Natural Gas Act
Passed 29 January 2003
(RT¹ I 2003, 21, 128),
entered into force 1 July 2003,
amended by the following Acts: 15.06.2009 entered into force 24.07.2009 - RT I 2009, 39, 262;
10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225;
22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408;
07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80;
07.12.2006 entered into force 01.01.2007 - RT I 2006, 58, 439;

Chapter 1
General Provisions

§ 1. Scope of application of Act
(1) This Act regulates activities related to the import, transmission, distribution and sale of natural gas (hereinafter gas) by way of gas networks (hereinafter networks), and connection to networks.
(2) The activities specified in subsection (1) of this section shall be co-ordinated and conform to the principles of objectivity, equal treatment and transparency in order to ensure a secure, reliable and effective gas supply at a justified price in compliance with environmental requirements and the needs of the final customer.
(3) The provisions of the Administrative Procedure Act (RT I 2001, 58, 354; 2002, 53, 336; 61, 375) apply to administrative proceedings provided in this Act, taking account of the specifications arising from this Act.

§ 2. Definitions
In this Act, the following definitions are used:
1) a network is a fixed operational assembly of gas pipelines and facilities connected thereto necessary for the transmission and distribution of gas whereas consumer installations and equipment are not deemed to be a part of a network.
3) a consumer installation is an interconnected operational assembly of gas pipelines and auxiliary equipment for supplying a final customer with gas which is located within one or several registered immovables, facilities or a complex of facilities functionally linked to one another and constituting a single economic unit, including the land necessary for servicing the facilities;

4) a network area is an area where a network owned or possessed by a single network operator is located and is developed;

5) a licensed territory is the area in which a network operator operates, as stipulated in its activity licence;

6) a supply point is the connection site of a network and a consumer installation, or the connection site of a network and a network of another network operator;

7) the service boundary of a network is the boundary up to which the network operator maintains the network on the basis of a contract;

8) a final customer is a person who purchases gas distributed through a network for the person's own use;

9) a network operator is an undertaking engaged in the provision of network service;

10) a seller is an undertaking engaged in the sale of gas;

11) “security of supply” means the capability of the gas system to ensure the required gas supply to customers, taking into account the existing demand and the estimated future demand.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

Chapter 2
Operation of Gas Market
Division 1
Gas Market Participants

§ 3. Market participants
Gas undertakings and final customers are the market participants.

§ 4. Gas undertaking
A gas undertaking is an undertaking which operates in at least one of the areas of activity consisting of the import, transmission, distribution or sale of gas and which is responsible for attending to commercial, technical or maintenance issues related to such activities.

§ 5. Eligible customer
(1) An eligible customer is a market participant who is not a residential customer.
(2) An eligible customer has the right to purchase gas from any seller within the technical limits of the network.

§ 6. Residential customer
(1) Residential customers are customers purchasing natural gas for their own household consumption.
(2) Until 1 July 2007, residential customers shall purchase gas from network operators to whose network their consumer installations are connected or from the seller designated by the network operator.
(3) Beginning from 1 July 2007, residential customers have the right to purchase gas from any seller within the technical limits of the network.

Division 2
Operation of Gas Market

§ 7. Import, transmission, distribution and sale of gas

(2) For the purpose of this Act, "transmission of gas" shall mean means the transport of natural gas through a high pressure pipeline up to a consumer installation or an agreed supply point.

(3) For the purposes of this Act, the distribution of gas is the transport of gas to consumer installations or agreed supply points through regional or local pipeline distribution systems.

(4) For the purposes of this Act, the sale of gas is the transfer of gas to a person for a charge.


§ 8. Obligations of gas undertaking

(1) A gas undertaking shall ensure that final customers are supplied with gas in compliance with this Act, the conditions of the activity licence and contracts entered into.

(2) A gas undertaking shall establish the principles in the accounting policies and procedures that accounts shall be kept for the transmission, distribution and sale of gas and for areas of activity not related to such activities as would be required of separate undertakings operating in those areas of activity.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(21) A gas undertaking shall keep separate accounts for the sale of gas for household customers and eligible customers.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(22) Gas undertakings are required to establish accounting policies and procedures which regulate assets, obligations, and the division of revenue and expenditure and comply with such policies and procedures in keeping account of the areas of activity specified in subsection (2) of this section.

(3) A gas undertaking shall enable the Competition Authority to audit its accounts and shall provide any necessary explanations concerning its economic activities.


(4) A gas undertaking shall submit information concerning the formation of the price of gas or network services to the Statistics Estonia. The information shall be entered on the forms established by the Minister of Finance on the basis of subsection 3 (3) Official Statistics Act.

(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

(5) Gas undertakings are required to publish approved prices, maximum rates, methods and standard conditions on its website, and provide information concerning them to persons who so request.


(6) A gas undertaking shall organise the preparation, submission and publication of its annual report pursuant to the Accounting Act. If auditing is compulsory, the auditor’s report shall, among other matters, include an assessment regarding compliance of the annual report and annexes thereto of the gas undertaking with the provisions of this Act.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 81. Unbundling of activities

(1) A network operator who provides transmission services may concurrently engage in the provision of distribution services but is prohibited from sales activities.

(2) Network operators who have over 100 000 consumers connected to their distribution networks and who do not provide transmission services shall unbundle their distribution and sales activities and establish, as of 1 July 2007, separate companies for the distribution and sale of gas. If the number of connected customers of a network operator exceeds the limit value of 100 000 after such date, the network operator shall bring its activities into conformity with the requirements of this section within six months.
Network operators who have less than 100 000 consumers connected to their distribution networks and who do not concurrently provide transmission services are also permitted to engage in sales activities.

A network operator who does not engage in sales activities shall appoint a seller for its network area unless other sellers supplying gas to customers operate in that area.


§ 9. Sale of gas

Within the technical limits of the network, the seller of gas who has the greatest market share within a network area is required to sell gas to all household customers who have a network connection and who are located within its network area if customers so desire.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

The selling price of gas does not include the price of the network service.

(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

A seller of gas shall establish, with the approval of the Competition Authority, the standard conditions for the sale of gas to household customers which shall, among other, set out the following:

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80; 22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

1) the name and address of the seller;
2) the service provided;
3) quality margins of the service offered;
4) notification of customers of applied rates and prices;
5) period of the contract, conditions for renewal and termination of contract;
6) obligation to switch sellers free of charge;
7) options for payment for the service;
8) possible compensations and procedure for refund;
9) resolution of complaints.

(3) A contract of sale of gas shall set out, among other matters, the category of supply.
(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(3) A contract of sale of gas to a household customer may also include the provisions of the contract for provision of network services concerning provision of the network services necessary for distributing of gas to be sold.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(3) A seller of gas shall allow termination of a contract of sale of gas upon changing the seller within one month as of submission of an application by the customer provided that the obligations arising from the contract to be terminated have been performed.

(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

(4) As of 1 July 2007, gas undertakings must submit separate invoices for the sale of gas and provision of network service, or to set out such activities separately on one invoice.


§ 91. Gas undertaking in dominant position on market

(1) The gas undertaking in a dominant position on the market (hereinafter gas undertaking in a dominant position on the market) within the meaning of the Competition Act shall publish the conditions of sale for gas and the principles of formation of the selling price.

