

**REQUEST FOR AMENDMENT BY THE BALTIC CAPACITY
CALCULATION REGION NATIONAL REGULATORY
AUTHORITIES**

ON

**THE BALTIC CAPACITY CALCULATION REGION
TRANSMISSION SYSTEM OPERATORS' PROPOSAL FOR THE
CAPACITY CALCULATION METHODOLOGY IN ACCORDANCE
WITH ARTICLE 10(1) OF THE COMMISSION REGULATION (EU)
2016/1719 OF 26 SEPTEMBER 2016 ESTABLISHING A
GUIDELINE ON FORWARD CAPACITY ALLOCATION**

21 November 2024

1 Introduction and legal base

Pursuant to Articles 4(1), 4(7a), and 10(1) of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (FCA Regulation 2016/1719), the transmission system operators (TSOs) of the Baltic capacity calculation region (CCR) are required to jointly develop a proposal for a capacity calculation methodology for long-term time frames (LT CCM proposal) and submit it to all Baltic CCR national regulatory authorities (NRAs) for approval. According to Article 4(9) of the FCA Regulation 2016/1719, all Baltic CCR NRAs receiving the LT CCM proposal should reach an agreement and take a decision on that proposal, in principle within six months after the receipt of the proposal by the last regulatory authority. If pursuant to Article 4(11) of the FCA Regulation 2016/1719, the regulatory authorities request an amendment of the LT CCM proposal, the relevant TSOs shall submit an amended proposal for approval within two months following the NRAs' request. Subsequently, all Baltic CCR NRAs shall reach an agreement and take a decision on the amended LT CCM proposal, in principle, within two months after the receipt of the amended proposal by the last Baltic CCR NRA.

This document specifies an agreement on a request for amendment by the Estonian Competition Authority (ECA), Public Utilities Commission of Latvia (PUC), National Energy Regulatory Council of Lithuania (NERC), Energy Regulatory Office of Poland (URE), Swedish Energy Markets Inspectorate (Ei), Energy Authority of Finland (EV), agreed on **21 November 2024**, on the Baltic CCR TSOs' LT CCM proposal submitted in accordance with Article 10(1) of the FCA Regulation 2016/1719.

This agreement is intended to constitute the basis on which all Baltic CCR NRAs will each subsequently request an amendment to the respective Baltic CCR TSOs pursuant to Article 4(11) of the FCA Regulation 2016/1719.

The legal provisions relevant to the submission and approval of the LT CCM proposal and this all Baltic CCR NRAs agreement on the LT CCM proposal can be found in Articles 3, 4 and 10-16 of the FCA Regulation 2016/1719.

2 The LT CCM proposal

The LT CCM proposal was consulted by all Baltic CCR TSOs through ENTSO-E for one month between the 5th of March 2024 and the 5th of April 2024 in line with Article 6 of the FCA Regulation 2016/1719.

The final Baltic CCR TSOs proposal, dated the 8th of February 2024, was received by the last Baltic CCR NRA on the 21st of May 2024. The LT CCM proposal includes the coordinated net transmission capacity approach and shall take several specific requirements into account in accordance with Articles 10-16 of the FCA Regulation 2016/1719.

3 All Baltic CCR NRAs' position

According to the FCA Regulation 2016/1719, the scope of the capacity calculation is to develop a methodology to ensure that capacity is calculated for the year- and month-ahead market time frames. The objectives of the regulation, such as optimizing the calculation and allocation of long-term cross-zonal capacity and ensuring fair and non-discriminatory treatment of market participants, and others, cannot be successfully achieved without a clear and detailed set of harmonized rules for capacity calculation.

The Baltic CCR NRAs cannot approve the Baltic CCR TSOs proposal for Baltic CCR long-term capacity calculation methodology of the 8th of February 2024 due to the reasons detailed below. The Baltic CCR NRAs therefore request the Baltic CCR TSOs to amend the LT CCM proposal pursuant to Article 4(11) of the FCA Regulation 2016/1719.

All Baltic CCR NRAs comments

General remarks:

