users and the system operator.

VII. Suspension or Restriction of the Provision of the Storage Service
57. The system operator shall be entitled, without prior warning to the system users, to restrict or suspend the injection of the natural gas into the storage facility or the withdrawal thereof from the storage facility in the following cases:

57.1. there is damage in the natural gas transmission system or the storage facility, capable of causing an accident or emergency, or an accident has occurred or there is an emergency situation;

57.2. the energy crisis has been announced under the Energy Law;

57.3. there are deviations from the normal working mode in the natural gas transmission system or the physiochemical properties of the natural gas do not comply with the natural gas quality characteristics determined by the Cabinet of Ministers, and the natural gas transmission system operator has requested suspension of the injection of natural gas into the storage facility or the withdrawal thereof from the storage facility;

57.4. the natural gas flow pressure does not comply with the pressure required for ensuring the storage service;

57.5. it is necessary to perform urgent repairs for the elimination of damage or consequences of the accident or prevention of an emergency situation in the natural gas transmission system or storage facility;

57.6. it is necessary to prevent threats to human health, life, property or environment, or the occurrence of damage (including, losses) to the technical devices or equipment of the storage facility;

57.7. it is necessary to perform technical maintenance, repair, connection, disconnection or dismantling measures and it is not possible to perform such works, without restricting or suspending the natural gas injection into the storage facility or the withdrawal thereof from the storage facility.

58. In the case provided for in Clause 57 of these Regulations, the system operator shall immediately, as soon as possible, but not later than within a period of 24 hours, electronically inform the system users about the suspension or restriction of the injection of the natural gas into the storage facility or the withdrawal thereof from the storage facility, the causes thereof and the forecasted time of resuming the injection of the natural gas into the storage facility or the withdrawal thereof from the storage facility, concurrently posting the relevant notification on the website of the system operator.

59. If till 15:00 o'clock of the previous day, the system operator detects physical overload of the capacities:

59.1. during the withdrawal of the natural gas from the storage facility, the system operator shall, within the scope of overload management, allocate the natural gas withdrawal capacity among the system users with priority to the bundled unit capacity product and in proportion to the storage capacity booked by them, first of all, ensuring the system user, who ensures the natural gas supply for the users to be ensured, only in the amount of the natural gas quantity to be ensured;

59.2. during the injection of the natural gas from the storage facility, the system operator shall, within the scope of overload management, allocate the natural gas injection capacity among
the system users with priority to the bundled unit capacity product and two-year bundled capacity product, and in proportion to the available storage capacity booked by them.

59.1 If, after 15.00 on the previous day, the system operator detects physical overload:

59.1.1 during the withdrawal of natural gas, the system operator shall distribute the natural gas withdrawal between the system users in the order of receiving of trade notifications and with priority for the bundled unit capacity product and two-year bundled unit capacity product specified in the trade notification. The first will be providing the system user only in the amount of natural gas who provides natural gas supply to the supplied users.

59.1.2 during the natural gas injection into the storage facility, the system operator shall distribute the natural gas injection capacity between the system users in the order of receiving of trade notifications and with priority for the bundled unit capacity product and two-year bundled unit capacity product within the congestion management and capacity available for storage.

60. The system operator, in compliance with the provisions of this Chapter, may reduce the natural gas quantity for injection into the storage facility and withdrawal from the storage facility determined per gas day during the period of time, when the service, maintenance or renovation works are performed in the storage facility (hereinafter - the maintenance works). The system operator shall perform the storage facility maintenance works so as not to hinder the use of the storage facility as much as possible and not to reduce the capacity of the natural gas injection into the storage facility and the withdrawal thereof from the storage facility.

61. Every year, not later than by 1 September, the system operator shall post information on its website on the planned maintenance works, their description, possible duration and the change in natural gas quantities, which could be placed into the storage facility and withdrawn from the storage facility, for the period of time from 1 October of the current year till 30 September of the next year. The system operator shall update the posted information according to the progress of the fulfilment of the maintenance works.

62. If the maintenance works affect the natural gas quantity, which can be placed into the storage facility or withdrawn from the storage facility, the system operator shall inform the system users at least 60 days before the beginning of the planned maintenance works, electronically sending the system users information about the scope, duration of the maintenance works and changes in the natural gas quantity, which is possible to be placed into the storage facility or withdrawn from the storage facility.

63. The system operator shall electronically inform the system users about the performance of unscheduled maintenance works that may affect the capacity of natural gas injection into the storage facility and withdrawal from the storage facility, as soon as possible, however not later than by 18:00 o’clock (16:00 UTC during the winter season and 15:00 UTC during the summer season) on the day preceding the performance of the unscheduled maintenance works, also specifying the natural gas quantity available for placing into the storage facility and withdrawal from the storage facility.
64. The system operator shall not be obliged to extend the natural gas injection or withdrawal season, if the system operator has suspended the injection of the natural gas into the storage facility or withdrawal thereof from the storage facility due to unscheduled maintenance of the storage facility.