(2) The gas undertaking dominating the market shall devise the conditions of sale of gas and set the selling price of gas in accordance with the principles of equal treatment and transparency.

(3) The selling price of gas shall ensure covering of the necessary operating expenses, the necessary investments and justified profitability.

(4) If the Competition Authority so requires, the gas undertaking in a dominant position on the market shall provide evidence concerning the compliance of the selling price with the conditions specified in subsection (3) of this section.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)
(5) If the selling price is not in compliance with the conditions specified in subsection (3) of this section, the Competition Authority has the right to require that the price be brought into compliance.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80; 22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(6) The undertaking in a dominant position on the market does not have the right to refuse to sell gas to a household customer, if the customer requests that gas be sold.

(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

§ 10. Selling price of gas for household customers

(1) The gas undertaking in a dominant position on the market shall set the price of the gas to be sold to household customers based on the principle that the weighted average price of the gas to be sold contains the price of the gas bought into the state and the sales margin added thereto.

(2) The gas undertaking in a dominant position on the market shall buy gas in compliance with good business practice and at the lowest possible price.

(3) The gas undertaking in a dominant position on the market shall seek the approval of the Competition Authority for the maximum rate of the sales margin.

(4) The maximum rate of the sales margin specified in subsection (3) of this section shall cover the costs incurred in the sale of gas and ensure justified profitability. The Competition Authority shall prepare and publish uniform methods for the calculation of the maximum rate of the sales margin and shall approve the maximum rate of the sales margin relying on such methods.

(5) The Competition Authority shall make a decision concerning approval of the maximum rate of the sales margin specified in subsection (3) of this section within thirty days as of the submission of a correctly completed application. If an application for approval is particularly complicated or requires more processing work than usual, the Competition Authority may extend the term for processing the application up to sixty days and shall inform the applicant of the extension of the term before the original term expires.

(6) The term for processing an application specified in subsection (5) of this section shall be suspended if the Competition Authority has not received all the required information necessary for approval of the application.
(7) If the weighed average price of the gas sold during a calendar year differs from the weighed average buying-in price of gas of the same period, whereto the sales margin specified in subsection (4) of this section has been added, the gas undertaking in a dominant position on the market shall settle the accounts relating to the price difference with the customer within three months and shall submit the corresponding statement to the Competition Authority not later than by 1 May each year. The settlement of accounts shall be reported as a line item in the gas sales invoice.

(8) If the Competition Authority so requires, a seller of gas shall provide explanations and reasons for the prices established.

(9) A seller of gas shall publish the selling prices of gas and notify the customer thereof not later than one month prior to the date as of which such prices apply.

(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

Division 3
Balance Responsibility

§ 11. Definitions related to balance responsibility

(1) For the purposes of this Act, balance is equilibrium between the quantity of gas agreed upon in the sales contract with a market participant and the quantity of gas consumed or resold by a market participant.

(2) A balance provider is a market participant who has entered into a balance agreement with a system operator to maintain balance.

(3) Balance agreement is an open supply contract entered into by the system operator and a balance provider on the basis of which the balance provider obliges to ensure balance.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(31) Open supply is the sale of gas to a market participant within the limits of the amount provided for in the contract by the system operator and a balance provider or the purchase of the surplus gas during balance period.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)
Fixed supply is the sale of an amount of gas to a market participant agreed with the market participant for the balance period of which the balance provider is notified in advance.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(4) Balance responsibility is the obligation to ensure balance during each balance period.
(5) Balance settlement is the determination of the balance for a balance period.
(6) Balance period is a period during which balance is ensured.

(7) Balancing gas is gas which the system operator, for the purposes of ensuring balance, is purchased or sold by the system operator on the basis of a balance agreement.
(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 12. Organisation of balance responsibility

(1) Each market participant has balance responsibility.

(2) A market participant is a balance provider if the participant has not delegated balance responsibility to a seller or another balance provider by a contract. The seller is the balance provider of a household customer.

(3) A balance provider shall make a balance settlement at the end of each balance period and shall forward the data necessary for a balance settlement to the system operator.

(4) The consumption regime of the market participant, measures to be implemented to ensure security of supply, conditions of sale of balancing gas, the conducting of metering systems and metering necessary to ensure balance of the market participant and gas system, the data to be forwarded to the system operator and the frequency with which data are to be submitted and covering of the expenses of ensuring the balance of the system (balance settlement) are agreed upon in a balance agreement.
(5) A system operator shall develop and seek approval for the standard terms and conditions of a balance agreement from the Competition Authority.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(6) A balance period is one twenty-four hour period unless otherwise agreed.

(7) If, on the basis of balance determination, the balance of a balance provider is negative, the system operator shall be deemed to have sold balancing gas to the balance provider during the period in the amount necessary to maintain the balance of the balance provider.

(8) If, on the basis of balance determination, the balance of a balance provider is positive, the balance provider shall be deemed to have sold balancing gas to the system operator during the period in the amount necessary to maintain the balance of the balance provider.

(9) The price of balancing gas shall be determined by the system operator after the end of a balance period in accordance with this Act and the balance agreement.

(10) A system operator shall develop and seek approval for the methods for the determination of the price of balancing gas from the Competition Authority.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(11) The system operator shall set the price of balancing gas such that it enables the system operator to:

1) cover any justified expenses incurred in the purchase of balancing gas;

2) cover any justified expenses incurred in connection with the purchase and sale of balancing gas;

3) ensure justified profitability.
(12) The system operator shall devise the standard terms and conditions of balance agreements and set the price of balancing gas in accordance with the principles of equal treatment and transparency.

(13) The system operator shall publish the methods for the determination of the price of balancing gas and the standard terms and conditions of a balance agreement on its website.

(14) The calculation period which is the basis for the financial calculations related to the balance is one calendar month unless otherwise agreed.

(15) The Minister of Economic Affairs and Communications may issue regulations concerning the extent and content of the exchange of information relating to balance responsibility.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 121. Rights and obligations of balance provider

(1) A balance provider has the right to receive payment for the balancing gas sold by it to the system operator in accordance with this Act and the balance agreement.

(2) A balance provider shall pay for the balancing gas sold to it by the system operator in accordance with this Act and the balance agreement.

(3) The balance of a balance provider is unbalanced the balance provider is required to immediately demonstrate at the request of the system operator how balance is ensured. At the request of the system operator, the balance provider is required to commence activities towards balancing the balance.

(4) A balance provider shall enter into gas supply contracts on terms which enable to ensure its balance at any moment in time.

(5) A balance provider shall determine the procedure for it to be notified of all fixed supplies to the market participant whose balance is maintained by the balance provider pursuant to this Act.
(6) A balance provider shall publish the conditions for ensuring balance responsibility and the methodology for determination of the fee charged for balance deviation on its website and shall provide information thereon to all persons requesting it.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

Division 4
Gas System and System Responsibility

§ 13. Gas system
For the purposes of this Act, a gas system is a technical system which is comprised of the networks located in Estonian territory together with the appropriate control, protection, communication and measurement systems.


