



# INVITATION

TO PROVIDE LNG TERMINAL CAPACITY  
ALLOCATION REQUESTS FOR GAS YEAR 2022





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## INTRODUCTION

AB "Klaipėdos Nafta" announces the annual Klaipėda liquefied natural gas terminal (hereinafter, the Terminal) capacity allocation procedure, during which the following Terminal capacities are being allocated for Gas Year 2022 (a period beginning at 07:00 AM on the 1<sup>st</sup> of October, 2021 and ending at 06:59 am on the 1<sup>st</sup> of October, 2022):

- LNG regasification capacities;
- LNG reloading capacities.

All of the capacities of the Terminal further described in this invitation (hereinafter, Invitation) are indicated at reference conditions: temperature (combustion/measurement) - 25/0°C, pressure – 1.01325 bar<sup>1</sup>, relative coefficient of expansion of 1:578 and natural gas gross heating value – 11.9 kWh/Nm<sup>3</sup>.

LNG regasification in the Terminal is within the range of: min 57.089 Nm<sup>3</sup> per hour (approx. 679 MWh/hr) and max 428.398 Nm<sup>3</sup> per hour (5.098 MWh/hr).

The total volume of Terminal capacities being allocated for Gas Year 2022 is equal to 3,75 bcm or 44,625,000 MWh per annum.

Based on the approved Joint Annual Terminal schedule currently in force for Gas Year 2021<sup>2</sup>, it is forecasted that at the beginning of Gas Year 2022 (beginning of 1<sup>st</sup> of October, 2021), the LNG volume at the Terminal will be approx. 70,000 m<sup>3</sup> of LNG.

Additional information on technical characteristics of the Terminal is provided in section "General Terminal Information" of this Invitation and Regulations of Use of the Liquefied Natural Gas Terminal approved by General Manager of AB "Klaipėdos Nafta" by order No. BV-228 issued on the 11<sup>th</sup> of December, 2017 (hereinafter, the Regulations) Annex No. 3 of the Regulations "Operator's technical conditions".

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<sup>1</sup> According to the Natural Gas Accounting Procedure Description, approved by the Energy minister of the Republic of Lithuania on the 14<sup>th</sup> October, 2014, Order No. 1-255 point 10.9.

<sup>2</sup> [https://www.kn.lt/uploads/files/dir106/dir5/7\\_0.php](https://www.kn.lt/uploads/files/dir106/dir5/7_0.php)

## ADVANTAGES OF THE TERMINAL

- First full-scale LNG terminal in the Baltics and the Nordic countries from which natural gas may be delivered to Baltic states and Finland natural gas consumers. From 2022, the Polish-Lithuanian natural gas interconnection<sup>3</sup> will allow gas to be supplied to the Polish market as well;
- Ice-free port of Klaipeda guarantees smooth navigation and continuous loading operations all year round<sup>4</sup>;
- Infrastructure for gas import from the global LNG markets which also creates an opportunity to break-bulk conventional cargoes for engaging into small scale LNG trading activity;
- Attractive LNG regasification tariffs which encourage the development of the gas market in the country and the region, and LNG reloading tariffs which create competitive conditions to develop the small scale LNG activities;
- Terminal services may be simultaneously used by unlimited number of clients;
- LNG quantity consumed for Terminal technological needs is assigned to Terminal users as per the virtual storage quantity;
- Terminal allows booking of the Terminal capacities during the Gas Year based on demand and according to the Terminal's technical characteristics;
- Accessibility to regional underground gas storage facility;
- LNG regasification flexibility between scheduled LNGC's arrival;
- Possibility to consider individual scheduling proposals by Terminal Users if these adjustments are compatible with the technical characteristics of the Terminal as well as do not impact the rights of other Terminal Users or their approval is received.

## GENERAL TERMINAL INFORMATION

The LNG terminal is based on the FSRU (Floating Storage and Regasification Unit) technology. The FSRU is operated by the Norwegian Company Höegh LNG AS and permanently moored to a jetty, which is located in the Curonian Lagoon at the Southern part of Port of Klaipeda.

The Terminal is connected to the gas Transmission System Operator's SC Amber Grid operated gas grid via the linking pipeline of 18km long.

