NATIONAL ENERGY REGULATORY COUNCIL
GAS AND ELECTRICITY DEPARTMENT
GAS DIVISION

To be submitted to the Meeting
of the Council
Member of the Council

26/05/2023

CERTIFICATE
ON THE APPROVAL OF THE PRICES FOR THE NATURAL GAS TRANSMISSION SERVICES OF AMBER GRID AB FOR THE YEAR 2024

26 May 2023 No 05E-457
Vilnius

1. General Provisions

The National Energy Regulatory Council (hereinafter referred to as the Council), by its Resolution No O3E-620 of 10 May 2023 On Setting the Revenue Cap for the Natural Gas Transmission Activities of the Public Limited Liability Company (AB) Amber Grid for the Regulatory Period from 2024 to 2028 (hereinafter referred to as the Resolution), set the natural gas transmission revenue cap for the Lithuanian natural gas transmission system operator AB Amber Grid (hereinafter referred to as the Company) for the year 2024 equal to EUR 67,011 thousand.

By the official letter No 7-291-677 of 24 May 2023, the Company submitted to the Council the natural gas transmission prices and their calculations approved by the Chief Executive Officer of the Company by Order No 1-47 of 22 May 2023 On the Prices for the Transmission Services for 2024 and to be applied as of 1 January 2024 (hereinafter referred to as the Price Project).

In accordance with Article 9(15) of the Law on Natural Gas of the Republic of Lithuania and the Methodology for the Determination of the Revenue and Prices of the State Regulated Natural Gas Transmission Activities, approved by the Council Resolution No O3E-314 of 5 October 2018 On Approval of the Methodology for the Determination of the Revenue and Prices for State Regulated Natural Gas Transmission Activities (hereinafter referred to as the Methodology), the Gas Division of the Gas and Electricity Department verified whether the regulated prices provided by the Company, their differentiation in order to avoid cross-subsidisation between groups of system users, and the principles of their determination are reasonable, objective, transparent and non-discriminatory, and that the regulated prices have been calculated in accordance with the requirements of the Methodology, do not exceed the revenue cap set by the Council and are fair.

Also, in accordance with the requirements of Articles 26 and 28 of the European Commission Regulation (EU) No 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structure for gas (hereinafter referred to as the Tariff Network Code), the Council consulted on the Company's pricing methodology for the provision of services and on the indicative prices for the period of 2024–2028.

2. Public Consultation on the Pricing Methodology and Indicative Prices for Services Provided by the Company for 2024-2028

Pursuant to Articles 26 and 28 of the Tariff Network Code, on 2 December 2022, the Council submitted for public consultation on the methodology for determining the prices for the services provided by the Lithuanian natural gas transmission system operator AB Amber Grid, as well as the project of the indicative prices for 2024–2028[1] (hereafter referred to as the Project). The Project described the methodological provisions for the Company's new regulatory period for transmission services (2024–2028) and provided the indicative prices for transmission services. No comments were received from market participants during the public consultation.

It should be noted that on 31 March 2023, the Agency for the Cooperation of Energy Regulators (hereinafter referred to as Agency), in accordance with Article 27(3) of the Tariff Network Code, published the report of the analysis carried out in accordance with Article 27(2) of the Tariff Network Code[2] (hereinafter referred to as Agency's Report).

The Agency's Report contains a number of recommendations on the pricing principles for Lithuanian natural gas transmission activities in relation to (1) the allocation of the local network to distribution activities; (2) the application of different prices at the exit point of AB Achema; (3) prices for the transportation of natural gas to a third country at the Kotlovka entry and Šakiai exit points; (4) the allocation of the deviations accrued in the regulatory account to the entry/exit points; and (5) the cost allocation assessment.

2.1. Concerning the allocation of the local network to transmission activities

The Agency's Report recommends that the local network should be allocated to distribution activities, thereby allocating the costs of the local network outside the reference price methodology and that an action plan for this process should be provided in this certificate. The Agency recommends taking into account the planned merger date of the Baltic-Finnish regional market in the preparation of the action plan.

It should be noted that the Company has attributed the costs related to the regional networks until 2020 to non-transmission services which are not covered by the reference price methodology. However, from the 2020 tariff year onwards, the Company has classified the regional networks as a transmission service on the basis of the Agency's Report of 3 July 2019[3] whereas the Agency's Report of 16 April 2021[4] did not contain any comments on the regional networks. Accordingly, implementation of this recommendation is possible for tariff years after 2025 for the following reasons:

1) The Council needs to assess the benefits and additional costs of such a change compared to a reclassification to a non-transmission service and consider other possible options. Moreover, the change from regional transmission networks to distribution networks, as recommended by the Agency, requires a detailed legal analysis in order to provide a roadmap with appropriate deadlines.

2) The Council aims to consult the market in an appropriate public manner on significant changes.

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[1] https://www.vert.lt/Puslapiai/naujienos/2022-metai/2022-12-02/skelbiama-viesoji-konsultacija-del-lietuvos-pso-perdavimo-paslaugu-kainu-metodikos-ir-preliminariu-2024%E2%80%932028-m--kainu.aspx

[2] https://www.acer.europa.eu/Publications/Agency_report-analysis_of_the_consultation_document_for_Lithuania.pdf

[3] https://www.acer.europa.eu/en/Gas/Framework%20guidelines_and_network%20codes/Documents/Agency_report-analysis_of_the_consultation_document_for_Lithuania.pdf

[4] https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/Agency%20report%20-%202n%20analysis%20of%20the%20consultation%20document%20for%20Lithuania.pdf

3) Any significant changes would preferably be accompanied by an expansion of the regional market, with Lithuania joining the common market of Finland, Estonia and Latvia (hereinafter referred to as FINESTLAT).

For these reasons, the assessment and possible implementation of such a recommendation is postponed until the next public consultation to be published by the end of 2024. It should be noted that a time frame for the implementation of this recommendation cannot yet be provided, as the merger of the Finnish Baltic market has been postponed after it was determined that the merger could not take place until October 2024 at the earliest, and no exact date has been set.

It should also be noted that the principles separating local costs for domestic customers are currently based on detailed cost allocation criteria.

2.2. Concerning the establishment of a domestic exit point Achema AB

The Agency asks the Council to demonstrate that the asset costs per unit cost of the local transmission network used by Achema AB are different compared to other exit points in the local transmission network, indicating the criteria on the basis of which the customer (including Achema AB) could be charged different prices compared to other domestic exit points.

