

17/05/2022

## Wholesale Market Forum

**Time and location:** on May 17, 2022 at 12.00, Teams meeting

**Present:**

Allikson	Marko	Kalëjs	Jänis	Manner	Lari
Fimaier	Aleksei	Karinen	Pekka	Merisalo	Harri
Grenzmänn	Anni	Kokkonen	Sanna	Mikkanen	Pirita
Grönlund	Janne	Korpinen	Marko	Myötyri	Mika
Haapea	Heli	Laakso	Toni	Novitsky	Alex
Hatakka	Ville	Liimatta	Jouni	Nuppunen	Anni
Havikari	Katja	Liehu	Tommi	Pirvola	Lauri
Hein	Kaire	Lindholm	Joakim	Salovaara	Kaisa
Heiskanen	Niina	Luukela	Juha	Vavilov	Mihail
Jortikka	Mikko	Lysko	Darek	Vihmanen	Oskari
Kaijansinkko	Jukka	Malkamäki	Petri		

### 1. Opening and introduction participants

Mika Myötyri opened the meeting and presented the agenda:

- (1) Opening
- (2) Competition law guidelines
- (3) Operation of the Finnish gas market in the event of a supply disruption
- (4) Greetings from transmission business unit
- (5) Discussion on the functioning of the gas market model and Gasgrid services
- (6) Mentimeter and final words
- (7) Closure of the Forum

### 2. Competition law guidelines

Legal counsel Mikko Jortikka from Gasgrid reminded the participants on the topics that are not allowed to be discussed by the participants. More details can be found in the meeting slides.

### 3. Operation of the Finnish gas market in the event of a supply disruption

Janne Grönlund from Gasgrid reviewed the operation of the Finnish gas market in the event of a supply disruption in a general level without any speculations. The main responsibilities of the TSO with system responsibility are the maintenance of the market-based operations and the equal treatment of the customers and ensuring the deliveries of the protected gas users. In an emergency or a situation provided for in the Emergency Powers Act, gas is distributed in the region as instructed by the national authorities. The main competent authority is The National Emergency Supply Agency (NESA).

It is the duty of the TSO with system responsibility to keep Finnish gas system in balance both physically and commercially in all circumstances. If the system is not in balance physically, and the gas use exceeds gas entry quantities for a long time, it jeopardizes the gas use of all gas system customers, except for the protected customers.

After the opening of the market, the customers have been supplied by several wholesale suppliers, and gas can be delivered from several supply sources. Therefore, a possible supply disruption affecting a single supply source is not a reason for dividing the shortage according to the previous model. The TSO cannot interfere with the supplies of the remaining supply source, but the market must realign itself on market-based terms between the operators themselves.

Janne Grönlund went through different warning levels:

- *Early warning level:* There is a disruption in gas deliveries that creates an imbalance between the amounts of gas entering Finland and used in Finland. The market operates purely on the market terms, and no gas use restrictions are set for the operators; rather, balance is sought through the commercial steering of the operations. The event is of such magnitude and foreseen duration that the TSO with system responsibility must initiate commercial market steering to achieve balance. The TSO with system responsibility notifies the market immediately of the matter with an UMM message on the Get Baltic's UMM platform (<https://umm.getbaltic.com/public-umm>) and on the Gasgrid website ([www.gasgrid.fi](http://www.gasgrid.fi)). The TSO with system responsibility cannot approve nominations that have not been confirmed by both gas supplier and importer. Restricting nominations causes a commercial imbalance in the Finnish system if gas imports are not increased from other sources or gas consumption does not adapt to the new level. The TSO with system responsibility seeks to steer the market to balance by trading on the Get Baltic gas market or acquiring gas with balancing service contracts where possible. These measures will increase the selling price of balancing gas, steering the market towards balance. The Early warning level was set a couple of weeks ago by NESAs. There have been no needs for steering mechanisms.
- *Alert level:* The market will continue to operate on market terms – operators with purchased gas are free to use or sell it. Parties can trade gas energy over the counter (OTC) or through a marketplace. The alert level can be activated very rapidly if required by the circumstances, if the system imbalance is high in proportion to the assumed effectiveness of commercial steering measures and if the TSO with system responsibility is not able to deliver enough balancing gas to the market. The TSO and DSOs monitor gas use in proportion to the information provided to the TSO with system responsibility on the continuity of deliveries. Market operators are obliged to balance their positions as accurately as possible – minor deviations from the balance will be handled with the TSO with system responsibility through balancing gas purchases/sales according to the balancing terms and conditions. If a price cannot be set for balancing gas, the parties will seek to agree on an alternative model, in which the previous day's balance deviation is transferred to the next day. The TSO with system responsibility secures gas supply of customers protected under the security of gas supply regulation from its pipeline storage if the obliged supplier of such customers is incapable of delivering gas due to technical reasons (preparedness is LNG-based). In such cases, the TSO with system responsibility agrees on how the gas taken from pipeline storage will be compensated to the TSO with system responsibility.
- *Emergency level:* If system balance is still not achieved or the functioning of society is threatened, the NESAs can declare an emergency. If necessary, gas deliveries to protected customers will be secured through the Mäntsälä LNG entry point. Gasgrid offers protected customers within the scope of obligatory storage with sufficient input power into the system when the transmission system pressure has dropped below 10 barg.

