

**DECISION No 27/2020  
OF THE EUROPEAN UNION AGENCY  
FOR THE COOPERATION OF ENERGY REGULATORS**

**of 17 November 2020**

**rejecting the Baltic CCR TSOs' proposal for the long-term capacity  
calculation methodology**

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators<sup>1</sup>, and, in particular, the second subparagraph of Article 5(3) and point (b) of the second subparagraph of Article 6(10) thereof,

Having regard to Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation<sup>2</sup>, and, in particular, Article 4(11) thereof,

Having regard to the outcome of the consultation with the concerned regulatory authorities and transmission system operators,

Having regard to the outcome of the consultation with ACER's Electricity Working Group,

Having regard to the favourable opinion of the Board of Regulators of 13 October 2020, delivered pursuant to Article 22(5)(a) of Regulation (EU) 2019/942,

Whereas:

**1. INTRODUCTION**

- (1) Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (the 'FCA Regulation') laid down a range of requirements on cross-zonal capacity allocation in the forward markets. These

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<sup>1</sup> OJ L158, 14.6.2019, p. 22.

<sup>2</sup> OJ L259, 27.9.2016, p. 42.

requirements also include the development of the capacity calculation methodology ('CCM') for the long-term time frames in each capacity calculation region ('CCR') in accordance with Article 10 et seq. of the FCA Regulation.

- (2) Pursuant to Article 4(1) and Article 4(7)(a), as well as Article 10(1) of the FCA Regulation, transmission system operators ('TSOs') of each CCR are required to develop a common proposal for a common coordinated CCM within the respective CCR and submit it to the competent regulatory authorities for approval. Then, those regulatory authorities should reach an agreement and take a decision on the proposal for the CCM within six months after the receipt of the proposal by the last regulatory authority, according to Article 4(9) of the FCA Regulation or, if they require the TSOs to amend the proposal, within two months after the receipt of the amended proposal by the last regulatory authority, according to Article 4(11) of the FCA Regulation. When the regulatory authorities fail to reach an agreement within the six-month period or within the two-month period after the resubmission, or upon their joint request, ACER, pursuant to Article 4(10) and Article 4(11) of the FCA Regulation, is called upon to adopt a decision concerning the TSOs' proposal in accordance with Article 6(10) of Regulation (EU) 2019/942.
- (3) Article 10 of the FCA Regulation requires all TSOs in each CCR to submit a proposal for a common coordinated CCM for the long-term time frames for their region, no later than six months after the approval of the common CCM referred to in Article 9(7)(a) of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (the 'CACM Regulation') within the specific region. As the Baltic CCM according to Article 20(2) of the CACM Regulation ('Baltic DA/ID CCM') was approved by the last regulatory authority of the Baltic CCR on 16 November 2018, the Baltic TSOs were required to submit a proposal for a common coordinated the long-term CCM ('LT CCM') by 16 May 2019.
- (4) The present Decision follows from the request of all the regulatory authorities of the Baltic CCR ('Baltic regulatory authorities') that ACER adopts a decision on the proposal for LT CCM, which the TSOs of the Baltic CCR ('Baltic TSOs') submitted to all Baltic regulatory authorities for approval and on which those regulatory authorities could not agree.

## **2. PROCEDURE**

### **2.1. Proceedings before regulatory authorities**

- (5) On 6 June 2019, the Baltic TSOs published for public consultation the draft 'All Baltic CCR TSOs' Common Capacity Calculation Methodology for Long-term Time Frames in Accordance with Article 10(1) of the Commission Regulation (EU) 2016/1719 of 26 September 2016 Establishing a Guideline on Forward Capacity Allocation'. The consultation lasted from 6 June 2019 until 6 July 2019.
- (6) By 17 July 2019, the Baltic regulatory authorities received an 'All Baltic CCR TSOs' Common Capacity Calculation Methodology for Long-term Time Frames in

Accordance with Article 10(1) of the Commission Regulation (EU) 2016/1719 of 26 September 2016 Establishing a Guideline on Forward Capacity Allocation' (hereafter referred to as the 'Proposal').

- (7) By 17 January 2020, the Baltic regulatory authorities issued a request for amendment of the TSOs' Proposal.
- (8) By 18 March 2020, the Baltic regulatory authorities received the amended 'All Baltic CCR TSOs' Common Capacity Calculation Methodology for Long-term Time Frames in Accordance with Article 10(1) of the Commission Regulation (EU) 2016/1719 of 26 September 2016 Establishing a Guideline on Forward Capacity Allocation' (hereinafter referred to as the 'Amended Proposal').

## **2.2. Proceedings before ACER**

- (9) In a letter dated 18 May 2020 and received by ACER on the same day, the chair of the Energy Regulators Regional Forum CCR Baltic<sup>3</sup>, on behalf of all regulatory authorities from the Baltic CCR, informed ACER that they jointly agreed to request ACER to adopt a decision on the Amended Proposal pursuant to Article 4(11) of the FCA Regulation.
- (10) The letter was accompanied by a note explaining the diverging views among Baltic regulatory authorities. According to this note, the main reason for the referral of the Amended Proposal to ACER was related to references to confidential documents outside the scope of the Baltic LT CCM which determine essential parts of the capacity calculation (i.e. total transfer capacity ('TTC') values on two bidding zone borders), as described in the Amended Proposal. These documents are part of an agreement between the TSOs of Estonia, Latvia, Lithuania, Belarus and Russia ('BRELL' agreement).
- (11) ACER closely consulted all Baltic regulatory authorities, Baltic TSOs and the European Commission during numerous teleconferences and meetings and through exchanges of emails. In particular, the following procedural steps were taken:
  - 3 June 2020: teleconference with all Baltic regulatory authorities;
  - 9 June 2020: teleconference with the European Commission;
  - 16 June 2020: teleconference with all Baltic TSOs and regulatory authorities and the European Commission;
  - 24 June 2020: teleconference with the European Commission;
  - 3 July 2020: teleconference with all Baltic TSOs and regulatory authorities;

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<sup>3</sup> The Baltic regulatory authorities' platform to consult and cooperate for reaching a unanimous agreement on NEMO's and TSO's proposals.

