A photograph of an industrial gas processing facility at sunset. Large, horizontal, insulated pipes and complex valve systems are visible. The scene is bathed in the warm, golden light of the setting sun, which creates a strong lens flare effect on the right side. The sky is a clear, pale blue. In the background, some trees and a distant structure can be seen.

Gasgrid Finland Oy Wholesale customer forum 22th November 2023

Gasgrid Finland

Wholesale customer forum – November 22th 2023

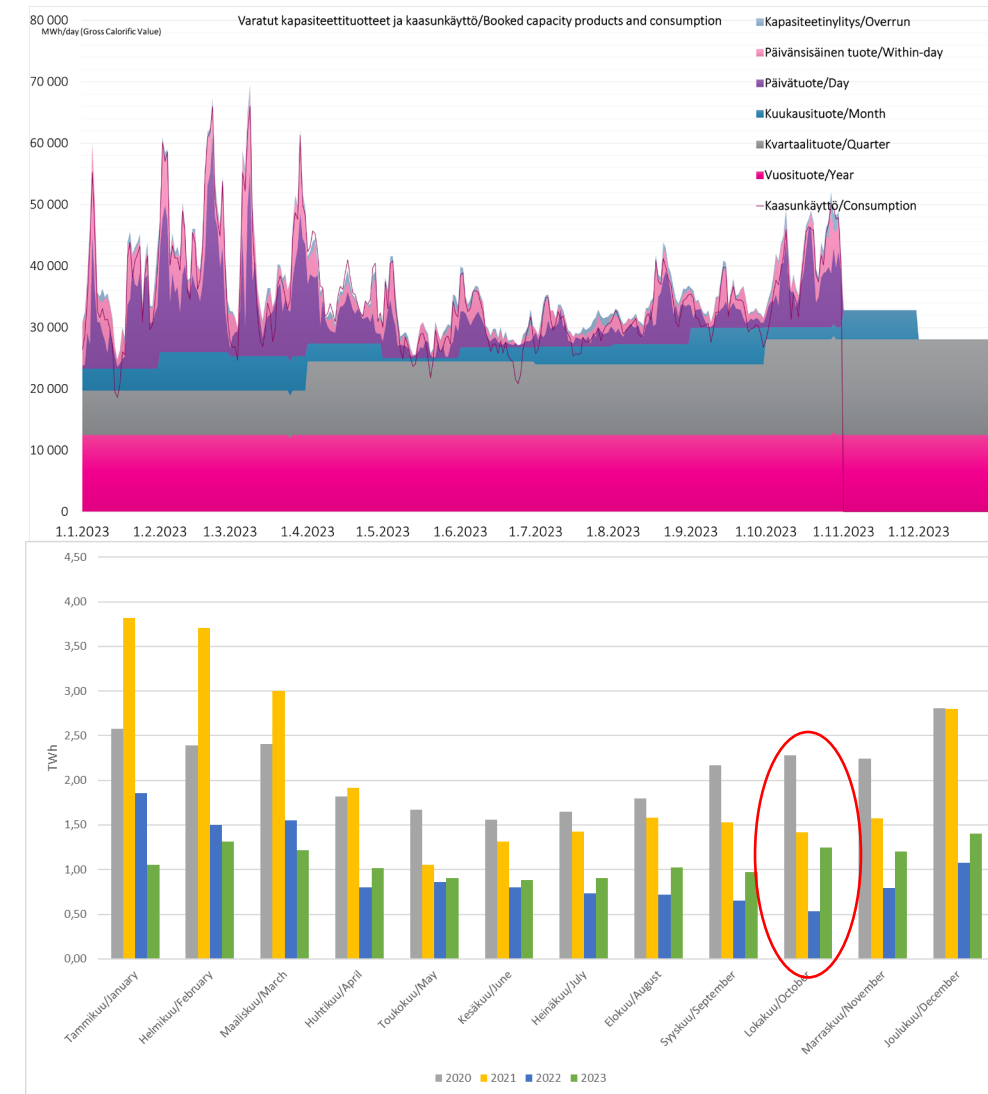
Agenda

- Opening of the Forum
- Gas market overview
- Topicals from Transmission business unit
- Terms and Conditions of Balancing
- Terms and Conditions of BC capacity allocation
- Transitioning from National GOs to European EECS GO's
- Topicals from Customer Service
- Mentimeter
- Closing of the forum



