

Proposal for the establishment of Baltic Regional Coordination Centre (RCC)

In accordance with Article 35 (1) of Regulation 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (Regulation 2019/943) by 5 July 2020, all transmission system operators of a system operation region shall submit a proposal for the establishment of regional coordination centres to the regulatory authorities concerned in accordance with the criteria set out in respective Chapter. The regulatory authorities of the system operation region shall review and approve the proposal.

Proposal for the establishment of Baltic RCC is prepared by the TSOs of Baltic system operation region (hereafter – Baltic SOR). Baltic SOR consists of following TSOs – Augstsprieguma tīkls AS, Elering AS, Litgrid AB.

When assessing the proposal for the establishment of Baltic RCC one should consider also the fact that until synchronization with Continental-Europe Baltic RCC must act in the IPS/UPS synchronous area and some processes that RCC are responsible for need to take this reality into account. Therefore, it might be possible that after synchronization with Continental-Europe Baltic RCC set up could be changed to take into account requirements of new synchronous area.

Proposal for the establishment of the Baltic RCC consists of three parts:

1. Baltic RCC overall description
2. Concept of “Baltic RCC Articles of Association”
3. Concept of “Shareholders Agreement for Baltic RCC (to be concluded)”

Baltic RCC Overall Description

General

Article 35 (1) of Regulation 2019/943 states that the proposal shall at least include the following elements:

1. the Member State of the prospective seat of the regional coordination centres and the participating transmission system operators;
2. the organisational, financial and operational arrangements necessary to ensure the efficient, secure and reliable operation of the interconnected transmission system;
3. an implementation plan for the entry into operation of the regional coordination centres;
4. the statutes and rules of procedure of the regional coordination centres;
5. a description of cooperative processes in accordance with Article 38 of Regulation 2019/943;
6. a description of the arrangements concerning the liability of the regional coordination centres in accordance with Article 47 of Regulation 2019/943;
7. where two regional coordination centres are maintained on a rotational basis in accordance with Article 36(2) of Regulation 2019/943, a description of the arrangements to provide clear

responsibilities to those regional coordination centres and procedures on the execution of their tasks.

In following part, the elements described in Article 35 (1) of Regulation 2019/943 are described.

1. Article 35 (1) a) of Regulation 2019/943 „the Member State of the prospective seat of the regional coordination centres and the participating transmission system operators”.

1. The prospective seat and legal address of Baltic RCC shall be Tallinn, Estonia
2. Participating TSOs in Baltic RCC: Elering, AST and Litgrid.

2. Article 35 (1) b) of Regulation 2019/943 „the organisational, financial and operational arrangements necessary to ensure the efficient, secure and reliable operation of the interconnected transmission system“.

The organisational, financial and operational arrangements necessary to ensure the efficient, secure and reliable operation of the interconnected transmission system are described in concept of “Baltic RCC Articles of Association” and in concept of “Shareholders Agreement for Baltic RCC (to be concluded). General overview of the principles added here:

Main principles of the organisational and operational arrangements are as follows:

1. The principles of the corporate governance are described in the Baltic RCC Shareholders’ Agreement and the Articles of association of Baltic RCC.
2. The highest governing body of the Baltic RCC is Shareholders meeting. The Shareholders of the Baltic RCC are Elering, AST and Litgrid.
3. For supervision of Baltic RCC the Supervisory Board is formed. Supervisory Board consists of three members- one member is nominated by Elering, one member is nominated by AST and one member is nominated by Litgrid. According to the applicable Estonian law Supervisory Board is the equivalent of the Management Board as referred to under Article 43(1) of the Regulation 2019/943.
4. Management Board consists of three members elected by the Supervisory board
5. From the members of Management Board will be elected Chairman of the Board for the two years term. Chairman will rotate between three Baltic countries in a way that Lithuanian, Latvian and Estonian representatives each after another have a role of the chairman of the Management Board.

