All TSOs’ proposal for a methodology for a co-optimised allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves in accordance with Article 40 of the Commission Regulation (EU) 2017/2195 of 23 November 2017

15 May 2019

DISCLAIMER
This document is released on behalf of the all transmission system operators (“TSOs”) only for the purposes of the public consultation on the All TSOs’ proposal for a methodology for a co-optimised allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves (“CO CZCA”) in accordance with Article 40 of Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing. This version of the CO CZCA does not in any case represent a firm, binding or definitive TSOs’ position on the content.
All TSOs’ proposal for a methodology for a co-optimised allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves in accordance with Article 40 of the Commission Regulation (EU) 2017/2195 of 23 November 2017

Contents

Whereas ........................................................................................................................................... 3
Abbreviations...................................................................................................................................... 6

Article 1  Subject matter and scope ..................................................................................................... 7
Article 2  Definitions ................................................................................................................................ 7
Article 3  Principles of balancing capacity cooperation .................................................................................... 9
Article 4  Notification process for the use of the co-optimised allocation process ......................................... 9
Article 5  Timeframe of co-optimised allocation process ................................................................................. 10
Article 6  Process to define the maximum volume of allocated cross zonal capacity for the exchange of balancing capacity or sharing of reserves .............................................................. 11
Article 7  Determination of the actual market value of cross zonal capacity for the exchange of energy ........................................................................................................................................ 11
Article 8  Determination of the actual market value of cross zonal capacity for the exchange of balancing capacity or sharing of reserves .......................................................................................................................... 11
Article 9  Determination of the allocated volume of cross zonal capacity for the exchange of balancing capacity or sharing of reserves .......................................................................................................................... 12
Article 10 Firmness regime of cross zonal capacity ......................................................................................... 13
Article 11 Pricing of cross zonal capacity ..................................................................................................... 13
Article 12 Sharing of congestion income from cross zonal capacity ............................................................ 13
Article 13 Publication ................................................................................................................................. 14
Article 14 Language ..................................................................................................................................... 14
ALL TRANSMISSION SYSTEM OPERATORS, TAKING INTO ACCOUNT THE FOLLOWING:

Whereas

1. This document is a common proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”). The document provides a methodology for a co-optimised allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing reserves in accordance with Article 40 of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (hereafter referred to as “EBGL”).


3. The CO CZCA proposal takes into account the general principles, goals and other methodologies set out in the EBGL Regulation. The goal of the EBGL is the integration of balancing markets while contributing to operational security. To facilitate this goal, while contributing to operational security, it is necessary to integrate balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security. Additionally, Article 40 of the EBGL formulates the requirements for a methodology for a co-optimised allocation process of CZC for the exchange of balancing capacity or sharing of reserves.

4. Article 40 of the EBGL constitutes the legal basis for this proposal:

“1. By two years after entry into force of this Regulation, all TSOs shall develop a proposal for a methodology for a co-optimised allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves. This methodology shall apply for the exchange of balancing capacity or sharing of reserves with a contracting period of not more than one day and where the contracting is done not more than one day in advance of the provision of the balancing capacity. The methodology shall include:

(a) the notification process for the use of the co-optimised allocation process;

(b) a detailed description of how cross-zonal capacity shall be allocated to bids for the exchange of energy and bids for the exchange of balancing capacity or sharing of reserves in a single optimisation process performed for both implicit and explicit auctions;

(c) a detailed description of the pricing method, the firmness regime and the sharing of congestion income for the cross-zonal capacity that has been allocated to bids for the exchange of balancing capacity or sharing of reserves via the co-optimised allocation process;
(d) the process to define the maximum volume of allocated cross-zonal capacity for the exchange of balancing capacity or sharing of reserves.

2. This methodology shall be based on a comparison of the actual market value of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves and the actual market value of cross-zonal capacity for the exchange of energy.

3. The pricing method, the firmness regime and the sharing of congestion income for the cross-zonal capacity that has been allocated to bids for the exchange of balancing capacity or sharing of reserves via the co-optimised allocation process shall ensure equal treatment with the cross zonal capacity allocated to bids for the exchange of energy.

