

Memorandum of Understanding

between the Ministry of Economic Affairs and Communications of the Republic of Estonia and the Ministry of Energy and Climate of the Republic of Latvia

for a cooperation between the Republic of Estonia and the Republic of Latvia to ensure gas supply in times of crisis

The Ministry of Economic Affairs and Communications of the Republic of Estonia and the Ministry of Energy and Climate of the Republic of Latvia, hereinafter referred to individually as “the Participant” and collectively as “the Participants” have reached the following understanding:

Acknowledging:

- That the ongoing Russian aggression in Ukraine since February 2022 has significantly increased supply disruption risk in the whole European Union;
- That in normal market conditions, a continuous and secure gas supply is ensured, but the gas supply can be vulnerable in times of crisis;
- That securing unitary cooperation to cope with possible gas supply crisis is beneficial for the security of energy supply of Estonia and Latvia;
- The necessity to create a common framework for securing gas supplies for Estonia and Latvia in case of gas supply disruption;
- Port of Pakrineeme (including jetty and port facilities) together with onshore and offshore gas infrastructure (hereinafter – gas infrastructure) has capability to receive the Floating Storage Regasification Unit (hereinafter – FSRU) in case of gas supply disruption or when there is exceptionally high gas demand on one or both countries.

Recognising:

- The communication from the European Commission on the package RePower EU, according to which the European Union must end the dependency on Russian gas supplies as soon as possible and well before 2030;
- The decision made by the Estonian and Latvian governments to prohibit imports of pipeline gas from Russia as of 1 January 2023. In parallel, the market already refocused gas supplies in 2022 by organising the natural gas supply from alternative sources – the Klaipeda LNG terminal, Inkoo LNG terminal.
- In Estonia and Latvia, the early warning crisis level has been declared in accordance with Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas;
- The need for an additional gas supply route to supply Estonia and Latvia with natural gas in case of gas supply disruption;
- The importance of a common framework for securing gas supplies for Estonia and Latvia.

Set an objective:

- To increase the preparedness for gas supply disruptions in Estonia and Latvia using the gas infrastructure in the Port of Pakrineeme.
- To negotiate and agree on the joint use of Port of Pakrineeme (including jetty and port facilities) and gas infrastructure for ensuring security of gas supply for Estonia and Latvia.
- To set up a steering group to analyse potential options, including reserving a FSRU, for securing gas supply in the time of crisis.
- To agree on joint plan for the gas usage in times of crisis.

The Participants have reached the following understanding:

Paragraph 1
Nature and scope of the Memorandum

(1) The subject of the Memorandum of Understanding (hereinafter – MoU) is to set out a legally non-binding framework for cooperation on analysing potential options for securing gas supply and later establishment of additional emergency gas supply route to the Estonian and Latvian gas market (hereinafter – Joint Project).

(2) The objective of the Joint Project is a potential joint chartering of FSRU, using Port of Pakrineeme and gas infrastructure in Paldiski in case of a crisis.

(3) The MoU outlines the roles of the Participants as well as other relevant parties concerned regarding the Joint Project.

(4) The MoU expresses a political intent. The MoU is not intended to establish any new legal commitments, or to replace or modify any existing legal obligations. The MoU confers no new powers nor implies any financial commitments, all commitments being satisfied from existing resources.

Paragraph 2
Specifications of the Joint Project

(1) The Joint Project serves the purpose to analyse different options and develop procedures for joint chartering of FSRU in case of an emergency (gas supply disruption or exceptionally high gas demand in one or both countries) and for that jointly set up the conditions for usage of Port of Pakrineeme (including jetty and port facilities) and gas infrastructure.

(3) Within the Joint Project, the Participants aim:

1. to carry out all the necessary analysis that are needed for the Joint Project;
2. to set up a financing model for the agreed option that is based on the proportional benefit for the countries;
3. to share the costs of using Port of Pakrineeme (including jetty and port facilities) and gas infrastructure based on the proportional benefit of setting up the emergency gas supply solutions for the countries.

Paragraph 3 Cooperation

- (1) The Participants will co-operate to establish and maintain necessary and favourable conditions for the implementation of the Joint Project.
- (2) National contact points are established to facilitate the implementation of the Joint Project and deal with any matters arising during the implementation.
- (3) The national contact point of Latvia is the Ministry of Climate and Energy of Latvia or designated Authorities by the Ministry.
- (4) The national contact point of Estonia is Ministry of Economic Affairs and Communications or Designated Authority by the Ministry.
- (5) The Participants will establish a steering group consisting of at least two members representing each Participant.
- (6) The Participants will nominate representatives to prepare practical implementation of the Joint Project.

Paragraph 4 Confidentiality

The Participants undertake to keep confidential any information communicated to them by the other Participant (i) as confidential or (ii) the disclosure of which may clearly be prejudicial to the other Participant until the information legitimately becomes publicly available through other parties or through work or actions lawfully performed outside (not based on the MoU) or has been made available to the receiving Participant by another party without any confidentiality restrictions. This confidentiality obligation does not apply to information communicated orally unless the Participant communicating such information notifies the other Participant in writing without delay that such information shall be kept confidential.

Paragraph 5 Dispute resolution

Any dispute(s) between the Participants arising out of the interpretation, application and or implementation of this MoU will be resolved amicably by consultations and negotiations.

Paragraph 6
Entry into force and duration

- (1) The MoU will enter into force on the date of its signature by the last Participant. The MoU is intended to be in force until the objective is met and will be limited to the scope necessary for implementation of Joint Project.
- (2) This MoU may be amended at any time by mutual written consent of the Participants.
- (3) Either Participant may terminate the MoU at any time upon three months prior written notice to the other Participant.
- (4) The MoU is made and signed in English language in two original copies, each of which has equal legal validity.

IN WITNESS WHEREOF, the undersigned being duly authorised by their respective Governments, have signed this MoU on 12th of May 2023.

*For the Government of the
Republic of Estonia*
SIGNED in Püssi, Estonia
on
12th of May 2023

The Minister of Climate
Kristen Michal

*For the Government of the Republic of
Latvia*
SIGNED in Püssi, Estonia
on
12th of May 2023

The Minister of Climate and Energy
Raimonds Čudars

