Annex 9 to the harmonised allocation rules for long-term transmission rights in accordance with Article 51 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation

Border specific annex for the border Estonia-Latvia

Article 1

Subject-matter and scope

1. In accordance with Article 4 of the Allocation Rules regional or border specificities may be introduced for one or more Bidding Zone borders. This Annex applies to the border Estonia - Latvia.

2. The provisions of the Allocation Rules are applicable to the border Estonia – Latvia to the extent they do not contradict to this Annex. For the avoidance of doubt, Article 2 and Article 3 of this Annex explicitly stipulate Articles of the Allocation Rules which are not applicable to the border Estonia – Latvia or from which this Annex deviate. The list of these Articles of the Allocation Rules referred to in Article 2 and Article 3 of this Annex shall not be regarded as exhaustive.

Article 2

Articles of the Allocation Rules not applicable for the border Estonia – Latvia

1. The following Articles of Allocation Rules are not applicable for the border Estonia – Latvia: Article 11, Article 33, Article 34(1), Article 35(3, 5b, 5c, 5d), Article 36(3d), Articles 38 – 40, Articles 41-44, Article 46, Article 49(1b, 1c, 1d), Articles 53- 55, Article 57(8, 9), Article 59, Article 63(3-5), Article 65(3b, 3c, 5a).

Article 3

Articles of the Allocation Rules which deviate for the border Estonia – Latvia

1. In deviation to Article 2(2), Article 10(1), Article 22(1), Article 23(1), Article 28(1), Article 31(1), Article 34(6c), Article 35(5a), Article 48, Article 56(1), Article 63(1), Article 65(1, 2, 3a) and Article 70(4) of the Allocation Rules, the following border specific rules Border Rules (Annex), as defined

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in Article 3 Paragraph 2 of this Annex) as further describer in Article 3 are applied to the border Estonia -Latvia.

2. (Article 2(2)) The capitalised terms used in this Annex are defined in the Allocation Rules to which this Annex is attached unless otherwise specified below:

Allocation Platform	in respect of the border Estonia - Latvia is the body which performs the Estonia – Latvia border PTR – Limited Auction services on behalf of Elering and AST. Functions of the Allocation Platform are performed by a designated Allocation Platform agreed by Elering and AST on the basis of a bilateral agreement between Elering and AST.
AST	AS "Augstsprieguma tīkls", Latvian TSO.
Auction Timeframe	is the Month, Quarter or Year for which a particular Auction is being held.
Auction Capacity	is the maximum volume of the capacity expressed in MW for which the Estonia – Latvia border PTR- Limited are made available for Bidding by the Allocation Platform in the course of an Auction and which is announced by the Auction Specification; the Auction Capacity is firm with the exception for the case of Force Majeure.
Bid Sheet	is a document prepared in the form stipulated in the Information System Rules, in which the Participant indicates its Bid(s) in accordance with these Border Rules.
Border Rules (Annex)	is this border specific Annex 9 to the harmonised allocation rules for long-term transmission rights in accordance with Article 51 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation Border specific annex for the border Estonia - Latvia for the PTR- Limited Auctions on the Estonia - Latvia border.
Closing Date	is the last date of the Bidding Period of an Auction.
Elering	Elering AS, Estonian TSO.
Elspot	is a day-ahead implicit auction market where electricity and transmission capacity is traded for the delivery during the next day, operated by NP.
Estonia – Latvia border PTR - Limited	is a Long Term Transmission Right jointly issued by Elering and AST based on the Auction Capacity and subject to the redemption (sellback) obligation which is automatically attributed to the Estonia – Latvia border PTR-Limited and to which the conditions of "Financial Transmission Rights Option" apply. The Estonia – Latvia border PTR-Limited is denominated in MW with the precision of up to one tenth of a MW (1/10 MW); one (1) Estonia – Latvia border PTR-Limited corresponds in terms of its economic value to the auctioned Auction Capacity for a period of

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	one (1) hour in the volume of one (1) MW. The Estonia – Latvia border PTR-Limited shall not at any time give a right to the Registered Participant to use the auctioned Auction Capacity for physical transfer of the electricity. The Estonia – Latvia border PTR-Limited is issued and allocated in dematerialized form in accordance with these Border Rules and shall not be registered in any register of securities or financial instruments. The Estonia – Latvia border PTR-Limited is not transferrable and may not be pledged or encumbered in any other way.
NP	is Nord Pool AS, the operator of the day-ahead and intraday electricity market in Estonia and Latvia and in the entire Nordic/Baltic region.
Month	is a calendar month, i.e. the period starting at 00:00:00 CET of the first day of a calendar month and ending at 23:59:59 CET of the last day of the same calendar month.
Redemption Price	is the amount payable by the Allocation Platform for the redemption of one Estonia – Latvia border PTR – Limited allocated to a Registered Participant. The Redemption Price is equal to the price difference between the Estonian and Latvian Bidding Zones of NP at the Elspot market in the direction Estonia to Latvia for the respective hour of the respective day during the respective Month, Quarter or Year of the respective Auction Timeframe.
Registered Participant	is a company which: (1) has obtained the rights to trade electricity in Estonian, Latvian and/or Lithuanian Bidding Zones; and (2) is a member on the NP trading platform; and (3) is registered as a Registered Participant by the Allocation Platform in accordance with these Border Rules
Quarter	is a period of three Months, i.e. the period starting at 00:00:00 CET of the first day of the first Month and ending at 23:59:59 CET of the last day of the third Month.
Year	is a calendar year, i.e. the period starting at 00:00:00 CET of the first day of a calendar year and ending at 23:59:59 CET of the last day of the same calendar year.