- 27 July 2020: teleconference with the European Commission;
  - 28 July 2020: teleconference with all Baltic TSOs and regulatory authorities and the European Commission;
  - 17 August 2020: teleconference with all Baltic TSOs and regulatory authorities and the European Commission;
  - 3 September 2020: discussion with all regulatory authorities in the framework of ACER's Electricity Working Group ('AEWG') and
  - 24 September 2020: discussion with all regulatory authorities in AEWG;
- (12) On 30 July 2020, ACER launched a public consultation on the Amended Proposal, inviting all stakeholders to provide their views by 24 August 2020.
- (13) ACER initiated a hearing phase on 2 September 2020, by providing the TSOs and the regulatory authorities with its preliminary position on the Amended Proposal, including its intention to reject this Proposal and there reasons therefor. The hearing phase lasted until 11 September 2020. During this time, ACER received one written response from all Baltic TSOs.

### **3. THE ACER'S COMPETENCE TO DECIDE ON THE AMENDED PROPOSAL**

- (14) According to point (b) of the first subparagraph of Article 5(3) of Regulation (EU) 2019/942, all regulatory authorities of the region concerned shall unanimously agree on proposals for terms and conditions or methodologies for the implementation of those network codes or guidelines that were adopted before 4 July 2019 and, according to the second subparagraph of Article 5(3) of Regulation (EU) 2019/942, shall refer the relevant proposal to ACER for approval in accordance with point (a) of the second subparagraph of Article 6(10) of Regulation (EU) 2019/942 where no unanimous agreement has been reached, and may do so in accordance with point (b) of the second subparagraph of Article 6(10).
- (15) According to Article 4(7)(a) of the FCA Regulation, which has been adopted as a guideline before 4 July 2019, the common proposal for a common coordinated CCM within the respective CCR in accordance with Article 10 of that Regulation shall be subject to approval by all regulatory authorities of the concerned region.
- (16) According to Article 4(11) of the FCA Regulation, where the regulatory authorities have not been able to reach an agreement or upon their joint request, ACER shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 6(10) of Regulation (EU) 2019/942.
- (17) According to the letter of the Chair of the Energy Regulators Regional Forum CCR Baltic dated 18 May 2020, all Baltic regulatory authorities agreed jointly to request ACER to adopt a decision on the Amended Proposal pursuant to Article 4(11) of the FCA Regulation. At the time of this request, the Baltic regulatory authorities were competent to jointly refer the Amended Proposal to ACER, since it was made before

the expiry of the two-month deadline after receiving the Amended Proposal, i.e. 18 May 2020.

- (18) Therefore, under the provisions of the second subparagraph of Article 5(3) and point (b) of the second subparagraph of Article 6(10) of Regulation (EU) 2019/942 and Article 4(11) of the FCA Regulation, ACER became responsible to adopt a decision concerning the submitted Amended Proposal by the referral received on 18 May 2020.

#### **4. SUMMARY OF THE AMENDED PROPOSAL**

- (19) The Amended Proposal consists of the following elements:

- a) A ‘Whereas’ section and Articles 1 and 2, which include general provisions, the scope of application and the definitions;
- b) Articles 3 to 6, which address methodologies for the calculation of the inputs, i.e. the reliability margin, the operational security limits, the determination of relevant contingencies and allocation constraints, the generation shift keys and the remedial actions in capacity calculation;
- c) Articles 7 to 9, which include a description of the capacity calculation approach as well as the capacity validation methodology and the fallback procedures;
- d) Articles 10, which addresses publication of data related to the LT CCM of the Baltic CCR;
- e) Article 11, which is dedicated to the implementation timeline; and
- f) Article 12, which includes provisions on language.

#### **5. SUMMARY OF THE OBSERVATIONS RECEIVED BY ACER**

##### **5.1. Consultation of regulatory authorities and TSOs**

- (20) ACER consulted and cooperated closely with regulatory authorities and TSOs, as detailed in Recital (11) above, discussing and concluding on the below-mentioned issues and more:
- a) the scope and effects of the BRELL agreement, its provisions conflicting with the requirements of the FCA Regulation and the CACM Regulation and the resulting consequences for the LT CCM of the Baltic CCR;
  - b) the lacking completeness of the Amended Proposal regarding the requirements of the FCA Regulation and the CACM Regulation;
  - c) the existing interdependencies between bidding zone borders in the Baltic CCR;
  - d) the choice between a flow-based or a coordinated net transmission capacity (‘cNTC’) approach for the LT CCM of the Baltic CCR; and
  - e) the reasons for rejecting the Amended Proposal.

- (21) The observations received regarding the above mentioned issues are summarised and further assessed in Sections 6.2 and 6.3.

## **5.2. Public consultation**

- (22) The consultation mentioned in Recital (12) asked stakeholders to provide views especially on: (i) the completeness of the LT CCM, its compliance with the FCA Regulation and the CACM Regulation and the conflict of the BRELL agreement with the requirements of the FCA Regulation and the CACM Regulation, and (ii) the application of a flow-based or a cNTC approach. Six stakeholders provided a response to the public consultation.

(i) All respondents agreed to the need to establish compliance with the FCA Regulation and the CACM Regulation and also acknowledged the existence of a conflict between the BRELL agreement and the requirements of the FCA Regulation and the CACM Regulation. Four out of five of the respondents to a follow up question stated that they would have no concerns regarding an extension of the implementation deadline to the time of synchronisation of the Baltic member states with the Continental Europe synchronous area. One respondent stressed the need for a methodology, which meets the maximum of possible legal requirements until the enduring solution can be implemented and shared concerns regarding the impact of this postponement on other provisions of the FCA Regulation;

(ii) While two respondents were in favour of applying the flow-based approach in the Baltic LT CCM, three respondents were explicitly against a flow-based approach or in favour of applying a cNTC approach in the Baltic LT CCM. One respondent stated that such a choice should be based on an assessment by TSOs. Two respondents further shared their concerns regarding potential uncertainties in the flow-based capacity calculation in the long-term time frame.

(iii) Some respondents expressed additional concerns with regard to: (i) lack of transparency and completeness of the Amended Proposal, (ii) different approaches for calculating cross-zonal capacities for each bidding zone border, (iii) impact on the power system from the synchronisation and the go-live of HVDC interconnector on the bidding zone border between Poland and Lithuania and (iv) potential differences in input information used depending on the LTTR auction time on bidding zone borders.

- (23) The summary and evaluation of the responses received are presented in Annex I to this Decision.

## **5.3. Hearing phase**

- (24) In their response to the hearing phase described in Recital (13), Baltic TSOs noted that the development of the new methodology for the period after synchronisation would require considerable time. They further specified that before the submission of a new proposal for the Baltic LT CCM they would develop a new cNTC methodology



and a flow-based methodology and make comparative study of both capacity calculation approaches, to assess the efficiency of the methodologies. This would require some data exchange and calculations already according to new methodologies among the Baltic TSOs and the relevant regional security coordinator(s). Following such process, Baltic TSOs plan to make a coordinated decision on choosing the best approach for the Baltic LT CCM and perform a public consultation. Therefore, the Baltic TSOs proposed not to have a concrete deadline of resubmission in the present Decision and rather indicate the time of intended implementation. In case a deadline of resubmission were to be required, the time for resubmission should be at least 30 months.

