



Agreement between the Estonian Competition Authority and the Energy Authority of Finland Regarding the Hedging opportunities on the Finnish – Estonian Bidding Zone Border Pursuant to the Commission Regulation (EU) no 2016/1719

Pursuant to Commission Regulation (EU) no 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (FCA Guideline) the following National Regulatory Authorities (NRAs):

| NRA | Country | Contact details |
|---|----------------|--|
| Estonian Competition Authority (ECA), (Konkurentsiamet) | Estonia | Address: 39 Tatari Street, 10134 Tallinn Phone: +372 667 2400 Fax: +372 667 2401 E-mail: info@konkurentsiamet.ee |
| Energy Authority (Energiavirasto) | Finland | Address: Lintulahdenkuja 2 A, 00530 Helsinki, Finland Phone: + 358 29 5050 000 Fax: + 358 9 6221 911 E-mail: kirjaamo@energiavirasto.fi |

agree as a coordinated decision on cross-zonal risk hedging opportunities of the Finnish – Estonian (FI-EE) bidding zone border as follows.

The Article 30(1) of the FCA Guideline obliges the Transmission System Operators (TSOs) on a bidding zone border to issue long-term transmission rights unless the competent regulatory authorities of the bidding zone border have adopted coordinated decisions not to issue long-term transmission rights on the bidding zone border.

On April 6, 2017 Estonian and Finnish NRAs agreed that there are sufficient hedging opportunities for FI-EE bidding zone border in the concerned bidding zones.

In accordance with Article 30(8) of the FCA Guideline at least every 4 years, the competent regulatory authorities of the bidding zone border shall perform, in cooperation with the Agency for the Cooperation of Energy Regulators (ACER), an assessment of hedging opportunities pursuant to paragraphs 3 to 5 of Article 30 of the FCA Guideline.

Acting in accordance with Article 30(3) of the FCA Guideline, the NRAs have conducted an assessment on whether the electricity forward market provides sufficient hedging opportunities in the concerned bidding zones on each side of the bidding zone border. The specifics of the assessment have been agreed in coordination with the NRAs in question, including but not limited to the consultation and an evaluation as defined in Article 30(3) of the FCA Guideline. Pursuant to Article 30(1) of the FCA Guideline, the relevant authorities of the capacity calculation region have been consulted.

Based on the numerical analysis "Analysis of Electricity Forward Market Hedging Opportunities in Finnish, Estonian, Latvian and Lithuanian Bidding Zones Borders" performed by THEMA and public consultations for the market participants, Finnish and Estonian NRAs agree that the market does not provide sufficient hedging opportunities in the concerned FI and EE bidding zones.

Pursuant to Articles 30(1), 30(2), 30(3) and 30(5) of the FCA Guideline, the Finnish and Estonian NRAs agree to request the respective TSOs to issue long-term transmission rights on the FI-EE - bidding zone border.

Signed digitally

Märt Ots
Director General
Estonian Competition Authority

Simo Nurmi
Director General
Energy Authority of Finland

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