3. The Estonia – Latvia border PTRs-Limited (as defined in Article 3 Paragraph 2 of this Annex) may be acquired at the Auctions by the Registered Participants only. In order to be eligible to participate in the Auctions, a Registered Participant must correspond to the conditions stated in the definition of a “Registered Participant”, including being registered with the Allocation Platform in accordance with these Border Rules, and must provide the Allocation Platform with the collateral according to the terms specified in these Border Rules.

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4. (Article 10(1)) By the signature of the Participation Agreement the Registered Participant warrants, in addition, that:

    (a) It has acquired rights to trade electricity in the Estonian and/or Latvian and/or Lithuanian Bidding Zones of the NP Elspot trading platform.

5. (Article 22(1)) Collaterals in the form of a Bank Guarantee for any product shall be valid until at least sixty (60) days after the end of the Product Period.

6. (Article 23(1)) The Allocation Platform shall calculate and update the Credit Limit of the each Registered Participant in respect of each subsequent Auction at least in the following time moments:

    (a) on a first day of a calendar month;

    (b) two (2) Working Days before the Bidding Period closure of each Auction;

    (c) after receiving the request for modifications of the collaterals from the Registered Participant.

The Credit Limit shall be equal to the amount of the collaterals in place minus any outstanding payment obligations. In case of a Bank Guarantee such Bank Guarantee shall be only considered if the requirements in Article 22 related to its validity for the respective Auction are fulfilled. The Allocation Platform shall make this information available to each Registered Participant individually through the Auction Tool.

7. (Article 28(1)) The standard Forward Capacity Allocation timeframes, subject to product availability, are defined as follows – Auction Timeframe(s):

    (a) yearly timeframe: it starts on the first day and ends on the last day of a calendar year;

    (b) quarterly timeframe: it starts on the first day and ends on the last day of a quarter (three (3) months); and

    (c) monthly timeframe: it starts on the first day and ends on the last day of a calendar month.

8. (Article 31(1)) The Registered Participant shall submit a Bid or set of Bids to the Allocation Platform, in addition to the requirements in the Allocation Rules, in accordance with following requirements:

    (a) it shall be submitted in format required by the Allocation Platform electronically using the Auction Tool or in a password protected encrypted Bid Sheet according to the Information System Rules and during the Bidding Period as specified in the Auction Specification;

    (b) maximum volume of one Bid per Registered Participant is one third (1/3) of the Auction Capacity and maximum volume for the sum of all Bids per Registered Participant may not exceed Auction Capacity;

9. (Article 34(6c)) in respect of the Estonia – Latvia border PTRs-Limited with a Product Period of one (1) or more months, one (1) monthly instalment should be secured in compliance with due amount calculation according to Article 13 of this Annex and Article 63(2) of Allocation Rules;

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10. (Article 35(5a)) The Auction Capacity available for the Bids, which set the Marginal Price shall be divided between the number of the Registered Participants which submitted these Bids proportionally to their Bid Quantity;

11. (Articles 48) In the result of an Auction, the Parties shall have mutual claims arising in connection with the issued the Estonia – Latvia border PTRs-Limited in accordance with the Border Rules: a Registered Participant shall be obliged to pay the Marginal Price to the Allocation Platform regarding each the Estonia – Latvia border PTR-Limited allocated to the respective Registered Participant, and the Allocation Platform shall be obliged to pay the Redemption Price to a Registered Participant regarding each the Estonia – Latvia border PTR-Limited allocated to the respective Registered Participant. Such mutual claims shall be settled by the way of set-off of claims:

    (a) the Allocation Platform shall pay to the Registered Participant the difference between the Marginal Price and the Redemption Price, if the Redemption Price is higher than the Marginal Price; or

    (b) the Registered Participant shall pay to the Allocation Platform the difference between the Redemption Price and the Marginal Price, if the Marginal Price is higher than the Redemption Price; or

    (c) the Registered Participant shall pay to the Allocation Platform the whole Marginal Price, if the Redemption Price is zero euros (0 EUR); or

    (d) none of the Parties shall pay to each other, if the Redemption Price and the Marginal Price is equal.

12. (Article 56(1)) Long Term Transmission Rights irrespectively of the Product Period may be curtailed only in the event of Force Majeure.

13. (Article 63(1)) The amount due equals with the net mutual claims (as set in Article 3 Paragraph 11 of this Annex) and shall be automatically set off as at the last date of each Month of each Auction Timeframe, irrespective of the date of the notice of set-off.

14. (Article 65(1)) Within five (5) business days after the end of each Month of each Auction Timeframe, the Allocation Platform shall send to a Registered Participant holding allocated the Estonia – Latvia border PTR-Limited for such an Auction Timeframe an overview of the mutual claims of the Parties as of the last day of that Month and a notice of set-off of the claims to the greatest possible extent, indicating the outstanding claim of either Party.

15. (Article 65(2)) A Party who has the outstanding claim against the other Party after the set-off of mutual claims in accordance with Paragraph 11 and 14 of the Border Rules shall promptly issue an invoice to the other Party for the outstanding balance.

16. (Article 65(3a)) the amount of the outstanding claim as set forth in Paragraph 14 of the Border Rules;

17. (Article 70(4)) If Parties fail to settle a dispute amicably the dispute shall be resolved in the Latvian courts according to the laws of the Republic of Latvia.

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Article 4

Entry into force

1. This Annex is effective at the date of entry into force of the Allocation Rules subject to a approval of the relevant National Regulatory Authorities.

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