6. Day to day operations are conducted by Management Board.
7. Baltic RCC competence of Supervisory Board is as follows:
 - a. functions stated in the Article 43 of the Regulation 2019/943, mainly:
 - i. endorsing and approval the statutes and rules of procedure of regional coordination centres;
 - ii. deciding upon and implementing the organisational structure;
 - iii. endorsing and approving the Company's annual budget and any material changes thereto;
 - iv. endorsing and approval the cooperative process in accordance with Article 38 of the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity;
 - b. approving the strategy and goals of the Company;
 - c. supervision of the activities of the Management Board (incl. the execution of the resolutions of the Shareholders and the Supervisory Board);
 - d. election and removal of the members of the Management Board (subject always to requirements specified in Section 5.2.3);
 - e. 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;
 - f. service provision general key performance indicators (hereafter – KPI) review set up by article 17 of Commission Regulation 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (hereafter – SOGL) and any KPIs set out by the Management Board.
 - g. other matters which pursuant to the applicable laws, the articles of association of the Company or this Agreement are in the competence of the Shareholders (subject to the following sentence).

The competences of the Supervisory Board exclude those that are related to the day-to-day activities of regional coordination centres and the performance of its tasks.

8. Management Board are responsible for:
 - a. preparing the initial draft of annual budget for approval by Supervisory Board
 - b. developing the initial draft of cooperative processes in accordance with Article 38 of Regulation 2019/943 for approval by Supervisory Board
 - c. drafting the initial the statutes and rules of procedure of regional coordination centres for approval by Supervisory Board;
 - d. preparing the organisational structure for approval by Supervisory Board;
 - e. the everyday operations of the Company and representing the Company in all transactions and acts.

Main principles for financial arrangements are as follows:

1. Management Board prepares the initial annual budget of the Baltic RCC for Supervisory board endorsement and approval;
2. The income of annual budget will be based on RCC services fees;

3. The aggregated biannual service fees shall be equal to total amount of actual annual costs, expenses and investments of the Baltic RCC (i.e all operating costs (OPEX) and capital costs (CAPEX) and taxes);
4. Each Baltic system operation region TSO shall cover by biannual service fee the costs related to operation of Baltic RCC. These costs shall inter alia includes all costs related to Baltic RCC common operating costs (OPEX) and capital costs (CAPEX) – i.e. salaries of Baltic RCC employees, costs related to working environment, RCC premises rent, facilities, personal working tools, travel costs, training costs, maintenance of IT tools, purchase of IT tools, development of IT tools, participation in ENTSO-E and RCC pan-European framework, projects of common interest, organization of conferences and seminars, costs for common supporting functions or services for RCC needs (accounting, public relations and others) etc.
5. In determining the biannual fee shall be taken into account that servers and IT-systems which are necessary for the work of the Company will be transferred to the Company for the book value thereof at the time of the transfer. The Company shall owe the purchase price of the servers and IT-systems to the Baltic SOR TSOs as a loan.
6. RCC budget revenues are formed from payments of Baltic SOR TSOs for RCC services and provision of services to external clients (eg.CCR TSOs and other EU TSOs).
7. Each Baltic SOR TSO shall pay 1/3 of these costs.
8. Baltic RCC financial control by Supervisory Board is exercised via review and approval during the annual budget review.

Main principles regarding estimated number of full-time equivalentents (hereafter - FTE) needed for Baltic RCC operations, about arrangements with employees and other arrangements of a kind are described in section “Employees of Baltic RCC”.

3. Article 35 (1) of Regulation 2019/943 c) „an implementation plan for the entry into operation of the regional coordination centres”.

RSCs to RCCs — task delegation

All tasks delegated to Baltic Regional Security Coordinators (hereafter – RSC) in European Union network codes and guidelines will be delegated to Baltic RCCs according to Article 37 of Regulation 2019/943. All tasks shall be proportionally to the workflows for these tasks divided between Baltic RCC employees. Organisational arrangement is referred under Section 2.

Baltic RCC implementation with key Milestones

Reference Regulation 2019/943	Milestone Task	Task notes	Deadline
Article 35(1) of Regulation 2019/943	Submission of RCC proposal	-	05.07.2020
	Baltic RCC registration in the Commercial Register		1.12.2021
	Preparations to transition to RCC completed		01.01.2022
	Setup of physical location completed	Preparation and refurbish of offices for the use of Baltic RCC resources completed	01.01.2022
	Supervisory Board members elected		01.05.2022
	Signature by all TSO shareholders in RCC		01.05.2022
	Registration of the company in the Commercial Register		01.05.2022
	Election of members to the management board by Supervisory board. Election of Chairman of the Board		01.06.2022
Article 35(2) of Regulation 2019/943	Formal deadline for the entry into force of the RCC	RCC established formally	01.06.2022
	RCC shall sign Service setup agreements (SLA) with Baltic SOR TSO-s and other RCC-s	Regulate implementation and activation of Services for Baltic RCC	01.06.2022, provided all necessary methodologies needed for implementation and activation of RCC services are approved by ENTSO-E in due time
	RCC additional service Go-Live	Formal Activation/Go-Live of additional Service requested by SOR TSO-s	2 (two) years from the date of Award of SLA of additional service with Baltic SOR TSO-s

