
Baltic TSOs' report on balancing in accordance with the
Article 60(1) of Commission Regulation (EU) 2017/2195 of
23 November 2017 establishing a guideline on electricity
balancing

22nd of April 2026

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AS "Augstsprieguma tīkls"

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All Baltic Transmission System Operators, taking into account the following:

Whereas

- (1) This document is a common report on balancing developed by Elering AS, AS "Augstsprieguma tīkls", LITGRID AB (hereafter referred to as "Baltic TSOs") in accordance with Article 60(2) of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (hereafter referred to as "**EBGL**"). This document is hereafter referred to as the "**Report**".
- (2) The Report takes into account the general principles and goals set in the EBGL as well as Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity (hereafter referred to as "**Electricity Regulation**") as well as Regulation (EC) No 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (hereafter referred to as "**SOGL**").
- (3) Articles 60(1), 60(2), and 60(3) of the EBGL define the deadline and several specific requirements to its content:
 1. *At least once every two years, each TSO shall publish a report on balancing covering the previous two calendar years, respecting the confidentiality of information in accordance with Article 11.*
 2. *The report on balancing shall:*
 - (a) *include information concerning the volumes of available, procured and used specific products, as well as justification of specific products subject to conditions pursuant to Article 26;*
 - (b) *provide the summary analysis of the dimensioning of reserve capacity including the justification and explanation for the calculated reserve capacity requirements;*
 - (c) *provide the summary analysis of the optimal provision of reserve capacity including the justification of the volume of balancing capacity;*
 - (d) *analyse the costs and benefits, and the possible inefficiencies and distortions of having specific products in terms of competition and market fragmentation, participation of demand response and renewable energy sources, integration of balancing markets and side-effects on other electricity markets;*
 - (e) *analyse the opportunities for the exchange of balancing capacity and sharing of reserves;*
 - (f) *provide an explanation and a justification for the procurement of balancing capacity without the exchange of balancing capacity or sharing of reserves;*
 - (g) *analyse the efficiency of the activation optimisation functions for the balancing energy from frequency restoration reserves and, if applicable, for the balancing energy from replacement reserves;*
 3. *The report on balancing shall either be in English or at least contain an executive summary in English.*

Publish the following report:

Article 1
Report matter and scope

- (1) Report in accordance to EBGL 60(1) covers the following period: from 2024 January 1st to 2026 January 1 (hereinafter – “**Report Period**”).
- (2) Report covers:
 - a) Balancing capacity and energy products covering EBGL article 60(2) (a) and (d);
 - b) Dimensioning and optimal provision of reserves covering EBGL article 60(2) (b) and (c);
 - c) Exchange of balancing capacity and sharing of reserves covering EBGL article 60(2) (e) and (f);
 - d) Efficiency of activation optimization function covering EBGL article 60(2) (g).

Article 2
Executive summary

2.1 Introduction

The TSOs (hereafter the Transmission System Operators) of Baltic countries have prepared a common Report.

Litgrid AB (hereafter Litgrid) is the Lithuanian TSO, AS Augstsprieguma tīkls (hereafter AST) is the Latvian TSO and Elering AS (hereafter Elering) is the Estonian TSO. All three are part of a synchronous area with separate scheduling areas (EE, LV and LT), monitoring areas (EE, LV and LT) and bidding zones (EE, LV and LT). Pursuant to Article 2(4) of SO GL the Baltic TSOs were exempted from defining their LFC blocks. After synchronization with the Continental European synchronous area, 9th February 2025, they've implemented such agreements. Each controls a scheduling area and monitoring area covering the entire country.

Starting from January 1st, 2018, Litgrid, AST, and Elering (hereinafter commonly referred to as the Baltic TSOs) have operated common balance control with the aim of minimizing the Baltic ACE towards zero. To support this, the Baltic TSOs had established a common balancing energy market, based on Baltic mFRR energy products, and harmonized imbalance settlement rules incl. common imbalance pricing methodology. These provisions had been in force until Baltic TSOs joined platform for mFRR energy exchange – MARI in October 10th 2024, therefore switching to operation in three control areas.