Technical characteristics of the Terminal	
Total capacity of LNG tanks	170,000 m3
Maximum LNG filling level	98%, at 70kPag
Minimum operational LNG heel level	3,500 m3 LNG
Maximum LNG loading rate	9,000 m3 LNG/hr
Maximum LNG reloading rate	9,000 m3 LNG/hr
Maximum LNG reloading rate when LNG regasification is performed during LNG reloading	5,000 m3 LNG/hr

<sup>3</sup> <https://www.ambergrid.lt/en/projects/gas-interconnection-poland-lithuania-gipl>

<sup>4</sup> <https://www.portofklaipeda.lt/the-port-of-klaipeda>

Detailed technical information about the Terminal is provided in the Annex No. 3 to the Regulations "Operator's Technical Conditions" published at the AB "Klaipėdos Nafta" website<sup>5</sup>.

## TERMINAL SERVICES

Terminal provides LNG regasification and LNG reloading services the scope of which in each case depends on the Terminal capacities allocated to the specific Terminal User.

LNG Regasification Service consists of the following inter-related services:

- LNG loading – possibility to deliver Cargo by LNG Carriers of 65,000 – 160,000 m<sup>3</sup> capacity, to berth them to the Terminal and to unload LNG over a loading period of max 40 hours;
- Virtual cargo storage of no longer than 12 calendar months and physical cargo storage of no longer than 60 calendar days;
- LNG regasification at the regasification rate set in the Terminal User's schedule and delivery of natural gas to the entry point of the natural gas transmission system at the Klaipėda Gas metering station.

LNG reloading Service consists of the following inter-related services:

- LNG loading – possibility to deliver Cargo by LNG Carriers of 65,000 – 160,000 m<sup>3</sup> capacity, to berth them to the Terminal and to unload LNG over a loading period of max 40 hours;
- Virtual cargo storage of no longer than 12 calendar months and physical cargo storage of no longer than 60 calendar days;
- LNG reloading – loading of LNG quantity set in the Terminal User's schedule into LNG Carriers the size of 5,000 - 65,000 m<sup>3</sup> within a reloading period of max 48 hours;
- The requested annual LNG reload capacity cannot exceed the total volume of Terminal capacities being allocated for Gas Year 2022, prioritizing the allocated and (or) requested LNG regasification capacities. For example: if the requested LNG regasification capacities are equal to 35,550,000 MWh per annum, accordingly 9,075,000 MWh capacities may be allocated for LNG reloading, since total capacity of the Terminal being allocated for Gas Year 2022 is equal to 44,625,000 MWh.

The acceptance of LNG Carriers at the Terminal the size of which differ from the above- specified can be agreed with the Operator by a separate agreement. A list of approved LNG Carriers is published at the Operator's website<sup>6</sup>. Detailed conditions of the provision of services are established in the Regulations.

## REGULATORY ENVIRONMENT

The Terminal's activity is regulated and supervised by the National Energy Regulatory Council (hereinafter, the NERC).

The procedure and terms of use of the Terminal, requirements for persons intending to use the Terminal, their rights, obligations and liability as well as other special requirements related to

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<sup>5</sup> [https://www.kn.lt/uploads/files/dir45/dir2/4\\_0.php](https://www.kn.lt/uploads/files/dir45/dir2/4_0.php)

<sup>6</sup> [https://www.kn.lt/uploads/files/dir114/dir5/7\\_0.php](https://www.kn.lt/uploads/files/dir114/dir5/7_0.php)

operation of the Terminal and its use for delivery and unloading of LNG to the Terminal, its regasification and (or) reloading onto a LNG Carrier are determined by the Regulations, which can be found on the Operator's website<sup>7</sup>.

The main legal acts of the Republic of Lithuania regulating the activity of the Terminal are:

