

MEMORANDUM OF UNDERSTANDING
AMONG
ESTONIAN COMPETITION AUTHORITY (ECA), PUBLIC UTILITIES COMMISSION
OF LATVIA (PUC), NATIONAL COMMISSION FOR ENERGY CONTROL AND
PRICES OF LITHUANIA (NCC), ENERGY REGULATORY OFFICE OF POLAND
(URE)
CONCERNING
THE PROCESS OF THE SYNCHRONIZATION OF THE BALTIC STATES ELECTRICITY
SYSTEM WITH THE CONTINENTAL EUROPE NETWORKS

2019-05-14 No. O18-1

PREAMBLE

This Memorandum of Understanding (hereinafter – Memorandum) concerning the process of the Synchronization of the Baltic States’ electricity system with the Continental Europe (CE) electricity system (hereinafter – the Synchronization) is based on the following considerations:

- (1) The Synchronization is one of the key security of supply infrastructure projects as referred to in the European Energy Security Strategy¹.
- (2) The Memorandum of Understanding on the Reinforced Baltic Energy Market Interconnection Plan (BEMIP)² acknowledges that Synchronization contributes to achieving a fully functioning and connected internal energy market and to the increase of energy security in the electricity sector of the Baltic States as is included in the scope of the Baltic Energy Market Interconnection Plan initiative as a self-standing objective given, in particular, its legal, technical and financial complexity and political importance.
- (3) The Political Roadmap on the Synchronization by the target date of 2025 was agreed between the European Commission and the Heads of State or Government of Lithuania, Latvia, Estonia and Poland³.
- (4) The Synchronization consists of the technical solution of the synchronization via Poland, complemented by a new undersea cable between Poland and Lithuania “Harmony Link”, isolated test of the Baltic States electricity systems, signing the Agreement on the conditions of the future interconnection of power system of Baltic States and power system of CE (that includes implementation of the requirements set in the Catalogue of Measures (CoM)), trial operation (Baltic power systems synchronously with CE), implementation of the additional requirements from CE side (if any) (that could be identified during trial operation), signing the Synchronous Area Framework Agreement for Regional Group Continental Europe (SAFA) and as a result – Baltic power systems synchronously with CE .
- (5) The relevant national regulatory authorities of the Synchronization – Estonian Competition Authority, Public Utilities Commission of Latvia, National Commission for Energy Control and Prices of Lithuania⁴ and Energy Regulatory Office of Poland

¹ Communication “European Energy Security Strategy”, COM (2014) 330

<https://www.eesc.europa.eu/resources/docs/european-energy-security-strategy.pdf>

² https://ec.europa.eu/energy/sites/ener/files/documents/ROMANAD_2016.02.08_11.32.52_5C4N2560_1.pdf

³ https://ec.europa.eu/energy/sites/ener/files/documents/c_2018_4050_en_annexe_acte_autonome_nlw2_p_v2.pdf

⁴ From 1st of July 2019 according to Law on Energy of the Republic of Lithuania National Commission for Energy Control and Prices of Lithuania will be renamed to Energy Regulatory Council (ERC).

(hereinafter – NRAs or Signatories) recognize willingness to contribute and support the Synchronization.

- (6) According to Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009 (hereinafter – Regulation No 347/2013) national regulatory authorities shall cooperate to ensure timely progress of Projects of common interest (hereinafter – PCIs) including the identification of costs and impacts associated with PCIs and agreements on cross-border cost allocation.
- (7) In the third Union list of electricity and gas projects of common interest as specified in the Annex VI of Regulation No 347/2013 the PCI No 4.8 - Integration and synchronisation of the Baltic States' electricity system with the European networks⁵ is included.
- (8) On 6 September 2018 Baltic States national regulatory authorities signed the Cross-Border Cost Allocation agreement on Phase 1 of PCI No 4.8, which accompanied by Baltic States national regulatory authorities national decisions⁶ covers projects for internal grid reinforcements required for synchronization and separation from IPS/UPS system.