§ 14. System responsibility
System responsibility is the obligation of a system operator to ensure, at all times, security of supply for and the balance of the gas system pursuant to agreements.

§ 15. System operator
(1) For the purposes of this Act, a system operator is a network operator which provides transmission services, or transmissions and distribution services concurrently and owns or possesses metering systems on the state border.


(2) System operators shall exercise the rights and perform the obligations arising from this Chapter in compliance with the principles of impartiality and equal treatment with respect to other gas undertakings and the final customers in the gas network.

§ 151. Ensuring independence of system operator
(1) The person in charge of a system operator shall not at the same time be a member of the management board of another gas undertaking or be otherwise in charge of the everyday economic activities of another gas undertaking.
(2) A system operator shall have the right to decide on the use of the assets necessary to maintain or develop the network. This may not constitute an impediment to the functioning of co-operation mechanisms which guarantee the right of the parent company to exercise the rights of economic and management supervision of the subsidiary.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(3) A system operator shall prepare and implement a plan prescribing measures necessary to ensure equal treatment of other gas undertakings and customers and setting out the obligations of the employees of the network operator to implement such measures. The system operator shall submit an annual report of implementation of the plan to the Competition Authority.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(4) The plan specified in subsection (3) of this section shall be prepared, its implementation shall be monitored and an annual report on measures adopted to implement the plan shall be prepared by an employee designated by and directly reporting to a member of the management board of the network operator.


§ 16. Obligations of system operators

(1) In order to perform the obligations provided for in § 14 of this Act, a system operator shall:

1) ensure security of supply for the gas system;
2) plan and supervise the supply of gas in the gas system, the distribution of gas in the network, and the consumption of gas, taking into account the technical limitations of the gas system;
3) ensure co-operation with the gas systems of neighbouring states, taking into account the technical limitations of such systems in real time;

4) determine, pursuant to this Act, legislation established on the basis thereof and agreements entered into by the system operator and balance provider, the balance of the gas system and the balance of the balance providers on the basis of information submitted to the system operator and purchase and sell balancing gas with the aim of ensuring the effective operation of the gas market and the equitable division between
the balance providers of expenses incurred in order to ensure the balance of the gas system;

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

41) on the basis of data relating to balance determination and other relevant data, submit invoices to a balance provider for each calculation period regarding the charges payable for the balancing gas purchased by the balance provider and any other charges payable to the system operator arising from legislation or an agreement and collect the sums payable by the balance provider on the basis of the invoice;

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

42) on the basis of data relating to balance determination and other relevant data, calculate the amounts of balancing gas sold by a balance provider to the system operator during each calculation period and pay the balance provider for such amounts;

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

5) enter into balance agreements;
6) perform other duties arising from this Act.

(2) A system operator shall purchase services needed to perform its obligations using transparent procedures under equal conditions for all gas undertakings and without imposing unjustified limitations.


(3) A system operator shall not disclose confidential information received in the course of performing its obligations to third persons, unless the disclosure of such information is prescribed by law or it is necessary for the information to be communicated in order for obligations arising from this Act to be performed.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(4) A system operator shall submit data necessary for preparation of reports on security of supply to the Competition Authority.


(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

A system operator shall ensure that information about its own activities which may be commercially advantageous is used in accordance with the principle of equal treatment.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 17. Rights of system operators

1 In order to perform its obligations, a system operator has the right to demand that a balance provider increase or reduce gas supply in accordance with the balance agreement entered into.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

2 A system operator has the right to issue mandatory orders to market participants to limit or suspend the consumption of gas by final customers in adherence with the requirements provided for in § 261 of this Act.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

3 In order to undertake its system responsibility, a system operator has the right to impose technical restrictions on the use of gas systems.

4 A system operator has the right to demand necessary information for the performance of its obligations from all market participants and the local government.

5 A system operator has the right to demand that a balance provider comply with the requirements and perform the obligations provided by legislation or an agreement entered into and, in the event that such requirements are not complied with or such obligations are violated, the system operator has the right to refuse to enter into an
agreement with the balance provider or to terminate an agreement or apply other legal remedies prescribed by legislation or the agreement.

(6) A system operator has the right to require that a balance provided cover the costs related to balance settlement.

(6) A system operator has the right to purchase and sell balancing gas. An activity licence is not required for importing and sale of balancing gas.
(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(7) The system operator shall not compensate for any damage or reimburse any expenses arising from in the performance of orders specified in subsections (1)–(3) and (5) of this section, except if the activities or orders of the system operator have been unlawful.
(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(8) The rights of the system operator relating to conditions of provision of transmission services and determination of the fee charged for the services are provided for in Regulation (EC) No 1775/2005 of the European Parliament and of the Council.
(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

Chapter 3
Functioning of Network

§ 18. Connection to network
(1) For the purposes of this Act, connection to a network is the connection of a consumer installation or of a network belonging to another network operator to a network.

(2) Within the technical limits of the network, a network operator is required to provide a network connection for all persons located within its network area who
apply for a connection (hereinafter connectee) unless this would endanger the security of supply for earlier connectees.

(3) A network operator shall justify any denial of an application from a connectee in writing within thirty days as of the receipt of the application.

(4) On the basis of an application from a connectee, the network operator shall issue the conditions for connection to the network (hereinafter conditions of connection).

(5) The conditions of connection shall:

1) be transparent and unambiguous;

2) comply with the principle of equal treatment of similar connectees;

3) take into consideration the technical and economic conditions of each particular connection;

4) take into consideration the interests of network development and stability;

5) take into consideration the technical capability of the network.

(6) The conditions of connection shall specify:

1) the supply point;

1\) gas consumption regime at point of supply;


2) location of measurement system and type of measuring instruments;


3) the service boundary of the network;

4) the obligations of the connectee and the network operator;

5) an estimate of the connection fee;

6) the term of validity of the conditions of connection;

7) other special conditions.

(7) A connection fee shall not be collected upon replacement of a consumer installation connected to a network or in the event of a change of owner of the consumer installation provided that the following conditions are met concurrently:

1) connection to the existing consumer installation occurs such that the supply point remains unchanged;

2) no application is made for a change in the combined usage capacity or consumption regime set out in the contract entered into by the former final customer;

3) the technical conditions for the connectee’s consumer installation to be connected continue to exist.

§ 181. Gas pipeline crossing state border

(1) Building of a gas pipeline crossing the state border (hereinafter interconnector) is permitted only with the authorisation of the Government of the Republic.

(2) An application for the authorisation specified in subsection (1) of this section shall contain the following information:
   1) the name and address of the applicant;
   2) data on the location of the interconnector;
   3) technical details of the interconnector (pressure, volume, diameter, length, etc.);
   4) planned time of construction;
   5) the estimated value of the construction;
   6) justification of the necessity of the interconnection;
   7) the results of the environmental impact assessment.


§ 182. Access of third parties to network

(1) The Competition Authority may grant a temporary derogation of access of third parties to a new interconnection which crosses the state border or in the case of a significant increase of the volume of an existing connection in which case the provisions of §§ 18 and 23 do not apply to a gas undertaking.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(2) For the purpose of this Act, access to network by third parties shall mean the right of a market participant to connect to a network or use network services.