The Company noted that the cost per unit of capacity of the local transmission network assets used for the purposes of Achema AB varies significantly. In assessing the overall level of long-term annual capacity equivalents used in the price calculations for the domestic exit points and the level of local network costs attributed to these points, the asset cost per unit of capacity for the Achema AB exit point is EUR 17.7 per MWh/year[5] (in 2023, Achema's AB exit point cost per unit of capacity is EUR 27.2 per MWh/year), while the asset cost per unit of capacity for the local network for the total domestic exit point is EUR 199.1 per Mwh/year[6] (in 2023, the local network cost per capacity unit of the total domestic exit point was 315.0 per MWh/year), i.e. a difference of almost 11 times. There are no other large physical points of comparable size to the Achema AB point. There are no other points to be compared to the Achema AB point. The major other users of the system are ~3–4 times smaller than Achema AB in terms of long-term annual capacity equivalent. In terms of differences in transportation costs, the domestic exit point of Achema AB is not homogeneous compared to groups of other points.

2.3. Concerning the prices for the transportation of natural gas to a third country at the Kotlovka entry and Šakiai exit points

The Agency's Report indicates that the Council should provide a calculation of the asset split criteria for the allocation of natural gas transport to the Kaliningrad area and the associated cost allocation. The calculations should demonstrate compliance with the cost reflectivity principle (in particular as regards the value of the regulated assets and the allocation of the allowed revenue level). The Agency also recommends that the Council provide clarification on the expected price increase at the Šakiai exit point between 2025 and 2026.

Following the Agency's recommendation, the Company has provided principles for the allocation of main network costs to the transportation service to a third country. The length of the

[5] Calculation: share of allowed revenues for 2024 attributable to the domestic exit point Achema (see Table 4 of this certificate for the breakdown) / booked capacity of the domestic exit point Achema in 2024 = EUR 745.08 thousand × 1000 / 42,000 MWh/day/year = EUR 17.7/(MWh/day/year).

[6] Calculation: share of 2024 allowable revenue attributable to the domestic exit point Achema (see Table 4 of this certificate for the breakdown) / booked capacity of the domestic exit point Achema in 2024 = EUR 12,705.65 thousand EUR. × 1000 / 63,800 MWh/day/year = EUR 199.1/(MWh/day/year).

main network gas pipeline, and the related assets and costs for the transport of gas to Kaliningrad (on the Kotlovka-Šakiai route), shall be determined as follows:

a) On the basis of the ratio of the peak daily quantity of gas (based on historical data (in the case of the transmission service, at the domestic exit point) over a medium-term period) transported for transmission or transit in a given pipeline route (section) used for the provision of transmission and transit services (see Table 1 and Figure 1) to the sum of the peak daily volume of gas transported for transmission and transit in that given pipeline section (applicable from the Jauniūnai (5) gas compressor station (hereinafter referred to as GCS) to the interconnection with the Russian Kaliningrad Oblast).

b) On the basis of the proportions agreed with the Council, to be determined in the context of the coordination of transit-related investment projects with the Council (for Kaunas-Šakiai (looping)).

Table 1. The route Kotlovka-Šakiai division into sections C-5; 5-6; 6-7; 5-7; 7-8; 8-9; 9-10; 10-E

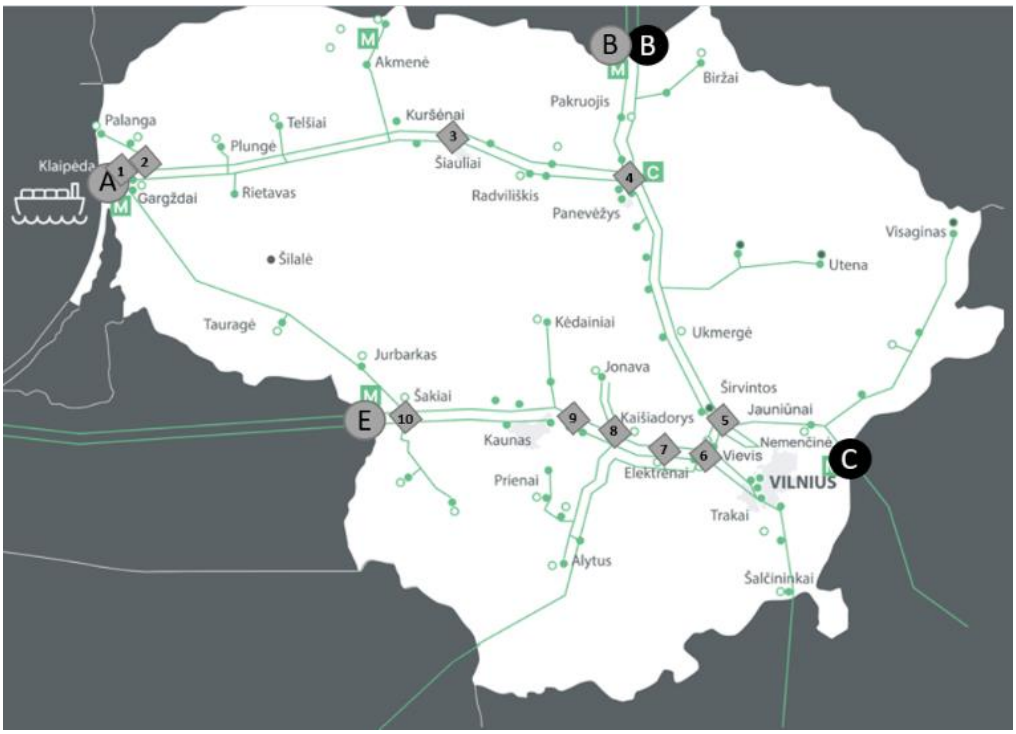
Section		**Maximum fixed daily flow to Kaliningrad, MWh/d**	**Maximum fixed daily flow at the domestic exit point, MWh/d**	**Percentage attributable to transit**
C-5	Kotlovka-Jauniūnai	116.741	1.299	98.9%*
5-6	Jauniūnai-Vievis	116.741	112.553	50.91%
6-7	Vievis-Elektrėnai	116.741	82.341	58.64%
5-7	Jauniūnai-Elektrėnai	116.741		54.50%**
7-8	Elektrėnai-Jonava	116.741	64.368	64.46%
8-9	Jonava-Kaunas	116.741	20.804	84.87%
9-10	Kaunas-Šakiai	116.741	18.091	86.58%
	Kaunas-Šakiai (looping)	116.741		68.10%***
10-E	Šakiai-Kaliningrad	116.741	-	100.00%

*Taking into account that the Kotlovka entry point is only used for transit to Kaliningrad, the proportion for this section is determined by taking into account the maximum daily consumption recorded for this section.

**Relative percentage based on the distribution of the maximum consumption of section 5-6 (Jauniūnai-Vievis) and section 6-7 (Vievis-Elektrėnai).

