

Market participant	Question	Answer/remark from the BRP/NRA	Baltic TSOs response
Anonymous	1. Do you have any comments or remarks to provide to the Baltic CoBA Imbalance Settlement Rules in general?	The rules seem reasonable.	The Baltic TSOs acknowledge this comment.
Baltic NRA common response	1. Do you have any comments or remarks to provide to the Baltic CoBA Imbalance Settlement Rules in general?	<p>1. Regarding Article 7 of EBGL TSOs shall publish terms and conditions approved in regards to EBGL. According to agreed Baltic NRA's position each TSO's (Elering AS, AS "Augstsprieguma tīkls" and LITGRID AB) must publish these agreements in full volume on its own websites in a dedicated place so that they are publicly available to interested parties. Therefore, rules can be supplemented with an additional provision regarding the publication considering that these rules are inseparate part of the terms and conditions balance responsible parties regarding Article 18 of EBGL.</p> <p>2. We propose to amend definition of open 'balancing provider' by adding unintended exchanges of balancing energy element because current definition does not accurately represent the tasks of this entity. E. g. each BSP's tasks can be covered by this definition "Open balance provider' means an electricity trader or transmission system operator, which provides power system balancing services to the Baltic CoBA".</p> <p>3. We recommend to clarify definition be explaining what costs are considered as imbalance settlement administration: "(c) imbalance price does not include costs for imbalance settlement administration. "</p>	<p>1. The Baltic TSOs acknowledge this comment.</p> <p>2. The Baltic TSOs agree with this amendment proposal. The definition shall be changed as proposed.</p> <p>3. Imbalance settlement administration costs are made up of a TSO's expenditure on information technology and on labour from the provision of balance services. The description and methodologies for administrative cost calculation are provided in each TSOs local rules.</p>
Anonymous	1. Do you have any comments or remarks to provide to the Baltic CoBA Imbalance Settlement Rules in general?	It seems that the proposed change is moving towards a more volatile and unpredictable balancing market. It will increase the marginals for customers.	The Baltic TSOs acknowledge this comment.
Anonymous	2. Do you have any comments or remarks to provide to Imbalance settlement framework (Chapter I, Article 2)?	Will the single imbalance price be determined for each imbalance direction separately, and then chosen based on the total Baltic imbalance direction? And will the imbalance price be the same in the whole Baltic system, regardless of congestion? If not, then why?	<p>No. The direction of the Baltic total system imbalance shall participate in the determination of the imbalance price only in the following use cases:</p> <ul style="list-style-type: none"> • TSOs have activated balancing energy in both positive and negative direction; • No balancing energy has been activated by the TSOs. <p>The imbalance prices shall differ between the Baltic areas only in case there is a lack of cross-zonal balancing capacity between the areas. However, the availability of cross-zonal balancing capacity affects only the calculation of the area balancing price (this is the balancing energy reference price when TSOs have activated balancing energy).</p>

<p>Baltic NRA common response</p>	<p>2. Do you have any comments or remarks to provide to Imbalance settlement framework (Chapter I, Article 2)?</p>	<p>1. <i>“(7) Imbalance settlement of balancing area shall be excluded from the common Baltic imbalance settlement, if according to requirements of the Agreement on the operation and settlement of Baltic coordinated balancing area TSO has informed the Nominated TSO and other Baltic TSOs to exclude its area from Baltic CoBA operation and TSO has performed balance control of relevant balance area separately from Baltic CoBA in following events:</i></p> <p><i>(a) upon decision of TSO;</i> <i>(b) in accordance with terms and conditions set by the national legislation. ”</i></p> <p>In case of paragraph (a) and (b) TSOs should clearly communicate time of exclusion in advance to such decisions. Also, TSOs should provide additional explanation regarding exclusion of TSOs area.</p> <p>2. <i>„(9) Each Baltic TSO shall apply separate settlement mechanism and administrative processes for:</i></p> <p><i>(a) imbalance administration cost allocation; “</i></p> <p>As administration cost is also considerable expense for BRPs and taken into account that the Baltic balancing market is quite small Baltic NRAs advise to harmonize the administrative cost allocation principles between the Baltic countries as much as possible, in order to ensure more equal treatment of market participants and a level playing field in the market.</p>	<p>1. Detailed information shall be provided in each Baltic area's national rules.</p> <p>2. TSOs will take note of this proposal.</p>