(3) For the purposes of this Act, a new interconnector is an interconnector for the building of which the authorisation specified in § 181 of this Act has been granted after 15 July 2003.

(4) The Minister of Economic Affairs and Communications shall establish the list of data to be included in derogation applications and decisions of the Competition Authority.

§ 183. Conditions for grant of temporary derogation
(1) Temporary derogation may be applied for if the new interconnector complies with the following requirements:
1) the investment must increase competition in the area of gas supply and improve reliability of supply;
2) due to the high risk level related to the investment, the investment cannot not be made if the derogation is not granted;
3) the owner of the interconnector must be a natural or legal person who operates, at least by legal form, separately from the network operator to whose network such interconnector is to be made;
4) fees are to be charges from the users of the interconnector;
5) the temporary derogation does not restrict competition, effective operation of the internal gas market or operation of the regulated network to which the interconnector is to be built.
(2) Upon application for temporary derogation in the case of a significant increase of the volume of an existing connection, the conditions specified in subsection (1) of this section apply and the increase of volume must enable the commencement of use of new sources of supply.

§ 19. Entry into contract for connection to network
(1) For connection to a network, a network operator and the owner of the consumer installation to be connected to the network or an authorised representative of the owner shall enter into a written contract.
(2) The contract shall, amongst other things, set out the following:
1) the supply point;
2) gas consumption regime at point of supply;
3) location of measurement system and type of measuring instruments;
4) the service boundary of the network;
5) the size of the connection fee;
6) the term for performance of the contract.

(21) The data specified in clauses (2) 1)-3) of this section are deemed to be the technical conditions for connection.  
(3) The Competition Authority has the right to verify whether any refusal to provide connection, the sizes of connection fees and the conditions of contracts are justified.  
(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

§ 20. Calculation of connection fees  
(1) Network operators have the right to collect justified connection fees from connectees.  
(2) Connection fees shall be calculated with the aim of ensuring the coverage of justified expenses for each connection, including:  
1) investments, including construction of the metering system;  
2) compliance with environmental requirements;  
3) compliance with quality and safety requirements.  
(3) The size of a connection fee shall be calculated by the network operator based on the methodology for calculating connection fees.  
(31) A network operator shall obtain the approval of the Competition Authority for the methodology of calculating connection fees.  

§ 21. Licensed territory of network operator  
(1) A network operator shall delimit its network area.  
(2) A network operator may have several network areas which together constitute the licensed territory specified in the activity licence of the network operator.  
(3) The licensed territories of different network operators may overlap.  
(4) If network operators agree to make mutual changes to their licensed territories, the whole area in which the operators operate should remain covered by their licensed territories after the changes.
(5) Network operators shall notify the Competition Authority of any mutual changes to their licensed territories as specified in subsection (4) of this section and shall add the agreement concerning the division of activities and obligations entered into by them to the notice.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

§ 21. Planning and construction of network

The requirements for planning and construction of construction works apply to the planning and construction of networks.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 22. Rights and obligations of network operators

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(1) A network operator is required to ensure that persons who have a network connection are supplied with gas in accordance with this Act, the conditions of the activity licence and contracts entered into.

(2) A network operator is responsible for the functioning and maintenance of the network which it owns or possesses.

(3) A network operator is required to develop the network in a manner which ensures that all consumer installations located within its network area are connected to the network.

(4) A network operator shall organise the metering of gas consumed from the network and maintain corresponding records, unless agreed otherwise.

(5) A network operator is required to provide other network operators with all the necessary information to ensure the distribution and sale of gas in a manner which enables interconnected networks to be used securely and effectively.

(5\(^1\)) A network operator shall not disclose confidential information received in the course of performing its obligations to third persons, unless the disclosure of such information is prescribed by law or the information is to be communicated in order for obligations arising from this Act to be performed.
A network operator may terminate its activities only if it transfers its obligations arising from this section to another network operator. A network operator shall give the Competition Authority at least twelve months' advance written notice of the termination of its activities, specifying the date and schedule for termination, and provide a sufficiently detailed overview of the circumstances which ensure that the requirements provided for in this section shall be met. The network operator specified in subsection 81 (2) of this Act is required to comply with the requirements provided in § 15. A network operator shall observe the principle of equal treatment of market participants when providing network services.

A network operator has the right to refuse to provide network services if:

1) the gas installation of the user of network services do not conform to the requirements of legislation or to the technical conditions established by the network operator for connection to the network;

2) the network lacks the necessary capacity for the provision of network services.

A network operator shall provide the reasons for any refusal to provide network services. The legal basis for refusal shall be indicated in the reasoning of refusal. The network operator shall notify the Competition Authority of its refusal to provide network services on the basis set out in clause (10) 2) of this section.
(12) A network operator shall publish the services offered by the operator together with the conditions of their provision and the fees charged therefor or the methodology of calculation of the fees on its website.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(13) A network operator is required to submit the measurement data necessary for the balance to be determined to the balance provider and the system operator.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(14) A network operator shall ensure that information about its own activities which may be commercially advantageous is used in accordance with the principle of equal treatment.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(15) Network operators who have over 10 000 consumers connected to their distribution networks and who provide transmission services are providers of service of vital importance specified in clause 34 (2) 2) of the Emergency Act.

(15.06.2009 entered into force 24.07.2009 - RT I 2009, 39, 262)

§ 23. Network service and price thereof

(1) For the purposes of this Act, a network service is the provision of gas transmission services or gas distribution services through a gas network.


(2) The prices for network services shall be justified based on the expenses necessary for the operation and development of the network, reliability and security of supply, metering of the gas distributed through the network, communication and calculation of meter readings and the earning of a justified profit to ensure a smooth supply of gas to the final customer.

(3) The price of network services shall be set in a manner which ensures:
1) that the necessary operating expenses are covered;
2) that investments for the performance of operational and development obligations are made;
3) compliance with environmental requirements;
4) compliance with quality and safety requirements;
5) justified profitability.

(4) A network operator shall submit the prices of network services and the bases for setting such prices to the Competition Authority for approval, except in the event of gas transit, and shall, at the request of the Competition Authority, provide justification for the prices set.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(41) The Competition Authority shall prepare and publish uniform methods for calculation of the prices of network services and shall rely on such methods when approving the prices of network services. The Competition Authority shall prepare the methods taking account of the requirements provided by subsections (2) and (3) of this section and other relevant provisions.


(5) The Competition Authority shall process applications for setting prices provided for in subsection (4) of this section pursuant to the procedure provided for in subsections 10 (5) and (6) of this Act.

(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

(6) A network operator shall publish the approved prices for its licensed territory and inform the consumers in its licensed territory thereof at least three months prior to the date as of which such prices apply.

(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

§ 231. Contract for provision of network services

(1) For the provision of network services, the network operator shall enter into a contract for provision of network services (hereinafter network contract) with a market participant applying for use of the network.

(2) A network operator may enter into separate network contracts with a market participant regarding different network services.