Based on these considerations, relevant NRAs have agreed to enter in this Memorandum.

I. Objective

1. The objective of this Memorandum is to facilitate co-operation and coordination among the NRAs:
 - 1.1. in order to ensure the implementation of the Synchronization;
 - 1.2. to establish the guidelines for necessary coordination among the NRAs in order to impact the Synchronization in a positive way, realizing NRAs framework and necessary consultations with stakeholders on any other matters that arise in the scope of Synchronization.

II. General principles

2. NRAs agree that in order to effectively allocate the costs of next phase of infrastructure projects of Synchronization, the cooperation should be accomplished pursuant to the Regulation No 347/2013 and its implementing acts with project promoters and between the NRAs.
3. Information regarding the Synchronization should be effectively shared among parties of this Memorandum.
4. NRAs confirm to make the best endeavours to contribute to timely and consistent implementation of the Synchronization.
5. NRAs agree to organise workshops and other meetings on synchronization, according to the needs. Project promoters and (or) relevant experts may be invited to participate.

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0540&from=EN>

⁶ National Commission for Energy Control and Prices of Lithuania decision No. O3E-271 as of 31 August 2018, Public Utilities Commission of Latvia decision No. 101 as of 6 September 2018, Estonian Competition Authority decision No. 7-10/2018-018 as of 10 September, 2018.

6. NRAs agree to designate single point of contact to ensure effective communication. A designated single point of contact shall be available to receive communications and coordinate responses and workshops on regular basis with TSOs on behalf of its respective NRA.
7. NRAs agree to take all reasonable steps within their competencies, having regard to legal obligations under European Union and national law, to give full effect to the provisions of this Memorandum.

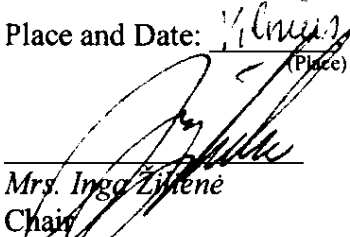
III. Applicability

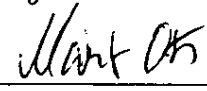
8. The provisions of this Memorandum shall apply equally to all Signatories.
9. NRAs acknowledge that any exchange of information pursuant to this Memorandum is subject to applicable legal restrictions on information exchange, as set out in national and European Union law.


IV. Final provisions

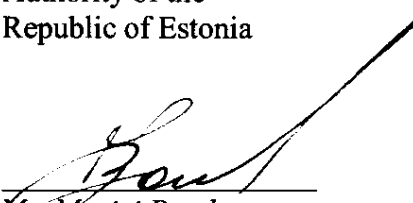
10. This Memorandum does not constitute an agreement that is binding under international law and reflects only a common willingness of Signatories. The Signatories do not intend to create any legal commitments.
11. All actions taken in order to apply the provisions of this Memorandum must take into account the requirements arising the provisions of the Regulation (EU) No 347/2013.
12. This Memorandum shall enter into force upon signature by all Signatories and shall remain in force until it is terminated by written notice of any NRA three months in advance.
13. This Memorandum may be amended and supplemented in writing at any time by the Signatories.
14. Accession of other national regulatory authorities to this Memorandum shall be subject to the agreement of the Signatories.
15. This Memorandum is made and signed in English in four originals, each of which has equal legal validity.

Place and Date: Vilnius 13 May 2019
(Place) (Day) (Month) (Year)


 Mrs. Inga Žilėnė
 Chair
 of National Commission for
 Energy Control and Prices
 of the Republic of Lithuania


 Mr. Märt Ots
 Director General
 of Estonian Competition
 Authority of the
 Republic of Estonia


 Mr. Rolands Irklis
 Chair
 of Public Utilities
 Commission of the
 Republic of Latvia


 Mr. Maciej Bando
 President of Energy Regulatory
 Office of Poland