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Baltic TSOs request for derogation from
Article 20 (6) of Commission Regulation
(EU) 2017/2195 of 23 November 2017
establishing a guideline on
electricity balancing which determines
implementation and joining MARI
platform

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Elering AS, AS "Augstsprieguma tīkls", LITGRID AB (hereinafter – "Baltic TSOs"), **evaluating criteria established in the Commission regulation (EU) 2017/2195 of November 23, 2017 establishing a guideline on electricity balancing (hereafter – "EB GL") for the requests for derogation and the following information, jointly submit request for derogation in accordance with paragraphs 2 to 12 of Article 62 of EB GL, to the national regulatory authorities of Estonia, Latvia and Lithuania, considering the following:**

Whereas

- 1) EB GL sets requirements for target balancing markets and settlement in European Union. According to Article 20 (6) of EB GL by thirty months after the approval of the proposal for the implementation framework for a European platform for the exchange of balancing energy from frequency restoration reserves with manual activation, or where all transmission system operators (hereafter – "TSOs") submit a proposal for modification of the European platform pursuant to a paragraph 5, by 12 months after the approval of the proposal for modification of the European platform, all TSOs shall implement and make operational the European platform for the exchange of balancing energy from frequency restoration reserves with manual activation (hereafter – "mFRR") and they shall use the European platform to:
 - (a) submit all balancing energy bids from all standard products for mFRR;
 - (b) exchange all balancing energy bids from all standard products for mFRR, except for unavailable bids pursuant to Article 29 (14);
 - (c) strive to fulfil all their needs for balancing energy from the mFRR.
- 2) According to Article 20 (1) of EB GL by one year after entry into force of EB GL, all TSOs shall develop a proposal for the implementation framework for a European platform for the exchange of balancing energy from the frequency restoration reserves with manual activation.
- 3) Pursuant to Article 20 (6) of EB GL, **the deadline for implementation, make operational and use of the European platform for the exchange of balancing energy from mFRR is July 24, 2022**, since EB GL has entered into force on December 18, 2017 and on January 24, 2020 the European Union Agency for the Cooperation of Energy Regulators (hereafter – "ACER") approved the proposal for the implementation framework for a European platform for the exchange of balancing energy from mFRR (hereafter – "**Implementation framework**").
- 4) According to Article 62 (1) of EB GL a regulatory authority in accordance with Article 37 of Directive 2009/72/EC of the European Parliament and of the Council of July 13, 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC may, at the request of a TSO or at its own initiative, grant the relevant TSOs a derogation from one or more provisions of EB GL in accordance with paragraphs 2 to 12. Furthermore, in accordance with Article 62 (2) of EB GL a TSO may request a derogation from the following requirements: "*(a) the deadlines by which a TSO shall use the European platforms pursuant to Articles 19(5), 20(6), 21(6) and 22(5).*
- 5) According to Article 62 (5) of EB GL the request for derogation shall include the following information:
 - a) *the provisions from which a derogation is requested;*
 - b) *the requested derogation period;*
 - c) *a detailed plan and timeline specifying how to address and ensure the implementation of the concerned provisions of EB GL after expiration of the derogation period;*
 - d) *an assessment of the consequences of requested derogation on adjacent markets;*
 - e) *an assessment of the possible risks for the integration of balancing markets across Europe caused by the requested derogation.*

- 6) According to Article 62 (8) when assessing the request for derogation (...) the relevant regulatory authority shall consider the following aspects:
- a) *the difficulties related to the implementation of the concerned provision or provisions;*
 - b) *the risks and the implications of the concerned provision or provisions, in terms of operational security;*
 - c) *the actions taken to facilitate the implementation of the concerned provision or provisions;*
 - d) *the impacts of non-implementation of the concerned provision or provisions, in terms of non-discrimination and competition with other European market participants, in particular as regards demand response and renewable energy sources;*
 - e) *the impacts on overall economic efficiency and smart grid infrastructure;*
 - f) *the impacts on other scheduling areas and overall consequences on the European market integration process.*

I Introduction

This document is request for derogation from the deadline by which a TSOs shall use the European platform for the exchange of balancing energy from mFRR pursuant to Article 20 (6) of EB GL developed by Baltic TSOs in accordance with Article 62 (2) (a) of EB GL (hereafter – “**Derogation request**”).