***Proportion agreed with the Council.

Figure 1. The route Kotlovka-Šakiai division into sections C-5; 5-6; 6-7; 5-7; 7-8; 8-9; 9-10; 10-E



In each section, the percentages change as the domestic peak demand decreases and the Kaliningrad peak demand remains the same. For this reason, approaching the Šakiai exit point, the percentage approaches 100% and is equal to 100% in section 10-E. Section B-5 (alternative gas supply route) shall be determined by the ratio of the peak daily quantity of gas transported for transmission or transit (based on historical data (in the case of the transmission service, at the domestic exit point) over a medium-term period) after taking into account the ratio of the annual quantity of gas transported at the exit point of the Kiemėnai GMS to the annual quantity of gas injected through the entry points (based on historical data on physical flows for the medium term). Accordingly, 450.66 km of the pipeline length is allocated to transit in 2024, representing 19.7% of the total system length.

Natural gas in the pipeline (the portion of natural gas in the pipeline attributed to fixed and current assets), raw materials, spare parts and other stocks are allocated to transit based on the ratio of the length of pipelines allocated to transit to the total length of pipelines. Other transmission system infrastructure assets used for the provision of transmission and transit services shall be allocated in accordance with the proportions agreed with the Council, or in accordance with the sectioning set out in the table above. Assets of other pipelines, transmission system infrastructure not mentioned above and other assets are classified according to the ratio of the length of the pipelines assigned to transit to the total length of the pipelines, or according to the use.

Costs such as depreciation (amortisation) and property tax are allocated on the basis of the units of property allocated to the service. The cost of the tax to the Council is broken down according to the allocation of the previous year's audited revenue between services (transit and transmission).

The technological gas costs of the GCS are allocated on the basis of the historical utilisation of EU and Kaliningrad demand (Jauniūnai GCS) or on the basis of the ratio of the quantity of gas transported through the Kiemėnai GMS entry point for transmission or transit in the relevant period to the total quantity of gas transported through the Kiemėnai GMS entry point (Panevėžys GCS). Gas consumption for technological purposes due to errors and leakages in metering instruments is allocated to transit on the basis of the ratio of the length of pipelines allocated to transit to the total length of pipelines.

Cost centres are assigned transit costs based on the ratio of the length of pipelines assigned to transit to the total length of pipelines (Financial Management Services, Sales and Administration, Engineering-Technical, Pipeline Operation Services cost centres) or based on the assets assigned to them (Panevėžys, Jauniūnai GCS, Kiemėnai GMS operation cost centres), Šakiai GMS operation cost centre is assigned 100% of the total length of pipelines.

Table 2. Breakdown of RAB by services provided by the Company and client groups, EUR thousand

Economically justified value of the fixed asset (RAB)	**2023 tariff year**	**2024 tariff year**
1. Main network	219,616.44	218,978.67
1.1 Of which the main network for transmission (to EU customers) activities	160,985.26	160,396.69
1.2 Of which the main network for transport activities to a third country	58,631.18	58,581.98
2. Local network	48,734.56	58,223.33
2.1 Domestic exit point	45,802.76	55,433.80
2.2 Domestic exit point – Achema	2,931.79	2,789.53
In total:	**268,351.0**	**277,202.00**

Table 3. Breakdown of allowable income (cost groups) by services provided by the Company and customer groups, EUR thousand

Attributed allowable revenue (AR) level	**2023 tariff year**	**2024 tariff year**
1. Return on investment (ROI)	**10,573.0**	**10,977.20**
1.1 Of which the main network for transmission (to EU customers) activities	6,342.8	6,351.71
1.2 Of which the main network for transport activities to a third country	2,310.1	2,319.85
1.3 Of which the local network for the domestic exit point	1,804.6	2,195.18
1.4 Of which the local network for the domestic exit point – Achema	115.5	110.47
2. Depreciation	**12,750.1**	**12,658.48**
2.1 Of which the main network for transmission (to EU customers) activities	5,126.4	5365.00
2.2 Of which the main network for transport activities to a third country	3,359.1	3213.90
2.3 Of which the local network for the domestic exit point	4,095.2	3,906.91
2.4 Of which the local network for the domestic exit point – Achema	169.4	172.67
3. Wages OPEX	**13,515.00**	**15,104.00**
3.1 Of which the main network for transmission (to EU customers) activities	5,556.1	9,499.78
3.2 Of which the main network for transport activities to a third country	2,502.6	2,928.23
3.3 Of which the local network for the domestic exit point	5,128.8	2,515.33
3.4 Of which the local network for the domestic exit point – Achema	327.5	160.66
4. OPEX without costs of wages	**9,997.3**	**11,895.22**
4.1 Of which the main network for transmission (to EU customers) activities	3,992.8	7,061.07
4.2 Of which the main network for transport activities to a third country	1,906.0	2,467.96
4.3 Of which the local network for the domestic exit point	3,852.5	2,224.13
4.4 Of which the local network for the domestic exit point – Achema	246.0	142.06
5. Taxes and technological costs	**14,448.6**	**18,383.47**
5.1 Of which the main network for transmission (to EU customers) activities	8,904.1	14,421.75
5.2 Of which the main network for transport activities to a third country	1,365.0	1,938.39
5.3 Of which the local network for the domestic exit point	3,895.6	1,864.10
5.4 Of which the local network for the domestic exit point – Achema	284.0	159.23
In total:	**61,284.1**	**69,018.37**
Total of the main network:	**41,364.9**	**55,567.64**
Of which the main network for transmission (to EU customers) activities	29,922.2	42,699.31
Of which the main network for transport activities to a third country	11,442.8	12,868.33
Total of the local network	**19,919.1**	**13,450.73**
Of which the local network for the domestic exit point	18,776.7	12,705.65
Of which the local network for the domestic exit point – Achema	1,142.4	745.08

Table 4. Distribution of allowable revenue (cost groups) by services provided by the Company and by customer groups after taking into account the regulatory account and as CBCA compensation, EUR thousand

Attributed allowable revenue level (AR) after taking into account the regulatory account and CBCA compensation	**2023 tariff year**	**2024 tariff year**
In total (having taken into account the CBCA compensation):	**64,167.0**	**67,011.0**
Total of the main network:	**51,596.8**	**57,705.8**
Of which the main network for transmission (to EU customers) activities	40,154.1	44,837.6
Of which the main network for transport activities to a third country	11,442.8	12,868.1
Total of the local network	**12,570.2**	**9,305.2**
Of which the local network for the domestic exit point	11,849.3	8,789.8
Of which the local network for the domestic exit point – Achema	720.9	515.5

2.4. On the attribution of deviations accumulated in the regulatory account to entry/exit points

The Agency recommends to the Council that a separate sub-account should be established exclusively for the users of the network segment dedicated to the transport of natural gas to the Kaliningrad region, thus ensuring that the risks related to this network segment are not attributed to other transmission system users.

The Council will take a decision on this recommendation together with a decision on the local network after the next public consultation, which could be published by the end of 2024

2.5. On the cost allocation assessment

The Agency recommends the Council include an additional scenario in the Cost Allocation Assessment (hereinafter referred to as CAA), which would separately assess the division of assets between the local network and the transport of natural gas to the Kaliningrad area.

