

**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  
fallback procedures in accordance with Article 44 of  
the Commission Regulation (EU) 2015/1222 of 24 July  
2015 establishing a guideline on capacity allocation  
and congestion management**

## 1. Introduction and legal base

This document elaborates an agreement of All Baltic Capacity Calculation region (CCR) National Regulatory Authorities (NRAs), agreed on 21 November 2017, on the All Baltic CCR Transmission System Operators (TSOs) proposal for the fallback procedures submitted in accordance with Article 44 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (CACM).

This agreement of All Baltic CCR NRAs shall provide evidence that a decision on the fallback procedures does not, at this stage, need to be adopted by ACER pursuant to Article 9(11) of the CACM. This agreement is intended to constitute the basis on which All Baltic CCR NRAs will each subsequently request an amendment to responsible Baltic CCR TSOs for the fallback procedures proposal pursuant Article 9(12).

The legal provisions relevant to the submission and approval of the fallback procedures proposal and this All Baltic CCR NRAs agreement on the fallback procedures proposal, can be found in Articles 3, 9 and 44 of the CACM.

Article 3 of CACM:

This Regulation aims at:

- (a) Promoting effective competition in the generation, trading and supply of electricity;
- (b) Ensuring optimal use of the transmission infrastructure;
- (c) Ensuring operational security;
- (d) Optimising the calculation and allocation of cross-zonal capacity;
- (e) Ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants;
- (f) Ensuring and enhancing the transparency and reliability of information;
- (g) Contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union;
- (h) Respecting the need for a fair and orderly market and fair and orderly price formation;
- (i) Creating a level playing field for NEMOs;
- (j) Providing non-discriminatory access to cross-zonal capacity.

Article 9 of CACM:

1. TSOs and NEMOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO or NEMO, the participating TSOs and NEMOs shall closely cooperate. TSOs, with the

assistance of ENTSO for Electricity, and all NEMOs shall regularly inform the competent regulatory authorities and the Agency about the progress of developing these terms and conditions or methodologies.

5. Each regulatory authority shall approve the terms and conditions or methodologies used to calculate or set out the single day-ahead and intraday coupling developed by TSOs and NEMOs. They shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6, 7 and 8.

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

(e) the fallback procedures in accordance with Article 44.

9. The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.

10. Where the approval of the terms and conditions or methodologies 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 reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.

12. In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6, 7 and 8, the relevant TSOs or NEMOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs (6) and (7) within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 719/2009. If the relevant TSOs or NEMOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 of this Article shall apply.

Article 44 of CACM:

By 16 months after the entry into force of this Regulation, each TSO, in coordination with all the other TSOs in the capacity calculation region, shall develop a proposal for robust and timely fallback procedures to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the single day-ahead coupling process is unable to produce results.

The proposal for the establishment of fallback procedures shall be subject to consultation in accordance with Article 12.

## **2. The fallback procedures proposal**

The fallback procedures was consulted by All Baltic CCR TSOs through ENTSO-E for one month from 5 April 2017 to 5 May 2017 in line with Article 12 of CACM.

The final All Baltic CCR TSOs proposal, dated 16 May 2017, was received by the last Baltic CCR NRA on 25 May 2017, together with a document of public consultation responses and TSOs reactions and minutes of Baltic Capacity Calculation Region Steering Committee. The fallback procedures proposal and document of public consultation are publically available on the ENTSO-E web site. The proposal includes a proposed fallback procedure to ensure efficient, transparent and non-discriminatory capacity allocation on the objectives of CACM, in line with Article 44 of CACM.

The fallback procedures proposal includes procedures in the event that the single day-ahead coupling process is unable to produce results in accordance with Article 44 of CACM.