#### **5.4. Consultation of AEGW**

- (25) The AEWG was consulted from 17 until 24 September. No regulatory authority expressed any concerns regarding the content of this Decision.

### **6. ASSESSMENT OF THE AMENDED PROPOSAL**

#### **6.1. Legal framework**

- (26) Article 4(1) and Article 4(7)(a) of the FCA Regulation requires TSOs to provide the proposal for a common CCM pursuant to Article 10 of the FCA Regulation to all regulatory authorities of the concerned region for their approval.
- (27) Article 10(1) of the FCA Regulation sets general requirements regarding the development of a proposal for a common CCM for the long-term time frames. In that context, TSOs in each capacity calculation region are required to submit a proposal for a CCM for the long-term time frames no later than six months after the approval of the DA/ID CCM. This proposal for a common CCM for the long-term time frames needs to be consulted in accordance with Article 6 of the FCA Regulation.
- (28) Article 10(2) to (6) of the FCA Regulation sets out general requirements and possible approaches for long-term capacity calculation and its required compatibility with the CCM established for the day-ahead and intraday time frames. When the approach of a security analysis based on multiple scenarios according to Article 10(4)(a) is chosen for a LT CCM, the requirements set out in Article 21(1), except Article 21(1)(a)(iv) where relevant, of the CACM Regulation shall apply.
- (29) Article 10(7) of the FCA Regulation sets out the requirement of a fallback procedure and refers to Article 21(3) of the CACM Regulation.
- (30) Article 11 of the FCA Regulation sets out requirements related to the reliability margin methodology to be necessarily included in the CCM by referring to the requirements set out in Article 22 of the CACM Regulation.
- (31) Article 12 of the FCA Regulation lays down requirements related to the methodology for operational security limits and contingencies by referring to the requirements set out in Article 23(1) and (2) of the CACM Regulation.

- (32) Article 13 of the FCA Regulation stipulates requirements related to the generation shift keys methodology by referring to the requirements set out in Article 24 of the CACM Regulation.
- (33) Article 14 of the FCA Regulation specifies requirements related to the methodology for remedial actions in capacity calculation and refers to the requirements set out in Article 26 of the CACM Regulation if the LT CCM takes remedial actions into account.
- (34) Article 15 of the FCA Regulation sets requirements related to the methodology for the validation of cross-zonal capacity by referring to the requirements set out in Article 26 of the CACM Regulation.
- (35) Article 21 of the FCA Regulation defines general requirements related to the capacity calculation process and refers to the general requirements related to the capacity calculation process set in Article 27 of the CACM Regulation which specifies, inter alia, requirements for regular reports, reviews and updates.
- (36) Article 23 of the FCA Regulation sets requirements related to the regional calculation of cross-zonal capacity. For the LT CCM applying the security analysis based on multiple scenarios pursuant to Article 10 of the FCA Regulation, Article 23(2) of the FCA Regulation refers to the requirements set out in Article 29 of the CACM Regulation, except its paragraph (4).
- (37) Article 24 of the FCA Regulation sets out requirements related to the validation and delivery of cross-zonal capacity.
- (38) As a general requirement, Article 4(8) of the FCA Regulation provides that the proposals for terms and conditions or methodologies include a proposed timescale for their implementation and a description of their expected impact on the objectives of the same Regulation.
- (39) Further, Article 4(8) of the FCA Regulation provides that the proposals for terms and conditions or methodologies must be in line with the objectives of the FCA Regulation defined in its Article 3.

## **6.2. Assessment of the point of disagreement among regulatory authorities and related limitations of the Amended Proposal**

- (40) As stated in Recital (10), the Baltic regulatory authorities' main reason for referring the Amended Proposal to ACER was related to the Amended Proposal's references to confidential documents outside the scope of the Baltic LT CCM which determine essential parts of the described capacity calculation process. These documents are part of the BRELL agreement, in which the TSOs of the common synchronous area of Estonia, Latvia, Lithuania, Belarus and Russia agree on rules and provisions for the parallel operation of their transmission systems.



- (41) The FCA Regulation, together with the CACM Regulation, explicitly defines that the capacity calculation methodology must contain capacity calculation inputs, capacity calculation process and capacity validation. It also requires that the methodology should result in the determination of the maximum flows on critical network elements in case of flow-based approach (in accordance with Article 29(7)(a) of the CACM Regulation) or the maximum power exchange on bidding zone borders in case of cNTC approach (in accordance with Article 29(8)(a) of the CACM Regulation). However, the Amended Proposal does not explicitly explain which approach is proposed. Instead, Article 7 of the Amended Proposal refers to TTC values according to '*Instruction for parallel operation*' (i.e. BRELL agreement) for the bidding zone borders between Lithuania and Latvia and between Estonia and Latvia. ACER understands that TTC values represent the maximum power exchange on bidding zone border as referred to in Article 29(8)(a) of the CACM Regulation and therefore the Amended Proposal aims to implement the cNTC approach.
- (42) ACER requested access to the BRELL agreement in order to identify whether the provisions of this agreement regarding the calculation of TTC values are compliant with the requirements of the FCA Regulation and in particular with Article 29(8) of the CACM Regulation. This agreement determines these TTC values directly within the tables which list different power network statuses and the corresponding pre-defined TCC values. Such approach therefore disregards the common grid model and other capacity calculation inputs (e.g. operational security limits, generation shift keys, etc.) and is therefore not compliant with Article 29(8) of the CACM Regulation
- (43) Based on the above, ACER concluded that the Amended Proposal is not compliant with the FCA Regulation as it does not describe essential elements required by that Regulation and instead only refers to the existing BRELL agreement without providing any clarity on the relevant provisions of this agreement. Further, ACER concluded that even if the provisions of the BRELL agreement would be included in the Amended Proposal, such a proposal would not be compliant with the FCA Regulation as the maximum power exchange on bidding zone borders is explicitly defined in this agreement without any capacity calculation inputs, process or validation as required by the FCA Regulation. Therefore, to ensure that the Amended Proposal is made compliant with the FCA Regulation, the existing BRELL agreement needs to be either disregarded or amended.
- (44) In that regard, ACER understands, in line with the information from the consultation of the Baltic TSOs, the Baltic regulatory authorities and the European Commission that the grid in the Baltic member states could be considered a synchronous island in the EU, which is synchronised with the much bigger synchronous area outside of the EU where the EU legislation does not apply. This leads to a situation whereby various measures required to maintain the operational security in the synchronous area covered by the BRELL agreement are currently performed by system operators outside of the EU. Therefore, ACER understands that currently an agreement with the non-EU system operators of the synchronous area covered by the BRELL agreement is needed to maintain operational security in the grid of the Baltic member states, and that the BRELL agreement cannot just be disregarded. Moreover, ACER has been

informed and understands that renegotiating the BRELL agreement does not only depend on the Baltic TSOs but requires the agreement of all parties to the BRELL agreement. Baltic TSOs and regulatory authorities informed ACER that this process is highly complex, uncertain and politically difficult, in particular due to the plans of Baltic TSOs to disconnect from the BRELL synchronous area and connect with the synchronous area of Continental Europe which is envisaged by 2025. With this synchronisation, the existing BRELL agreement will cease to apply.

