
**ENTSO-E proposal for the Regional Coordination Centres’
task “Facilitating the regional procurement of balancing
capacity” in accordance with Article 37(1)(k) of the Regulation
(EU) 2019/943 of the European Parliament and of the Council
of 5 June 2019 on the internal market for electricity**

For public consultation (3 November – 9 December 2022)

DISCLAIMER

This document is released on behalf of the ENTSO-E only for the purposes of the public consultation on the proposal for the Regional Coordination Centres’ task “Facilitating the regional procurement of balancing capacity” in accordance with Article 37(1)(k) of the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity. This version of the Proposal does not, in any case, represent a firm, binding or definitive TSOs’ position on the content.

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ENTSO-E, taking into account the following:

Whereas

- (1) Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (hereafter referred to as "Regulation (EU) 2019/943"), sets the basis for an efficient achievement of the objectives of the Energy Union and in particular the climate and energy framework for 2030 through establishing a modern design for the European Union's electricity market, adapted to the new realities of the market. Regulation (EU) 2019/943 was developed and adopted as part of the EU Clean Energy Package for All Europeans.
- (2) Article 35 of Regulation (EU) 2019/943 provides the basis for the establishment of Regional Coordination Centres (hereafter referred to as "RCCs") while Article 37(1) of Regulation (EU) 2019/943 lists the RCCs' tasks. According to Article 37(1)(k) of Regulation (EU) 2019/943 RCCs shall carry out the task 'facilitating the regional procurement of balancing capacity', while point 8 of Annex I of Regulation (EU) 2019/943 provides further details.
- (3) This document sets out the proposal for the RCC task 'facilitation of the regional procurement of balancing capacity' (hereafter referred to as the "proposal"), developed by the European Network of Transmission System Operators for Electricity ("ENTSO-E") in accordance with Regulation (EU) 2019/943 and in particular Article 37(1)(k) of Regulation (EU) 2019/943 and Article 37(5) of Regulation (EU) 2019/943 on the obligation of the RCCs to facilitate the regional procurement of balancing capacity. This proposal provides definitions and sets out the RCC process of facilitation of the regional procurement of balancing capacity.
- (4) This proposal acknowledges the provisions of Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (hereinafter "SO Regulation") as well as the provisions of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (hereinafter "EB Regulation"). The obligations, roles, responsibilities

and governance related to the process of balancing capacity procurement as well as the framework for exchange of reserves are ruled by the EB Regulation. In case TSOs decide to entail a voluntary cooperation in exchange of balancing capacity, the EB Regulation clarifies the TSOs' responsibilities and the requirements that they should apply, as does the freedom to contract between cooperating TSOs beyond legal requirements.

- (5) Synchronous areas do not stop at the Union's borders and may include the territory of third countries. The Union, Member States and TSOs should aim for secure system operation inside all synchronous areas across the Union. They should support third countries in applying similar rules to those contained in Regulation (EU) 2019/943. ENTSO-E should facilitate cooperation between European Union TSOs and third country TSOs and the RCCs concerning secure system operation.
- (6) In this respect, recital 70 of Regulation (EU) 2019/943 further stresses the need for close cooperation with Member States, the Energy Community Contracting Parties and other third countries which apply Regulation (EU) 2019/943 or are part of the synchronous area of Continental Europe. This cooperation should cover all matters concerning the development of an integrated electricity trading region and ensure that no measures are taken that endanger the further integration of electricity markets or security of supply of Member States and Contracting Parties. This docproposal provides that all TSOs of system operation regions (SORs) neighbouring third country TSOs should endeavour where necessary to enter into agreements setting the basis for their technical cooperation and compliance with the relevant EU legislation.
- (7) Article 6(8) of Regulation (EU) 2019/943 provides that "[t]he procurement of balancing capacity shall be performed by the transmission system operator and may be facilitated at a regional level". ENTSO-E considers that this *facilitation on regional level* will be carried out by the RCC to the relevant TSOs of the respective SOR. The proposed facilitation of the TSOs' procurement of balancing capacity on regional level by the RCC in performing its task of 'facilitating the regional procurement of balancing capacity' as set out in this proposal fulfills the requirements on this task provided by Point 8 of Annex I of Regulation (EU) 2019/943 as follows:
 - a. In case a TSO in a SOR considers non-contracted platform bids to cover its reserve capacity needs, the proposed RCC task supports this TSO in determining the volume of balancing capacity that needs to be procured. In particular, the assessment of non-contracted platform bids included in this proposal and performed by the RCC at least at the day-ahead timeframe determines the volumes expected to be provided by balancing energy bids, which are available within the European platforms and have not been submitted based on a contract for balancing capacity.
 - b. From an economic efficiency point of view, the proposed RCC task 'facilitation of the regional procurement of balancing capacity' supports TSOs to minimise their costs related to the procurement of balancing capacity as TSOs with expensive local balancing resources are able to substitute these with cheaper balancing resources available cross-border via taking into account non-contracted platform bids or allocating cross zonal capacity for the exchange of balancing capacity or sharing of reserves with neighbouring TSOs following Article 38(3) of EB Regulation for the TSO's optimal provision of reserve capacity when determining the balancing capacity procurement volumes.
 - c. Where TSOs allocate cross zonal capacity for the exchange of balancing capacity or sharing of reserves with neighbouring TSOs following Article 38(3) of EB Regulation, the proposed RCC task supports the applying TSOs in procuring the required volume of balancing capacity at least on a day-ahead basis.
- (8) In addition, this proposal fulfils the principles regarding the operation of electricity markets listed in Article 3 of Regulation (EU) 2019/943. In particular:

- a. the proposed facilitation of the regional procurement of balancing capacity as referred to under Point 8 of Annex I of Regulation (EU) 2019/943 supports the cooperation of TSOs by facilitating the balancing capacity procurement at regional level; and
- b. it provides for and fosters regional cooperation between TSOs, because the proposed RCC task of 'facilitation of the regional procurement of balancing capacity' supports an effective and efficient cooperation of TSOs on regional level.

The other principles regarding the operation of electricity markets listed in Article 3 of Regulation (EU) 2019/943 remain unaffected by this proposal.

SUBMITS THE FOLLOWING PROPOSAL TO ACER:

Article 1 **Subject matter and scope**

1. This is a proposal for the RCC task 'facilitating the regional procurement of balancing capacity' according to Article 37(1)(k) of Regulation (EU) 2019/943. As ENTSO for Electricity considers the referred RCC task as not already covered by the relevant network codes or guidelines, this proposal is developed in accordance with Articles 37(1)(k), 37(5) and point 8 of Annex I of Regulation (EU) 2019/943.
2. The proposed RCC task 'facilitating the regional procurement of balancing capacity' is understood as the facilitation of balancing capacity procurement at regional level according to Article 6(8) of Regulation (EU) 2019/943 and is without prejudice to the procurement of balancing capacity performed by TSOs according to the same Article.
3. The RCC task 'facilitating the regional procurement of balancing capacity' considers only FRR (aFRR and mFRR) and RR.

Article 2 **Definitions and interpretation**

1. For the purposes of this proposal, the terms used shall have the meaning given to them in Article 2 of Regulation (EU) 2019/943, Article 2 of EB Regulation and Article 3 of SO Regulation. The following additional definitions shall also apply:
 - a. 'Facilitation of procurement of balancing capacity at regional level' is a recommendation of RCCs to TSOs of SORs to decrease or increase volume of considered non-contracted balancing bids for its optimal provision of balancing capacity, based on the calculation of the availability of non-contracted balancing energy bids at the European platforms per type of reserve, direction, and validity period, in addition to roles and responsibilities given to the RCCs by the scope of the Methodology for Harmonized Allocation of cross-zonal capacity (CZC) according to Article 38(3) of EB Regulation.
 - b. 'non-contracted platform bids' are standard balancing energy bids available at the European platforms, exceeding the volume of local reserve capacity needs per TSO, type of reserve, direction and validity period. Local reserve capacity needs are to be understood as the required reserve capacity of the LFC block resulting from the dimensioning process reduced by the reserve capacity received via a concluded sharing of reserves.
2. In this proposal, unless the context requires otherwise

- a. the singular also includes 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 proposal;
- c. any reference to legislation, regulation, directive, order, instrument, code or
- d. any other enactment shall include any modification, extension or re-enactment of it then in force; and
- e. any reference to an Article without an indication of the document shall mean a reference to this proposal.