The CAA is set out in Section 3.5 and Annex 2 of this certificate.

3. Prices for natural gas transmission services

3.1. Price differentiation for transmission services

In accordance with Clause 26 of the Methodology, the entry and exit prices for natural gas transmission are based on the "postage stamp" principle applicable to the main network. The pricing of natural gas transmission services from the third-country to third-country transport service in the main network shall take into account the direct and indirect costs, separated by reasonable carriers, associated with the natural gas transmission from third-country to third-country service as well as the quantity of the regulated assets attributable to this service. Prices based on the main network costs may differ at the entry and exit points due to discounts applied in accordance with the provisions of the Tariff Network Code. The costs of the local network are directly attributed to Lithuania's domestic exit points. In accordance with Clause 28 of the Methodology, the portion of the allowed revenue attributable to entry and exit points is determined by taking into account the entry-exit split of the revenue which is applicable to the main network, and other indicators affecting a reasonable distribution of the revenue level.

According to Clause 27 of the Methodology, the natural gas transmission prices shall be calculated taking into account a portion of the allowed revenue attributed to each entry and exit point:

1. The **entry points** of the Lithuanian natural gas transmission system are:

1.1. The interconnection point of the Lithuanian transmission system with the connection of the liquefied natural gas (hereinafter referred to as LNG) terminal in Klaipėda (hereinafter referred to as the Klaipėda GMS);

1.2. The interconnection point of the Lithuanian transmission system with the natural gas transmission system of the Republic of Latvia, through which the natural gas transmitted to the Lithuanian natural gas transmission system is metered at the Kiemėnai gas metering station (hereinafter referred to as the Kiemėnai GMS);

1.3. The interconnection point of the Lithuanian transmission system with the natural gas transmission system of the Republic of Belarus, through which the natural gas transmitted to the Lithuanian transmission system is metered at the Kotlovka gas metering station (hereinafter referred to as Kotlovka GMS);

1.4. The interconnection point of the Lithuanian transmission system with the natural gas transmission system of the Republic of Poland, through which the natural gas transmitted to the Lithuanian gas transmission system is metered at Santaka gas metering and pressure regulation station (hereafter referred to as Santaka GMS);

1.5. The interconnection point of the Lithuanian transmission system with Lithuanian biogas production facilities (at the domestic entry point).

2. The **exit points** of the Lithuanian natural gas transmission system are:

2.1. Kiemėnai GMS;

2.2. The interconnection point of the Lithuanian transmission system with the natural gas transmission system of the Kaliningrad Region of the Russian Federation, where the natural gas transmitted from the Lithuanian natural gas transmission system is metered at the Šakiai gas metering station (hereinafter referred to as Šakiai GMS);

2.3. Santaka GMS;

2.4. The interconnection points of the Lithuanian transmission system with Lithuanian gas distribution systems and Lithuanian consumer systems are directly connected to the transmission system when these interconnection points have one exit point (domestic exit point) for all users of the Lithuanian transmission system except for the domestic exit point Achema AB (hereinafter referred to as Domestic Exit Point);

2.5. The interconnection point of the Lithuanian transmission system with the system user Achema AB (hereinafter referred to Domestic Exit Point – Achema).

It should be noted that in accordance with Clause 29 of the Methodology, the proportion of the revenue sharing of the transmission service between the entry and exit points shall be determined by a motivated decision of the Council taking into account competition in the natural gas market, reasonable cost allocation of the transmission system, the average natural gas transmission price level of several countries or regions. Taking into account FINESTLAT's natural gas transmission pricing decisions at the entry points of FINESTLAT's common price area, it is proposed that the Council sets the ratio of 61.6 % /38.4% of the split of the transmission service revenues between the entry and exit points to be applied to the main network.

The Company shall allocate to each entry-exit point the costs and return on investment for 2024 up to the level of the allowable income for the transmission service set for the Company by the Resolution (EUR 67,011 thousand).

It should be noted that a new entry point – the Lithuanian Domestic Entry Point – is being added to the Company's transmission system, targeting biomethane producers planning to supply biomethane to the Company's transmission system. This entry point is expected to be subject to the same transmission prices as the other entry points in 2024.

The Company's revenue levels attributed to each entry and exit point for the year 2024 have been determined taking into account the proposed 61.6% /38.4% split of transmission service revenues between entry and exit points and the provisions of Section III of the Methodology (Table 5).

*Table 5. Allocation of the Company's revenue level of 2024 to the entry and exit points of the transmission system**

Main/local network	Entry/exit point	Capacity (EUR/MWh/day/year) / Quantity (EUR/MWh)		Total revenue level, EUR thousands
MAIN NETWORK	**Entry point of Kotlovka GMS**	Capacity		0
	Entry point of Kotlovka GMS (restricted capacity product)	Capacity		3,927
	Entry point of Kiemėnai GMS	Capacity		1,659
	Entry point of Klaipėda GMS	Capacity		18,040
	Entry point of Santaka GMS	Capacity		2,304
	Domestic Entry Point	Capacity		0
	Exit point of Kiemėnai GMS	Capacity		3,318
		Quantity		1,337
	Exit point of Šakiai GMS	Capacity		4,428
		Quantity		4,513
	Exit point of Santaka GMS	Capacity		5,488
		Quantity		1,992
	Domestic exit point (excluding local network revenues attributed to capacity)	Capacity		4,249
		Quantity		1,757
	Domestic exit point – Achema (excluding local network revenues attributed to capacity)	Capacity		2,797
		Quantity		1,897
	In total:			**57,706**
LOCAL NETWORK	**Domestic exit points**	Consumption capacity	Domestic exit point	6,153
			Domestic exit point – Achema	361
		Long-term capacity	Domestic exit point	2,637
			Domestic exit point – Achema	155
	In total:			**9,305**
TOTAL (MAIN + LOCAL)				**67,011**

*Possible inaccuracies due to rounding of figures

It should be noted that when setting the revenue cap for natural gas transmission activities for 2024, the result of EUR 7,506 thousand of the regulatory account for the period 2021–2022, which the Company attributes to domestic exit points, reducing the prices of services provided at these points, was taken into account. Also, in accordance with the decision of the Cooperation of Energy Regulators (ACER) No 01/2014 of 11 August 2014 on cross-border cost allocation in accordance with the Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure in the framework of the implementation of the European Union's Projects of Common Interest (PCI), the Company has to pay CBCA compensation to the Polish transmission system operator, amounting to EUR 27.5 million, after the implementation of the gas interconnection Poland-Lithuania investment project (GIPL). The calculation of the revenue cap for 2024 estimates a CBCA compensation of EUR 27.5 million, not

including the balance of EUR 5.5 million, which has been apportioned to all exit points according to the forecast capacity.