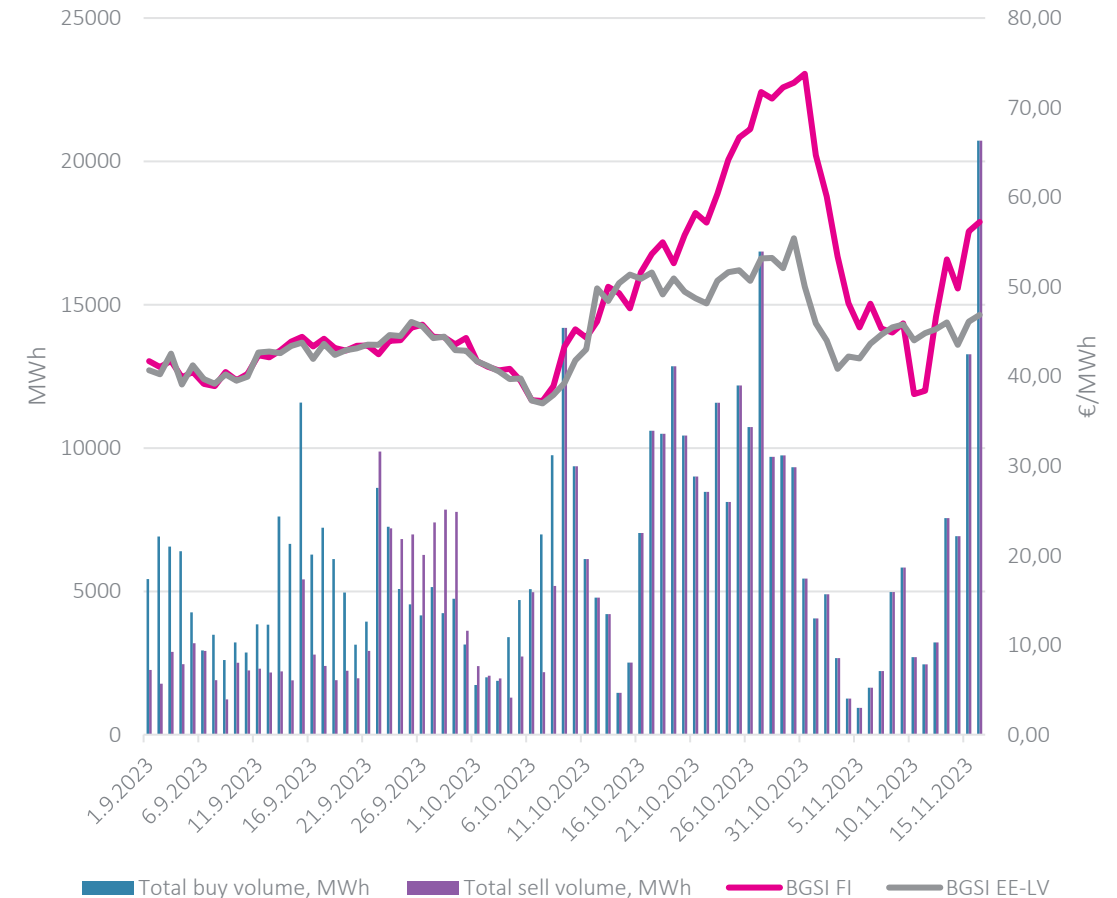
Gas market overview

- Balticconnector damage had a significant and immediate impact for all parties operating in the Finnish market area. Gas quantities planned to be imported in winter from Incukalna to Finland is not possible.
 - All Inkoo Terminal slots have been booked which is extremely important for the functioning of the Finnish gas market.
- Gasgrid and FLTF made urgent updates to the market model in order to better respond to the changed market situation
 - Renomination possibility introduced at Inkoo LNG entry point
 - FLTF re-scheduled the slots for the winter period.
- Gas consumption in October 2023 was over 2 times bigger than in October 2022. In mid-November gas consumption reached the level of 66 GWh/day – meanwhile the base load has been on the level of 30 GWh/day.
- In the end of October, Finnish National Emergency Supply Agency raised the risk assessment of gas supply security to the alert level – the status of Finnish gas system has remained stable.