(3) A network operator shall seek approval from the Competition Authority for the standard terms and conditions of a network contract.
(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(4) The Competition Authority shall not grant its approval to standard terms and conditions of a network contract if the content thereof does not correspond to the balance of rights and obligations of the user of the network service which was the basis for approval of the price of network services.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(5) Derogation from the standard terms and conditions of a network contract is permitted by agreement of the parties.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 24. Metering and installation of metering systems

(1) A network operator shall ensure that all quantities of gas which enter or leave its network are measured and that meter readings are collected and processed.


(3) Within a network belonging to a network operator, the metering systems together with the necessary auxiliary equipment shall be installed by the network operator at its own expense, unless otherwise prescribed in the contract, in accordance with the design documentation and as close as possible to the point of consumption of the gas.

(4) If the existing metering system of a final customer does not comply with the established technical requirements, the network operator shall replace the metering system at its own expense, unless otherwise prescribed in the contract.

(5) If the final customer wishes to change the capacity of the consumer installation, the network operator shall replace or reset the metering system and the equipment which limits the usage capacity. The final customer shall cover the expenses for resetting.

§ 25. Illegal use
(1) The use of gas or network services is illegal if there is no legal basis therefor or if requirements arising from this Act are violated, in particular in the case of:

1) concealing or reducing of the actual quantity consumed by way of damaging the meters, tampering with readings, or damaging the metering systems, parts thereof or stop valves;

2) unmetered consumption from a connection without the permission of the gas undertaking;

3) consumption without a valid written contract.

(2) If the gas undertaking and the final customer have not entered into a written contract it is not deemed to be a case of illegal use as specified in clause (1) 3) of this section if the gas undertaking regularly submits invoices to the customer for gas used and the customer has paid the invoices in a timely manner.

(3) In addition to the cost of gas and network services used illegally, a market participant shall compensate the network operator and seller for any damage caused by the illegal use of gas and network services and shall reimburse them for any reasonable expenses incurred in determining the size of such damage.

(4) The principles for determination of the quantity of gas and network services used illegally and determination of the cost thereof shall be established by the Minister of Economic Affairs and Communications.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 26. Suspension and resumption of gas supply
(1) If there is danger to the life, health or property of persons or to the environment, network operators have the right to suspend a network connection without giving advance notice thereof to the final customer.

(2) A network operator has the right to suspend a network connection immediately after it is established that there has been illegal use of gas.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)
(3) A network operator has the right to suspend gas supply, giving at least seven days' advance notice, if:

1) the consumer installation is adversely affecting the supply of gas to another final customer or damaging the technical parameters of the network;

2) the network operator is prevented from accessing a metering system located within territory owned or possessed by a final customer in order to inspect or replace the system or to perform necessary work for the consumer installation to operate;


3) contracts entered into based on this Act or conditions provided by this Act have been violated.


(31) If a household customer has failed to pay the amount payable according to the contract entered into with the seller and the household customer uses gas for heating a dwelling used as a permanent residence, gas supply may be suspended during the period from 1 October to 30 April only when forty five days have passed since the receipt of the notice specified in subsection (4) of this section.


(4) Before the gas supply is suspended in the cases provided for in subsection (3) of this section, the network operator shall give the final customer a reasonable term to eliminate the deficiencies and shall notify the final customer of the pending suspension in writing. The notice shall set out:

1) the reason for suspension of the gas supply;

2) the term for elimination of the deficiencies.

(5) A network connection or gas supply suspended for the reasons provided for in subsection (3) of this section shall be restored after the final customer has paid for the justified costs of suspension and reconnection, unless the contract has been terminated.

§ 261. Minimum requirements for security of supply

(1) If it is necessary to bring consumption of gas into conformity with potential supply in order to ensure security of supply, gas supply may be restricted with the
agreement of the parties, except in the cases provided for in subsections (2) and (3) of this section.

(2) Gas supply to a household customer may not be suspended or restricted during the period from 1 October to 1 May except in cases of danger to the life, health or property of persons or to the environment.

(3) Gas supply to undertakings who produce heat for heating of residential spaces and who have no possibility to use other fuel than gas for fuel may not be suspended or restricted during the period from 1 October to 1 May except in cases of danger to the life, health or property of persons or to the environment, or by agreement of the parties.

(4) The restrictions provided for in subsections (2) and (3) of this section do not apply in event of suspension of gas supply caused by failures.

(5) The consecutive duration of suspension of gas supply caused by failures shall not exceed 72 hours and the total duration of suspension in a year shall not exceed 130 hours. The network operator shall maintain records of the duration of suspensions.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 262. Maintaining security of supply

(1) If a factor endangering security of supply, a danger to the life or health of persons or to the preservation of a network becomes evident, the system operator shall notify the Ministry of Economic Affairs and Communications and the Competition Authority and shall make a proposal for implementation of measures to ensure security of supply.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(2) The Ministry of Economic Affairs and Communications shall analyse the proposal received from the system operator in co-operation with the Competition
Authority and, if necessary, shall make a proposal to the Government of the Republic for implementation of the measures in ensuring the security of supply.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(3) In the case specified in subsection (2) of this section, the following measures may be applied:

1) restriction of gas supply to persons who use gas for purposes other than production of heat;

2) allowing of restriction of gas supply to undertakings producing heat;

3) allowing reducing of the temperature of the water released for heating of residential buildings;

4) to oblige undertakings producing heat to use reserve fuel for fuel.

(4) The Ministry of Economic Affairs and Communications shall promptly inform the European Commission of the measures taken on the basis of subsection (3) of this section.


(6) If a danger of losing more than twenty per cent of the projected gas supply of a balance period becomes evident and the restrictions applied do not ensure conformity of consumption with the estimated supply, the system operator shall immediately notify the Ministry of Economic Affairs and Communications. The Ministry of Economic Affairs and Communications shall notify the European Commission of the situation.

(7) Supervision over ensuring of security of supply shall be exercised by the Competition Authority who shall prepare and publish an annual report on the situation of security of supply.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80; 22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)
Chapter 4
Operation on Basis of Activity Licence

§ 27. Grant of right to operate
(1) An activity licence is the right to operate in an area of activity specified in subsection (2) of this section granted by the Competition Authority to an undertaking.
(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)
(2) An activity licence is required in the following areas of activity:
1) import of gas;
2) sale of gas;
3) provision of gas transmission services;
3¹) provision of gas distribution services.
(3) A person who sells gas solely to its members, commercial lessees or tenants need not apply for the activity licence set out in subsection (2) of this section provided that the sale of gas is not the principal activity of the person and that gas is sold only within one immovable or within a facility which is a movable and on the land necessary for servicing the facility.
(4) An undertaking may have several activity licences to operate in several of the areas of activity specified in clauses (2) 1)-3¹) of this section unless operating in several areas of activity at the same time is prohibited by this law.
(5) The right to engage in a particular activity set out in an activity licence is granted exclusively to the holder of the licence. An activity licence cannot be transferred to another undertaking.
(6) A state fee for the licence and for any amendment of the licence at the initiative of the holder of the licence shall be paid pursuant to the procedure and according to the rate provided for in the State Fees Act.
(07.12.2006 entered into force 01.01.2007 - RT I 2006, 58, 439)
§ 28. Requirements for *modus operandi* and capital

(1) A private limited company or public limited company entered in the commercial register or being founded may apply for an activity licence to operate in an area of activity specified in subsection 27 (2) of this Act provided that the company has the technical capability and personnel with the necessary skills to operate in the area of activity indicated in the application and that its operations comply with environmental protection and occupational safety requirements and other requirements prescribed by legislation.

