Riga, 13.04.2017
No. 1/17
(Minutes No. 15, para. 5)

Rules of Use of the Inčukalns Underground Gas Storage Facility

Issued pursuant to
Article 15 (7) of the Energy Law

I. General Provisions

1. The regulations shall govern:
   1.1. the procedure of use of the Inčukalns Underground Gas Storage Facility (hereinafter – the storage);
   1.2. the rights, obligations and liability of the natural gas storage system operator (hereinafter – the storage operator) and the storage users;
   1.3. the procedure for the booking of storage capacity and the procedure for the exchange of information among the storage operator, the natural gas transmission system operator (hereinafter – the transmission system operator) and the storage users;
   1.4. the criteria and procedure which the storage operator may use to request the storage users to provide a collateral.

2. The following terms are used in the regulations:
   2.1. active natural gas quantity – the natural gas quantity in kilowatt-hours (kWh) that has been injected into the storage and may be withdrawn from the storage without affecting the further operation of the storage;
   2.2. storage service – the storage operator’s service whereby the booking of natural gas storage facility is ensured;
   2.3. fuel gas – the natural gas quantity required for the operation of natural gas compression units to ensure the injection of natural gas into the storage;
   2.4. injected quantity – the natural gas quantity injected into the storage by the storage operator;
   2.5. withdrawn quantity – the natural gas quantity withdrawn from the storage by the storage operator;
   2.6. physical capacity congestion – a situation where demand for the actual injection and withdrawal capacity exceeds the technically possible capacity;
   2.7. stocks – the natural gas quantity kept in the storage under a storage service contract;
   2.8. free storage capacity – the part of the active natural gas quantity offered by the storage operator for use to the storage users;
   2.9. storage cycle - the time period from the start of the injection season up to the end of
2.10. **storage user** – a person who has entered into a storage service contract with the storage operator;  
2.11. **applicant** – a person who submits to the storage operator an application for the right to use the storage;  
2.12. **interconnection point** – an exit and entry point specified in the regulations of use of the natural gas transmission system which connects the storage with the natural gas transmission system (hereinafter – the transmission system) and where the storage users book capacity products for the injection of natural gas into the storage or the withdrawal thereof;  
2.13. **storage service contract** – a contract on the storage service concluded between the storage operator and a storage user;  
2.14. **counterflow** – the transmission system capacity for the direction opposite to the flow of the actual technological mode of the storage available to the system users for booking.  

3. Upon communication with the storage operator in the cases provided in these regulations, the storage user shall submit information and documents to the storage operator either in Latvian or in English. The storage operator and the storage user shall send the information and documents specified in these regulations electronically and they should be signed with a secure electronic signature, unless agreed otherwise between the storage operator and the storage user.  

II. **Technical Description of the Storage**  

4. The maximum active gas quantity at the storage facility is 24,219,000,000 kWh.  
5. Two weeks before each injection season and withdrawal season the storage operator, by agreement with the transmission system operator, shall determine the planned maximum and minimum natural gas flow pressure at which the transmission system operator transfers natural gas to the storage operator for injection into the storage and the storage operator withdraws natural gas from the storage for transfer to the transmission operator for input into the transmission system, and shall publish the said information on its website.  
6. Every year after the end of the withdrawal season the storage operator shall calculate the free storage capacity for the next storage cycle by the following formula:  
\[ A = 24,219,000,000 - C - D - E \]  
where  
A – the free storage capacity (kWh);  
C – the natural gas quantity required in the storage for the performance of storage service contracts (kWh);  
D – the natural gas quantity (kWh) required to ensure the operation of the transmission system and the storage;  
E – the natural gas quantity required to create the natural gas security reserve stipulated in the Energy Law (kWh).  
7. The storage operator shall post the following information on its website every day by 12:00 AM:
7.1. the active natural gas quantity in the storage (kWh);
7.2. the free storage capacity (kWh);
7.3. the counterflow capacity (kWh);
7.4. the maximum technical injection and withdrawal capacity per gas day D.

8. The storage operator shall constantly post on its website information on the hydrostatic pressure of the storage, the flow pressure of the natural gas to be injected, the minimal capacity at which natural gas may be efficiently injected into the storage, as well as the minimum natural gas withdrawal quantity per gas day D.

9. Before and after each injection season the storage operator shall post on its website and daily update information on the forecast withdrawal capacity of the storage.

10. By February 15 each year the storage operator shall publish on its website the indicative starting date of the injection season and the withdrawal season. The storage operator shall publish the starting and ending date of the injection season and the withdrawal season on its website at least two weeks before the respective season.

III. Rights and Obligations of the Storage Operator and Storage Users

11. The storage operator shall:

11.1. calculate and publish the free storage capacity pursuant to these regulations;
11.2. ensure the provision of a storage service that is compatible with the use of the transmission system at the interconnection point, and a non-discriminatory storage capacity booking pursuant to these regulations;
11.3. timely provide information related to the use of the storage to the storage users.

12. The storage operator shall be entitled to:

12.1. limit the provision of the storage service in the cases specified in these regulations in accordance with the procedure set out in Chapter VIII of these regulations;
12.2. request from the storage users and the transmission system operator the information required for the storage operator to perform the activities stipulated in these regulations;
12.3. obtain and process the storage user and applicant data required for the provision of the storage service;
12.4. request a collateral from the storage users;
12.5. receive a fee for the storage service provided in the amount and pursuant to the procedure stipulated in these regulations and in the storage service contract.