<p>Ignitis Gamyba, AB</p>	<p>2. Do you have any comments or remarks to provide to Imbalance settlement framework (Chapter I, Article 2)?</p>	<p>The artc.5 point 5 states <i>“(5) The balancing energy reference price is used as one of the main components for the determination of imbalance price and shall be based on area balancing price or the value of avoided activation.”</i> and do not foresee the possibility to apply day ahead price in case nor balancing bids activated and nor the avoided activation exist. We suggest that the day ahead price shall be used as the reference price for determination of the imbalance price in this specific case.</p>	<p>For the calculation of the VoAA, TSOs are allowed to use only the prices of balancing energy bids, which are available to them during that specific ISP. The argument made for the usage of prices based on balancing energy is that they better reflect the real time value of energy. The usage of day-ahead price is not permitted anymore.</p> <p>Since the likelihood of CMOL being empty is for downward balancing energy bids only (there are always some upward balancing energy bids due emergency reserve bids), then in case the direction of the Baltic total system imbalance is in surplus, the BRPs that are in deficit (opposite direction of the Baltic total system imbalance; therefore decreasing the overall imbalance), are remunerated.</p>
<p>Anonymous</p>	<p>2. Do you have any comments or remarks to provide to Imbalance settlement framework (Chapter I, Article 2)?</p>	<p>The framework should harmonize the balance settlement rules in all countries of common balancing zone. In Lithuania metering data corrections are added to the month, where the mistake was discovered, while in Estonia correct period is adjusted. In Lithuania corrections have a huge price risk for the customers and suppliers.</p>	<p>The Baltic TSOs aim to harmonise the imbalance settlement rules to the largest extent possible; however, some differences in the rules between the Baltic states shall remain.</p> <p>In Lithuania, unlike other Baltic countries, the settlement done between TSO and balance responsible parties must be concluded within 7 working days. After this deadline, the settlement amounts can not be changed. The case for changing the metering data used to calculate the BRP imbalances, mostly, the metering data from DSOs are used. In TSO and BRP settlement, TSO is not obligated to cover the errors and mistakes made by DSO. Therefore, all financial losses due to the metering errors made by the DSO, should be bilaterally solved between BRP and the DSO.</p>

Baltic NRA common response	3. Do you have any comments or remarks on chapter II – Specification on the imbalance calculation (Chapter II, Article 3)?	<p>Definition “virtual objects” could be improved in order to ensure legal clarity: “(c) where applicable, the aggregated volumes of virtual objects i.e. independent aggregators, that are defined in accordance with the terms and conditions set by the Baltic TSO.”</p> <p>We propose to use already defined CoBA definition – “accounting period” instead of “previous month” in this paragraph: “(7) <i>The final position, the allocated volume, the imbalance adjustment, and the imbalance of a BRP shall be finalised for the previous month no later than set by each Baltic TSOs terms and conditions for BRPs in accordance with Article 18(6)(h) of the EB Regulation.</i> ”</p>	<p>The wording shall be changed as follows: “(c) where applicable, the volumes that are calculated in accordance to a national baseline due to activities related to flexibility service provider, in accordance with the terms and conditions for BRPs.”</p> <p>The Baltic TSOs agree with the amendment proposal relating to the use of “accounting period”.</p>
Anonymous	4. Do you have any comments or remarks on determination of the main component of imbalance price? (Chapter III, Article 4)	<p>If VoAA is determined from total Baltic system imbalance, then the main component for imbalance price should also be the same for each Baltic imbalance area, regardless of congestion.</p>	<p>The Baltic TSOs have proposed to determine a single VoAA (identical in all three Baltic areas). However, the area balancing price shall be determined for each Baltic area (Estonia, Latvia and Lithuania) separately, taking into account the availability of cross-zonal balancing capacity.</p> <p>The reason why cross-zonal capacities are taken into account when determining the area balancing price is to avoid situations that, due to activation of balancing energy, can cause congestion or otherwise have a severe impact to the system. The reason why cross-zonal balancing capacities are not taken into account when determining the VoAA is because no activation of balancing energy takes place.</p> <p>Calculating single VoAA without taking into account cross-zonal capacities is more simple and transparent approach.</p>