Since the previous executive summary, Baltic TSOs have joined the European platforms for mFRR and aFRR reserves, MARI and PICASSO, and operate a common balancing capacity market – BBCM.

Each Baltic TSO employs self-dispatch model. For balancing purposes, only standard FCR, aFRR and mFRR energy and capacity products are used.

The report on balancing could be found in all three TSO's website:

- Link to Litgrid's website is [here](#).
- Link to AST's website is [here](#).
- Link to Elering's website is [here](#).

During the report period, in Lithuania there were a total of 8 active BSPs. Litgrid's standard terms and conditions for BSPs could be found [here](#). During the report period, there were 33 BRPs. Litgrid's standard terms and conditions for BRPs could be found [here](#).

During the report period, in Latvia there was a total of 11 active BSPs. AST's standard terms and conditions for BSPs could be found [here](#). During the report period, there were a total of 24 BRPs. AST's standard terms and conditions for BRPs could be found [here](#).

During the report period, in Estonia there were a total of 23 BSPs, two of which offer the service based on DSR. Elering's standard terms and conditions for BSPs could be found [here](#). During the report period, there were a total of 16 BRPs. Elering's standard terms and conditions for BRPs could be found [here](#).

2.2 Progress, timeline towards joining the European platforms and / or balancing capacity cooperations

European balancing platform for the activation of balancing energy	Accession timeline	Reasoning for derogation and status of the derogation (granted or not)
RR Platform	No plans to access	N/A
aFRR Platform	Operating Litgrid AB: 2025.03.05	N/A
mFRR Platform	Operating Litgrid AB: 2024.10.08	N/A
IN Platform	Operating	N/A

Balancing capacity cooperations	Status	Accession timeline
Baltic Balancing Capacity Market (BBCM)	Member	Complete, first auction 2025.02.04 for 2025.02.05 delivery day.

Question:	Please select an option:
Q1: Did you carry out regulatory and IT developments for allowing Demand, RES and Storage to participate at European balancing platforms	Litgrid AB: Yes AST: Yes Elering: Yes

1.1. If response in Q1 is “no”, why?	Open response.
1.2. If response in Q1 is “yes”, what were the main results”?	<p>Litgrid AB: Demand, RES, and storage, as well as any other technologies, already have access to balancing markets, with the majority of regulatory and IT developments carried out in 2024 in anticipation of European balancing platform accession. In 2025, regulatory amendments to Lithuanian Electricity Law clarified that multiple aggregation models are permissible for aggregators. The Lithuanian PSO is currently revising aggregation rules to incorporate three different aggregation models, allow for dedicated measurement devices, and introduce a new baseline methodology more appropriate for RES and storage technologies.</p> <p>AST: Regulatory and IT developments are the same as for any other technology, applied at the balancing service provider (BSP) level, in line with the principle of technological neutrality. Development related to joining platforms and introduction of capacity market.</p> <p>Elering: Elering drafted the terms and conditions of providing balancing services for demand response, and enabled standardized activated balancing energy reporting for aggregators via the Estfeed datahub. Furthermore, the baseline methodology principles were drafted and consulted with the market participants.</p>
Q2: Did you carry out regulatory and IT developments for adopting standard energy products (aFRR, mFRR, RR balancing energy products) in your system?	Yes
2.1. If response in Q2 is “no”, why?	Open response.
2.2. If response in Q2 is “yes”, what were the main results?	<p>Litgrid AB: standard mFRR balancing energy product fully implemented as of October 2024; standard aFRR balancing energy product fully implemented as of December 2024.</p> <p>AST: standard aFRR product implemented in accordance with EBGL article 21 and standard mFRR product implemented in accordance with EBGL article 20.</p> <p>Elering: standard aFRR and mFRR products are fully implemented as of April 2025</p>
Q3: Do you procure a standard product for balancing capacity?	All: Yes
Q4: What are the main characteristics?	In line with standard aFRR and mFRR balancing capacity products in accordance with the SBCP

