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Main activity:	Provision of engineering and technical services
Chairman of the Board:	Veiko Aunapuu
Shareholders:	AS AUGSTSPRIEGUMA TĪKLS, ELERING AS, LITGRID AB
Auditor:	KPMG Baltics OÜ



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# **1. EXECUTIVE SUMMARY**

When writing this summary, the Baltic states are already synchronized to the Continental Europe's Electricity System. To be honest, this could be the only sentence we write as a summary, and we could consider this summary finalized. It wraps up all the work we did in 2024 and before. From the establishment of Baltic RCC we knew that this is the priority in our developments, in our operation and in our communication. As we are now part of the common European electricity network, Baltic RCC's focus is on the whole European network. This does not mean that we do not keep our object on the Baltics, this means that when focusing on the Baltics we are also focusing on the Europe and that message is important - both technically and symbolically.

But working in operations has taught us one thing, when project is over the real work starts. Not to say that the development work is not important, it is crucial for operational tasks as it delivers the tools to build a house. The house then needs care and support, with tweaks here and there to call it a home. And this is what operational tasks do, they bring light and warmth to the house. While working in the field of electricity this is not only a figurative byword. This means that the real work of Baltic RCC is just about to start as the coordination of the grid security has now lost the barrier to the Europe.

The synchronization allows the deliveries of our work to be directly applied, and the new tasks will enhance the harmonization of the security of the one common European grid. During 2024 new enhancements for Coordinated Security Assessment, Common Grid modelling, Outage Planning Coordination and Inconsistency assessment were implemented, complementing the responsibilities' portfolio of Baltic RCC. In addition, the Training and Certification process was launched to ensure the high level of quality. The Common Coordinated Capacity Calculation tool has been developed and successfully tested. At the end of 2024, the Baltic RCC was officially designated as the



Capacity Calculator for the Baltic region. Those are just the highlights of year 2024, continue reading to see the full overview of what we did in 2024.

Baltic RCC remains dedicated to the work and mission of guaranteeing the coordinated view of the Baltic and European power systems to deliver the security of supply.

Best regards,

Baltic RCC OÜ Management Board Veiko Aunapuu, Chairman of the Board Andrejs Eglītis, Member of the Board Paulius Cicėnas, Member of the Board



# 2. COMPANY OVERVIEW

# MISSION

Our mission is:



- To contribute to the security and reliability of the electricity network in Baltics and in Europe.
- To guarantee coordinated view and common approach on Baltic energy system operation to help Baltic TSOs ensure efficient energy market and enhanced system reliability.

The Regional Coordination Centers (RCCs) are established in line with Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity and as of 1 July 2022 replace the regional security coordinators (RSCs) foreseen by the System Operation Guideline. RCCs cover the tasks carried out by RSCs as well as additional system operation, market related and risk preparedness tasks. Their tasks include supporting the consistency assessment of transmission system operators' (hereinafter TSOs) defense and restoration plans; carrying out regional outage planning coordination; carrying out post-operation and post-disturbances analysis; training and certification of staff working for RCCs. In performing their tasks, RCCs contribute to the achievement of the 2030 and 2050 objectives set by the climate and energy policy frameworks, particularly in relation to fostering the security of supply and efficiency, as well as increasing the electrification of the energy sector.

Baltic RCC OÜ (hereinafter the Company) is a grid security service provider for the Baltic System Operation Region (hereinafter the Baltic SOR), established in 2022 in Tallinn, Estonia in accordance with the proposal prepared by the three Baltic TSOs: Elering AS, AS "Augstsprieguma Tīkls" and Litgrid AB (hereinafter the Baltic TSOs) in accordance with Article 35 of Regulation (EU) 2019/943.

VISION

The Company is driven by the vision that is set out to:

- Be the competence center for the regional coordination with the aim to guide the Baltic TSOs in the strategic developments and regional view on the security of supply;
- Provide the best coordination services for the Baltic and European TSOs to ensure regional security of supply.

The aim is to centralize the competence for both regional coordination and system security assessment to provide TSOs with guidance and ensure harmonization within the energy sector. By merging the competences, we are able to provide the high-quality services that aim to increase the security of supply in the region.

Delivering the vision, the Company and its employees aim to carry the values of the Company, which are:

1. Professionalism - "We remain professional in all our actions and keep the Company values and ethics at all times";

2. Cooperation - "In decision making we take into account the interests of our stakeholders";

3. Trust - "We keep our promises and are accountable for the regional coordination assessments";

4. Transparency - "All service providers receive transparent input and results from us. We make recommendations and decisions based on data and analyses";

5. Adaptability - "We adapt to the new and unknown situations to see problems as opportunities to deliver solutions that help to improve the security of supply".







The values serve as the foundation for all our interactions and activities, and guiding the Company and employees through the moral and professional challenges encountered in task operations and development. We take pride in upholding these values in our daily work.

# **3. CORPORATE GOVERNANCE**

### 3.1. The management of the Company

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The management of the Company is based on the Estonian Commercial Code, Articles of Association and the Shareholders Agreement. The governance structure of the Company includes three levels in accordance with the Estonian Commercial Code (visualized in image below):

- 1. The Shareholders of the Company The shares are allocated equally between the three Baltic TSOs: Elering AS, AS "Augstsprieguma Tīkls" and Litgrid AB;
- 2. **The Supervisory Board of the Company** One representative from each Baltic TSO to supervise and overview the strategic operations;
- 3. **The Management Board of the Company** Three members, elected by the Supervisory Board, the main responsibilities are day-to-day operations.



Figure 1. Company governance structure



#### **3.1.1. Shareholders**

The meeting of the Shareholders is the highest managing body of the Company. In accordance with the Articles of Association the main responsibilities of the Shareholders are:

(a) election and removal of the members of the Supervisory Board;

(b) deciding on conclusion and terms and conditions of transactions with the members of the Supervisory Board, deciding on the conduct of legal disputes with the members of Supervisory Board;

(c) amending the articles of association;

(d) increasing or decreasing the share capital or creation of any new share class, excluding the pre-emptive right of the shareholders to subscribe for and acquire new Shares, and approving the sale or any other disposal of Shares in the Company;

(e) entering into, or amending any material terms of, any convertible loan, warrant, option or another similar instrument which entitles the holder of such instrument to acquire shareholding in the Company;

(f) repurchasing or otherwise acquiring the Company's own Share by the Company and selling any own Share so acquired;

(g) effecting the merger, division, transformation, or dissolution of the Company;

(h) electing an auditor (if so decided by the shareholders or required under applicable laws);

(i) approving the annual report;

(j) deciding on profit distribution;

(k) other matters which pursuant to the applicable laws, the articles of association or the Shareholders' Agreement are in the competence of the shareholders.

No meetings of the Shareholders were held in 2024. One decision of the Shareholders was made without convening a meeting in line with clause 3.4.4 of the Articles of Association, related to:

1. Approving the Annual Report 2023 and profit distribution.

#### **3.1.2. Supervisory Board**

The Supervisory Board plans the activities and organizes the management of the Company and supervises the activities of the Management Board. The main responsibilities of the Supervisory Board are following:

(a) approving the main management and operational implementation policies of the Company, including policies regarding financial and risk management;



(b) endorsing and approving the Company's annual budget and any material changes thereto;

(c) approving the strategy and goals of the Company;

(d) supervision of the activities of the Management Board (incl. the execution of the resolutions of the Shareholders and the Supervisory Board);

(e) election and removal of the members of the Management Board;

(f) deciding on conclusion and terms and conditions of transactions with the members of the Management Board and the remuneration of the Management Board members, deciding on the conduct of legal disputes with the members of Management Board;

(g) entering into or amending any material terms of any transaction with a shareholder or its affiliate;

(h) approving and reviewing of general key performance indicators of service provision and any key performance indicators set out by the Management Board;

(i) other matters which pursuant to the applicable laws, the articles of association of the Company or the Shareholders' Agreement are in the competence of the Shareholders.

The Supervisory Board consists of three members appointed by each Shareholder of the Company and the term of the Supervisory Board is three years. Members of the Supervisory Board elect amongst themselves the Chairman of the Supervisory Board whose term will be one year. The Supervisory Board consists of the following members:

- 1. Riina Käi;
- 2. Donatas Matelionis;
- 3. Gatis Junghāns.

All the Supervisory Board members are authorized until May 3, 2025.

Total of 6 meetings were held in 2024 and one decision was formulated without a meeting. All the Supervisory Board members attended all the meetings.

#### 3.1.3. Management Board

The Management Board is the management body of the Company conducting the everyday operations of the Company and representing the Company in all transactions and acts.

The Management Board members are appointed by the Supervisory Board for a 3year term. The Management Board consists of three members, each appointed by a Supervisory Board member. The members of the Management Board may



represent the Company jointly, with a minimum of two Management Board members jointly. The Management Board members elect a Chairman from among themselves for a term of three years.

For the first three-year term, ending on May 3, 2025, the Management Board consists of Veiko Aunapuu, Paulius Cicenas and Andrejs Eglītis. Based on the structure of the Company the responsibilities are divided accordingly:

- General organisational management (Veiko Aunapuu):
  - Overall lead of the Company and operations;
  - Representation of the Company in the EU and local organisations;
  - Strategy and other organisational questions.
- Task development (Paulius Cicenas):
  - Strategy on task provision;
  - KPIs of the Company's operations;
  - Representation in the task development organisations.
- Task operations (Andrejs Eglītis):
  - Management of business tools and IT systems;
  - General technical setup of the Company's IT tools;
  - Representation of the Company in IT and tools related organisations.

The total remuneration for each Management Board member in 2024 is presented in Table 1 below. The amounts include taxes.

Board member	2024	2023
Veiko Aunapuu	58,9	52,1
Paulius Cicėnas	68,6	67,5
Andrejs Eglītis	74,6	60,5

Table 1. Remuneration in thousand EUR

#### 3.2. Prevention of conflicts of interest

The members of the Management Board do not adopt resolutions based on their own interests, nor do they use commercial offers made to the Company to their own gain. The member of the Management Board notifies the Supervisory Board



and other members of the Management Board of any conflicts of interest prior to the conclusion of their contract and without delay upon its subsequent occurrence. The member of the Management Board promptly informs other members of the Management Board, and the Chairman of the Supervisory Board of any business offers related to the Company's economic activities directed at the member of the Management Board, their relatives, or other related persons.