65. The system operator shall not cover the losses of the system users incurred in the cases specified in Clause 57 and 60 of these Regulations, as well as in cases, when the planned maintenance works are performed in accordance with the terms published pursuant to Clause 62 and 63 of these Regulations.

VIII. Procedure for the Conclusion of the Storage Service Contract

66. A person willing to receive storage service (hereinafter – the applicant), shall submit an application to the system operator for acquisition of the rights to use the storage facility (Annex 1). The applicant shall append the following to the application:

66.1. document confirming that the applicant has registered the commercial activity in accordance with the laws and regulations of the relevant country;

66.2. document confirming the representation rights, if the application is submitted by the authorised representative of the applicant;

66.3. document confirming that no insolvency proceedings of the applicant have been declared, the economic activity of the applicant has not been suspended and the applicant is not under liquidation, the document of which is issued not more than one month before the day of submission;

66.4. the annual statement for the previous three years (for the actual period of operation, taking into account the time of founding or beginning of operation of the applicant, who the annual statement is submitted on) or another equivalent document confirming the economic and financial position of the applicant in accordance with the laws and regulations of the relevant country;

66.5. information about the applicant's credit rating granted by a commonly known credit agency or rating agency (shall not be submitted, if the security for fulfilment of the liabilities is planned to be provided in accordance with Chapter X of these Regulations).

67. If the information mentioned in the documents specified in Clause 66 of these Regulations in Latvian or English is available free of charge in the official gazette or public register, the applicant shall be entitled not to submit the respective documents, specifying the website where the respective information is available in the application in detail.

68. If the applicant, concurrently with the application for acquisition of the rights to use the storage facility, submits an application for acquisition of the rights to use the natural gas transmission system (in accordance with the regulations of use of the natural gas transmission system), the documents specified in Clause 66 of these Regulations are not required, unless the documents to be appended to each application differ.

69. The system operator shall assess the application mentioned in Clause 66 of these Regulations and the documents appended thereto within a period of five business days from the day of receipt thereof, and, if necessary, shall be entitled to request the applicant to submit missing documents or additional information.
70. If the system operator has requested that the applicant submits additional information or documents, the applicant shall submit them within a period of ten business days from the day of dispatch of the request. If the applicant fails to submit the requested additional information or documents within the set term, it shall be considered that the applicant has withdrawn its application.

71. The applicant may submit the documents and additional information mentioned in Clause 66 and Clause 70 of these Regulations in electronic form.

72. The system operator shall prepare a natural gas storage service contract and send it to the tenderer within five working days from the date of receipt of all documents and additional information the tenderer has submitted referred to in Paragraphs 66 and 70 of these Regulations. The system operator shall be published a draft of the natural gas storage contract on its website. The system operator shall assign an energy identification code (EIC) to the system user, specified it in the natural gas storage service contract, if the system user has not already been assigned this code.

73. The applicant shall submit a signed storage service contract in two copies to the system operator within a period of ten business days from the day of dispatch of the storage service contract. If the applicant fails to submit the signed storage service contract to the system operator within a period of ten business days from the day of dispatch of the storage service contract, it shall be considered that the applicant has withdrawn its application.

74. The system operator, within a period of three days from the day of receipt of the storage service contract signed by the applicant, shall sign the storage service contract and send one copy thereof back to the applicant.

75. During the term of validity of the storage service contract, the system operator and the system user may agree upon amendments to the contract, which are not contrary to these Regulations. The system operator shall inform the regulator to this effect within a period of ten days, by submitting a copy of the relevant agreement.

76. The system operator shall inform the applicant about the refusal to conclude the storage service contract, by sending the notice to the electronic mail address specified in the application of the applicant within a period of one business day after the assessment of the application of the applicant. The system operator shall send a motivated written refusal to conclude the storage service contract by mail to the address specified in the application of the applicant, within the term set by the law On Regulators of Public Utilities.

IX. Security for the Fulfilment of Liabilities

77. The system operator shall assess the information specified in Sub-clause 66.5 of these regulations, in order to determine the need to request the applicant to submit the security for fulfilment of the liabilities (in the form of a financial service provider’s guarantee or a security deposit) before conclusion of the storage service contract or during the term of validity thereof.

78. The system user shall submit updated information on the credit rating of the system user to the system operator at least once a year. It shall be the duty of the system user to immediately inform the system operator about the changes in the credit rating of the system user.
79. The system operator shall be entitled, before the conclusion of the storage service contract or during the term of validity of the storage service contract, to request the system user to submit the security for fulfilment of the liabilities (in the form of a financial service provider’s guarantee or a security deposit), in order to cover the claims arising out of the storage service contract, if:

79.1. the system operator has reason to consider that the system user is or will be fully or partially unable to cover its liabilities towards the system operator;

79.2. insolvency or liquidation proceedings have been initiated with respect to the system user;

79.3. the system user does not have an appropriate credit rating in accordance with the criteria set in Clause 80 of these Regulations;

79.4. the system user has delayed the payments specified in the storage service contract at least twice during a period of twelve months.

