

conexus
BALTIC GRID

JSC «Conexus Baltic Grid»

COMMON MARKET AREA BALANCING

30.06.2020

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You are welcome to ask your questions during the presentation by submitting them via chat.

Questions will be answered once the presentations ends.

OVERVIEW

TOPICS COVERED

TOPICS COVERED IN THIS PRESENTATION

- ◆ Changes related to balancing starting from 1st of January, 2020
- ◆ Imbalance and balancing within first 5 months of operation
- ◆ Expected change of MSP and MBP incentives factors starting from 01.07.2020

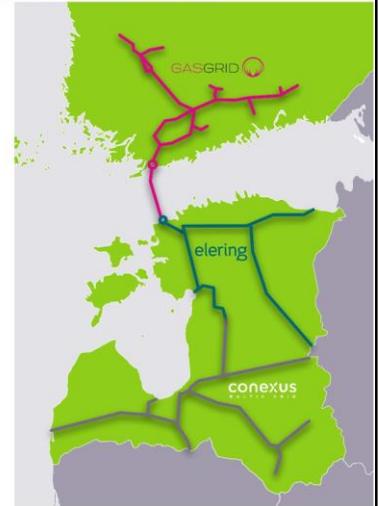
Overview of the topics covered in this presentation.

DETAILS

CHANGES

CHANGES RELATED TO BALANCING STARTING FROM 1ST OF JANUARY, 2020

- ◆ Dedicated common balancing rules
- ◆ Common balancing area covering Latvian and Estonian gas transmission systems
- ◆ Active imbalance situation monitoring and balancing



Dedicated common balancing rules

Starting from the 01st January 2020 operation of the single balancing area of Latvia – Estonia is regulated by the Common Regulations for the Natural Gas Balancing of Transmission System.

These regulations were approved by the Latvian and Estonian NRAs and define the uniform balancing conditions for the common balancing area.

Having the dedicated balancing rules is different approach from what it was before when transmission and balancing related topics were covered by the single rules. Now it is easier to address the balancing specific topics and implement required changes for improving the balancing process.

Common balancing area covering Latvian and Estonian gas transmission systems

Till the end of year 2019 Latvia and Estonia had two separate balancing areas – one for Latvian gas transmission system and one for Estonian gas transmission system. Starting from January, 2020 common balancing area covering Latvian and Estonian gas transmission systems was created.

Besides other benefits, network user daily imbalance amount is now calculated for the whole Common balancing area.

This reduces the administrative burden of operational planning for each individual national transmission system and ensures simultaneous access to two national retail

markets.

It also brings greater flexibility and ensures more convenient way for network users to fulfil the balance responsibility.

Active imbalance situation monitoring and balancing

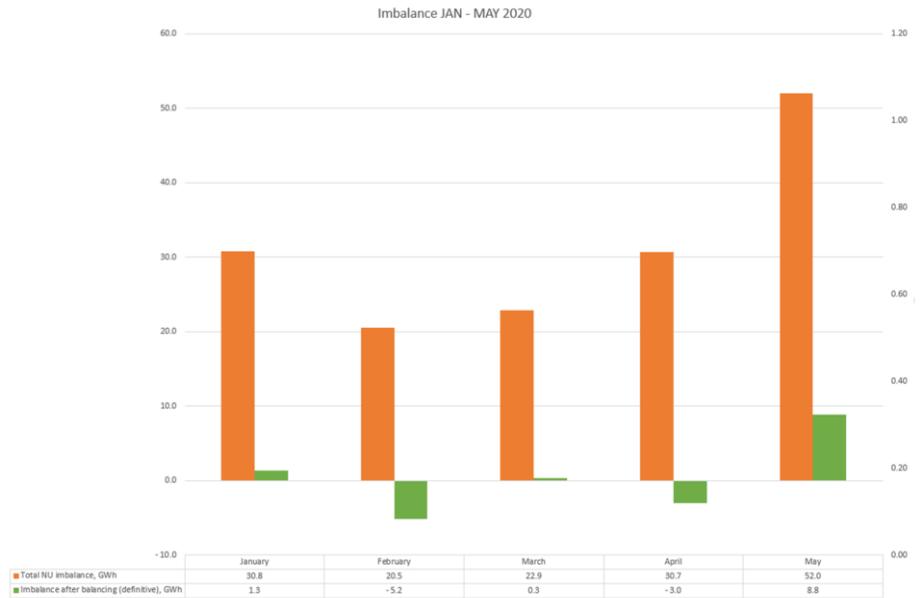
The balancing process and imbalance situation monitoring has completely changed compared to what it was during the previous years.

