



Press Release

22 December 2015

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

In order to improve the correlation between the expenses incurred while rendering the transmission services and the benefits gained from these services as well as the payment collected for the aforesaid services and in view of the fact that the newly amended Methodology for the Setting of Natural Gas Sector Prices Subject to State Regulation (as adopted by the National Commission for Energy Control and Prices and (hereinafter – Commission) on 17 December 2015) has opened up the possibility of the application of a three-component transmission service pricing (introducing a new price component – price for consumption capacities) on 21 December 2015, AB Amber Grid's Board of Directors decided to set three-component natural gas transmission service prices effective from 1 January 2016. On 22 December 2015, this decision was endorsed by the Commission.

In comparison with the prices as set by the Board of Directors Minutes No. 13 as of 19 November 2015 and endorsed by the Commission's Resolution No. O3-609 as of 25 November 2015, the newly adopted prices applicable to the Transmission System at the Domestic Exit Point were set so that they would have three price components:

- (1) price-component for booked transmission capacities;
- (2) price-component for designated consumer capacities (new price component);
- (3) price-component for gas transmission quantity.

Also, the Domestic Exit Point prices and their differentiation have been revised according to the latest information available on capacity bookings and the actual use of the capacities in question.

For other Entry and Exit Points, the new prices that were set for the Year 2016 are equal to the ones that had been set in November of 2015.

Expenses of the transmission service are largely dependent on the size of the capacities developed and required at specific Delivery Points. At the same time, the level of capacities that is made available, creates a possibility for consumers to get gas quantities as required at any time. In accordance with provisions of the Diversification Procedure as set forth by the Government, the designated consumption capacities best reflect the size of capacities needed by consumers. Accordingly, setting a price for them allows for a more accurate correlation between the expenses of the transmission system and the benefits generated by the transmission services. Part of the transmission system expenses recovery through the application of price for consumption capacities is reduced by the natural gas transmission service for System Users for capacities booked at the Internal Exit Point. Therefore, for those System Users that make an effective use of the transmission capacities that are necessary for them, the expenses of the use of the transmission infrastructure are bound to decrease.

Average prices related to gas transmission to Lithuanian System Users expressed per unit of gas quantity transported as compared with the two-component prices that had been set in November of 2015 remain unchanged and stand at EUR 1.93 Eur / MWh.

The new natural gas transmission service prices as adopted by the AB Amber Grid's Board of Directors decision in respect of the Domestic Exit Point intended 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 three-component natural gas transmission service prices effective from 1 January 2016 are posted on AB Amber Grid's website www.ambergrid.lt.

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