In addition, the responsibilities of the parties in a disruption in the gas supply were reviewed. The presentation slides of the meeting contain a description of responsibilities.

Gasgrid notifies the market without delay through the Get Baltic UMM platform on significant market developments. In addition to the UMM messages, information on emergencies will be published on Gasgrid website. Gasgrid seeks to contact all necessary parties by telephone to ensure the sufficiently rapid adaptation of the market. Gasgrid recommends the gas users primarily discuss the future of operations with their own suppliers.

#### **Discussion**

The protected customers: The list of the protected customers is managed by the competent authority NESÄ. Gasgrid will cooperate with NESÄ.

Gasgrid will contact gas users if risk of supply disruption is identified due to reduced pressure in the transmission system or other technical reasons.

There has been developed legislation and different customer groups (six) in Estonia and TSO has identified different levels and critical users. There is only one group (residences) in Finland. There have been discussions with Baltic countries and Finland to harmonize those groups. Finland has taken some break and the ministry, and the authorities will continue the discussions.

The question on the sufficiency of a daily balancing in alert level was discussed. The daily balance is enough, and the TSO do not see need for switching into hourly balancing regime over the exceptional event. Gas can be delivered from several supply sources. Therefore, a possible supply disruption affecting a single supply source is not a reason for changes.

#### **4. Greetings from transmission business unit**

Mika Myötyri presented the Gasgrid Finland greetings from the transmission business. In the end of February, the operating environment in the transmission business changed rapidly due to Russian invasion of Ukraine. The geopolitical situation and the price level of gas energy at the EU level have led to a decreased gas use in Finland. The changed operating environment has shifted the focus of the activities of transmission business unit to security of supply issues and ongoing dialogue with gas market participants, the Baltic TSOs and regulatory interfaces. Also, possible fundamental changes on the gas market (such as large size LNG terminal) have brought the need to assess the impacts to the Finnish gas market model. Thus, part of the development projects (such as evaluation of the balancing model in Finland) scheduled for this year have been postponed.

The negotiations concerning the FSRU LNG terminal are ongoing. Due to the absolute necessity of the LNG FSRU project, it will be implemented with an exceptionally fast timetable. Gasgrid Finland and Elering have signed a Cooperation Agreement on the renting of a LNG floating terminal. The terminal vessel is scheduled to be available in Finland next winter. If the Finnish port facilities are not completed within this schedule, the vessel will be temporarily located in Estonia. The final site for the LNG vessel will be in the territory of Southern Finland.

The guarantee of origin registry for gas and hydrogen was successfully introduced at the beginning of April. The GIPL pipeline connection between Lithuania and Poland was successfully commissioned at the beginning of May.

Regional co-operation with the Baltic countries is very close at many levels. The TSOs of Finland and Baltic States have undergone very active discussion on the market situation in the Finnish-Baltic region. There are uncertainties on the continuity of the gas flows through 3rd country points in the Finnish-Baltic region. The TSOs have prepared the action plan with the objective to minimize the negative impacts on the market caused by the uncertain market situation and risk of supply disruption from 3rd country points. Gasgrid published the supplementary [document](#) on the technical capacities of BC to increase transparency and understanding the transportation capabilities of the TSOs in Finnish-Baltic region.

