

**POSITION PAPER BY ALL BALTIC CAPACITY  
CALCULATION REGION NATIONAL REGULATORY  
AUTHORITIES**

**on**

**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**

**23 June 2025**

# 1. INTRODUCTION AND LEGAL CONTEXT

This document elaborates an agreement of all Baltic Capacity Calculation Region (hereinafter ‘CCR’) National Regulatory Authorities (hereinafter: “Baltic NRAs”), agreed on 23 June 2025, on all Baltic CCR Transmission System Operators’ (hereinafter: “Baltic TSOs”) proposal on 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: “FCA Regulation”).

All Baltic TSOs submitted Common Capacity Calculation Methodology for Long-term Time Frames (hereinafter also ‘Methodology’), in accordance with Article 10(1) of the FCA Regulation and the last concerned NRA received the proposal on 21 May 2024.

Article 4(9) of the FCA Regulation requires Baltic NRAs to consult and closely cooperate and coordinate with each other in order to reach an agreement and take a decision within six months following receipt of submission of the proposal to the last Baltic NRA..

This agreement of the Baltic NRAs shall provide evidence that Common Capacity Calculation Methodology for Long-term Time Frames, does not, at this stage, need to be adopted by the Agency for the Cooperation of Energy Regulators (hereinafter ACER/ the Agency) pursuant to Article 4(10) of the FCA Regulation. It is intended to constitute the basis on which the Baltic NRAs will each subsequently issue a national decision to approve the Common Capacity Calculation Methodology for Long-term Time Frames, pursuant to Article 4(9) of the FCA Regulation.

The legal provisions that lie at the basis of the Common Capacity Calculation Methodology for Long-term Time Frames, and this Baltic NRAs’ agreement on the methodology can be found in Articles 3,4 and 10 of the FCA Regulation, and in Article 5 of the 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 (hereinafter: ‘ACER Regulation’). These articles are set out below for reference.

## 1.1 FCA Regulation

### **Article 3**

#### **Objectives of forward capacity allocation**

*This Regulation aims at:*

- (a) promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants;*
- (b) optimising the calculation and allocation of long-term cross-zonal capacity;*
- (c) providing non-discriminatory access to long-term cross-zonal capacity;*
- (d) ensuring fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants;*
- (e) respecting the need for a fair and orderly forward capacity allocation and orderly price formation;*
- (f) ensuring and enhancing the transparency and reliability of information on forward capacity allocation;*
- (g) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.*

### **Article 4**

#### **Adoption of terms and conditions or methodologies (...)**

1. TSOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the Agency or the competent regulatory authorities within the respective deadlines set out in this Regulation. In exceptional circumstances, notably in cases where a deadline cannot be met due to circumstances external to the sphere of TSOs, the deadlines for terms and conditions or methodologies may be prolonged by the Agency in procedures pursuant to paragraph 6, and jointly by all competent regulatory authorities in procedures pursuant to paragraph 7. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO, the participating TSOs shall closely cooperate. TSOs, with the assistance of the ENTSO for Electricity, shall regularly inform the competent regulatory authorities and the Agency about the progress of the development of those terms and conditions or methodologies.

2. (...)

3. (...)

4. (...)

5. Each regulatory authority or where applicable the Agency, as the case may be, shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6 and 7. Before approving the terms and conditions or methodologies, the Agency or the competent regulatory authorities shall revise the proposals where necessary, after consulting the respective TSOs, in order to ensure that they are in line with the purpose of this Regulation and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market.

6. (...)

7. The proposals for the following terms and conditions or methodologies and any amendments thereof shall be subject to approval by all regulatory authorities of the concerned region:

a) the capacity calculation methodology pursuant to Article 10;

(b) (...)

(c) (...)

(d) (...)

(e) (...)

8. (...)

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9. Where the approval of the terms and conditions or methodologies in accordance with paragraph 7 or the amendment in accordance with paragraph 11 requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order to reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities or, where competent, the Agency shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6 and 7, within 6 months following the receipt of the terms and conditions or methodologies by the Agency or, where applicable, by the last regulatory authority concerned. The period shall begin on the day following that on which the proposal was submitted to the Agency in accordance with paragraph 6 or to the last regulatory authority concerned in accordance with paragraph 7.

10.(...)

11.(...)

12. The Agency or the regulatory authorities jointly, where they are responsible for the adoption of terms and conditions or methodologies in accordance with paragraphs 6 and 7, may respectively request proposals for amendments of those terms and conditions or methodologies and determine a deadline for the submission of those proposals. TSOs responsible for developing a proposal for terms and conditions or methodologies may propose amendments to regulatory authorities and the Agency.

The proposals for amendment to the terms and conditions or methodologies shall be submitted to consultation in accordance with the procedure set out in Article 6 and approved in accordance with the procedure set out in this Article.

13.(...) TSOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the Agency or the competent regulatory

authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 7.

