

Invitation to respond to the public consultations on the draft "Terms, Conditions and Methodologies on Cross-Zonal Capacity Calculation, Provision and Allocation within the Baltic States and with the 3rd Countries"

July 10, 2015

Background

At the end of Year 2014 the Baltic transmission system operators (TSOs) Elering AS (Elering), AS "Augstsprieguma tīkls" (AST) and LITGRID AB (Litgrid) announced "**THE PRINCIPLES OF CALCULATION AND ALLOCATION OF THE CROSS-BORDER CAPACITY WITHIN THE BALTIC STATES AND WITH 3RD COUNTRIES**", which became effective starting from 1 January 2015 and were intended to be reviewed during Year 2015 with the aim to announce new rules towards the end of the year. The reasons for the review of the currently effective rules were the expected commencement of operation in the beginning of Year 2016 of two new Baltic linking interconnections – connecting Lithuania with Sweden (NordBalt) and Lithuania-Poland (LitPol Link) and the expected entering into force of the European Commission "Regulation establishing a Guideline on Capacity Allocation and Congestion Management" (currently the draft). Both reasons were expected to affect the current practice of the transmission capacity calculation, provision and allocation in the Baltic countries.

For the purpose of the review and development of these rules, the Baltic TSOs in Year 2014 established the Baltic TSOs Baltic capacity calculations and capacity allocations experts Working Group, which developed the new draft rules taking into account the expected new typology of the Baltic transmission grid and requirements from the European Commission draft "Regulation establishing a Guideline on Capacity Allocation and Congestion Management" towards capacity calculations methodology.

Why public consultation

To take the next step towards serving the market participants' needs – Elering, AST and Litgrid jointly developed the draft rules - "**Terms, Conditions and Methodologies on Cross-Zonal Capacity Calculation, Provision and Allocation within the Baltic States and with the 3rd Countries**" (the Rules) and would like to launch a public consultation on the said draft Rules.

The Baltic TSOs strongly value stakeholder contribution and feedback. To facilitate this exchange, the Baltic TSOs hold open, transparent consultations on major Baltic TSOs work products that impact Baltic energy transmission.

This public consultation is a key element of stakeholder engagement strategy for the Baltic cross-zonal capacity calculation, provision and allocation project, along with the regular meetings of the Baltic market participants in all Baltic countries. Active stakeholder engagement is a prerequisite to further improve and develop the Rules.

Next steps

Upon completion of the public consultation all comments received will be assessed by the Baltic TSOs Baltic capacity calculations and capacity allocation experts Working Group. Comments will be used to further develop and improve the draft Rules. The Baltic TSOs will

review and consider comments from the market participants and will respectively review the draft Rules.

The final Rules, after receipt of the approval by all the Baltic NRAs, are planned to be published by the end of summer or early fall Year 2015 at the latest.

Invitation to public consultation

Elering, AST and Litgrid invite all interested parties to respond in writing to our request for comments on the draft Rules, which are attached as a separate document to this letter.

We are waiting for your written comments in English by 07.08.2015, 23:59, EET to the email address: consultations@ast.lv or send them to the contact address – AS “Augstsprieguma tīkls”, Dārzciema iela 86, LV-1073 for the attentions to Mr. Aleksandrs Ļvovs. Market participant may also approach with questions related to the public consultation process each Baltic country responsible person:

- 1) For Estonia – Airi Noor, email address: airi.noor@elering.ee, phone number: +372-53425608;
- 2) For Latvia – Aleksandrs Ļvovs, email address: aleksandrs.lvovs@ast.lv, phone number: +371-67728345;
- 3) For Lithuania – Rimantas Redecki, email address: rimantas.redecki@litgrid.eu, phone number: +370-52782388 and Aistė Krasauskienė, email address: aiste.krasauskiene@litgrid.eu, phone number: +370-52782710.

Sincerely yours,

Elering AS

AS “Augstsprieguma tīkls”

LITGRID AB