Within Common balancing area imbalance situation is monitored on daily bases and balancing actions if necessary are also carried out on daily basis according to internal regulation approved by both transmission system operators – Conexus and Elering.

Each day Common Market Area Division performs the Common balancing area imbalance situation calculation and related balancing actions based on Merit Order List.

DETAILS

**IMBALANCE
AND
BALANCING**



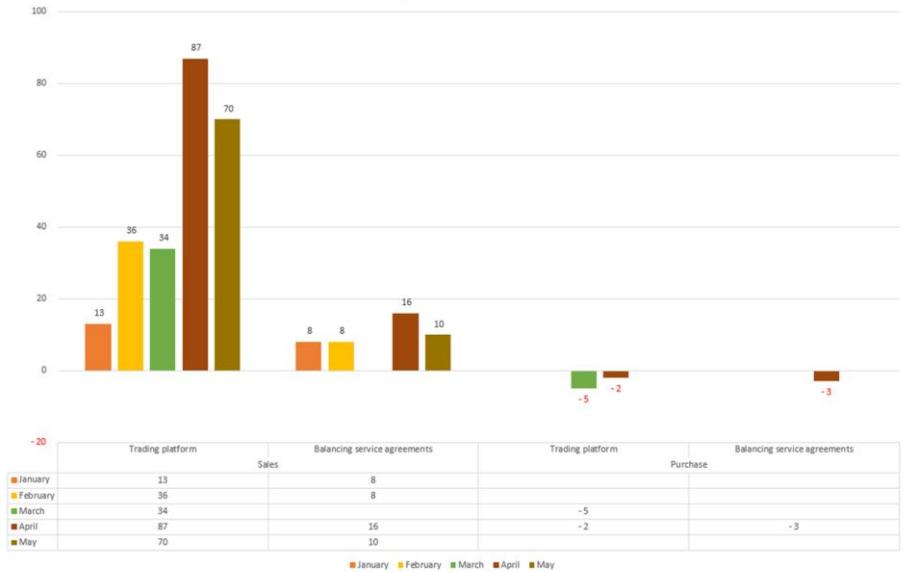
Common balancing area total monthly imbalance (calculated based on definitive allocations) has been positive every month starting from the beginning of the year:

- 01.2020 - 30.8GWh,
- 02.2020 - 20.5GWh,
- 03.2020 - 22.9GWh,
- 04.2020 - 30.7GWh,
- 05.2020 - 52.0GWh.

Currently, it has reached the highest amount of 52GWh in 05.2020.

DETAILS
**IMBALANCE
AND
BALANCING**

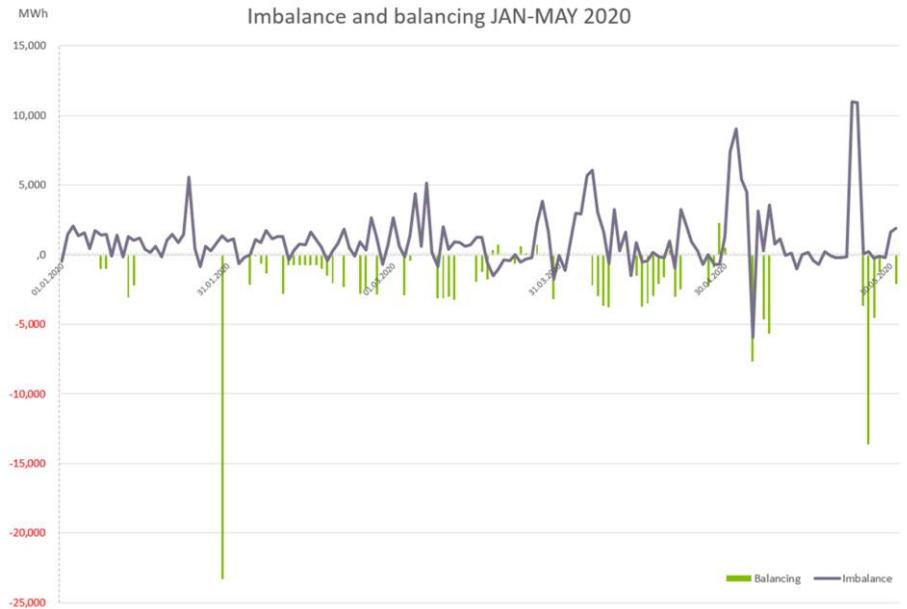
Balancing actions JAN-MAY 2020



During the first five months of the year in total our division has had to carry out 282 balancing sales activities (240 via trading platform and 42 via balancing service agreements) and 10 balancing purchase activities (7 via trading platform and 3 via balancing service agreements). The total number of concluded balancing activities is directly linked to the overall imbalance situation.