(2) The share capital of a network operator shall be at least 500 000 kroons.

§ 29. Application for activity licence

(1) In order to obtain an activity licence, the undertaking applying for the activity licence (hereinafter applicant) shall submit an application to the Competition Authority containing the following information:

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

1) the name of the undertaking;
2) the address of the seat and the telecommunications numbers of the undertaking;
3) the commercial registry code, except for a company being founded;
4) the licensed territory applied for, except for in the areas of activities specified in clauses 27 (2) 1) and 2) of this Act;


5) the activity provided for in subsection 27 (2) of this Act in respect of which the activity licence is applied for, and a description of the planned activity;
6) the date of submission of the application for the activity licence, and the name, official title and telecommunications numbers of the person who signed the application.

(2) The applicant shall append the following to the application specified in subsection (1) of this section:

1) if the activity licence is applied for in respect of the import of gas through a network, confirmation from the system operator that, in view of the technical capability of the system, the transmission and distribution of gas can be permitted and will not jeopardise the security of supply;
2) the layout and a description of the networks located within the licensed territory, except for in the areas of activities specified in clauses 27 (2) 1) and 2) of this Act;

3) information in evidence of the compliance of the applicant and the activity being applied for with the conditions and requirements provided for in this Act and legislation established on the basis thereof.

(3) If the Competition Authority so requires, the applicant shall provide evidence concerning the compliance of the applicant and the activity being applied for with all the conditions and requirements provided for in this Act and legislation established on the basis thereof.

§ 30. Decision on issue of activity licence

(1) The Competition Authority shall decide to issue or to refuse to issue an activity licence on the basis of an application submitted by an applicant and appended information submitted additionally at the request of the Competition Authority, and the decision shall also be based on the provisions of this Act and legislation established on the basis thereof in compliance with the principles of objectivity, transparency and equal treatment.

(2) The Competition Authority shall make a reasoned decision concerning the issue of or refusal to issue an activity licence within sixty days as of receipt of the corresponding application prepared in compliance with the requirements of this Act, all documents appended thereto and additional documents which the Competition Authority demands from the applicant pursuant to this Act.

(3) An applicant for an activity licence shall be notified of the decision regarding the issue of the activity licence within three working days as of the date on which the corresponding decision is made.

(4) The Competition Authority shall enter the data specified in subsection 32 (1) of this Act in the register of economic activities (hereinafter register) within three working days after the date on which the relevant decision was made. The provisions
of the Register of Economic Activities Act (RT I 2004, 12, 79) apply to communication of information.


§ 31. Refusal to issue activity licence
(1) The Competition Authority may refuse to issue an activity licence if:
(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)
1) the applicant fails to submit the information required pursuant to this Act, or submits misleading or inaccurate information or falsified documents;
2) the applicant does not meet the requirements set for undertakings by this Act or legislation established on the basis thereof, or lacks the required economic and organisational prerequisites and conditions to engage in the activity in respect of which the activity licence is applied for;
3) the activity specified in the application is not in accordance with the requirements of this Act or legislation established on the basis thereof;
4) there is reasonable doubt as to whether the applicant will be able to perform the obligations provided for in legislation or meet the conditions established by the activity licence;
5) the issue of the activity licence would be in conflict with the objectives established by this Act;
6) any other activity licence previously issued to the applicant pursuant to this Act has been revoked within a period of three years before the submission of the application for the new activity licence for any reason other than that provided in subsection 35 (2) of this Act;
7) the applicant has been punished for operating without an activity licence in a field of activity for which an activity licence is required pursuant to this Act and if the terms specified in § 25 of the Punishment Register Act (RT I 1997, 87, 1467; 2002, 82, 477) have not expired;
8) compulsory dissolution has been imposed on the applicant for any offence and a court judgment to this effect has entered into force;
9) the state fee payable by the applicant for the issue of the activity licence has not been paid.
(2) A reasoned written notice concerning refusal to issue the activity licence shall be sent to the applicant within three working days as of the date on which the corresponding decision is made.

(3) Before deciding to refuse to issue an activity licence, the Competition Authority shall grant the applicant a reasonable term to eliminate the circumstances preventing the licence from being issued. The Competition Authority shall inform the applicant of the establishment of this term, indicating the circumstances preventing the licence from being issued and setting out the date by which they must be eliminated.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

§ 32. Information set out in activity licence and conditions of activity licence

(1) The decision to issue an activity licence shall contain at least the following information:

1) the date of issue of the activity licence;
2) the business name, commercial registry code, address of the seat and telecommunications numbers of the recipient of the activity licence;
3) the area of activity provided in subsection 27 (2) of this Act for which the activity licence is issued;
4) the licensed territory, except for in the areas of activity specified in clauses 27 (2) 1) and 2) of this Act;
5) the conditions of the activity licence.

(2) The conditions of an activity licence established by the Competition Authority in its decision to issue the activity licence which the undertaking holding the activity licence is required to meet constitute a part of the activity licence.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(3) The decision to issue an activity licence shall set out the following as licence conditions:

1) the requirements for the import of gas set by the system operator pursuant to the provisions of clause 29 (2) 1) of this Act in consideration of the technical capability and security of supply of the gas system;
2) the development obligation in accordance with § 22 of this Act;
3) if this is necessary in order to ensure security of supply or the performance of obligations or achievement of objectives arising from this Act or legislation established on the basis thereof or to take into consideration the character of a specific activity.

(4) The conditions of an activity licence shall enter into force together with the entry into force of the activity licence or at another date established by the Competition Authority.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(5) An undertaking which is unable, for any reason, to comply with the conditions of the activity licence or to perform the obligations provided for in this Act shall immediately give written notice thereof to the Competition Authority, indicating the conditions with which it is unable to comply or the duties or obligations which it is unable to perform and the reasons underlying its inability to do so, and, if possible, shall request that the conditions of the activity licence be amended.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

§ 33. Changes to information entered in activity licence and amendment of licence conditions

(1) An undertaking is required to inform the Competition Authority immediately of any changes to the information provided for in clause 32 (1) 2) of this Act.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80; 22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(2) The Competition Authority may amend the licensed territory and the licence conditions after the issue of an activity licence on the basis of a written request by the corresponding gas undertaking, amend the conditions of the activity licence on its own initiative or it may add new conditions, observing the provisions of this Act and the principles of equal treatment and free competition.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80; 22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)
The Competition Authority shall enter updated information in the register within three working days as of the receipt thereof or as of the corresponding decision being made.

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80; 22.11.2007 entered into force 1.01.2008 - RT I 2007, 66, 408)

§ 34. Validity of activity licence

(1) An activity licence enters into force on the day following the date on which the decision to issue the activity licence is made or on the date provided for in the decision. An activity licence issued to a company which is being founded enters into force on the date on which the applicant is entered in the commercial register or on the day following the date on which the decision to issue the activity licence is made, whichever is later.

(2) An activity licence expires upon:

1) revocation of the activity licence;

2) dissolution of the holder of the licence.