Gas market overview

- The price volatility of the Finnish market area has increased. At times, the price index price in Finland has been clearly higher than in the Baltics or TTF, but being lower few days ahead.
- Gasgrid and FLTF has increased the level of flexibility – on the other hand flexibility in terms of balancing has decreased
 - Finding the balance between bilateral agreements and spot trading at gas exchange - LNG importers need sufficient commitments from gas consumers being able to commit to LNG cargo purchases, because the delivery chain from LNG purchases and vessel acquisition from global market to Inkoo Terminal and further to Finnish gas system and finally to end consumers requires longer-term commitments from end consumers towards shippers and further towards LNG terminal users.
 - Lately, spot trading has been active which is seen a positive signal from the market functioning point of view.
 - System operators have provided more flexibility for LNG importers enabling tools to better respond to Finnish gas demand which especially at winter time may vary significantly.



Topicals from Transmission business unit

- BC damage has required especially in terms of both physical and commercial balancing ability to adapt to the new situation.
- Amendments to the terms and conditions of Balancing and Balticconnector capacity allocation mechanism foreseen.
- Inkoo terminal has increased the level of attractiveness of Finnish-Baltic market area resulting that several shippers operation in Middle Europe have expanded their operations to Fin-Balt region.
- For the year 2024, Gasgrid will have a need to increase the transmission tariffs, because it takes several years to bridge the gap in consumption reduction realized last year.
- Gasgrid is acting as a operator of GO system. Gasgrid is targeting to register into the AIB hub enabling automated GO transactions between two member states. Gasgrid has a target to facilitate the development of clean gas market.
- Due to the migration of GET Baltic services to EEX, there will be changes foreseen:
 - GET Baltic UMM platform will be shut down in the end of December 2023. Gasgrid and the TSOs of Baltic states will start publishing UMMs in ENTSOG UMM platform. Hence, the technical capacities and UMMs are published in the same place.
 - According to the preliminary schedule, GET Baltic gas exchange services are about to be shut down in the end of 2024.
 - Continuity of ICA service at Balticconnector? Secondary capacity platform service?
 - Will EEX be the new gas exchange operator active in our region? Shall new exchange products be offered for the market participants?
- Aaro Piirainen started in November in Gasgrid commercial team.

Aaro Piirainen

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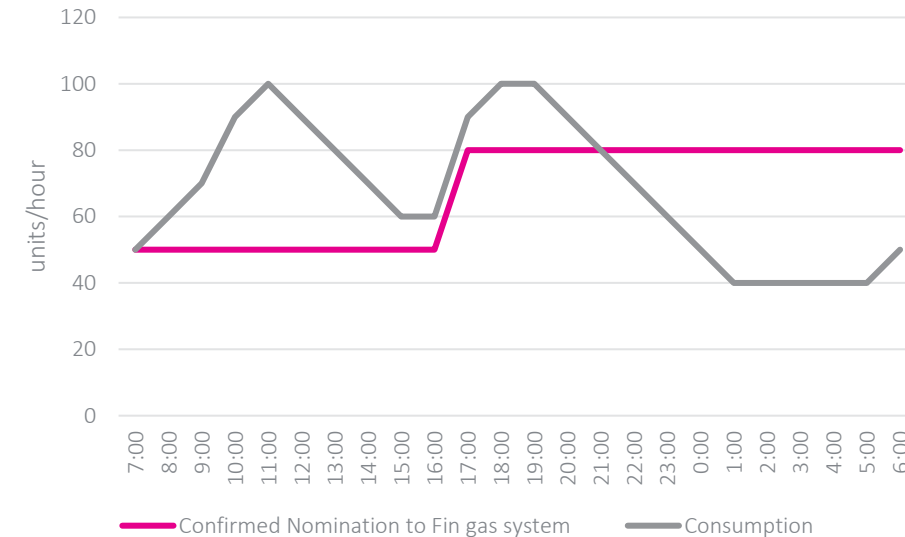
The terms and Conditions of Balancing