## **Article 10**

### **Capacity calculation methodology**

1. No later than six months after the approval of the common coordinated capacity calculation methodology referred to in Article 9(7) of Regulation (EU) 2015/1222, all TSOs in each capacity calculation region shall submit a proposal for a common capacity calculation methodology for long-term time frames within the respective region. The proposal shall be subject to consultation in accordance with Article 6.
2. The approach used in the common capacity calculation methodology shall be either a coordinated net transmission capacity approach or a flow-based approach.
3. The capacity calculation methodology shall be compatible with the capacity calculation methodology established for the day-ahead and intraday time frames pursuant to Article 21(1) of Regulation (EU) 2015/1222.
4. The uncertainty associated with long-term capacity calculation time frames shall be taken into account when applying:
  - a). a security analysis based on multiple scenarios and using the capacity calculation inputs, the capacity calculation approach referred to in Article 21(1)(b) and the validation of cross-zonal capacity referred to in Article 21(1)(c) of Regulation (EU) 2015/1222; or
  - b). a statistical approach based on historical cross-zonal capacity for day-ahead or intraday time frames if it can be demonstrated that this approach may:
    - (i) increase the efficiency of the capacity calculation methodology;
    - (ii) better take into account the uncertainties in long-term cross-zonal capacity calculation than the security analysis in accordance with paragraph 4(a);
    - (iii) increase economic efficiency with the same level of system security.
5. All TSOs in each capacity calculation region may jointly apply the flow-based approach for long-term capacity calculation time frames on the following conditions:
  - (a) the flow-based approach leads to an increase of economic efficiency in the capacity calculation region with the same level of system security;
  - (b) the transparency and accuracy of the flow-based results have been confirmed in the capacity calculation region;
  - (c) the TSOs provide market participants with six months to adapt their processes.
6. Where a security analysis based on multiple scenarios is applied for developing the capacity calculation methodology in a capacity calculation region, the requirements for the capacity calculation inputs, the capacity calculation approach and the validation of cross-zonal capacity as provided for in Article 21(1) of Regulation (EU) 2015/1222, except Article 21(1)(a)(iv) where relevant, shall apply.
7. When developing the capacity calculation methodology, the requirements for the fallback procedures and the requirement provided for in Article 21(3) of Regulation (EU) 2015/1222 shall be taken into account.

## **1.2 ACER Regulation**

### **Article 5**

#### **Tasks of ACER as regards the development and implementation of network codes and guidelines**

(...)

3. Where one of the following legal acts provides for the development of proposals for terms and conditions or methodologies for the implementation of network codes and guidelines which require the approval of all the

*regulatory authorities of the region concerned, those regulatory authorities shall agree unanimously on the common terms and conditions or methodologies to be approved by each of those regulatory authorities:*

*(a) a legislative act of the Union adopted under the ordinary legislative procedure;*

*(b) network codes and guidelines that were adopted before 4 July 2019 and subsequent revisions of those network codes and guidelines; or*

*(c) network codes and guidelines adopted as implementing acts pursuant to Article 5 of Regulation (EU) No 182/2011.*

*(...)*

*6. Before approving the terms and conditions or methodologies referred to in paragraphs 2 and 3, the regulatory authorities, or, where competent, ACER, shall revise them where necessary, after consulting the ENTSO for Electricity, the ENTSO for Gas or the EU DSO entity, in order to ensure that they are in line with the purpose of the network code or guideline and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market. ACER shall take a decision on the approval within the period specified in the relevant network codes and guidelines. That period shall begin on the day following that on which the proposal was referred to ACER.*

## **2. The Baltic TSOs' proposal**

Previous Methodology proposal was rejected by ACER Decision No 27/2020<sup>1</sup> where ACER request the Baltic TSOs to resubmit a new one at the latest 24 months after its decision. The main reason for this rejection was that ACER was not able to revise the Baltic TSOs' proposal to make it compliant with the FCA Regulation given the number and complexity of issues related to the upcoming synchronization of the Baltic synchronous area with the Continental synchronous area.

Before the final submission of the documents for Baltic NRAs approval, Baltic TSOs consulted the Common Capacity Calculation Methodology for Long-term Time Frames from 5 March 2024 to 5 April 2024<sup>2</sup>, fulfilling the obligation set out in Article 13(1) of the FCA Regulation that the consultation shall last for a period of no less than one month

The proposal by the Baltic TSOs for a Common Capacity Calculation Methodology for Long-term Time Frames together with explanatory document were received by the last Baltic NRA on 21 May 2024. The Baltic NRAs unanimously agreed to issue a request for amendment (RfA). On 22 January 2025 the last Baltic NRA received the amended Methodology from their respective TSO(s). Accordingly, the two-month deadline for approval was 23 March 2025.

As the Baltic NRAs were of the position that some important issues remained unresolved in the amended Methodology, they therefore unanimously agreed to jointly request the Agency to grant a 3-month extension according to Article 6(10) of ACER Regulation.

