

# **Request for amendment by all Baltic Capacity Calculation Region National Regulatory Authorities agreed**

**on**

## **the all Baltic Capacity Calculation Region Transmission System Operators Proposal for the Common Methodology for Coordinated Redispatching and Countertrading in Accordance with Article 35(1) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 Establishing a Guideline on Capacity Allocation and Congestion Management**

**10 September 2018**

### **1. INTRODUCTION**

1.1. Pursuant to Articles 9(1), 9(7)(c) and 35(1) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (hereinafter – CACM regulation), Baltic capacity calculation region (hereinafter – CCR) transmission system operators (hereinafter – TSOs) are required jointly to develop a proposal for the methodology for coordinated redispatching and countertrading (hereinafter – CRC proposal) and submit it to all Baltic CCR national regulatory authorities (hereinafter – NRAs) for approval. Then, according to Article 9(10) of the CACM regulation, all Baltic CCR NRAs receiving the CRC proposal should reach an agreement and take a decision on that proposal, within six months after the receipt of the proposal by the last regulatory authority. If pursuant to Article 9(12) of the CACM regulation, the regulatory authorities request an amendment to approve the CRC proposal, the relevant TSOs shall submit an amended proposal for approval within two months following the regulatory authorities' request. Subsequently, all Baltic CCR NRAs shall reach an agreement and take a decision on the CRC proposal, within two months after the receipt of the amended proposal by the last Baltic CCR NRA.

1.2. This document specifies an agreement reached on 10 September 2018 on request for amendment (hereinafter – RfA) of all Baltic CCR NRAs, on the all Baltic CCR TSOs proposal for the CRC proposal submitted in accordance with Article 35(1) of the CACM regulation. The Baltic CCR NRAs task force established for assessment of the redispatching and countertrading methodology (hereinafter – TF) according to Memorandum of Understanding among Estonian Competition Authority, Public Utilities Commission of Latvia, National Commission for Energy Control and Prices of Lithuania, Energy Regulatory Office of Poland, Swedish Energy Markets Inspectorate and Energy Authority of Finland concerning the Baltic CCR Regional Decisions as of 16 October, 2017. The Baltic CCR NRAs task force established for assessment of the redispatching and countertrading methodology (hereinafter – TF) according to Memorandum of Understanding

among Estonian Competition Authority, Public Utilities Commission of Latvia, National Commission for Energy Control and Prices of Lithuania, Energy Regulatory Office of Poland, Swedish Energy Markets Inspectorate and Energy Authority of Finland concerning the Baltic CCR Regional Decisions as of 16 October 2017 comprises of representatives of all mentioned Baltic CCR NRAs.

- 1.3. This agreement of all Baltic CCR NRAs on RfA shall provide evidence that a decision on the CRC proposal does not, at this stage, need to be adopted by the Agency for the Cooperation of Energy Regulators (hereinafter – ACER) pursuant to Article 9(11) of the CACM regulation. This agreement is intended to constitute the basis on which all Baltic CCR NRAs will each subsequently request an amendment to responsible Baltic CCR TSO for the CRC proposal pursuant to Article 9(12) of the CACM regulation.

## 2. THE CRC PROPOSAL

- 2.1. On 20 January 2018, the TSOs within the Baltic CCR: AS “Augstsprieguma tīkls”, Elering AS, Litgrid AB, PSE S.A., Svenska Kraftnät and Fingrid Oyj launched a public consultation on their proposal for the CRC proposal for the Baltic CCR through ENTSO-E platform till 22 February, 2018 in line with Article 12 of CACM regulation.
- 2.2. The final all Baltic CCR TSOs CRC proposal, dated 16 March 2018, was received by the last Baltic CCR NRA on 20 March 2018, together with a document of public consultation responses. The final CRC proposal and summary document of public consultation are publicly available on the ENTSO-E website<sup>1</sup>. The CRC proposal covers common methodology for Baltic CCR in case there is a congestion on any of the existing and future bidding zone borders and interconnectors included in Baltic CCR to which the CACM regulation applies and any critical network elements, which are owned by TSOs or by other legal entities and are included in Baltic CCR.

## 3. BALTIC CCR NRAs COMMON POSITION ON CRC PROPOSAL

- 3.1. According to CACM regulation, the CRC proposal will enable all TSOs in each CCR to effectively relieve physical congestion irrespective of whether the reasons for the physical congestion fall mainly outside their control area or not, also the application of the methodology may significantly influence flows outside the TSOs control area. The objectives of CACM regulation, such as optimal use of the transmission infrastructure, fair and non-discriminatory treatment of market participants, and others, cannot be successfully achieved without a clear and detailed set of rules for coordination of countertrading and redispatching.
- 3.2. All Baltic CCR NRAs cannot approve the all Baltic CCR TSOs CRC proposal due to the issues detailed below. **All Baltic CCR NRAs, request all Baltic CCR TSOs to amend the CRC proposal pursuant to Article 9(12) of CACM regulation and to revise the shortcomings recited below.**

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<sup>1</sup> <https://consultations.entsoe.eu/markets/all-baltic-ccr-tsos-common-methodology-for-coordin/>

#### 4. BALTIC CCR NRAs COMMENTS

4.1. On 22 February 2018<sup>2</sup>, Baltic CCR NRAs sent the preliminary opinion (hereinafter – Opinion) which summarized the primary NRAs feedback for the CRC proposal. Baltic CCR NRAs expected that Baltic CCR TSOs would take into account diligently the comments presented in this Opinion when TSOs drafted the final CRC proposal. However, some of the comments have not been taken comprehensively into account by the TSOs.