The TSOs will assess the flows daily and will update capacity in case there is no flow present.

Gasgrid publishes the up-to-date technical capacity information at the [ENTSOG Transparency Platform](#). BC technical capacities include both the capacity offered by the TSO to be nominated and the part of capacity allocated for GET Baltic (currently 10 % of the total technical capacity) to be implicitly offered for the market participants.

#### Discussion

LNG terminal/vessel: **Gasgrid will inform market on the progress on the LNG vessel project without delay once there is new information to be published.** The terminal vessel is scheduled to be available in Finland next winter. The exact date is not known yet. When known, Gasgrid will also indicate whether the FSRU become a part of the regulatory assets of the TSO or whether it become a separate legal entity with its own regulation.

#### 5. Discussion on the functioning of the gas market model and Gasgrid services

On 10 May 2022, Gasgrid introduced a new service request system in our customer service, which aims to improve the quality and reachability of our customer service by providing a single channel [customerservice@gasgrid.fi](mailto:customerservice@gasgrid.fi) for customer contacts. For Gasgrid's customers, this change will be visible as service request numbers in the reply messages.

The ongoing development actions are for example:

- The launch of Hamina LNG – based on HLNG press release, the commercial commissioning will be in October 2022.
- There has been updates on natural and biogas taxation where the announcement principles and the IT system enhancements have been implemented. Also, a channel for biogas use announcements and billing has been built into the portal.
- The project to update the framework agreements for market roles ongoing.
- Improvements on the data reporting at ENTSOG Transparency Platform (available capacity data).
- Gas composition data via portal API (BC and Imatra) in monthly resolution.
- Gasgrid internal system development aiming to increase the level of efficiency.

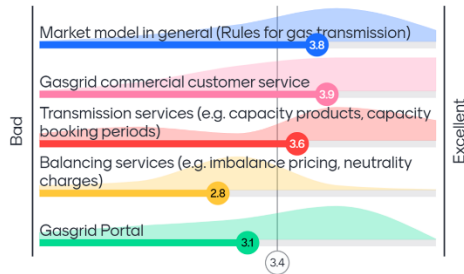
Imbalance gas prices were raised by SKE: is there a plan to evaluate the current +/- 10 % adjustment? Gasgrid replied that, at the moment, there is no plan to evaluate the adjustments due to emphasized importance of being in balance in the current uncertain market situation.

Gas consumption in Q1/2022 was app. 4,9 TWh and in April app. 0,8 TWh. The graphs of capacity products and the consumption can be found in the presentation material of the meeting.

#### 6. Mentimeter and final words

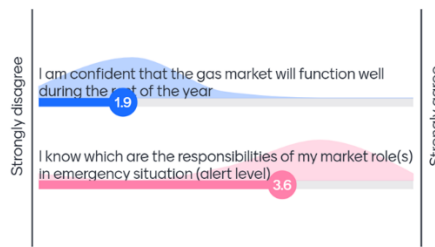
### Functioning of Finnish gas market

Mentimeter



### Please indicate your thoughts on the following statements

Mentimeter

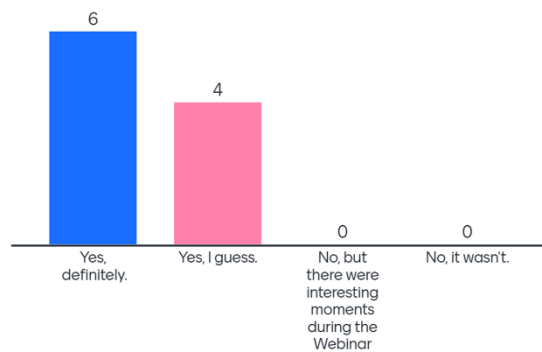


### Free word - comment/question/feedback

Mentimeter

- Give rather more information than less in current circumstances
- balance price 10% Finland, 5 % Estonia

### Was this Forum worth your valuable time?



## 7. Closure of the Forum

The presentation slides of the meeting will be published on the Gasgrid's webpage. The meeting minutes will be available for comments before the publishing of the final versions on the web page.

Mika Myötyri closed the meeting at 14.10.