

AB Amber Grid's Board Sets Natural Gas Transmission Prices for the Year 2016

On 19 November 2015, acting in accordance with the provisions of the Republic of Lithuania Law on Natural Gas, the Board of Directors of AB Amber Grid adopted a decision on the new natural gas transmission service prices effective from 1 January 2016. This decision is still subject to approval of the National Commission for Energy Control and Prices (hereinafter - the Commission).

In line with the Entry - Exit Points Pricing Model, the specific gas transmission prices, just like the price caps that were approved by the Commission, were set separately for the Gas Transmission System's Entry Points and for the System's Exit Points. The prices (per gas transmission quantity unit) for Lithuania's Gas Transmission System users, will on average increase by 14.5 percent to 1.93 EUR/MWh.

The new natural gas transmission service prices as adopted by the AB Amber Grid's Board of Directors decision for the Internal Exit Point for Lithuanian consumers, will on average be by 4.8 percent lower than the price cap for the year 2016 as set by the Commission. The prices set for other Entry Points and Exit Points are equal to the price caps.

The impact of the newly adopted changes in the transmission prices on the prices charged from household consumers will amount to slightly over 1 cent per cubic meter of gas.

A material impact over the natural gas transmission price change was made by the following factors:

- The decrease in natural gas demand by the heat and power production plants due to the rise in the use of alternative fuels, the ever more efficient energy use and the warmer weather temperatures prevailing during the heating season;
- The expected increase in the year 2016 of the natural gas transmission operating costs due to the newly implemented strategic projects – the new Klaipėda-Kuršėnai Gas Transmission Pipeline that will be launched into service by the end of this year.

"The Board, having taken into account the developments in the current business environment of the Natural Gas Sector and with a view to the ensuring competitiveness of natural gas on Lithuania's Energy Market, has decided to set new gas transmission prices for Lithuanian system users for the coming year at a level that is lower than the price caps as set by the Commission. This decision is user-friendly for Lithuanian gas consumers and does not preclude the Company from the implementation of its strategic projects that are important for the state," said Dr Aleksandras Spruogis, Vice-minister of the Ministry of Energy and Chairman of the Board of Directors of AB Amber Grid.

When the Commission, acting in pursuance of the amendments to the Republic of Lithuania Law on Liquefied Natural Gas Terminal, establishes in the relevant legislation new provisions regarding the so-called "Capacity Based Model" enabling the differentiation of gas transmission prices according to the natural gas consumption capacities, the gas transmission prices would be subject to adjustments through the reduction of the gas transmission prices both for the gas transmission capacity bookings and for the gas transmission quantities.

Following the reconciliation with the Commission, the new natural gas transmission service prices effective from 1 January 2016 will be published on AB Amber Grid's website www.ambergrid.lt.

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