

To: Info (info@vert.lt) <info@vert.lt>

**Subject:** On public consultation regarding Methodology on cross-zonal capacity calculation and allocation with third countries

Good afternoon,

With this letter Public Utilities Commission of Latvia (hereinafter - PUC) provides response for the proposed methodology document "Methodology on cross-zonal capacity calculation and allocation with third countries" publicly consulted by The National Energy Regulatory Council (published in: <https://www.regula.lt/en/Pages/Updates/Public-Consultation-Regarding-Methodology-on-Cross-Zonal-Capacity-Calculation-and-Allocation-with-Third-Countries-.aspx>) (hereinafter – the Methodology).

**In PUC view the Methodology for Total Transfer Capacity (hereinafter – TTC) calculation of BY-LT cross-border interconnection differs from approach described in BRELL documents and the Methodology principles are not in line with the BRELL agreement. Such an approach poses a threat to the safety of electricity systems of Baltic states, could possibly lead to breaking of the BRELL cooperation agreement and could threaten a successful process of synchronisation with the Continental Europe electricity systems in 2025. PUC expresses concern that Lithuania side is going to introduce separate approach to the established electricity systems common work/management without sufficient coordination and agreement with other Baltic States and within the BRELL.**

Additionally, the public consultation materials and draft methodology indicates, **that if such Methodology will be implemented, the increase in the wholesale electricity market price will follow.** The Methodology and its consequences foresee significant changes on the wholesale electricity market without prior notice to market participants. Market participants who have concluded sales agreements with fixed price have not considered the changes proposed in the Methodology and the related increase in electricity prices on the wholesale electricity market. Therefore, **PUC would like to know if the electricity consumers of Lithuania have got enough information on the implementation of the Methodology, and the consequences that will follow.**

Considering that proposed methodology will impact the amount of electricity traded with third countries (that in turn will impact prices) and that one of the main functions of the national regulatory authority is to monitor situation in the electricity markets, PUC awaits that NERC will give the necessary evaluation of the increase of electricity prices in the Baltics and more specifically in Lithuania, if the proposed Methodology will be implemented. From PUC's point of view as national regulatory authority the consumers of Baltic states should be informed about higher prices in Baltic States due to the unilateral actions of Litgrid.

Thank you for your cooperation!

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