- Law on Natural Gas of the Republic of Lithuania;
- Law on Liquefied Natural Gas Terminal of the Republic of Lithuania;
- State-regulated pricing methodology in natural gas sector, approved by Order No. O3 -367 of NERC on the 13<sup>th</sup> of September, 2013;
- Order of the Government of the Republic of Lithuania No. 199 of 15<sup>th</sup> February, 2012 "Regarding the implementation of the Law of the Liquefied Natural Gas Terminal of the Republic of Lithuania";
- Description of the procedure for establishing the minimum supply of LNG to Terminal and natural gas consumption capacity is approved by the Government of the Republic of Lithuania on 7<sup>th</sup> November, 2012, Resolution No. 1354 "On the Approval of the Description of the Procedure for the Supply of the Required Quantity of the Liquefied Natural Gas Terminal and the Determination of the Natural Gas Consumption Capacity";
- Description of Funds Administration Procedure for Full or Partial Compensation of Expenditures of the Liquefied Natural Gas Terminal, its infrastructure and linking pipeline installation and exploitation, approved by the NERC's Decision No. O3-294 on the 9<sup>th</sup> of October, 2012;
- Description of the Allowed Loss Calculation at the LNG Terminal, approved by the Energy minister of the Republic of Lithuania on the 18<sup>th</sup> of June, 2014, decree No. 1-160;
- The quality requirements for natural gas, approved by the Minister of Energy of the Republic of Lithuania on 4<sup>th</sup> October, 2013, Order No. 1-194;
- Natural Gas Accounting Procedure Description, approved by the Energy minister of the Republic of Lithuania on the 27<sup>th</sup> of December, 2013, Order No. 1-245.

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<sup>7</sup> <https://www.kn.lt/en/our-activities/lng-terminals/klaipeda-lng-terminal/559>

## SERVICE PRICES OF THE TERMINAL

The prices of the services provided at the Terminal in 2021 were calculated in accordance with the procedure laid down in the methodology for determining the price of LNG regasification service of AB "Klaipėdos Nafta" and approved by NERC:

LNG regasification service price, Eur/MWh (VAT excl.)	LNG reloading service price, Eur/MWh (VAT excl.)	
0,41	Small scale LNG cargo, up to 15.000 m <sup>3</sup>	0,53
	Medium scale LNG cargo, from 15.000 m <sup>3</sup> to 50.000 m <sup>3</sup> inclusive	0,41
	Large scale LNG cargo, from 50.000 m <sup>3</sup>	0,30

LNG regasification service price is set by the AB "Klaipėdos Nafta" and approved by NERC on November 23<sup>th</sup>, 2020 by the resolution No. [O3E-1207](#).

LNG reloading service price is set by the AB "Klaipėdos Nafta" and approved by NERC on November 19<sup>th</sup>, 2020 by the resolution No. [O3E-1206](#).

LNG regasification and LNG reloading services price are set each calendar year and regardless of the present Terminal service prices are subject to change.

## TERMS AND CONDITIONS OF THE TERMINAL CAPACITY ALLOCATION

Application form for Terminal capacity allocation is provided in Annex No. 4<sup>8</sup> of the Regulations. When submitting the application, the Applicant must, if known, indicate the origin of the LNG planned to be delivered into Terminal.

### Requirements for Terminal Users

Applicants seeking to obtain Terminal Capacities shall meet the following requirements:

- Hold a natural gas supply license or permit if it is mandatory for performance of the activity for which respective Terminal capacities are being obtained;
- Have the LNG supply sources, justified by letters of intent, written confirmations of contactors and (or) equivalent evidences of LNG sales to the applicant, the total amount of which is not less than the requested Terminal capacities amount;
- Have sufficient financial ability and (or) planned funding sources to cover the chain of LNG and (or) natural gas supply, including use of the Terminal capacities;

<sup>8</sup> [https://www.kn.lt/uploads/files/dir47/dir2/16\\_0.php](https://www.kn.lt/uploads/files/dir47/dir2/16_0.php)



- To meet other requirements to the Terminal user set forth under the legal acts, if such are stipulated. As well as comply with recognized standards of business ethics.

### Submission of the Terminal Capacity Allocation Requests

Applicant shall provide the Operator with the following documents along with the request:

- Copies of legal entity's registration certificate and articles of association (or other founding documents);
- Copy of the natural gas supply license or permit if it is mandatory for performance of the activity for which respective Terminal capacities are being obtained;
- Certified by applicant copies of letters of intent, written confirmations of contactors and (or) equivalent evidences of LNG delivery to the Terminal, signed by the applicant and selected LNG Sellers;
- Original Bank Guarantee to Secure the Validity of the Proposal (Regulations Annex No. 8) and issued for an amount of not less than calculated according to a respective formula on the List of Formulas for Calculation of Terminal Service Prices, Taxes, Penalties and Values of Obligation Securities. This requirement shall not apply to the designated supplier at the scope of Terminal capacities which were assigned to it for supply of mandatory quantity for the Terminal according to the obligation set by the Law on Liquefied Natural Gas Terminal of the Republic of Lithuania;
- Request for Preliminary Services Schedule (Regulation Annex No. 5) specifying the requested Service Provision dates, which later to be clarified in Service Schedules, exact annual and preliminary monthly amounts of LNG planned for regasification and (or) reloading, and planned number of cargoes;
- A copy of consolidated financial statements of the applicant or its parent company (if any) for the past 3 years or the period since registration of the applicant or its parent company (if the enterprise or its supervising company has been undertaking activities for less than 3 financial years).

