

**Response table of public consultation of Baltic Balancing market rules**

Market participant	Question	Question number	Question/remark	Response
Baltic NRAs		6	1. Pay-as-bid principle should be explained in more details, providing information on other products for which the pay-as-bid principle is foreseen. Point 41 prescribes, the pricing of other product energy bids for normal activation locally shall be based on pay-as-bid principle. Also, please include information or more detailed explanation, why other products are needed and whether in case the bid price is higher than the marginal price from the balancing market, the marginal price should not be taken into account (given that the market was unable to provide enough reserves at the marginal price).	The pay-as-bid pricing principle applies to all bids that (a) do not correspond to the Baltic standard product characteristics, and (b) are submitted to and activated for Baltic TSO(s) by neighbouring TSO(s) outside the MARI platform. These bids are commonly distinguished as other products. According to chapter VII, bids based on other products can set the marginal price; however, they shall always be remunerated according to the pay-as-bid pricing principle. This pricing principle is set either by bilateral agreements (BRELL or otherwise other cooperation agreements between neighbouring non-Baltic TSO(s)), national rules, and also for reasons that would ensure the financial neutrality of the TSO(s). At its core, the need for other products is required in order to ensure the operational security of the power system(s), the level of which could not be maintained solely based on standard product bids. In terms of bid activation procedure, bids based on other products act as a last resort, meaning that they can be used only in case the availability of standard product bids (predominantly through MARI, subordinately locally i.e. outside MARI) is insufficient. The TSOs shall provide details on other products prior to Baltics participation on the MARI platform.
Baltic NRAs		4	2. NRAs kindly ask to evaluate possibility to add more detailed information about common principles for the Nominated transmission system operator. For example, the document does not include information on how soon after detecting balancing control error the Nominated transmission system operator must request bids to be activated.	Roles and responsibilities of Baltic TSOs for Baltic balancing as well as balancing energy activation procedure is described in the AGREEMENT ON THE OPERATION AND SETTLEMENT OF BALTIC COORDINATED BALANCING AREA (COBA)
Baltic NRAs		3	3. Please add more detailed explanation for the term "Connecting TSO".	Connecting TSO means the TSO that operates the scheduling area in which balancing service providers resources are located
Baltic NRAs		4	4. Please remove technical mistake "Error! Reference source not found." in point 31 (page 6).	Technical mistake is corrected
Stakeholder	Please state your view on go-live scenario for Baltic TSOs to join MARI platform as further described in explanatory note: 1. Earliest go-live. 2. Go-live date aligned with Nordic TSOs.	1	Scenario number 2 – Go-live date aligned with Nordic TSOs	Feedback from market participants is received and new article "Implementation" is included in the Rules considering the go-live scenario aligned with Nordics.
Stakeholder	Do you have any comments or remarks about the characteristics of the common Baltic mFRR standard product described in chapter III – Baltic energy products including appendix A? Do you have any additional comments or remarks to provide to chapter III?	2	Will BSP have any extra charges in order to take part in balancing market (Regarding MARI platform)? Technical and Economic linking bid limitation could be explained in more detail (how many child bids could have mother bid, how big exclusive group could be and etc.).	Each TSO participating in the European mFRR balancing energy platform shall cover the investment and operational costs based on sharing key as defined in the EBGL. Reimbursement of costs on the national level shall be subject to national legislation requirements. Additional details regarding technical and economical bid linking will be provided as whenever such parameters would be defined in MARI platform.

Stakeholder	Do you have any comments or remarks about the procedures on balancing bid submission described in chapter IV – Balancing energy bid submission and MOL creation? Do you have any additional comments or remarks to provide to chapter IV?	3	On page 4 in Table 1 Divisibility part, it is mentioned, that “Maximum size of indivisible bids shall not be higher than the largest technical minimum.” Company asks for clarification, what technical minimum will be used if unit has several technical minimums. For example, unit can operate from 10 MW to 30 MW and from 70 MW to 120 MW while generation from 30 MW to 70 MW is not possible.	Maximum size of indivisible bids will be based on prequalification results of units of BSP. If the Unit has several technical minimums, then for each technical minimum a separate prequalification should be carried out to make sure that for each technical minimum the requirements are fulfilled. More details shall be described in the mFRR prequalification requirement documentation.