Derogation request is developed considering principles stipulated in the Article 62 (3) of EB GL, namely, the derogation process shall be transparent, non-discriminatory, non-biased, well documented and based on a reasoned request. The following provides a rationale for these principles.

In accordance to Article 62 (9) of EB GL the relevant regulatory authority shall issue a reasoned decision concerning a request for a derogation or a derogation granted at its own initiative. Where the relevant regulatory authority grants a derogation, it shall specify its duration. The derogation may be granted only once and for a maximum period of two years. Therefore, **the maximum period for derogation shall not exceed 24 July 2024**. The following consideration and EB GL 62 (9) are taken into account when determining the derogation period.

Work on Baltic electricity balancing market integration in the European electricity balancing market started in 2009 with the approval of the Baltic Energy Market Interconnection Plan. The aim of this plan was to provide a comprehensive approach for the establishment of Baltic cross-border interconnections and market integration in the Baltic Sea Region, one of the main tasks of which was to work jointly towards opening, liberalizing and harmonizing electricity market as well as creation of a common balancing market and harmonized imbalance settlement and imbalance pricing. With the approval of the Baltic Energy Market Interconnection Plan the Baltic countries agreed to work jointly towards opening, liberalizing and harmonizing electricity market as well as creation of a common balancing market and harmonized imbalance settlement and imbalance pricing.

In order to establish common Baltic balancing market, that can further be integrated with the European balancing markets on December 29, 2017 Baltic TSOs signed Agreement on the Operation and Settlement of Baltic Coordinated Balancing Area (CoBA) (hereafter – “**CoBA Agreement**”) to establish Baltic coordinated balancing area (hereafter - “**Baltic CoBA**”) with common Baltic power system balancing rules and common Baltic balancing market. The objective of establishing the common Baltic balancing market was to increase the safe operation of the power system by promoting the availability of balancing resources and reducing power system balancing costs.

CoBA Agreement entered into force on January 1, 2018. Baltic TSOs established the cooperation in respect to coordinated balance control, the exchange of the balancing energy, imbalance netting and coordinated balance settlement.

CoBA Agreement determines the terms and conditions for the operation of the Baltic CoBA and includes roles and responsibilities of each TSO, requirements for balancing energy products, operational procedures, financial and settlement responsibilities, methodology for cross-zonal capacity calculation within the balancing timeframe and cross border measurement points, transparency requirements, electronic data interchange and relevant contacts list and approval of harmonized Baltic Balancing Market Rules and Imbalance Settlement Rules. In order to achieve the level playing field for the participants of the Baltic balancing market, the Baltic TSOs have agreed on harmonized Baltic balancing market rules for balance service providers (hereafter – “**BSP**”) and

imbalance settlement for balance responsible parties (hereafter – "**BRP**"), as Annexes to CoBA Agreement.

Baltic balancing market rules from January 1, 2018 determine terms and conditions that are applicable for BSPs in order to participate in the Baltic balancing market and provide balancing energy upon connecting TSOs request and that are binding for each connecting TSO in order to ensure the participation of BSPs in Baltic balancing market.

Imbalance settlement rules harmonize imbalance settlement framework that complies with the following principles – TSOs shall not incur neither economic gains nor losses with regards to the financial outcome of the imbalance settlement, imbalance price fully reflects costs and incomes from balancing services and does not include costs for imbalance settlement administration.

In addition, it should be noted, that for establishment of Baltic balancing market also development of relevant IT solution was considered as significant. Namely, November 27, 2017 Baltic TSOs signed Agreement on the Common Baltic Balancing IT System Development and Implementation (hereafter – "**CoBA IT Agreement**") facilitate the exchange of balancing energy as well as for operating the imbalance netting process within a coordinated balancing area. CoBA IT Agreement sets the rules for development, delivery and implementation of common Baltic Balancing IT system. The IT system is designed with a primary function to ensure sustainable physical cross-border balancing in electricity system. Baltic Balancing IT system consolidates the bids from the local BSPs in the Baltics as well as bids from Nordics, Poland and Russia to facilitate an efficient information exchange and operation between the Baltic TSOs. With COBA IT system Baltic TSOs created sustainable physical cross-border balancing tool.

