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| Estonia-Latvia Bidding Zone Border Specific Annex for the Baltic Capacity Calculation Region to the All TSOs' Proposal for Harmonised Allocation Rules for Long-term Transmission Rights in Accordance with Article 52(3) of Commision Regulation (EU) 2016/1719 of 26 September 2016 Establishing a Guideline on Forward Capacity Allocation  |
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| [date of approval] |
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The Transmission System Operators of the Baltic Capacity Calculation Region, taking into account the following,

**Whereas**

1. This document is a common proposal developed by the relevant Transmission System Operators (hereafter referred to as “**TSOs**”) of the Baltic Capacity Calculation Region (hereafter referred to as “**Baltic CCR**”) regarding regional or Bidding Zone border specific requirements for the Baltic CCR.
2. This common proposal constitutes an Annex to the All TSOs' proposal for harmonised allocation rules for long-term transmission rights in accordance with Article 51 of Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation (hereafter referred to as the “**FCA Regulation**”) on EU level (hereafter referred to as “**HAR**”).
3. This common proposal sets out specific requirements applicable to the Baltic CCR at the Estonia-Latvia Bidding Zone border level (hereafter referred to as “**EE-LV Border Specific Annex**”) pursuant to Article 52(3) of the FCA Regulation.
4. This EE-LV Border Specific Annex includes the following titles:
	1. the first title covers general provisions of the EE-LV Border Specific Annex;
	2. the second title addresses the applicability of a cap on compensations for curtailments in accordance with Article 59 of the HAR;
	3. the third title details further regional or Bidding Zone border specificities applicable to the Baltic CCR in accordance with Article 52(3) of the FCA Regulation.
5. In accordance with Article 6 of the FCA Regulation, proposals at regional level should be submitted to consultation at least at regional level.
6. This EE-LV Border Specific Annex replaces former the Regional and Bidding Zone Border Specific Annex for Baltic Capacity Calculation Region to the Harmonised Allocation Rules for long-term transmission rights in accordance with Article 52 of Commision Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation dated on 13 April 2017.
7. This EE-LV Border Specific Annex is submitted for the approval to all national regulatory authorities (hereafter referred to as the “**NRAs**”) of the Baltic CCR.
8. The TSOs understand that for the purposes of the approval or the future amendment of Bidding Zone border specific requirements of this EE-LV Border Specific Annex, only the NRAs of the respective Bidding Zone border will have to state their explicit approval. Non-concerned NRAs of the Baltic CCR will be duly informed.

**SUBMIT THE FOLLOWING EE-LV BORDER SPECIFIC ANNEX PROPOSAL TO THE RELEVANT BALTIC CCR NRAs:**

**TITLE 1
General provisions**

**Article 1
Subject matter and scope**

1. In accordance with Article 4(7)(e) and Article 52(3) of the FCA Regulation regional or Bidding Zone border specific requirements may be introduced for one or more bidding zone borders. This EE-LV Border Specific Annex applies to the Baltic CCR Estonia-Latvia Bidding Zone border.
2. The provisions of the HAR are applicable to the border Estonia – Latvia to the extent they do not contradict to this EE-LV Border Specific Annex. For the avoidance of doubt, Article 6 of this EE-LV Border Specific Annex explicitly stipulates Articles of the HAR which deviate to the border Estonia – Latvia. The list of these Articles of the HAR referred to in Article 6 of this EE-LV Border Specific Annex shall not be regarded as exhaustive.

**Article 2**

**Duration**

This EE-LV Border Specific Annex enters into force as of the date of entry into force and with implementation of Single Allocation Platform (hereafter referred to as “**SAP**”) as defined in the decision of all NRAs, made at the Energy Regulators’ Forum on 18 September 2017 based on the NRAs approved All TSOs’ proposal for the establishment of a SAP in accordance with Article 49 and for the cost sharing methodology in accordance with Article 59 of the FCA Regulation dated on 17 April 2017. This EE-LV Border Specific Annex may be reviewed based on the request of the relevant NRAs. In case this EE-LV Border Specific Annex needs to be amended based on a decision of the NRAs, Article 68 of the HAR shall apply.

Article 3
Language

The reference language for this EE-LV Border Specific Annex shall be English. For the avoidance of doubt, where the TSOs need to translate this EE-LV Border Specific Annex into national language(s), in the event of inconsistencies between the English version published by TSOs in the Baltic CCR 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 NRAs with an updated translation of the EE-LV Border Specific Annex.

 **TITLE 2
Cap on compensation**

**Article 4
Bidding zone borders where cap is applicable**

For the purposes of this EE-LV Border Specific Annex and the HAR, a cap on compensation shall only apply to the Bidding Zone borders listed in the present Title.

**Article 5
Estonia – Latvia (EE-LV)**

A cap on compensation shall not be applicable to the border Estonia – Latvia in accordance with Article 59(2) and Article 59(3) of the HAR.

**TITLE 3
Further regional or Bidding Zone border specific requirements**

Article 6

**Articles of the HAR which deviate for the Estonia – Latvia Bidding Zone border**

1. In deviation to Article 2(2), Article 28(1), Article 31(1) and Article 56(1) of the HAR, the following border specific requirements as further describer in this Article 6 are applied to the Estonia – Latvia Bidding Zone border.
2. (Article 2(2)) The capitalised terms used in this EE-LV Border Specific Annex are defined in the HAR to which this EE-LV Border Specific Annex is attached unless otherwise specified below:

**Financial Transmission Right Option (FTR-Option)** means a right entitling its holder to receive a financial remuneration based on the day ahead allocation results between Estonia and Latvia Bidding Zones during a specified period of time in direction from Estonia to Latvia. The Estonia – Latvia border FTR-Option is denominated in MW with the precision of up to one tenth of a MW (1/10 MW); one (1) Estonia – Latvia border FTR-Option corresponds in terms of its economic value to the auctioned Offered Capacity for a period of one (1) hour in the volume of one (1) MW. The Estonia – Latvia border FTR-Option shall not at any time give a right to the Registered Participant to use the auctioned Offered Capacity for physical transfer of the electricity.

1. (Article 28(1)) The standard Forward Capacity Allocation timeframes, subject to product availability, are defined as follows:
	1. yearly timeframe: it starts on the first day and ends on the last day of a calendar year;
	2. quarterly timeframe: it starts on the first day and ends on the last day of a quarter (three (3) months); and
	3. monthly timeframe: it starts on the first day and ends on the last day of a calendar month.
2. (Article 31(1)) The Registered Participant shall submit a Bid or set of Bids to the Allocation Platform in accordance with the requirements defined in the HAR and additionally with the following requirements:
3. it shall state the Bid Quantity in MW which must be expressed with precision of one decimal, minimum amount of a single Bid is zero point one (0,1) MW;
4. maximum volume of Bid Quantity per Registered Participant is one third (1/3) of the Offered Capacity.
5. (Article 56(1)) Long Term Transmission Rights irrespectively of the Forward Capacity Allocation timeframes may be curtailed only in the event of Force Majeure.