

## **Baltic TSOs sign Memorandum of understanding for the Baltic load frequency control block development**

In preparation for connecting Lithuanian, Latvian and Estonian electricity power systems to the synchronously operated area of the Continental Europe, three Baltic transmission system operators – Litgrid AB, AS "Augstsprieguma tīkls" and Elering AS – have signed Memorandum of understanding for Baltic Load Frequency Control (LFC) Block development in order to establish common principles for frequency and balance control of three Baltic power systems.

Taking into consideration that desynchronization of the power systems of the Baltic States from the synchronous area of IPS/UPS and their synchronization with the Continental Europe Synchronous Area (hereinafter referred to as “CESA”) requires Baltic TSO's to develop and start operating the LFC process pursuant to the Synchronous Area Framework Agreement of CESA and other relevant arrangements, Baltic TSO's have agreed to enter into Memorandum of understanding in order to highlight the key concepts, principles and actions to establish a framework for development of an effectively functioning Baltic LFC process, which will also open the Baltic power market for a new type of reserves and make it more attractive for the new market participants. The Memorandum envisages Baltic TSOs aim for the creation of a common reserve market in the Baltics, which will increase market liquidity and competition thus ensuring most efficient procurement of balancing capacities within Baltics.

As a result of Memorandum, Baltic TSO's will commonly develop the LFC Concept document for the key principles stipulated herein to be elaborated in due detail to cover necessary reserves as well as organisational arrangements for the LFC block cooperation which shall be consulted with the stakeholders. The public consultation is set to be conducted the autumn of 2020.

Based on the LFC Concept document the Baltic TSO's commit to draft and conclude all the arrangements and methodologies within the LFC Block Operational Agreement to comply with Article 119 of the Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation. These actions will be concluded before the synchronization of Baltic Power systems with CESA.