Services implementation planning in Baltic RCC

ENTSO-E Recommendation regarding mandatory vs not mandatory tasks

The following RCC tasks, based on ENTSO-E interpretation recommendation, will be implemented if requested by TSOs or to the extent they are delegated:

- Article 37(1)(h) of Regulation 2019/943: “supporting the coordination and optimisation of regional restoration as requested by transmission system operators”;
- Article 37(1)(l) of Regulation 2019/943: “supporting transmission system operators, at their request, in the optimisation of inter-transmission system operators settlements”;
- Article 37(1)(m) of Regulation 2019/943: “carrying out tasks related to the identification of regional electricity crisis scenarios if and to the extent they are delegated to the regional coordination centres pursuant to Article 6(1) of Regulation 2019/941”;
- Article 37(1)(n) of Regulation 2019/943 : “carrying out tasks related to the seasonal adequacy assessments if and to the extent that they are delegated to the regional coordination centres pursuant to Article 9(2) of Regulation 2019/941”;

Implementation notes

- Description of the RCC tasks referred to in the Article 37 of Regulation 2019/943 subparagraph are set out in more detail in Regulation 2019/943 Annex I.
- Implementation of tasks determined by Article 37 (a), (b), (c), (d), (e), (f) of the Regulation 2019/943 is to be transformed and updated as RCC tasks. The description of RSC related tasks is provided in “BALTIC REGIONAL SECURITY COORDINATOR AGREEMENT” signed by Baltic TSOs in the year 2016.

Implementation overview of Baltic RCC tasks defined by Regulation 2019/943, Art 37:

Description of colour codes in following table:

Black - Existing tasks to be transferred and updated for RCC

Gray - Not applicable tasks as decided by Baltic SOR TSOs

Blue - Implementation plan cannot be defined until harmonised methodologies will be available from ENTSO-E

Reference Regulation 2019/943	Task	Reference	Service target Go-Live date	Notes and comments on implementation
Art.37(1)(a)	carrying out the coordinated capacity calculation	in accordance with the methodologies developed pursuant to the capacity allocation and congestion management guideline adopted on the basis of Article 18(5) of Regulation (EC) No 714/2009	Target 01.07.2022 Implementation in accordance with the agreement of Baltic CCR TSO-s and Baltic RCC	Existing RSC task this task will be implemented according to network code and guideline requirements, CCC Agreement of Baltic CCR and based on existing Baltic RSC procedures.
Art.37(1)(b)	carrying out the coordinated security analysis	in accordance with the methodologies developed pursuant to the system operation guideline adopted on the basis of Article 18(5) of Regulation (EC) No 714/2009	Target 01.07.2022 Implementation as stated in common provisions of Baltic Regional Coordination Center (hereafter - RCC) and in accordance with agreement of involved TSO-s, Baltic CCR, Baltic RCC and other RCC-s	Existing RSC task this task will be implemented according to network code and guideline requirements, common provisions of Baltic RCC and based on existing Baltic RSC procedures.