Ignitis Gamyba, AB	4. Do you have any comments or remarks on determination of the main component of imbalance price? (Chapter III, Article 4)	<p>The balancing offer quantities are not taken into account when setting the energy price. The quantity of the best price offered balancing bid for the purchase may not be sufficient to cover the required imbalance, but it would be used to set the price for other activated bids price capping.</p>	<p>The Baltic TSOs feel that the proposed methodology for the calculation of the VoAA, which is provided in the Baltic CoBA Imbalance Settlement Rules document, sufficiently fulfills the purpose of the VoAA, which is to indicate to the market a reference price to be used during ISPs in which the system, without the intervention of the TSOs via activation of balancing energy, is already close to balance.</p>

Anonymous	5. Do you have any comments or remarks on determination of Value of Avoided Activation? (Chapter III, Article 5) (See examined options in Explanatory note)	<p>Why is VoAA determined from available bids for activation, if in cases of no available bids it is zero, since the course of action from the TSO is the same in both cases, t.i., no activated balancing energy? If the price is determined based on balancing energy availability, then there should be some incentive for BRP to offer balancing energy bids for activation.</p> <p>If the imbalance price is determined for each Baltic imbalance area separately (Article 2), how can VoAA be taken from total Baltic imbalance (based on answer to question 2)? It should then also be taken from each Baltic imbalance area.</p>	<p>The principle that VoAA is to be determined based on the prices of available balancing energy bids should provide the market the incentive to submit more bids, bids with more favorable prices that would also set the VoAA.</p> <p>For the calculation of the VoAA, TSOs are not permitted to use the day-ahead prices anymore. TSOs are allowed to use only the prices of balancing energy bids, which are available to them during that specific ISP, since they better reflect the real time value of energy.</p> <p>Since the likelihood of CMOL being empty is for downward balancing energy bids only (there are always some upward balancing energy bids due emergency reserve bids), then in case the direction of the Baltic total system imbalance is in surplus, the BRPs that are in deficit (opposite direction of the Baltic total system imbalance; therefore decreasing the overall imbalance), are remunerated.</p> <p>The reason why cross-zonal capacities are taken into account when determining the area balancing price is to avoid situations that, due to activation of balancing energy, can cause congestion or otherwise have a severe impact to the system. The reason why cross-zonal balancing capacities are not taken into account when determining the VoAA is because no activation of balancing energy takes place.</p> <p>Calculating single VoAA without taking into account cross-zonal capacities is more simple and transparent approach.</p>
Anonymous	5. Do you have any comments or remarks on determination of Value of Avoided Activation? (Chapter III, Article 5) (See examined options in Explanatory note)	VoAA invites extra liquidity/offered balancing energy bids to balancing market and motivates BRP to keep to declared scheduled net energy volume.	The Baltic TSOs acknowledge this comment.
Anonymous	5. Do you have any comments or remarks on determination of Value of Avoided Activation? (Chapter III, Article 5) (See examined options in Explanatory note)	As the methodology described in the settlement rules is the same as Option A in the Modelled imbalance prices file, we think that this is the most suitable way to determine the imbalance price when there are no activations.	The Baltic TSOs acknowledge this comment.
Baltic NRA common response	5. Do you have any comments or remarks on determination of Value of Avoided Activation? (Chapter III, Article 5) (See examined options in Explanatory note)	<p>We would like to point out that VoAA design when the reference price is based on single bid could increase risk of „marking the close“ trading scheme which could sometimes correspond to artificial prices (REMIT Article 2 (2) (a)(ii)). Market participants by placing only one offer can influence its daily imbalance price or imbalance price of an entire market. However, based on the information provided by TSOs such design also provides better incentive for BRPs, ensures higher balancing energy reference price and ensures lower neutrality component. Therefore, Baltic NRAs support proposed VoAA design.</p>	The Baltic TSOs acknowledge this comment.