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<sup>1</sup> [https://www.acer.europa.eu/sites/default/files/documents/Individual%20Decisions/ACER%20Decision%2027-2020%20on%20Baltic%20LT%20CCM\\_0.pdf](https://www.acer.europa.eu/sites/default/files/documents/Individual%20Decisions/ACER%20Decision%2027-2020%20on%20Baltic%20LT%20CCM_0.pdf)

<sup>2</sup> <https://consultations.entsoe.eu/markets/baltic-ltcc-methodology/>

The Agency issued decision extending the period by 3 months. Therefore, the Baltic NRAs should reach an agreement on the Common Capacity Calculation Methodology for Long-term Time Frames, before 24 June 2025.

### **3. The Baltic NRAs' position**

The Baltic NRAs have analysed the Common Capacity Calculation Methodology for Long-term Time Frames and concluded that some elements of the methodology require further changes and development or were not sufficiently clear. The main proposed changes to the Common Capacity Calculation Methodology for Long-term Time Frames are listed below:

- The provisions for using the allocation constraints in Article 5 of the Methodology have been changed, and the use of allocation constraints has been made dependent on the need for their use within the Capacity Calculation Methodology established for the day-ahead and intraday time frames pursuant to Article 21(1) of Regulation (EU) 2015/1222. In addition, if the Baltic TSOs want to continue to use the allocation constraint after two years, they have to submit a proposal for amendment and fulfil the provisions tied to it.
- The Baltic NRAs included provisions in Article 5(8) of this Methodology pursuant to Article 27(4) of Regulation (EU) 2015/122 and Article 3(f) of the FCA Regulation.
- The Baltic NRAs have incorporated costly remedial actions in Article 7 of the Methodology to align it with Article 25(6) of the CACM Regulation. This article stipulates that each TSO must ensure that the remedial actions considered in capacity calculation are consistent across all capacity calculation timeframes and the Common Capacity Calculation Methodology for day-ahead and intraday timeframes foresees the use of both costly and not costly remedial actions.
- The Baltic TSOs agreed to add in explanatory document justifications why in Articles 13.1 and 13.2 of the Methodology Baltic TSOs will publish results to market participants and transparency platform in different dates depending on the borders and why in Article 14.2. of the Methodology the yearly Common Grid Model (CGM) is used for capacity calculation for the month-ahead timeframe. Due to this, there was no need to adapt the Methodology.
- The Baltic NRAs have deleted a provision in Article 17.1 of the Methodology that outlined next steps in case the Baltic TSOs failed to fulfil the obligation specified in Article 16(8) of Regulation 2019/943. This deletion was made as it was considered to be not in line with the content of the Article 16(8) Regulation 2019/943.
- The Baltic NRAs amended Article 24.3 in order to make it aligned with the CACM Regulation. In addition, the Baltic NRAs included a point which states that the Baltic TSOs shall within 24 months after the implementation of the Common Capacity Calculation Methodology for Long-term Time Frames perform an evaluation of the Methodology and submit it to the Baltic NRAs.
- The Baltic NRAs updated the Annex 1 ("Justification of the Methodology for Calculation of Allocation Constraints (Article 5) and Its Application") to address reserve procurement in the context of Poland's balancing-market reform.
- The Baltic NRAs also agreed on some minor wording and clarification edits.

The Baltic NRAs decided to introduce those changes themselves in accordance with Article 5(6) of ACER Regulation and Article 4(5) of the FCA regulation. The way forward was discussed during several dedicated meetings among the Baltic NRAs including one with the Baltic TSOs on 12 June 2025. The draft version of the revised Common Capacity Calculation Methodology for Long-term Time frames, was consulted with the Baltic TSOs' representatives starting on 17 June 2025. The Baltic TSOs confirmed the draft consolidated version and the improvements made by the Baltic NRAs on 20 June 2025.

The Baltic TSOs confirmed the draft consolidated version and the improvements made by the Baltic NRAs on 20 June 2025 however they indicated that they do not agree with the addition to Article 7.1 of the Methodology costly remedial actions and additional provisions on allocation constraints stated in Article 5.6 of the Methodology. The Baltic TSOs also informed that no additional comments will be provided to NRAs, therefore consultation could be considered as finished. The Baltic NRAs decided not to take into the account the comments of the Baltic TSOs at this stage and stated that they are open to discussion on the above issues in the future.

## **4. Conclusions**

The Baltic NRAs have consulted, closely cooperated and coordinated to jointly agree that they shall revise the proposal of the Baltic Common Capacity Calculation Methodology for Long-term Time Frames with the modifications as presented in the document attached to this position paper before approving it. The legal basis for the direct amendments by Baltic NRAs lies in Article 5(6) of the ACER Regulation and in Article 4(5) of the FCA Regulation.

Baltic NRAs will issue their national decisions to approve the revised the Baltic Common Capacity Calculation Methodology for Long-term Time Frames, on the basis of this agreement.

## **5. Annex**

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 (clean and with track changes).