## **3. All Baltic CCR NRAs position**

According to CACM, the scope of the fallback procedures is to develop a proposal for robust and timely fallback procedures to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the single day-ahead coupling process is unable to produce results

All Baltic CCR NRAs cannot approve the fallback procedures proposal because of subjects detailed below. **All Baltic CCR NRAs, therefore, request All Baltic CCR TSOs to amend the fallback procedures proposal pursuant Article 9(12) of CACM.**

### **3.1 All Baltic CCR NRAs comments**

In general level CCR Baltic NRAs feel that the proposal lacks adequate level of details needed to get clear picture about the proposed fallback procedures in the region including responsibilities of different parties and actions needed to ensure functioning fallback process. The proposal seems to lack proper definition of the fallback situation/s and links to fulfilment of Article 3 CACM requirements. There are no justifications presented for the chosen solution and. The proposal seems also to be missing impact assessment which is requirement of Article 9(9) CACM.

The Baltic CCR NRAs ask the Baltic CCR TSOs to better clarify or adjust the following issues in the proposed fallback proposal.

#### 1. Fallback procedures proposal Article 3(2)

Article 3(2) in the proposal states *“In the event of full decoupling or a partial decoupling before the 20:00 (CET), the relevant NEMO (or NEMOs) shall use the single day-ahead coupling system in a regional setup to calculate net positions and prices for each bidding zone of Baltic countries with the goal to keep Nordic and Baltic bidding zones coupled, unless it being impossible at the time.”*

The Baltic CCR NRAs find the wording *“relevant NEMO (NEMOs)”* a bit unclear and request the Baltic CCR TSOs to be more precise, for example NEMO/NEMOs that are offering trading services in the Baltic CCRs bidding zones.

The Baltic CCR NRAs request the Baltic CCR TSO to be precise on how the regional setup will look like in case there are more than one NEMO designated or offering trades’ services in the bidding zones of the Baltic CCR.

The Baltic CCR NRAs have no objections to keeping the Nordic and Baltic bidding zones coupled. We believe that this would be of great value for the market. However, if the Baltic and Nordic bidding zones are to be kept coupled it must also be a requirement in the fallback procedures for the Nordic, which is not the case today. If the Nordic and the Baltic bidding zones are to be kept coupled it must be very clear in the proposal how this should be arranged. The Baltic CCR NRAs therefore request the Baltic CCR TSOs to discuss this topic with the Nordic CCR TSOs to see whether this is feasible and how these could be done, and amend the proposal accordingly if or when needed.

If the Baltic and the Nordic bidding zones are not going to stay coupled the Baltic CCR NRAs request the Baltic CCR TSOs be precise on how they intend handle interconnectors to and from the Baltic CCR bidding zones.

Article 3(2) states that *“in the event of full decoupling or a partial decoupling before 20:00 (CET), the relevant NEMO (NEMOs) shall use the single day-ahead coupling system in a regional setup to calculate net positions and prices...”* The Baltic CCR NRAs find it unclear until when the calculation must be done and agree that it should be stated as *“until”* 20:00 (CET).

#### 2. Fallback procedures proposal Article 3(3)

Article 3 (3) in the proposal states *“The calculation mentioned in Article 3(2) shall include the network data and order data of Baltic and Nordic CCRs that was part of the single day-ahead coupling for the given day, unless it being impossible at the time. The calculation shall also be coordinated with the fallback procedures of Nordic CCR and Hansa CCR.”*

The Baltic CCR NRAs find the wording in Article 3(3) unclear and request the Baltic CCR TSOs to be precise on how process of sharing network data and order books shall be arranged if (a)

the bidding zones in the Baltic CCR and the Nordic CCR are to be coupled and (b) in case the bidding zones in the Baltic CCRs and Nordic CCR cannot be coupled.

The Baltic CCR NRAs find the wording “...unless it being impossible at the time” unclear and request the Baltic CCR TSOs to be precise on who takes a decision on when it is being impossible and at what time.

The Baltic CCR NRAs request the Baltic CCR TSOs to be more precise on how the coordination with the Nordic CCR and Hansa CCR shall be arranged.

### 3. Fallback procedures proposal Article 3(4)

Article 3(4) states *“In the event that the single day-ahead coupling process is unable to produce results, meaning the NEMO (or NEMOs) is not able to determine the day-ahead implicit allocation results as prices and scheduled exchanges before 20:00 (CET) on the day prior to the delivery day on one or on all bidding zone borders, the allocation results from the Previous Day will be deemed valid hour by hour in respect of both prices and scheduled exchanges for the delivery-day in question.”*

The Baltic CCR NRAs find it unclear whether it is possible that one bidding zone border can get one price based on “actual” values when another bidding zone border get a price based on previous day’s result.