DETAILS

**IMBALANCE
AND
BALANCING**



In this chart you can see the common balancing area daily imbalance situation (colored with the grey line) and balancing actions carried out by the Common Market Area division (colored with the green line).

Common balancing area imbalance situation is monitored daily and balancing actions if necessary are also carried out on daily basis.

CONCLUSION

EXPECTED CHANGES

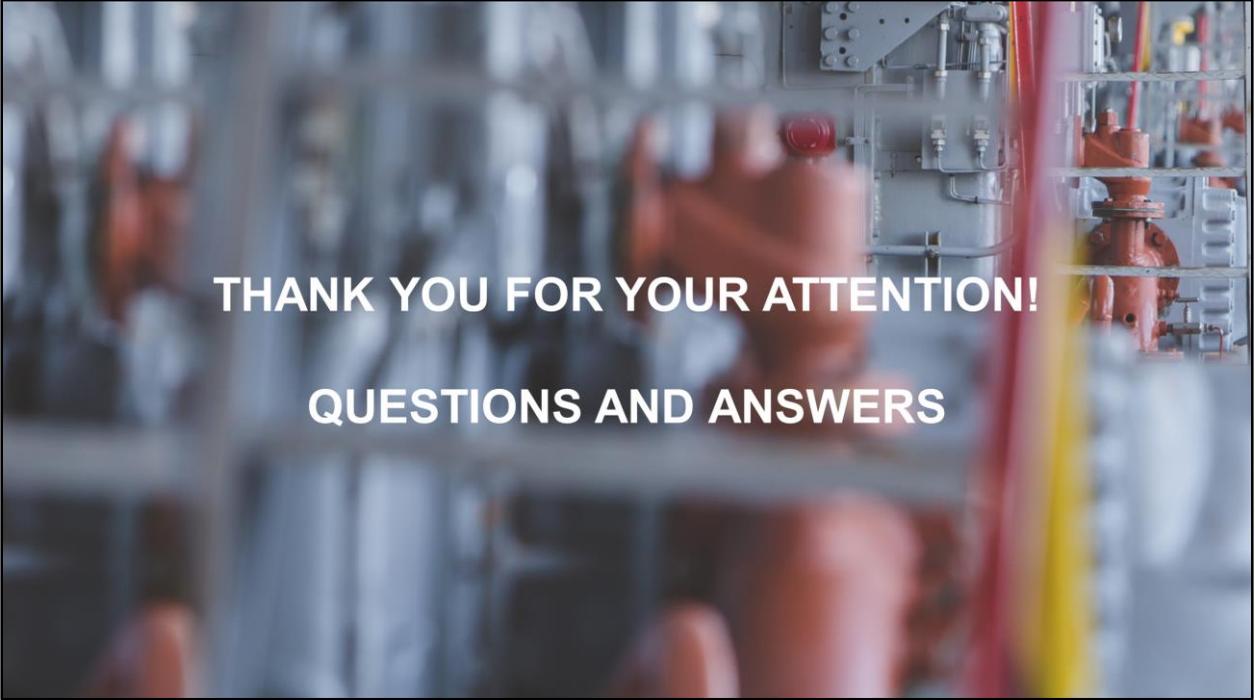
EXPECTED CHANGE OF MSP AND MBP

- ◆ **Reason** - current marginal sell price (MSP) and current marginal buy price (MBP) incentive factors are not set according to the actual market situation.
- ◆ **Solution** - it would be beneficial to change the applied marginal sales price (MSP) incentive factor from 0.95 to 0.90 and marginal buy price (MBP) incentive factor from 1.05 to 1.10.
- ◆ **Benefits** - this should improve the overall common balancing area imbalance situation.

Results of imbalance situation analysis shows that the current marginal sell price (MSP) and current marginal buy price (MBP) incentive factors are not set properly and according the actual market situation.

We see that it would be beneficial to change the applied marginal sales price (MSP) incentive factor from 0.95 to 0.90 and to change the applied marginal buy price (MBP) incentive factor from 1.05 to 1.10.

This change should improve the overall common balancing area imbalance situation.



THANK YOU FOR YOUR ATTENTION!
QUESTIONS AND ANSWERS

Do you have any questions?