

Lithuania – a part of the European gas market



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Regional Gas Market zone for Baltics and Finland



Single Baltic Gas Market:

- No commercial IPs between countries
- Single Entry-exit zone with harmonized entry tariffs
- Single balancing area
- Single virtual trading point
- Common transportation and balancing rules

Market merger benefits:

- **Removal of cross-border tariffs “pancaking”**
- **Price convergence**
- **More effectively utilized gas infrastructure**
- **Increased competition**
- **Increased liquidity**

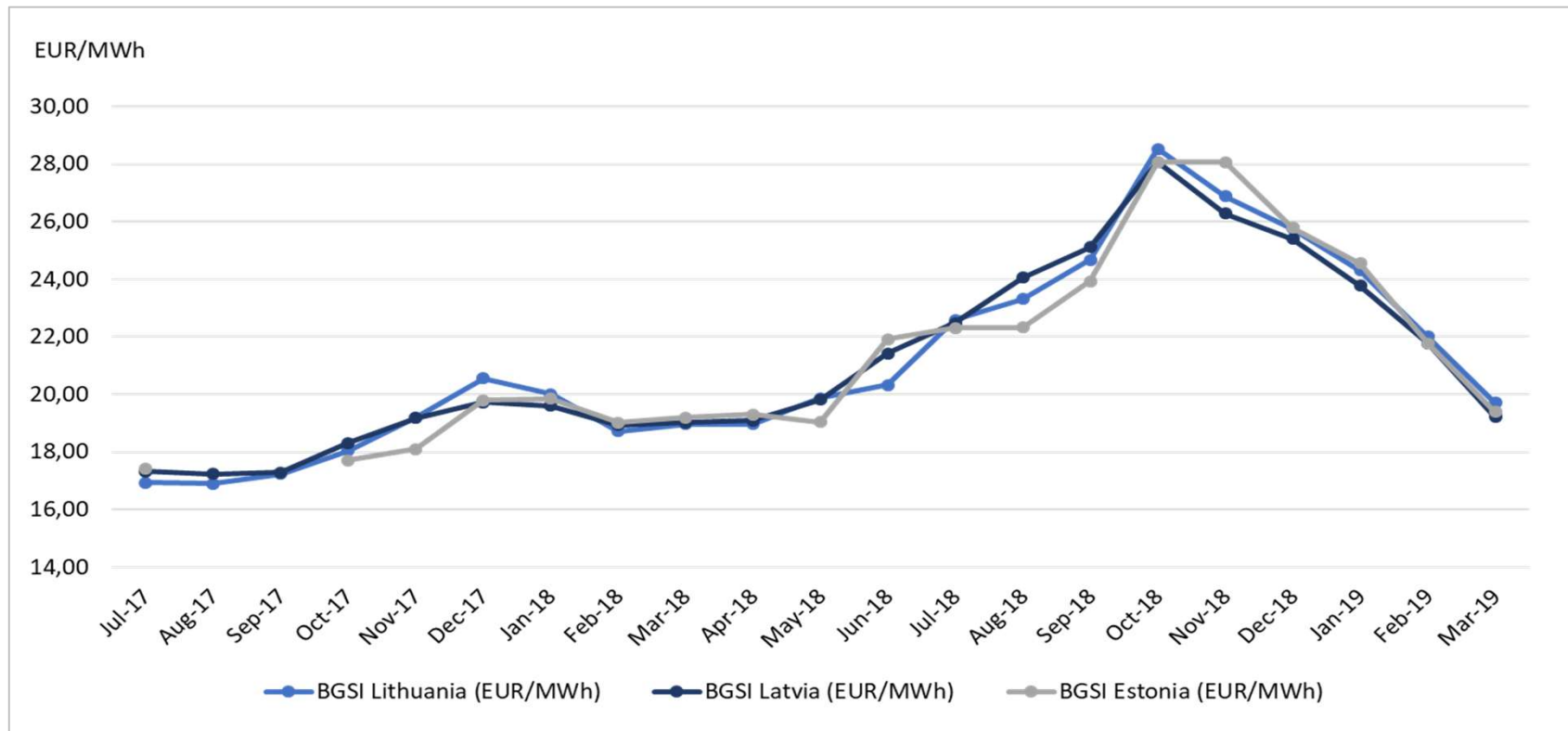
Regional Market Zone will be developed in few stages



