

Common and Harmonised Rules and Processes for the Exchange and Procurement of Balancing Capacity for Automatic Frequency Restoration Reserves

in accordance with Article 33(1) of the Commission Regulation (EU) 2017/2195 of 23 November 2017 Establishing a Guideline on Electricity Balancing as Amended by Commission Implementing Regulation (EU) 2021/280 of 22 February 2021

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Whereas

- (1) This document provides the common and harmonised rules and processes for the procurement of balancing capacity (hereafter referred to as the “Rules and Processes”) for automatic Frequency Restoration Reserves (hereafter “aFRR”) for Transmission System Operators (hereafter “TSOs”) of the involved countries of the Czech Republic and Austria in accordance with the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing as amended by Commission Implementing Regulation (EU) 2021/280 of 22 February 2021 (hereafter “EBGL”).
- (2) These Rules and Processes take into account the general principles, goals and other methodologies set in the EBGL.
 - a. The Rules and Processes contribute to the objective of non-discrimination and transparency in balancing markets pursuant to article 3(1)(a), (2)(a) and (b) of the EBGL, since the same procurement methodology will apply to all TSOs and market participants in a non-discriminatory way. All TSOs and market participants will have access to the same reliable information at the same time and in a transparent way according to article 12 of the EBGL;
 - b. The Rules and Processes contribute to the objective of enhancing efficiency of balancing as well as efficiency of European and national balancing markets pursuant to article 3(1)(b) and (2)(c) of the EBGL by minimizing the costs of balancing reserves;
 - c. The Rules and Processes contribute to the objective of integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security pursuant to article 3(1)(c), (2) (f) of the EBGL by implementation of the exchange of the balancing capacity;
 - d. The Rules and Processes contribute to the objective of using mechanisms which are, if possible, market-based in order to ensure network security and stability pursuant to article 3(2)(d) of the EBGL;
 - e. The Rules and Processes contribute to the objective of facilitating the efficient and consistent functioning balancing markets pursuant to article 3(1)(d) of the EBGL by implementation of the exchange of the balancing capacity;
 - f. The Rules and Processes contribute to the objective of ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue distortions within the internal market in electricity pursuant to article 3(1)(e) of the EBGL;
 - g. The Rules and Processes contribute to the objective of facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility pursuant to article 3(1)(f) of the EBGL by providing harmonized rules and processes for the exchange of balancing capacity;

- h. The Rules and Processes contribute to the objective of facilitating the participation of renewable energy sources and supports the achievement of the European Union target for the penetration of renewable generation pursuant to article 3(1)(g) of the EBGL by providing harmonized rules and processes for the exchange of balancing capacity;
 - i. The Rules and Processes serve the requirement of article 3(2)(e) of the EBGL since no cross-zonal capacity is allocated, and therefore the development of the forward, day-ahead and intraday electricity markets is not affected;
 - j. The Rules and Processes serve the requirement of article 3(2)(h) of the EBGL since they are based on agreed European standards, which are already in operation.
- (3) article 1(1) of the EBGL states that the common principles regarding procurement and settlement in the EBGL also applies for aFRR.
 - (4) Pursuant to articles 5(3)(b), 5(3)(o) and 58(3) of the EBGL the Rules and Processes require approval from all national regulatory authorities of the concerned region.
 - (5) Pursuant to articles 5(4)(f) and 32(3) of the EBGL the procurement of upward and downward balancing capacity is required to be carried out separately for aFRR.
 - (6) The TSOs propose an implementation timeline in Article 3 of these Rules and Processes.
 - (7) Article 10(1) of the EBGL stipulates that TSOs responsible for submitting proposals for terms and conditions or methodologies or their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of each Member State, on the draft proposals for terms and conditions or methodologies and other implementing measures for a period of not less than one month.
 - (8) In article 10(6) of the EBGL it is provided that TSOs responsible for the proposal for terms and conditions or methodologies shall duly consider the views of stakeholders resulting from the consultations undertaken in accordance with paragraphs 2 to 5, prior to its submission for regulatory approval. In all cases, a sound justification for including or not including the views resulting from the consultation shall be provided together with the submission and published in a timely manner before or simultaneously with the publication of the proposal for terms and conditions or methodologies.
 - (9) Pursuant to article 33(1) of the EBGL two or more TSOs which are exchanging or willing to exchange balancing capacity shall develop a proposal for common and harmonised rules and processes for the exchange and procurement of balancing capacity while respecting the requirements set out in article 32 of the EBGL.
 - (10) Article 33(2) and article 58(4) of the EBGL also provides that TSOs exchanging aFRR should take into account the available cross zonal capacity.
 - (11) Pursuant to article 33(4) of the EBGL the TSOs ensure that both the availability of cross-zonal capacity and the operational security requirements are met.