The Baltic CCR NRAs notice that the proposal does not contain any description on how imbalances, resulting from using Reference day’s result, should be treated, i. a. who shall be responsible for keeping the scheduled exchanges. The Baltic CCR NRAs request the Baltic CCR TSOs to clarify in the proposal how imbalances should be treated.

### 4. Fallback procedures proposal Article 3(5)

Article 3 (5) states *“The Previous Day means the previous working day if the single day-ahead coupling process failure has effect on a working day, and the previous weekend day or public holiday, as appropriate, if the auction failure has effect on a Saturday, Sunday or public holiday. Working day means days from Monday to Friday, not including legal public holidays which are identified through coordination process with neighbouring CCRs (Nordic and Hansa).”*

The Baltic CCR NRAs request the Baltic CCR TSOs to clarify how the coordinated process with Nordic CCR and Hansa CCR will be arranged.

The Baltic CCR NRAs also require the Baltic CCR TSOs to describe in the proposal how the market participant can find information on which legal public holidays will be applicable for CCR Baltic.

### 5. Other comments

The Baltic CCR NRAs would also like to bring forward following comments.

The Baltic CCR NRAs request the Baltic CCR TSOs to add a text that oblige concerned parties to always send, after a partial- or full decoupling has occurred, for information an incident

report to concerned NRAs. The incident report must at least explain what caused the decoupling, what impact the fallback procedures have had on NEMOs, TSOs and market participants and what measures that will be taken to secure that decoupling will not occur in the future.

The Baltic CCR NRAs request the Baltic CCR TSOs to evaluate if it is feasible to describe in the proposal itself when the fallback procedures are triggered (for instance a declaration from the PCR Incident Committee). If it is not feasible, the Baltic CCR NRAs believe it would be reasonable to clarify in the proposal who takes the decision on triggering the fallback procedures.

## **6. Actions**

Based on the above rationale, All Baltic CCR NRAs agree to request an amendment to the fallback procedures proposal. This amendment should contain the following elements:

1. All Baltic CCR TSOs should make more clearer Article 3(2):
  - a. Wording “relevant NEMO (NEMOs)” is bit unclear and request the Baltic CCR TSOs to be more precise;
  - b. Be more precise how the regional setup will look like in case there are more than one NEMO designated or offering trades services;
  - c. How TSOs intend to deal with interconnectors to and from the Baltic bidding zones if the Baltic and Nordic bidding zones are not going to stay coupled;
  - d. Find a common position with Nordic CCRs TSOs on whether it is possible to keep the Nordic and Baltic bidding zones coupled;
  - e. Change “before 20:00 (CET)” to “until 20:00 (CET)”.
2. All Baltic CCR TSOs should clarify Article 3(3):
  - a. How TSOs planning to include the network data and order data of the Baltic CCR and the Nordic CCR;
  - b. Who will decide if network data and order data will be impossible to include;
  - c. How will be coordination process with Nordic CCR and Hansa CCR be arranged.
3. All Baltic CCR TSOs should make more clearer Article 3(4):
  - a. How TSOs will intend to treat imbalances;
  - b. Explain, in a supporting document, to the Baltic CCR NRAs if it is possibility that one bidding zone border can get one price based on “actual” values why another bidding zone border get a price based on previous day’s result.
4. All Baltic CCR TSOs should clarify Article 3(5):
  - a. How the coordination process with Nordic CCR and Hansa CCR will be arranged;
  - b. How the market participant can find information on which legal public holidays will be applicable for CCR Baltic.
5. All Baltic CCR TSOs should add following text to the proposal:
  - a. If partial- or full decoupling has occurred concerned parties shall send an incident report for information to concern NRAs;

- b. Evaluate if it is feasible to describe in the proposal when the fallback procedures are triggered. If not feasible, then clarify in the proposal who takes the decision on triggering the fallback procedures.