- (45) While ACER acknowledges the political difficulties and specific physical situation in the Baltic CCR, the Amended Proposal can only be approved if it meets the requirements of the FCA Regulation together with the related ones of the CACM Regulation. Therefore, the Amended Proposal requires severe revisions before it can be approved as a capacity calculation methodology pursuant to Article 10 of the FCA Regulation.

### **6.3. Assessment of the legal requirements**

#### **6.3.1. Assessment of the requirements for the development of LT CCM, its impact and the application of the different approaches**

##### *6.3.1.1. Development of the proposal for a capacity calculation methodology for long-term time frames*

- (46) The Amended Proposal aims to fulfil the requirements of Article 4(1), Article 4(7)(a) and Article 10(1) of the FCA Regulation, as all Baltic TSOs jointly developed the Amended Proposal and submitted it for approval to all Baltic regulatory authorities on 17 July 2019. This is more than six months after the approval of the Baltic DA/ID CCM by the last Baltic regulatory authority on 16 November 2018. Nevertheless, no amendment of the Amended Proposal is needed to address this incompliance.

##### *6.3.1.2. Required content of the proposal for a capacity calculation methodology*

- (47) The Amended Proposal does not fully fulfil the requirements of Article 10 of the FCA Regulation regarding the content of the CCM:
- (48) The Amended Proposal does not fulfil the general requirement of Article 10(2) of the FCA Regulation requiring the choice between the flow-based approach or the cNTC approach to be used in the capacity calculation. The Amended Proposal mentions this requirement in its recital (4) but does not explicitly state whether the flow-based or the cNTC approach is used for the LT CCM of the Baltic CCR. Depending on whether the flow-based or the cNTC approach is chosen, specific legal requirements listed in the CACM Regulation for a capacity calculation methodology apply. While Article 21(1)(b)(v) and (vi) of the CACM Regulation is mainly referring to the two different approaches regarding the required content, Article 29(7) and (8) of the same Regulation is describing the specific sequential steps for the calculation process for each of the approaches. The Amended Proposal does not explicitly state that it applies one of the two possible approaches, and it also does not fully address one of the two content requirements in accordance with Article 21(1)(b)(v) and (vi) of the CACM

Regulation. Further, the steps described in the Amended Proposal for the capacity calculation process are not following either of the sequential procedures laid out in Article 29(7) and (8) of the CACM Regulation. Therefore, the Amended Proposal does also not explicitly choose between one of the two possible approaches listed in Article 10(2) of the FCA Regulation.

- (49) The Amended Proposal fulfils the requirement of Article 10(3) of the FCA Regulation for the compatibility between the LT CCM and the DA/ID CCM, as it applies the same principles as described in the approved Baltic DA/ID CCM.
- (50) The Amended Proposal fulfils the general requirement of Article 10(4) of the FCA Regulation by applying a security analysis based on multiple scenarios, as stated in Article 7 of the Amended Proposal.
- (51) As the Amended Proposal does not apply the flow-based approach, the requirements of Article 10(5) of the FCA Regulation do not apply to the Amended Proposal.
- (52) Since the Amended Proposal is applying the security analysis based on multiple scenarios, it aims to fulfil the requirements under Article 10(6) of the FCA Regulation, which refers to the requirements as provided in Article 21(1) of the CACM Regulation, except its Article 21(1)(a)(iv) where relevant.
- (53) The Amended Proposal aims to meet the general requirements of Article 21(1)(a) of the CACM Regulation as it includes:
  - a) Article 3 of the Amended Proposal regarding a methodology for determining the reliability margin;
  - b) Article 4 of the Amended Proposal addressing methodologies for determining operational security limits, contingencies and allocation constraints;
  - c) Article 5 of the Amended Proposal regarding a methodology for determining generation shift keys; and
  - d) Article 6 of the Amended Proposal regarding a methodology for determining the remedial actions.

However, since these Articles only name the relevant methodology and further refer to the corresponding methodologies described in the Baltic DA/ID CCM, the content of these Articles does not fulfil the requirements following the requirement pursuant to Article 21(1)(a) of the CACM Regulation, as further described in Section 6.3.2.

- (54) The Amended Proposal does not meet most of the general requirements of Article 21(1)(b) of the CACM Regulation:
  - a) Article 7 of the Amended Proposal aims at providing a mathematical description of the applied capacity calculation approach in accordance with 21(1)(b)(i) of the CACM Regulation;

- b) the Amended Proposal does not explicitly include rules for avoiding undue discrimination between internal and cross-zonal exchanges pursuant to Article 21(1)(b)(ii) of the CACM Regulation;
  - c) the Amended Proposal does not include rules for taking into account previously allocated cross-zonal capacity in accordance with Article 21(1)(b)(iii) of the CACM Regulation;
  - d) the Amended Proposal does not explicitly include rules on the adjustment of power flows on critical network elements or of cross-zonal capacity due to remedial actions in accordance with Article 21(1)(b)(iv) of the CACM Regulation;
  - e) the Amended Proposal does not address the interdependencies of bidding zone borders in the Baltic CCR by either following a flow-based approach and including the relevant items pursuant to Article 21(1)(b)(v) of the CACM Regulation or including rules for efficiently sharing power flow capabilities of critical network elements among different bidding zone borders in accordance with Article 21(1)(b)(vi) of the CACM Regulation if a cNTC approach is chosen;
  - f) the Amended Proposal does not address the requirement pursuant to Article 21(1)(b)(vii) of the CACM Regulation as it does not explicitly include rules for sharing the power flow capabilities of critical network elements among different CCRs in order to accommodate power flows on critical network elements which are influenced by cross-zonal power exchanges in different CCRs.
- (55) The Amended Proposal meets the general requirement of Article 21(1)(c) of the CACM Regulation, as it includes, in its Article 8, a methodology for the validation of cross-zonal capacity.
- (56) The Amended Proposal meets the requirements of Article 10(7) of the FCA Regulation, referring to Article 21(3) of the CACM Regulation, as it includes, in its Article 9, a fallback procedure for the case where the initial capacity calculation does not lead to any results<sup>4</sup>.

