

# FI-EE border LTTRs implementation project

3<sup>rd</sup> TSOs open webinar

10.06.2022

13:00 -14:30 EET



## FI-EE border LTTRs implementation project

# Agenda

10<sup>th</sup> of June 13:00- 14:30 EET

Topic	Presenter
Welcoming words and intro	Erkki Sapp (Elering)
Long-term capacity and the splitting rules on FI-EE border	Marja Eronen (Fingrid)
JAO Auction Platform Introduction	Stefan Bogdanov (JAO)
Questions and discussion	Open for all
Project update and TSOs next steps	Airi Noor (Elering)



10.6.2022

Marja Eronen

## Long-term capacity and the splitting rules on FI- EE border

Stakeholder 3rd webinar

**FINGRID**

# Long-term capacity

- FCA Regulation sets the rules for long-term capacity calculation and splitting for the allocation of the LLTRs
- Long-term capacity is generally assumed to be smaller than the day-ahead capacity because there are more uncertainties

- According to ACER, for example:

*Following a proper design of capacity calculation in day-ahead and long-term timeframes, the day-ahead capacity calculation should in principle almost always produce significantly more capacities compared to the long-term capacity calculation. This is because the long-term capacity calculation is by nature more conservative than the day-ahead one, as it takes into account additional uncertainties, resulting in a reliability margin, outages considered in the long-term timeframes, etc. (\**

# ACER OPINION No 03/2022

## relating to the implementation of long-term transmission rights on the FI-EE bidding zone border

(5) The requirement of Article 16(2)(b) of Regulation (EU) 2016/1719 for a methodology that is coherent with the capacity calculation methodology implies that the splitting methodology according to Article 16 of Regulation (EU) 2016/1719 can only be implemented when the long-term capacity calculation methodology under Article 10 of Regulation (EU) 2016/1719 has been implemented for the respective region. **Until the splitting methodology according to Article 16 of Regulation (EU) 2016/1719 has been implemented, cross-zonal capacity may be split according to a methodology bilaterally agreed by the relevant TSOs, subject to regulatory oversight.**

# Bilateral splitting methodology (BSM)



A Bilateral splitting methodology is needed on the FI-EE border until FCA compliant methodologies can be implemented



Regulatory oversight is required (ACER Opinion)



Fingrid and Elering have developed a common proposal, which will be consulted with the market participants



TSOs aim is to submit the proposal to the NRAs before summer holidays

**In order to do this, a two-week consultation is foreseen**

# Fingrid's and Elering's proposal

- Fingrid and Elering have developed a common proposal how to determine the long-term capacity for the purpose of allocating the LTTRs
- The objective is to ensure the firmness of the auctioned LTTRs with minimal risk of curtailment to make sure that the markets can trust the product
- To achieve the above objective, Fingrid and Elering propose the following:

*The amount of long-term cross-zonal capacity provided for the purpose of allocating the LTTRs for the yearly timeframe shall not exceed the technical capability of ESTLINK 1 and the sum of the yearly and monthly capacities shall not exceed the technical capability of ESTLINK2. Elering and Fingrid shall monitor the auction results and in case the amount of the offered LTTRs exceeds the market participants' hedging needs the amount of offered LTTRs may be reduced.*

# FI-EE splitting rules

- The following splitting rules shall be applied when calculating yearly and monthly split of the long-term cross-zonal capacity (in MW):
  - $LTCZC_{Y(n)} = \min ((\min NTC_{\text{long-term}(MY(n))} ; 350)$
  - $LTCZC_{M(n)} = \min ((\min NTC_{\text{long-term}(DM(n))} - LTCZC_{Y(n)} ; 650 - LTCZC_{Y(n)})$

Where:

- $\min NTC_{\text{long-term}(MY(n))}$  – the minimum forecasted monthly NTC value in MW of the long-term cross-zonal capacity for Finnish-Estonian bidding zone border and for respective year (n);
- $\min NTC_{\text{long-term}(DM(n))}$  – the minimum forecasted daily NTC value in MW of the long-term cross-zonal capacity for Finnish-Estonian bidding zone border and for respective month n;
- $LTCZC_{Y(n)}$  – long-term cross-zonal capacity in yearly timeframe for year n;
- $LTCZC_{M(n)}$  – long-term cross-zonal capacity in monthly timeframe for year n.



# Timeline

2 weeks public consultation: 13<sup>th</sup> June to 26<sup>th</sup> June 2022

After consultation period, Elering and Fingrid will review the comments and, if necessary, will amend the BSM accordingly.