	methodology following EBGL Article 25(2) FCR according to RfG, symmetrical product. Various bid linkage types allowed in BBCM.
Q5: Did you assess the potential for exchange of balancing capacities or sharing of reserve?	All: Yes
5.1. If response in Q6 is “no”, why?	
5.2. If response in Q6 is “yes”, what were the main results?	Before implementing the market-based allocation for exchange and sharing of reserves, Baltic TSOs estimated the annual welfare gain of the allocation process, which yielded an estimation of net benefit of 470 million Euros per year ¹
Q6: Are you already involved in a BCC as a member or as an observer?	All: Member

2.3 Evolutions of the terms and conditions for BRPs and BSPs related to the EB regulation implementation during the last 2 calendar years and further evolutions foreseen for the Future

Evolution of the terms and conditions for BSP	
Content	<p>Litgrid AB: approved on 2024.02.13, changes related to balancing capacity (FCR, aFRR, mFRR) and balancing energy (aFRR and mFRR) standard products.</p> <p>AST: MARI related updates: 06.09.2024; FCR product introduction related updates: 02.12.2024; PICASSO & BBCM related updates: 28.12.2024.</p> <p>Elering: approved on 04.10.2024</p>
Evolution of the terms and conditions for BRP	
Content (see below)	<p>Litgrid AB: approved on 15.02.2024</p> <p>AST: approved on 02.12.2024</p> <p>Elering: approved on 03.02.2025</p>

¹

https://eepublicdownloads.entsoe.eu/clean-documents/nc-tasks/241104_Notification%20on%20the%20use%20of%20market%20Baltic%20CCR.pdf

Question:	Please select an option:
Q1. Was 15-min Imbalance Settlement Period (ISP) implemented by 1 January 2026?	Implemented
1.1. If response in Q1 is "derogation" or "exemption", until when was this derogation/exemption granted?	N/A
Q2. Has your TSO made use of additional components pursuant ISH Methodology Art 9(6) as per 1 January 2024?	All: Yes
2.1. Scarcity component?	AST: Not considered Litgrid: not considered Elering: Not considered
2.2. Incentivizing component?	AST: Not considered Litgrid: not considered Elering: Implemented since 09.02.2025
2.3. Component related to financial neutrality of the TSO?	AST: Yes. Litgrid: Yes Elering: Abolished since 09.02.2025
Q3. Has your TSO made use of dual pricing as per 1 January 2026?	No
3.1. Condition (a)	Not considered
3.2. Condition (b)	Not considered
3.3. Condition (c)	Not considered
3.4. Condition (d)	Not considered
3.4. Condition (e)	Not considered

2.4 Summaries and main results of the analysis of Articles 60(2)(a-f):

Dimensioning and balancing capacity procurement in accordance with Articles 60(2)(b), 60(2)(c), 60(2)(e) and 60(2)(f)

1. BEFORE Baltic TSOs' synchronization with CESA on February 9th 2025

Pursuant to Article 2(4) of SO GL the Baltic TSOs were exempted from the provisions of SOGL that are related to dimensioning of FCR, FRR and RR. Baltic power systems operated in IPS/UPS synchronous area,

therefore dimensioning principles for active power reserves were defined in mutual agreements within IPS/UPS synchronous area and national legislation.

Baltic TSOs according to agreements with TSOs and network owners of the common synchronous area (Belarus, Russia, Estonia, Latvia and Lithuania) (hereinafter – BRELL), were mutually responsible for maintaining of 100 MW of normative emergency reserve capacity.

Depending on national legislation, each Baltic TSO separately applied national requirements for dimensioning of active power reserves.