According to Article 20 (6) of EB GL by thirty months after the approval of the proposal for the implementation framework for a European platform for the exchange of balancing energy from mFRR, i.e. till July 24, 2022, all TSOs shall implement and make operational European platform for the exchange of balancing energy from mFRR (hereafter – "**MARI platform**") and they shall use this platform to submit all balancing energy bids from all standard products for mFRR, except for unavailable bids pursuant to Article 29(14) of EB GL and strive to fulfil all their needs for balancing energy from the mFRR.

Baltic TSOs have established cooperation with other TSOs already before EB GL was approved. On April 5, 2017, 19 TSOs, including Baltic TSOs, for early cooperation in order to create European platform for the exchange of balancing energy from mFRR, regarding establishment of Baltic balancing market on April 5, 2017, 19 TSOs, including Baltic TSOs, for early cooperation in order to create MARI platform, signed a Memorandum of Understanding (hereafter – "**MoU**") which outlines the main principles for the cooperation of the TSOs and was called Manually Activated Reserves Initiative (hereafter – "**MARI project**"). MoU was replaced by a second MoU in 2018 and signed by 28 TSOs. The second MoU was applicable until it was replaced on July 2020 with a new contractual framework consisting of:

1. Principal Agreement Regarding the electricity Balancing platforms (hereafter – "**Principal Agreement**") – Principal Agreement sets forth the mutual rights and obligations of the parties in respect to the implementation of EB GL with respect to the platforms and cross-platform functions. Detailed rules concerning the governance and operation of a platform are set forth in the concerning Platform Cooperation Agreement and the accompanying Operational Handbook.
2. MARI Platform Cooperation Agreement – MARI Platform Cooperation Agreement sets the mutual rights and obligations of the contracting parties regarding the supervision and management of the MARI Platform. The MARI Platform Cooperation Agreement must be applied in conjunction with the terms of Principle Agreement and Common Service Provider Agreement.

3. MARI project Common Service Provider Agreement – the MARI project Common Service Provider Agreement defines the mutual rights and obligations of the contracting parties regarding the operation, development, maintenance (hosting) and supervision of the MARI platform.

After the signing of the Principal Agreement by all participating TSOs, the preparation and research phase of the MARI project was completed and TSOs started work on the development and implementation of the MARI platform.

In order to define changes in Baltic balancing market setup related to implementation and use of MARI platform on October 7, 2020, Baltic TSOs published jointly prepared Baltic Balancing Market Rules project, which include common requirements for the Baltic balancing energy market and which must be implemented to comply with the EB GL and to join MARI platform. Public consultation was launched inviting electricity market participants to express their views and answer questions asked by the Baltic TSOs regarding the prepared Baltic Balancing Market Rules project, including evaluation on go-live scenario for Baltic TSOs to join MARI platform as described in explanatory note¹.

Baltic TSOs proposal for Baltic Balancing Market Rules project was published for public consultation for one month until November 7, 2020. A total of seven electricity market participants provided feedback during the public consultation, and the Baltic TSOs received 25 comments and questions on the Baltic Balancing Market Rules project². The Baltic TSOs have evaluated all the comments and questions received, prepared answers and made respective amendments to the Market Rules considering the input received during public consultation.

During the public consultation feedback from market participants was received and new article "Implementation" was included in the Baltic Balancing Market Rules project defining, that Baltic go-live scenario shall be aligned with the Nordic TSOs Svenska Kraftnät, Energinet, Fingrid and Statnett (hereafter - Nordic TSOs) MARI platform go-live scenario. Joining Mari platform together with Nordic TSOs for market participants is important to further cooperation process and grant availability of balancing resources to ensure liquid balancing market and secure and cost-efficient Baltic power system balancing.

According to proposed principles Baltic TSOs shall request for the derogation from article 20(6) of EB GL to implement and join MARI platform in coordinated way in region.