TSM will be sent to Estonian and Finnish NRAs for regulatory oversight

BSM will be published after Finnish regulatory authority has approved and the Estonian regulatory authority has given positive opinion on the BSM or a decision has been taken by the ACER



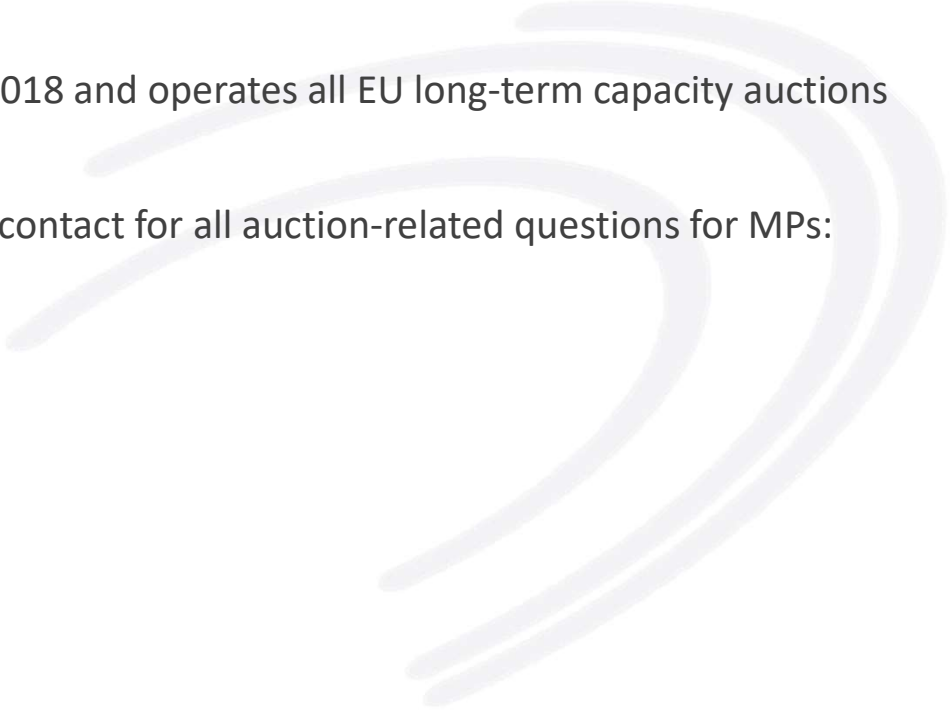
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# FI-EE LTTR Implementation Workshop

## 10/06/2022

# Introduction

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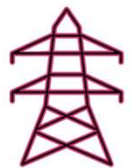
- JAO is the Single Allocation Platform (SAP) since 2018 and operates all EU long-term capacity auctions on behalf of the TSOs
  - The Operations department is the single point of contact for all auction-related questions for MPs:
    - Registration
    - Technical support
    - User management
    - Invoicing and compensation
    - Secondary market (return, transfer)
    - Rights distribution
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# FI-EE LT Summary

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Yearly and monthly auctions



BASE product



Finland to Estonia only



Financial transmission rights only

# Auction tool (eCAT)

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- All auctions organized by JAO run in the eCAT auction tool
- [Web graphical interface](#) and [Web Services API](#) for in-house trading platforms
- 24/7/365 availability
- Unlimited free user accounts
- Training videos available on [YouTube](#)
- Test session will be offered as the project progresses



# Registration

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- [Registration](#) is free and open to any party with an EIC and ACER registration code
- [Required documents](#):
  - Participation agreement
  - Financial agreement
  - Commercial register extract
  - Beneficial owner structure information
  - ID card of the ultimate beneficial owner (Ownership of more than 25% of the shares or voting rights)
  - Certificate of bank account details
  - Qualified Electronic Signature or hand-signed copies
- No additional rule acceptance needed (EU HAR border)
- More information available in the Registration Guide published on [JAO website](#)



# Collateral requirements

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- Bidding requires enough collateral to cover any existing liabilities plus the maximum potential liabilities for the next 1 or 2 installments due for any auctions with bids that have not been closed yet
- Collateral forms:
  - Cash in JAO-opened business account in ING Luxembourg
  - Bank guarantee from a bank with a branch in the EU, EEA or Switzerland with BBB+/Baa1 credit rating, JAO's template
- Credit limit is constantly recalculated and updated to reflect new or updated bids and collateral



# Invoicing

- Allocation (cost of capacity) and Compensation (UIOSI, capacity curtailment, etc.) is calculated for all borders monthly and netting of invoice is done.
- Only one document is issued per month on the 10<sup>th</sup> working day:
  - If Allocation is higher than Compensation: Invoice
  - If Compensation is higher than Allocation: Self-bill
- If invoice is issued, payment is due by 15<sup>th</sup> working day
- 16<sup>th</sup> working day Debit of MP's Business account by JAO
- If self-bill is issued, the amount is paid out by JAO on the 17<sup>th</sup> working day to MP's registered corporate bank account.
- More information available on [JAO website](#)

Week days	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T							
Working day (WD)	1	2	3	4	5	⊘	⊘	6	7	8	9	10	⊘	⊘	11	12	13	14	15	⊘	⊘	⊘	16	17	18	19	⊘	⊘	20	21
Day of the month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30