4. Cross zonal capacity allocated to bids for the exchange of balancing capacity or sharing of reserves via the co-optimised allocation process shall be used only for the exchange of balancing capacity or sharing of reserves and associated exchange of balancing energy”

5. The CO CZCA proposal generally contributes to the achievement of the objectives stated in Article 3 of the EBGL. In particular, this Proposal serves the following objectives of the EBGL:

(a) The CO CZCA proposal answers the requirements set out in Article 40 of the EBGL;

(b) The CO CZCA proposal serves the objective of fostering effective competition, non-discrimination and transparency in balancing markets as stated in Article 3(1)(a) of the EBGL by defining the principles to establish a balancing capacity cooperation, using the co-optimisation allocation process and how to notify it as described in articles 3 and 4, 13 of this CO CZCA proposal;

(c) The CO CZCA proposal facilitates the objective for the integration of the balancing markets and promoting the possibilities for the exchanges of balancing services while using market-based mechanisms and contributing to operational security as stated in Article 3(1)(c) and Article 3(2)(d) of the EBGL by means of defining the rules for the procurement of the balancing capacity, through the allocation for the balancing capacity market, together with and at the same time as the allocation of cross zonal capacity of the day ahead energy market, as detailed in articles 6 and 8 of this CO CZCA proposal;

(d) The CO CZCA proposal ensures that the development of the day-ahead market is not compromised in accordance with Article 3(2)(e) of the EBGL as it is specified in articles 5 and 10 of this CO CZCA proposal, the CZC allocated to the exchange of balancing capacity or sharing of reserves that is not used, shall be released for the exchange of balancing energy processes with shorter timeframes;

(e) The CO CZCA proposal ensures that the procurement of balancing services is done in a fair, objective, transparent way and uses the market-based mechanisms as stated in Article 3(1)(e) of the EBGL. This CO CZCA proposal sets in articles 8, 9 and 13 how the market value and volume as well as the offered volumes and prices are determined;

(f) The CO CZCA proposal aims at respecting the responsibility assigned to the relevant TSOs in order to ensure system security, including as required by national legislation in accordance with Article 3(2)(f) of the EBGL by establishing the maximum limitations to be applied by the balancing capacity cooperation as is defined in article 6 of this CO CZCA proposal;
(g) The CO CZCA proposal takes into consideration agreed European standards in accordance with Article 3(2)(h) of this methodology based on the single day-ahead market time unit defined within the CACM Regulation and uses the optimisation resolution from the MCO function, as specified in article 3, 5, 7, 8 and 9 of this CO CZCA proposal;

(h) In conclusion, the CO CZCA proposal meets the objectives of the EBGL.
Abbreviations

The list of abbreviations used in this CO CZCA proposal is following:

- aFRR: frequency restoration reserve with automatic activation
- BSP: balancing service provider
- CACM: Commission Regulation (EU) 1222/2015 establishing a guideline on capacity allocation and congestion management
- CMOL: common merit order list
- CO: co-optimisation
- CZC: cross-zonal capacity
- CZCA: cross zonal capacity allocation
- DC: direct current
- EBGL: Guideline on Electricity Balancing
- ENTSO-E: European Network of Transmission System Operators for Electricity
- FRR: frequency restoration reserve
- GCT: gate closure time
- mFRR: frequency restoration reserve with manual activation
- MCO: market coupling operator
- NRA: national regulatory authority
- RR: replacement reserve
- SDAC: single day-ahead coupling
- SOGL: Guideline on System Operation
- TSO: transmission system operator

SUBMIT THE FOLLOWING CO CZCA PROPOSAL TO ALL REGULATORY AUTHORITIES:
Article 1  Subject matter and scope

1. All TSOs lay down in this CO CZCA proposal a methodology to allocate CZC for the exchange of balancing capacity or sharing of reserves, which is based on the actual market values of CZC for the exchange of energy and for the exchange of balancing capacity or sharing of reserves.

