

**Position paper by the National Energy Regulatory Council of
Lithuania and the Public Utilities Commission of Latvia on hedging
opportunities on the Lithuanian – Latvian Bidding Zone Border
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 National Energy Regulatory Council of Lithuania (hereinafter – NERC) and Public Utilities Commission of Latvia (hereinafter – PUC) agree to the proposed conclusion on cross-zonal risk hedging opportunities of the Lithuanian – Latvian (LT–LV) 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.

In 2021 the Latvian and Lithuanian NRAs agreed not to request the respective TSOs to issue long-term transmission rights or to make other cross-zonal hedging products available on the LT – LV 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 NERC and PUC conducted an assessment of the bidding zone border between Latvia and Lithuania. The aim was to determine whether the electricity forward market provides sufficient hedging opportunities in the concerned bidding zones – Lithuania and Latvia bidding zones. The specifics of the assessment have been agreed in coordination with the NRAs and ACER on 27 October 2025, including, but not limited to, consultation and 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 regarding LT – LV bidding zone border as detailed in the attached document titled “Analysis of Electricity Forward Market Hedging Opportunities in Lithuania – Latvia Bidding Zone Border”.

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

Attachment: Analysis of Electricity Forward Market Hedging Opportunities in Lithuania – Latvia Bidding Zone Border on 56 pages.