Balancing

- Gasgrid is managing commercial and physical balance of the gas system by market-based measures, i.e. By selling or buying gas at the gas exchange or activating balancing service agreements tendered regularly. If the market-based measures are not available, TSO tools for balance management are very limited as the TSO is not owning balance gas.
- Inkoo LNG terminal vessel has operational steps in regasification volumes, and the intraday changes in gas demand requires coordination between the TSO, terminal operator and LNG vessel operator.
- Having one renomination cycle on the gas day, the consumption may not correspond the entry nominations made day before, but the renominations submitted by 15:00 on gas day D, may balance the situation.
 - For instance, day-ahead nominations for gas day D are 45 GWh/day. On the gas day D, consumption forecast may be 55 GWh/day so before the renomination cycle it can be assumed renominations to be submitted better to respond to gas demand level.
 - From operational reasons, Gasgrid encourages market participants to nominate at Inkoo LNG entry point so that the need to renominate is minimized.

Example on how commercial entry (nominations) and physical exit (consumption) may vary within-the-day

In the example: Consumption = entry volumes



The terms and Conditions of Balancing

- The Energy Authority organized a public consultation which ended in the beginning of November. The approval decision is expected to be given by the end of November.
- Gasgrid has proposed to introduce so-called critical status, “red zone”, when the TSO may determine the Marginal Price for balancing gas in accordance with the exception rule. Gasgrid emphasizes that the exemption rule would be applied as a last resort if the applicable balancing tools are not sufficient to maintain system balance.
 - Gasgrid may buy or sell gas at the gas exchange or activate balancing service agreements as determined in the currently applicable rules.
 - In the alert level, the TSO has a mandate to issue a binding order to the balance responsible parties to stay in balance.
- According to the exception rule, the Neutral Gas Price of the preceding Gas Day multiplied by three (3) shall be determined as the Marginal Buy Price for balancing gas.
- As NESAs have stated alert level, the TSO has the mandate to issue, if the situation so requires, a binding order to the balance responsible parties to stay in the balance.

Balancing

- Gasgrid will assess the currently applicable rules for balancing services and the tendering process.

DISCUSSION ON THE BALANCING TOPIC?



The terms and Conditions of BC capacity allocation mechanism

The terms and Conditions of BC capacity allocation mechanism

- Due to BC damage, Gasgrid and Elering agreed to postpone the NRA process of BC rules.
- Gasgrid is planning to launch an unofficial consultation for the market participants to comment on the proposed changes before the official NRA consultation process which is foreseen to start in the beginning of 2024.
- After the restoration of flows over the Balticconnector pipeline and once inspection and maintenance works in Estonian-Latvian system are executed, the base capacity will be increased in the EST-FIN direction. Under normal operational conditions (no maintenance works impacting capacity), the following capacities will be available:
 - 70.5 GWh/day in the direction from Estonia to Finland.
 - 78 GWh/day in the direction from Finland to Estonia.
- Considering the maintenance works planned for next year, the regional maintenance work plan expects that increased capacity could be offered in October 2024, because there are several maintenance and inspection works planned in Estonian-Latvian system which is limiting BC capacity especially from Estonia towards Finland.

The terms and Conditions of BC capacity allocation mechanism

- Introduction of the definition of shipper group
 - Shippers have to notify the TSOs of their affiliation to other shippers according to the principles described in the rules.
 - Nominations and renominations between companies belonging to the shipper group are treated as if made by a single company.
- The nominations and renominations submitted by the shippers belonging to the same shipper group shall be aggregated before the nominations are processed in matching process. The aggregated nominations belonging to the same shipper group shall not exceed the technical capacity allocated for bilateral trading.

Amendments – Virtual capacity

Original	Amendment
<p>The volume of virtual capacity offered to the market decided prior to the gas day without a possibility to increase the offered volume during the gas day</p>	<p>Volume of offered virtual capacity calculated for each renomination cycle based on approved nominations. Right to renominate downwards subject to the availability of capacity to do so at the time.</p>



Provides a maximum firm volume of virtual capacity to the market all the time, although does not relief physical congestion.

Virtual capacity calculation mechanism

- Before allocating capacity implicitly, all nominations to both directions are aggregated.
 - For instance if aggregated nominations to entry direction is 60 and exit direction 40, aggregated total nominations is 20. If technical capacity to entry direction is 50, nominations can still be accepted due to nominations to opposite direction.
 - As there is netted nominations of 20 units to entry direction, there is 20 units of virtual capacity added to opposite direction.
 - If there is congestion to one direction, upwards renominations to the congested direction AND downward renominations to opposite direction cannot be made if the netted nominations would result in higher transmission need than the technical capacity allocated for bilateral trading (capacity to be nominated).