Preparing to join the MARI platform, on January 21, 2021 Baltic TSOs published Baltic Market Rules project which determine terms and conditions that will be applicable for BSP in order to participate in the Baltic balancing market and provide balancing energy upon connecting TSOs request and that are binding for each connecting TSO in order to ensure the participation of BSPs in the European exchange of balancing energy from mFRR pursuant to Article 20 of EB GL. Baltic TSOs already internally approved and published on their websites Baltic Balancing Market Rules project, but legal approval will be gain after amendment to COBA Agreement whose annex is Baltic Balancing Market Rules will be signed by all Baltic TSOs.

According to Baltic Balancing Market Rules project, Baltic TSOs will gain legal approval and implement them when Baltic TSOs join the MARI platform.

In order to properly MARI platform processes and use MARI platform after joining it Baltic TSOs jointly within the framework of Baltic balancing cooperation, work on planning changes in the Baltic balancing market setup and the technical solution for operation with the MARI platform. The

¹ <https://www.ast.lv/sites/default/files/editor/Explanatory%20note%2020201006.pdf>

² <https://www.ast.lv/en/events/updated-baltic-balancing-market-rules-operation-european-mfrr-balancing-energy-platform-mari>

accession of member TSOs to MARI Platform is planned in accordance with the local derogation conditions.

Considering the studies and conclusions of implementation of the MARI platform processes described in Chapter II of this derogation request, and also by evaluation of the feedbacks from market participants on Baltic Balancing Market Rules project, Baltic TSO's concluded, that accession and use of MARI platform till July 24, 2022 is not possible. Therefore, Baltic TSOs submit this derogation request.

II Reasons for derogation request

In 2019 all Baltic TSOs have identified and summarized the situation with the possibilities for the implementation of the MARI platform processes and evaluated prepared concept model. Also Baltic TSOs have evaluated and summarized main aspects in mFRR market operational arrangements in Baltics for the implementation of mFRR in Baltic countries in order to define actions which has to be taken to implement MARI platform processes and use MARI platform **and concluded that there are two significant preconditions to be completed in order to join the MARI platform:**

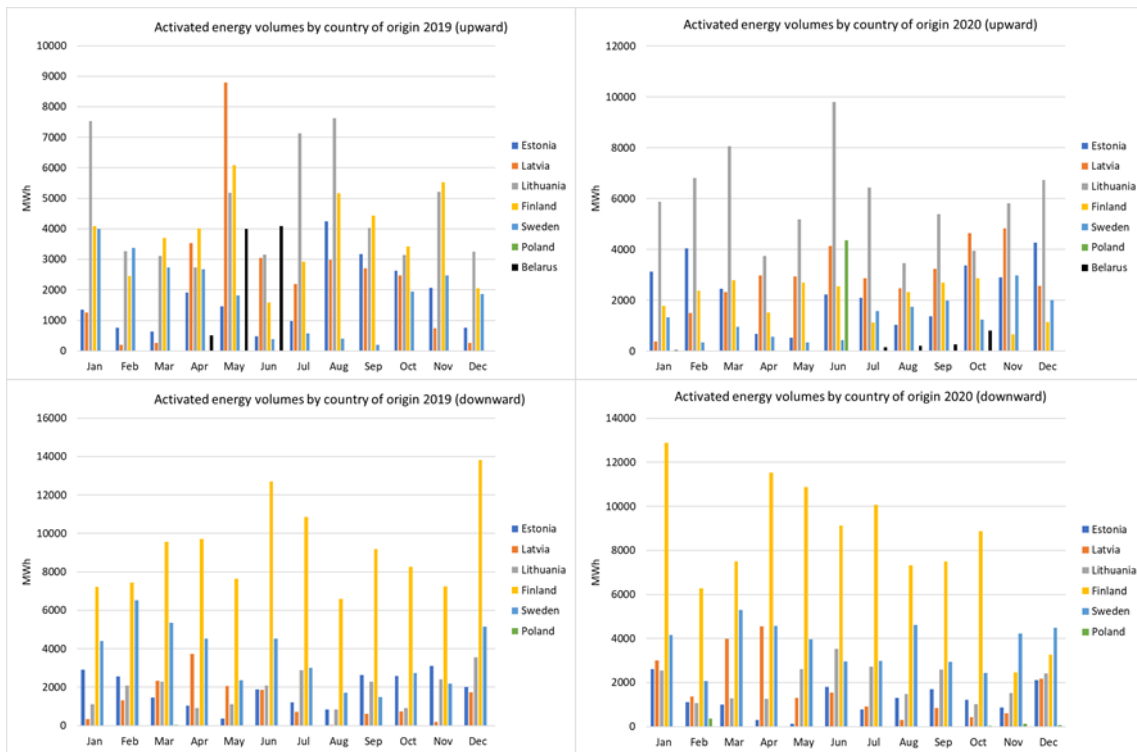
1. physical possibility to exchange balancing energy must be in place, i.e., there is at least one interconnector to/from Baltic areas connecting with an area which is part of MARI platform (LT-PL, LT-SE, EE-FI);
2. milestones describing IT development and development of legal and contractual framework from the MARI platform implementation roadmap are usefully reached in due time.