The requirement to avoid any conflicts of interest is stipulated in the Commercial Code and in the contract concluded with the member of the Management Board. The member of the Management Board avoids any conflicts of interests arising between the interests of the Company and the member of the Management Board and informs the Company's Supervisory Board of its direct or indirect interest in the transactions carried out by the Company and immediately informs the Supervisory Board if a conflict of interest occurs or if a situation occurs in which such a conflict may arise. The Supervisory Board decides on the conduct of transactions with a member of the Management Board, or the conduct of transactions involving the personal interest of a member of the Management Board and specifies the terms of such transactions. The members of the Management Board must declare any related parties; the amounts of transactions executed with said related parties are disclosed in the Annual Report. The Company did not conclude any transactions with members of the Management Board or parties related to them in 2024.

# **3.3. Cooperation between Management Board and Supervisory Board**

The Management Board and the Supervisory Board cooperate closely for the purpose of the best protection of interests of the Company. The Management Board and the Supervisory Board work together to develop the Company's strategy. The Management Board follows the strategic guidelines provided by the Supervisory Board when making management decisions. The Management Board regularly informs the Supervisory Board of all material circumstances regarding the planning of the Company's activities and business activities and draws special attention to significant changes in the Company's business activities. The Management Board forwards data, including financial reports, to the Supervisory Board in sufficient time prior to the Supervisory Board meetings. At the request of the Supervisory Board with oral or written information regarding the activities of the Supervisory Board and the Company and provides the Supervisory Board access



to any information concerning the Management Board and the activities of the Company.

The management of the Company is governed by relevant laws, the Articles of Association, and the decisions of and the goals set by the Shareholders and the Supervisory Board meetings.

# **3.4. Ethics and prevention of corruption**

The Company has zero tolerance for corruption. The UN Global Compact Pact highlights four main consequences of corruption for companies:

#### 1. The risk of violation of laws, as corruption is clearly an unlawful activity

The Company wants to be a class leader to other companies in terms of abidance with regulations and this can only be achieved if the Company complies with the requirements of legislation itself.

#### 2. Reputational risk

It is important for the Company to have impeccable reputation.

#### 3. Financial risk

It's possible to suffer remarkably serious economic damage because of corruption. This may become evident in higher purchasing costs, lower quality of the equipment purchased, etc.

#### 4. Loss of internal trust

If employees notice that unethical behaviour is enabled in the Company, it will lead to a serious loss of trust in the Company, a decrease in loyalty and deterioration of the general Company culture.

The emergence of corruption must be prevented to avoid the negative consequences. The Company has planned to work out the Anti-Corruption Policy, which focuses primarily on the prevention of corruption. The policy should address the following aspects of prevention of corruption:

- Bribery/income derived from corrupt practices;
- Conflicts of interest;
- Support and donations;
- Gifts and hospitality;
- Obligation and procedure of reporting suspicions.

No corruption cases were identified in 2024.

# 4. KEY FINANCIAL INDICATORS

# 4.1. Economic environment

The Company operates both in regulated and competitive environment. With our core business being regulated by the European legislation we aim to fulfil tasks within the developed and agreed methodologies, however part of our business is also in a competitive market in providing the *ad hoc* and requested services from the energy community. The labour market in 2024 continues to be difficult, although despite of that, the Company has managed to find skilled employees and at the time of formulation of this Annual Report the Company has only one unfilled position.

The income of the Company is divided by two main sources:



Income from the Shareholders for the tasks and services provided within the Baltic SOR region



Income from non-shareholders for the tasks and services provided outside of the Baltic SOR region

Both incomes are directly or indirectly connected to related parties and therefore is regulated by the Company's Transfer Pricing policy. Based on the Transfer Pricing policy the principle used for service cost is assumed to be cost plus 5% based on industry standard. Due to that the profit of the Company is limited to 5% and that is the target for each year. The long term dividend policy of the Company has not yet been developed, however in 2025, the profits are planned to be distributed as dividends.

### 4.2. Key financial indicators

Table 2 below reflects the key financial indicators for 2024.

Table 2. Key financial indicators for 2024

In thousands of euros	2024	2023
Revenue	1 596	1 315
Operating expenses	1 481	1206
Operating profit	115	109
Operating profit before depreciation*	193	175
Income tax	4	3
Net profit	119	104
Operating profit margin	7,2%	8,3%
Margin of operating profit before depreciation****	12,1%	13,3%
Net profit margin	7,5%	7,9%
Return on equity**	42,6%	4,7%
Equity to assets***	34,2%	23,0%
Investments in fixed assets	0	0

\*Operating profit before depreciation = operating profit + depreciation

\*\*Return on equity = net profit / average equity

\*\*\*Equity to assets = equity / total assets

\*\*\*\*Margin of operating profit before depreciation = operating profit before depreciation / revenue

Main income of the Company comes from the provision of tasks and services. For year 2024, the operating profit margin was 7,2% and the net profit margin was 7,5%. The profit margin is in line with the Transfer Pricing policy. No major investments were made in 2024.

# 5. PERSONNEL POLICY AND SOCIAL ENVIRONMENT

### 5.1. Personnel policy

As of 31 December 2024, the Company employed 16 employees across three Baltic states. The main competence of the employees is related to the power system engineering and IT development. Three employees operating in the Company have previous experience from the TSOs and were directly operating the services during the RSC service operation. The employees are divided into three levels: junior engineer, engineer, and senior engineer. The job market for qualified engineers is highly competitive, and the Company is vying with other energy sector firms to attract skilled employees.

The Company utilizes three approaches for supporting services:

- 1. Internal Management Human resources, legal matters and daily organizational tasks are handled in-house;
- 2. External Procurement Support and other necessary services are sourced from the open market through contracts;
- 3. **Shareholder Services** In cases where open market procurement is not feasible for various reasons, certain services are obtained from the shareholders.

# 5.2. Social environment

We recognize our social responsibility, as the company primarily operates on income generated by fulfilling tasks and providing services to shareholders engaged in highly regulated industries that impact consumers in the Baltic states.



For that reason the operating principles and risk appetite for the daily operation is and will be kept at a reasonable level to fulfil the owners' expectations, but at the same time not to take any financial or operational risks that could cause issues to the Shareholders' financial positions and could indirectly lead to unreasonable cost to the end consumers.

At the same time, we recognize the social obligation in providing the critical services of the energy supply. Our actions are taken in respect to regional consumers to ensure security of supply as well the lowest possible energy price for the consumers in the Baltic region.

# 6. THE COMPANY'S TASKS

The Company fulfils tasks on the pan-European and regional level which can be shortly described as following.

#### Pan-European tasks:

a. **Common Grid Model (CGM)** - merging of a mathematical model of the pan-European electricity grid based on individual grid models (IGMs) which will be used for calculations by TSOs and RCCs.

b. **Short-Term Adequacy (STA)** - adequacy assessments based on the information provided by the relevant TSOs with the aim of detecting situations where a lack of adequacy is expected in any of the control areas, considering possible cross-border exchanges and operational security limits.

c. **Outage Planning Coordination (OPC)** - outage coordination of grid elements located in Europe. Data and service quality is ensured by identifying Tie-Line Inconsistencies (TLIs).

d. **Post-Operation and Post-Disturbances Analysis and Reporting** (also referred to as Regional Incident Analysis and Reporting - RIAR) - to carry out post-operation and post-disturbances analysis and reporting. In case of TSO being in emergency, blackout or restoration system state, another TSO has moved from normal or alert system state to emergency system state and the incident has been confirmed as at least a scale 2 incident as defined by the Incident Classification Scale (ICS) Methodology.

e. **Consistency assessment of TSOs' defense plans and restoration plans** - the Company has drafted a monitoring report on the consistency assessment of system defense and restoration plans carried out by TSOs in accordance with Article 6 of the Network Code on Emergency and Restoration.



#### **Regional tasks:**

a. **Regional STA** – run in case of adequacy issue detected during pan-European process in the Baltic region. The process ensures detailed analyses of adequacy issues to be investigated by the Company and Baltic TSOs. The Company provides regular reports on the Baltic power system adequacy status to the Baltic TSOs.

b. **Regional OPC and Outage Planning Incompatibilities (OPI)** - outage coordination of grid elements and generating units. The main task is to provide assessment of OPI in the Baltic region and provide proposals to the Baltic TSOs how to mitigate and/or eliminate indicated incompatibilities.

c. **Regional Merged Model (RMM)** – one of the main tasks in the Baltic region, when the Company is performing the merge of the Baltic CGM with 3rd countries transmission system network models. RMM is used to perform security analysis of the Baltic region transmission network system.

d. **Coordinated Security Analysis (CSA)** - within the scope of this task the Company performs regional transmission system network operational security assessment. If a constraint is detected, it shall recommend to the Baltic TSOs the most effective and economically efficient remedial action.

e. **Coordinated Capacity Calculation (CCC)** – calculation and determination of available cross-border transmission capacities between bidding zones of the Baltic region, considering the system security and already allocated capacities for different electricity markets.

f. **Training and certification (T&C)** - continuous training and certification activities for RCC operators who are operating regulated tasks, to ensure necessary skills and knowledge.

g. Maximum Entry Capacity (MEC) - the maximum allowed foreign capacity on each given border that can participate in a capacity remuneration mechanism (CRM) during a certain delivery period. The MEC should reflect the value that an interconnected system can bring in at times of 'system stress', in terms of security of supply.

In the next subsections the Company's tasks and services are described in more detail.



# 6.1. Common Grid Model (CGM)

The CGM is a pan-European cooperation program that ensures seamless sharing of grid data between and among the TSOs through secure IT communication infrastructure and merging IGMs which is regulated by:

- The CGM methodology, pursuant to Article 17 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CACM);
- Article 18 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (FCA);
- Articles 67 and 70 of the Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (SOGL);
- Agreed procedure pursuant to the Articles 12 and 15 of the Network Code on Operational Planning and Scheduling.

The CGM is the basis for the Company's assessments to deliver the following tasks: CSA, CCC, OPC. The Company is checking the quality and plausibility of IGMs provided by TSOs and facilitating their improvement to meet the criteria of quality and plausibility.

### Operational performance

The process of combining the TSOs' IGMs is a recognized method for developing the CGM of the Europe's interconnected grid. The method facilitates regional coordination as outlined in Regulation (EU) 2019/943, Network Codes, and Guidelines, ensuring the tasks become operational.

The RCCs participate in the pan-European process of CGM creation based on a rotational principle. The pan-European process covers the following business processes for:

- Planning the pre-processing of data alignment for two days ahead and yearahead IGM creation by TSOs and RCCs;
- Scheduling the alignment for day-ahead and intraday IGMs creations by TSOs and RCCs;
- Creating the IGMs and providing these to the Operational Planning Data Environment (OPDE) by TSOs;
- Validating the IGM model by RCC;
- Merging the CGM model and providing it to the OPDE by RCC.