Stakeholder	Do you have any comments or remarks about the procedures on balancing described in chapter V – Balancing bid activation in Baltics?	4	What institution will be responsible for inspection of bids that are provided by BSP and must be sent to AOF by connecting TSO? Or BSP will be responsible for following his own bids? Point 31 has a reference to paragraph error. Please fix it.	Connecting TSO will be responsible for provision of bids to MARI platform within defined bid submission gate closure time for TSOs. BSPs shall provide bids to Connecting TSOs within defined gate closure time for BSPs. Technical mistake is corrected.
Stakeholder	Do you agree with the balancing price calculation methodology described in chapter VII – Balancing price determination? Do you have any additional comments or remarks to provide to chapter VII?	6	Point 41 states that other products will be based on pay-as-bid. We suggest that other product energy bids for normal activation locally should be based on marginal price. BSP providing same service (Normal activation) must receive the same price (marginal). This reflects the true value of energy in the balancing market and sends right signals to market participants. Please provide explicit explanation of points 43.1 and 43.2. Examples would be helpful. Now it can be understood that balancing price in region might be determined by AOF from all MARI participants. In this case we could have extremely high and low prices that are originating from Germany. Is our understanding correct?	The settlement price of other products shall be based on pay-as-bid pricing principle; however, the bids themselves could set the marginal price. In that sense, the market shall receive the correct signal in which the true value of energy is reflected. The BSPs provide their services by submitting bids for balancing that are based on product characteristics. Bids that have different characteristics cannot compete on equal terms, and also shall not be settled on equal principles. At its core, the need for other products is required in order to ensure the operational security of the power system(s), the level of which could not be maintained solely based on standard product bids. In terms of bid activation procedure, bids based on other products act as a last resort, meaning that they can be used only in case the availability of standard product bids (predominantly through MARI, subordinately locally i.e. outside MARI) is insufficient. The Area Balancing Price is calculated as the marginal price of the (a) Local Marginal Price and (b) Cross-Border Marginal Price (determined by the MARI AOF). The Local Marginal Price is calculated as the marginal price of all the bids that were activated for Baltic balancing purposes outside the MARI platform, with no regard to product type. The main purpose of MARI, as well as other common balancing platforms, is to ensure cost-efficient activation of balancing energy bids across Europe via common merit order list. The price is determined by demand and available cross-zonal capacities. In case there are no restrictions to cross-zonal capacities, all areas participating in the platform shall receive the same price.
Ignitis Group	Please state your view on go-live scenario for Baltic TSOs to join MARI platform as further described in explanatory note: 1. Earliest go-live. 2. Go-live date aligned with Nordic TSOs.	1	Scenario number 2 – Go-live date aligned with Nordic TSOs	Feedback from market participants is received and new article "Implementation" is included in the Rules considering the go-live scenario aligned with Nordics.
Ignitis Group	Do you agree with the balancing price calculation methodology described in chapter VII – Balancing price determination? Do you have any additional comments or remarks to provide to chapter VII?	6	Point 41 states that pricing of other products' energy bids will be based on pay-as-bid principle. We suggest that pricing of other products' energy bids for normal activation locally should be based on marginal pricing principle. Marginal pricing would reflect the true value of energy in the balancing market and send right signals to the market participants.	The settlement price of other products shall be based on pay-as-bid pricing principle; however, the bids themselves could set the marginal price. In that sense, the market shall receive the correct signal in which the true value of energy is reflected.

Stakeholder	Please state your view on go-live scenario for Baltic TSOs to join MARI platform as further described in explanatory note: 1. Earliest go-live. 2. Go-live date aligned with Nordic TSOs.	1	Scenario number 2 – Go-live date aligned with Nordic TSOs	Feedback from market participants is received and new article "Implementation" is included in the Rules considering the go-live scenario aligned with Nordics.
Stakeholder	Do you have any comments or remarks about the characteristics of the common Baltic mFRR standard product described in chapter III – Baltic energy products including appendix A? Do you have any additional comments or remarks to provide to chapter III?	2	Will BSP have any extra charges in order to take part in balancing market (Regarding MARI platform)?	Each TSO participating in the European mFRR balancing energy platform shall cover the investment and operational costs based on sharing key as defined in the EBGL. Reimbursement of costs on the national level shall be subject to national legislation requirements.
