

# Estonian and Latvian governments commit to introduction of regional natural gas market by 2020

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On August 21, the governments of Estonia and Latvia in a joint cabinet meeting reaffirmed their ambition to establish an integrated regional natural gas market by 2020, which will secure competitive and liquid gas trading in the region and will facilitate overall security of gas supplies.

Members of the cabinets welcomed the achieved progress by the transmission system operators and the prepared common memorandum, which clearly defines agreed principles for subsequent merging of national gas markets into a single area by developing a single system of entry and exit points, including a single virtual trading point, a regional gas market, and a single balancing area.

Both governments agreed that it is essentially important to sign the common memorandum of transmission system operators already in nearest months. It is a necessary step to enable adoption of the necessary legislative amendments in national legislations and to secure that single regional gas market becomes operational in 2020.

The prime ministers of Baltic countries signed a declaration on creation of a single, regional natural gas market on December 9, 2016. The declaration envisages that the Regional Gas Market Coordination Group (RGMCG) consisting of relevant ministries, regulators, and operators of the gas infrastructure of regional importance will prepare market rules which market participants must follow.

These rules include access to the network, balancing and trading should be properly addressed ensuring well-coordinated joint balancing zone with efficient capacity allocation mechanism, duly functioning market area, as well as convenient virtual trading hub and regional gas market. An entry-exit system with common gas transmission tariff regime also should be created complemented with an effective inter-transmission system operator compensation mechanism, if found necessary under chosen regime.

The joint cabinet meeting of governments was followed by a bilateral meeting of economic ministers Mr. Arvils Ašeradens and Ms. Kadri Simson. Various energy related topics such as the synchronisation of the Baltic energy systems, development of energy and climate plans, actions to ensure level playing field for EU energy producers vis-à-vis third country producers were discussed during the bilateral meeting.

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