Reference Regulation 2019/943	Task	Reference	Service target Go-Live date	Notes and comments on implementation
Art.37(1)(c)	creating common grid models	in accordance with the methodologies and procedures developed pursuant to the system operation guideline adopted on the basis of Article 18(5) of Regulation (EC) No 714/2009;	Target 01.07.2022 Implementation in accordance with the agreement of Baltic SOR TSOs, Baltic RCC and other RCCs	Existing RSC task this task will be implemented according to network code and guideline requirements and based on existing Baltic RSC procedures.
Art.37(1)(d)	supporting the consistency assessment of transmission system operators' defence plans and restoration plans	in accordance with the procedure set out in the emergency and restoration network code adopted on the basis of Article 6(11) of Regulation (EC) No 714/2009;	Target 01.07.2022 Implementation in accordance with the agreement of Baltic SOR TSOs, Baltic RCC and other RCCs	New RSC task this task will be implemented according to network code and guideline requirements and based on existing Baltic RSC procedures.
Art.37(1)(e)	carrying out regional week ahead to at least day-ahead system adequacy forecasts and preparation of risk reducing actions	in accordance with the methodology set out in Article 8 of Regulation 2019/941 and the procedures set out in the system operation guideline adopted on the basis of Article 18(5) of Regulation (EC) No 714/2009;	Target 01.07.2022 Implementation in accordance with the agreement of Baltic SOR TSOs, Baltic RCC and other RCCs	Existing RSC task this task will be implemented according to network code and guideline requirements and based on existing Baltic RSC procedures.
Art.37(1)(f)	carrying out regional outage planning coordination	in accordance with the procedures and methodologies set out in the system operation guideline adopted on the basis of Article 18(5) of Regulation (EC) No 714/2009;	Target 01.07.2022 Implementation in accordance with the agreement of Baltic SOR TSO-s, Baltic RCC and other RCC-s	Existing RSC task this task will be implemented according to network code and guideline requirements and based on existing Baltic RSC procedures.
Art 37(1)(g)	training and certification of staff working for regional coordination centres;		Harmonized methodology to be developed, implementation depends on the content of methodology	Following a legal literal interpretation of Art. 37(5) of the Regulation, ENTSO-E is required to make a proposal for each of the RCC tasks listed in Art. 37(1) that are not already covered by NCs or GLs
Art 37(1)(h)	supporting the coordination and optimisation of regional restoration as requested by transmission system operators;		The TSOs of the Baltic SOR have decided not to delegate this service to the RCC	Following a legal literal interpretation of Art. 37(5) of the Regulation, ENTSO-E is required to make a proposal for each of the RCC tasks listed in Art. 37(1) that are not already covered by NCs or GLs
Art 37(1)(i)	carrying out post-operation and post-disturbances analysis and reporting;		Harmonized methodology to be developed, implementation depends on the content of methodology	Following a legal literal interpretation of Art. 37(5) of the Regulation, ENTSO-E is required to make a proposal for each of the RCC tasks listed in Art.

Reference Regulation 2019/943	Task	Reference	Service target Go-Live date	Notes and comments on implementation
				37(1) that are not already covered by NCs or GLs
Art 37(1)(j)	regional sizing of reserve capacity;		Harmonized methodology to be developed, implementation depends on the content of methodology	Following a legal literal interpretation of Art. 37(5) of the Regulation, ENTSO-E is required to make a proposal for each of the RCC tasks listed in Art. 37(1) that are not already covered by NCs or GLs
Art 37(1)(k)	facilitating the regional procurement of balancing capacity;		Harmonized methodology to be developed, implementation depends on the content of methodology	Following a legal literal interpretation of Art. 37(5) of the Regulation, ENTSO-E is required to make a proposal for each of the RCC tasks listed in Art. 37(1) that are not already covered by NCs or GLs
Art 37(1)(l)	supporting transmission system operators, at their request, in the optimisation of inter-transmission system operators settlements;		The TSOs of the Baltic SOR have decided not to delegate this service to the RCC	Following a legal literal interpretation of Art. 37(5) of the Regulation, ENTSO-E is required to make a proposal for each of the RCC tasks listed in Art. 37(1) that are not already covered by NCs or GLs
Art 37(1)(m)	carrying out tasks related to the identification of regional electricity crisis scenarios if and to the extent they are delegated to the regional coordination centre	pursuant to Article 6(1) of Regulation 2019/941;	The TSOs of the Baltic SOR have decided not to delegate this service to the RCC	Following a legal literal interpretation of Art. 37(5) of the Regulation, ENTSO-E is required to make a proposal for each of the RCC tasks listed in Art. 37(1) that are not already covered by NCs or GLs
Art 37(1)(n)	carrying out tasks related to the seasonal adequacy assessments if and to the extent that they are delegated to the regional coordination centres	pursuant to Article 9(2) of Regulation 2019/941;	The TSOs of the Baltic SOR have decided not to delegate this service to the RCC	Following a legal literal interpretation of Art. 37(5) of the Regulation, ENTSO-E is required to make a proposal for each of the RCC tasks listed in Art. 37(1) that are not already covered by NCs or GLs
Art 37(1)(o)	calculating the value for the maximum entry capacity available for the participation of foreign capacity in capacity mechanisms for the purposes of issuing a recommendation	pursuant to Article 26(7);	Harmonized methodology to be developed, implementation depends on the content of methodology	Following a legal literal interpretation of Art. 37(5) of the Regulation, ENTSO-E is required to make a proposal for each of the RCC tasks listed in Art. 37(1) that are not already covered by NCs or GLs
Art 37(1)(p)	carrying out tasks related to supporting transmission system operators in the identification of needs for new transmission capacity, for upgrade of existing	pursuant to Regulation (EU) No 347/2013 and included in the ten-year network development plan referred to in Article 51 of Directive (EU) 2019/944.	Harmonized methodology to be developed, implementation depends on the content of methodology	Following a legal literal interpretation of Art. 37(5) of the Regulation, ENTSO-E is required to make a proposal for each of the RCC tasks listed in Art. 37(1) that are not already covered by NCs or GLs