In accordance with Clause 30 of the Methodology, the Company shall calculate, for the forthcoming tariff period, the revenues related to the local network which are attributable only to domestic exit points and, in addition to the revenues attributable to domestic exit points in accordance with Clause 28 of the Methodology, shall be taken into account in the determination of the prices for transmission services for this point.

In accordance with sub-clause 9.3 of the Methodology, the transmission system operator shall set the fixed part payment coefficient (≤1) for each regulatory period. The total fixed-rate payment coefficient for the transmission of natural gas shall be determined by taking into account the costs for the year in question, which are directly determined by the volumes of gas transmitted. In this context, the Company applies a revenue (before the assessment of the regulatory account and the CBCA compensation) the Capacity (83%) and Commodity (17%) Split for the main transmission network.

In calculating the prices for gas transmission services in the Price Project, the Company has assessed the forecast level of products (long-term and short-term booked capacity, consumption capacity and transported quantities) on the basis of historical data, survey data of existing and potential users of the system as well as in the light of the most recent geo-political situation (the hostilities of Russia in Ukraine, the resulting sanctions by Western countries and the phasing-out of Russian natural gas in the EU and the ban on natural gas in the Baltic States). The 66,226 GWh of gas planned to be transported through the transmission system in 2024 is 0.6% lower than the estimate for 2023, but 3.82% higher than the actual gas amount transported in 2022 (63,789 GWh).

The forecast quantities transported to the Lithuanian domestic exit points have been estimated taking into account the information received from the system users and assuming that Achema AB will operate one unit for half of the year in 2024, consuming half of the normal quantity and capacity demand during that time, and operating both units for the rest of the time. The forecast for the Kiemėnai exit point was assessed taking into account the information received from the system users on the planned quantities of gas to be released and the LNG terminal operator’s information on the planned regasification quantities of gas (taking into account the long-term portfolio of customers booking the LNG terminal’s regasification capacities), as well as the commissioning of the Inkoo LNG terminal in Finland. Accordingly, the forecasted gas flow in both directions at the Kiemėnai entry-exit point in 2024 will amount to around 10,376 GWh (of which 2,676 GWh in the Lithuanian direction and 7,700 GWh in the Latvian direction). The forecasted gas flow in both directions at Santaka entry-exit point in 2024 will amount to around 14,124 GWh (of which 2,650 GWh in the Lithuanian direction and 11,474 GWh in the Poland direction). In the 2024 price calculations (as in previous years), the projected booking quantities for short-term capacity are converted into long-term (annual) capacity equivalents, taking into account multipliers and seasonal factors.

*Table 6. Quantities of gas transported through the transmission system and forecasted capacity for the year 2024**

Entry and exit points	Quantity of gas, GWh		Change,	Booked capacity, MWh/day/year		Change,
	2023	2024	%	2023	2024	%
Total at the entry points:	-		-	**269,587**	**263,313**	**-2%**
Kotlovka GMS	-		-	109,200	109,200	0%
For the needs of Lithuanian and European consumers	-		-	*0*	*0*	0%
For natural gas transmission to a third country	-		-	*109,200*	*109,200*	0%
Kiemėnai GMS	-		-	15,534	11,617	-25%
Klaipėda GMS	-		-	121,409	126 ,56	4%
Santaka GMS	-		-	23,445	16,139	-31%
Domestic Entry Point	-		-	-	0	0%
At the exit points, in total:	**66,626**	**66,226**	**-1%**	**290,998**	**295,596**	**2%**
At the domestic exit points	22,646	21,051	-7%	101,606	105,800	4%
Domestic exit point	*9,758*	*10,121*	4%	*59,606*	*63,800*	7%
Domestic exit point – Achema	*12,888*	*10,930*	-15%	*42,000*	*42,000*	0%
Kiemėnai GMS	9,674	7,700	-20%	39,755	30,366	-24%
Šakiai GMS	26,270	26,000	-1%	109,200	109,200	0%
Santaka GMS	8,036	11,474	43%	40,437	50,230	24%

*Possible inaccuracies due to rounding of figures

According to Clause 38 of the Methodology, system users may be charged a monomial, binary or trinary transmission price, while according to Clause 39 of the Methodology, the transmission price for natural gas consists of fixed and variable components. The fixed part shall be calculated on the basis of the consumption capacity set for the customer at the relevant domestic exit point and the transmission capacity booked by the system user, while the variable part shall be calculated on the basis of the quantity of natural gas transported.

The prices for Company's natural gas transmission services shall be set separately for each entry point into and exit point from the natural gas transmission system operated by the Company:

1. The monomial price for capacity for the entry points: Kotlovka GMS, Kiemėnai GMS, Klaipėda GMS, Santaka GMS;
2. Binary price for the exit points of the Kiemėnai GMS, Šakiai GMS, and Santaka GMS:
   - the fixed part of the price – the cost of long-term, short-term, interruptible transmission services for the booked capacity;
   - the variable part of the price – the price of transmission services for the quantity of gas transmitted;
3. The trinary price at the domestic exit points:
   - the fixed part of the price consisting of the price of long-term, short-term, interruptible transmission services for the booked capacity and of price for the determined consumption capacity;
   - the variable part of the price – the price of transmission services for the quantity of gas transmitted.

According to sub-clause 37.3 of the Methodology, natural gas transmission services are differentiated into long-term and short-term transmission services according to the duration of the booking for service. Separate prices for the Company's long-term and short-term transmission services shall be set for each entry and exit point.

3.2. Price of long-term booked capacity at the entry points (monomial price)

The prices for natural gas transmission services are applied taking into account the capacity planned to be booked at the specific entry and/or exit point of the transmission system, the consumption capacity determined for the system users at the domestic exit point, and how much gas has been supplied per year to a specific exit point of the transmission system (if it is used).

Also, in pursuing the regional gas market development goals in the Baltic States and Finland, the prices of entry points have been harmonised with other countries in the FINESTLAT tariff zone (the entry/exit split applied in 2024 for the main transmission network amounts to (61.6% /38.4%). It should be noted that the entry price is the same for all entry points due to the application of the "postage stamp" principle, except in cases where a capacity discount is applied with restrictions on transporting the gas to a third country (via the Šakiai GMS exit point).

It should be noted that the discount at the Klaipėda entry point is not applied in 2024, but the 2024 prices are also affected by the ex-post reallocation of the discount applied at the LNG terminal entry point in 2022, in order to ensure an adequate recovery of the cost of the LNG terminal discount and the reflection of the benefit of the discount at the LNG terminal in the transmission tariffs of the domestic and other EU customers. Accordingly, for 2022, taking into account the results of the booked capacity at the EU exit points (Kiemėnai, Santaka and Lithuanian domestic) planned for the 2022 pricing and the results of the actual booked capacity at the EU exit points for 2022, the Kiemėnai and Santaka exit points shall be allocated an additional amount of EUR 0.5 million (in total), and the Lithuanian domestic exit points shall be deducted an additional amount of EUR 0.5 million (in total) (taking into account the intermediate reallocation made in the 2023 prices, with an additional allocation (in total) of EUR 1.6 million to the Kiemėnai and Santaka exit points and an additional allocation (in total) of EUR 1.6 million deducted from the Lithuanian domestic exit points).