2. The scope of the CO CZCA proposal does not extend to the assignment of roles and responsibilities to specific parties. In addition, the governance framework for specific roles or responsibilities and TSO-TSO settlement rules are out of scope of the CO CZCA proposal.

3. The implementation of the allocation of CZC applying the co-optimisation methodology is a voluntary initiative by two or more TSOs or at the request of their relevant regulatory authorities in accordance with Article 38(1) of the EBGL and is therefore not mandatory.

4. The implementation of the allocation of CZC applying the co-optimisation methodology by two or more TSOs shall be subject of TSO notification pursuant to Article 150 of the SOGL.

5. The proposal for the implementation of the allocation of CZC applying the co-optimisation methodology shall include the bidding zone borders, the market timeframe, the duration of application and the detailed description of a methodology to be applied.

6. All TSOs within a balancing capacity cooperation implementing the CO CZCA proposal shall establish common and harmonised rules and processes for the exchange and procurement of balancing capacity pursuant to Article 33 of the EBGL, and respecting the requirements set out in Article 32 of the EBGL.

7. According to Article 38(4) of the EBGL, CZC allocated for the exchange of balancing capacity or sharing of reserves shall be used exclusively for the product where it was reserved for, being aFRR, mFRR or RR. The reliability margin calculated pursuant to CACM shall be used for operating and exchanging frequency containment reserves, except on Direct Current (‘DC’) interconnectors for which CZC for operating and exchanging frequency containment reserves may also be allocated in accordance with Article 38(1) of the EBGL.

8. The proposal for a list of standard products for balancing capacity for frequency restoration reserves and replacement reserves pursuant to Article 25(2) of the EBGL is out of the scope of this CO CZCA proposal and will be treated in a separate document.

Article 2  Definitions

1. For the purposes of this CO CZCA proposal, the terms used shall have the meaning given to them in Article 2 of the Electricity Regulation, Article 2 of the Transparency Regulation, Article 2 of the CACM, Article 3 of the SOGL and Article 2 of the EBGL.

2. The following definitions shall also apply:

(a) ‘Allocation of cross zonal capacity’ means CZC that is allocated for the exchange of balancing capacity or sharing of reserves and thus withdrawn from energy markets.

(b) ‘Balancing capacity cooperation’ means two or more TSOs that apply the exchange of balancing capacity or sharing of reserves in a geographical area divided into two or more bidding zones.

(c) ‘Capacity procurement optimisation function’ means the role to operate the algorithm applied for the optimisation of the procurement of balancing capacity within balancing capacity cooperation in which balancing capacity is exchanged.
(d) ‘Co-optimisation method’ means the methodology to allocate CZC for the exchange of balancing capacity or sharing of reserves that is based on a comparison of the actual market value of CZC for the exchange of balancing capacity or sharing of reserves and the actual market value of CZC for the exchange of energy.

(e) ‘Cross-zonal capacity allocation optimisation function’ means the role to operate the algorithm applied for the allocation of CZC for the exchange of balancing capacity or sharing of reserves within the balancing capacity cooperation in which balancing capacity is exchanged or reserves are shared.

(f) ‘Day-ahead market time unit’ means the market period within the single day-ahead coupling in which one price per MWh is established within an uncongested area.

(g) ‘Duration of application’ means the period for which a CZC optimization is performed over one or more bidding zone borders to allocate CZC for the exchange of balancing capacity or sharing of reserves.

(h) ‘Market value of cross zonal capacity for the exchange of energy in SDAC’ means the change in the economic surplus of the SDAC (the sum of the producer surplus, consumer surplus and congestion income) resulting from the incremental increase of the CZC allocated for the exchange of energy.

(i) ‘Market value of cross zonal capacity for the exchange of balancing capacity or sharing of reserves’ means the change in the economic surplus of the balancing capacity market (the sum of consumer surplus and if applicable producer surplus and congestion income) resulting from the incremental increase of the CZC allocated for the exchange of balancing capacity or sharing of reserves.

(j) ‘Release of cross zonal capacity’ means CZC allocated for the exchange of balancing capacity or sharing of reserves that is no longer needed and is released as soon as possible and returned in the subsequent capacity allocation timeframes.