Reference Regulation 2019/943	Task	Reference	Service target Go-Live date	Notes and comments on implementation
	transmission capacity or their alternatives, to be submitted to the regional groups established			

Employees of Baltic RCC

Structure and tasks of Baltic RCC Management Board is described in concept of “Baltic RCC Articles of Association” and in concept of “Shareholders Agreement for Baltic RCC” (to be concluded).

Number of employees of Baltic RCC shall depend on number of services required to be implemented for provision of RCC services. According to Article 37 (5) of Regulation 201/943 for the tasks set out in this Article and not already covered by the relevant network codes or guidelines, the ENTSO for Electricity (hereafter - ENTSO-E) shall develop a proposal in accordance with the procedure set out in Article 27. Regional coordination centres shall carry out those tasks on the basis of the proposal following its approval by ACER. Most of these methodologies, developed by ENTSO-E are not in the phase of development and therefore the content and needed resources are not known at the time of preparation of current proposal for establishment of Baltic RCC. The human resources of RCC should not exceed what is strictly necessary for the fulfilment of their tasks. However, indicatively estimated number of employee’s FTE is 21 as from 2022.

The equal division of personnel between the Estonia, Latvia and Lithuania must be assured using Baltic RCC internal control documents over the service division of the RCC tasks.

The contractual set up of Baltic RCC shall be defined in the process of implementation of Baltic RCC, but following options shall be considered by the RCC Management Board and confirmed by Supervisory Board:

1. Employees of Baltic RCC (direct contract)
 - a. Personnel providing direct services using full time contract or supporting services using part- or full-time contracts
 - b. Baltic RCC Management Board Members shall have direct full-time contracts with Baltic RCC.
2. Baltic RCC can procure supporting services from Baltic TSOs or from other service providers dependent on the service type and availability, mainly:
 - a. Consultation service of main service provision for competence establishment. The RCC may procure consultation service from one or more Baltic TSO to ensure the competence of the RCC staff to perform the basic tasks or supporting services of the RCC. As of now the competence needed for fulfilment of RCC services is located only in TSOs and therefore Baltic RCC must rely on resources of TSOs. The consultation services from the TSOs shall be interim measure to ensure the competence and quality of the services provided by the RCC. Service contracts for consultation will be set with deadlines sufficient to ensure that the competence can be built for

independent service provision. Taking into account the limitation set by BRELL agreements and synchronisation workload the contracts can be estimated to be ended at the end of 2026 when the synchronisation workstreams have ended. The need of the contracts shall be assessed annually by the Management Board.

- b. Legal support
- c. PR and communications
- d. Accounting service
- e. IT support

There is a possibility to use one of these options or mixture of different options.

Estimation of FTEs needed for the moment of start of the Baltic RCC as company (01.07.2022)

Estimation of FTEs needed for Baltic RCC executive body and Management Board as of 01.07.2022 is as follows:

1. Management Board:
 - a. 3 FTE, one nominated by Supervisory Board.
2. Main service provision:
 - a. Overall coordination with other RCCs and ENTSO-E – 1 FTE
 - b. RCC service engineers – 9 FTE
 - c. Training and certification engineer- 1 FTE
3. Administration office for the day to day operations
 - a. Office manager - 1 FTE
4. Legal support:
 - a. 0.7 FTE or service contract
5. PR and communications:
 - a. 0.3 FTE or service contract
6. Accounting service:
 - a. 1 FTE or service contract
7. IT support:
 - a. IT software management and service level support – 3 FTE or service contract
 - b. IT business analyst – 1FTE or service contract

Estimation above is based on the today's best knowledge and is not final since there are many uncertainties regarding scope and needed human resources of new services. Also, the estimation of needs for IT support is conservative estimation. One must also take into account that when Baltic RCC as company starts the operations the additional tasks that may not have been considered now may arise and also the trend from TSOs and RSCs cooperation shows that RSCs now and in the future RCCs shall more and more take different coordination tasks outside core services. In conclusion it is reasonable to expect that number of FTEs needed for Baltic RCC services will rise from 21 FTEs described above in coming years.