##### *General Remarks*

4.2. As a general comment, Baltic CCR NRAs TF would like to emphasize once again what was stated in the point 2.1 of the Opinion, that the purpose of CRC proposal is to describe the process of the coordinated actions on redispatching and countertrading among relevant TSOs in the Baltic CCR. However, despite of some adjustments indicated in the public consultation document and made in the CRC proposal with references to Commission Regulation (EU) 2017/1485 of 2 August 2017, *establishing a guideline on electricity transmission system operation* (hereinafter – SO regulation), the CRC proposal is still too generic and does not explain all the relevant processes at a certain level so that it would be clearly understandable. Due to that the document should be structured to describe the responsibilities clearly and in detail. In order to have the more specific document we propose to be much more specific about roles, responsibilities, timelines and other aspects to clarify the coordination process step by step. The CRC proposal should clearly explain how the redispatching actions are chosen, under which factors, and how this is done in coordination as coordination is the key concept which should be revised and elaborated in CRC proposal. The definition of “relevant TSOs” should be clear on whether it is referring to bidding zones inside a Baltic CCR or not. Also, the coordinating role of the Regional Security Coordinator (RSC) in the CRC proposal should be elaborated on. In Article 3 of CRC proposal, the focus of the RSC role is rather vague, therefore that needs to be expressed in the CRC proposal more thoroughly. Also, an accompanying timeline should include all relevant steps in the coordination process. The CRC proposal as such should be specific enough to clarify the specifics mentioned above and portray the process without undue references to other legislation. Accordingly, Baltic CCR NRAs ask relevant TSOs to make the adjustments to the document by taking into account the above mentioned aspects on the structure and thoroughness of the CRC proposal.

4.3. The time frame of the methodology should be clarified. Countertrading and redispatching could be done in different time frames, with the purpose to mitigate congestions in order to maintain operational security and/or for optimizing capacity for the day-ahead and intraday time frame. Accordingly, the CRC proposal should cover the planning time frame for day-ahead and intraday markets.

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<sup>2</sup> The preliminary opinion, prepared by Baltic CCR NRAs TF was sent on 22 February 2018 via e-mail to Baltic CCR TSOs and on 23 February 2018 by official letter No. R2-(E)-509.

- 4.4. Also, 12 months after entry into force of SO regulation (September 2018), all TSOs shall jointly develop a proposal for a methodology for coordinating operational security analysis in accordance with Article 75 of SO regulation. TSOs should clarify how the regional CRC proposal under Article 35(1) of CACM regulation is expected to work together with the proposal on coordinating operational security analysis according to Article 75 of the SO regulation.
- 4.5. In the paragraph 9 of preamble of CRC proposal cross border relevance is discussed. The concept of “cross-border relevance” should be clearly defined and the distinction between redispatching and countertrading with no cross-zonal relevance should also be made. This could preferably be done in Article 2 of CRC proposal.

### *Specific Remarks*

- 4.6. Article 1(b) of CRC proposal states that CRC proposal covers in case there is a congestion on any of the critical network elements, which are owned by TSOs or by other legal entities and are included from Baltic CCR. However, critical network elements are not legally included or excluded in Baltic CCR. Baltic CCR is defined as a set of bidding zone borders, therefore TSOs should revise wording in Article 1(b) of CRC proposal to reflect this fact.
- 4.7. Baltic CCR TSOs have taken into account the comments presented in point 2.7 of Opinion, amended Article 3 of CRC proposal. Regardless of this, however, some additional elaborations are needed in the CRC proposal. Accordingly, the CRC proposal should indicate more explicitly the methods on how countertrading and redispatching actions are chosen. Additionally, the required documentation of the mentioned actions taken should be clearly stated. In Article 3(1) of CRC proposal it is stated that Baltic TSOs do not apply redispatching for cross-border congestion management due to the structure of the Baltic TSOs' control areas. As such Article 3(1) of CRC proposal is unnecessary limitation introduced in the CRC proposal.
- 4.8. In Article 3(15) of CRC proposal, there is no process described in case TSO does not follow the RSC's recommended proposal for remedial action. The proposal should thus explain in detail, what will happen when the TSO chooses to decline a proposed remedial action, including for example, under which justification such decline is allowed, how this is documented, and how action suggested by RCS will be replaced by some other effective measure.
- 4.9. Also Article 3(15) of CRC proposal and paragraph 7 of the preamble of CRC proposal seems to be identical. Therefore, the information should be moved from the preamble paragraph 7 of CRC proposal to the Article 3 of CRC proposal and elaborated on as described in point 4.2 of this RfA. Article 3(16) of CRC proposal discusses the SO regulation; that is not the regulatory scope of the CRC proposal and subsequently should be removed.
- 4.10. Regarding Article 4 of the CRC proposal, it is stated that the CRC proposal will be implemented within 6 months after NRAs approval or after ACER decision, also after the implementation of the capacity calculation methodology within the Baltic CCR according to Article 21 of CACM regulation, NRAs approval of redispatching and countertrading cost sharing methodology within the Baltic CCR required by Article 74 of the CACM regulation, coordinated operational security analysis methodology according to Article 75 of SO regulation has been implemented and is in operation for CCR Baltic, Nordic and Hansa, the implementation of the

common provisions of Article 76 of SO regulation, regional operational security coordination. Please note, that at present the dates of implementation of these methodologies are still unclear. Moreover, Article 35(1) and Article 74(1) of CACM regulation indicates, that both CRC proposal and common methodology for redispatching and countertrading cost sharing should be implemented at the same time. Accordingly, the Article 4 of CRC proposal should be corrected.

The Baltic CCR NRAs are looking forward to receiving an amendment to CRC proposal within two months timeframe in accordance with Article 9(12) of the CACM regulation.

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