13. The storage users shall:

13.1. follow the procedure of use of the storage stipulated in these regulations and in the storage service contract;
13.2. follow the storage operator’s instructions for the receipt of the storage service;
13.3. not use the storage capacity in a way that limits, distorts or prevents competition, for example, through hidden capacity accumulation;
13.4. pay for the storage service provided in the amount and pursuant to the procedure stipulated in these regulations and in the storage service contract;
13.5. provide the storage operator with the information required for the provision of the storage service in accordance with the procedure stipulated in these regulations.

14. The storage users shall be entitled to:

14.1. receive the storage service in accordance with the procedure stipulated in these regulations and in the storage service contract;

14.2. receive from the storage operator the information required for the receipt of the storage service;

14.3. receive an invoice for the storage service received in accordance with the procedure stipulated in these regulations and in the storage service contract.

IV. Procedure for the Conclusion of the Storage Service Contract

15. The applicant shall submit to the storage operator an application for the right to use the storage (Annex No.1). The applicant shall append the following to the application:

15.1. a document that proves that the applicant has registered for commercial activity pursuant to the national laws and regulations;

15.2. a proof of representation, if the application is submitted by an authorised representative of the applicant;

15.3. a document that has been issued no earlier than one month before the date of submission and proves that the applicant is not under insolvency proceedings, the applicant’s economic activity is not suspended, and the applicant is not under liquidation;

15.4. the annual report for the previous three years (or the actual operation period, taking into account the time of founding or beginning of operation of the applicant on which the annual report is to be submitted) or an equivalent document proving the applicant’s economic and financial position under the national laws and regulations;

15.5. information on the applicant’s credit rating awarded by a commonly known credit agency or rating agency (not required if it is planned to provide a collateral under Chapter IX of these regulations).

16. If the information in the documents listed in Article 15 of these regulations is available in Latvian or English free of charge in an official gazette or a national public register, the applicant is entitled to not submit the relevant documents, specifying in its application the website where such information is available.

17. If along with an application for the right to use the storage the applicant submits an application for the right to use the transmission system (pursuant to the regulations of use of the natural gas transmission system), the documents listed in Article 15 of these regulations are not required unless they differ.

18. The storage operator shall review the documents listed in Article 15 of these regulations within five working days from the date of receipt. The storage operator may request the applicant to submit missing documents and additional information.

19. If the storage operator has requested the applicant to submit additional information or documents, the applicant shall submit them within 10 working days from the day of dispatch of the request. If the applicant fails to submit the additional information or documents within the deadline, the applicant shall be deemed to have withdrawn its application.

20. The applicant may submit the documents and additional information referred to in Articles
15 and 18 of these regulations to the storage operator electronically.

21. If the applicant has submitted to the storage operator all the documents and additional information referred to in Articles 15 and 18 of these regulations, the storage operator shall within five business days from the day of receipt of the documents and additional information prepare the storage service contract (Annex No.2) and send it to the applicant electronically. In the storage service contract the storage operator shall assign to the storage user an energy identification code (EIC) unless the storage user already has one.

22. The applicant shall submit to the storage operator a signed storage service contract in two copies within 10 business days from the day of dispatch of the storage service contract. If the applicant does not return to the storage system operator a signed storage system service contract in two copies within 10 business days from the day of dispatch of the storage system service contract, the applicant shall be deemed to have withdrawn its application.

23. The storage operator shall sign the storage service contract within three working days after the receipt of the storage service contract signed by the applicant and send one copy to the applicant. The storage operator shall send information on the storage user to the transmission system operator.

24. During the contract period the storage operator and the storage user may agree upon amendments to the contract that are not in conflict with these regulations. The storage operator shall within 10 days notify the regulator by submitting a copy of the agreement.

25. The storage operator shall notify the applicant of refusal to conclude the storage service contract within one business day after the review of the application by sending a notice to the e-mail address indicated in the application. The storage operator shall send a motivated refusal to conclude the storage service contract in writing to the address indicated in the application within the period set out in the Law On Regulators of Public Utilities.

V. Procedure for the Booking of Storage Capacity

26. The storage operator shall offer the entire free storage capacity on a first-come, first-served basis.

27. The storage user shall submit an application for the booking of storage capacity (Annex No.3). The storage operator shall notify the storage user of granting the storage capacity by sending a notice.

28. If the storage user’s application is received by 15:00 (13:00 UTC (universal time coordinated) during the winter period and 12:00 UTC during the summer period), the storage operator shall notify the storage user of the storage capacity granted by 17:00 (15:00 UTC during the winter period and 14:00 UTC during the summer period). If the storage user’s application is received after 15:00 (13:00 UTC (universal time coordinated) during the winter period and 12:00 UTC during the summer period), the storage operator shall notify the storage user of the storage capacity granted by 17:00 on the next day (15:00 UTC during the winter period and 14:00 UTC during the summer period). The storage capacity specified in the application shall be available to the storage user on the next day after the receipt of a notice on the granting of storage capacity.

29. After receiving a notice on the granting of storage capacity the storage user shall pay to the storage operator for the storage capacity booked in accordance with the procedure stipulated in these regulations and the storage service contract.

30. After sending the notice referred to in Article 28 of these regulations the storage operator shall not be obliged to reduce the storage capacity booked for the storage cycle at the
31. During the injection and withdrawal season the storage operator shall offer the booking of counterflow capacity as an interruptible service to be booked by the storage users in accordance with the Regulations of use of the natural gas transmission system by booking the entry or exit capacity of the interconnection point.