Boundary service as part of the pan-European task is provided under the requirements set out in the OPDE Agreement for the Minimum Viable Solution.

Regional process covers the regional specifications set out by the Baltic SOR and includes RMM which is Baltic's CGM merged with Poland's network model.

Starting from 2023 the concept of RMM was changed. Previously the RMM was created including 3rd countries model, but this approach was changed according to a decision of the System Operations Committee to be more ready for the synchronization with Continental Europe.

#### **Coordinated actions and recommendations**

The Company coordinated actions and provided recommendations throughout the year. Specifically, we monitored and reported information regarding dayahead, two days ahead and intraday timeframes to TSOs, highlighting instances of missing IGMs in the Operational Planning Data Management software (OPDM).

Additionally, we informed TSOs of IGM-related issues and offered recommendations for potential resolutions, primarily based on ENTSO-E Interoperability Tests (IOP) results.

#### Effectiveness

The CGMs are merged and provided to the OPDE platform in timeframes defined by the service methodology (if all IGMs of Baltic TSOs are provided): 100% for day-ahead time horizon and 90% for two days ahead time horizon.

The year-ahead RMM is merged and validated. It is available in the European Merging Function (EMF) tool for internal use for the regional specific task provision and for other tasks agreed between TSOs and the Company.

Intraday models are created for CGM and RMM. The process runs three times per day (00:00h for 24 hours, 08:00h for 16 hours, 16:00h for 8 hours).

In Q4 2024 week-ahead model was implemented and IGMs were provided by all the Baltic TSOs on a weekly basis.

In 99% (day-ahead) and 99% (two days ahead), 99% (intraday), 100% for weekahead and year-ahead of instances, the RMMs for day-ahead and two days ahead



timeframes are made available for various tasks. This availability enables the execution of essential calculations and the maintenance of valued regional grid security.

In Q2 2024, the new open-source EMF system was introduced as an advanced EMF tool, significantly enhancing the efficiency of retrieving, validating, and merging IGMs. This implementation brought new capabilities, including replacement logic to address scenarios where models might be entirely absent, as well as improved scalability features.

#### Efficiency

The RMM merging algorithm is improved, the merging time is decreased from 20-30 minutes to around 10 minutes.

The CGM merging algorithm is also improved, the merging time is decreased from 50-60 minutes to 15-20 minutes.

#### Shortcomings

The main shortcomings of the task are related to the unavailability of the IGMs and the robustness of the used IT systems. The availability of the IGMs in 2024 was up to 60% in the Baltic region. Additionally, the availability of the common IT systems used for the service provision has been lower on specific time periods, especially with availability of OPDM. Both issues shall be kept in focus during 2025.

# 6.2. Coordinated Security Analysis (CSA)



SOGL requires TSOs in each region together with the RCC to set up and perform operational security coordination tasks. CSA in the Baltic SOR region shall be based on EU methodology according to Article 75 of SOGL and regional common provisions for CSA task according to Article 76 of SOGL.

The full CSA task shall cover regional and cross-regional data exchanges and coordination between TSOs and RCCs. The main aspects of the CSA process are to



perform operational security assessment, identify possible constraints, coordinate regionally and cross-regionally impacting remedial actions and monitoring their activation. The regional process shall be developed in accordance with the CSA methodology and *All TSOs' of Baltic Capacity Calculation Region (CCR) common provisions for regional operational security coordination in accordance with Articles 76 and 77 of the Commission Regulation (EU) 2017/1485 of 2 August 2017* (hereinafter the Baltic ROSC).

#### **Operational performance**

The main objectives for CSA process are:

- Identification of operational security violations in transmission system;
- Determination of possible remedial actions to relieve violation and their impact on transmission system;
- Coordination of remedial actions with respective TSOs;
- Providing operational security assessment results to TSOs;
- Monitoring the inclusion and activation of the agreed remedial actions;
- Logging the exchanged data, coordination process and coordinated actions for monitoring reporting reasons.

#### Implementation status

The initial scope of Baltic ROSC methodology implementation went live from 1 April 2024 for day-ahead and intraday time frames performed on a daily basis considering only working days. The implemented scope covers the coordinated regional operational security analysis (CROSA) process from input data provision from TSOs, simulation of N-1 on merged model to remedial action selection and coordination. The data exchanges in the implemented solution adhere to the specification of Regional Coordination Processes and Network Code profiles. However, the coordinated cross-regional operational security assessment (CCROSA) processes were not included in the initial scope, as they require the implementations of ROSC methodologies to full target solutions in neighbouring CCRs and standardized data exchange frameworks.

The delivery of CROSA processes in 2024 served as both a practical milestone and preparatory groundwork for the Baltic States' synchronization with the Continental European transmissioon network. Current efforts focus on extending the implementation scope towards a full target solution, with particular emphasis



on automating the Remedial Action Optimization (RAO) process and improving data exchanges for enhanced accuracy and efficiency.

In the end of 2024, the Company performed the testing of evening shift implementation and CSA service delivery within timelines defined by methodologies to ensure CROSA outcomes are available as early as possible before operational hour.

#### Effectiveness

Starting from 1 April 2024 the Company managed to achieve task fulfilment objectives by successfully delivering CROSA 99% of time (excluding weekends and national holidays) without considering the failures of the external IT tools.

#### Efficiency

The Company transitioned to a suite of new, in-house-developed tools for service delivery within the Baltic CCR. These tools are based on widely adopted opensource projects within the energy community, aiming to avoid vendor lock-in while enabling more efficient service development and faster progress. In conjunction with implementation of open-source EMF tool those transitions increased N-1 calculations performance from more than 2 minutes to around 30 seconds per each timestamp.

### Shortcomings

The main shortcomings of the task fulfilment are related to the external IT tools robustness, quality and accuracy of input data, frequent updates and developments of related tools and used standards and lack of alignment between stakeholders and other regions.

# 6.3. Coordinated Capacity Calculation



From the synchronization with the continental Europe, the Baltic region will apply Capacity calculation methodology for the day-ahead and intraday market timeframes within the Baltic CCR and all the Baltic CCR TSOs' CCC Methodology for Long-term Time Frames in Accordance with Article 10(1) of the Commission Regulation (EU) 2016/1719 of 26 September 2016 Establishing a Guideline on Forward Capacity Allocation.

# Implementation status

The development of capacity calculation task is finalized and dry run of CCC task is completed. Baltic RCC will perform CCC task in the following timeframes:

- Intraday;
- Day-ahead;
- Week-ahead;
- Month-ahead;
- Year-ahead;
- Quarter-ahead.

# 6.4. Outage Planning Coordination (OPC)



According to Article 84 of SOGL all TSOs must jointly develop a methodology at least per synchronous area, for assessing the relevance for the outage coordination of power generating modules, demand facilities, and grid elements located in a transmission system or in a distribution system, including closed distribution systems. In line with Article 86 of SOGL, before 1 July of each calendar year, all TSOs of each outage coordination region shall jointly re-assess the relevance of power generating modules and demand facilities for outage coordination based on the methodology developed in accordance with SOGL. The preliminary year-ahead availability plans for the following calendar year must be provided by each TSO to all other TSOs before 1st November of each calendar year via OPDE as stated in Article 97 of SOGL.

The Company has performed the OPI assessment for the timestamps acknowledged by the Baltic TSOs which have been coordinated within dedicated coordination cycle telcos (RCC-TSO, RCC-RCC). The TSOs and RCCs reviewed the results of the Final OPI Assessment.

Regional OPI assessment results have been uploaded into common data sharing platform (ENTSO-E SharePoint).

The Company provides a quality check on OPC task on a weekly basis by providing quality check on the Unavailability input data and hosts weekly coordination teleconferences to resolve any tie-line inconsistencies, performing OPI week



ahead (W-1) calculation using W-1 CGM\_BA. Moreover, the Company participates in weekly RCC-RSC teleconferences and has undertaken the role of OPC weekly merge operator.

#### **Operational performance**

During year 2024, the Company has not observed any major and critical incidents in Baltic TSOs outage coordination procedures and schedules. The regional OPI assessment was performed for year 2025 and the report was successfully acknowledged by the Baltic TSOs OPC operators. Therefore, there were no investigations to be reported on for year 2024.

Over the 2024 a fully implemented week ahead OPI process was developed. All TSOs agreed to data provision and result reporting agreement, proposed by the Company.

There were no incidents with OPC tool merges while the Company was in the main or backup role for OPC pan-European merge operator.

TSOs' weekly OPC TLIs resolving performance metric, from 1st to 4th OPC merge, percentage KPIs were: LITGRID – 100%, AST – 100% and ELERING 96.15% TLIs were not completely solved on weeks 42 and 49.

#### **Coordinated actions and recommendations**

The Company monitors outage schedule of generation units >50MW.

All OPI loading violations, exceeding limits by 105% for lines and 110% for autotransformers, will have remedial actions proposed by the Company, discussed during weekly TSO-RCC OPC call and during weekly operational teleconference.

#### Effectiveness

Within the week ahead OPC process the Company implemented coordination of elements in reserve.



During the year ahead OPC process the Company coordinated overlapping generation and DC Links.

During the year ahead OPC process, after one of the OPI calculations, the Company was able to notice discrepancies in year ahead plan, where outages overlapped where they were not supposed to. This led to quick information exchange with TSOs, and the outage plan was updated successfully, thus showing the effectiveness and necessity of OPI calculations.

#### Efficiency

The Company has participated in 98% of all RCC-RCC weekly and yearly calls. Only missed call in 2024 was on 26 December.

The Company has participated in OPC workgroups responsible for defining requirements for future release of pan-European OPC tool specifications.

As the Company is RCC 3A OPC administrator for all OPC pan-European related tasks, during 2024 all OPC PE rulebook updates were done on time, before set deadlines. During live STA-OPC sub team meetings OPC PE rulebook changes successfully were presented to all OPC TSO/RCC colleagues. Annual regional OPI report has been finalized and results accepted by TSO OPC single point of contacts.

### Shortcomings

There is a lack of a fallback procedure for when the OPC PE tool fails and is not restored in a reasonable timeframe, this issue will be addressed during next year's developments.

OPC PE tool was broken and inaccessible for approximately two-week period during year ahead OPC process. This caused issues uploading the updated Unavailability Plan (UAP) by one of the TSOs' just before the 4th merge. Issue tickets created by the Company were not responded to in a timely manner, so coordination of yearly outages had to be done manually during weekly OPC TSO-RCC calls.

TSOs in the Baltic region experience delays in data provision before certain deadlines, which can cause a slowdown in the regional OPC process as a whole and extra effort from RCC is required to ensure the deadlines are met.