Stakeholder	Do you have any comments or remarks about the procedures on balancing bid submission described in chapter IV – Balancing energy bid submission and MOL creation? Do you have any additional comments or remarks to provide to chapter IV?	3	Would there be any exemption for aggregators? For instance to provide less than 1MW of mFRR or have different minimum granularity (For instance 1.5MW)?	Minimum bid size and granularity for mFRR balancing energy bids 1MW is defined in Implementation Framework for mFRR platforms. No exemptions for any type of balancing service providers are considered. Aggregation of smaller volumes shall be performed by BSPs to provide standard mFRR balancing energy product.
Stakeholder	Do you have any comments or remarks about the procedures on balancing described in chapter V – Balancing bid activation in Baltics?	4	What institution will be responsible for inspection of bids that are provided by BSP and must be sent to AOF by connecting TSO? Or BSP will be responsible for following his own bids? Point 31 has a reference to paragraph error. Please fix it.	Connecting TSO will be responsible for provision of bids to MARI platform within defined bid submission gate closure time for TSOs. BSPs shall provide bids to Connecting TSOs within defined gate closure time for BSPs. Technical reference mistake is corrected.
Stakeholder	Do you agree with the balancing price calculation methodology described in chapter VII – Balancing price determination? Do you have any additional comments or remarks to provide to chapter VII?	6	Point 41 states that other products will be based on pay-as-bid. We suggest that other product energy bids for normal activation locally should be based on marginal price. BSP providing same service (Normal activation) must receive the same price (marginal). This reflects the true value of energy in the balancing market and sends right signals to market participants. In case of huge price difference of local marginal price for upward or downward activation artificially created by market parties, would market price be regulated and by what body?	The settlement price of other products shall be based on pay-as-bid pricing principle; however, the bids themselves could set the marginal price. In that sense, the market shall receive the correct signal in which the true value of energy is reflected. The BSPs provide their services by submitting bids for balancing that are based on product characteristics. Bids that have different characteristics cannot compete on equal terms, and also shall not be settled on equal principles. At its core, the need for other products is required in order to ensure the operational security of the power system(s), the level of which could not be maintained solely based on standard product bids. In terms of bid activation procedure, bids based on other products act as a last resort, meaning that they can be used only in case the availability of standard product bids (predominantly through MARI, subordinately locally i.e. outside MARI) is insufficient. According to standard product characteristics, there are no price floors or ceilings; therefore the prices are not regulated.
Stakeholder	Please state your view on go-live scenario for Baltic TSOs to join MARI platform as further described in explanatory note: 1. Earliest go-live. 2. Go-live date aligned with Nordic TSOs.	1	Scenario number 2 – Go-live date aligned with Nordic TSOs	Feedback from market participants is received and new article "Implementation" is included in the Rules considering the go-live scenario aligned with Nordics.