32. Every year the storage user shall submit the following within the deadline set by the storage operator:

32.1. the schedule of injection of natural gas quantity, including the estimated natural gas injection quantity in each gas month of the injection season, the average minimum and maximum natural gas injection quantity per gas day D and per hour;

32.2. the schedule of withdrawal of natural gas quantity, including the estimated natural gas withdrawal quantity in each gas month of the withdrawal season, the average minimum and maximum natural gas withdrawal quantity per gas day D and per hour.

33. The storage user shall ensure that the storage user’s stocks at the end of the withdrawal season, excluding the natural gas quantity provided for the national natural gas security reserve, does not exceed 25% of the storage capacity booked by the storage user for the storage cycle. Two weeks before the end of the withdrawal season the storage operator shall inform the storage user of the quantity of the storage user’s stocks and the natural gas quantity that needs to be withdrawn from the storage by the end of the withdrawal season and shall agree with the storage user upon the conditions, natural gas quantity and deadline of withdrawal. If, according to the information published by the storage operator, the total active natural gas quantity at the storage two weeks before the end of the storage cycle is less than 25% of the free storage capacity, this Article shall not apply.

34. If after the end of the withdrawal season the storage user has stocks in the storage, the storage user shall be deemed to have booked a storage capacity for the next storage cycle in the quantity of stocks.

35. The storage user shall pay for the storage service under the natural gas storage service tariffs set in accordance with the Energy Law within the deadlines specified in the storage service contract.

36. The storage user shall book the entry and exit capacity for natural gas injection into the storage and for withdrawal from the storage at the corresponding interconnection point in accordance with the Regulations of use of natural gas transmission system.

37. A storage user who wishes to inject into the storage or withdraw from the storage a certain natural gas quantity shall submit nominations and renominations to the transmission system operator at the entry or exit point of the interconnection in accordance with the Regulations of use of the natural gas transmission system. The nominations for natural gas withdrawal per gas day may not exceed the quantity of the storage user’s stocks.

38. The storage operator shall coordinate the natural gas quantity to be injected into the storage and to be withdrawn from the storage with the transmission system operator in accordance with the Regulations of use of the natural gas transmission system.

VI. Procedure for the Transfer of Natural Gas in the Storage and of Storage Capacity

39. A storage user, by agreement with another storage user, may transfer a capacity booked or the storage user’s natural gas in the storage to the other storage user.

40. The transaction parties shall notify the storage operator on the transfer of natural gas not
cleared by customs at least 10 days before the beginning of the month where the natural gas 
is due to be transferred. The natural gas shall be transferred to the other storage user on the 
first day of the next month.

41. The transfer of natural gas cleared by customs or the transfer of a capacity booked by the 
storage user shall take place pursuant to the procedure stipulated in Article 28 of these 
regulations. The natural gas cleared by customs or the capacity booked shall be transferred 
on the next day following the receipt of the storage operator’s confirmation.

42. The storage user transferring a storage capacity or natural gas in the storage and the 
storage user receiving the storage capacity or the natural gas in the storage shall submit 
to the storage operator an application including the following information:

42.1. the storage user’s name or energy identification code;
42.2. the storage capacity transferred or received by the storage user (kWh);
42.3. the natural gas quantity transferred or received by the storage user (kWh);

43. The storage operator immediately but not later than three working days after the receipt 
of the application specified in Article 40 of these regulations shall electronically send 
to both transaction parties a confirmation of transfer of natural gas or storage capacity 
and a confirmation of changes in the natural gas stocks. As soon as the transaction is 
confirmed, the storage user having received the capacity or natural gas quantity shall 
become entitled to use it. Along with the confirmation of the transaction, the storage 
operator shall notify the transmission system operator of changes in capacity booking.

44. By transferring the storage capacity booked, the storage user transfers to the other storage 
user the right to use the storage capacity. Obligations towards the storage operator, 
including the obligation to pay for the storage capacity booked, shall remain with the 
storage user transferring the storage capacity.

45. The storage operator shall refuse to confirm a transaction of transfer of storage capacity 
or natural gas if:

45.1. information on the conclusion of the transaction is received only from one storage 
user (one transaction party);
45.2. the information submitted by the storage users does not match or is incomplete;
45.3. the transaction party receiving natural gas has not booked a sufficient storage 
capacity;
45.4. any of the transaction parties has submitted information on the transaction after the 
deadline specified in Article 40 of these regulations.

46. The storage operator shall electronically notify both transaction parties of refusal to 
confirm the transaction within three days after the receipt of the applications specified in 
Article 40 of these regulations and within two hours after the receipt of the applications 
specified in Article 41 of these regulations.

VII. Procedure for the Determination of Natural Gas Quantity

47. The storage operator shall determine for the storage user the injected quantity, the 
withdrawn quantity and the stock quantity for each gas day D.

48. The natural gas quantity injected on a gas day D shall be determined by the following 
formula:

\[ Q_{\text{inj}} = Q_{\text{tp}} - Q_{fg} , \]

where
Q_{inj} – the injected natural gas quantity (kWh);
Q_{ip} – the natural gas quantity nominated and transmitted by the storage user at the interconnection exit point on that gas day D (kWh);
Q_{fg} – the fuel gas quantity for ensuring the process of injection of the storage user’s natural gas (kWh). If the storage user’s natural gas is injected using counterflow, the fuel gas quantity shall be zero.

49. The storage user shall provide fuel gas in accordance with the consumption rate set by the storage operator. The storage operator shall determine the fuel gas consumption rate for the storage cycle based on the average fuel gas consumption at the compressor stations for ensuring the process of natural gas injection in the previous 10 years, and shall publish it on its website.