(k) ‘Sharing of reserves’ means a mechanism in which more than one TSO takes the same balancing capacity, being, FRR or RR, into account to fulfil their respective reserve requirements resulting from their reserve dimensioning processes.

(l) ‘Use of cross zonal capacity’ means allocated CZC used for the exchange of balancing capacity or sharing of reserves, either for the exchange of balancing capacity in terms of dimensioning and compliance or for physical use of CZC for the actual transfer of balancing energy.

3. In this CO CZCA proposal, unless the context requires otherwise:

(a) the singular indicates the plural and vice versa;

(b) the table of contents and headings are inserted for convenience only and do not affect the interpretation of this CO CZCA proposal;

(c) any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force;

(d) any reference to an Article without an indication of the document shall mean a reference to this CO CZCA proposal.
Article 3  Principles of balancing capacity cooperation

1. The TSOs shall fulfil articles 1(4), 1(5), 1(6), 1(7) of this CO CZCA proposal to be entitled to establish a balancing capacity cooperation.

2. Each balancing capacity cooperation applying this CO CZCA proposal shall use the methodology proposed in accordance with Article 25(2) of the EBGL.

3. Each balancing capacity cooperation applying this CO CZCA proposal shall use separate upward and downward balancing capacity products pursuant to Article 32(3) of the EBGL.

4. Within each balancing capacity cooperation, the relevant regulatory authorities could approve an exemption to separate procurement of upward and downward standard balancing capacity pursuant to Article 5(4)(f) of the EBGL.

5. If an exemption is approved according to article 3(4) of this CO CZCA proposal, the CZCA optimisation function will still allocate CZC for the exchange of balancing capacity or sharing of reserves for each direction (upward for downward bids) separately.

6. In case of a TSO applying the central dispatching model the TSO-BSP pricing rules of the standard balancing capacity products procured within balancing capacity cooperation, if any, shall be defined by the TSO in the national terms and conditions related to balancing service providers and shall include conversion rules of integrated scheduling process bids into standard balancing capacity products defined pursuant to Article 27 of the EBGL.

7. The minimum contracting period of balancing capacity bids shall be a multiple of the day-ahead market time unit and has a maximum contracting period of 24 hours.

8. The minimum validity period of balancing capacity bids shall be equal or a multiple of the day-ahead market time unit and has a maximum validity period of 24 hours.

9. The TSO-BSP pricing rules shall be:
   
   (a) defined in the terms and condition related to balancing service providers pursuant to Article 18 of the EBGL,
   
   (b) pursuant to Article 32(2) of the EBGL,
   
   (c) harmonised within each balancing capacity cooperation.

10. The CZC allocated for the exchange of balancing capacity or sharing of reserves that has not been used for the associated exchange of balancing energy, shall be released for the exchange of balancing energy with shorter activation times or for operating the imbalance netting process.

Article 4  Notification process for the use of the co-optimised allocation process

Each balancing capacity cooperation implementing the CO CZCA proposal shall inform all TSOs through an announcement on the ENTSO-E website. This information will include a detailed description of the balancing capacity cooperation specifications: the bidding zone borders, the market timeframe, the duration of application or the allocation of CZC and time for entering into operation.
Article 5  Timeframe of co-optimised allocation process

1. The co-optimised allocation process to allocate CZC for the exchange of balancing capacity and sharing of reserves shall include the following consecutive timings:
   
   (a) The GCT of standard upward balancing capacity bids and of downward balancing capacity bids shall be equal to the day-ahead market GCT.
   
   (b) Notification to market participants of selected upward balancing capacity bids or downward balancing capacity bids shall be done no later than 1 hour after the SDAC result notification.

2. The co-optimised allocation process to allocate CZC for the exchange of balancing capacity and for sharing of reserves shall include the following steps:
   
   (a) BSPs submit the standard upward and/or standard downward balancing capacity bids to their connecting TSO(s) of the balancing capacity cooperation until the GCT of balancing capacity bids in accordance with article 5(1)(a) of this CO CZCA proposal.
   