Technical capacity allocated for bilateral trading								
ENTRY	75							
EXIT	70							
Nomination round								
CASE 1		ENTRY			EXIT			
			NOMINT	NOMRES		NOMINT	NOMRES	
D-1	15:00	Shipper 1	25	25	Shipper 4	0	0	
		Shipper 2	30	30	Shipper 5	0	0	
		Shipper 3	10	10	Shipper 6	50	50	
		Summa	65	65	Summa	50	50	
Renominations								
CASE 1								
D-1	18:00	ENTRY			EXIT			
			NOMINT	NOMRES		NOMINT	NOMRES	
		Shipper 1	50	50	Shipper 4	0	0	
		Shipper 2	30	30	Shipper 5	0	0	
		Shipper 3	10	10	Shipper 6	50	50	
		Summa	90	90	Summa	50	50	

Virtual capacity calculation mechanism

Technical capacity allocated for bilateral trading									
ENTRY	75								
EXIT	70								

CASE 3			ENTRY				EXIT			
				NOMINT	NOMRES			NOMINT	NOMRES	
D-1	15:00		Shipper 1	50	48,08		Shipper 4	0	0	
			Shipper 2	40	38,46		Shipper 5	0	0	
			Shipper 3	40	38,46		Shipper 6	50	50	
			Summa	130	125		Summa	50	50	
Renominaatio										
CASE 3			ENTRY				EXIT			
				NOMINT	NOMRES			NOMINT	NOMRES	
D-1	18:00		Shipper 1	48,08	48,08		Shipper 4	0	0	
			Shipper 2	38,46	38,46		Shipper 5	0	0	
			Shipper 3	38,46	38,46		Shipper 6	30	50	
			Summa	125	125		Summa	30	50	

Amendments

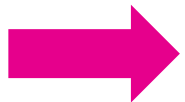
Original	Amendment
1st renomination cycle starts instantly after nomination submission deadline	<p>1st renomination cycle starts in two hours of the nomination deadline for the gas day D.</p> <p>Shippers may submit renominations on D-1 between 15-17 EET, but the renominations are processed in the first renomination cycle of 17-18.</p>



Fully compliance with EU regulation. Allows the TSO to prepare for renomination cycles.

Amendments

Original	Amendment
Processing order of nominations not specified	Nominations processed in the order of the earliest timestamp of the receipt. The decisive factor is the timestamp when the TSO has received the nomination/renomination.
Rules for rounding daily volumes to hourly volumes not specified	<p>Rounding rule defined (flat except for the last hour where the remainder shall be set)</p> <p>E.g. 50 GWh/day = 2 083 333,333 kWh/h → 2 083 333 kWh for 23 hours 2 083 341 kWh for the last hour of the gas day</p>



Ensures compliance with the actual process



Discussion

Transitioning from national GOs to European EECS GOs

- A unified system between EECS countries and transfers of GOs through the Hub among AIB members
- “The purpose of the AIB is to develop, use and promote a standardised system: the European Energy Certificate System - EECS.”
- Finland gas and hydrogen Domain Protocol and Standard Terms and Conditions are almost ready, just finalizing needed
 - ➔ Confirmation by the Finnish Energy Authority and approval by the AIB
- EECS GOs as of 1 February 2024