50. The natural gas quantity withdrawn on a gas day D shall be equal to the natural gas quantity nominated and transmitted by the storage user at the interconnection exit point on that gas day D.

51. The storage user’s stock quantity on a gas day D shall be determined by the following formula:

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

where

- Q_{st\ D} – the storage user’s stock quantity on gas day D (kWh);
- Q_{st\ D-1} – the storage user’s stock quantity on gas day D-1 (kWh);
- Q_{wd} – the natural gas quantity withdrawn from the storage by the storage user on gas day D (kWh).

52. Every day by 13:00 (11:00 UTC during the winter time and 10:00 UTC during the summer period) the storage operator shall electronically inform the storage user of the natural gas quantity injected into the storage, withdrawn from the storage, transferred to another storage user or received from another storage user on gas day D-1, and of the stock quantity at the beginning of the gas day.

53. The transmission system operator shall provide the storage operator with information on the expected natural gas injection and withdrawal quantity on gas day D+1 based on the nominations and renominations of the interconnection point by the storage users.

54. At the storage user’s request, the storage operator shall provide information on the measurements required for the performance of the storage service contract if such measurements have been made in order to determine the natural gas injection or withdrawal quantity per gas day.

VIII. Suspension or Restriction of Storage Service

55. The storage operator may terminate the injection of natural gas into the storage without a prior warning in the following cases:

55.1. the physiochemical properties of the natural gas to be injected do not comply with the natural gas quality characteristics determined by the Cabinet of Ministers;

55.2. the flow pressure of the natural gas to be injected does not comply with the pressure published on the storage operator’s website under Article 8 of these regulations.
56. The storage operator may terminate the injection of gas into the storage or the withdrawal of natural gas from the storage without a prior warning in the following cases:

56.1. an accident has occurred at the storage or there is an emergency situation,
56.2. an energy crisis has been announced under the Energy Law;
56.3. there is damage in the transmission system, which may lead to accidents in the storage or the transmission system;
56.4. there are deviations from normal operation or damage in the transmission system, and the transmission system operator has requested to discontinue the injection of natural gas into the storage or its withdrawal from the storage;
56.5. it is necessary to perform emergency repairs to resolve an emergency situation in the transmission system or in the storage.

57. The storage operator may suspend or temporarily restrict the injection or withdrawal of natural gas if necessary in order to prevent hazards for human health or life, or of technical equipment, or to carry out technical maintenance, repair, connection, disconnection or dismantling measures, as well as if there are valid circumstances found which indicate the likelihood of emergency in the storage. In the cases mentioned in this Article the storage operator shall electronically notify the storage users within 24 hours of the reasons of restriction or suspension of natural gas injection or withdrawal while also posting such information on its website.

58. If during the injection of withdrawal of natural gas there occurs a physical congestion of natural gas injection or withdrawal, the storage operator within the framework of congestion management shall first provide the injection or withdrawal of natural gas for those storage users who supply the protected customers, then distribute the remaining injected or withdrawal capacity among the storage users pro rata to the storage capacity they have booked.

59. The storage operator may, in compliance with the provisions of this Chapter, reduce the natural gas injection and withdrawal capacity per gas day for a period of maintenance, service and renovation works at the storage (hereinafter – maintenance). The storage operator shall plan maintenance so as to minimise hindrance to the use of the storage and reduction of the natural gas injection and withdrawal capacity.

60. Every year by September 1 the storage operator shall publish on its website information on the planned maintenance works in the storage, their description, possible duration and changes in the natural gas injection and withdrawal capacities for the period from October 1 of the current year up to September 30 of the next year. The storage operator shall update the published information depending on the course of the storage maintenance works.

61. If the storage maintenance works affect the natural gas injection or withdrawal capacity, the storage operator shall notify the storage users at least 60 days in advance by sending electronically to the storage users information on the planned scale and duration of the maintenance works and changes in the natural gas injection and withdrawal capacities.

62. The storage operator shall inform the storage users of unscheduled maintenance works that could affect the natural gas injection and withdrawal capacity as soon as possible, but not later than 18:00 o’clock on the day before the unscheduled maintenance works. The storage operator shall specify the natural gas injection and withdrawal capacity available on the corresponding gas day.

63. If the storage operator has suspended the injection or withdrawal of natural gas due to unscheduled maintenance, the injection or withdrawal season shall not be extended.
64. If due to storage maintenance the injection or withdrawal of natural gas suspended for up to 15 days over a 12-month period, the storage operator shall inform the storage users of the storage maintenance works by sending a notice of unscheduled maintenance.

65. If due to storage maintenance the injection or withdrawal of natural gas is suspended for more than 15 days over a 12-month period, the storage operator shall pay to the storage user a single compensation calculated by multiplying the number of days when the injection and withdrawal of natural gas is suspended by 1/365 (1/366 in a leap year) of the storage capacity booking fee for the storage capacity booked by the storage user on those days.

66. The storage operator shall not indemnify the storage user for losses incurred in the cases specified in Articles 55, 56, 57 and 61 of these regulations, as well as when scheduled maintenance works are performed within the schedule published in accordance with Articles 60 and 61 of these regulations.

IX. Collateral

67. The storage operator shall review the information set out in Article 15.5 of these regulations in order to evaluate the necessity to request the storage user to submit a collateral (in the form of a financial service provider’s guarantee or a security deposit) upon conclusion of the storage service contract.