   (b) For TSOs of a balancing capacity cooperation applying a central dispatching model, BSPs may submit only integrated scheduling bids (instead of standard balancing capacity bids), which may be converted where possible into standard upward and/or standard downward balancing capacity bids by the connecting TSO, in accordance with Article 27 of the EBGL.
   
   (c) After the GCT of standard upward balancing capacity bids and/or standard downward balancing capacity bids, TSOs shall convert the upward balancing capacity bids and/or the downward balancing capacity bids into supply and demand order books per bidding zone for the exchange of balancing capacity or sharing of reserves.
   
   (d) The TSOs of the balancing capacity cooperation(s) shall send to the MCO:
      
      i. the supply and demand order books per bidding zone for the exchange of balancing capacity or sharing of reserves
      
      ii. the TSO balancing capacity demand per product and per direction,
      
      iii. the minimum local reserve requirements per product and per direction,
      
      iv. and if necessary additional thresholds and/or margins per product and per direction.
   
   (e) The GCT for sending the data equals the GCT of the submission of supply and demand order books of the day-ahead market bids for the exchange of energy.
   
   (f) The MCO runs the SDAC and takes into account the data of TSOs according to Article 5(2)(c).
   
   (g) The MCO function shall determine the allocated CZC for the exchange of balancing capacity or sharing of reserves.
   
   (h) The MCO shall send the allocated CZC values before the final outcome of the SDAC to all the TSOs participating in a balancing capacity cooperation connected to the co-optimisation process.
   
   (i) The TSOs of the balancing capacity cooperation validate the allocated CZC for the exchange of balancing capacity or sharing of reserves. If the validation is negative, no CZC is allocated for the exchange of balancing capacity or sharing of reserves and each TSO in the concerned balancing capacity cooperation will procure balancing capacity according to their local balancing capacity bids.
(j) The TSOs of the balancing capacity cooperation establish the CMOL of balancing capacity bids using a procurement optimisation function, respecting the allocated CZC for the exchange of balancing capacity or sharing of reserves. The procurement optimisation function minimises the overall balancing capacity procurement costs pursuant to Article 58(3) of the EBGL.

**Article 6  Process to define the maximum volume of allocated cross zonal capacity for the exchange of balancing capacity or sharing of reserves**

1. The CZCA optimisation function for the exchange of balancing capacity or sharing of reserves shall have no maximum volume restriction (upper limit) for the allocated volume for the exchange of balancing capacity or sharing of reserves with the co-optimised allocation process according to Article 40 of the EBGL.

2. The maximum volume of allocated CZC for the exchange of balancing capacity or sharing of reserves shall respect the rules for exchange of FRR and RR within a synchronous area in accordance with Articles 167 and 169 of the SOGL.

3. All TSOs and NRAs of a balancing capacity cooperation may apply additional limits for the maximum volume of allocated CZC for the exchange of balancing capacity or sharing of reserves within their balancing capacity cooperation.

**Article 7  Determination of the actual market value of cross zonal capacity for the exchange of energy**

1. The actual market value of CZC for the exchange of energy shall:
   
   (a) consider the (change of) economic surplus across all the bidding zones of the SDAC,
   
   (b) be defined per day-ahead market time unit,
   
   (c) be calculated based on the actual bids to the SDAC.

2. The actual market value of CZC for the exchange of energy between all bidding zones of the SDAC shall be calculated in accordance with Article 38(5) of the EBGL based on the incremental economic surplus of the SDAC consisting of the sum of producer surplus, consumer surplus, and congestion income.

**Article 8  Determination of the actual market value of cross zonal capacity for the exchange of balancing capacity or sharing of reserves**

1. The actual market value of CZC for the exchange of balancing capacity or sharing of reserves between all bidding zones of the balancing capacity cooperation shall:

   (a) consider the (change of) economic surplus of the entire balancing capacity cooperation region,

   (b) be defined per day-ahead market time unit,

   (c) be calculated based on the standard upward balancing capacity bids or standard downward balancing capacity bids submitted and accepted by the capacity procurement optimisation function pursuant to Article 33(3) of the EBGL,
(d) consider the standard balancing capacity bids as block bids, if the balancing capacity validity period is larger than the day-ahead market time unit,

(e) sum up consecutively the value of the standard balancing capacity bids if the balancing capacity validity period is smaller than the day-ahead market time unit.