#### *6.3.1.3. Assessment of the requirements for consultation*

- (57) The draft proposal was consulted with stakeholders from 6 June to 6 July 2019.
- (58) According to the Baltic TSOs, the consultation did not result in any responses.
- (59) Therefore, the Proposal has been subject to a public consultation in accordance with Article 6 of the FCA Regulation and complies with Article 4(12) of the FCA Regulation.

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<sup>4</sup> Although the CACM Regulation refers to ‘does not lead to any results’, the Agency understands this to mean ‘does not lead to the final results (i.e. cross-zonal capacities) for all market time units’.

*6.3.1.4. Proposed timescale for implementation*

- (60) Article 11 of the Amended Proposal states that the Baltic LT CCM shall be implemented by 3 months after its approval.
- (61) Therefore, the Amended Proposal fulfils the requirements of Article 4(8) of the FCA Regulation with regard to the proposed timescale for implementation of the LT CCM.

*6.3.1.5. Description of the expected impact on the objectives of the FCA Regulation*

- (62) The Amended Proposal does not fully fulfil the requirements of Article 4(8) of the FCA Regulation with regard to the description of the expected impact of the Baltic LT CCM on the objectives of the FCA Regulation.
- (63) Recital (3) of the Amended Proposal lists objectives from Article 3 of the FCA Regulation, which are impacted by the Baltic LT CCM. However, the Amended Proposal does not address all objectives and does not describe how the Baltic LT CCM is expected to impact these objectives.

6.3.2. Assessment of the requirements for the capacity calculation inputs

- (64) Articles 11 to 14 of the FCA Regulation provide requirements for the capacity calculation inputs mainly by referring to the requirements in the corresponding Articles of the CACM Regulation. These involve reliability margin, operational security limits and contingencies, generation shift keys and remedial actions used in capacity calculation. For the LT CCM, where security analysis based on multiple scenarios is applied, Article 23(2) additionally refers to Article 29 of the CACM Regulation, which includes, in its paragraph 1, the requirement for TSOs to provide the coordinated capacity calculator ('CCC') with the above mentioned capacity calculation inputs. While the common grid model is also considered as a capacity calculation input for capacity calculation where security analysis based on multiple scenarios is applied, the methodology governing its establishment is defined in the common grid model methodology pursuant to Article 22 of the FCA Regulation and therefore falls outside the scope of the LT CCM.

*6.3.2.1. Methodology for reliability margin*

- (65) Article 3 of the Amended Proposal aims to address the requirements of Article 11 of the FCA Regulation, which refers to the requirements set out in Article 22 of the CACM Regulation. The Amended Proposal refers to the reliability margin methodology described in the Baltic DA/ID CCM and that the same methodology should also be used for the Baltic LT CCM.
- (66) While the Baltic DA/ID CCM is out of scope of this Decision and cannot be further assessed here, the Baltic LT CCM should form a complete and independent methodology. The Amended Proposal does not fulfil Article 11 of the FCA Regulation since it does not include a reliability margin methodology, which clearly specifies how



a reliability margin is applicable in the capacity calculation for the long-term time frame.

#### 6.3.2.2. *Methodology for operational security limits*

- (67) Article 4 of the Amended Proposal aims to address the requirements of Article 12 of the FCA Regulation, which refers to the requirements set out in Article 23(1) and (2) of the CACM Regulation, and requires that TSOs apply the same operational security limits and contingencies that are used in operational security analysis, or, if this is not the case, that TSOs describe in the CCM the particular method and criteria they use to determine operational security limits and contingencies used for capacity calculation. These requirements relate to the choice of critical network elements, contingencies and operational security limits applicable for critical network elements.
- (68) Article 4 of the Amended Proposal specifies that operational security levels and contingencies shall be calculated pursuant the method described in the Baltic DA/ID CCM.
- (69) Given that the Baltic DA/ID CCM is out of scope of this Decision and cannot be further assessed here, the Baltic LT CCM should form a complete and independent methodology. The Amended Proposal does not therefore fulfil Article 12 of the FCA Regulation since it does not include its own methodology for operational security limits and contingencies to be applied for the long-term capacity calculation and does not include a methodology for determining critical network elements to which these operational security limits are applied and contingencies can be linked to.

#### 6.3.2.3. *Methodology for allocation constraints*

- (70) The Amended Proposal does not explicitly include a methodology for allocation constraints but mentions them in Article 4 of the Amended Proposal and refers to the provisions set in the Baltic DA/ID CCM which include allocation constraints.
- (71) Given that the Baltic DA/ID CCM is out of scope of this Decision and cannot be further assessed here, ACER reminds Baltic TSOs that if allocation constraints should be taken into account in the long-term capacity calculation in the Baltic CCR, they need to be explicitly described in the Baltic LT CCM, including a technical and legal justification for the need of such allocation constraints. Further, if allocation constraints are justified and applied there should be regular reviews to assess if allocation constraints are still necessary at a later stage.

#### 6.3.2.4. *Methodology for generation shift keys*

- (72) Article 5 of the Amended Proposal aims to address the requirements of Article 13 of the FCA Regulation, which refers to Article 24 of the CACM Regulation. Article 24(1) of the CACM Regulation requires that the LT CCM defines a methodology to determine a common generation shift key for each bidding zone and scenario.



- (73) Article 5 of the Amended Proposal specifies that generation shift keys shall be calculated pursuant the method described in the Baltic DA/ID CCM.
- (74) Given that the Baltic DA/ID CCM is out of scope of this Decision and cannot be further assessed here, the Baltic LT CCM should form a complete and independent methodology. The Amended Proposal does not therefore fulfil Article 13 of the FCA Regulation since it does not include a generation shift keys methodology.