68. The storage user shall submit to the storage operator an updated information on the storage user’s credit rating at least once a year. The storage user shall immediately notify the storage operator of changes in the storage user’s credit rating.

69. The storage operator may request the storage user to submit a collateral (in the form of a financial service provider’s guarantee or a security deposit) upon conclusion of the storage service contract or during the validity period of the storage service contract in order to cover claims arising out of the storage service contract if:

69.1. the storage operator has a reason to consider that the storage user is or will be fully or partially unable to cover its obligations towards the storage operator;
69.2. the storage user is under insolvency or liquidation proceedings;
69.3. the storage user does not have an appropriate credit rating pursuant to the criteria set out in Article 70 of these regulations;
69.4. the storage user has delayed payments twice in 12 months.

70. The storage user’s credit rating shall be deemed appropriate if it complies with at least one of the following criteria:

70.1. a long-term rating of BBB- or higher under Standard & Poor’s;
70.2. a rating of BBB- or higher under Fitch;
70.3. a long-term rating of Baa3 or higher under Moody’s;
70.4. a risk class rating of II or higher under Creditreform, or an equivalent rating of another recognised credit agency or rating agency.

71. If the storage user does not agree with the storage operator’s findings regarding the storage user’s non-compliance with the credit rating, the storage user may submit to the storage operator a relevant proof of its creditworthiness. Such evidence may be submitted in the form of an auditor’s certification, a certification of sufficient liquidity by a financial service
provider, a current annual report or any other information pertaining to the storage user’s creditworthiness.

72. The storage user may choose the type of collateral (a security deposit of a financial service provider’s guarantee).

73. The storage user shall submit the collateral to the storage operator within seven business days from the receipt of the storage operator’s request.

74. A financial service provider’s guarantee shall be recognised by the storage operator as a suitable collateral if it meets the following conditions:

74.1. 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 or BBB+ according to the Standard&Poor’s, or BBB+ according to Fitch Ratings. If the financial service provider or its group has been granted the required long-term borrowing rating by at least one credit agency mentioned in this Article, the guarantee provided by such financial service provider or its group shall be deemed suitable;

74.2. it is an irrevocable first demand guarantee.

75. The collateral must be valid for the entire duration of the storage service contract.

76. The storage operator shall set the collateral in the amount of 50% of the total fee for the storage capacity booked by the storage user in the storage cycle.

77. If the storage user’s obligations under the storage system service exceed more than twice the amount for which a collateral has been submitted, the storage operator may request from the storage user and receive within seven days a new collateral that complies with Article 76 of these regulations.

78. Upon termination of the storage service contract, the storage operator shall return the collateral to the storage user within five business days in the amount not used to discharge the storage user’s outstanding obligations or shall return the original of the financial service provider’s guarantee.

**X. Final Provisions**


80. Until the entry into force of the new natural gas storage tariffs calculated in accordance with the resolution of the Public Utilities Commission No.1/7 dated 16 March 2017 “Methodology of calculation of natural gas storage service tariffs”:

80.1. if the storage user has stocks in the storage, the storage capacity booking fee shall equal the sum of the base tariff for the withdrawal service and the base tariff for the storage service effective as at the date when these regulations came into force, multiplied by the storage capacity corresponding to the storage user’s stock amount;

80.2. if the storage user has no stocks in the storage, the storage capacity booking fee shall equal the sum of the base tariff for the injection service and the base tariff for the storage service effective as at the date when these regulations came into force, multiplied by the capacity booked by the storage user and confirmed by the storage operator under Article 28 of these regulations.

81. Until the entry into force of the new natural gas storage tariffs calculated in accordance with
the resolution of the Public Utilities Commission No.1/7 dated 16 March 2017 “Methodology of calculation of natural gas storage service tariffs”, the storage operator shall not apply the fuel gas consumption rate.

82. The storage operator shall review applications for the right to use the storage submitted by applicants up to the date when these regulations came into force in accordance with these regulations.

83. Storage users, which have a valid storage service contract with the storage operator as at 31 March 2017 and which would like to continue receiving the storage service, are obliged to submit the application and documents specified in Article 15 of these regulations by 20 May 2017. Until the conclusion of a new storage service contract the storage operator and the system user shall follow the provisions of the storage service contract effective as at 31 March 2017 insofar as they do not conflict with these regulations.

84. The regulations shall enter into force on the next day after their publication in the Official Gazette “Latvijas Vēstnesis”.

Chairman

R. Irklis
Annex No.1

to the Resolution No. 1/17 of April 13, 2017

of the Public Utilities Commission

Application for the right to use the Inčukalns Underground Gas Storage Facility

____________ 201_ No. __________

Addressee: ____________________________, unified registration No. _________, legal
/name of storage operator/
address: ___________________________

Applicant: ______________________________
/name
EIC *
Legal address:
Telephone number:
E-mail address:
Fax number:
Bank details:
VAT registration number:

Note
* To be specified if the applicant has been given an EIC.

I hereby request the right to use the Inčukalns Underground Gas Storage Facility and to conclude a storage service contract under the regulations of use of the Inčukalns Underground Gas Storage Facility (hereinafter – the regulations of use of the storage).

Information about the representative

<table>
<thead>
<tr>
<th>Name, surname</th>
<th>Position</th>
<th>Phone, e-mail address, fax</th>
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<tr>
<td>The person authorised to represent the applicant and to conclude a storage service contract.</td>
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<th>Phone</th>
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<tr>
<td>Contact details which the storage operator may use at any time for communication with the storage user</td>
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Appended documents

1. ☐ A document that proves that the applicant has registered for commercial activity pursuant to the laws and regulations of the relevant country.