# 6.5. Short-Term Adequacy (STA)

The Company is providing STA in line with Article 81 of SOGL. Each RCC shall perform regional adequacy assessments for at least the week-ahead timeframe. Each TSO shall provide the regional security coordinator with the information necessary to perform the regional adequacy assessments, including:

- the expected total load and available resources of demand response;
- the availability of power generation modules; and
- the operational security limits.

Each RCC shall perform adequacy assessments based on the information provided by the relevant TSOs with the aim of detecting situations where a lack of adequacy is expected in any of the control areas or at regional level, considering possible cross-border exchanges and operational security limits. It shall deliver the results together with the actions it proposes to reduce risks to the TSOs of the capacity calculation region. Those actions shall include proposals for remedial actions that allow the increase of cross-border exchanges. When performing a regional adequacy assessment, each RCC shall coordinate with other RCCs.

RCCs (on a rotating basis) perform a Cross-Regional Adequacy Assessment (CRAA) daily to highlight situations at ENTSO-E level where a lack of adequacy is expected. When not performing the CRAA, the RCCs monitor the CRAA results for their own area of responsibility for potential lack of adequacy situations.

Based on the CRAA results or on TSO requests, e.g., due to lack of adequacy assessed or by estimation of TSOs, RCCs shall perform a Regional Adequacy Assessment (RAA) in the relevant adequacy coordination region and shall deliver the results of the regional adequacy assessment together with the actions they propose to reduce the risk to the associated TSOs.

Preparation for the synchronization, in addition to the energy crisis in Europe, has brought attention to the STA task, because the monitoring of the system adequacy is more important than ever. The Company has prepared extensive additions to the regional task and set out to monitor and alert the TSOs when needed. A communication procedure is configured to alert the high-risk periods and provide early warnings.

#### **Operational performance**

During year 2024, and since the go-live of the STA task:



- the duty of the pan-European STA task was accomplished 100% of days/weeks as expected by the agreements;
- RAA was not triggered for the task area of the Company, therefore there was nothing to be reported on for the year 2024.

#### **Coordinated actions and recommendations**

No actions/recommendations were made during the year 2024, since no RAAs were triggered.

#### Effectiveness

The effectiveness of this task has been defined as:

The ratio of initiated RAA adequacy issues in Baltic SOR compared to the total number of the RAAs triggered for this area. Result for 2024: 100%.

#### Efficiency

The efficiency of this task has been defined as:

The ratio of finalized RAA adequacy issues compared to the number of triggered RAA issues in Baltic SOR. Result for 2024: 100%.

### Shortcomings

There isn't a proper fallback procedure implemented for a case where the STA tool becomes totally unavailable, which would then mean that we wouldn't be able to fulfil the task. A possible solution will be discussed in the upcoming year. Additionally, since the results rely heavily on the input data quality and accuracy, we have yet to implement a procedure to verify the quality of input data.

#### 📲 Baltic RCC

# 6.6. Post-Operation and Post-Disturbances Analysis and Reporting



The Post-Operation and Post-Disturbances Analysis and Reporting, also referred to as Regional Incident Analysis and Reporting (RIAR), is a legally mandated task for RCC, as outlined in Article 37 of Regulation (EU) 2019/943. It involves conducting post-operation and post-disturbance analysis and reporting. The RCC's methodology for these activities, titled "Post-Operation and Post-Disturbances Analysis and Reporting Methodology," was approved by ACER through Decision 04-2022, effective 1 April 2022. RIAR involves the RCC investigating situations, where actions taken by a TSO in an emergency, blackout, or restoration system state have caused another TSO to transition from a normal or alert system state to an emergency system state. If the incident is confirmed to be at least a scale 2 incident as defined by the Incident Classification Scale (ICS) Methodology, the RCC will provide recommendations to prevent similar occurrences in the future.

# **Operational performance**

On Friday, 21 June 2024, a significant incident occurred in South-East Europe, causing a major disruption to the Continental European power system. The incident led to substantial loss of load and generation, impacting multiple countries, including Albania, Bosnia and Herzegovina, Montenegro, and Croatia. A series of contingencies in the transmission network culminated in a (partial) blackout across these four countries.

Following the confirmation of the threshold, RCCs nominated main and backup members according to Article 3 of the RIAR methodology, an RCC Investigation Subgroup was formed under the ICS Expert Panel. This subgroup carried out a comprehensive investigation of the incident, adhering to the RCCs' obligations outlined in Article 37 and Annex I of Regulation (EU) 2019/943. The findings from the RCCs' investigation will be incorporated into the ICS Final Report.

### **Coordinated actions and recommendations**

No actions or recommendations were made for the Baltic TSOs during year 2024.



#### Effectiveness

The effectiveness of this task has been defined as:

- Nomination and communication of the RCC members within one week after the incident occurred;
- Publication of the final report, including the RCC chapter by the end of September in the year after the incident.

No final reports have been published yet, as the development process is still underway in the relevant working group.

# Efficiency

The efficiency of this task has been measured by the hours spent on the Post-Operation and Post-Disturbances Analysis and Reporting activities, including process implementation, training and certification, and recommendation followup, as well as the time spent per incident investigation.

The Company dedicated 120 hours to process implementation, to enhance training materials for certifying additional investigators, and took a part in investigation.

### Shortcomings

No shortcomings were identified in 2024.



# 6.7. Training and Certification (T&C)

The T&C task is based on RCC Training and Certification Methodology developed in line with Article 37(1)(g) of Regulation (EU) 2019/943 and approved by ACER on 18 May 2022. T&C covers the implementation of continuous training and certification activities to RCC operators who are performing tasks of regulated services. Goal of T&C is to ensure necessary skills and knowledge level of RCC operators to fulfil tasks efficiently with high quality to region TSOs. 28 May 2026 is the deadline for all RCC operators to be certified.



#### **Operational performance**

The main objectives for T&C task are:

- Develop internal RCC Training Program and Annual Training plan with definition of roles and responsibilities of related parties, organizational and certification principles;
- Develop Joint Training Program with common guidelines for all European RCCs;
- Develop Joint and Internal Training modules for regulated services;
- Train and certify RCC operators according to defined guidelines and developed materials.

Training modules, including training and assessment materials were successfully implemented and RCC operator certification process was launched. In 2024 the Company certified 80% of its operators.

#### **Implementation status**

From 2023, together with T&C implementation working group, the Company developed the Joint Training Program and initiated the creation of Joint Training Modules for STA, OPC, CGM and RIAR pan-European tasks.

Internal Training Program and Annual Training Plan for 2025 was developed from regional perspective and for regulated task as well as CSA. With a set of rules and guidelines defined in the previously mentioned documents, the joint and internal training modules development was finalized until regulated deadline in 2024. Moreover, the Company has developed training programs for the certification of tasks including STA, OPC/OPI, CGM, RIAR, and CCC. All Company operators responsible for these tasks have been certified to ensure a high level of task performance.

#### **Effectiveness and efficiency**

For effectiveness of training and certification realization, open-source Learning Management System is used with possibility to adjust its functionality depending for training program needs.



To evaluate Training program realization efficiency, the first attempt success rate was introduced. In 2024, 64% of Baltic RCC operators passed the training modules with first attempt.

#### Shortcomings

No shortcomings were identified in 2024.

# 6.8. Consistency assessment of transmission system operators' defense and restoration plans



In accordance with Article 52 of Regulation (EU) 2017/2196 the Company has prepared a monitoring report on the consistency assessment of system defense and restoration plans developed by TSOs pursuant to Article 6 of the Network Code on Emergency and Restoration (NC ER). This consistency assessment must be performed in every 5 years in line with the TSOs' timeline to review the defence plans and restoration plans as agreed with ACER.

#### **Operational performance**

The task is limited to a formal check of the consistency of the documentation stated by the TSOs in the Excel templates provided to the Company. Excel templates list the existing procedures and/or agreements with the correct names and versions. Each TSO delivered their completed templates to the Company for each border.

Any inconsistencies discovered between templates were reported to the pertinent TSOs to allow for inter-TSO coordination and resubmission of updated versions of templates.



#### **Coordinated actions and recommendations**

The Company has detected a few inconsistencies regarding the document version numbers in the provided Excel templates, which were resolved through good collaboration by the involved TSOs.

#### Effectiveness

The effectiveness of this task has been defined as:

Clear Focus: The Company focuses on verifying data consistency (dates, version numbers) in TSO-provided Excel templates. Standardization: using templates ensures uniformity and transparency in documenting agreements.

#### Efficiency

Baltic TSOs and the respective RCCs were provided with text documents with boundary analysis, where the inconsistencies found by The Company were clearly indicated. The inconsistencies found were resolved by the TSOs from the first iteration bilaterally.

### Shortcomings

For 2024, there are no shortcomings to be reported.

#### Baltic RCC



Pursuant to Article 21 of Regulation (EU) 2019/943, if resource adequacy problems have been identified in a Member State, Capacity Remuneration Mechanisms (CRM) open for cross-border capacity participation may be introduced as a last resort. The resource adequacy concern must be identified by National Recourse Adequacy Assessment and/or European Resource Adequacy Assessment. If a TSO is implementing CRM, open for cross-border participation, RCC needs to calculate MEC value for foreign capacity participation in cross border capacity mechanisms (CM) and issue recommendation pursuant to Article 26(7) of Regulation (EU) 2019/943.

MEC is the maximum allowed foreign capacity on each given border that can participate in a capacity remuneration mechanism during a certain delivery period. The MEC should reflect the value that an interconnected system can bring in at times of 'system stress' - in terms of security of supply. All calculated amounts for each CRM border should be included in one recommendation, which annually are provided by RCC to relevant TSOs.

#### **Operational performance and implementation status**

In December 2024 TSCNET, the RCC coordinator of the year (role changing on rotational principle) sent out an official e-mail to each TSO to determine, if MEC calculations are needed for their cross-border CRMs.

Until end of 2024, there were no cross-border CMs introduced in the Baltic region.

In October 2024 the testing phase of MEC IT Tool was concluded. MEC IT Tool is a pan-European application to perform maximum entry capacity calculation.
# 7. GENERAL OUTLOOK

The Company's focus and objectives rest on three pillars - coordinated, integrated and secure power grid operations; optimal and resilient market operations; and IT system reliability, harmonisation and security.



# 7.1. Coordinated, integrated and secure operation of the power grid

We aim to ensure security of supply through the Coordinated, Integrated and Secure Operations of the power grid. Our primary focus aligns with the mandatory tasks defined by Regulation (EU) 2019/943, which are either implemented or will be completed in the coming years.