*6.3.2.5. Methodology for remedial actions in long-term capacity calculation*

- (75) Article 6 of the Amended Proposal aims to address the requirements of Article 14 of the FCA Regulation, which refers to the requirements set out in Article 25 of the CACM Regulation in relation to remedial actions taken into account in the long-term capacity calculation. Article 25(6) of the CACM Regulation and Articles 10(3) and 14 of the FCA Regulation address the requirement to ensure that remedial actions used in the CCM are the same for all capacity calculation time frames, taking into account their technical availabilities.
- (76) Article 6 of the Amended Proposal specifies that remedial actions shall be taken into account as defined in the Baltic DA/ID CCM.
- (77) The methodology for determining remedial actions and optimising their use in the scope of the capacity calculation could differentiate between the different time frames. Just referring to the methodology used in the Baltic DA/ID CCM does not provide sufficient clarity in the Baltic LT CCM and may not take into account the certainty on technical availability. Given that the Baltic DA/ID CCM is out of scope of this Decision and cannot be further assessed here, the Baltic LT CCM should form a complete and independent methodology. The Amended Proposal does not include a methodology for remedial actions, therefore the requirement pursuant to Article 14 of the FCA Regulation cannot be considered as fulfilled.

*6.3.2.6. Provision of data to the CCC*

- (78) Article 1(3) of the Amended Proposal states that no physical capacity allocation takes place before the single day-ahead coupling which can be interpreted as a reasoning on why no previously allocated capacity is considered in the Amended Proposal. However, to take into account financial transmission rights, which are auctioned in the Baltic CCR, the Baltic LT CCM needs to address previously allocated capacity in accordance with Article 21(1)(b)(iii) of the CACM Regulation. The Amended Proposal does not consider this requirement and the subsequent requirement of providing the CCC with the related input for the capacity calculation in accordance with Article 29(1) of the CACM Regulation.
- (79) Also for the other required inputs for the capacity calculation, the Amended Proposal does not sufficiently address the requirement of Article 29(1) of the CACM Regulation.

6.3.3. Assessment of the requirements for the capacity calculation process

(80) Article 10 and the Articles in Section 4 of Chapter I of the FCA Regulation address the capacity calculation process. These Articles provide requirements on the capacity calculation process and refer to Article 21(1)(b), Article 27 and Article 29 of the CACM Regulation, which address the necessary content and steps of the capacity calculation process for the day-ahead and intraday capacity calculation.

6.3.3.1. *Mathematical description of the capacity calculation approach*

(81) Article 7 of the Amended Proposal aims to provide a mathematical description of the applied capacity calculation approach in accordance with Article 21(1)(b)(i) of the CACM Regulation. This Article 7 of the Amended Proposal contains a general description and requirements of the capacity calculation process, mathematical formulas for NTC calculation of each border in the Baltic CCR and references to documents and provisions which are out of the scope of the Baltic LT CCM. While the latter is addressed in Section 6.2 of this Decision, the general process described in this Article is not following the sequential steps of one of the two possible capacity calculation approaches as laid out in Article 29(7) or (8) of the CACM Regulation. Therefore, the Amended Proposal does not fulfil the provisions following the requirements of Article 21(1)(b)(i) of the CACM Regulation.

(82) An important consideration when deciding on which general approach should be used for capacity calculation is a possible interdependency of bidding zone borders in a CCR. Such interdependency is present when cross-border exchanges on two or more bidding zone borders significantly impact the same critical network element(s) simultaneously. Article 7 of the Amended Proposal, which defines the total transfer capacity on a HVDC bidding zone borders indicates that this capacity is dependent also on AC networks on each side of the HVDC bidding zone border. As some of these HVDC bidding zone borders are electrically very close to bidding zone borders with AC interconnectors, ACER understands that it is very likely that cross-border exchanges on some HVDC borders and on AC borders are interdependent and they likely affect the same critical network elements. This issue was consulted with the Baltic TSOs (as described under Recital (20)(c)), where the Baltic TSOs confirmed that such interdependencies do currently already exist. For example, flows on the HVDC bidding zone border between Lithuania and Sweden 4 are impacting critical network elements on the bidding zone border between Latvia and Lithuania. The interdependency will likely increase in the future due to further network expansions foreseen in the Baltic CCR (i.e. planned additional interconnector between Poland and Lithuania).

(83) In case of such interdependency, the cNTC approach requires the method for efficiently sharing the power flow capabilities of critical network elements among different bidding zone borders in accordance with Article 21(1)(b)(iv) and Article 28(8)(d) of the CACM Regulation. Here the emphasis is on efficient sharing, such that capabilities of critical network elements are allocated to bidding zone borders which generate higher economic surplus. ACER understands that efficient sharing of power flow capabilities of critical network elements among different

bidding zone borders can most efficiently be achieved with the flow-based approach, combined with the advanced hybrid coupling for the HVDC borders ('AHC').

- (84) ACER is therefore of the opinion that the most efficient method to address the interdependency between bidding zones is to apply a flow-based approach combined with advanced hybrid coupling. Using a flow-based approach in capacity calculation and the subsequent capacity allocation allows for precise calculation and allocation of cross-zonal capacities on critical network elements level and the most dynamic and efficient allocation by using the actual market information on a bidding zone level to achieve the most economically efficient outcome while ensuring operational security. The flow-based approach is a thoroughly tested method which will be already applied in both CCRs adjacent to the Baltic CCR before the de-synchronisation of the Baltic member states as addressed in Section 6.2.
- (85) Further, the adjacent Nordic CCR intends to apply AHC on the Baltic CCR's bidding zone borders connecting the Nordic synchronous area with the relevant synchronous area in the Baltic member states. Such solution economically evaluates the effect on Nordic critical network elements resulting from flows on the relevant Baltic CCR's HVDC bidding zone borders. While the Nordic CCR is using this method to address the requirement from Article 21(1)(b)(vii) of the CACM Regulation, the Baltic CCR would need to explicitly allow such CCR external influence and use a similar process to define the cross-zonal capacity on these bidding zone borders, to take into account the impact on interdependent bidding zone borders within the Baltic CCR. ACER is of the opinion that an equal footing regarding the process for defining and allocating the cross-zonal capacities on these bidding zone borders can only be guaranteed by applying the flow-based approach in both CCRs. Therefore, ACER highly recommends Baltic TSOs to choose the flow-based approach for capacity calculation in the Baltic CCR. While ACER deems the flow-based approach also in the long-term time frames by default the most efficient choice for meshed grids with interdependent bidding zone borders, Baltic TSOs should also consider the foreseen network expansion plans in the Baltic CCR (i.e. planned HVDC cable between Poland and Lithuania), de-synchronisation and application of AHC when implementing a flow-based approach pursuant Article 10(5)(a) of the FCA Regulation.