2. The actual market value of CZC for the exchange of balancing capacity or sharing of reserves between all the bidding zones of the balancing capacity cooperation shall be calculated as the change in the total economic surplus of the balancing capacity cooperation resulting from the incremental increase of CZC allocated for the exchange of balancing capacity or sharing of reserves. The economic surplus approach is independent of the pricing method for standard balancing capacity bids.

3. The local TSO demand of balancing capacity per bidding zone is automatically reduced to the maximum volume of standard balancing capacity bids submitted within the bidding zone if the TSO demand of balancing capacity exceeds the available amount of local submitted balancing capacity bids in the bidding zone.

Article 9   Determination of the allocated volume of cross zonal capacity for the exchange of balancing capacity or sharing of reserves

1. The allocation of CZC for the exchange of balancing capacity or sharing of reserves is determined simultaneously with the CZC allocation for the exchange of energy by the optimisation function of the SDAC.

2. The objective function of the SDAC with a balancing capacity cooperation applying the co-optimisation methodology shall be the maximisation of the total economic surplus for the sum of the exchange of energy and the exchange of balancing capacity or sharing of reserves per business day.

3. The optimisation resolution for the allocation of CZC for the exchange of balancing capacity and sharing of reserves equals the optimisation resolution of the MCO function.

4. Each marginal volume of CZC shall be allocated to the exchange of energy in case the marginal welfare surplus of CZC for the exchange of balancing capacity or sharing of reserves is lower or equal to the marginal economic surplus of CZC for the exchange of energy.

5. The market value for the exchange of balancing capacity and sharing of reserves combined can be summed in one single CZCA optimisation step.

6. Netting of CZC allocated to the exchange of balancing capacity or sharing of reserves is not possible between:

   (a) standard upward and downward balancing capacity bids;

   (b) standard balancing capacity bids from different balancing products;

   (c) a standard balancing capacity bid and a day-ahead market bid.

7. All TSOs and NRAs of a balancing capacity cooperation may apply additional thresholds and/or margins to reduce CZC allocation for the exchange of balancing capacity or sharing of reserves between bidding zones.
All TSOs’ proposal for a methodology for a co-optimised allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves in accordance with Article 40 of the Commission Regulation (EU) 2017/2195 of 23 November 2017

**Article 10  Firmness regime of cross zonal capacity**

1. The allocated CZC for the exchange of balancing capacity or sharing of reserves shall be firm after the selection of standard upward balancing capacity bids or standard downward balancing capacity bids by the capacity procurement optimisation function pursuant to Article 33(3) of the EBGL.

2. According to Article 38(9) of the EBGL, when CZC allocated for the exchange of balancing capacity or sharing of reserves has not been used for the associated exchange of balancing energy, it shall be released for the exchange of balancing energy with shorter activation times or for operating the imbalance netting process.

3. The transmission constraints subject to article 9 of this CO CZCA proposal shall be firm as soon as these are submitted to the capacity procurement optimisation function.

4. The costs of ensuring firmness or in the case of curtailment of firm CZC in the event of force majeure or emergency situations, in accordance with paragraph 3 of this article, the costs associated with mitigating the effects of curtailment shall be borne by the relevant TSOs. These costs include the additional costs from the procurement of balancing capacity due to the non-availability of the balancing capacity given the curtailment of CZC. Each TSOs shall be entitled to set a cost compensation cap.

5. TSOs shall not increase the reliability margin calculated pursuant to Article 21 of CACM due to the exchange of balancing capacity and or sharing of reserves for frequency restoration reserves and replacement reserves.

**Article 11  Pricing of cross zonal capacity**

1. Each balancing capacity cooperation allocating CZC for the exchange of balancing capacity or sharing of reserves applying the co-optimisation methodology shall calculate the CZC price for the volume of CZC that is allocated for the exchange of balancing capacity or sharing of reserves.