(3) An activity licence does not expire upon the merger, division or transformation of a gas undertaking.

(4) In the event of merger, the activity licence issued pursuant to this Act to the company being acquired remains valid with regard to the acquiring company with the same conditions as the activity licence of the acquiring company. In the event of merger whereby a new company is founded, the activity licence issued pursuant to this Act to the merging company remains valid with regard to the company being founded with the same conditions as the activity licence of the company being founded.

(5) In the event of division, the activity licence issued pursuant to this Act to the company being divided remains valid with regard to the recipient company with the same conditions as the activity licence of the recipient company insofar as the assets transferred or given for administration to the recipient company are used for the activity conducted on the basis of the activity licence. If necessary, the company being divided and the recipient company shall request that the conditions of the activity licence be amended.

(6) In the event of transformation, the activity licence issued pursuant to this Act to the company being transformed remains valid with regard to the new company with the same conditions as the activity licence of the new company.

(7) In the cases specified in subsections (4)–(6) of this section, the Competition Authority shall make a decision at the request of the former or new holder of the activity licence by which the information entered in the corresponding activity licence is updated and the licence conditions are amended.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(8) The provisions of subsections (4)–(6) of this section do not affect the right of the Competition Authority to revoke activity licences on the bases provided by this Act.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

§ 35. Revocation of activity licence

(1) The Competition Authority may revoke an activity licence if:

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

1) it becomes evident that, upon application for the activity licence, the applicant knowingly submitted misleading or inaccurate information or falsified documents;

2) it becomes evident that the holder of the activity licence does not meet the requirements set for gas undertakings by this Act or legislation established on the basis thereof or lacks the required economic and organisational prerequisites and conditions for the activity for which the activity licence has been granted;

3) the operations of the holder of the activity licence do not comply with the requirements provided by this Act or legislation established on the basis thereof;

4) the holder of the activity licence fails to perform the obligations provided for in this Act or legislation established on the basis thereof or fails to fulfil the conditions of the activity licence;

5) the holder of the activity licence unlawfully transfers rights arising from the activity licence to a third party;

6) compulsory dissolution has been imposed on the holder of the licence for any offence and a court judgment to this effect has entered into force;

7) the holder of the activity licence has repeatedly violated tax laws;

8) it becomes evident that circumstances exist which, pursuant to this Act, constitute a basis for refusal to grant an activity licence;
9) the holder of the activity licence has not commenced the activity specified in the activity licence within twelve months as of the issue of the activity licence, or has terminated such activity within the term of validity of the activity licence.

(2) The Competition Authority may revoke an activity licence at the request of the holder of the activity licence unless otherwise provided for in this Act.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(3) If the circumstances underlying the revocation of an activity licence as provided for in subsection (1) of this section can be eliminated, the Competition Authority shall grant the holder of the licence a reasonable term to eliminate the circumstances underlying the revocation.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(4) The Competition Authority shall communicate the decision to revoke an activity licence to the holder of the activity licence and delete the information concerning the undertaking from the register within three working days after the date on which the decision to revoke the activity licence was made.


§ 36. Obligation to continue activity

(1) If an activity licence expires or the Competition Authority revokes an activity licence, the Competition Authority shall, where necessary, decide on the measures which must be applied in order to ensure the continuation of the activity carried out on the basis of the activity licence and the preservation of the assets needed to continue such activity.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(2) Upon expiry of an activity licence or in the event of the revocation of an activity licence, the holder of the activity licence shall, if the Competition Authority so requires, continue to perform the obligations arising from legislation and the licence conditions for a period of time determined by the Competition Authority.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

Chapter 5
State Supervision
§ 37. State supervisory authority

(1) State supervision over compliance with the requirements provided by this Act and legislation established on the basis thereof shall be exercised by the Competition Authority.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(2) The Competition Authority shall use the information at its disposal solely for the performance of duties arising from law.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(3) The Competition Authority shall perform the following functions:

1) approve the maximum rate of the sales margin specified in subsection 10 (3) of this Act;

(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

1^1) check the price of the gas to be sold to household customers and compensating household customers for price differences;

(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

2) check the conditions of the balance agreement and the prices for provision of balance responsibility specified in subsection 11 (2) of this section;

3) approve the methods for calculating connection fees specified in subsection 20 (3^1) of this Act;

4) approve the prices for network service specified in subsection 23 (4) of this Act;

5) issue and revoke activity licences, establish and amend the conditions of activity licences, and monitor compliance with the conditions thereof;

6) process applications for obtaining the temporary derogation specified in subsection 18^2 (1) of this Act, makes the corresponding decision and forward the decision to the European Commission;

7) prepare, publish and submit a report on security of supply to the European Commission by 31 July each year;

8) monitor the compliance of the use and management of interconnections between states with the requirements of competition and effective functioning of the market;

9) check that market participants comply with the conditions set out in this Act and legislation established on the basis thereof, and perform the relevant obligations
(separate accounting, independence of network operator, publication of information, etc);

9¹) observe how much time the network operator needs for connection to network and repair of the network;

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

9²) observe the level of competition in gas market and the conformity of the market to the principles of transparency;

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

9³) analyse balance of the demand and supply of gas and the estimated future demand, the existing supply potential, connections being planned or under construction; the level of maintenance of the networks and the measures to cover the estimated peak demand and the measures to be implemented for ensuring security of supply;

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

10) prepare and publish an annual report on the results of supervision with regard to the obligations provided for in this subsection;

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

11) publish the prices and charges approved on the basis of this Act on its website;

12) resolve disputes between market participants pursuant to the procedure provided for in this Act;

13) perform other functions imposed on the Competition Authority by this Act or other legislation;


14) perform the obligations provided for regulatory and competent authorities in Articles 3–8, 10 and 11 of Regulation (EC) No 1775/2005 of the European Parliament and of the Council;

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 38. Rights of state supervisory authority
In order to perform its duties, the Competition Authority has the right to:
(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

1) obtain information necessary for the performance of the duties provided for in this Act and legislation established on the basis thereof from the market participants and state and local government agencies;
2) enter, for the purpose of on-site inspection, the territory, rooms and facilities of market participants and, in the course of inspection, to examine the documents, other information and circumstances needed for supervision and make extracts, transcripts and copies thereof;
3) inspect the accounts of gas undertakings and obtain necessary information concerning their economic activities;
4) inspect, in the cases provided for in this Act, the pricing practices applied by gas undertakings;
41) obtain information necessary for preparation of reports on security of supply;
6) verify payment of state fees for activity licences;
7) issue precepts and make decisions within the limits of its competence;
8) establish temporary prices for the transmission or distribution of gas for no longer than two months in situations where the transmission or distribution prices are not justified or the gas undertaking does not comply with a precept issued by the Competition Authority;
9) represent Estonia in international organisations pursuant to the procedure prescribed by legislation and to co-operate with authorities regulating energy markets of other countries.
§ 39. Precepts and decisions of Competition Authority

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(1) In order to terminate a violation of the requirements of this Act or legislation established on the basis thereof, the Competition Authority shall issue a precept containing the following information:

1) the person to whom the precept is issued;
2) information concerning the circumstance which is the object of the precept, a demand to terminate the violation and if necessary, a demand to suspend the activity related to the violation in full or in part;
3) the term for compliance with the precept;
4) a reference concerning the possibility, place, procedure and term for contestation of the precept;
5) the date of issue of the precept and the given name, surname, official title and signature of the official who issued the precept.

