
All Baltic TSOs' proposal for Common settlement rules for all unintended exchanges of energy in accordance with the Article 51(1) of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing

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All Baltic Transmission System Operators, taking into account the following:

Whereas

- (1) This document is a common proposal developed by all Transmission System Operators in the Baltic Area (hereafter referred to as “Baltic TSOs”) regarding the development of common settlement rules for all unintended exchanges of energy (hereafter referred to as “unintended exchange”) in accordance with Article 51(1) of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (hereafter referred to as “EBGL”). This proposal is hereafter referred to as the “**SRUE**” (**S**ettlement **R**ules of **U**nintended **E**xchange of energy)
- (2) The SRUE takes into account the general principles and goals set in the EBGL as well as Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity (hereafter referred to as “Electricity Regulation”) as well as Regulation (EC) No 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (hereafter referred to as “SOGL”).
- (3) Articles 51(1), 51(3) and 51(4) of the EBGL define the deadline and several specific requirements to its content:
 1. *By eighteen months after the entry into force of this Regulation, all TSOs of a synchronous area shall develop a proposal for common settlement rules applicable to all unintended exchanges of energy. The proposal shall include the following requirements:*
 - (a) *the price for unintended exchanges of energy withdrawn from the synchronous area shall reflect the prices for activated upward balancing energy for frequency restoration process or reserve replacement process for this synchronous area.*
 - (b) *the price for unintended exchanges of energy injected into the synchronous area shall reflect the prices for activated downward balancing energy for frequency restoration process or reserve replacement process for this synchronous area.*
 3. *The proposals of common settlement rules of unintended exchanges of energy between TSOs shall ensure a fair and equal distribution of costs and benefits between them.*
 4. *All TSOs shall establish a coordinated mechanism for adjustments to settlements between them.*
- (4) The SRUE contributes to the general objectives of the EBGL.

Submit the following proposal to all relevant regulatory authorities:

Article 1 Subject matter and scope

- (1) The common settlement rules for all unintended exchange as determined in the SRUE is the common proposal of all Baltic TSOs in accordance with Article 51(1) of the EBGL.
- (2) Governance, cost sharing and decision-making will be organised according to the requirements of EBGL but are not within the scope of the SRUE.

Article 2

Definitions and interpretation

- (1) For the purposes of the SRUE, the terms used shall have the definitions given to them in Article 2 of the EBGL and Article 3 of the SOGL.
- (2) In addition, in the SRUE the following terms shall apply:
 - (a) 'unintended exchange of energy' equals the integral of the area control error (ACE) according to Article 3 of the SOGL over TSP.
 - (b) 'TSO-TSO settlement period' (hereafter referred to as "TSP") means time period for which unintended exchange settlement is calculated. The TSP shall be set at 60 minutes. When 15 minutes imbalance settlement period is implemented regarding The Article 53(1) of the EBGL, TSP shall be set to 15 minutes.
 - (c) 'TSO-TSO accounting period' is time period for which TSO-TSO settlement is made and accumulated into financial statements. TSO-TSO accounting period shall be set at one (1) calendar month starting at 00:00 Central European Time. TSO-TSO accounting period shall be consecutive and not overlapping.
 - (d) 'Baltic coordinated balancing area' (hereafter referred to as "Baltic CoBA") means areas of license for Baltic TSOs that have agreed to cooperate with respect to the exchange of balancing services, sharing of reserves, operating the imbalance netting process and imbalance settlement.
 - (e) 'Open balance provider' (hereafter referred to as "OBP") means an electricity trader or transmission system operator, which provides power system balancing services for the Baltic CoBA unintended exchange of energy.
 - (f) 'Settlement Coordinator' (hereafter referred to as "SC") means a TSO who is responsible for performing the settlement and invoicing between Baltic TSOs and with OBP for unintended and intended energy exchange.

Article 3

High-level design of the common settlement

- (1) All Baltic TSOs shall jointly delegate the unintended energy exchange settlement, accounting and invoicing function to SC.
- (2) SC will be one of the Baltic TSOs and will be assigned by mutual written consent of the Baltic TSOs annually.
- (3) SC is responsible for compiling the Baltic CoBA settlement reports and for submitting the Baltic CoBA data to the OBP. Each TSO is responsible for the accuracy of the data concerning their own Balance Area.
- (4) SC shall collect all the data required to calculate the values and amounts of unintended exchange over each TSP:
- (5) SC shall calculate the financial result and the financial flows and invoice the results for each Baltic TSO and OBP.
- (6) SC will net the unintended energy exchanges of Baltic TSOs and justly distribute the costs and revenues between Baltic TSOs according to each Baltic TSO contribution to total Baltic BRP imbalance.

