



National Energy Regulatory Council
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**Answer to National Energy Regulatory
Council public consultation regarding
Methodology on cross-zonal capacity
calculation and allocation with third
countries**

Regarding the National Energy Regulatory Council (NERC) public consultation on Methodology on cross-zonal capacity calculation and allocation with third countries (hereafter Methodology) the Estonian Competition Authority (ECA) provides the following comments and questions.

1. ECA is severely concerned of the fact that NERC consulted Methodology regarding TTC calculation is not in line with the BRELL methodology foreseen approach for TTC calculation. Having different approach from the BRELL agreement, without sufficient coordination with other Baltic States and whole BRELL ring poses a threat to the electricity system safety in Lithuania and furthermore a threat to the whole Baltic states as three Baltic state electricity systems are strongly linked. It is not understandable if having separate uncoordinated methodology for TTC calculation from other BRELL ring means that Lithuania counts itself out of BRELL agreement. There has not been enough coordination and no agreement with other Baltic States and BRELL countries regarding this approach. The consequences of Lithuanian unilateral action might not only threaten the security of Baltic electricity system current operation but also pose a threat to the successful synchronization process of Baltic countries with the Continental Europe electricity system.
2. In ECAs view there has not been enough information sharing and explanation to the market participants regarding the effects of the methodology on the wholesale market in Lithuania and in other Baltic countries and the possible risks to the electricity system. Implementing the Methodology already on September 15 is not in line with the principle that market should be well informed in advance of the major changes planned in order for participants to be able to plan the activities in market.
3. In ECAs view the methodology is also quite unclear regarding the calculation principles and would definitely need to be explained to market more, in order to understand the exact influences.
 - 3.1. ECA suggest that NERC would organize a workshop where the TTC calculation according the methodology would be explained step by step with the example calculations.

- 3.2. ECA also would like to ask from NERC to have prognoses according the average TTC that the methodology would produce to LT-BY border.
- 3.3. Additionally, ECA strongly suggest that also the influences to wholesale electricity market prices would be evaluated and introduced to market by NERC before the methodology would be implemented, in case the implementation of this methodology would take place.
4. The methodology also seems not to take into account the trading flow between Latvia-Russia, that also influences the flows in BY-LT cross-border as transit flows. Meaning that methodology do not take into account the actual prognosed situation in Baltic electricity system and tries unilaterally and unjustifiably restrict other Baltic States trading with Russia.
 - 4.1. ECA would like to ask clarification if it understands correctly that Latvia -Russia market flow and its influences to transit flows have not taken into account when modelling the technical power flow according point 3.9.
 - 4.2. Also, why the Baltic electricity system balance is modeled to be equal to 0 and the possible trading is therefore not taken into account?

Sincerely

Estonian Competition Authority