Litgrid

Standard upward mFRR balancing capacity product was implemented, procured with the first delivery date on 2022 January 1st and continued to be procured in a local auction until 2025 February 4. Dimensioning for this capacity took into account the biggest dimensioning incident, forecasted availability in upward mFRR balancing energy market, emergency reduction of RES generation, overloads of cross-border tie lines and the amounts of procured tertiary reserve.

AST

AST had not introduced or procured balancing capacity in pre-synchronization period.

Elering

Elering had not introduced or procured balancing capacity in pre-synchronization period.

Specific products in accordance with Articles 26(1) from (a) to (f) and 60(2)(a) and 60(2)(d)

Considering that standard nor specific balancing energy were not implemented during Report Period no cost and benefit analysis and analysis on volumes, availability, procurement, usage and justification of usage of Specific products were made for the Report period.

During Report Period Baltic TSOs has been operating in common Baltic balancing market (**Baltic CoBA**). Baltic CoBA has two defined Balancing energy products:

1. Baltic standard manual Frequency Restoration Reserve (Baltic **mFRR**) product for balancing;
2. Specific Emergency manual Frequency Restoration Reserve (Baltic **ER mFRR**) products:
 - a. Normative Emergency Capacity Reserve (**NERC**);
 - b. Emergency Capacity Reserve (**ERC**).

NERC is introduced as a mandatory reserve capacity to cover Baltic TSOs obligations over BRELL agreement. ERC is introduced separately by each Baltic TSO to ensure the operational security of their respective power system. All Baltic balancing energy products are not compatible with standard energy products as defined in EBGL articles 25 and 2(36).

2. AFTER Baltic TSOs' synchronization with CESA on February 9th 2025

Assessment of sharing/exchange of reserves

The three Baltic TSOs jointly procure balancing capacity according to the established Baltic LFC block dimensioning methodology which allows extensive use of sharing of reserves between the Baltic TSOs. Up

to 50% of available cross-zonal capacity between the Baltic bidding zones (up to 70% in the case of scarcity) can be allocated for exchange of balancing capacity and sharing of reserves on Baltic internal bidding zones. This makes the Baltic balancing capacity market extremely integrated and efficient. Further developments in sharing/exchange of reserves are not actively investigated at this moment in time.

Specific products in accordance with Articles 26(1) from (a) to (f) and 60(2)(a) and 60(2)(d)

The Baltic TSOs do not use specific products after synchronization with CESA.

Article 3 Balancing products

Balancing energy products

According to EBGL Art 25 point 1 products for balancing energy shall be developed as part of proposals for the implementation frameworks for the European platforms pursuant to Articles 19, 20 and 21 of EBGL.

Following the approval of the implementation frameworks for the European platforms each TSO may develop proposal for defining and using specific products for balancing energy and capacity pursuant to Article 26 point 1 of EBGL.

During Report Period **PRIOR TO** October 8th 2024 Baltic TSOs had been operating in common Baltic balancing market (**Baltic CoBA**). Baltic CoBA has two defined Balancing energy products:

1. Baltic standard manual Frequency Restoration Reserve (Baltic **mFRR**) product for balancing;
2. Specific Emergency manual Frequency Restoration Reserve (Baltic **ER mFRR**) products:
 - a. Normative Emergency Capacity Reserve (**NERC**);
 - b. Emergency Capacity Reserve (**ERC**).

NERC is introduced as a mandatory reserve capacity to cover Baltic TSOs obligations over Agreement on parallel operation of power systems between Russia, Belarus, Lithuania, Latvia and Estonia concluded on February 7, 2001 (hereinafter - BRELL Agreement). ERC is introduced separately by each Baltic TSO to ensure the operational security of their respective power system. All Baltic balancing products are not compatible with standard products as defined in EBGL articles 25 and 2(36).