#### 6.3.3.2. *Rules for avoiding undue discrimination between internal and cross-zonal exchanges*

- (86) The Amended Proposal does not fulfil the requirement of Article 21(1)(b)(ii) of the CACM Regulation as it does not include rules for avoiding undue discrimination between internal and cross-zonal exchanges.
- (87) ACER currently deems it the easiest way to address rules for avoiding undue discrimination between internal and cross-zonal exchanges by integrating a method for assessing the economic efficiency of including internal network elements in the methodology for determining critical network elements and contingencies relevant to capacity calculation, as referred to in Section 6.3.2.2. Such method should ensure that internal network elements should not limit cross-zonal capacity, unless this is economically more efficient than other available remedies and minimises the negative impacts on the internal market in electricity or if it is needed to ensure operational

security. While avoiding the use of internal network elements and therefore the reduction of cross-zonal capacities in the capacity calculation, an economic efficiency criterion allows to include internal network elements in capacity calculation if TSOs are able to demonstrate that including them is economically the most efficient solution to address congestion on the internal network element. When demonstrating such efficiency, TSOs should consider alternative solutions such as the application of remedial actions, the reconfiguration of bidding zones and investments in network infrastructure.

*6.3.3.3. Rules for taking into account previously allocated cross-zonal capacity*

- (88) The Amended Proposal does not include rules for taking into account previously allocated cross-zonal capacities. As stated in Recital (78), the lack of capacity allocation before the single day-ahead coupling which can physically impact cross-zonal capacities, as described in Article 1(3) of the Amended Proposal, does not necessarily circumvent the need to take into account previously allocated cross-zonal capacities. Since financial transmission rights are auctioned in the Baltic CCR, the Baltic LT CCM needs to include such rules. Therefore, the Amended Proposal does not fulfil Article 21(1)(b)(iii) of the CACM Regulation and the subsequent requirement of either Article 29(7)(c) or Article 29(8)(e) of the CACM Regulation.

*6.3.3.4. Rules on the adjustment of power flows on critical network elements or of cross-zonal capacity due to remedial actions*

- (89) The Amended Proposal does not include rules on the adjustment of power flows on critical network elements or of cross-zonal capacity due to remedial actions. While the Baltic TSOs explained that some formulas described in Article 7 of the Amended Proposal contain elements which can be regarded as remedial actions, these elements are partly out of the geographical scope of the Baltic CCR. Further, the Amended Proposal does not describe how other remedial actions addressed in Article 6 of the Amended Proposal are taken into account. Therefore, the Amended Proposal does not fulfil the requirements of Article 21(1)(b)(iv) and Article 29(7)(f) or Article 29(8)(b) of the CACM Regulation.

*6.3.3.5. Rules for sharing the power flow capabilities of the critical network elements among different capacity calculation regions*

- (90) The Amended Proposal does not include rules, pursuant to Article 21(1)(b)(vii) of the CACM Regulation, for sharing the power flow capabilities of the critical network elements among different capacity calculation regions for critical network elements which are impacted by cross-zonal exchange in a different CCR. If the Baltic LT CCM does not use critical network elements which are significantly impacted by bidding zone borders from other CCRs, such rules are not needed in the Baltic LT CCM.
- (91) The Nordic LT CCM provides for the application of AHC on the Baltic CCR HVDC bidding zone borders which are connecting the Nordic synchronous area with the Baltic networks. Such process envisaged by the Nordic LT CCM could lead to an explicit reduction of cross-zonal capacities on the relevant bidding zone borders. This

reduction would be performed by taking into account the economic evaluation of exchanges on bidding zone borders in the Nordic CCR. If the Baltic TSOs agree to the application of such process, ACER is of the opinion that the Baltic LT CCM would need to explicitly allow such external process and deems that such provision should be addressed in the scope of the rules pursuant to Article 21(1)(b)(vii) of the CACM Regulation.

6.3.4. Assessment of the requirements for the capacity validation

- (92) Article 8 of the Amended Proposal aims to address the requirements set in Article 15 of the FCA Regulation, which refers to Article 26 of the CACM Regulation. The Amended Proposal partly fulfils the requirements of Article 26(1) and (3) of the CACM Regulation by mentioning the general procedure of the validation process performed by the Baltic TSOs and the CCC, which allows the Baltic TSOs to reduce cross-zonal capacity to ensure operational security. However, to provide sufficient clarity, the process of validation and how it is taken into account in the capacity calculation process should be further described in more detail.
- (93) The Amended Proposal does not address Article 26(2) of the CACM Regulation, which would only be applicable if a CNTC approach is chosen.
- (94) The Amended Proposal aims to fulfil the requirement of Article 26(4) of the CACM Regulation by generally mention CCC's re-coordination if capacities are reduced in the validation process. However, ACER deems it necessary to have a more explicit and clear wording and description of the process to meet this requirement.
- (95) The Amended Proposal does not fulfil the requirement of Article 26(5) of the CACM Regulation. While Article 8 of the Amended Proposal refers to a report which aims at fulfilling the requirement pursuant Article 24(5) of the FCA Regulation, it does not address the requirement for a regular report on performed reductions of cross-zonal capacities in the validation process.

6.3.5. Assessment of the requirement for the fallback procedures

- (96) Article 9 of the Amended Proposal is addressing the requirement for the fallback procedure pursuant to Article 10(7) of the FCA Regulation, which further refers to Article 21(3) of the CACM Regulation. The Amended Proposal generally fulfils the requirement for a fallback procedure.

6.3.6. Assessment of other requirements

6.3.6.1. *Transparency and publication of information*

- (97) Article 10 of the Amended Proposal aims to address the objective of ensuring and enhancing the transparency and reliability of information as defined by Article 3(f) of the FCA Regulation by defining the requirements for the information to be published by the Baltic TSOs.



- (98) The Amended Proposal does not fully archive the objective set in Article 3(f) of the FCA Regulation. To ensure that the long-term capacity calculation process provides sufficient transparency, ACER deems it necessary to have a provision in the Baltic LT CCM leading to the publication of all relevant data items per calculated scenario used in the capacity calculation process.

#### 6.3.6.2. *Reviews and updates*

- (99) The Amended Proposal does not include requirements for regular reviews and updates related to the inputs to the long-term capacity calculation and therefore does not address the requirements of Article 27(4) of the CACM Regulation. ACER deems it necessary to explicitly mention the provision of the required reviews and updates in the Baltic LT CCM to meet these requirements and follow the objective set in Article 3(f) of the FCA Regulation.