4. Article 35 (1) of Regulation 2019/943 d) „the statutes and rules of procedure of the regional coordination centres “.

The statutes and rules of procedure of the RCCs are described in concept of “Baltic RCC Articles of Association” and in concept of “Shareholders Agreement for Baltic RCC” (to be concluded).

5. Article 35 (1) of Regulation 2019/943 e) „a description of cooperative processes in accordance with Article 38 of Regulation 2019/943”

Article 38 (a) of Regulation 2019/943 working arrangements to address planning and operational aspects relevant to the tasks referred to in Article 37 of Regulation 2019/943

RCC-s are responsible for developing the working arrangements (Article 39 of Regulation 2019/943). For this reason, the working arrangements is not detailed in this Article 35 of Regulation 2019/943 proposal but refer to the following articles and methodologies in this Article 35 of Regulation 2019/943 proposal.

The detailed working arrangements will be developed and implemented in cooperation with involved TSOs and RCCs.

Proposals for establishing Baltic RCC:

When developing working arrangements to address planning and operational aspects within and between RCCs in accordance with Article 38(a) of Regulation 2019/943 and Article 39 of Regulation 2019/943, Baltic RCC shall consider the following guidance:

For task set out in Article 37 (a) of Regulation 2019/943, RCCs shall refer to:

- The Capacity Calculation Methodology for Day-Ahead and Intraday in accordance with articles 20 and 21 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (hereafter - CACM) of the CCRs covered by the SOR or of the CCR being an interface for the SOR:
- Any relevant existing contractual framework (e.g. service-level agreement (hereafter - SLA)) dedicated to capacity calculation for the CCR covered by the SOR or of the CCR being an interface for the SOR:

For task Article 37 (b) of Regulation 2019/943, RCCs shall refer to:

- The Methodology for Coordinating Operational Security Analysis in accordance with article 75 of SOGL:
- Each Methodology for Regional Operational Security Coordination in accordance with article 76 of SOGL of each CCRs covered by the SOR or of the CCRs being an interface for the SOR.

For task Article 37 (c) of Regulation 2019/943, RCCs shall refer to:

- The Common Grid Model Methodology in accordance with Article 17 of CACM GL (CGMM-v1-plus);
- The Common Grid Model Methodology in accordance with Article 18 or Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (hereafter - FCA GL) (CGMM-v2-plus); and
- The Common Grid Model Methodology version 3 in accordance with article 67(1) and 70(1) of SO GL (CGMM-v3); or
- Any document (Common Grid Model Methodology) that supersedes one or more of the three versions of the Common Grid Model Methodology referred to above.

For task Article 37 (d) of Regulation 2019/943, RCCs shall refer to the consistency assessment of the system defence plan and the restoration plan in accordance with Article 6 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (hereafter - NC E&R).

For task Article 37 (e) of Regulation 2019/943, RCCs shall refer to:

- Any contractual framework (e.g. SLA) covering the operation of the tools implemented for the task
- The Methodology for short-term and seasonal adequacy assessment in accordance with Article 8 of Risk Preparedness Plans Regulation 941/2019

For task Article 37 (f) of Regulation 2019/943 RCCs shall refer to:

- The Methodology for Assessing the relevance of assets for outage coordination in accordance with article 84 of SOGL
- Any contractual framework (e.g. SLA) covering the operation of the tools implemented for the task.

For task Article 37 (g) of Regulation 2019/943, RCCs shall refer to the proposal to be developed by ENTSO-E.

For task (h), no working arrangements shall be developed because the task is not requested by the Baltic SOR TSOs.

For task Article 37 (i) of Regulation 2019/943, RCCs shall refer to the proposal to be developed by ENTSO-E.

For task Article 37 (j) and Article 37 (k) of Regulation 2019/943, RCC shall refer to the proposal to be developed by ENTSO-E.

For task Article 37 (l) of Regulation 2019/943, no working arrangements shall be developed if the task is not requested by the TSOs.

For task Article 37 (m) of Regulation 2019/943, RCCs shall develop working arrangements in case of involvement in the task performed by ENTSO-E in accordance with the methodology developed pursuant to Article 6 (1) of Regulation 2019/941.