During Report Period **AFTER** October 8th 2024 and after February 9th 2025 Baltic TSOs have accessed to European ancillary service market platforms for mFRR and aFRR (**MARI & PICASSO**), respectively. Baltic TSOs operate using the following Balancing energy products:

1. Standard product for manual Frequency Restoration Reserve (**mFRR**) for balancing;
2. Standard product for automatic Frequency Restoration Reserve (**aFRR**) for balancing.

Balancing capacity products

During the Report **PRIOR TO** February 5th 2025, the Baltic TSOs had varying degrees of balancing capacity product implementation:

Litgrid AB	Litgrid AB implemented the standard mFRR balancing capacity product in accordance with the standard terms and conditions for balancing service providers which went into force on January 1, 2022 (BSP agreement). In 2023, Litgrid AB updated the terms and conditions which went into force from Litgrid joining MARI date which was October 8 th 2024. Locally, the standard mFRR upward balancing capacity product was procured until the go-live of BBCM (2025 February 4).
AS "Augstsprieguma tīkls"	AST has not introduced or procured balancing capacity in Report period.
Elering AS	Elering has not introduced or procured balancing capacity in Report period.

During Report Period **AFTER** February 5th 2025, the Baltic TSOs commonly procure balancing capacity in the Baltic balancing capacity market in accordance with Article 33(1) and Article 38(1) of EBGL. Baltic TSOs operate using the following Balancing capacity products:

1. Standard product for manual Frequency Restoration Reserve (**mFRR**) for balancing;
2. Standard product for automatic Frequency Restoration Reserve (**aFRR**) for balancing;
3. Standard product for Frequency Containment Reserve (**FCR**) for frequency containment.

Article 4 **Dimensioning of reserves**

1. Dimensioning BEFORE Baltic TSOs' synchronization with CESA on February 9th 2025

Pursuant to Article 2(4) of SO GL the Baltic TSOs were exempted from the provisions of SOGL that are related to dimensioning of FCR, FRR and RR. Baltic power systems operated in IPS/UPS synchronous area, therefore dimensioning principles for active power reserves were defined in mutual agreements within IPS/UPS synchronous area and national legislation.

Baltic TSOs according to agreements with TSOs and network owners of the common synchronous area (Belarus, Russia, Estonia, Latvia and Lithuania) (hereinafter – BRELL), were mutually responsible for maintaining of 100 MW of normative emergency reserve capacity.

2. Dimensioning AFTER Baltic TSOs' synchronization with CESA

Baltic balancing capacity market for the needs of the Baltic LFC block is organized via the Baltic Balancing Capacity Market (BBCM). It's go live date was February 4th 2025. Common procurement of balancing capacity allows Baltic TSOs to exchange and share balancing capacity reserves within the Baltic LFC block. The new dimensioning methodology was applied simultaneously with the go-live of the BBCM platform, a few days ahead of synchronization with CESA, when the new dimensioning rules became mandatory. Furthermore, specific dimensioning procedures were applied for the duration of island operation mode testing on the 8th and 9th of February 2025, when the Baltic power systems operated as an island and a significantly increased volume of FCR capacity was required in the system.

Depending on national legislation, each Baltic TSO separately applies national requirements for dimensioning of active power reserves. Since the synchronization with CESA, the Baltic TSOs are dimensioning reserve need as one LFC Block, according to LFC Block Agreement's Annex 1, accessible [here](#).

The FRR dimensioning methodology was developed in accordance with SOGL and SAFA. For sharing reserves, each country's individual need is calculated as well.

In order to maintain safe and effective operation within the Baltic LFC block, frequency restoration reserves (FRR) are dimensioned and ensured in accordance with the requirements of SO GL and SAFA, considering historic imbalances, outage rates of HVDC and large power plants. The Baltic TSOs have developed FRR capacity dimensioning methodology and principles for coordinated actions within the LFC block to reduce frequency restoration control error (FRCE), which can be found [here](#).