By evaluating physical possibility to exchange balancing energy, Baltic TSOs conclude, that cooperation of balancing energy exchange is carried out with Polish and Nordic electricity systems. It shall be noted that for TSOs participating in MARI platform the balancing exchange with TSOs which are not participating in MARI would be limited only to emergency support events. Therefore, Baltic TSOs connection time to the mFRR platform is conditional on the neighbouring TSOs - Baltic TSOs aim not to operate Baltic mFRR market inefficiently in the decoupled mode from other areas on the MARI platform.

Considering mentioned above, **Baltic TSOs can join MARI platform only together with Nordic or Polish TSOs have accessed MARI platform.**

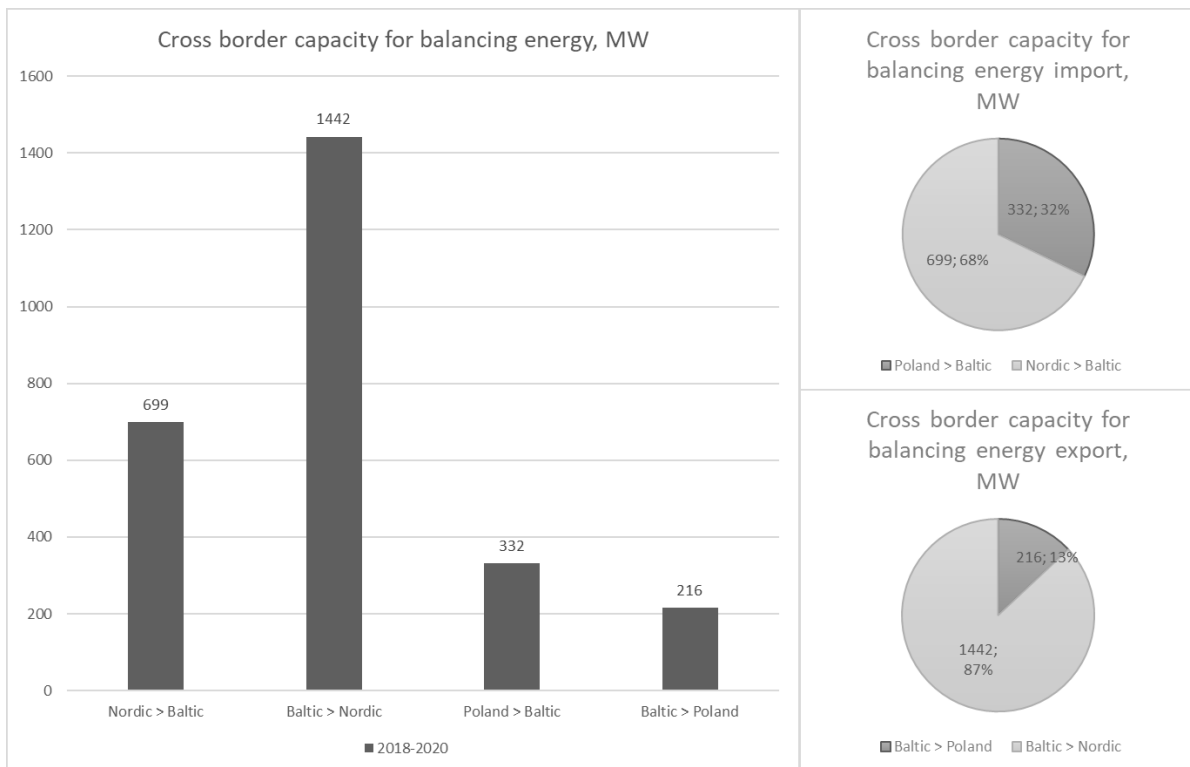
Currently, major part of energy for Baltic balancing purposes comes from Nordic TSOs and some insignificant amount comes from Poland, this is confirmed by the following figures: in 2019, 56% of total balancing energy need was covered by balancing energy from Nordics (39% from Finland and 17% from Sweden). In 2020, the part of activated balancing energy from Nordics and Poland was 49% (32% from Finland, 16% from Sweden and 1% from Poland). Figures mentioned above shows that Poland does not play such a significant role in activated balancing energy for Baltic – in 2020 just 1% of total activated balancing energy was located in Poland.