(2) Information concerning a precept shall be entered in the register promptly, but not later than within five working days.

(10.08.2004 entered into force 15.04.2004 - RT I 2004, 18, 131)

(3) In the event of repeated failure to comply with a precept, the Competition Authority has the right to make a decision which documents the repeated failure to comply with the precept and which constitutes the basis for revocation of the activity licence of the undertaking.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(4) The decision specified in subsection (3) of this section shall set out:
1) the date on and place at which the decision is made;
2) the content of the decision;
3) the basis for the decision;
4) the given name, surname and official title of the official making the decision;
5) a notation concerning the possibility, term and procedure for contestation of the precept.

(5) If a decision specified in subsection (3) of this section is not contested, information concerning such decision shall be entered in the register without delay upon the expiry of the term for contestation, and if the decision is contested,
information concerning the decision shall be forwarded to the register after the date on which the court judgment to uphold the contested decision enters into force.
(10.08.2004 entered into force 15.04.2004 - RT I 2004, 18, 131)

(6) In the event of failure to comply with a precept specified in subsection (1) of this section, a supervisory official may, before making the decision specified in subsection (3) of this section, impose a coercive measure pursuant to the procedure provided for in the Substitutive Enforcement and Penalty Payment Act (RT I 2001, 50, 283; 94, 580). The upper limit for penalty payments is 20 000 kroons.

§ 39. Settlement of complaints
(1) A market participant may file a written complaint with the Competition Authority against the action or omission of another market participant that is in conflict with this Act or legislation established on the basis thereof.
(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(2) The Competition Authority shall review a complaint specified in subsection (1) of this section and make a decision thereon within thirty days as of the receipt of the complaint.
(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(3) If the Competition Authority requests information necessary for resolving a complaint, the running of the term specified in subsection (2) of this section shall be suspended until such information is received, but not for longer than thirty days.

(4) In cross-border disputes, the complaint shall be settled by the supervisory authority under whose jurisdiction the undertaking with regard to whom the complaint was filed belongs.
(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 40. Expropriation
(1) In addition to applying the principles provided for in subsection 3 (1) of the Immovables Expropriation Act, the Competition Authority has the right to request:
(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)
1) that the assets of the holder of an activity licence which the holder uses for the activity provided for in the activity licence be expropriated if the holder of the licence fails to perform the obligation provided for in subsection 36 (2) of this Act;
2) that the assets of the holder of an activity licence which the holder uses for the activity provided for in the activity licence be expropriated if the term of validity of the activity licence has expired or the activity licence has been revoked and if there is no guarantee that the activity based on those assets will continue in compliance with this Act, so possibly jeopardising the security of supply of the gas system;
3) that the network and the limited real right enabling the use thereof be expropriated if the owner of the network does not perform the obligations provided for in § 22 of this Act or if the network operator which is the owner or user of the network does not hold an activity licence which is in conformity with the requirements of this Act.

(2) The Competition Authority may request expropriation on the bases provided for in subsection (1) of this section only if it has given advance notice of its intention to request expropriation to the owner of the assets which are the object of the intended expropriation and if the owner of the assets has failed to eliminate the circumstances underlying the expropriation within the reasonable term set by the Competition Authority.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(3) The Competition Authority does not have the obligation prescribed in subsection (2) of this section in cases where performing the obligation could jeopardise security of supply.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)

(4) Expropriation shall be effected pursuant to the Immovables Expropriation Act.

Chapter 6
Liability

§ 41. Failure to give notice of changes to information
Failure by a legal person to inform the Competition Authority of any changes to the information required in this Act is punishable by a fine of up to 30 000 kroons.

(22.11.2007 entered into force 01.01.2008 - RT I 2007, 66, 408)
§ 42. Failure to comply with conditions of activity licence
Failure by a legal person to comply with the conditions of its activity licence is
punishable by a fine of up to 50 000 kroons.

§ 43. Sale of gas at unapproved maximum rate of sales margin and failure to
compensate consumers for price differences
The sale of gas by a legal person at unapproved maximum rate of the sales margin, or
failure to compensate consumers for price differences is punishable by a fine of up to
500 000 kroons.
(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

§ 43¹. Provision of network services at unapproved prices or at prices exceeding
approved prices
The provision of network services by a legal person at unapproved prices, or at prices
exceeding the approved prices is punishable by a fine of up to 500 000 kroons.
(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

§ 44. Violation of obligation to connect to network and collection of unjustified
connection fees
Violation of the obligation to connect a consumer installation which is within the
licensed territory of a network operator and which conforms to the requirements
established by this Act and other legislation to a network, or the collection of
unjustified connection fees is punishable by a fine of up to 50 000 kroons.

§ 44¹. Failure to comply with conditions for access of third party to transmission
network

Failure to comply with the conditions for access of a third party to transmission
network provided for in Regulation (EC) No 1775/2005 of the European Parliament
and of the Council by a legal person is punishable by a fine of up to 50 000 kroons.
(07.02.2007 entered into force 09.03.2007 - RT I 2007, 17, 80)

§ 45. Proceedings
§ 46. Term of agreement entered into with state on basis of Energy Act
An agreement entered into between an undertaking and the state pursuant to the 
Energy Act (RT I 1997, 52, 833; 2001, 52, 303; 88, 531; 93, 565; 2002, 25, 145; 41, 
251; 49, 311; 63, 387; 82, 482) remains in force until the date specified in the market 
licence.

§ 47. Validity of market licence
(1) A market licence issued pursuant to the Energy Act is valid until the date 
specified in the market licence.
(2) Valid market licences issued prior to the entry into force of this Act shall be registered by the Competition Authority in the register of economic activities not later than by 15 April 2005.

§ 48. Bringing operations of undertaking into compliance with requirements provided by this Act
(1) Gas undertakings operating on the basis of the Energy Act prior to the entry into force of this Act shall bring their operations into compliance with the requirements provided for in this Act within one year after the entry into force of this Act.
(2) Network undertakings operating on the basis of subsection 8\(^1\) (1) of this Act shall bring their operations into compliance with the requirements provided for in this Act by 1 January 2006.


§ 48\(^2\). Term for approval of maximum rate of sales margin
The gas undertaking in a dominant position on the market shall submit an application for the approval of the maximum rate of the sales margin to the Competition Authority by 1 October 2009. Until approval of the maximum rate of the sales margin specified in subsection 10 (3) of this Act, the gas undertaking in a dominant position on the market shall use the sales margin previously approved by the Competition Authority on the basis of which the maximum prices of gas are calculated and the rate of which shall be communicated to the gas undertaking in a dominant position on the market by the Competition Authority by 1 August 2009.

(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

§ 49. (omitted from this text)

§ 50. Entry into force of Act
This Act enters into force on 1 July 2003.


(10.06.2009 entered into force 06.07.2009 - RT I 2009, 34, 225)

RT = Riigi Teataja = State Gazette

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