FCR capacity is dimensioned for Baltic LFC areas on the synchronous area level in accordance to principles set in Synchronous area Framework agreement of Continental Europe and All CE TSOs proposal for the dimensioning rules for FCR in accordance with Article 153(2) of SO GL found [here](#).

The Baltic TSOs do not explicitly dimension mFRR, but instead the total volume of FRR (aFRR + mFRR capacity) required in the LFC block or in an individual area. Volumes of dimensioned reserves for the analysed period are shown in the table below.

	Baltic LFC block	Estonia	Latvia	Lithuania
FCR	23	7	7	9
aFRR up	38-76	21-50	14-50	26-52
aFRR down	38-78	20-50	14-50	26-52

FRR up	422-786	186-650	113-454	328-700
FRR down	259-582	150-369	63-147	237-577

The dimensioning principle consists of two sides – probabilistic and deterministic. Probabilistic analysis simulates 100 years of 1-minute imbalances based on last year's imbalances and taking into account possible outages with a certain outage rate. From the simulation data, 99th and 1st percentile is taken for FRR need in upwards direction and FRR need in downward direction.

Deterministic numbers for each area are determined by each TSO. The numbers are based on the contingency of the largest electrical element in the respective power system. In normal situation, the largest electrical element in Baltics and Lithuania is Nordbalt, an HVDC interconnector between Lithuania and Sweden. For Estonia, it is Estlink-2, an HVDC interconnector between Estonia and Finland. For Latvia, the largest contingency is a generation unit disconnection.

The final dimensioned reserve need is determined by taking the bigger of deterministic or probabilistic value. That ensures that both probabilistic imbalance and possible contingencies are covered by procured reserves. As the reserves dimensioned are only FRR, aFRR is found to be the 1st and 99th percentile of the differences of 1-minute average imbalances and the 15-minute average imbalances of the corresponding quarter hours of the past year's imbalances. mFRR for each direction is found by subtracting the respective aFRR from FRR.

FCR capacity is dimensioned for Baltic LFC areas on the synchronous area level.

Article 5 **Optimal provision of reserve capacity**

5.1 LITGRID CASE

During the Report period, until 2025 February 4th, 350 MW of mFRR up balancing capacity was procured in daily day-ahead balancing capacity auctions. The first auction for such Emergency reserves was organized for the delivery day of 2021 January 1st, following the approval of the standard terms and conditions for balancing service providers on November 30th, 2020. With the launch of the Baltic balancing capacity market on 2025 February 4th, the local auction was no longer operating.

5.2 AST CASE

During the Report period, until 2025 February 4th AST did not procure reserve capacity in a sense as it is described in SO GL and in EB GL.

Provision of emergency reserves (100 MW) is required by BRELL agreement and the subsequent NARM agreement. Optimal provision is ensured by open procurement of reserves. Procurement was done every 2

years to ensure that for a given period there is security of availability of such service and to have predictable cost of service as in Latvia TSO system there are limited resources that can fulfill needed requirements.

5.3 ELERING CASE

During the Report period, until 2025 February 4th the Estonian TSO did not procure any reserve capacity as all required reserve capacity in the amount of 250 MW was maintained in the emergency reserve power plant owned and operated by the Estonian TSO.