Meantime Nordics has significantly larger role in aspect of balancing energy activations for Baltics (in 2020 48% of total activated balancing energy was located in Nordics. Therefore, Nordics play a key role in the process of Baltic TSOs joining the MARI platform. Dependence on Nordic TSOs especially present for downward activations where 72% (in 2019) and 70% (in 2020) of downward balancing energy need was covered from Nordics. In 2019 11% of hours and 2020 10% of hours there were no downward regulation bids from Baltic region BSPs.



Considering, that the amount of exchanged energy would be limited by capacity of interconnector, also available cross-zonal capacity available for balancing energy exchange should be evaluated.

Historical data on average Baltic – Poland and Baltic – Nordic available cross border capacities for balancing can be found below.



Analysing the historical data (for the period from 2018-2020), it can be concluded that significant part of available cross-zonal capacity for balancing energy is between Baltic – Nordic region. Also,

the graphs above show that cross border capacity for balancing energy between Nordic – Baltic region are playing important role in amounts – for the period from 2018-2020 import (used for upward balancing) was 68% and export (used for downward balancing) – 87%. **Taking into account, that significant part of the activations historically was made for downward regulations, temporary interconnection only with Poland does not provide possibility to meet the demand for downward regulation.**

Considering previously mentioned, to maintain liquidity of Baltic and Nordic balancing market cooperation in balancing energy exchange, **it is crucial for Baltic TSOs to join MARI platform together with Nordic TSOs.**

In accordance with ACER decision Nr.03/2020 from January 24, 2020 "Implementation Framework for a European platform for the exchange of balancing energy from frequency restoration reserves with manual activation"³ member TSOs shall develop mFRR-Platform Accession roadmap (hereafter – "**Roadmap**")⁴ The accession of member TSOs to MARI platform is planned in accordance with Roadmap. The content of Roadmap is subject to change as the implementation progresses and new information becomes available, updated twice per year.

According to updated (24.04.2021) Roadmap Nordic TSOs will not join the first wave of go-live of MARI platform in 2022, they are expected to join on Q3 2023 – Q2 2024. For clarity, the Nordic TSOs are currently preparing their request for derogation. The detailed steps towards accession to MARI will be assessed as part of this process. Therefore, the plan presented in updated Roadmap shall be regarded as preliminary, non-binding estimate.

The fact that the exact timing of the accession of Nordic TSOs to MARI is unclear hinders the ability of Baltic TSOs to determine the exact timing of their accession to MARI and, accordingly, also affects the time for which Baltic TSOs request a derogation. Therefore, considering the importance of the Baltic TSOs to join MARI platform together with Nordic TSOs, Baltic TSOs, in accordance to Article 62 (9) of EB GL indicate a necessity to request a maximum derogation term – July 24, 2024, but, in case Nordic TSOs join MARI platform earlier than July 24, 2024 – Baltic TSOs are obliged to carry out the accession to the MARI platform simultaneously with Nordic TSOs.

