



Joint Position by the Estonian Competition Authority and the Public Utilities Commission of Latvia Regarding the Hedging opportunities on the Latvian – Estonian Bidding Zone Border direction to Estonia Pursuant to the Commission Regulation (EU) 2016/1719 of 26 September 2016

Pursuant to Commission Regulation (EU) 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: Tatari 39, 10134 Tallinn Phone: +372 667 2400 E-mail: info@konkurentsiamet.ee
Public Utilities Commission of Latvia (PUC), (Sabiedrisko pakalpojumu regulēšanas komisija)	Latvia	Address: Unijas street 45, Riga, LV-1039 Phone: +371 67097200 E-mail: sprk@sprk.gov.lv

agree to the proposed conclusions on cross-zonal risk hedging opportunities of the Estonian – Latvian (EE-LV) direction to Estonia 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 26, 2017 Estonian and Latvian NRAs agreed that in addition to offering the Financial transmission rights obligations on Estonian – Latvian bidding zone border there is no need for issuing long-term transmission rights or to make other cross-zonal hedging products available on the Estonian – Latvian bidding zone border.

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) and Article 30(8) of the FCA Guideline, the NRAs have conducted an assessment on the bidding zone border between the two countries regarding whether the electricity forward market provides sufficient hedging opportunities in the concerned bidding zones. The specifics of the assessment have been

agreed in coordination with the NRAs and ACER in question, including but not limited to the consultation and an evaluation as defined in Article 30(3) of the FCA Guideline.

The assessment on the functioning of the wholesale electricity markets in the concerned bidding zones indicates that there are sufficient hedging opportunities on the Estonian and Latvian bidding zone border.

Pursuant to Articles 30(1), 30(3) and 30(8) of the FCA Guideline, the Estonian and Latvian NRAs agree not to request the respective TSOs to issue long-term transmission rights or to make other cross-zonal hedging products available on the Estonian and Latvian bidding zone border direction to Estonia.

Digitally signed

Märt Ots
Director General of the
Estonian Competition
Authority

Intars Birziņš
Acting chair of the Public
Utilities Commission of
Latvia