5.4 BALTIC BALANCING CAPACITY MARKET – ALL BALTIC TSO'S

The first auctions of the Baltic balancing capacity market (BBCM) were held on the 4th of February, for the delivery day of 5th of February 2025, for procuring standard FCR and mFRR balancing capacity products. Standard aFRR balancing capacity was first procured in the Baltics for the 16th April 2025 delivery day, after all Baltic TSOs joined the PICASSO platform. Balancing capacity procurement takes place each day in the day-ahead timeframe, in accordance with the approved Augstsprieguma tīkls, Elering and Litgrid proposal for the Baltic balancing capacity market in accordance with Article 33(1) and Article 38(1) of EBGL. Prequalified balancing service providers can submit capacity bids for each product with multiple different linking and divisibility options available. FCR and aFRR/mFRR procurement is separated into two different auctions, with FCR taking place earlier (GCT 07:30 EET) and aFRR/mFRR concluding later (GCT 09:00 EET). aFRR and mFRR balancing procurement is performed simultaneously, with the application of substitution of reserves provided that higher welfare is achieved or scarcity is present. If mFRR or aFRR balancing capacity is procured, balancing service providers are then required to maintain their obligation by submitting the mandatory mFRR or aFRR balancing energy bids.

Following the exemption granted by the European Commission, TSO maintained assets (Elering Kiisa power plant, AST BESS and Energy Cells BESS) provide balancing capacity as demand reduction resources in order to ensure adequacy of costs and security of supply.

Article 6

Exchange of balancing capacity and sharing of reserves

1. Exchange of balancing capacity and sharing of reserves BEFORE start of common reserve procurement in BBCM on the 5th of February 2025

Baltic TSOs operate a balancing energy market with a common merit order list for manual frequency restoration reserve. With respect to the dimensioning of reserve capacity, Baltic TSOs do not exchange balancing capacity as all required reserve capacity is maintained within each country. Exchange of balancing capacity may be established between two or more TSOs by setting common and harmonized rules and processes for the exchange and procurement of balancing capacity pursuant to Article 33 of EBLG.

The sharing of reserves is conducted by Baltic TSOs according to the BRELL cooperation agreement, concluded between the TSOs and network owners of the common synchronous area (Belarus, Russia, Estonia, Latvia and Lithuania), TSOs are mutually responsible for enabling the use of 100 MW of NERC to one another.

All balancing capacity reserves that are procured or maintained by each Baltic TSO are shared between Baltic countries, if technically feasible.

In preparation for the common Baltic capacity market and aFRR reserves market, Elering launched a pilot project for the exchange of aFRR balancing capacity and energy in August 2021. In accordance with the pilot project, Elering forwards the aFRR capacity and energy bids collected from the Estonian BSP(s) to the Finnish TSO. The aFRR capacity incl. energy is not procured nor activated for the needs of the Estonian nor Baltic power system. The project continued to operate as planned during the Report Period.

2. Exchange of balancing capacity and sharing of reserves AFTER start of common reserve procurement in BBCM on the 5th of February 2025

In BBCM, Baltic TSOs' reserve requirements are optimally ensured by exchanging and/or sharing balancing capacity, in accordance with the approved Methodology for the market-based allocation process of cross-zonal capacity for the exchange of balancing capacity for the Baltic CCR in accordance with Article 41(1) of EBGL. Cross-zonal capacity is allocated for aFRR and mFRR balancing capacity only if the market value for balancing capacity exchange and/or sharing is higher than that of the forecasted energy exchange following the market-based method. Energy exchange is forecasted by using the reference day methodology. Exchange and/or sharing of balancing capacity is limited to the default maximum cap of 50% of the net transmission capacity, although if scarcity is present the limit can be increased up to 70%. aFRR and mFRR are procured together in a single auction, where demands are identified for aFRR explicitly and for FRR (combined volume of aFRR and mFRR). This ensures simultaneous optimization over all balancing capacity product bids as well as cross-zonal capacity allocation.

Article 7 Efficiency on activation optimization function

Activation optimization function (hereinafter – “**AOF**”) in accordance to EBGL article 31 were introduced together with European balancing platforms. During the Report period the accession of the Baltic TSOs to the European balancing platforms took place, however the evaluation of the AOF efficiency falls out of the Baltic TSOs' scope. The Baltic TSOs do not employ any regional solutions for activation optimization.

Article 8 Language

The reference language for this Report shall be English. For the avoidance of doubt, where Baltic TSOs need to translate this proposal into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 7 of the EBGL and any version in another language, the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the proposal.