In order to avoid cross-subsidisation between transmission system users, the Gas Division proposes to approve the Company's proposal to recover the cost of the LNG terminal discount and to reflect the benefit of the LNG terminal discount in the transmission tariffs of the domestic and other EU customers, and to assess the difference of EUR 0.5 million for the year 2024 due to the period 2022.

The Company also proposes to apply a discount of 74.8% (on average) at the entry point of Kotlovka GMS on restricted capacity for gas transport to a third country.

The Gas Division, in accordance with the provisions of the Tariff Network Code, agrees with the Company's proposal and suggests applying a discount at the entry point of the Kotlovka GMS on restricted capacity for gas transport to a third country (through the exit point of Šakiai GMS, without the possibility to deliver gas to other points and/or to sell at a virtual natural gas trading point (natural gas exchange)).

The price of long-term booked capacity at the entry points, taking into account a discount of 74.8% for restricted capacity at the entry point of the Kotlovka GMS, is presented in Table 7.

*Table 7. The price of long-term booked capacity at the entry points (taking into account the discount of 74.8% for restricted capacity at the entry point of the Kotlovka GMS)**

Ser. No.	Indicator	Entry points					
		Kotlovka GMS		Kiemėnai GMS	Klaipėda GMS	Santaka GMS	Domestic entry point
1.	Income level, EUR thousand	0	*3,927***	1,659	18,040	2,304	0
2.	Capacity MWh/day/per year	0	*109,200***	11,617	126,356	16,139	0
3.	**Price per unit of capacity, EUR/MWh/day/year** (1/2*1000)	**142.77**	**35.96****	**142.77**	**142.77**	**142.77**	**142.77**
4.	Price in 2023, EUR/MWh	142.77	35.96**	142.77	142.77	142.77	-
5.	*Price change, EUR/MWh*	*0*	*0*	*0.00*	*0.00*	*0*	-

*Possible inaccuracies due to rounding of figures

**Applies to restricted capacity products of natural gas transmission when transporting gas to a third country through the exit point of the Šakiai GMS.

3.3. Transmission price of natural gas at the domestic exit points (trinary price)

When setting the prices for transmission services at domestic exit points, it should be noted that there are two domestic exit points in the Lithuanian natural gas transmission system:

- domestic exit point;
- domestic exit point – Achema.

In determining the transmission price for the domestic exit point for the upcoming tariff period, the Company shall follow Clause 30 of the Methodology and shall assess the revenue associated with a local network, which is only attributed to the domestic exit point, and the revenue attributed to the domestic exit point according to Clause 28 of the Methodology, i.e. a portion of the main network revenue attributed to the domestic exit points. In setting the transmission price cap for 2024, the costs of the local network of EUR 9,305 thousand (after regulatory account assessment) were estimated. It should be noted that local network costs are subject to a 70/30 revenue-sharing ratio for internal point prices for consumption capacity and a long-term capacity. A portion of the revenue of the main network attributable to the domestic exit points is the same. The amount of the regulatory account for the previous period (2021–2022) is allocated to Lithuania's domestic exit points by reducing the prices of the services provided at these points in proportion to the portions of the local network and the main transmission network allocated to the domestic exit points.

It should be noted that the CBCA compensation is attributed to EU consumers on the basis of long-term (annual) capacity equivalent proportions, therefore, to the exit price for a long-term annual booked capacity product at the Santaka, Kiemėnai and domestic exit points a price component of EUR 29.51/MWh/day/year is added. The revenues attributed to the domestic exit points are shown in Table 8.

*Table 8. Allocation of a portion of the revenue level at the domestic exit points (EUR thousand)**

System user group by annual gas consumption	Revenue level of the main network			Attributed revenue level of the local network		Estimated final revenue level (of the main network + of the local network) (4+5+6)
	For booked capacity	For quantity transmitted through the domestic exit point	In total:	For consumption capacity	For long-term capacity	
1	*2*	*3*	*4*	*5*	*6*	*7*
Domestic exit point	4,249.11	1,757	6,006	6,153	2,637	14,796
Domestic exit point – Achema	2,797	1,897	4,694	361	155	5,210
In total:	**7,046**	**3,654**	**10,700**	**6,514**	**2,792**	**20,006**

*Possible inaccuracies due to rounding of figures

The price for consumption capacity is paid irrespective of transmission services (long-term, short-term or/and interruptible) used by the transmission system users.

The Price Project of the Company specifies that in calculating the transmission prices for a new tariff period, the short-term capacity, which is converted to the equivalent of a long-term (annual) capacity by evaluating the influence of multipliers and seasonal factors (coefficients applied to the respective proportion of the reference (annual capacity product) price), are forecasted.

The Company proposes in the Price Project that the revenue of the transmission operator from consumption capacity should cover 70% of the costs of a local network and should amount to EUR 6,514 thousand (of which EUR 6,153 thousand for the domestic exit point and EUR 361 thousand for the domestic exit point – Achema) (by allocating the costs of the local network according to the principles set out above). Based on the Company's data, it is forecasted that the consumption capacity of all system users at the domestic exit point for the year 2024 will amount to 161,519 MWh/day/year, of them: the consumption capacity of the domestic exit point accounts for 119,519 MWh/day/year and of the domestic exit point – Achema accounts for 42,000 MWh/day/year.

The cost of consumption capacity for the domestic exit point is: 6,153/119,519 × 1000 = EUR 51.48/ (MWh/day/year). The price of consumption capacity for the domestic exit point Achema accounts for: 361/42,000 × 1000 = EUR 8.59/(MWh/day/year)[7]. The calculation of the transmission prices for the domestic exit points is shown in Table 9.

[7] Possible inaccuracies due to rounding of figures.