In view of the arguments set out above and the facts supporting them, **the Baltic TSOs are requesting to grant derogation from the deadline by which a TSOs shall use the MARI platform as described in Article 20 (6) of EB GL until the Nordic TSOs join the MARI platform, but no later than July 24, 2024.**

III. The provisions from which a derogation is requested and the requested derogation period (according to Article 62 (5) a) and b))

Baltic TSOs ask regulatory authorities **to grant a derogation from the deadline by which a TSOs shall use the MARI platform as described in Article 20 (6) of EB GL, until the Nordic TSOs join the MARI platform but no later than July 24, 2024.**

The deadline for granting the derogation is justified with the estimate of the latest time period, when Nordic TSOs will join MARI platform considering the complexity of implementation of

³https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/ACER%20Decision%2003-2020%20on%20the%20Implementation%20framework%20for%20mFRR%20Platform.pdf

⁴https://eepublicdownloads.entsoe.eu/clean-documents/Network%20codes%20documents/Implementation/MARI/210424_MARI_Accession_roadmap_Update.pdf

necessary requirements to join MARI and considering that derogation request of Nordic TSOs will be confirmed independently from Baltic TSO requests. Baltic TSOs will ensure Baltic balancing market common operation with European balancing market and at the same time liquidity of Baltic balancing market will not decrease.

IV. Roadmap specifying how to address and ensure the implementation of the concerned provisions of EB GL after expiration of the derogation period (according to Article 62 (5) c))

Taking into account that accession of MARI platform requires introduction of MARI platform processes and local IT-interfaces, the access to MARI platform in Baltics is foreseen to be completed with following major key points which correspond to major changes to market participants:



Key point 1 – update Baltic balancing market setup, including cooperation and operational procedures between TSOs.

Key point 2 – alignment of go-live joining to MARI platform together with Nordic TSOs.

Reaching these key points will ensure that all elements of Baltic balancing market setup **are in place for joining and use of the MARI Platform**. More detailed roadmap is provided in Table 1.

Table 1 "
Table 1 "A roadmap for the accession of MARI"

	2021				2022				2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Amendments of Baltic CoBA agreement</i>																
<i>Development of national terms and conditions for BSPs and BRPs</i>																
<i>NRA approval of national terms and conditions for BSPs and BRPs</i>																
<i>National terms and conditions implementation and entry into force</i>																
<i>Local and regional IT solution implementation and testing</i>																
<i>Interoperability testing with MARI platform</i>																
<i>TSOs connection to MARI platform¹</i>																

 - earliest deadline
 - latest deadline

¹ Baltic TSOs connection time to the mFRR-platform is conditional on the Nordic TSOs, expected in Q3 2023 - Q3 2024, but not later than 24.07.2024./ TSOs connection time to the MARI platform is conditional on the accession of Nordic TSOs, expected in Q3 2023 - Q3 2024, but not later than 24July 2024.

In order to join MARI platform and use it for balancing energy exchange following action shall be taken:

1. Baltic CoBA agreement – development of amendments in Baltic CoBA agreement are necessary to update Baltic balancing market setup, including cooperation and operational procedures among TSOs.
2. National terms and conditions for BRPs and BSPs – development of draft amendments and approval of NRA are necessary to renew regulations for BSPs and BRPs.

IT solution implementation

On December 8, 2020, all Baltic TSOs signed Agreement on the Common Baltic Balancing IT System Adaptive maintenance to perform the Common Baltic Balancing IT System adaptive maintenance, which includes the maintenance and adaptation of the system in accordance with the change requests. Also, Baltic TSOs have jointly prepared concept on "Baltic mFRR balancing solution implementation for operation with MARI platform" which was approved by Baltic Balancing Working Group IT Subgroup (BBWG IT SG) on September 14, 2020. This document is prepared by Baltic TSOs with the aim to present a concept model and main technical aspects in mFRR market operational arrangements in the Baltic in regards to the implementation of mFRR proposal in Baltic countries as required by EB GL, NERC handling, fallback for common European mFRR platform downtime and other balancing related processes until synchronization with CESA in 2025.

MARI project defines criteria and timeframe for the accession of new TSO after initial go-live of the MARI platform. Baltic TSOs shall follow the predefined criteria and accession process within the framework of MARI project and coordinate the timeline with Nordic TSOs. As the exact go-live date will depend on the IT solution readiness of Baltic TSOs and other TSOs the Roadmap includes maximum necessary time to complete all the requirements. Information about the accession timeline will be published continuously two times per year with the publication of updated Roadmap.