Tasks that have already been implemented will continue to be enhanced to meet the full requirements of the defined methodology, as well as the regional needs of the TSOs in the Baltics. Active development is expected to be completed within 2026, but the tasks will continue to be enhanced based on regional needs.

In addition to the pan-European mandated tasks the Baltic RCC offers and will



continue to offer additional support to Baltic TSOs with the aim of achieving Coordinated, Integrated and Secure Operations of the power grid. The tasks currently provided include:

- 1. Regional outage planning and coordination task;
- 2. Regional merged model provision;
- 3. Regional short-term adequacy task;
- 4. Regional planning data network hosting and management;
- 5. Relevant asset calculation and assessment.

The aim is to further expand regional support in the future based on requests from Baltic TSOs, with a focus on achieving the vision of integrated and coordinated power grid.

We recognize that the power grid operation and security are not solely the responsibility of TSOs. Long-term integration and coordination with other energy sector entities, such as gas TSOs and DSOs, and other market participants, are crucial to ensuring secure and reliable operations.

## 7.2. Optimal and resilient market operations

European energy grids rely heavily on energy and capacity markets, and system security cannot be achieved without well-functioning and resilient energy markets. When we refer to "markets", we mean the resale of energy, long-term futures markets for energy and related products, and reserve markets for energy and capacity products.

Today, RCCs are mainly envisioned as Coordinated Capacity Calculator for energy markets and as optimizers for the sizing and procurement of reserve capacity markets. We believe that their role in market operations can and should be expanded also in the future.

With anticipation for CACM updated version it is expected that RCCs will be included into additional roles as market data facilitator. Main target and area of operation is pre-coupling data verification and data provision. Additionally, with Multi Nemo Arrangements the role for capacity and market results verification is seen as one possible area where RCC could take a leading role. Flow-based capacity calculation is one of the tasks that has been identified and will remain in focus of Baltic RCC for the following years. Both the implementation requirements definition and implementation of the calculation algorithm will be needed to develop in order to ensure that the flow-based capacity calculation is transparent and efficient to meet the expectations of TSOs and market.

Additionally, the harmonisation and lead in data exchange solution provision with Regional Planning Data Network has potential to provide added value and



harmonisation for market participants. It remains clear that system security and markets go hand in hand and therefore RCC's role as harmoniser and cost optimisation is beneficial for long-term resilience and optimisation of costs. The end decision on delegation of tasks remains with the TSOs but RCC is open to take lead in the relevant tasks in area of possible market timeframes.

## 7.3. IT system reliability, harmonisation and security

The Company has set out open-source development as key strategic way how to reach the IT system reliability, harmonisation and security. We see that leveraging open-source technologies is beneficial for internal competence and code sharing. Base platform services like ELK (Elasticsearch, Logstash, and Kibana) and MinIO, contributing to the standardization of development efforts and help to develop more reliable and secure tooling.

In development, our goal is to transition all core functions to open-source platforms, allowing other stakeholders to reuse, enhance, and benefit from these solutions. This approach leverages the collective strength of the sector to establish common, standardised integrations and a shared codebase, which will ultimately enhance system security and availability in the long-term.

Open-source software development has encouraged innovation within organizations. By engaging with open-source projects, engineers can work on collaborative way and engage other interested parties to contribute to the projects. The collaborative environment of open-source communities allows engineers to encounter diverse challenges, accelerating their problem-solving capabilities. Furthermore, working in open-source projects exposes engineers to best practices, global coding standards, and peer-reviewed work. This involvement enhances the quality of in-house development, as developers can bring new knowledge and fresh perspectives to internal projects.

One of the core principles of open-source is knowledge sharing. By adopting open-source tools and contributing to open-source projects, we aim to create a culture of collaboration and transparency. By allowing teams to openly share code, improvements can be made collectively, accelerating development cycles and increasing overall software quality. We target to include other RCCs in the community to merge the competences and help to find best solutions to the problems. By sharing the knowledge and tooling with other companies and RCCs we aim to share the competence and knowledge to help to ensure our long-term vision of becoming the competence centre for RCC related tasks.

Open-source software offers us a significant cost advantage. Since open-source technologies are often available for free or at a lower cost than proprietary



solutions, they have reduced licensing expenses. This allows the organization to allocate funds more effectively, particularly for research, development, and infrastructure improvements.

Additionally, using open-source tools fosters internal innovation and encourages employees to take ownership of tools they are building upon, leading to reduced dependency on external vendors for support or customization.

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The focus has been on the development of CSA, CCC and T&C in 2024. The CSA and CCC projects have been initiated to become operational with the respective deadlines of 28 March 2024 and January 2025.

Additionally, the Company has set out the implementation plan for all services set out in Article 37(1) of Regulation (EU) 2019/943 and the initial implementation deadlines are set out in Table 3 below.

Table 3. Implementation deadlines for tasks set out in Article 37(1) of Regulation (EU) 2019/943

Task as per Article 37(1)	Implementation	Scope
Common grid delivery	01.07.2022	Pan-EU, SOR (System operation Region)
Support assessment of defense and restoration plans	01.07.2022	SOR
Short term adequacy	01.07.2022	Pan-EU, SOR
Regional outage planning coordination	01.07.2022	Pan-EU, SOR
Post operation and post disturbance analysis and reporting	01.10.2022	Pan-EU
Coordinated security analysis of the Baltic region	Q2 2024 (full scope)	SOR
Maximum entry capacity for CMs	Q1 2024	Pan-EU
Training and certification	18.05.2024	Pan-EU, SOR
Coordinated capacity calculation*	10.02.2025	CCR (Capacity calculation region)



Task as per Article 37(1)	Implementation	Scope
Supporting regional restoration	Q1 2027	Pan-EU, SOR
Facilitating procurement of balancing capacity	Q1 2025	SOR
Supporting needs for new infrastructures	Q1 2027	Pan-EU
Regional sizing of reserve capacity	Q1 2026	SOR
Support optimization Inter TSO settlement	On demand	-
Crisis scenarios	On demand	-
Seasonal adequacy	On demand	-

\* Coordinated capacity calculation task is scheduled to go-live on 01.01.2025 in accordance with the synchronization timeline.

The implementation deadlines for individual tasks and scope of the tasks for which a methodology has not been confirmed are indicative and subject to amendments where necessary. Illustrative overview of tasks is shown on image below:



Figure 2. Task implementation flowchart

The Company's short-term goals up to 2026 focus on implementing the methodologies and tasks defined by EU regulations. An overview of the current implementation status is provided in Figure 3.



The tasks that are currently in development or will be developed once the methodologies are confirmed include the Procurement and Sizing of Reserve Capacity, as well as the Identification of new Infrastructure.

The core tasks – CCC, CSA and Merging function – are already in operation but will continue to require resources to enhance and achieve stable operation. Additionally, these tasks are facing new requirements from various stakeholders.

A new short-term target is the review, enhancement and development of the IT architecture. This effort focuses on the third pillar of the RCC's strategy and aims to ensure business continuity though improved core functions availability and development quality.



Figure 3. The Company's main projects and focus areas

Starting from 2026 and beyond, we anticipate that regional implementation will gain more focus due to the enhancement of capacity calculation with flow-based solution. This brings us closer to the second pillar of the Company's strategy, which is market operation. We expect that with the implementation of the flowbased approach, we will become more involved in other market procedures and communication with market participants.

At the same time, it is crucial to address any shortcomings in coordination between various energy sector entities, as improved coordination and integration could benefit all parties involved.

# 9. RISKS

As the Company is operating in similar environment with TSOs the risks we face are largely similar to the TSOs, external and internal factors both. The main risk categories identified internally are:

- 1. Corporative;
- 2. IT/IT security;
- 3. Services implementation;
- 4. Operational.

The risk management procedures, registries and mitigation plans are reviewed quarterly. The risks that are indicated either high or very high are reviewed regularly.

## 9.1. IT and cybersecurity risks

Risk related with noncompliance to OPDE security plan.

Audit results for compliance to OPDE security plan are following.

Role: Participant. 104 total controls audited in compliance audit the compliance level of controls was evaluated as fully compliant for 59 controls, partially compliant for 39 controls and non-compliant for 1 control. Compared to 2023 audit the number of compliant controls has decreased.

Role: Service Provider. From 119 total controls audited in compliance audit the compliance level of controls was evaluated as fully compliant for 69 controls, partially compliant for 45 controls and non-compliant for 1 control. Compared to 2023 audit the number of compliant controls has decreased.



<u>Despite the weaknesses identified, auditors evaluated Baltic RCC Security Plan</u> <u>controls implementation overall compliant with the Security Plan</u> and risk management capabilities to be on the maturity level of enabling Baltic RCC to improve ISMS and react and address the Cyber Security challenges appropriately in a timely manner.

#### Mitigation:

For the cybersecurity update a cooperation is set in place with TSOs and service providers providing both cybersecurity governance and cybersecurity operations services. The identified risks are actively being monitored and mitigation measures for high risks are taken into action plan to resolve the possible vulnerabilities.

# 10. FINANCIAL STATEMENTS (01.01.2024-31.12.2024)

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## Statement of financial position

in thousands of euros	Note	31.12.2024	31.12.2023
ASSETS			
Current assets			
Cash and cash equivalents	5	793	659
Trade and other receivables	6	71	74
Prepayments	6	6	46
Total current assets		870	779
Non-current assets			
Property, plant and equipment	7	43	56
Intangible assets	8	78	119
Total non-current assets		121	175
TOTAL ASSETS		991	954
LIABILITIES			
Current liabilities			
Current lease liabilities	9,10	28	26
Trade and other payables	9	605	677
Deferred income	9	4	0
Total current liabilities		637	703
Non-current liabilities			
Non-current lease liabilities	10	15	31
Total non-current liabilities		15	31
TOTAL LIABILITIES		652	734
Share capital	11	135	135
Retained earnings	11	204	85
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		339	220
TOTAL LIABILITIES AND EQUITY		991	954

# Statement of profit and loss and other comprehensive income

in thousands of euros	Note	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023	
Revenue	12	1596	1315	
Goods, raw materials and services	13	-389	-360	
Miscellaneous operating expenses	14	-165	-153	
Personnel expenses	15	-848	-627	
Depreciation expenses	7,8	-78	-66	
Operating profit		115	109	
Profit before tax		115	109	
Financial income/costs		6	-2	
Income tax		-2	-3	
Total comprehensive income for the period, net of tax		119	104	
Profit attributable to:				
Owners of the Company		119	104	
Total comprehensive income attributable to:				
Owners of the Company		119	104	

## Statement of cash flows

in thousands of euros	Note	31.12.2024	31.12.2023
Cash flow from operating activities			
Profit for the period		115	109
Adjustments for:			
- Depreciation	7,8	78	66
- Other corrections		-6	0
Changes in working capital:			
- Change in trade and other receivables	6	43	5
- Change in trade an other payables	9	-68	-64
Total cash flows from operating activities		162	116
Payment of lease liabilities	10	-26	-25
Paid interest	10	-2	-2
Total cash flows from financing activities		-28	-27
Net decrease in cash and cash equivalents		134	89
Cash and cash equivalents at the beginning of the period	5	659	570
Cash and cash equivalents at the end of the period	5	793	659

## Statement of changes in equity

in thousands of euros	Share capital	Retained earnings	Total equity
	(Note 11)	(Note 11)	
Profit for the year 2022	135	25	160
Correction for 2022	0	-44	-44
Restated balance as at 31.12.2022	135	-19	116
Profit for the year	0	104	104
Balance as at 31.12.2023	135	85	220
Profit for the year	0	119	119
Balance as at 31.12.2024	135	204	339

More detailed information on share capital is provided in Note 11.