*Table 9. Prices of long-term transmission services at the domestic exit points**

Ser. No.	Indicator	Domestic exit point				Domestic exit point – Achema				In total:
		Consumption capacity	Booked capacity	Quantity	In total/average	Consumption capacity	Booked capacity	Quantity	Total/average	
1	Income level, EUR thousand	6,152.86	6,886.05	1,756.86	14,795.77	360.82	2,951.86	1,897.20	5,209.88	20,005.65
2.	Capacity, MWh/day/year	119,519	63,800**		63,800**	42,000	42,000**		42,000	105,800**
3.	Quantity, GWh			10,121	10,121			10,930		
4.	**Price per unit of capacity, EUR/MWh/day/year (1/2*1000)**	**51.48**	**107.93**		**231.91****	**8.59**	**70.28**		**124.04**	**189.09****
5.	**Price for quantity, EUR/MWh** (1/3)			**0.17**				**0.17**		
6.	Price in 2023, EUR/MWh/day/year / EUR/MWh	65.8	100.86	0.09	255.07	12.02	46.37	0.09	86.61	185.44
7.	*Price change, EUR/(MWh/day/year) / EUR/MWh (4-6/5-6)*	*-14.32*	*7.07*	*0.08*	*-23.16*	*-3.43*	*23.91*	*0.08*	*37.43*	*3.65*
8.	*Price change, %*	*-21.76%*	*7.01%*	*88.89%*	*-9.08%*	*-28.54%*	*51.56%*	*88.89%*	*43.22%*	*1.97%*
9.	*Determined revenue level in 2023, EUR thousand.*	8,294	6,011.94	897.58	15,204	505	1,947.65	1,185.47	3,637.80	18,841.75
10.	*Change in revenue level in years, EUR (1-9)*	*-2,141*	*874*	*859*	*-408*	*-144*	*1,004*	*712*	*1,572*	*1,164*
11.	*Change in revenue level, %*	*-25.82%*	*14.54%*	*95.73%*	*-2.69%*	*-28.55%*	*51.56%*	*60.04%*	*43.22%*	*6.18%*

*Possible inaccuracies due to rounding of figures

**Evaluating long-term and short-term services (both capacity and revenue).

3.4. Transmission price of natural gas at the exit points (binary price)

The prices of long-term transmission services at the Šakiai exit point are calculated taking into account the revenue level attributed to the point of the Šakiai GMS as well as the planned capacity to be booked and the quantity to be transported, the calculated binary transmission price of this exit point is presented in Table 10.

*Table 10. Prices of long-term transmission services at the exit point of the Šakiai GMS**

Ser. No.	Indicator	Exit point of the Šakiai GMS		
		Capacity	Quantity	Total/Average:
1.	Income level, EUR thousand	4,428	4,513	8,941
2.	Capacity MWh/day/per year	109,200		109,200
3.	Quantity, GWh	-	26,000	26,000
4.	**Price per unit of capacity, EUR/MWh/day/year** (1/2*1000)	**40.55**		**81.88**
5.	**Price, EUR/MWh** (1/3)		**0.17**	**0.34**
6.	Price in 2023, EUR/MWh/day/year	*46.7*	*0.09*	68.83
7.	*Price change, EUR/MWh/day/year*	-6.15	0.08	13.05
8.	*Price change, %*	*-13.17%*	*88.89%*	*18.96%*
9.	*Determined revenue level in 2023, EUR thousand*	*5,099.39*	*2,416.36*	*7,515.75*
10.	*Change in revenue level, %*	*-671*	*2,097*	*1,426*

*Possible inaccuracies due to rounding of figures

The prices of transmission services at the Kiemėnai exit point are set based on the forecasted levels of booked capacity and/or the planned to be transported quantity of gas. The price composition at the exit point of the Kiemėnai and its comparison with the valid price are shown in Table 11.

*Table 11. Prices of long-term transmission services at the exit point of the Kiemėnai GMS**

Ser. No.	Indicator	Exit point of the Kiemėnai GMS		
		Capacity	Quantity	Total/Average:
1.	Revenue level, EUR thousand	3,318	1,337	4,654
2.	Capacity MWh/day/per year	30,366		30,366
3.	Quantity, GWh		7,700	7,700
4.	**Price per unit of capacity, EUR/MWh/day/year (1/2*1000)**	**109.27**		**153.28**
5.	**Price, EUR/MWh (1/3)**		**0.17**	**0.60**
6.	Price in 2023, EUR/MWh/day/year	116.66	0.09	139.04
7.	*Price change, EUR/MWh/day/year*	-7.39	0.08	14.24
8.	*Price change, %*	*-6.33%*	*88.89%*	*10.24%*
9.	*Determined revenue level in 2023, EUR thousand*	4,637.78	889.84	5,527.62
10.	*Change in revenue level, %*	*-1,320*	*447*	*-873*

*Possible inaccuracies due to rounding of figures

The prices of transmission services at the Santaka exit point are set based on the forecasted levels of booked capacity and/or the planned to be transported quantity of gas. The price composition at the exit point of the Santaka and its comparison with the valid price are shown in Table 12.

Table 12. Prices of long-term transmission services at the exit point of the Santaka GMS

Ser. No.	Indicator	Exit point of the Santaka GMS		
		Capacity	Quantity	Total/ Average:
1.	Revenue level, EUR thousand	5,488	1,992	7,480
2.	Capacity MWh/day/per year	50,229.62		50,230
3.	Quantity, GWh		11,474	11,474
4.	**Price per unit of capacity, EUR/MWh/day/year (1/2/8760*24)**	**0.000299**		**0.000408**
5.	**Price, EUR/MWh (1/3)**		**0.17**	**0.65**
6.	Price in 2023, EUR/kWh/h	0.00032	0.09	0.00037
7.	*Price change, EUR/MWh/day/year*	0.0000	0.08	0.00
8.	*Price change, %*	*-6.56%*	*88.89%*	*10.27%*
9.	*Determined revenue level in 2023, EUR thousand*	4,717.25	739.15	5,456.40
10.	*Change in revenue level, %*	*771*	*1,252*	*2,024*

3.5. Assessment of natural gas transmission cost allocation

Article 5 of the Tariff Network Code and Clause 36 of the Methodology lay down the term of cost allocation – the set prices of natural gas transmission service at the entry and exit points must satisfy the condition of non-discrimination between system users, i.e. the percentage of the average price per unit of expected capacity for cross-border transportation of gas to the average price per unit of capacity expected for the domestic system users must not exceed 10% (in other cases, a detailed explanation of the circumstances in which the expected criterion is exceeded must be provided).

The CAA is carried out on the basis of reference prices, the level of revenue to be collected (based on the calculated prices), the forecast annual level of capacity, as well as the prices for the quantity transmitted, the revenue to be collected for the quantity and the forecast annual quantity transmitted. Accordingly, two CAA assessments are provided on:

1) transmission service revenues collected from capacity products;
2) transmission service revenues collected for the quantity transmitted (released).

