

**All Baltic CCR TSOs' Common Proposal
for Regional Design of Long-Term
Transmission Rights in Accordance with
Article 31 of the Commission Regulation
(EU) 2016/1719 of 26 September 2016
establishing a guideline on forward
capacity allocation**

24th August 2017

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All Baltic CCR TSOs, taking into account the following,

Whereas

- (1) This is a common proposal developed by Baltic Capacity Calculation region (hereafter referred to as “Baltic CCR”) Transmission System Operators (hereafter referred to as “TSOs”) regarding Regional Design of Long-Term Transmission Rights (hereafter referred to as “LTTR RD”) in accordance with Article 31 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (hereafter referred to as the “FCA Regulation”). This proposal is hereafter referred to as “LTTR RD Proposal”.
- (2) The LTTR RD Proposal takes into account the general principles, goals and other methodologies set out in the FCA Regulation. The goal of the FCA Regulation is the coordination and harmonisation of forward capacity calculation and allocation in the long-term capacity markets, and it sets requirements for the TSOs to co-operate on a pan-European level; on the level of CCRs, and across bidding zone borders. The FCA Regulation also sets rules for regional design of long-term transmission rights. The LTTR RD shall contain at least the type of long-term transmission rights, forward capacity allocation time frames and form of product used in the CCR. The LTTR RD should also list the bidding zone borders covered in the LTTR RD.
- (3) This LTTR RD Proposal takes into account the Baltic CCR National Regulatory Authorities (hereafter referred to as “NRAs”) decisions on cross-zonal risk hedging opportunities in accordance with Article 30 of FCA Regulation.
- (4) According to Article 4 (8) of the FCA Regulation, the expected impact of the LTTR RD Proposal on the objectives of the FCA Regulation has to be described and is presented below.
- (5) The LTTR RD Proposal generally contributes to the achievement of the objectives of Article 3 of FCA Regulation. In particular, the LTTR RD Proposal serves the objective of promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants as the LTTR RD considers the Baltic CCR market participants needs for different allocation time frames of the long-term products.
- (6) The objective of optimising the allocation of long-term cross-zonal capacity is achieved with this LTTR Proposal, notably because the regional design takes into account the available hedging opportunities in the region.
- (7) LTTR RD Proposal ensures the provision of non-discriminatory access to long-term cross-zonal capacity as it does not set any differentiation between market participants.
- (8) Further, the LTTR RD Proposal takes into account the establishment of the Single Allocation Platform (hereafter referred to as “SAP”) in accordance with Article 49 and the rules set in European Harmonised Allocation Rules and regional/border specific annexes (hereafter referred to as “HAR”) in accordance with Article 51 of the FCA Regulation to provide a regime which respects the need for a fair and orderly forward capacity allocation and orderly price formation as a harmonised set of allocation rules is envisaged with a single capacity allocation algorithm in the allocation.

- (9) Regarding the objective of transparency and reliability of information on forward capacity allocation, the SAP assures a single and centralised source of information related to forward capacity allocation.
- (10) Also the LTTR RD Proposal contributes to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union, as it optimises capacity allocation of long-term capacity by offering financial long-term transmission rights.
- (11) In conclusion, the SAP Proposal contributes to the general objectives of the FCA Regulation to the benefit of all market participants and electricity end consumers.

SUBMIT THE FOLLOWING LTTR RD PROPOSAL TO ALL REGULATORY AUTHORITIES OF THE CONCERNED REGION:

Article 1

Subject matter and scope

The proposal for regional design of long-term transmission rights as determined in this LTTR RD Proposal shall be considered as the common proposal of all Baltic CCR TSOs in accordance with Article 31 of FCA Regulation and shall cover the proposal for regional design of long-term transmission rights for:

- a. all existing and future bidding zone borders and interconnectors included in Baltic CCR to which the FCA Regulation applies; and
- b. interconnectors which are owned by TSOs or by other legal entities and are included in Baltic CCR.

Article 2

Definitions

For the purposes of the LTTR RD Proposal, terms used in this document shall have the meaning of the definitions included in Article 2 of the FCA Regulation, of Regulation (EC) 714/2009, Directive 2009/72/EC and Commission Regulation (EU) 543/2013.

Article 3

Long-Term Transmission Rights Regional Design in Baltic CCR

1. The type of long-term transmission rights offered in Baltic CCR is financial transmission rights — options in accordance of Article 33 of FCA Regulation.
2. The forward capacity allocation timeframes, subject to product availability, are defined as follows:
 - a. yearly timeframe: it starts on the first day and ends on the last day of a calendar year;
 - b. quarterly timeframe: it starts on the first day and ends on the last day of a quarter (three (3) months); and
 - c. monthly timeframe: it starts on the first day and ends on the last day of a calendar month.
3. The form of product is base load.
4. By reference to the Baltic CCR NRAs decisions¹ on cross-zonal risk hedging opportunities in Baltic CCR bidding zone borders in accordance with Article 30 of FCA Regulation, the long-term

¹ The Finnish Energy Authority decision No 2266/400/2016 dated on April 6th , 2017
The Estonian Competition Authority decision No 7.10/2017-007 dated on May 17th , 2017
The Public Utilities Commission of Latvia decisions No. 49 and No. 50 both dated on May 11th , 2017
The Lithuanian National Commission for Energy Control and Price decision dated May 11th, 2017, No. O3E-142
The Swedish Energy Markets Inspectorate decision No 2017-100717 dated May 10th, 2017
The Polish Energy Regulatory Office President decisions No DRR.WRE.7128.13.2017.JPa2 and DRR.WRE.7128.14.2017.JPa2 both dated on May 17th, 2017.

transmission rights shall be offered only on Estonia and Latvia bidding zone border in direction from Estonia to Latvia.

Article 4

Publication and implementation of the LTTR RD Proposal

The TSOs shall publish and implement the LTTR RD Proposal without undue delay after all NRAs have approved the LTTR RD Proposal or a decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 4(10) and 4(11) of the FCA Regulation.

Article 5

Language

The reference language for this proposal for a common proposal for regional design of long-term transmission rights shall be English. For the avoidance of doubt, where TSOs need to translate this proposal for a common proposal for regional design of long-term transmission rights into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 4(13) of the FCA Regulation and any version in another language, the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the proposal for a common proposal for regional design of long-term transmission rights.