   *______________________________________________________________

2. ☐ A proof of representation if the application is signed by a person who is not a member of the applicant’s administrative body.

   *______________________________________________________________

3. ☐ A document that proves that the applicant is not under insolvency proceedings, the applicant’s economic activity has not been suspended, and the applicant is not under liquidation.

   *______________________________________________________________

4. ☐ The annual report for the previous three years (or the actual operation period, taking into account the time of founding or beginning of operation of the applicant on which the annual report is to be submitted) or an equivalent document proving the applicant’s economic and financial position in accordance with the regulatory acts of the relevant country.

   *______________________________________________________________

5. ☐ Information about the applicant’s credit rating granted by a commonly known credit agency or rating agency.

   *______________________________________________________________

(please mark with “x” as appropriate)

* If the document is available in an official publication or a public register of the country, the website shall be specified.

The applicant confirms that he/she has acquainted himself/herself with the regulations of use of the Inčukalns Underground Gas Storage Facility.

The applicant confirms that he/she commits to submit a collateral (a security deposit or a guarantee by a financial service provider) at the storage operator’s request.

Contact details of the person submitting the application

<table>
<thead>
<tr>
<th>(name, surname)</th>
<th>(signature)</th>
<th>(position)</th>
<th>(phone, e-mail address, fax)</th>
</tr>
</thead>
</table>

Receipt of the application (to be completed by the storage operator)

Registration number

Registration date

Chairman R.Irklis
Natural Gas Storage Service Contract No. _______

Riga

_____________________________ (unified registration No. _______________), represented under the Articles of Association (a commercial power of attorney) by ____________________________________________________, on the one part, and ___________________________________________________ (unified registration No. _______________), represented under ______________________ by ______________________ (hereinafter – the Storage user), on the other part, hereinafter together – the Parties, each separately – a Party, based on the Storage user’s application for the right to use the storage submitted to the Storage operator on ____________ 201__, enter into the following contract (hereinafter – the Contract):

1. Terms Used in the Contract
   The terms in the Contract are used within the meaning of the Energy Law, the Regulations of use of the natural gas transmission system (hereinafter – the Regulations of use of the transmission system) and the Regulations of use of the Inčukalns Underground Gas Storage Facility (hereinafter – the Regulations of use of the Storage).

2. Subject of the Contract
   2.1. By entering into the Contract the Storage user shall obtain the right to use the Inčukalns Underground Gas Storage Facility (hereinafter – the Storage) and to perform the booking of Storage capacity.

   2.2. The Storage operator shall inject and withdraw natural gas from the Storage pursuant to the capacity booked and the natural gas quantity nominated or renominated by the Storage user at the entry and exit point of the transmission system connecting the Storage with the transmission system specified in the Regulations of use of the transmission system, as well as store the Storage user’s natural gas at the Storage pursuant to the Storage capacity booked under the Regulations of use of the Storage.

   2.3. By entering into the Contract the Storage user shall obtain the right to transfer natural gas owned (held, possessed) by the Storage user to another storage user or to receive natural gas from another storage user in accordance with the procedure stipulated in the Regulations of use of the Storage, as well as to transfer the Storage capacity already booked to another storage user or to receive the Storage capacity already booked from another storage user.

3. Procedure of Payment and Settlements
   3.1. The Storage user shall pay for the storage service under the storage service tariffs set in accordance with the procedures stipulated in the Energy Law.

   3.2. Taxes shall apply pursuant to the legislation of the Republic of Latvia.

   3.3. The Storage user shall pay for the storage service by the 15th date of each month based on the invoice issued by the Storage operator for the part of the total Storage capacity booking fee pro rata to the months remaining until March 31 of the year. The invoice shall be valid without signature and it shall be replaced with authorisation or signed with a secure electronic signature.
3.4. If the Storage user has not submitted objections within 10 days after the receipt of the invoice from the Storage operator, the invoiced amount shall be deemed accepted and any disagreements between the Parties shall be ruled out.

3.5. The date of payment shall be the day when funds are transferred into the Storage operator’s current account.

3.6. Bank transfer fees shall be covered by the payer.

3.7. In the cases specified in the Regulations of use of the Storage, the Storage user shall be obliged to submit to the Storage operator a collateral as a guarantee of performance of the Contract within the deadline set by the Storage operator. Upon termination of the Contract, the Storage operator shall be obliged to refund to the Storage user the amount of collateral not spent to discharge the Storage user’s obligations or return the original of the financial service provider’s guarantee within five business days.

3.8. Until a full discharge of the payments due under the Contract, the Storage user’s natural gas in the Storage facility shall be deemed collateral of payment obligations if the collateral referred to in Article 3.7 of the Contract has not been submitted. In the event of an improper performance or non-performance of the Storage user’s payment obligations, the Storage operator may handle the Storage user’s natural gas in the Storage pursuant to the procedure stipulated in Articles 5.7 and 5.8 of the Contract and in the Civil Law.

3.9. The Storage user shall transfer to the Storage operator free of charge the fuel gas quantity required for the purposes of injection of the Storage user’s natural gas taking into account the fuel gas consumption rate determined in accordance with the Regulations of use of the Storage.

3.10. No later than the last day of the Storage cycle the Parties shall perform a comparison of natural gas stocks and perform the final settlement for the storage service under the Contract.