Eesti Energia AS	5. Do you have any comments or remarks on determination of Value of Avoided Activation? (Chapter III, Article 5) (See examined options in Explanatory note)	Eesti Energia hereby suggests to include all other balancing energy bids from Finnish, Swedish and Polish BSPs to calculate Value of Avoided Activation. Otherwise it is not symmetrical approach because in all other hours where activations happen, all CMOL balancing energy bids compete with Baltic BSPs. Therefore it would be transparent to include all available bids for Baltic TSOs to determine Value of Avoided Activation.	The Baltic TSOs agree with the logic; however, one of the main principles in the calculation of the VoAA is that the prices of bids from which the VoAA is determined, must be available for activation by the Baltic TSO. Since the Baltic TSOs do not exchange merit order lists with the Nordic TSOs, nor the Polish TSO, there are no actual bids for Baltic TSOs to choose from.

Ignitis Gamyba, AB	5. Do you have any comments or remarks on determination of Value of Avoided Activation? (Chapter III, Article 5) (See examined options in Explanatory note)	<p>The value of avoided activation shall have interrelation with the volume of the total Baltic imbalance. Therefore, the determination of the value of avoided activations shall consider the balancing bids volume and prices have been available for activation in the Baltic CMOL, depending on the direction of the Baltic total system imbalance instead of taking only the lowest priced bid for positive balancing energy or highest priced bid for negative balancing energy.</p> <p>In the event that during an ISP there are no available bids in the Baltic CMOL, the value of avoided activation shall be day ahead market price instead of zero, as the market price reference will better reflect situation in the balancing market then zero. It will create better incentives for BRPs and will lead lower neutrality component.</p>	<p>The Baltic TSOs feel that the proposed methodology for the calculation of the VoAA, which is provided in the Baltic CoBA Imbalance Settlement Rules document, sufficiently fulfills the purpose of the VoAA, which is to indicate to the market a reference price to be used during ISPs in which the system, without any intervention from the TSOs via activation of balancing energy, is already close to balance.</p> <p>The TSOs are not permitted to use the day-ahead prices in the determination of the VoAA.</p> <p>Since the likelihood of CMOL being empty is for downward balancing energy bids only (there are always some upward balancing energy bids due emergency reserve bids), then in case the direction of the Baltic total system imbalance is in surplus, the BRPs that are in deficit (opposite direction of the Baltic total system imbalance; therefore decreasing the overall imbalance), are remunerated.</p>
Anonymous	5. Do you have any comments or remarks on determination of Value of Avoided Activation? (Chapter III, Article 5) (See examined options in Explanatory note)	For the market, the best way would be to keep current set-up where balancing energy price is +/- from NordPool day-ahead price. This enables to estimate the balancing costs. If this is not possible, then VoAA price should be according to proposed model B. Average price decreases the risk of single bid. And VoAA price should never include any bid from emergency power reserve stations, like Kiisa.	<p>The Baltic TSOs agree to exclude bids from a TSO owned resource to participate in the determination of the VoAA. Baltuc TSOs shall amend the Baltic CoBA Imbalance Settlement Rules document accordingly.</p> <p>The Baltic TSOs will go ahead with option A, as it provides a better incentive to the market to stay in balance.</p>
Anonymous	6. Do you have any comments or remarks on determination of the direction of Baltic total system imbalance? (Chapter III, Article 6)	Do I understand correctly that the Baltic Imbalance number already takes into account this calculation? Therefore as a BRP it is enough only to look at the Baltic Imbalance number and depending if it is positive or negative we can assume the direction of imbalance? (Except when there are solely up regulations/down regulations made – Then we still look at the price at which the regulations was made, even if the direction is wrong)	<p>Yes. The direction of the Baltic total system imbalance is the same as the Baltic imbalance published on the Baltic Transparency Dashboard.</p> <p>The Baltic TSOs shall consider publishing the market data in a manner that will indicate to the market participants the balancing energy reference price (whether it be the price for positive or negative balancing energy) and the application of the neutrality component (whether it be added or deducted from the balancing energy reference price), incl. the value of the neutrality component as well.</p>
Anonymous	7. Do you have any comments or remarks on calculation of additional components (Neutrality component)? (Chapter III, Article 7)	Can the neutrality component be negative? That is, can there be a situation, where the component lowers or increases the imbalance price respectively for positive or negative activation of balancing energy?	Yes. This would occur in the event when, for the accounting period, the total income exceeds the total expenses incurred by the Baltic TSOs from balancing the Baltics.