## Notes to the financial statements

### Note 1. The Company and its operations

Baltic RCC OÜ (hereinafter "The Company") is a company established in the Republic of Estonia, entry in the commercial register on 20 June 2022. The registered address of the Company is Kadaka tee 42, 12915 Tallinn, Republic of Estonia. The Company has permanent establishments in Latvia and Lithuania. The main activity of the Company is the provision of engineering and technical services in the energy sector in Estonia, Latvia and Lithuania. The financial statements for the financial year ended on 31 December 2024, covers the units in Estonia, Latvia, and Lithuania.

The management of the Company is based on the Estonian Commercial Code, Articles of Association, and the Shareholders Agreement. The governance structure of the Company includes three levels in accordance with the Estonian Commercial Code:

- 1. The Shareholders of the Company the shares are allocated equally between three Baltic TSOs: Elering AS, AS "Augstsprieguma Tīkls", and Litgrid AB;
- 2. The Supervisory Board of the Company one representative from each Baltic TSO to supervise and overview the strategic operations;
- 3. The Management Board of the Company three members, elected by the Supervisory Board, the main responsibilities are day-to-day operations.

The Company's economic activities are regulated by the laws of the Republic of Estonia and the European Union.

# Note 2. Standards, interpretations and amendments to published standards

The following new and amended standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The Company has not adopted any of these new and amended standards earlier and does not expect that they would have a significant impact on the financial statements when become effective.

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures;
- Annual Improvements to IFRS Standards Volume 11;
- Lack of Exchangeability (Amendments to IAS 21).



## Standards, interpretations and amendments to published standards that are not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements: (have not been endorsed by the European Union). (Effective for reporting periods beginning on or after January 1, 2027. Earlier application is permitted.).

IFRS 18 replaces IAS 1 Presentation of Financial Statements.

The major changes in the requirements:

#### A more structured statement of profit or loss

IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities: operating, investing and financing.

Under IFRS 18, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either:

- nature;
- function; or
- using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

## Management-defined Performance Measures (MPMs) – Disclosed and subject to audit

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management-defined Performance Measures ("MPMs"), requiring them to be:

- a subtotal of income and expenses;
- used in public communications outside the financial statements; and
- reflective of management's view of financial performance.

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

#### Greater disaggregation of information

To provide investors with better insight into financial performance, the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.



#### Other changes applicable to the primary financial statements

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a separate line item on the face of the balance sheet.

#### Transition

In its annual financial statements prepared for the period in which the new standard is first applied, an entity shall disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- the restated amounts presented applying IFRS 18; and
- the amounts previously presented applying IAS 1.

The company intends to implement the new standard starting from January 1, 2027. The company is currently assessing the potential impact of the implementation of IFRS 18 on its financial statements.

## Note 3. Summary of significant accounting policies

**The basis of preparation.** These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union, under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Accounting and presentation currency.** Financial statements are prepared in euros, which is the accounting and presentation currency. The annual report of the Company is prepared in thousands of euros.

**Foreign currency conversion.** Transactions in foreign currency are translated into the functional currency on the basis of the exchange rates of the European Central Bank valid on the day of the transaction. Exchange rate gains and losses arising from the recognition of these transactions and the recalculation of the exchange rates of monetary assets and liabilities based on the year-end exchange rate are recognized in the profit or loss.

**Cash and cash equivalents.** In the statement of cash flows, cash and cash equivalents include short term (up to 3 months) highly liquid investments that can be converted to known amounts of cash and that lack significant risk of market



value changes, incl. cash on hand, bank accounts and short-term deposits with original maturities of three months or less.

Classification, forward measurement and profit and loss

#### Financial assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets are not reclassified after their initial recognition, unless the entity changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the financial asset is held within the framework of a business model, the purpose of which is to hold the financial asset for the collection of contractual cash flows; and
- cash flows resulting from the contractual terms of the financial asset on specified dates, which are only the principal, and the interest calculated on the unpaid principal.

The Company classifies cash and cash equivalents, trade receivables and other receivables as financial assets measured at amortized cost.

The following table provides an overview of the Company's financial assets and their measurement and recognition of profits and losses.

	These assets are recorded at amortized cost using the internal			
	interest rate method. From the amortized costs, the loss from the			
Amortized cost	decrease in the value of the asset is deducted. Interest income,			
profit or loss from exchange rate changes and depre				
	reflected in the income statement. The profit or loss on			
	derecognition is recognized in the income statement.			



An entity derecognizes a financial asset if and only if the contractual rights to the cash flows arising from the financial asset terminate or if the entity transfers the financial asset and the transfer meets the criteria for derecognition. The entity transfers the right to receive contractual cash flows in a transaction in which all the risks and rewards of ownership of the financial asset are transferred, or where the entity does not transfer the risks and rewards of ownership of the financial asset during the transfer, but the entity does not retain control of the financial asset.

Transactions with which the Company transfers the assets recorded in its financial statements, but the Company retains all or the main risks and rewards of the transferred assets, in such cases the Company does not stop recording the transferred assets.

#### Financial liabilities

Financial liabilities are classified as measured at either amortized cost or at fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is held for trading, is a derivative instrument or is recognized as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net profit and loss, including any interest expense, is recognized in profit or loss.

Other financial liabilities are recorded at amortized cost using the internal interest rate method. Interest expenses and gains or losses from exchange rate changes are recognized in the income statement. The profit or loss on derecognition is recognized through net profit.

An entity removes a financial liability from its statement of financial position if, and only if, it has been extinguished. This means when the obligation defined in the contract has been fulfilled, canceled, or expired. The Company ceases to recognize a financial liability if the terms of the financial liability are changed in such a way that the cash flows of the liability are significantly different from the original liability. In this case, the new financial liability based on the changed terms is recognized at fair value.

The difference between the residual balance sheet value of a terminated financial liability or a financial liability transferred to another party (or a part of a financial liability) and the consideration paid, including all non-monetary assets transferred or liabilities assumed, is recorded through net profit.



#### Offsetting

Financial assets and liabilities are offset and reflected as a net amount in the financial statement if and only if the Company has the legal right to offset the amounts at that moment and the Company has a conscious intention to either pay them on a net basis or to realize the asset and pay the liability at the same time.

#### Impairment of financial assets

The Company applies the expected credit loss model to financial assets carried at amortized cost when recognizing impairment.

The Company measures impairment at an amount equal to lifetime expected credit losses, except for financial assets that are measured at an amount equal to 12-month expected credit losses:

- other requirements;
- cash and cash equivalents whose credit risk has not increased significantly since initial recognition.

The Company applies the simplified method provided in IFRS 9 for the recognition of expected credit losses on all claims against buyers, which allows for the formation of a discount in the amount of expected credit losses during the validity period of the reserve.

The Company always records a discount formed against receivables in the amount equal to the expected credit loss during their validity period. To estimate the expected credit loss of said assets, a provisioning matrix is used, which is based on the Company's historical credit loss experience, which is adjusted by factors related to specific debtors, general economic conditions and, if necessary, the time value of money. Expected credit losses are probability-weighted estimated credit losses. The credit loss is the difference between the contractual cash flows and the cash flows expected by the Company, discounted at the internal interest rate of the financial asset.

At each reporting date, the Company assesses whether the credit quality of financial assets recognized at amortized cost has declined. The credit quality of a financial asset has decreased if one or more events have occurred that have a negative impact on the expected future cash flows of this financial asset. Circumstances that give an indication that the credit quality of a financial asset has decreased are as follows:

- significant financial difficulties of the debtor;
- breach of contract (non-fulfilment of an obligation or non-payment by the due date);



- restructuring of the loan or advance on terms that the Company would not otherwise have done;
- it is likely that the debtor will run into payment difficulties.

**Tangible assets.** Tangible assets are tangible assets that a company uses in the provision of services, for rental or administrative purposes and that it intends to use for a period longer than one year.

The lower limit for the acquisition cost of tangible fixed assets is 10 000 euros. When a fixed asset is taken into account, its useful life is determined, and the depreciation rate is determined based on this. The exception is objects with an unlimited useful life (land, works of art of permanent value, books, etc.), which are not depreciated.

Depreciation of an asset begins when it is put into service and continues until the asset is fully depreciated and written off. If such an asset is used further, it is kept in the balance sheet with a zero residual value. In the event of the sale of a fixed asset, the acquisition cost of the fixed asset is removed from the balance sheet as accumulated depreciation. In the event of premature write-off of fixed assets, a depreciation act is drawn up.

The company uses the straight-line method for depreciation of tangible fixed assets.

Tangible assets are amortized using the straight-line method over their useful lives:

	Useful lives in years
Rental premises	1-5 years

**Intangible assets.** Intangible assets are recognized in the statement of financial position only if the following conditions are met:

- the asset is controlled by the Company;
- it is probable that the future economic benefits that are attributable to the assets will flow to the Company;
- the cost of the asset can be reliably estimated.

An intangible asset is initially recognized at its cost, comprising its purchase price, any directly attributable expenditure on preparing the asset for its intended use and borrowing costs that relate to assets that take a substantial period of time to get ready for use. After initial recognition, an intangible asset is carried at its acquisition cost less any accumulated amortization and impairment losses.



Intangible assets are amortized using the straight-line method over their useful lives:

	Useful lives in years
Software and software Licenses	3-5 years

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal.

**Provisions and contingent liabilities.** Provisions for liabilities and charges are nonfinancial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Other possible or present obligations arising from past events but whose settlement is not probable or the amount of which cannot be measured with sufficient reliability are disclosed as contingent liabilities in the notes to the financial statements.