<https://www.aib-net.org/>
EECS® - a registered trademark

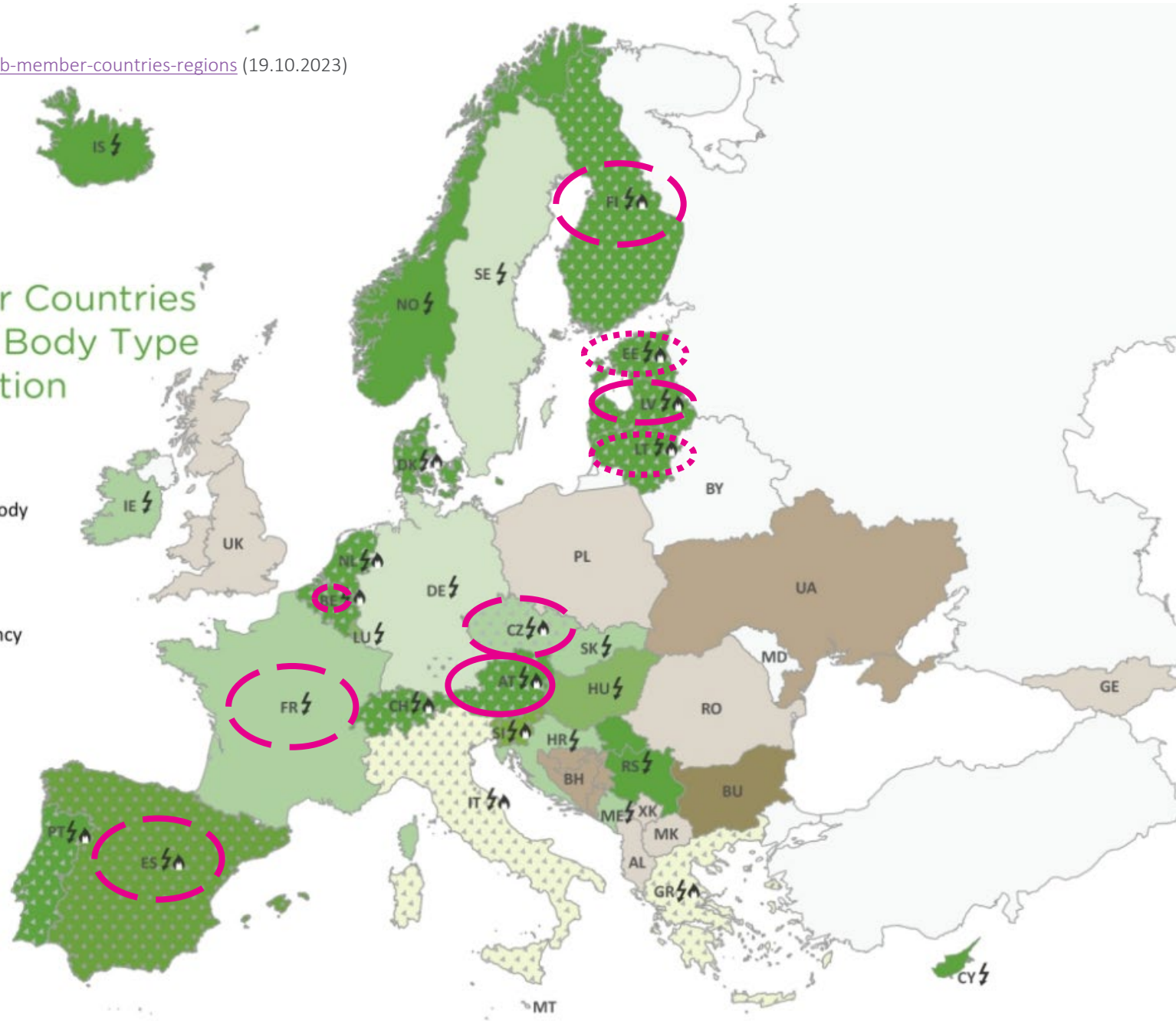


AIB Member Countries and Issuing Body Type of Organisation

AIB

- ⚡ Electricity Issuing Body
- TSO
- Regulator
- Market operator
- Governmental agency
- Other
- Formal applicant
- Active observer
- Awaiting

- 🔥 Gas Issuing Body
- Gas TSO
- Gas Other



Topicals of Customer Service

- Gasgrid Customer Service can be reached in all topics customerservice@gasgrid.fi
- Open Monday to Friday 8am to 16pm

Gasgrid has focused on collecting customer feedback from different channels and we have an organized process to utilize it

CSAT 4,6-4,7 (scale 1-5)

CSAT Answering-%
approx. 20%-25%

NPS once a year

We collect feedback
from customer
interactions

Gasgrid has added KYC and sanction check to our market registration process and also as a regular check up to our current customers

Next year we will focus on developing our CRM system and customer communication

Gasgrid will also implement customer relationship managements annual clock

Mentimeter feedback survey

Go to www.menti.com and use the code 3574 8352

Thank you for participating to Wholesale customer forum

Next forum will be held Q1-Q2/2024

