



**LIETUVOS RESPUBLIKOS ENERGETIKOS MINISTERIJA
MINISTRY OF ENERGY OF THE REPUBLIC OF LITHUANIA**

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Federal Network Agency

Cc: European Commission

Permanent representation of Lithuania to the European Union

Embassy of the Republic of Lithuania to the Federal Republic of Germany

CONSULTATION OF MEMBER STATES UNDER ARTICLE 49a OF DIRECTIVE (EU) 2019/692 DEROGATION FOR NORD STREAM AG, NORD STREAM (BK7-19-108)

Madam [REDACTED]

In response to your letter of the 20th January 2020, the Ministry of Energy of the Republic of Lithuania submits its comments for the consultation on *Nord Stream AG* application for derogations for the *Nord Stream*, under the Article 49a of Directive (EU) 2019/692 of the European Parliament and of the Council of 17 April 2019 amending Directive 2009/73/EC concerning common rules for the internal market in natural gas (hereinafter – Gas Directive)¹.

Lithuania notes that purpose for amending Gas Directive was to clarify that within EU's jurisdiction the fundamental principles of EU energy legislation, such as third-party access, tariff regulation, ownership unbundling and transparency, applies to EU natural gas interconnectors with third countries. Agreement on the necessary amendments of the Gas Directive in the European Parliament and in the Council was a step towards Energy Union and better functioning of the Union's internal gas market.

Considering factual natural gas volumes supplied to Europe via *Nord Stream* route and forecasts for volumes in the future made by *Gazprom* and *Nord Stream AG*, it is evident that *Nord Stream* route (NS1 and NS2 pipelines) is an infrastructure with a significant impact to competition in the EU's internal gas market, its effective functioning and security of supply of natural gas in the Union. For this reason, a legal framework under which *Nord Stream* gas supply route operates is a common European interest.

¹ Due to technical problems the Ministry of Energy of Lithuania was unable to provide its response on a data exchange platform at <https://gbg3.bundesnetzagentur.de> (document upload function was not working properly), therefore its comments to the Federal Network Agency is provided herewith this letter.

Lithuania considers that derogations for *Nord Stream* under the Article 49a of Directive (EU) 2019/692 would be detrimental to competition and effective functioning of the EU's internal natural gas market. Decision to avoid application of the fundamental principles of EU energy legislation to the *Nord Stream* would have a negative impact to the security of natural gas supply in the Union, it would also undermine EU solidarity and energy policy principles. Lithuania is of opinion that it is for the best interest of a citizens and natural gas consumers in Europe to ensure that *Nord Stream* gas supply route operates under common rules for the internal market in natural gas. Furthermore, seeing immense efforts from *Nord Stream AG* to avoid Union's law only strengthens this opinion.

Amended Gas Directive provides instruments for Member States to ensure a unified (single) regulatory regime for the interconnectors with third countries and to ensure compatibility with Union law. One of the options is to conclude technical agreements on issues concerning the operation of transmission lines between a Member State and a third country. The Ministry of Energy of Lithuania asks responsible authorities in Germany to ensure that such regulatory regime would be negotiated with *Nord Stream AG* and Russian Federation in order to ensure that in EU's jurisdiction fundamental principles of EU energy legislation is respected and the interests of a citizens and natural gas consumers in Europe are well protected.

The Ministry of Energy of Lithuania looks forward to continuing close cooperation between our countries on energy related affairs and we appreciate all the efforts which was made by the Federal Network Agency to have a wide-ranging in-depths consultation with the Member States on Directive (EU) 2019/692 implementation.

Yours sincerely,

Vice-Minister of Energy