#### 6.4. **Assessment of the possibility to revise the Amended Proposal**

- (100) In accordance with Article 5(6) of Regulation (EU) 2019/942, ACER has been granted the power to revise the Amended Proposal to bring it in line with the applicable EU legal framework.
- (101) As analysed in Section 6.3 above, the Amended Proposal is not compliant with EU law in numerous areas which would need to be addressed in order to approve the Amended Proposal. These amendments would require very complex assessments and decisions. Further, as described in Section 6.2 above, the amendments aiming to address incompliance with the FCA Regulation and the CACM Regulation would inevitably make the Baltic LT CCM incompliant with the existing BRELL agreement. ACER understands that this agreement cannot be amended or abolished before the desynchronization of the Baltic networks from Russia and Belarus as this would endanger operational security of the Baltic networks. For this reason, the Amended Proposal can only be made compliant with the FCA Regulation and the CACM Regulation for the period after desynchronization of the Baltic networks from Russia and Belarus.
- (102) ACER is not in a position to revise the Amended Proposal that would describe the Baltic LT CCM after the de-synchronisation because it does not have sufficient information how the Baltic networks will operate after synchronisation with the synchronous area Continental Europe and the potential grid expansion until the time of the de-synchronisation. Only TSOs of the Baltic CCR have a sufficient understanding of this situation and are able to amend the current proposal in light of this objective. According to ACER's understanding, the Baltic TSOs could also not develop the required amendments to their Amended Proposal before the closure of the proceedings for this Decision as they informed ACER that they need significantly more time to evaluate how the Baltic networks will operate after de-synchronisation, which would enable the development of Baltic LT CCM for the period after de-synchronisation.



- (103) Further, a complete revision of the Amended Proposal to meet all the necessary requirements of the FCA Regulation and the CACM Regulation would result in a conflict with the compatibility requirement pursuant to Article 10(3) of the FCA Regulation. In order to ensure such compatibility, the Amended Proposal would need to be revised together with the Baltic DA/ID CCM. ACER however is not able to do that because at the time of drafting of this Decision it is not competent to revise the Baltic DA/ID CCM. Therefore, a Baltic LT CCM which fulfils all the necessary requirements, including the compatibility requirement in accordance with Article 10(3) of the FCA Regulation, can only be fully guaranteed if the Baltic DA/ID CCM is revised before or in parallel to the revisions of the Amended Proposal.
- (104) Therefore, given that (i) ACER is not able to revise the Amended Proposal, (ii) that TSOs were not able to provide the required amendments during the proceedings and (iii) that the Baltic LT CCM compliant with EU law can only be implemented after de-synchronisation, ACER deems it reasonable to reject the Amended Proposal and provide TSOs with more time to develop a new proposal that is compliant with EU law and can be implemented just after the desynchronization.
- (105) As concluded in Section 6.2, the Baltic LT CCM compliant with EU law can only be implemented after de-synchronisation which is expected to be in 2025. Such delay will provide the Baltic TSOs with sufficient time to analyse the operation of the Baltic networks after de-synchronisation and to develop and implement the Baltic LT CCM compliant with EU law. Nevertheless, this additional time also provides sufficient opportunity to Baltic TSOs to implement a more ambitious capacity calculation methodology. In ACER's current understanding, the flow-based approach is a more appropriate approach for the Baltic CCR as it addresses efficiently the interdependencies among bidding zone borders. ACER therefore invites Baltic TSOs to use the additional time for the development and implementation of the flow-based capacity calculation methodology for the long-term, day-ahead and intraday time frame.
- (106) As described in Recital (24), the Baltic TSOs asked in the scope of the hearing phase for not having a concrete deadline of resubmission in this Decision but only an indication of the time of intended implementation. Further, the Baltic TSOs stated that in case a deadline of resubmission is required, the time for resubmission should be at least 30 months. ACER does deem it important to avoid any delays regarding the implementation of the Baltic LT CCM beyond the synchronisation of the Baltic networks foreseen in 2025. Avoiding such further delays can only be ensured if a deadline for the submission of a new proposal is provided. When taking into account the maximum time required for an approval process of the Baltic TSOs' proposal as well as the necessary preparation time for the implementation of a LT CCM after its approval, the submission deadline suggested by TSOs of not less than 30 months after the adoption of this Decision invokes a considerable risk that the implementation will be delayed beyond 2025. ACER deems that the maximum time until the submission of a new proposal to ensure its implementation is 24 months after the adoption of this Decision. ACER is of the opinion that 24 months is sufficient time for the Baltic TSOs to develop the capacity calculation methodology compliant with EU law.

- (107) Therefore, balancing the necessity of ensuring a compliant implementation of the FCA Regulation and the CACM Regulation with the expectations for an appropriate lead time, ACER finds it reasonable that the Baltic TSOs submit a new proposal for a Baltic LT CCM, which includes the content requirements needed for a LT CCM in accordance with Article 10 of the FCA Regulation, to the Baltic regulatory authorities no later than 24 months after the adoption of this Decision.

## **7. CONCLUSION**

- (108) For all the above reasons, ACER does not consider the Amended Proposal as compliant with the requirements of the FCA Regulation and the CACM Regulation and cannot revise the Amended Proposal sufficiently to bring it in line with the FCA Regulation and the CACM Regulation.
- (109) Therefore, ACER rejects the Amended Proposal submitted by the Baltic TSOs and asks the Baltic TSOs to revise the Amended Proposal, thereby taking into consideration the findings of this Decision, and to resubmit the revised Amended Proposal as soon as possible, but no later than 24 months after this Decision,

HAS ADOPTED THIS DECISION:

### *Article 1*

The proposal for a common capacity calculation methodology for long-term time frames in the Baltic capacity calculation region according to Article 10(1) of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation, submitted by AS Augstsprieguma tīkls, Elering AS, Fingrid Oyj, Litgrid AB, Polskie Sieci Elektroenergetyczne S.A. and Svenska kraftnät on 18 March 2020, is rejected.

*Article 2*

This Decision is addressed to the Baltic TSOs:

AS Augstsprieguma tīkls

Elering AS

Fingrid Oyj

Litgrid AB

Polskie Sieci Elektroenergetyczne S.A.

Svenska kraftnät

Done at Ljubljana, on 17 November 2020.

**- SIGNED -**

*For the Agency  
The Director*

C. ZINGLERSEN

Annex:

Annex I – Evaluation of responses to the public consultation on the proposal for long-term capacity calculation methodology of the Baltic capacity calculation region (for information only)

*In accordance with Article 28 of Regulation (EU) 2019/942, the addressees may appeal against this Decision by filing an appeal, together with the statement of grounds, in writing at the Board of Appeal of ACER within two months of the day of notification of this Decision.*

*In accordance with Article 29 of Regulation (EU) 2019/942, the addressees may bring an action for the annulment before the Court of Justice only after the exhaustion of the appeal procedure referred to in Article 28 of that Regulation.*