4. Procedure for the Provision of Storage Service

4.1. The storage services shall be provided in accordance with the procedure and deadlines stipulated in the Regulations of use of the Storage.

4.2. The Storage user shall commit:
   4.2.1. to observe the Regulations of use of the Storage and to fulfil the Contract provisions in good faith;
   4.2.2. to provide the information requested by the Storage operator regarding the performance of the Contract;
   4.2.3. to perform all statutory procedures related to natural gas movement (incl. customs procedures) and within three working days after the completion of customs procedures submit to the Storage operator copies of documents proving completion of customs procedures;
   4.2.4. to observe and follow the Storage operator’s instructions regarding the use of the Storage;
   4.2.5. to ensure that during the performance of the Contract the Storage user is reachable at any time through the Storage user’s contact details.

4.3. The Storage operator shall commit:
   4.3.1. to observe Regulations of use of the Storage and to fulfil the Contract provisions in good faith;
   4.3.2. to provide the Storage facility with information regarding the performance of the Contract;
   4.3.3. to notify the Storage user of interruptions of the storage service and the possible time of resumption thereof in accordance with the procedure stipulated in the Regulations of use of the Storage;
4.3.4. to notify the Storage user of maintenance and other activities for ensuring the operation of the Storage planned in the current injection season and withdrawal season resulting in a reduced injection, withdrawal or storage capacity in accordance with the procedure stipulated in the Regulations of use of the Storage;

4.3.5. to ensure that during the performance of the Contract the Storage operator is reachable at any time through the Storage operator’s contact details.

4.4. The Storage operator may obtain and process data on the Storage user, as well as cooperate with the transmission system operator for the purposes of ensuring the performance of the Contract.

4.5. The Parties shall notify each other in writing of any conditions that hinder or might hinder the performance of the Contract.

5. **Liability of the Parties**

5.1. The liability of the Parties is laid down in the Regulations of use of the Storage.

5.2. The Parties shall reimburse losses incurred by the other Party if the guilty Party has failed to fulfil or has improperly fulfilled the provisions of the Contract.

5.3. A Party having properly performed its obligations under the Contract shall be entitled to request a full performance of obligations by the other Party.

5.4. The Parties shall be relieved of liability for a non-performance or poor performance of the Contract if caused by the force majeure circumstances specified in the Contract.

5.5. The Storage user shall pay to the Storage operator interest for late payment at a rate of 0.15 % of the amount not timely paid for each day of delay. The Storage operator shall calculate interest for late payment once per month and shall identify them along with other information in the invoice for the storage service provided in the previous month.

5.6. If the Storage operator, contrary to the Contract and the Regulations of use of the Storage, fails to ensure the availability of Storage capacity, the Storage operator shall pay to the Storage user a contractual penalty of 0.15 % per day for each day when Storage capacity is not available. The Storage operator shall not be obliged to pay a contractual penalty if the non-provision of the storage service to the Storage user has occurred in the cases specified in the Regulations of use of the Storage.

5.7. If the Storage user fails to perform or improperly performs the payment obligations arising out of the Contract, the Storage operator may use the collateral submitted by the Storage user or, if there is none, sell the Storage user’s natural gas in the Storage as pledge to covering the payment obligations arising out of the Contract. The Storage operator shall notify the Storage user thereof electronically by sending a notice and set a deadline of at least 10 days for the Storage user to perform the payment obligations.

5.8. If the Storage user has failed to meet the payment obligations referred to in Article 5.7 of the Contract, the Storage operator may auction the Storage user’s natural gas for a price determined in the auction. The Storage operator shall deduct from the proceeds of the sale of natural gas an amount that covers all the Storage user’s due payments arising out of the Contract. The Storage operator shall transfer the amount remaining after deduction of the said payments to the Storage user’s account specified in the Contract.

6. **Applicable Law and Settlement of Disputes**

6.1. The legal relationship resulting from the Contract shall be governed, enforced and construed under the effective legislation of the Republic of Latvia.

6.2. All disputes and disagreements (hereinafter – a Dispute) between the Parties shall be settled through negotiations. In the event of a Dispute, the Party invoking it shall submit to the other Party a written notice containing a description of the Dispute, the suggested
solution, and the persons authorised to hold negotiations related to the Dispute on behalf of the Party.

6.3. If a Dispute cannot be settled through negotiations within 30 days from its emergence (unless the Parties have agreed upon a different deadline), it shall be settled pursuant to the procedure stipulated by the effective legislation of the Republic of Latvia.

7. **Force Majeure**

7.1. The Parties shall not be held liable for a full or partial non-performance of the Contract obligations if caused by force majeure circumstances. For the purposes of this article, force majeure circumstances shall be an obstacle that has occurred beyond the control of the affected Party, prevents it from performing its obligations under the Contract, and cannot by eliminated by the Party. Primarily such circumstances are catastrophes, fire, earthquakes and other natural phenomena, warfare, economic sanctions, embargoes, injunctions or orders by courts or administrative or public authorities or any other circumstances which the Parties could not foresee at the time of entering in the Contract.

7.2. Individual obstacles to the performance of the Contract obligations having occurred at the time when the defaulted Party delayed the performance of its Contract obligations shall not be considered force majeure circumstances.

7.3. If force majeure circumstances persist for more than 30 calendar days, the Parties shall enter into negotiations over a suitable solution for the performance of the Contract obligations. In such case the termination of the Contract shall only be possible by mutual agreement of the Parties.

7.4. The Parties shall immediately notify each other of force majeure circumstances. If the Parties do not notify of force majeure circumstances, the Parties may not invoke them as grounds of non-performance of the Contract.