- (7) The SC entrusted with the invoicing task shall invoice the Baltic TSOs and OBP according to the results of settlement report.
- (8) Settlement shall ensure the financial neutrality of each Baltic TSO in accordance with EBGL.

Article 4 **Functions of the common settlement**

- (1) Each Baltic TSO submits the settlement data concerning their Balance Area for the preceding trading day by TSPs specifying the following information:
 - AC Cross-border flow scheduled energy volumes.
 - Activated AC Cross-border balancing energy volumes and emergency reserves.
 - AC Cross-border flow metered energy volumes.
 - BRP imbalance volume.
- (2) In the event of corrections or amendments to the data, each Baltic TSO shall update the relevant settlement data and submit it to the other Baltic TSOs as soon as possible. The TSO responsible for amendment of the data will be responsible for all additional costs and revenues resulting from data correction.
- (3) The SC compiles the monthly settlement reports and the corresponding acts.
- (4) Should the volume of the unintended energy in any TSP be negative as a result of balance settlement, it shall be regarded that the OBP has in the relevant TSP sold to the SC the imbalance energy in the amount that is adequate to maintain the balance of Baltic CoBA.
- (5) Should the volume of the unintended energy in any TSP be positive as a result of balance settlement, it shall be regarded that SC has in the relevant TSP sold to the OBP the imbalance energy in the amount that is adequate to maintain the balance of Baltic CoBA.

Article 5 **Volume determination**

- (1) The volume of unintended exchange per TSP pursuant Article 51(1) of the EBGL is calculated for Baltic CoBA per TSP as the difference between the energy exchange according to the metered data and the sum of the intended exchanges.
- (2) The volume of intended exchange is determined as follows:
 - a. The volume of intended exchange as the result of the scheduled energy is contained in the aggregated netted external schedules of Baltic CoBA. The volume is calculated by summing up all Baltic TSOs AC Cross-border flow scheduled energy volumes.
 - b. The sum of volumes of intended exchange per TSP as the result of the frequency restoration process with manual activation for Baltic CoBA. The volume is calculated by summing up all Baltic TSOs Activated AC cross-border balancing energy volumes and emergency reserves.
- (3) The volume of energy exchange according to the metered data per TSP is determined as a sum of all Baltic TSOs Measured AC cross-border deliveries by metering points.
- (4) The settlement volumes shall be calculated with one (1) kWh accuracy.

Article 6

Settlement of unintended exchange

- (1) The price per TSP for unintended exchanges of energy purchased by SC from OBP shall reflect the prices for activated upwards balancing energy by OBP to SC.
- (2) The price per TSP for unintended exchanges of energy sold by SC to OBP shall reflect the prices for activated downwards balancing energy by OBP to SC.
- (3) For each accounting period the SC shall calculate the amount to be settled with OBP according to volumes of unintended exchange pursuant to Article 5(1) and prices pursuant to Article 6(1)(2).
- (4) Baltic TSOs contribution for settlement between SC and OBP is calculated by dividing total OBP-SC costs and revenues by proportional each country contribution to Baltic BRP imbalance.
- (5) Payment amounts for each Baltic TSO shall be calculated by the SC and shall be sent to each Baltic TSO.

Article 7

Publication and implementation of the common settlement rules

- (1) All Baltic TSOs shall implement and publish the SRUE without undue delay after all Baltic NRAs have approved the document or a decision has been taken by ACER in accordance with Article 7(7), 6(1) and 6(2) of the EBGL.
- (2) This methodology will be applicable to Baltic TSOs until Baltic TSOs will submit to NRAs new proposal for methodology and NRA's will approve it accordingly or Baltic TSOs connect to another synchronous area where settlement rules of unintended exchange within synchronous area in accordance to EBGL is approved and implemented.

Article 8

Language

The reference language for this proposal shall be English. For the avoidance of doubt, where TSOs need to translate this proposal into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 7 of the EBGL and any version in another language, the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the proposal.