Eesti Energia AS	<p>Please state your view on go-live scenario for Baltic TSOs to join MARI platform as further described in explanatory note:</p> <ol style="list-style-type: none"> <li>1. Earliest go-live.</li> <li>2. Go-live date aligned with Nordic TSOs.</li> </ol>	1	<p>Only if three Baltic TSOs agree to establish a non-discriminatory mFRR capacity market (we urge TSOs to establish that already in 2021) to guarantee necessary liquidity and sufficient volume of orders in the orderbook to cover at least shortage of energy from largest generation unit emergency outage in Baltics (443 MW), and only if the procurement of the balancing capacity and energy is strictly marketbased as per EU regulation 2019/943 and internal electricity market directive 2019/944 can we support the earliest proposed go-live date to join MARI platform. We see that our proposed actions serve as an adequate measure given the cross-zonal capacity between Lithuania and Poland, and to prepare for the 2025 desynchronization.</p> <p>If for some reason the above-mentioned measures cannot be established, we support aligning the go-live date of MARI platform with Nordic TSOs while Baltic mFRR market is relatively small which can lead to inadequate liquidity.</p>	<p>Response is acknowledged. Feedback from market participants is received and new article "Implementation" is included in the Rules considering the go-live scenario aligned with Nordics.</p>
Eesti Energia AS	<p>Do you have any comments or remarks</p>	1	<ol style="list-style-type: none"> <li>1) In general, we support the proposed common Baltic balancing market but we are of the opinion that a level playing field should be established between all parties and market participants.</li> <li>2) We see that it is necessary to establish mFRR capacity market with level playing field to guarantee both liquidity and we urge TSOs to establish this market already in 2021.</li> <li>3) We firmly object to any participation of TSOs' resources in balancing market to reduce the procured capacity from the market, either for normal activation, other products or special activation. We would like to remind to TSOs that according to EU regulation No 2019/943 and internal electricity market directive 2019/944, procurement of such capacities shall be market-based and organised in such a way as to be nondiscriminatory between the market participants. If lack of reserves should appear in the market, then relevant market-based mechanisms should be introduced to achieve the necessary level of resources. As regards the resources the TSOs currently own or plan to acquire, we suggest that TSOs should sell them to market participants which can participate in the balancing market (TSOs cannot).</li> </ol>	<p>response is acknowledged.</p> <p>TSOs are aware of the EU legislation and must operate according to the principles stated in these legislations. The solution for operation of TSO resources has not been agreed as of now and requires further elaboration between TSOs and NRAs of the region. TSOs in Baltic LFC concept document propose, the TSO resources would be used only as the last resort in case there is no more offers available at the market. Balancing energy price shall be set by marginal pricing and no price cap will be implemented. In merit order list for balancing energy, in reality, the TSO resources would take effect only in case no price situation of market (offer from market is smaller than demand). TSO resources price would be set at the Value of Lost Load (VoLL) price. Conditions on TSOs resources participation in Baltic balancing capacity market will be defined in the proposal pursuant to EBGL Article 33(1) which shall be approved by Baltic NRAs</p>

Eesti Energia AS	Do you have any comments or remarks about the characteristics of the common Baltic mFRR standard product described in chapter III – Baltic energy products including appendix A? Do you have any additional comments or remarks to provide to chapter III?	2	<p>1) Regarding 10.2, please explain the circumstances when “other products” are being used or called for (with respect to Directive 2017/2195) and what are the product characteristics? In this regard, we would like to remind directive 2017/2195: “a demonstration that standard products are not sufficient to ensure operational security and to maintain the system balance efficiently or a demonstration that some balancing resources cannot participate in the balancing market through standard products;”</p> <p>2) Regarding Table 1 bid granularity and minimum quantity, we propose that the minimum bid quantity and granularity shall be 0.1 MW to facilitate the participation of energy storage, aggregation and demand response facilities. We refer to directive 2019/944 Article 40 p 4 (b): “4. In performing the task referred to in point (i) of paragraph 1, transmission system operators shall procure balancing services subject to the following: (a) transparent, non- discriminatory and market-based procedures; (b) the participation of all qualified electricity undertakings and market participants, including market participants offering energy from renewable sources, market participants engaged in demand response, operators of energy storage facilities and market participants engaged in aggregation.”</p>	description of other products is provided in paragraph 10.2. Each TSO has a right to define the specific product in accordance with article 26(1) of EBGL. Additionally other products can be used with neighboring TSOs, who are not participating in European mFRR balancing energy platform. Paragraph 30 sets activation principles that other products can be activated only in case there are no available mFRR standard balancing energy bids. Minimum bid size and granularity for mFRR balancing energy bids 1MW is defined in Implementation Framework for mFRR platforms. No exemptions for any type of balancing service providers are considered. Aggregation of smaller volumes shall be performed by BSPs to provide standard mFRR balancing energy product.
Eesti Energia AS	Do you have any comments or remarks about the procedures on balancing described in chapter V – Balancing bid activation in Baltics?	4	<p>1) As was written in our Answer to Question 2, we propose that the minimum quantity and granularity is 0.1 MW.</p> <p>2) Please explain which paragraph is referred to in paragraph 31.</p>	Minimum bid size and granularity for mFRR balancing energy bids 1MW is defined in Implementation Framework for mFRR platforms. No exemptions for any type of balancing service providers are considered. Aggregation of smaller volumes shall be performed by BSPs to provide standard mFRR balancing energy product.