1. According to Article 10(3) of the FCA Regulation 2016/1719, *the capacity calculation methodology shall be compatible with the capacity calculation methodology established for the day-ahead and intraday time frames pursuant to Article 21(1) of Regulation (EU) 2015/1222*. Due to fact that the CCR Baltic TSOs' DA/ID CCM proposal has been amended, based on the Request for Amendment that was sent by the Baltic CCR NRAs on the 22nd of July 2024, the CCR Baltic NRAs request the CCR Baltic TSOs to ensure that these methodologies are compatible.
2. The CCR Baltic NRAs request the CCR Baltic TSOs to check that all the references to legislative acts and/or decisions are correct, see e.g. point 2.1 of LT CCM proposal refers to Regulation (EC) No 714/2009 which was replaced by Regulation (EU) No 2019/943.
3. The CCR Baltic NRAs request the CCR Baltic TSOs to move the terms "CCC" and "GLSK" to the definition list under Article 2. In addition, the term "CGMM" should be added to the definition list.
4. The wording used throughout the LT CCM proposal should be unified. For example, some terms having the same meaning are used in different form, like SOGL vs. SO GL, two bidding zones vs. two bidding zone areas, Cross-Border interconnection, "where:" (different modifications with small and big letters). The definitions used in LT CCM proposal should be cross-checked and unified to the greatest possible extend with the definitions used in other methodologies.
5. The methodology proposal needs to have a clearer description of the respective roles and responsibilities of the Baltic CCR TSOs vis-à-vis the coordinated capacity calculators (CCC). References to relevant EU regulations

should also be provided. There should also be an explanation concerning the process for how the CCC are established and how the Baltic CCR TSOs intend to perform capacity calculations until then.

Specific comments

1. Whereas (7) - The CCR Baltic NRAs request the CCR Baltic TSOs to include the full name of the line by replacing “this line” with “LitPol Link”. When reference to Article 16(8) Regulation (EU) 2019/943 is made, it should also include reference to whereas (54) of Regulation (EU) 2024/1747 of the European Parliament and of the Council of 13 June 2024 amending Regulations (EU) 2019/942 and (EU) 2019/943 as regards improving the Union’s electricity market design.
2. Article 1.2 – The CCR Baltic NRAs request the CCR Baltic TSOs to list all the timeframes that the LT CCM covers.
3. Article 2 – The CCR Baltic NRAs request the CCR Baltic TSOs to make the following changes in the definitions:
 - a) *Elering – Elering AS, Transmission System Operator* – replace with “electricity transmission system operator as is the case of the rest of TSOs,
 - b) TRM - “CACM” replace with “CACM Regulation”,
 - c) CESA - Continental Europe synchronous area – unify the wording with paragraph (7) of 'Whereas'.
4. Article 3.1 – The CCR Baltic NRAs request the CCR Baltic TSO to be more specific, especially concerning the sentence (...) “including the errors due to imperfect information at the time the transfer capacities have been computed“. There should be a clarification regarding what is included and excluded respectively with this formulation. In addition, the TRM is mentioned in definitions in which “hereinafter referred to as “TRM”” can be deleted and replaced with just the term “TRM”.
5. Article 3.2 – The CCR Baltic NRAs request the CCR Baltic TSO to explain whether this provision covers internal Baltic AC interconnectors or Baltic AC interconnectors according to the definitions.
6. Article 3.4 – The CCR Baltic NRAs request the CCR Baltic TSOs to provide more information about “TSOs agreement“ in regard to what this decision process looks like and when is it decided.
7. Article 3.5 - The CCR Baltic NRAs request the CCR Baltic TSOs to provide more explanations about the TRM fix values, such as how the CCR Baltic TSOs determined that these TRM fixed values were appropriate.

8. Article 4.3 - The CCR Baltic NRAs request the CCR Baltic TSOs to provide more information about the CCC, including how the CCC is determined.
9. Article 4.5 - The CCR Baltic NRAs request the CCR Baltic TSOs to provide further justification and elaboration on the content of this Article.
10. Article 4.6 - The CCR Baltic NRAs request the CCR Baltic TSOs to provide more detailed information about “regular review” and how the review process is in sync with the need for transmission rights.
11. Article 6.2 - The CCR Baltic NRAs request the CCR Baltic TSOs, in case the list of possible remedial actions is not constant, to update it when appropriate. In addition, referring to Article 10(6) of FCA Regulation 2016/1719, the CCR Baltic TSOs should provide a justification for considering only non-costly remedial actions in the LT CCM thus leaving out the costly remedial actions.
12. Article 7.2 – The CCR Baltic NRAs request the CCR Baltic TSOs to rephrase the Article so that it describes what the possible actions are on the CCR Baltic TSOs’ side. The dates should also be more specific, for example regarding “current year”.
13. Article 7.3 – The CCR Baltic NRAs request that the CCR Baltic TSOs are more specific and clearer in this Article. Especially, a specification is needed what exactly is meant by “at least preliminary” in this case, what is meant by “usage” and for whom, what kind of data is preliminary and final, what does “depends on dates” mean, and why there are different dates for preliminary and final data. In addition, information should be provided by whom these dates are decided.
14. Article 8.5 – The CCR Baltic NRAs request that the CCR Baltic TSOs clarify which approaches will be used for each border. In addition, the mathematical formula shall be provided for each border. Moreover, the Baltic CCR NRAs ask TSOs to clarify the reasons for the differences in TTC calculation principles between the Sweden-Lithuania and Estonia-Finland borders, as both Sweden and Finland belong to the Nordic CCM. Therefore, to the NRAs' knowledge, there should be no differences in calculation principles for these two interconnectors. If there are no differences in these principles, TSOs should revise the methodology to provide clearer language for improved clarity and comprehension.
15. Article 10.2 - The CCR Baltic NRAs request the CCR Baltic TSOs to move this article to the TRM chapter.
16. Article 11.2.4 - The CCR Baltic NRAs request the CCR Baltic TSOs to specify and clarify how “commonly agreed measures/parameters” are determined and decided.
17. Article 11.2.4 - The CCR Baltic NRAs request the CCR Baltic TSOs to explain what effect the parameters MaxInf and MaxDem have on capacities.