2. The CZC price for the exchange of balancing capacity or sharing of reserves applying the co-optimisation methodology shall be 0 EUR/MW within an uncongested area, resulting from the CZC allocation function of the SDAC.

3. The CZC price resulting from the allocation of CZC for the exchange of balancing capacity or sharing of reserves applying the co-optimisation methodology with pay-as-cleared for the TSO-BSP pricing shall correspond for each direction to the difference between the marginal prices of the standard product balancing capacity in each direction on each side of the border. If the procured balancing capacity is not settled based on cross border marginal pricing, the price of CZC shall be based on the difference between the highest bid price of the accepted balancing capacity bids in each direction in each bidding zone.

**Article 12  Sharing of congestion income from cross zonal capacity**

1. For the balancing capacity border where congestion income results from the exchange of balancing capacity or sharing of reserves, the TSOs on each side of the balancing border shall receive their share of net border balancing income based on a 50%-50% sharing key. In specific cases, the concerned TSOs may also use a sharing key different from 50%-50%. Such cases may involve but are not limited to, different ownership shares or different investment costs. The percentages for these specific cases, as well as the underlying reasons, are defined in Annex 1 to this CO CZCA proposal.
2. In case the balancing border consists of several interconnectors with different sharing keys, on which are owned by different TSOs, the net border balancing income shall be assigned first to the respective interconnectors on that balancing border based on each interconnector’s contribution to the allocated capacity. The parameters defining the contribution of each interconnector will be agreed by the TSOs on the balancing border. They shall be published in a common document by ENTSO-E on its web page. The balancing congestion income assigned to each interconnector shall subsequently be shared between the TSOs on each side of the interconnector using the principles described in paragraph 1 of this article whereas the exemptions for specific interconnectors are also defined in Annex 1 to this proposal.

3. The final balancing congestion income attributed to each TSO shall consist of balancing congestion income calculated pursuant to paragraph 1 to 3 of this article.

4. In case specific interconnectors are owned by entities other than TSOs, the reference to TSOs in this article shall be understood as referring to those entities.

Article 13 Publication

1. All TSOs shall publish the CO CZCA proposal without undue delay after all NRAs have approved this proposal or a decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 5(7), Article 6(1) and Article 6(2) of the EBGL.

2. Each TSO part of a balancing capacity cooperation shall publish information on offered volumes as well as offered prices of procured balancing capacity, anonymised where necessary, no later than one hour after the results of the procurement have been notified to the bidders, pursuant to Article 12(3)(e) of the EBGL.

3. Each TSO part of a balancing capacity cooperation shall publish information in accordance with Article 12(3)(h) of the EBGL on the allocation of CZC for the exchange of balancing capacity or sharing of reserves pursuant to Article 38(1)(a) of the EBGL as defined in article 5(1)(a) of this CO CZCA proposal and no later than 6 hours before the use of the allocated CZC.

4. Each TSO part of a balancing capacity cooperation shall inform on the use of allocated CZC for the exchange of balancing capacity or sharing of reserves pursuant to Article 38 of the EBGL at the latest one week after the use of allocated CZC, pursuant to Article 12(3)(i) of the EBGL.

5. Each TSO part of a balancing capacity cooperation shall publish the approved methodologies at least one month before its application pursuant to Article 12(3)(j) of the EBGL.

6. Subject to approval pursuant to Article 18 of the EBGL, a TSO may withhold the publication of information on offered prices and volumes of balancing capacity or balancing energy bids if justified for reasons of market abuse concerns and if not detrimental to the effective functioning of the electricity markets. A TSO shall report such withholdings at least once a year to the relevant regulatory authority in accordance with Article 37 of Directive 2009/72/EC and pursuant to Article 12(5) of the EBGL.

Article 14 Language

The reference language for this CO CZCA proposal shall be English. For the avoidance of doubt, where TSOs need to translate this CO CZCA proposal into their national language(s), in the event of inconsistencies between the English version published by all TSOs in accordance with Article 7 of the EBGL and any version
in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of this CO CZCA proposal to their relevant national regulatory authorities.