7.5. When the force majeure circumstances are no longer in place, the Parties shall immediately resume the performance of the obligations which they performed up to the day of emergence of the force majeure circumstances, unless agreed otherwise by the Parties.

8. **Exchange of Information**

8.1. The exchange of information between the Parties shall generally take place electronically, with information sent to the electronic mail addresses of the Parties specified in the Contract.

8.2. In the exchange of information the Parties shall comply with the deadlines and procedures stipulated in the Regulations of use of the Storage.

8.3. All information that has become known to the Parties due to the conclusion of the Contract and the performance of the Contract obligations shall be protected and may not be disclosed to third parties without a prior written consent of the Parties, except information to be disclosed under the Regulations of use of the Storage or other regulatory enactments.

8.4. Termination of the Contract shall not relieve the Parties from the obligation of non-disclosure of protected information.

9. **Validity Period, Amendment and Termination of the Contract**

9.1. The Contract shall come into force when signed by both Parties and shall remain in force indefinitely.

9.2. Amendments or supplements to the Contract may be made by agreement between the Parties. All amendments and supplements to the Contract shall be made in writing and shall come into force when signed by both Parties.
9.3. The Contract may be terminated by written agreement between the Parties or unilaterally under Article 9.4 of the Contract.

9.4. Either Party may unilaterally terminate the Contract if the other Party improperly performs or does not perform its obligations under the Contract for more than 30 calendar days. In such case the Party wishing to terminate the Contract on such grounds shall at least 30 calendar days before the termination of the Contract notify the other Party thereof in writing, specifying the reason of termination of the Contract. The Contract shall be deemed terminated as of the day specified in the notice.

9.5. If the Contract is terminated under Article 9.4 of the Contract due to the Storage user’s fault, the Storage user shall pay to the Storage operator in full for the Storage capacity booked by the Storage operator and cover the losses incurred by the Storage operator due to the Storage user’s failure to perform its obligations and the termination of the Contract within the deadline specified in Article 3.3 of the Contract.

9.6. If the Contract is terminated under Article 9.4 of the Contract due to the Storage operator’s fault, the Storage operator shall pay to the Storage user the contractual penalty set out in Article 5.6 of the Contract, as well as cover the losses incurred by the Storage user due to the Storage operator’s failure to perform its obligations and the termination of the Contract.

9.7. Termination of the Contract shall not relieve the Parties from the financial obligations incurred during the Contract period.

10. Other Provisions

10.1. In order to ensure the performance of the obligations stipulated in the Contract, the Parties may take additional measures, including insurance and other activities.

10.2. The Parties may not transfer or assign any of their obligations under the Contract to a third party without a prior written consent of the other Party.

10.3. If any provisions of the Contract become invalid, the other provisions of the Contract shall not be affected.

10.4. The Parties shall announce to each other in writing within three business days their contact details (or changes thereof) for the performance of the Contract.

10.5. The Contract has been executed in Latvian on _ (___) pages and signed in two copies, with one stored at the Storage user and the other at the Storage operator. Both copies of the Contract are of equal legal force.

11. Details of the Parties

Storage operator: ________________________________  Storage user: ________________________________

Registration No.__________________________  Registration No.__________________________

VAT registration No._______________________  VAT registration No._______________________

Legal address: ______________________________  Legal address: ______________________________

Telephone: ________________________________  Telephone: ________________________________

Fax: ________________________________  Fax: ________________________________

E-mail: ________________________________  E-mail: ________________________________

Bank details: ______________________________  Bank details: ______________________________

Chairman R.Irklis
APPLICATION FOR THE BOOKING OF STORAGE CAPACITY

<table>
<thead>
<tr>
<th>No.</th>
<th>Storage capacity being booked</th>
<th>Natural gas quantity nominated at the exit point of the transmission system to the storage (injection quantity), kWh</th>
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<tbody>
<tr>
<td>1.</td>
<td>April</td>
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<tr>
<td>2.</td>
<td>May</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>June</td>
<td></td>
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</tbody>
</table>

Based on the information published on the storage operator’s website regarding free storage capacity, under the Regulations of use of the Inčukalns Underground Gas Storage Facility and the storage service contract concluded, I, the undersigned, confirm that wishes to book capacity in the Inčukalns Underground Gas Storage Facility (hereinafter – the storage), to perform the injection, storing and withdrawal of natural gas from the storage in the following quantity and deadlines:

1. **Storage capacity being booked** ________________ kWh

2. It is planned to deliver natural gas to the exit point of the transmission system to the storage for **injection** in the following deadlines and quantity:
3. The **withdrawal** of natural gas **from the storage** is planned in the below quantities and deadlines, with subsequent transportation to the entry point of the transmission system from the storage.

<table>
<thead>
<tr>
<th>No.</th>
<th>Month</th>
<th>Natural gas quantity nominated at the entry point of the transmission system from the storage (withdrawal quantity), kWh</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
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<tr>
<td>2.</td>
<td>November</td>
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<td>3.</td>
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<td>4.</td>
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<td>August</td>
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<tr>
<td></td>
<td>September</td>
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</table>
### Contact details of the person submitting the application

<table>
<thead>
<tr>
<th>(name, surname)</th>
<th>(signature)</th>
<th>(position)</th>
<th>(phone, e-mail address, fax)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Receipt of the application** (to be completed by the storage operator)

- **Registration number**: 
- **Registration date**: 

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**Chairman**

R.Irklis

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