18. Article 12.1 and 12.2 – The CCR Baltic NRAs request the CCR Baltic TSOs to provide justification as to why the dates of publishing results are different and if/when it will be possible to harmonize these dates.
19. Article 12.4 – The CCR Baltic NRAs request the CCR Baltic TSOs to provide more detailed information about who defines CGM scenarios and what methodology that defines the CGM scenarios. Further description should be added (parameters, periodicity of defining etc).
20. Article 13.2 – The CCR Baltic NRAs request that the CCR Baltic TSOs explain why the yearly CGM is used for capacity calculation for the month-ahead timeframe.
21. Article 13.3 – The CCR Baltic NRAs request the CCR Baltic TSOs to explain what “at least each day” means in this Article as well as elaborate on what the capacity value consists of, such as if it is an average.
22. Article 14.1 – The CCR Baltic NRAs request the CCR Baltic TSOs to elaborate on this point to make it clearer.
23. Article 14.3 – The CCR Baltic NRAs request the CCR Baltic TSOs to clarify and specify this Article further, such as what is meant by “relevant TSO and CCC commonly agree” and where the results will be published.
24. Article 15. 1 – The CCR Baltic NRAs request the CCR Baltic TSOs to clarify when previously allocated capacities for long-term transmission rights becomes relevant for application of this Article.
25. Article 16.1 – The CCR Baltic NRAs request the CCR Baltic TSOs to specify what rules are referred to in this Article, e.g. through the reference to the relevant legal provisions, if applicable. In addition, it should be specified and justified how the CCR Baltic TSOs determine that “there is no such CNEs in Baltic CCR that would clearly and in majority cases influence power flow capabilities of several border at once”.
26. Article 17.1 – The CCR Baltic NRAs request the CCR Baltic TSOs to rephrase this Article as it is challenging to understand the content and meaning of the Article in its current form.
27. Article 19.2 - The CCR Baltic NRAs request the CCR Baltic TSOs to provide more information on processes indicated in last sentence of this Article and provide information regarding how this process looks like, such as whether it happens immediately or under what timespan.
28. Article 22.3 – The CCR Baltic NRAs request the CCR Baltic TSOs to elaborate on this Article, especially on the last sentence. The terms “relevant” should be replaced with a more specific formulation.

29. Article 23.2 – The CCR Baltic NRAs request the CCR Baltic TSOs to specify where exactly they will publish the LT CCM. Although the formulation “on the internet” is in line with Article 4.13 of the FCA Regulation 2016/1719, market participants should know exactly where to find it. In addition, it shall be clarified that the LT CCM shall be published following the approval of the methodology by the CCR Baltic NRAs.
30. Article 23.3 – The CCR Baltic NRAs request the CCR Baltic TSOs to explain in detail when the CCC is ready to perform their functions and how its readiness is determined.

Conclusions

The Baltic CCR NRAs have assessed, consulted, closely cooperated, and coordinated to reach an agreement that the Baltic CCR NRAs cannot approve the Baltic CCR TSOs’ proposal, cf Article 10(1) of the FCA Regulation 2016/1719.

Pursuant to Article 4(11) of the FCA Regulation 2016/1719, the Baltic CCR NRAs hereby request the Baltic CCR TSOs to amend the LT CCM proposal, which shall take into account the comments stated above and shall be submitted by the Baltic CCR TSOs no later than two months after receiving the request for amendment. Where further explanations are requested, the Baltic CCR TSOs can consider including them in a supporting explanatory document.

In addition, the Baltic CCR NRAs request the Baltic CCR TSOs to submit an amended proposal in two versions:

- a version, showing track-changes in respect of the specific requests for amendments, and
- a “clean” version, not showing track-changes in respect of the specific requests for amendments.

The Baltic CCR NRAs have agreed to inform their respective Baltic CCR TSOs on the request for amendment of the Baltic CCR TSOs’ proposal based on this agreement by no later than the 22nd of November 2024.