The CAA's calculations are based on Article 4 of the Network Tariff Code. In addition, the following calculation options are available on the basis of the ACER recommendation:

- For the third country transportation service and the local network costs, the CAA benchmark is 67%, as prices are set on a cost basis, i.e. the revenue cap imposed on the company is allocated to the main network (the main network is further broken down into the transit service, the EU downstream service (including the domestic exit points)) and to the local network (the domestic exit point, the domestic exit point – Achema), which results in a performance that exceeds 10%, comparing the results obtained for intrasystem use with intersystem use (the costs of the local network are attributed only to intrasystem use, which increases the revenue/cost factor ratio for intrasystem use (domestic demand), and the inclusion of the costs attributed to transportation to a third country and the capacities used on this part of the pipeline in the calculations affect the revenue/cost factor ratio for intersystem use);
- For the transportation service to a third country, but not for the local network costs, the cost allocation comparison index is 29%, i.e. a CAA higher than 10% for the transportation service to a third country (see explanation above);
- The cost allocation comparison index is 18% when considering local network costs, but not when considering the transportation service to a third country, due to the local network treatment (see explanation above);
- Excluding the cost of transportation to a third country and the cost of the local network, the cost allocation comparison index is 23%. The result is above 10%, as the regulatory account is passed on to domestic consumers;
- Excluding the transportation service to a third country, the local network costs and the regulatory account – the cost allocation comparison index is 6%, and the costs of the main network (EU) have been allocated in accordance with the principles of the Tariff Network Code.

Detailed calculations of cost allocation comparison indexes are presented in the model of calculation of the natural gas transmission service prices (see Annex 2). The comparative index for the quantity component is 0% and is therefore not interpretable.

3.6. Calculation of the prices of short-term and interruptible transmission services

In fulfilling the requirements of Article 14 of Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (OJ 2009 L 211 p. 36), the Company calculates the prices of short-term and interruptible transmission services of natural gas for the Company's transmission system users.

Seasonal coefficients and multipliers submitted for public consultation are used to calculate short-term capacity prices. The multipliers for quarterly (Q), monthly (M), daily (D) capacity products remain identical to those used for 2023 prices. For all entry and exit points, except for the Lithuanian Domestic Entry Point, the Domestic Exit Point – Achema and the Šakiai exit point, the current day (WD) multiplier is changed from 1.5 to 1.7.

The prices of the short-term transmission services for booked capacity are divided into quarterly, monthly and daily / within-day capacity prices. Quarterly capacity prices are set for each quarter, and monthly and daily / within-day prices for each month. Multipliers and seasonal factors are applied to quarterly, monthly and daily / within-day capacity prices for short-term transmission services. The price multipliers and seasonal factors for short-term transmission services are shown in Tables 13 and 14.

Table 13. Multipliers of calculation of the prices of the booked capacity of the short-term transmission services

Multipliers in accordance with Article 13 of the Tariff Network Code	**2022–2023**	**2024**
All entry points:		
Quarterly	1.10	1.10
Monthly	1.25	1.25
Daily	1.50	1.50
Within-day	1.50	1.70
(LT>LV) for the exit point of Kiemėnai, (LT>PL) for the exit point of Santaka:		
Quarterly	1.10	1.10
Monthly	1.25	1.25
Daily	1.50	1.50
Within-day	1.50	1.70
(LT) for the domestic exit points and (LT>RU) for the exit points of Šakiai:		
Quarterly	1.25	1.25
Monthly	1.50	1.50
Daily / within-day	3.00	3.00

For the period 2024–2028 (i.e. the new regulatory period), a general seasonality trend based on long-term historical data (5-year average flows) is applied to all exit points subject to seasonal factors (hereinafter referred to as SF) for the purpose of setting their short-term prices, i.e. for the Lithuanian domestic exit points and the Šakiai exit point. The average SF at these exit points, considering different prices over the year, is 1.00 (winter: > 1.00 (not exceeding 1.73), summer: < 1.00 (but not less than 0.43)).

Table 14. Seasonal factors of calculation of the prices of the booked capacity of the short-term transmission services

Seasonal factors in accordance with Article 13.15 of the Tariff Network Code	**2022–2023 tariff year**	**2024–2028 tariff year**
Exit point:	**(LT) Domestic/(LT>RU) Šakiai:**	**(LT) Domestic/(LT>RU) Šakiai:**
For quarterly products:		
Q 1	1.53	1.50
Q 2	0.64	0.70
Q 3	0.49	0.49
Q 4	1.34	1.31
Average	1.00	1.00
For the monthly and daily / within-day products of that month:		
January	1.82	1.73
February	1.37	1.36
March	1.41	1.39
April	0.81	0.89
May	0.61	0.70
June	0.49	0.53
July	0.39	0.43
August	0.46	0.48
September	0.62	0.56
October	1.07	0.98
November	1.35	1.28
December	1.60	1.66
Average	1.00	1.00

Based on the multipliers for the calculation of capacity prices for short-term transmission services and the specified seasonal factors, the capacity prices for the entry and exit points of the transmission system shall be calculated (see Annex 2, column 1, “2024 Prices”).

In 2024, the proposed prices for interruptible capacity are equal to 90% of the corresponding price for firm capacity (i.e. a 10% ex-ante discount).

The hourly product price at the Santaka entry/exit point is calculated as the product (annual, quarterly, monthly and daily) divided by the number of hours in the period and multiplied by 24, with a unit of measurement of EUR/kWh/h per h, rounded to 6 decimal places. The capacity product per day/year/quarter/month/day will not be applied at Santaka’s entry and exit points.

4. Final Provisions

The Gas Division, in accordance with Article 9(15) of the Law on Natural Gas, the Methodology and taking into account the Price Project submitted by the Company in its letter No 7-291-677 of 24 May 2023 and:

1. Taking into account Clause 29 of the Methodology and in order to ensure competition between natural gas import sources, as well as to promote competition between suppliers of natural gas, and not to create additional market barriers for the use of the LNG terminal gas, also taking into account FINESTLAT’s decisions on the transmission prices of the natural gas at the entry points of the common price area of FINESTLAT, it proposes to the Council to set a 61.6 % /38.4% ratio for the split of transmission service revenues between the entry and exit points for the main network;

2. Having regard to the Price Project submitted by the Company in its letter No 7-291-677 of 24 May 2023, it concludes that the transmission prices approved by the Company’s Chief Executive Officer with effect from 1 January 2024, meet the requirements of the Methodology, i.e. the calculated prices, taking into account the forecasted to be booked long-term and short-term capacity, consumption capacity and quantity at the entry and exit points of the transmission system, do not exceed the revenue level for the year 2024 determined by the Resolution of the Council, create no discrimination between the transmission system users, and ensure the absence of cross-subsidization and therefore propose to the Council to approve the submitted draft Resolution.

ENCLOSED:

1. Resolution of the Council on the Approval of the prices of the natural gas transmission services of Amber Grid AB for the year 2024, 6 pages.

2. Model for setting the prices of the services provided by Lithuanian natural gas transmission system operator Amber Grid AB, *Excel file.*

Tha Advisor of the Gas Division Lina Karpavičiūtė

Entities invited to the Meeting:

1. Ministry of Energy of the Republic of Lithuania;
2. Amber Grid AB;
3. Achema AB;
4. Energijos Skirstymo Operatorius AB;
5. Ignitis UAB;
6. EPSO-G UAB.