

# **Position Paper 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**

**14 January 2019**

### **1. Introduction and legal context**

- 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 (CACM regulation), Baltic capacity calculation region (CCR) Transmission System Operators (TSOs) (i.e. AS “Augstsprieguma tīkls”, Elering AS, Litgrid AB, PSE S.A. Svenska Kraftnät and Fingrid Oy) are required jointly to develop a proposal for the methodology for coordinated redispatching and countertrading (CRC proposal) and submit it to all Baltic CCR National Regulatory Authorities (NRAs) (i.e. Estonian Competition Authority (ECA), Public Utilities Commission of Latvia (PUC), National Commission for Energy Control and Prices of Lithuania (NCC), Energy Regulatory Office of Poland (ERO), Swedish Energy Markets Inspectorate (EI), Energy Authority of Finland (EV)) 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 of all Baltic CCR NRAs, agreed on 14 January 2019, 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 coordinated redispatching and countertrading methodology (TF) according to Memorandum of Understanding (MoU) among ECA, PUC, NCC, ERO, EI and EV concerning the Baltic CCR Regional Decisions as of 16 October, 2017. The TF comprises of representatives of all Baltic CCR.NRAs:
- 1.3. This agreement of all Baltic CCR NRAs shall provide evidence that a decision on the CRC proposal does not need to be adopted by the Agency for the Cooperation of Energy Regulators

(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 adopt an approval decision on 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 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 primary CRC proposal and summary document of public consultation are publicly available on the ENTSO-E website<sup>1</sup>.
- 2.3. Article 9(10) of CACM regulation requires all regulatory authorities to consult and closely cooperate and coordinate with each other in order to reach an agreement, and make decisions within six months following the receipt of the submitted proposal by the last regulatory authority.
- 2.4. Due to some unresolved issues and clarification needs in the submitted CRC Proposal, all Baltic CCR NRAs agreed on 10 September 2018 to request for amendment to CRC Proposal (Request for Amendment). Subsequently, each NRA sent the Request for Amendment to their respective TSO by 20 September 2018.
- 2.5. All TSOs should have submitted the amended proposal within two months following the receipt of the request for amendment from all regulatory authorities as set out in Article 9(12) of CACM regulation. All Baltic CCR NRAs should then decide on the amended proposal within two months following its receipt.
- 2.6. The amended CRC proposal, dated 2 November, 2018, was received by the last regulatory authority on 19 November 2018.

## **3. Baltic CCR NRAs agreed position on amended CRC Proposal**

- 3.1. According to Art 35(2) of CACM regulation, the methodology for coordinated redispatching and countertrading will enable all TSOs in each capacity calculation region 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 TSO's 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 harmonized rules for countertrading and redispatching.

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

- 3.2. 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
- 3.3. All regulatory authorities acknowledge the efforts made by all TSOs to incorporate in their amended CRC Proposal most of the remarks and clarifications requested by Baltic CCR NRAs in their Request for Amendment.
- 3.4. The amended CRC Proposal appropriately reflects the following main Request for Amendment points:
- 3.4.1. The amended CRC Proposal has been updated by clarifying roles and responsibilities of Regional Security Coordinator, also timelines of the coordination process.
- 3.4.2. Also, methods of choosing remedial actions had been elaborated in the amended CRC Proposal that the least costly countertrading and redispatching activities shall be activated first and that it will not create other congestions. Also, the condition that during real time operations, TSO activating countertrading is using merit order list of available reserves to choose the least costly reserve is specified in amended CRC Proposal. Additionally to that, respective timeframes of activating and coordinating the remedial actions has been added to the amended CRC Proposal.
- 3.4.3. New article has been included in amended CRC Proposal to identify the reasons in which TSOs decline implementation of remedial actions proposed by Regional Security Coordinator.
- 3.4.4. The implementation time of the amended CRC Proposal has been corrected indicating that it will be implemented in 6 months after Baltic CCR NRAs approval or decision taken by ACER.
- 3.4.5. The amended CRC Proposal is clearer and more elaborate, with improved quality of the content, structure, wording and consistency throughout the document.

#### **4. Conclusions**

- 4.1. Based on the above presented reasons, Baltic CCR NRAs agreed to approve the amended CRC Proposal.
- 4.2. The agreement of the TF of all Baltic CCR NRAs on the all Baltic CCR TSOs amended CRC proposal is intended to constitute the basis on which each NRA should subsequently make legally binding national level decision regarding approval of the amended CRC proposal pursuant to Article 9(7)(c) of CACM regulation.
- 4.3. Each of the national decision should reflect Baltic CCR NRAs agreement reached between TF members and be made within the deadline specified for approval, in this case, until 19 January 2019.
- 4.4. According to the MoU, the Baltic CCR NRAs agreement should be communicated by the TF chair to ACER. Each NRA has the obligation to inform the relevant TSO about the final results.
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