**Share capital.** Incremental costs directly attributable to the issue of new shares are recognized as a reduction of equity. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

**Dividends.** Dividends are recognized as a liability and deducted from equity in the period they are declared and approved. Dividends declared after the balance sheet date and before the publication of the annual accounts are disclosed in the notes to the annual report.

**Revenue recognition.** The fee specified in the customer contract is used as the basis for measuring sales revenue. The Company recognizes revenue when it gives control of a good or service to a customer. The following table presents information on the fulfillment and timing of operational obligations arising from customer contracts and, as a result, accounting principles for recording revenue.



Type of service	Fulfilment and timing of performance obligations, important payment terms	Accounting principles of sales revenue
Engineering services provided to Shareholders	Services are ordered in line with the service agreements. Payments for services are bi-annual in line with the Shareholders agreement	Income is set twice a year in line with the Transfer Pricing methodology. Revenue is recognized at the time the service is rendered.
Engineering services provided to non- shareholders	Services are offered in line with the individual agreements for services. Payments for services are in line with the cost-profiles and standard term is either quarterly or annually	Income in line with the cost profile and invoices provided for services. Revenue is recognized at the time the service is rendered.

**Rent calculation.** At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether the contract gives the right to control and use the property, the Company uses the definition of a lease in IFRS 16.

Company as lessee. When concluding or amending a contract containing a rental component, the Company distributes the fee included in the contract to each to the rental component based on its stand-alone price. The Company recognizes the right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is measured initially at the acquisition cost, which consists of the initial amount of the lease obligation. The initial amount of the rental obligation is adjusted by the advances made, by the direct expenses made and by the restoration costs (which result from property dismantling and restoration). Received rental discounts are deducted from the received amount. The right-ofuse asset is depreciated using the straight-line method from the start date of the lease to the end of the lease period unless the lease agreement transfers ownership of the underlying asset to the group at the end of the lease period or if the residual value of the right-of-use asset indicates that the group plans to exercise the option to buy the asset. In this case is depreciated over the entire useful life of the right-of-use asset's underlying asset, which is determined on the same basis as in the case of the corresponding tangible fixed assets owned by the group. In addition, the right-of-use property is reduced in the event of losses resulting from a decrease in value. Lease obligations of right-of-use assets are also



adjusted on certain revaluations. The lease liability is initially measured at the present value of the lease payments that have not yet been paid during the lease term by the start date using the internal interest rate of the lease or, if this rate cannot be determined, alternative loan interest rate. In general, the group uses an alternative loan interest rate as a discount rate. The Company finds an alternative loan interest rate using different sources of financing. Received inputs are adjusted taking into account the lease terms and the type of leased asset to arrive at the leased asset to a suitable alternative loan interest rate. The rental payments included in the rental obligation include the following parts:

- fixed payments (including essentially fixed rental payments);
- fines for termination of the rental agreement (if the termination is sufficiently certain);
- purchase price (if the purchase of the asset is sufficiently certain);
- guaranteed residual value (expected value of the amount to be paid);
- Index or rate dependent rental payments.

The lease liability is measured at amortized cost. It will be recalculated when in the future there are changes in the rental payments due to the index or rate when the estimate of the guaranteed residual value changes in terms of the amount or if the group changes its assessment as to whether it is desired to use the asset buyout, lease options for extension or termination. The lease liability is also remeasured if the changes are fixed payments (including essentially fixed rental payments). If the lease liability is revalued for the reasons listed above, the rightof-use asset is recognized in the balance sheet corresponding adjustment in the cost. The effect of a change in a lease liability is recognized in the income statement if the carrying amount of the right-of-use asset is reduced to zero. The group has decided not to recognize right-of-use assets and lease liabilities for lowvalue asset leases and for short-term rentals. The Group recognizes the lease payments related to these leases as an expense on a straight-line basis during the rental period.

**Employee benefits.** Employee short-term benefits include wages, salaries and social taxes, benefits related to temporary suspension of employment contracts (holiday or other similar pay). These benefits are recognized in profit or loss in the year in which the associated services are rendered by the employees of the Company. Any amounts unpaid by the balance sheet date are recognized as a liability.

If during the reporting period, an employee has provided services for which payment of compensation is to be expected, the Company will recognize a liability (accrued expense) in the amount of forecasted compensation, from which all amounts already paid, will be deducted.



**Taxation.** According to the Income Tax Act in force in Estonia, legal entities do not pay income tax on their profits earned. Income tax is paid on fringe benefits, gifts, donations, reception expenses, dividends, and non-business-related disbursements. In Latvia, income tax is paid on dividends, non-business-related payments, and loans to related parties. In Lithuania, income tax is paid on dividends and payments not related to business. Until 31 December 2024 the tax rate was 20/80. From 01.01.2025, the new tax rate of the profit distributed as dividends is 22/78 of the net amount to be paid out. The income tax accompanying the payment of dividends is recorded as a liability and an income tax expense when the dividends are declared. Corporate income tax paid on dividends is recorded in the income statement as income tax expense and in the balance sheet as deferred income tax liability to the extent of the planned dividend payment. The obligation to pay income tax arises on the 10th of the month following the dividend payment.

The maximum income tax liability that accompanies the payment of distributable earnings as dividends is disclosed in the annual financial statements, Note 9. Due to the specifics of the 'Tax Act, the Company registered in Estonia does not have differences between property taxation and the residual balance sheet value, and as a result, there are no deferred income tax claims or liabilities. In the income statement, the corporate income tax calculated on the profit in Lithuania is reflected. Taxation associated with a permanent establishment in Latvia and Lithuania is carried out in accordance with the legislation of the Republic of Latvia and the Republic of Lithuania. In the Republic of Latvia, the profit is taxed at the rate of 22/78 when distributed. In the Republic of Lithuania, profit is taxed at a 15% income tax rate.

## Note 4. Financial risk management

The Company's activities entail various financial risks: credit risk, liquidity risk, market risk, currency risk. The purpose of financial risk management is to mitigate financial risks and reduce the volatility of financial results.

In the Company's opinion, the balance sheet values of the financial assets (Notes 5 and 6) and liabilities (Notes 9 and 10) reflected in the amortized cost in the statement of financial position do not differ significantly from their fair values as of 31 December 2023 and 31 December 2024. Receivables from clients and debts to suppliers are short-term, therefore, according to the management, their balance sheet value is close to their fair value.



The following table shows the classes of financial assets and financial liabilities of the Company according to IFRS 9 measurement categories:

#### **Financial assets**

in thousands of euros	31.12.2024	31.12.2023
Financial liabilities at amortized cost		
Cash and cash equivalents (Note 5)	393	659
Short-term deposits (Note 5)	400	0
Trade and other receivables (Note 6)	77	120
Total financial assets	870	779

#### **Financial obligations**

in thousands of euros	31.12.2024	31.12.2023
Financial liabilities at amortized cost		
Trade and other payables (Note 9)	637	703
Total financial liabilities	637	703

#### Credit risk

Credit risk reflects the potential loss resulting from the counterparty's inability to fulfill its obligations to the Company in a timely manner. The Company's primary risk is the counterparty's inability to pay regular payments resulting from the contract. Credit risk is mitigated applying the prepayments for the services to be rendered for.

Monthly receivable report is reviewed and analyzed by the Chairman of the Company. Information on credit risk is disclosed in Note 4. The book value of financial and contractual assets reflects the maximum credit risk.

To measure the expected credit losses, trade receivables are grouped based on the shared credit risk and the expiry period.

There were no losses resulting from the decline in the value of financial assets recorded in the income statement during the reporting period.



#### Liquidity risk

Liquidity risk is a risk where the Company will encounter difficulties in meeting its obligations associated with financial liabilities. The liquidity risk of the Company is closely related to the credit risk arising from contracts related to the counterparty. It is possible to use advance payments received on the basis of contracts to mitigate the risk.

The following table presents the liabilities as of 31 December 2024 according to their contractual maturity. The amounts in the table present the contractual undiscounted figures.

in thousands of euros	On demand and less than 1 month	1 to 12 months	Total 2024	On demand and less than 1 month	1 to 12 months	Total 2023
Obligations						
Short-term rental liabilities (Note 11)	0	28	28	0	26	26
Trade and other payables (Note 10)	605	4	609	677	0	677
Total future payments	605	31	637	677	26	703

The liquidity analysis of financial liabilities as of 31 December 2024 is as follows:

#### Market risk

The Company is open to market risk. Market risk arises mainly in relation to changes in service prices and open positions of assets and liabilities in foreign currencies. Management sets limits on acceptable open positions, which are monitored on a daily basis, however, using this method does not completely prevent losses outside of these limits but limits their maximum amounts.

#### Currency risk

Currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate in the future due to exchange rate changes. As the base currency of most the Company transactions and balances is the euro, The Company is not exposed to significant currency risk.



#### Capital management

The Company's main goal in capital risk management is to ensure the Company's sustainability in order to secure income for Shareholders and ensure confidence for creditors, while maintaining an optimal capital structure to reduce the cost of capital. For maintaining or improving the capital structure, the Company can regulate dividends paid to Shareholders, return part of the paid-in share capital to Shareholders, issue new shares or bonds and take out new loans.

According to common practice in the industry, the Company uses the ratio of equity and assets to monitor the capital structure, which is obtained by dividing the total amount of equity capital by the total amount of assets as of the balance sheet date. The Company's goal is to maintain a ratio of equity to assets between 15% - 40%.

in thousands of euros	31.12.2024	31.12.2023
Equity	339	220
Total assets	991	954
Equity to assets ratio	34,0%	23,0%

The share of equity in total assets is shown in the following table:

### Note 5. Cash and cash equivalents

in thousands of euros	31.12.2024	31.12.2023
Cash and cash equivalents	393	659
Short-term deposits	400	0
Total cash and cash equivalents	793	659

in thousands of euros	31.12.2024	31.12.2023
Trade receivables	23	23
Other receivables	7	5
Prepaid taxes	41	46
including refundable VAT	41	46
Prepayments	6	46
Total trade and other receivables	77	120

## Note 6. Trade and other receivables

According to the accounting principles of the Company, as a rule, claims whose payment deadline has passed by more than 90 days are assessed. Claims overdue by more than 90 days are evaluated individually and according to the age of the claim, taking into account extraordinary effects such as the deterioration of the global economic situation, the debtor's known financial difficulties, noncompliance with payment deadlines. The total amount of the discount is adjusted as of the balance sheet date according to how much of the receivables assessed as unlikely to be received will be received in the later period. Impairment discounts are recognized as an expense in the income statement.

