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| **Baltic Capacity Calculation Region’s Regional Specific Annex to the Harmonised** **Allocation Rules for long-term transmission rights in** **accordance with Article 52 of Commission Regulation (EU)** **2016/1719 of 26 September 2016 establishing a Guideline on** **Forward Capacity Allocation** |
| For the public consultation13th of April 2022 |

The Transmission System Operators of the Baltic Capacity Calculation Region, taking into account the following,

**Whereas**

1. This document (hereafter referred to as “Baltic Specific Annex”) is a common proposal developed by the Transmission System Operators (hereafter referred to as “TSOs”) of the Baltic Capacity Calculation Region (hereafter referred to as “Baltic CCR”) as defined in the Decision No 04/2021 of the European Union Agency for the Cooperation of Energy Regulators of 7 May 2021 on the determination of capacity calculation regions pursuant to Article 15(1) of the Commission Regulation (EU) 2015/1222.
2. This Baltic Specific Annex sets out specific requirements applicable to the Baltic CCR at regional and bidding zone border level pursuant to Article 52(3) of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation (hereafter referred to as the “FCA Regulation”).
3. This Baltic Specific Annex constitutes an Annex to the harmonised allocation rules for long-term transmission rights on EU level (hereafter referred to as “HAR”) in accordance with Article 51 of the FCA Regulation.
4. This Baltic Specific Annex takes into account the Baltic CCR National Regulatory Authorities (hereafter referred to as “NRAs”) decisions on cross-zonal risk hedging opportunities in accordance with Article 30 of FCA Regulation.
5. The initial Baltic Specific Annex was proposed by the Baltic TSOs on 18 April 2017 and approved by relevant NRAs of the Baltic CCR by 17 October 2017.
6. On 19 April 2018 Baltic TSOs proposed an amendment to the Baltic Specific Annex as the auctioning of the long-term-transmission-rights of EE-LV border FTRs were moved from Estonian and Latvian TSO own auctioning platform to Single Allocation Platform in accordance with Article 48 of FCA Regulation. The amended Baltic Specific Annex was approved by the Baltic CCR NRAs on 08 April 2018.
7. According to Article 68(5) of HAR and the border and/or regional specific annexes included thereto shall be periodically reviewed by the Allocation Platform and the relevant TSOs at least every two years involving the Registered Participants. By email of 15 July 2019, ENTSO-E submitted, on behalf of all TSOs, the amended HAR to ACER for approval pursuant to Article 5(2) of Regulation (EU) 2019/942. According to the amendment the Baltic Specific Annex was deleted. The ACER approved the HAR amendment and thereof Baltic specific Annex deletion on 29 October 2019.
8. Estonian and Finnish TSOs received on the 10 June 2021 the Estonian and Finnish NRAs’ coordinated decision on cross-zonal risk hedging opportunities of the Finnish–Estonian (FI-EE) bidding zone border requesting the respective TSOs to issue long-term transmission rights (LTTRs) on the FI-EE bidding zone border. With this amendment to the Baltic Specific Annex, the Baltic TSOs introduce the compensation cap for the LTTRs issued on the FI-EE bidding zone border in accordance with Article 59(3) of the HAR.
9. This proposal is submitted for the approval of all Baltic CCR NRAs. TSOs understand that for the purposes of the approval or the future amendment of bidding zone border specific requirements of this proposal, only the NRAs of the respective bidding zone border will have to state their explicit approval. Non-concerned Baltic CCR NRAs will be duly informed.

**SUBMIT THE FOLLOWING BALTIC SPECIFIC ANNEX TO THE RELEVANT REGULATORY AUTHORITIES WITHIN BALTIC CCR:**

**Article 1
Subject matter and scope**

1. In accordance with Article 4 of the HAR regional and border specificities may be introduced for one (or more) bidding zone border(s). Rules described in this Baltic Specific Annex shall apply to the borders of the Baltic CCR.
2. This Baltic Specific Annex may be reviewed based on request of the relevant NRAs. In case this annex needs to be amended based on a decision of the NRAs, Article 68 of the HAR shall apply.
3. If there is an inconsistency between any of the provisions in the main body of the HAR and this Baltic Specific Annex, the provisions in this Baltic Specific Annex shall prevail.

**Article 2
Definitions and interpretation**

1. For the purposes of this Baltic Specific Annex to the HAR, the terms used in this document shall have the meaning of the definitions included in Article 2 of the FCA Regulation, Regulation (EU) 2019/943, and Commission Regulation (EU) 543/2013.
2. In this proposal unless the context requires otherwise:
	1. the singular indicates the plural and vice versa;
	2. the headings are inserted for convenience only and do not affect the interpretation of the proposal; and
	3. any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force.

**Article 3**

**Language**

1. The reference language for this Baltic Specific Annex to the HAR shall be English. For the avoidance of doubt, where TSOs needs to translate this Baltic Specific Annex into national language(s), in the event of inconsistencies between the English version published by TSOs in Baltic CCR in accordance withArticle 4(13) of the FCA Regulation and any version in another language the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authority with an updated translation of this Baltic Specific Annex to the HAR.

**Article 4**

**Bidding zone borders where cap on compensation is applicable**

1. For the purposes of this Baltic Specific Annex to the HAR, a cap on compensation shall only apply to the bidding zone borders listed in this Article.
2. A cap on compensation shall be applicable to the FI-EE bidding zone border in accordance with Article 59(3) of the HAR.