- Latvia and Estonia will become merged gas market zone from 2020;
- Finland will join a merged zone from 2022;
- Lithuania has the goal to be a part of the regional entry-exit zone from 2020 and join a merged zone from 2022;
- Regional market should provide economic benefits for all participating countries, and Lithuania is seeking to find such a common solution;
- The model of Lithuania participation in the single pricing zone recently has been presented to the regional partners.

Prices in the Baltic States

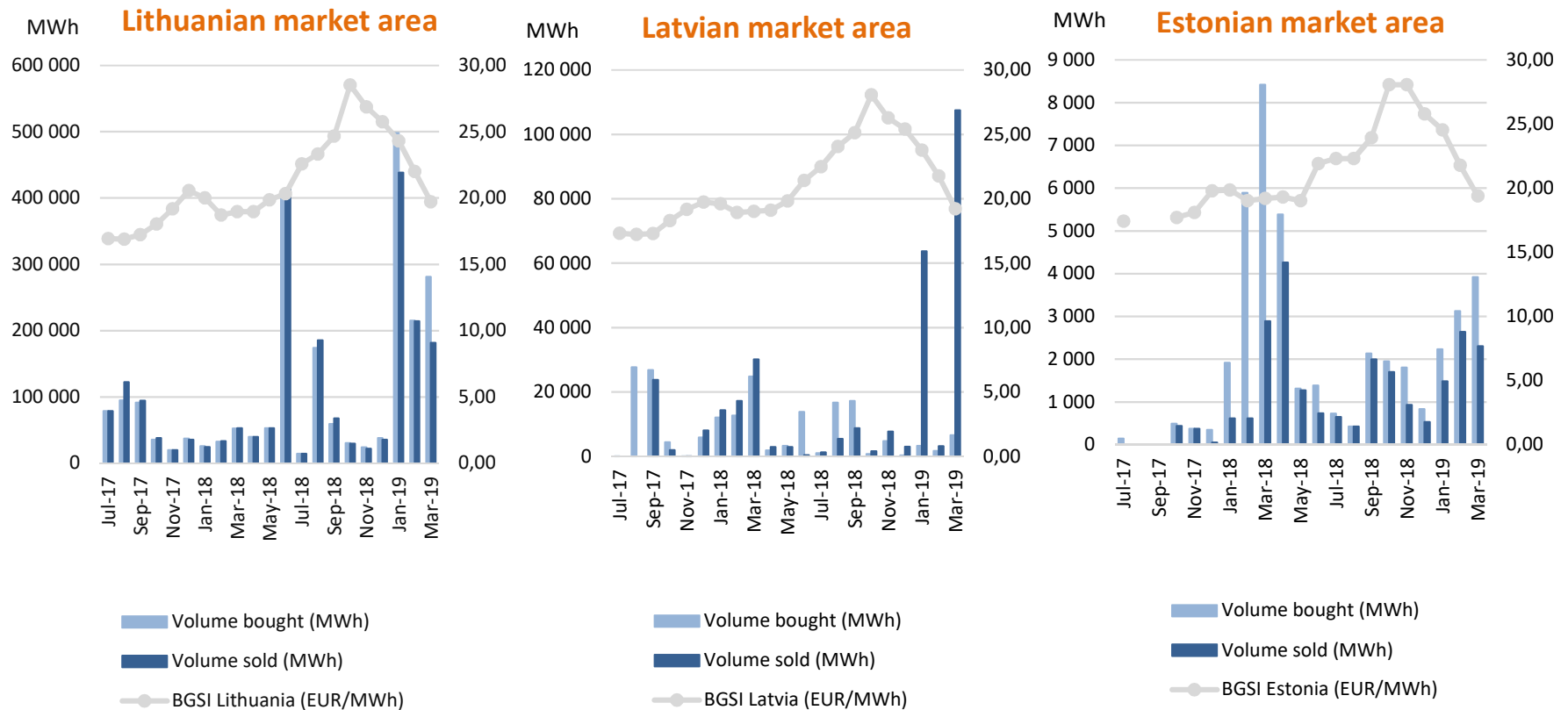
Natural gas prices, 2017 - 2019



Source: GET Baltic



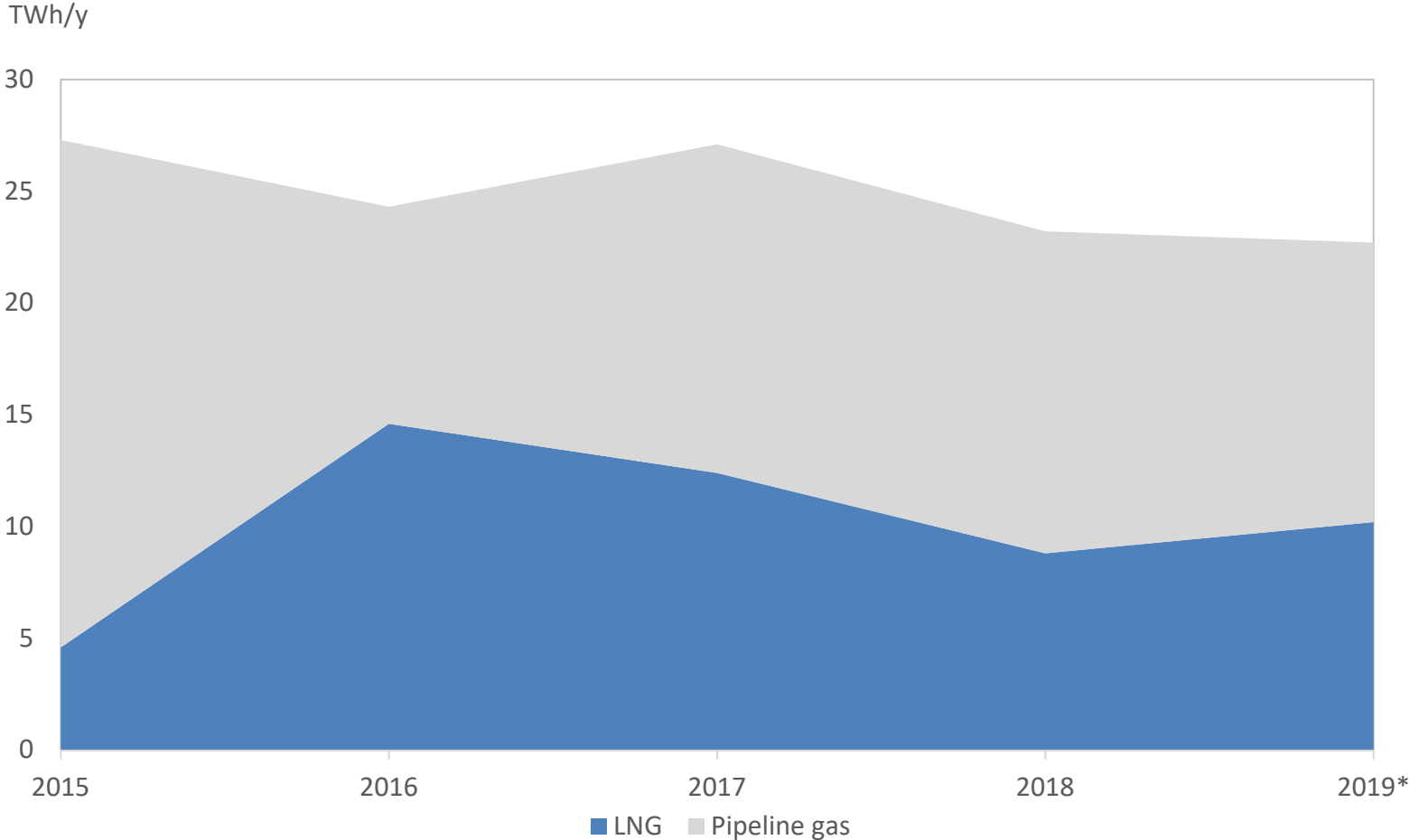
Increasing liquidity



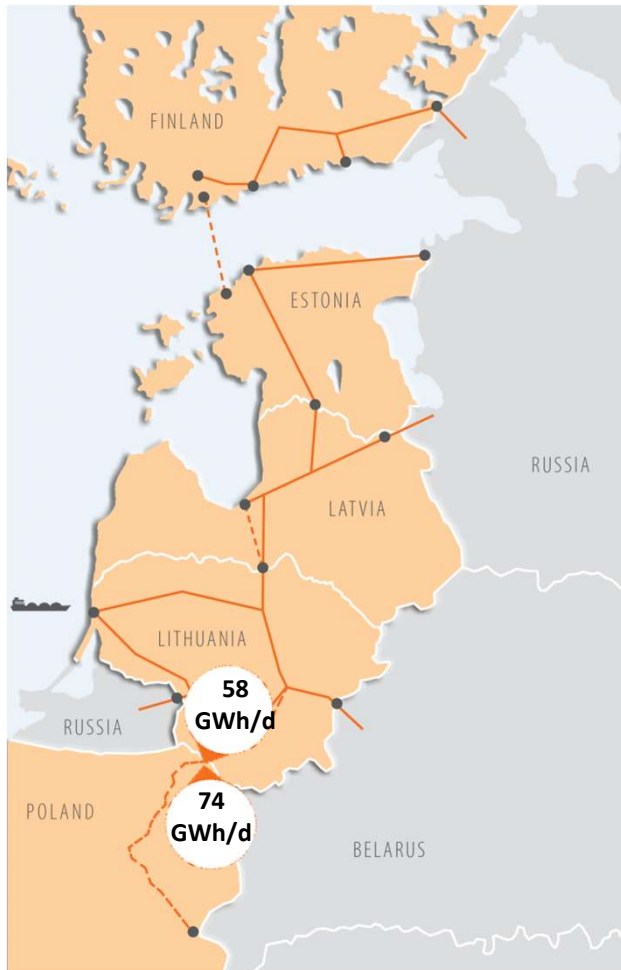
Market integration via ICA model, introduction of Market Makers from beginning of 2018 and full market opening in Lithuania since 2019 has been the major factors increasing liquidity in the Baltic gas markets



Lithuania gas supply by source



The GIPL: interconnection of Baltic Region to mainland Europe



- Access to new alternative gas supply sources and counterparties;
- New supply route from EU Member States;
- Interaction between Polish and Baltic market areas and benefits from price arbitrage;
- Broader customer base of Incukalns UGS;
- Synergy between LNG infrastructures in Poland and Lithuania;
- New cooperation opportunities for various stakeholders in the European gas market (traders, suppliers, infrastructure & exchange operators).

GIPL Promoters initiative in 2019: the Analysis of GIPL Value Enhancement

In 2019 GIPL Promoters will investigate the ways how the access to GIPL could be arranged to ensure **optimal commercial utilization** and **maximize economic welfare for the consumers**.

The analysis will focus on:

- products / access conditions to transmission services, which may be offered
- necessary regulatory changes and possible actions to introduce the identified products / transmission services
- the actions for further regional initiatives

Both TSOs intend to start more active communication on how the GIPL may be used by the market. Therefore, when finalized, the key results of analysis will be shared with the relevant stakeholders.

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**Thank you for your
attention**

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