Eesti Energia AS	Do you have any comments or remarks on the calculation and pricing of cross-zonal capacities described in chapter VI – Balancing bid activations in Baltics? Do you have any additional comments or remarks to provide to chapter VI?	5	<p>According to our information, Baltic CCR methodology (there is reference to this methodology in point 34 of chapter VI) will not be implemented as long as the Baltic states remain part of the BRELL synchronous area. This is because Finnish and Swedish NRAs consider any references to BRELL agreements in Baltic CCR methodology as unlawful and therefore unacceptable. Please explain - if ACER is not able to find acceptable compromise to all sides, then which methodology is expected to be used for cross-zonal capacity calculations?</p>	Separate "Methodology for cross-zonal capacity calculation within the balancing timeframe for the exchange of balancing energy" pursuant to Article 37.3 of EB regulation which is applicable for operations with balancing markets will be created and consulted with the market participants prior to its application.

Eesti Energia AS	Do you agree with the balancing price calculation methodology described in chapter VII – Balancing price determination? Do you have any additional comments or remarks to provide to chapter VII?	6	<p>1) We do not agree with the calculation methodology in paragraph 44 regarding the non-Baltic bids. Local marginal price in case of balancing energy exchange with other non-Baltic TSOs must be the same as the most expensive upward activation bid or the cheapest downward activation bid. If lack of reserves should appear in the market, then relevant market-based mechanisms should be introduced to achieve the necessary level of resources, for example mFRR capacity market or capacity mechanism. As regards the resources the TSOs currently own or plan to acquire, then we suggest that TSOs should sell them to market participants which can participate in the balancing market (TSOs cannot).</p> <p>2) Please explain what are the 'other product energy bids' which are referred to in paragraph 41 and necessity to introduce any other products except standard ? We propose to use marginal price instead of pay-as-bid.</p> <p>3) Regarding paragraph 45 and bids activated via special activation, we propose to use marginal price instead of pay-as-bid. As we already mentioned in our answer to Question 1, we firmly object to any participation of TSOs' resources in balancing market to reduce the procured capacity from the market, either for normal activation, other products or special activation. We would like to remind to TSOs that according to EU regulation No 2019/943 and internal electricity market directive 2019/944, procurement of such capacities shall be market-based and organised in such a way as to be nondiscriminatory between the market participants. If lack of reserves should appear in the market, then relevant market-based mechanisms should be introduced to achieve the necessary level of resources. As regards the resources the TSOs currently own or plan to acquire, we suggest that TSOs should sell them to market participants which can participate in the balancing market (TSOs cannot).</p>	<p>At its core, the need for other products is required in order to ensure the operational security of the power system(s), the level of which could not be maintained solely based on standard product bids. In terms of bid activation procedure, bids based on other products act as a last resort, meaning that they can be used only in case the availability of standard product bids (predominantly through MARI, subordinately locally i.e. outside MARI) is insufficient. This pricing principle is followed due to bilateral agreements (BRELL or otherwise other cooperation agreements between neighbouring non-Baltic TSO(s)), national rules, and also for reasons that would ensure the financial neutrality of the TSO(s). The pricing schema for special activations incorporates the principle that bids activated for purposes other than normal activation shall not set the Area Balancing Price, but they will be remunerated at least with the Area Balancing Price. This follows also the principles laid out in "All TSOs' proposal on methodologies for pricing balancing energy and cross-zonal [...] to Article 30(1) and Article 30(3) of Commission Regulation (EU) 2017/2195" and the "Decision No 01/2020 of the European Union Agency for the Cooperation of Energy Regulators of 24 January 2020 on the methodology to determine prices for the balancing energy that results from the activation of balancing energy bids".</p> <p>TSOs acknowledge the proposal for the introduction of market mechanisms that would bring more balancing resources to the market. The capacity mechanisms are implemented by member state.</p>
Latvenergo	Please state your view on go-live scenario for Baltic TSOs to join MARI platform as further described in explanatory note: 1. Earliest go-live. 2. Go-live date aligned with Nordic TSOs.	1	Scenario number 2 – Go-live date aligned with Nordic TSOs	Feedback from market participants is received and new article "Implementation" is included in the Rules considering the go-live scenario aligned with Nordics.