V. An assessment of the consequences of requested derogation on adjacent markets (according to Article 62 (5) d))

Currently balancing energy exchange between Baltic and Nordic TSOs is performed under bilateral agreements between Finnish TSO and Estonian TSO for high-voltage direct current interconnections - Estlink I and Estlink II, and Swedish TSO and Lithuanian TSO for high-voltage direct current interconnection - NordBalt. Main principles on balancing energy exchange on these interconnections are harmonized and allow balancing energy exchange between Baltic-Nordic areas not only in emergency situations, but also for the purposes to utilize the most economical balancing resources for power system balancing.

Derogation from Article 20 (6) of EB GL regarding implementation and make MARI platform operational until July 24, 2022 will not affect established Baltic TSOs cooperation with Nordic balancing markets since:

1. Baltic and Nordic TSOs are all participants in MARI project;
2. Baltic TSOs intend to implement MARI platform at the same time as Nordic TSOs in order to maintain the liquidity of the of Baltic and Nordic mFRR balancing energy exchange markets as further described in Baltic TSOs Baltic balancing market rules project published in January 21, 2021⁵. As well as TSOs participating in MARI platform the balancing

⁵<https://www.ast.lv/en/events/updated-baltic-balancing-market-rules-operation-european-mfrr-balancing-energy-platform-mari>

exchange with TSOs which are not participating in MARI would be limited only to emergency support events. Thus, the exchange of balancing energy described in Chapter 2 will not actually take place.

Therefore, further development of Baltic and Nordic balancing markets is done according to requirements of Implementation framework for the European platform for the exchange of balancing energy from mFRR activations, that are basis for MARI project.

Any amendments of balancing energy exchange between Baltic and neighbouring areas, including Nordic countries is foreseen in the framework of implementation of MARI platform, which shall be coordinated with all relevant parties.

As explained above, joining the MARI platform is only beneficial if Baltic TSOs join MARI platform at the same time as Nordic TSOs, for the reasons set out above.

VI. An assessment of the possible risks for the integration of balancing markets across Europe caused by the requested derogation (according to Article 62 (5) e))

The derogation from the deadline by which a TSOs shall use the MARI platform as described in Article 20 (6) of EB GL until Nordic TSOs join the MARI platform but no later than the July 24, 2024) will not cause any direct or indirect risk for integration of balancing markets across Europe.

The derogation will not cause a risk to the integration of balancing markets across Europe as the agreements on the exchange of balancing energy in the Baltics, the Nordic countries and Poland will continue to apply during the derogation. In addition, the Roadmap provides for the possibility of later connection of TSOs that have been granted a derogation by their respective regulatory authorities in accordance with Article 62 of EB GL.

Also, the derogation from Article 20 (6) of EB GL until the July 24, 2024 will not cause any direct or indirect risks for operational security as operational procedure of balancing market will comply with requirements of synchronous area.

Joining MARI platform together with Nordic TSOs will be of greater benefit to the ability to provide balancing energy exchange then joining before Nordic TSOs for the reasons set in Chapter V.

VI The impacts of non-implementation of the concerned provision or provisions, in terms of non-discrimination and competition with other European market participants (in particular as regards demand response and renewable energy sources) and the impacts on smart grid infrastructure (according to Article 62 (8) i) j))

The derogation from the deadline by which a TSOs shall use the MARI platform as described in Article 20 (6) of EB GL until Nordic TSOs join the MARI platform but no later than the July 24, 2024) will not negatively impact European balancing market in terms of non-discrimination and competition with other European market participants. Balancing energy exchange between Baltic and Nordic TSOs will be provided as previously and work and development of procedures are ongoing to join the MARI platform together with Nordic TSOs. Alternative MARI platform accession plans would result in reduced liquidity of balancing markets as Baltic highly interconnected through three HVDC cable to the Nordic market. There is only one interconnector between Baltics and the rest of potential MARI participants excluding Nordics.

National terms and conditions for BSPs allows participation of Demand response market participants in the Baltic balancing energy market, therefore granting a derogation will not prevent further development of demand response and integration of renewable energy sources ensuring the cross-border balancing energy exchange capabilities.

All in all, Baltic TSOs joining MARI platform no later than July 24, 2024 will not negatively impact balancing energy exchange in Baltic and neighbouring energy markets.