If the previously made estimate of the amount of unlikely receivables later changes, it must be reflected in the profit and loss account for the period of the change in estimate and not adjusted retroactively to previous periods. Receipt of an unlikely or hopeless claim must be shown as a reduction of the expense in the period in which the receipt occurs.



## Note 7. Property, plant and equipment

Depreciation of property, plant and equipment is reflected in the income statement 2024 in an item depreciation in sum 56 thousand euros.

in thousands of euros	<b>Right-of-use assets</b>	Total
Acquisition cost as of 20.06.2022	0	0
Depreciation as of 20.06.2022	0	0
Residual value as of 20.06.2022	0	0
Additions	94	94
Depreciation of the reporting period	-13	-13
Acquisition cost as of 31.12.2022	94	94
Accumulated depreciation as of 31.12.2022	-13	-13
Carrying amount as of 31.12.2022	81	81
Residual value as of 31.12.2022 corrected in 2023	81	81
Depreciation of the reporting period	-25	-25
Acquisition cost as of 31.12.2023	94	94
Accumulated depreciation as of 31.12.2023	-38	-38
Carrying amount as of 31.12.2023	56	56
Additions	48	48
Derecognition of right-of-use assets	-24	-24
Depreciation of the reporting period	-37	-37
Acquisition cost as of 31.12.2024	99	99
Accumulated depreciation as of 31.12.2024	-56	-56
Carrying amount as of 31.12.2024	43	43



## Note 8. Intangible assets

Amortization of intangible assets is reflected in the income statement 2024 in an item depreciation in sum 41 thousand euros.

in thousands of euros	Acquired software, licenses	Total
Acquisition cost as of 31.12.2023	163	163
Depreciation as of 31.12.2023	-44	-44
Residual value as of 31.12.2023	119	119
Purchases and improvements	0	163
Depreciation of the reporting period	-41	-41
Acquisition cost as of 31.12.2024	163	163
Depreciation as of 31.12.2024	-85	-85
Residual value as of 31.12.2024	78	78

## Note 9. Trade and other payables

in thousands of euros	31.12.2024	31.12.2023
Current finance lease liabilities	28	26
Trade payables	6	19
Payables to related parties	379	501
Trade payables total	413	546
Taxes payable:		
Social security tax	23	17
Personal income tax	16	12
Corporate income tax and fringe benefits	2	3
Total tax payables	41	32
Accrued expenses- employee benefits:		
Salaries	38	28
Bonuses	84	60
Holiday pay	33	23
Social security and unemployment insurance tax	24	14
Total accrued expenses- employee benefits	179	125
Deffered income	4	0
Total Trade and other payables	637	703

Information on payables to related parties is disclosed in Note 16.



## Note 10. Current and non-current lease liabilities

in thousands of euros	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Total
Current and non-current lease liabilities 31.12.2023	0	26	31	57
Total liabilities 31.12.2023	0	26	31	57
Current and non-current lease liabilities 31.12.2024	0	28	15	43
Total liabilities 31.12.2024	0	28	15	43

Analysis of undiscounted financial liabilities by due date:

The Company's statement profit and loss includes the following amounts relating to leases:

in thousands of euros	2024	2023
Interest expense on lease liabilities	2	2
Expense relating to short-term leases	28	26
Total lease related expenses 31.12.2024	30	28

## Note 11. Equity

The share capital of the Company consists of 3 common shares with a nominal value of 45 thousand euros. The shares have been paid for in full. As of 31 December 2024, the Company had 204 thousand euros of undistributed profit eligible for distribution.

As of 31 December 2024, it is possible to distribute 159 thousand euros as net dividends, and the corresponding income tax would be 44 thousand euros (with a tax rate of 22/78).



## Note 12. Revenue

in thousands of euros	2024	2023
Sales of services		
Sales of services	1596	1315
Total revenue	1596	1315

Revenue by customer contract and geographical location:

in thousands of euros	2024	2023
Estonia (Elering AS)	407	334
Lithuania (Litgrid UAB)	407	334
Latvia (Augstsprieguma Tikls AS)	407	334
Belgium (ENTSO-E A.I.S.B.L)	375	313
Total sales revenue	1596	1315

in thousands of euros	2024	2023
Main services		
Engineering services provided to Shareholders	1221	1002
Engineering services provided to non- Shareholders	375	313
Total	1596	1315

## Note 13. Goods, raw materials and services

in thousands of euros	2024	2023
Purchased services for the provision of engineering and technical services		
Purchased IT services	363	325
Purchased telecommunication services	26	35
Total Goods, raw materials and services	389	360

## Note 14. Miscellaneous operating expenses

in thousands of euros	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Financial services	58	60
Rent	10	18
Travel costs	57	38
Office costs	10	0
Legal services	4	6
Training costs	10	10
Audit and consultations	12	5
Personnel management costs	3	11
Other operating expenses	1	5
Total miscellaneous operating expenses	165	153



## Note 15. Personnel expenses

in thousands of euros	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023			
Basic salaries, additional remuneration, bonuses, holiday pay	682	501			
Termination benefits	0	1			
Other remuneration	20	13			
Total remuneration to employees	702	515			
Social tax	146	112			
Total personnel expenses	848	627			
including benefits for board members					
Basic salaries, additional remuneration, bonuses, holiday pay	202	180			
Fringe benefits and fringe benefits' income tax	2	12			
Social tax	51	51			
Total remuneration to the members of the Management and Supervisory Board	255	243			
Average number of employees	18	13			
Average number of employees by type:					
Persons working under the employment contract	15	10			
Members of the Management or Supervisory Board	6	6			
Average salary of employees with bonuses reduced to full-time work per month (in euros)	3789	4192			

\*No fees were paid to members of the Supervisory Board in 2024.


### Note 16. Balances and transactions with related parties

Parties are generally considered to be related if they are under common control or if one party has the ability to control the other party or has significant influence or joint control over the other party in making financial and operational decisions. In considering each potential related party relationship, attention is paid to the substance of the relationship, not just the legal form.

The parties involved in the preparation of the annual report were:

- The state and companies under state control or significant influence;
- Management Board and Supervisory Board of the Company;
- Close family members of the persons listed above and companies controlled by them or under their significant influence.

Outstanding balances with related parties were as follows:

in thousands of euros	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Trade and other payables		
Companies controlled or significantly influenced by the State	379	501

#### Income and expenses from transactions with related parties:

in thousands of euros	Related party	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Income from the sales of services	Companies under state control or significant influence	1221	1001
Purchase of goods	Companies under state control or significant influence	10	2
Purchase of services	Companies under state control or significant influence	365	327
Total purchase of goods and services		375	329



- Income from the sale of services is mainly derived from the sale of engineering and technical services;
- The cost of the purchase of goods results from the goods necessary for the provision of engineering and technical services;
- The purchase of services consists mainly of services necessary for the provision of engineering and technical services.

#### Remuneration of the Management Board and members of the Supervisory Board

A member of the Management Board is paid a monthly remuneration fixed in the service contract. When assessing the activities of the members of the Management Board, the Supervisory Board primarily takes into account the duties and activities of a specific member of the Management Board, the activities of the entire Management Board.

Management Board received remuneration for the Company operation, in 2024 the total remuneration accounted for each Management Board member accordingly to the table below. The amounts include taxes:

Board member	2023	2024
Veiko Aunapuu	52,1	58,9
Paulius Cicėnas	67,5	68,6
Andrejs Eglītis	60,5	74,6

Remuneration in thousand EUR

No fees were paid to the members of Supervisory Board in 2024.

During the reporting year, there were no transactions with companies in which the members of the Supervisory Board and the Management Board or their relatives have significant influence.



### Profit allocation proposal

The retained earnings of the Company as of 31 December 2024 was 204 thousand euros.

The Management Board of the Company proposes to the Shareholders to distribute the retained earnings of the Company as follows:

To pay out the earnings of 2022, 2023 and 2024 financial years as dividends to Shareholders. The total dividend payout amounts to 159 thousand euros, which represents the full net profit after taxes.



# The Company's sales revenue according to EMTAK 2008

The Company's sales revenue is divided by major areas of activity as follows:

	01.01.2024- 31.12.2024
71129 Other engineering and technical activities	1596
* EMTAK – Estonian economic activity classification	

## **11. GLOSSARY**

THE NORMALINE AND

ACER: Agency for Cooperation of Energy Regulators; CACM: Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management; software; CCC: Coordinated Capacity Calculation; CCR: Capacity Calculation Region; CGM: Common Grid Model; CGMA: Common Grid Model Alignment; CM: Capacity Mechanism; CRAA: Cross-Regional Adequacy Assessment; CROSA: Coordinated Regional Operational Security Assessment; CCROSA: Coordinated **Cross-Regional Operational Security Assessment;** Coordination; CRM: Capacity Remuneration Mechanism; CSA: Coordinated Security Analysis; EDX: Data Exchange Software; ECP: Energy Communication Platform; **EMF: European Merging Function;** FCA: Commission Regulation (EU) 2016/1719 of 26 September 2016, establishing a guideline on Forward Capacity Allocation; operation; ICS: Incident Classification Scale; IGM: Individual Grid Model; **IOP: CIM Interoperability Tests;** KPI: Key Performance Indicator; NC ER: Network Code on Emergency Centre (RCC); and Restoration; NC OPC: Network Code on Operational Planning and Scheduling;

NEMO: Nominated Electricity Market Operators; **OPC: Outage Planning Coordination; OPDE: Operational Planning Data Environment; OPDM: Operational Planning Data Management OPI: Outage Planning Incompatibility; RA: Remedial Action;** RAA: Regional Adequacy Assessment; RAO: Remedial Action Optimization; RAOCM: Methodology for assessing the Relevance of Assets for Outage Coordination; RIAR: Regional Incident Analysis and Reporting; RMM: Regional Merged Model; **ROSC: Regional Operational Security** RSC: Regional Security Coordinator; SAFA: Synchronous Area Framework Agreement; SOC: System Operations Committee; SOGL: Guideline on Electricity Transmission System Operation Commission Regulation (EU) 2017/1485 of 02 August 2017 establishing a guideline on electricity transmission system SOR: System Operation Region; STA: Short Term Adequacy; TLI: Tie-Line Inconsistency; **TSCNET: Munich based Regional Coordination** TSO: Transmission System Operator; T&C: Training and Certification; UAP: Unavailability Plan.

## SIGNATURES OF THE MANAGEMENT BOARD TO THE 2024 ANNUAL REPORT

The signing of the Company's 2024 Annual Report on 31 March 2025.

*/signed digitally/* Chairman of the Management Board Veiko Aunapuu

/signed digitally/ Management Board member Andrejs Eglītis

/signed digitally/ Management Board member Paulius Cicenas