

Request for amendment by the Baltic States National Regulatory
Authorities of Estonia, Finland and Latvia

on

Finnish, Estonian and Latvian TSOs of Baltic CCR TSOs' Common
Methodology for Splitting Long-Term Cross-Zonal Capacity in
Accordance with Article 16 of Commission Regulation (EU)
2016/1719 of 26 September 2016 Establishing a Guideline on
Forward Capacity Allocation

19 June 2025

1. INTRODUCTION AND LEGAL CONTEXT

Pursuant to Articles 4(1), 4(7)(b), and 16(1) of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (hereinafter - Regulation 2016/1719), the transmission system operators of the Baltic capacity calculation region (CCR) are required to jointly develop a proposal for a methodology for splitting long-term cross-zonal capacity in a coordinated manner between different long-term time frames within the respective region. The long-term transmission rights in the Baltic CCR are introduced on the Finnish-Estonian and Estonian-Latvian bidding zone borders.

This document elaborates an agreement, between National Regulatory Authorities of Estonia, Finland and Latvia¹ (hereinafter – the NRAs), to request an amendment from the Finnish, Estonian and Latvian transmission system operators (hereinafter – the TSOs)² to the Baltic CCR Common Methodology for Splitting Long-Term Cross-Zonal Capacity in Accordance with Article 16 of Regulation 2016/1719 (hereinafter – LTCS Proposal).

According to Article 4(9) of the Regulation 2016/1719, the NRAs receiving the LTCS Proposal must reach a consensus and issue decisions on LTCS Proposal, within six months of its receipt by the last NRA. If pursuant to Article 4(11) of the Regulation 2016/1719, the NRAs request an amendment of the LTCS Proposal, the relevant TSOs shall submit an amended proposal for approval within two months following the NRAs' request. Subsequently, the NRAs shall reach an agreement and take decisions on the LTCS proposal, within two months of its receipt by the last NRA.

The LTCS Proposal was received by the last NRA on 18 February 2025. Article 4(9) of the Regulation 2016/1719 requires relevant regulatory authorities to consult and closely cooperate and coordinate with each other to reach an agreement and make decisions within six months following receipt of the last regulatory authority concerned, i.e., by 19 August 2025.

This agreement confirms that the NRAs do not consider it necessary at this stage for the Agency for the Cooperation of Energy Regulators (ACER) to adopt a decision under Article 4(10) of the Regulation 2016/1719. However, at the same time, the LTCS Proposal is not approvable by the NRAs. Therefore, this agreement serves as the basis for the NRAs' formal request for amendments to the LTCS Proposal pursuant to Article 4(11) of the Regulation 2016/1719.

The legal provisions that lie at the basis of the LTCS Proposal and this NRAs' agreement on the request for amendment can be found in Articles 3, 4 and 16 of Regulation 2016/1719.

2. THE PROPOSAL AND PROCESS

The NRAs have conducted a thorough and coordinated assessment of the LTCS

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² AS "Augstsprieguma tīkls", Elering AS, Fingrid Oyj

Proposal. Based on this evaluation, the NRAs have jointly concluded that the LTCS Proposal cannot be approved due to the issues outlined in this document.

Accordingly, the NRAs formally request the TSOs to amend the LTCS Proposal pursuant to Article 4(11) of Regulation 2016/1719, considering the comments detailed below.

3. NRAs' COMMENTS ON THE LTCS PROPOSAL

General comment

The LTCS Proposal contains formulas, measures, and approximations that are not always clearly explained or sufficiently justified. The NRAs request the TSOs to provide the necessary clarifications within the proposal and to include a more detailed explanation in a response letter addressing the amended LTCS Proposal.

Comments on specific Articles of the LTCS Proposal

1. Whereas (4)

The NRAs request the removal of the final sentence in Whereas (4). The LTCS Proposal should demonstrate that it meets hedging needs, as the volume allocated for Financial Transmission Rights (FTRs) is based on separate analysis and derives e.g. from long-term cross-zonal capacity, breakeven volume, or Net Transfer Capacity (by way of example of the Finnish-Estonian bidding zone border). Simply stating that hedging needs are met due to the availability of FTRs for yearly and monthly timeframes is insufficient, since the fulfilment of this criterion is mandatory in any case according to Article 31(2). High risk premiums on FTRs, which may indicate undervaluation, could justify adjustments to FTR volume limits.

2. Whereas (5)

The NRAs request a correction to reflect that the Long-Term Capacity Calculation Methodology (LTCCM) must be developed in accordance with Article 10 and approved pursuant to Article 4(7)(a) of Regulation 2016/1719.

3. Article 4(2)

The Article 4(2) should be revised to clearly state that the long-term capacity splitting function is primary under TSO-TSO coordination. Delegation of the long-term splitting function to the coordinated capacity calculator (Baltic Regional Coordination Centre, BRCC) should only occur if the TSOs determine that the BRCC can effectively perform this function.

In the views of NRAs “the coordinated capacity calculator” should be Baltic Regional Coordination Centre (BRCC). Otherwise, it should be explained.

4. Article 4 (3)

NRAs request for a more detailed explanation of the rationale behind the calculation of the LTTR volumes and their allocation across different timeframes. That relates to both cross-border allocation, Estonia – Latvia and Finland – Estonia, points b and c of Article 4(3).

The NRAs also suggest reconsidering the use of the 50% threshold and instead referring to the methodology for market-based allocation of cross-zonal capacity for

balancing capacity exchange in accordance with Article 41(1) of Regulation 2017/2195.

The NRAs also suggest improving the wording of the following sentence to enhance clarity: “[...] and used share and higher has been applied at least 1% of the market time units. [...]”

5. Article 7

This article should be removed. NRAs have the authority and obligation to monitor the implementation of the LTCS and to request and receive all necessary information. Confidentiality requirements should not be included in the LTCS Proposal.

6. Article 8

Market information must be published on the Single Allocation Platform in accordance with Article 47 of Regulation 2016/1719. Therefore, Article 47 should be referenced, and, as national legislation is not relevant to the LTCS Proposal, it should be removed from this Article.

7. Article 10

This article should be revised to specify that the LTCS Proposal will be implemented starting from the first FTR auction following its approval by the Estonian, Finnish, and Latvian NRAs, and the approval of the LT CCM by the Baltic CCR NRAs, or upon a decision by ACER pursuant to Articles 4(10) and 4(11) of Regulation 2016/1719.

4. CONCLUSIONS

The NRAs have jointly assessed, consulted, and coordinated their positions and have concluded that the LTCS Proposal cannot be approved in its current form.

Pursuant to Article 4(11) of Regulation 2016/1719, the NRAs hereby request the TSOs to submit an amended LTCS Proposal that addresses the comments outlined above. The revised proposal must be submitted within two months of this request.

Additionally, the NRAs request the TSOs to provide the amended LTCS Proposal in two formats:

- A version with track changes highlighting the amendments, and
- A clean version without track changes.