For task Article 37 (n) of Regulation 2019/943, RCCs shall develop working arrangements in case of involvement in the task performed by ENTSO-E in accordance with the methodology developed pursuant to Article 9 (2) of Regulation (2019/941).

For task Article 37 (o) of Regulation 2019/943, RCCs shall refer to the methodology for calculating the maximum entry capacity for cross-border participation in accordance with Article 26(11) of Regulation 2019/943.

For task Article 37 (p) of Regulation 2019/943, RCCs shall develop working arrangements in case and to the extent they are requested by Baltic SOR TSOs.

Additionally, in accordance with Article 4 of the definition of SOR, RCCs shall refer to the capacity calculation methodology for long-term time frames according to Article 10 of FCA Regulation of the CCRs covered by the SOR or of the CCR being an interface for the SOR.

6. Article 38 (b) of Regulation 2019/943 procedure for sharing analysis and consulting on RCC proposals with the transmission system operators in the system operation region and relevant stakeholders and with other regional coordination centres, in an efficient and inclusive manner, in the exercise of the operational duties and tasks, in accordance with Article 40 of Regulation 2019/943;

Proposals for establishing Baltic RCC:

1. In their daily operational duties, Baltic RCC will share the analysis and consult the proposals:
 - a. with TSOs in the Baltic SOR in line with methodologies listed in paragraph 1 [reference to chapter describing Article 38(a) of Regulation 2019/943] and in line with requirements in paragraph 3 [reference to chapter describing Article 38(c) Regulation 2019/943] and
 - b. with RCC(s) or TSO(s) in Nordic SOR in accordance with Article 4(1) of Annex I of the ACER Decision (“Definition of System Operation Regions (SOR)” 06.04.2020), relevant cross-regional methodologies and any applicable cross-regional procedures and agreements, including:
 - i. Baltic capacity calculation methodologies pursuant to Articles 20 and 21 of CACM GL and Article 10 of FCA GL;
 - ii. Baltic common methodology for coordinated redispatching and countertrading pursuant to Articles 35 of CACM GL and Baltic common methodology for redispatching and countertrading cost sharing, pursuant to 74 of CACM GL, if relevant;
 - iii. Methodology for Coordinating Operational Security Analysis in accordance with Article 75 of SOGL;
 - iv. Baltic common provisions for regional operational security coordination pursuant to Article 76 of SOGL;
 - v. Common grid model methodology pursuant to Articles 67 and 70 of SOGL;
 - vi. Baltic Regional Outage Coordination according to Article 80 of SOGL; and

- vii. Any other relevant methodologies, applicable procedure, cooperative processes etc. established for the coordination of the bidding zone borders adjacent to the Baltic SOR and the Nordic SOR pursuant to Article 38 of Regulation 2019/943.
 - c. with RCC(s) or TSO(s) in Central SOR in accordance with Article 4(2) of Annex I of the ACER Decision (“Definition of System Operation Regions (SOR)” 06.04.2020), relevant cross-regional methodologies and any applicable cross-regional procedures and agreements, including:
 - i. Baltic Capacity Calculation Methodology pursuant to Articles 20 and 21 of the CACM Regulation and Article 10 of the FCA Regulation,
 - ii. Baltic common methodology for coordinated redispatching and countertrading and Baltic common methodology for redispatching and countertrading cost sharing, pursuant to Articles 35 and 74 of the CACM Regulation,
 - iii. Methodology for Coordinating Operational Security Analysis in accordance with Article 75 of SOGL;
 - iv. Baltic Coordinated Security Analysis Methodology pursuant to Article 76 of the SO Regulation,
 - v. Common Grid Model Methodology pursuant to Articles 67 and 70 of the SO Regulation,
 - vi. Baltic Regional Outage Coordination according to Article 80 of the SO Regulation.
 - d. Concerning the LT-PL bidding zone border and considering the related tasks listed in Article 37(1) of the Regulation 2019/943, the RCC established by TSOs in the Baltic SOR shall coordinate:
 - i. the tasks of regional relevance, in cooperation with PSE, which will have a contractual relationship with the RCC established by Baltic TSOs, and
 - ii. the tasks of cross-regional relevance together with the RCC(s) established by the TSOs of Central Europe SOR, as necessary.
2. When developing procedures for the adoption and revision of coordinated actions and recommendations, TSOs of Baltic SOR shall consult relevant TSOs of Nordic SOR and relevant TSOs of Central Europe SOR (PSE). When consulting the relevant TSOs of Nordic SOR and TSOs of Central Europe SOR, the TSOs of the Baltic SOR shall take the utmost account of the views expressed by the relevant TSOs of Nordic SOR and Central Europe SOR.
 3. Baltic RCC coordination procedures with neighbouring RCCs shall be centrally coordinated amongst the RCC working groups. In the service implementation where regional implementations require coordination with neighbouring separate service based agreements shall be established for coordination.
 4. When the respective regulatory authorities of the TSOs of the Baltic SOR approve the procedures referred to in paragraph for Article 38(a) of Regulation 2019/943, as a result of the implementation of requirements in Article 35(1)(e) of the Regulation 2019/943, they should do so in consultation with the respective regulatory authorities of the relevant TSOs of Nordic SOR and Central Europe SOR, upon individual request by these regulatory authorities.
 5. TSOs or RCCs interaction with NRAs or relevant stakeholders on a day-to-day coordination shall be established in line with requirements described in SOGL, CACM GL, FCA GL and NC ER, or other applicable methodologies listed in paragraph 1 [reference to chapter describing 38(a)].
 6. Consultation with RCCs or TSOs in other SOR shall precede the final adoption of coordinated actions or recommendations resulting from the process described in paragraph 3 [reference to chapter describing 38(c)].
 7. When consulting with RCCs of other SORs during day-to-day processes, Baltic RCC shall find solutions that:

- a. do not violate operational security limits;
- b. restore operational security limits, if relevant; and
- c. minimise costs.

7. Article 38 (c) of Regulation 2019/943 a procedure for the adoption of coordinated actions and recommendations in accordance with Article 42 of Regulation 2019/943;

Proposals for establishing Baltic RCC:

The procedure for the adaption and review of coordinated actions and recommendations will be developed according to existing methodologies and Article 42 of Regulation 2019/943. In addition, the following provisions will be taken into account:

1. Before RCCs issue coordinated actions all Baltic SOR TSOs shall confirm that the coordinated actions proposed by the RCC are secure, reliable and efficient in accordance with Article 35(5) and 42(2) of the Regulation 2019/943, Article 26 of CACM GL or Article 17 of the methodology for coordinating operational security analysis developed in accordance with article 75 of Regulation 2017/1485. Any coordinated action not validated by the TSO(s) affected by that coordinated action shall not be issued by the RCC.
2. When one or more TSO triggers a review of coordinated actions or recommendations for any task carried out by the RCC, they shall provide an explanation of the reason to the RCC and affected TSOs.
3. Each TSO in Baltic SOR shall trigger a review of coordinated actions for any task carried out by the RCC if coordinated actions become unavailable. In that case, the RCC shall modify the coordinated actions without delay to exclude the coordinated actions that became unavailable.
4. For any task carried out by the RCC(s), all TSOs and RCC(s) shall ensure that all relevant information is shared with the TSOs affected by that coordinated action or recommendation and RCC(s).

8. Article 35 (1) f) of Regulation 2019/943 „description of the arrangements concerning the liability of the regional coordination centres in accordance with Article 47 of Regulation 2019/943”

Description of the arrangements concerning the liability of the RCCs in accordance with Article 47 of Regulation 2019/943 are described in concept of “Baltic RCC Articles of Association” and in concept of “Shareholders Agreement for Baltic RCC” (to be concluded).

Based on Shareholders agreement the principles of liability are as follows:

1. If any Baltic RCC shareholder fails to duly perform any of its obligations under this Agreement, such breaching RCC shareholder shall be fully liable to the other Parties for any and all damages and expenses caused by breach or undue fulfilment of this Agreement to extent foreseen by the applicable laws and this Agreement.
2. In the event any Shareholder breaches its voting obligations under Section 5.2.3 and fails to cure the breach within 14 calendar days, it shall pay to the harmed Shareholder (i.e. entitled Shareholder who nominated or requested change of its nominee in the Management Board) a contractual penalty in an amount of 500 euros for each day during which the harmed Shareholder's nominee cannot act as a member of Management Board.

8. Article 35 (1) g) of Regulation 2019/943 „where two regional coordination centres are maintained on a rotational basis in accordance with Article 36(2) of Regulation 2019/943, a description of the arrangements to provide clear responsibilities to those regional coordination centres and procedures on the execution of their tasks”

In Baltic SOR there shall be no rotation between two RCCs.