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

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

80.2. Fitch Ratings rating BBB- or higher;

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

80.4. Creditreform rating for a risk class II or higher, or an equivalent rating of another commonly known credit agency or rating agency.

81. If the system user does not agree with the finding of the system operator regarding the credit rating of the system user, the system user may submit proof of its creditworthiness to the system operator within a period of five business days.

82. The system user may choose the form of security for the fulfilment of liabilities - security deposit or a financial service provider’s guarantee.

83. The system user shall submit the security for the fulfilment of liabilities to the system operator within a period of seven business days from the day of receipt of the request of the system operator.

84. The system operator shall recognise the financial service provider’s guarantee as suitable security for the fulfilment of liabilities, if it meets the following conditions:

84.1. the guarantee is issued by a financial service provider whose or whose group’s credit rating of long-term borrowing in foreign currency is at least Baa1 according to Moody’s agency or BBB+ according to the Standard&Poor’s agency, or BBB+ according to Fitch Ratings agency. If the financial service provider or its group has been granted the required long-term borrowing rating by at least one of the credit agencies mentioned in this Clause, such guarantee issued by the financial service provider or its group shall be considered as suitable;

84.2. the guarantee is a first-demand and irrevocable guarantee.

85. Security for the fulfilment of liabilities must be valid for the entire term of validity of the storage service contract, if the system operator has requested from the system user the security or the fulfilment of liabilities.
86. The system operator shall determine and apply the amount of the security for the fulfilment of liabilities in the amount of a two month fee for the storage cycle for the capacity products booked by the system user in each storage cycle.

87. If the liabilities of the system user within the scope of the storage service contract exceed the sum, for which the security for the fulfilment of liabilities has been submitted, the system operator shall be entitled to claim and, within a period of seven days, receive new security for the fulfilment of liabilities from the system user, corresponding to the conditions of Clause 86 of these Regulations.

88. Upon termination of the storage service contract, the system operator shall, within a period of five business days, repay the system user the sum of the security for the fulfilment of liabilities, which has not been used for covering the outstanding liabilities of the system user, or shall return the original of the financial service provider’s guarantee submitted by it to the system user.

X. Final Provisions

89. To declare as null and void the 13 April 2017 resolution of the Public Utilities Commission No. 1/17 “Regulations of Use of the Inčukalns Underground Gas Storage Facility” (Latvijas Vēstnesis, 2017, Issue 80).

90. The applications of the applicants for acquisition of the rights to use the storage facility, submitted to the system operator before the day of coming into effect of these Regulations, shall be assessed by the system operator and the storage service contract shall be concluded in accordance with these Regulations.

91. For the system user, who has a valid storage service contract as at the day of entering into force of these Regulations, it shall be in effect, insofar as it does not contradict these Regulations. If the conditions of the storage service contract concluded before the day of entering into force of these Regulations contradict these Regulations, these Regulations shall prevail.

92. If the system user has a stock as at the day of coming into effect of these Regulations, it shall be considered that the system user has booked the bundled unit capacity product specified in Sub-clause 11.1 of these Regulations for the 2018/2019 storage cycle in the respective quantity of stock, settling the accounts for it with the system operator according to the tariff of the bundled unit capacity product established for the 2018/2019 storage cycle.

92.1 Sub-paragraph 11.4 and Paragraphs 19, 20 and 27.1 of these Regulations shall be applied after the end of the 2020/2021 storage cycle.

92.2 The system user's stocks at the end of the 2019/2020 storage cycle to the next storage cycle has been transferred as follows:

92.21. if the system user has stocks at the end of the storage cycle that are stored within the bundled unit capacity product, the system user shall be deemed to have booked the bundled unit capacity product for the next storage cycle in the relevant stock. The settlement with the system operator will be in accordance with the bundled unit capacity tariff for the next storage cycle;
92.22. if the system user has stocks at the end of the storage cycle that are stored within the market product:

92.22.1. for stocks at the end of the storage cycle not exceeding 5% of the total booked capacity for this product, the system user shall be deemed to have booked the market product for the next storage cycle in the relevant stock. The settlement with the system operator will be according to the market product tariff applicable from the beginning of the next gas day published on the Monday of the season on system operator’s website.

92.22.2. for stocks at the end of the storage cycle in excess of 5% of the total booked capacity for this product, the system user shall be deemed to have booked the bundled unit capacity product for the next storage cycle. The settlement with the system operator will be in accordance with the bundled unit capacity tariff for the next storage cycle.

92.23. if the system user has stocks at the end of the storage cycle that are stored within the two-year bundled unit capacity product, the stocks are transferred to the second storage cycle of the two-year bundled unit capacity product. The settlement with the system operator will be in accordance with the two-year bundled unit capacity tariff with the value of the tariffs set for the storage cycle, when product was booked.

93. The Regulations shall enter into force on 1 June 2018.

1.29. deleted Annex 2.

2. The decision shall enter into force on the day following its publication in the official publication "Latvijas Vēstnesis".

Public Utilities Commission
Chairperson R. Irklis