Anonymous	7. Do you have any comments or remarks on calculation of additional components (Neutrality component)? (Chapter III, Article 7)	Can the neutrality component be negative? That is, can there be a situation, where the component lowers or increases the imbalance price respectively for positive or negative activation of balancing energy?	Yes. This would occur in the event when, for the accounting period, the total income of the Baltic TSOs resulting from balancing the Baltics exceeds the total expenses incurred by the Baltic TSOs from balancing the Baltics.

Baltic NRA common response	7. Do you have any comments or remarks on calculation of additional components (Neutrality component)? (Chapter III, Article 7)	<p>1. Article 44(1)(i) should be referred instead of Article 44(1)(e) regarding financial neutrality: "(1) The Baltic TSOs shall use an additional component (hereinafter: neutrality component) in the calculation of the imbalance prices in order to ensure the financial neutrality of the Baltic TSOs in accordance with Article 44(1)(ei) of the EBGL."</p> <p>2. We propose to add explanatory provision regarding interpretation of $\sum Oimbt, n _2$ component.</p> <p>3. We propose to include definition or explanation of "over activation".</p> <p>4. Regarding publication of neutrality component. We would like to ask to clarify that balancing price should be published separately from neutrality component, considering that this price is a wholesale price which send price signals to the market participants.</p>	<p>1. The Baltic TSOs agree with this amendment proposal. It will be changed as has been proposed.</p> <p>2. The underlying part of the component refers to the energy volume of "over activation" (please refer to next bullet point for definition). The formula has been amended.</p> <p>3. The Baltic TSOs define over activation as the system imbalance resulting from over activation (MWh), which is equal to the net BRP imbalance volume in absolute value. The Baltic TSOs define over activation as the occurrence in which due to unforeseeable changes in the real-time portfolios of the Baltic BRPs, the direction of the Baltic total system imbalance has changed in an opposite direction compared to which the TSOs had activated balancing energy. In case of no over activation, the system imbalance resulting from over activation shall be zero.</p> <p>4. That is correct. The Baltic TSOs intend to publish the imbalance price, as well as the imbalance price components (the balancing energy reference price and the neutrality component), separately.</p>
Eesti Energia AS	7. Do you have any comments or remarks on calculation of additional components (Neutrality component)? (Chapter III, Article 7)	<p>Please see answer to Q.9 here below.</p> <p>(Eesti Energia hereby suggests to make public ACE volumes and prices per ISP on hourly basis. It makes calculation of neutrality component more transparent.)</p>	<p>The Baltic TSOs agree with this comment. However, in accordance with the terms of the agreement for the sale and purchase of imbalance energy signed between the Baltic TSOs and the Open Balance Provider, all four (4) parties must commonly agree on the contents of what may be published. The parties shall reattempt to seek for the approval. Should the approval be granted, only then will the Baltic TSOs be eligible to publish the underlying information.</p>
Anonymous	8. Do you have any comments or remarks on calculation of the imbalance price? (Chapter III, Article 8)	<p>Administrative fees should be harmonized.</p>	<p>The Baltic TSOs acknowledge this comment.</p>
Eesti Energia AS	9. Do you have any comments or remarks on information publication? (Chapter IV, Article 9)	<p>Eesti Energia hereby suggests to make public ACE volumes and prices per ISP on hourly basis. It makes calculation of neutrality component more transparent.</p>	<p>The Baltic TSOs agree with this comment. However, in accordance with the terms of the agreement for the sale and purchase of imbalance energy signed between the Baltic TSOs and the Open Balance Provider, all four (4) parties must commonly agree on the contents of what may be published. The parties shall reattempt to seek for the approval. Should the approval be granted, only then will the Baltic TSOs be eligible to publish the underlying information.</p>
Ignitis Gamyba, AB	9. Do you have any comments or remarks on information publication? (Chapter IV, Article 9)	<p>The direction of the Baltic total system imbalance (short or long) should be made available on the Baltic Transparency Dashboard. This will help understand balancing bid activations an impact for the determination of the imbalance price.</p>	<p>The Baltic TSOs already publish the direction of the Baltic total system imbalance; however, in order to increase transparency, and to provide a better understanding to the market participants, the Baltic TSOs shall consider publishing the market data in a manner that will indicate to the market participants the correct balancing energy reference price (whether it be the price for positive or negative balancing energy) and the application of the neutrality component (whether it be added or deducted from the balancing energy reference price), incl. the value of the neutrality component as well.</p>