Article 1 – Subject Matter and Scope

1. Pursuant to article 33(1) of the EBGL, the TSOs developed harmonized rules and processes for the cross-border procurement and exchange of aFRR balancing capacity.
2. Pursuant to article 33(2) of the EBGL, the TSOs aligned on a TSO-TSO model.

Article 2 – Procedures of Exchange and Procurement

1. The TSOs organize aFRR procurement on a calendar daily basis.
2. Procurement for delivery day D will be performed as follows:
 - a. Gate Opening Time (GOT) D-7, 10:00 CET/CEST
 - b. Gate Closure Time (GCT) D-1, 09:00 CET/CEST
 - c. Informing balancing service providers (hereafter “BSPs”) about awarding bids at the latest at D-1 09:30 CET / CEST
 - d. In case aFRR demand cannot be covered for one or more TSOs for which the common procurement of balancing capacity applies, local fallback procedures shall be applied by each TSO individually. These procedures will not be harmonized for the time being and shall follow national rules and processes.
3. The call for tender and the awarding of bids happen for each calendar day for six time intervals. The respective time intervals are 00:00-04:00, 04:00-08:00, 08:00-12:00, 12:00-16:00, 16:00-20:00, and 20:00-24:00 in CET/CEST.
4. The TSOs shall follow the rules set forth in article 6(9) of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity when submitting the demands for balancing capacity to the capacity procurement optimization function.
5. The TSOs shall take into account the provisions of article 167 of Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (hereafter “SOGL”) and Annex VII of SOGL. The amount of balancing capacity to be procured per LFC Block is defined as 50% of the sum of dimensioning for aFRR and manual Frequency Restoration Reserves. TSOs can choose to use a value larger than this minimum laid out in SOGL to limit the exchange of balancing capacity. The TSOs shall provide information to the capacity procurement optimization function about the minimum amount of balancing capacity to be procured in each country.
6. Per default, the minimum bid size is 1 MW and minimum bid increment is 1 MW (the result of dividing a bid shall be a whole number). Indivisible bids shall be allowed to be submitted by BSPs connected to the TSO of the Czech Republic until 12 months after the first delivery day for which these Rules and Processes apply. These indivisible bids shall have a maximum bid size of 25 MW.

7. The TSOs apply a capacity procurement optimisation function according to article 58(3) of the EBGL to optimise the awarding of bids.
8. According to article 33(4) of the EBGL, TSOs exchanging balancing capacity shall ensure the availability of cross-zonal capacities. For this, the TSOs determine the maximum amount of balancing capacity which may be exchanged between the Czech Republic and Austria according to the methodology for calculating the probability of available cross-zonal capacity after intraday cross-zonal gate closure time pursuant to article 33(6) of the EBGL.
9. Balancing capacity procured by TSOs shall be settled based on the balancing capacity price as submitted for this amount by the respective BSPs (pay-as-bid).
10. The amounts procured cross-border shall be settled based on the balancing capacity prices as submitted by BSPs (pay-as-bid).

Article 3 – Implementation Roadmap

1. Pursuant to article 5(5) of the EBGL, the rules set forth in these Rules and Processes shall be implemented no longer than 18 months after the approval of these Rules and Processes by the relevant national regulatory authorities.
2. The TSOs shall inform the BSPs about the first delivery day for which the rules set forth in these Rules and Processes shall apply and publish this information at least on their local tendering platforms four weeks beforehand.

Article 4 – Publication

All TSOs shall publish these Rules and Processes without undue delay pursuant to article 7 of the EBGL after a decision has been made by the relevant national regulatory authorities of the Czech Republic and Austria. If the TSOs submit an amendment to these Rules and Processes by request of one or several regulatory authorities in accordance with article 6(1) of the EBGL or on their own initiative in accordance with article 6(3) of the EBGL the amended and approved Rules and Processes shall be published without undue delay by the TSOs.

Article 5 – Language

The reference language for these Rules and Processes shall be English. For the avoidance of doubt, where TSOs need to translate these Rules and Processes into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with article 7 of the EBGL and any version in another language, the English version shall prevail and the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of these Rules and Processes.