Terminal capacity allocation request together with the aforementioned documents must be submitted to the AB "Klaipėdos Nafta" until 24<sup>th</sup> of May, 2021 4:30 p.m. Lithuanian time by e-mail: [paslaugos@kn.lt](mailto:paslaugos@kn.lt). In any case the applicant must provide the original copy of the bank guarantee to secure the validity of the proposal to the address: Baltijos pr. 40, LT-93239, Klaipėda, Lithuania. In case of the Government announced the universal quarantine, the bank guarantee to secure the validity of the proposal must be submitted by e-mail, signed by a qualified electronic signature. Requests, which shall be received after the deadline or sent to the wrong address, as well as requests which do not meet the above-mentioned requirements of the Invitation and the Regulations, in case of failure to remove inconsistencies (if they can be removed) shall be rejected.

### Preliminary Schedule of Request Consideration

Actions and terms	
2021-04-22	The beginning of Capacities allocation procedure. Invitation to submit requests for capacities allocation.





2021-05-24	The deadline for submission of the requests.
In 1 working day	The Operator evaluates the submitted Request and informs the Applicant submitting the Request if the Request meets the Request submission requirements.
Up to 3 calendar days	Term for adjustment of request inconsistencies.
Up to 5 calendar days	The end of capacities allocation procedure. Informing the applicants of the results.
Up to 4 calendar days	Signing of LNG Terminal User Contracts and the Inter-use Terminal Contracts.

### Other Conditions

Detailed information about the services of the Terminal, Operator's and Terminal's User's rights and obligations, inter alia, requirements for Terminal Users and for Terminal capacities allocation requests, as well as additional requirements related to the activity of the Terminal or its use in order to deliver LNG to the Terminal and unload it, regasify and (or) to reload to the smaller LNG Carriers, are stated in the Regulations. The information provided in the Invitation does not change, abolish or otherwise modify the provisions of the Regulations.

The Operator shall firstly allocate Terminal Capacities in accordance with the order of priorities stated in paragraph 37 of the Regulations if these comply with the provisions of paragraphs 12.1 and 13.1 of the Regulations, i.e. when Cargo delivered by LNG Carriers with capacity of minimum 65,000 m<sup>3</sup> and maximum 160,000 m<sup>3</sup>.

For Applicants who plan to deliver Cargo to the Terminal with LNGC's which do not comply with paragraphs 12.1 and 13.1 of the Regulations, the Operator shall allocate the Terminal's Capacities taking into account the following conditions and circumstances:

- Maximum total number, for all applicants, of such LNGC's per month – 3;
- Terminal Capacities utilization term – one Gas Year;
- LNGC's Arrival Periods on Annual Schedule are tentative. The exact LNGC Arrival Periods shall be determined by the Operator during the establishment of the Monthly Schedule;
- Other circumstances related to the employment of the Terminal.

This Terminal Capacities are allocated into following order of priorities:

- a) The Applicant who completes whole Cargo regasification in the shortest period;
- b) If several Applicants complete whole Cargo regasification within the same period, the LNG regasification capacities shall be provided on a "first come, first served" principle with the respect to the time of submission of Request and/or their corrections according to respective requirements of the Regulations.

Applicants who plan to deliver Cargo to the Terminal, regardless of the size of LNGC's, in the preliminary monthly schedules must indicate requested Terminal capacities separately for each Cargo.



## INVITATION TO PROVIDE LNG TERMINAL CAPACITY ALLOCATION REQUESTS

After the end of the annual Terminal Capacities Allocation Procedure, when there are Free Capacities, requests for Terminal Capacities allocation shall be submitted not later than 60 (sixty) calendar days before the use of requested Terminal Capacities is to commence.

### CONTACTS

For any questions please contact us by phone: +370 695 48897 (Vaidotas Bručkus) or +370 630 04305 (Nerijus Strazdauskas) as well as by e-mail: [paslaugos@kn.lt](mailto:paslaugos@kn.lt)



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