# Calculation of monthly instalments - Formula

$$\frac{\text{Sum of allocated transmission rights in MW}^* \times \text{Price in €} \times 24 \text{ hours}^{**} \times \text{Duration of the product in days}}{\text{Duration of product in months}} = \text{Equal monthly instalment rounded down}^{***}$$

\* Takes into account maintenance period(s)

\*\* Takes into account clock changes (23/25 hours respectively)

\*\*\* Last instalment includes balance difference due to rounding applied



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# Questions and answers

<b>FI-EE LTTRs implementation - tasks and milestones</b>	<b>Standard scenario (6 months for NRAs approval)</b>	<b>Fast scenario (3 months for NRAs approval)</b>
<b>1. Regional design of long-term transmission rights in line with FCA Article 31</b>		
Baltic CCR decision for public consultation	8 <sup>th</sup> April 2022	8 <sup>th</sup> April 2022
Public consultation (one month)	Mid-April - mid-May 2022	Mid-April - mid-May 2022
Baltic CCR decision and submission to NRAs	Mid-June 2022	Mid-June 2022
NRA decision (up to 6 months)	Mid-December 2022	End of August 2022
Implementation (for 2023 yearly LTTRs should be before SAP 2023 auction calendar)	December 2022	September 2022
<b>2. HAR regional annex in line with FCA Article 52(3)</b>		
Baltic CCR decision for public consultation	8 <sup>th</sup> April 2022	8 <sup>th</sup> April 2022
Public consultation (one month)	Mid-April - mid May 2022	Mid-April - mid May 2022
Baltic CCR decision and submission to NRAs	Mid-June 2022	Mid-June 2022
NRA decision (up to 6 months)	Mid-December 2022	End of August 2022
Implementation	December 2022	September 2022
<b>3. Elering-Fingrid agreement on LTTRs - setting the details of FTR incl amount of capacity, splitting and risk management</b>		
Discussions on the details	January - May 2022	January - May 2022
Draft agreement	May 2022	May 2022
Open discussion with market participants on LTTRs capacity split	June 2022	June 2022
Discussions with NRAs	Mid-June 2022	Mid-June 2022
Signed agreement (input for SAP/JAO)	December 2022	September 2022

FI-EE LTTRs implementation - tasks and milestones	Standard scenario (6 months for NRAs approval)	Fast scenario (3 months for NRAs approval)
<b>4. EU wide FCA NC methodologies implementation in Finland (art 49, 57 and 51 Methodologies)</b>		
Preparation of TSOs proposal in relevant ENTSO-E working group	April 2022	April 2022
ENTSO-E approval for ACER submission	May 2022	May 2022
Submission to ACER	May 2022	May 2022
Approved by ACER (up to 6 months)	End of November 2022	End of August 2022
<b>5. Fingrid joining the SAP agreement/ connectivity with JAO</b>		
Fingrid will sign SAP Confidentiality Declaration	April 2022	April 2022
Fingrid signs the Adherence Form (only after having a fix go-live date)	June 2022	June 2022
SAP SC decision on Fingrid (max 3 months)	September 2022	September 2022
Fingrid system development for data exchange with JAO	Jun- Sep 2022	Jun- Sep 2022
Fingrid system testing with JAO	October 2022	October 2022
Elering system testing with JAO (for new LTTRs)	October 2022	October 2022
Auction calendar input to JAO on FI-EE border LTTRs auctions	December 2022	September 2022
<b>6. Stakeholders' involvement</b>		
1 <sup>st</sup> workshop to introduce the LTTRs overall principles and Estonian experience	24 <sup>th</sup> of March 2022	24 <sup>th</sup> of March 2022
2 <sup>nd</sup> workshop to introduce the proposed Baltic Regional Design and Baltic Specific Annex	5 <sup>th</sup> of May 2022	5 <sup>th</sup> of May 2022
3 <sup>rd</sup> workshop open discussion on LTTRs capacity split, JAO platform	10 <sup>th</sup> of June 2022	10 <sup>th</sup> of June 2022
4 <sup>th</sup> workshop for go-live	December 2022	September/October 2022

# Contact

## Elering

Erkki Sapp ([erkki.sapp@elering.ee](mailto:erkki.sapp@elering.ee))

Airi Noor ([airi.noor@elering.ee](mailto:airi.noor@elering.ee))

## FINGRID

Juha Hiekkala ([Juha.Hiekkala@fingrid.fi](mailto:Juha.Hiekkala@fingrid.fi))

Satu Viljainen ([Satu.Viljainen@fingrid.fi](mailto:Satu.Viljainen@fingrid.fi))

Marja Eronen ([Marja.Eronen@fingrid.fi](mailto:Marja.Eronen@fingrid.fi))



**FINGRID**

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# Thank you!



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