Article 3 **General principles**

1. The RCCs' facilitating role shall only apply to tasks related to TSO-TSO interactions in the procurement of balancing capacity which are applied on the level of the TSO-TSO model.
2. The RCC task of 'facilitating the regional procurement of balancing capacity' according to Article 37(1)(k) of Regulation (EU) 2019/943 is split into two subtasks according to point 8 of Annex I of Regulation (EU) 2019/943, both related to the regional relations of the TSOs' task of 'procurement of balancing capacity' according to Article 6(8) of Regulation (EU) 2019/943:
 - a. Supporting TSOs in the determination of the volume of balancing capacity that needs to be procured; and
 - b. Supporting TSOs in the regional procurement of required volume of balancing capacity.
3. The facilitation of TSOs in the relevant SOR by the RCC under paragraph 2(a) of this Article shall only be provided to TSOs that take into account non-contracted platform bids for the optimal provision of reserve capacity according to Article 32(1) of EB Regulation and participation in a European platform for the exchange of standard products for balancing energy according to EB Regulation.
4. The facilitation of TSOs in the relevant SOR by the RCC under paragraph 2(b) of this Article shall only apply where TSOs allocate cross zonal capacity for the exchange of balancing capacity or sharing of reserves with neighbouring TSOs following the methodology for a harmonised allocation process of CZC in accordance with Article 38(3) of EB Regulation for the optimal provision of reserve capacity according to Article 32(1) of EB Regulation.
5. The relevant TSO shall provide the data necessary to perform the tasks defined within this proposal to the RCC or indicate to the RCC where the relevant data is available.
6. Should TSOs consider non-contracted platform bids across SORs, the relevant RCCs shall coordinate to prevent situations when the same non-contracted platform bids are considered twice.

Article 4 **Assessment of available non-contracted platform bids**

1. If a TSO of a SOR considers non-contracted platform bids for the optimal provision of reserve capacity according to Article 32(1)(c) of EB Regulation, the RCC shall support this TSO in determining their volume of balancing capacity that needs to be procured per LFC block. Therefore, the RCC shall calculate, as detailed in paragraph 3, the available non-contracted platform bids to be considered by the TSO when determining the volume of balancing capacity that it needs to procure per LFC block at day-ahead and where relevant on the intraday basis.
2. To perform the task assigned to the RCC under paragraph 1, TSO(s) shall submit their considered volume of non-contracted platform bids it is accounting for per product and direction and the respective validity

- period of the relevant balancing capacity market to the respective RCC(s).
3. To calculate the available volume of non-contracted platform bids to facilitate TSO(s) accounting for these bids when determining the volume of balancing capacity that needs to be procured per LFC block, the RCC shall:
 - a. Determine the CZC available per direction after intraday timeframe at the reliability levels 99 % to 100 % in 0.1 % steps for each of the balancing processes. The CZC available after intraday timeframe for each of the balancing processes at the specified reliability levels shall be derived from the monitoring activities described in Article 7(1)(a).
 - b. Determine the volume of non-contracted platform bids available per product and direction, and the respective validity period of the relevant balancing capacity market of the TSO(s) under consideration at the reliability levels 99% to 100% in 0.1% steps. The non-contracted platform bids available at the specified reliability levels shall be derived from the related monitoring activities described in Article 7(1)(b).
 - c. Calculate the volume of non-contracted platform bids the requesting TSO can rely on by taking the minimum from a) and b) for each combination of assessed reliability levels. The results shall be summarised and communicated to the requesting TSO(s).
 4. If the RCC determines that the volume of available non-contracted platform bids
 - a. is not sufficient to meet the overall considered volume of non-contracted platform bids resulting from paragraph 2, RCC shall recommend a reduction of considered non-contracted platform bids to the requesting TSO(s) proportionally to the initially considered volume to coordinate the use of available non-contracted platform bids.
 - b. exceeds the overall considered volume of non-contracted platform bids resulting from paragraph 2, RCC shall notify TSOs of the SOR about the volume of non-contracted platform bids that may be considered in their analysis on optimal provision of reserve capacity following Article 32(1) of EB Regulation.
 5. The RCC shall perform the calculation under Paragraph 3 once for each allocation timeframe included in the methodology for a harmonised allocation process per timeframe in accordance with Article 38(3) of EB Regulation, if applicable. If relevant, the RCC shall provide the latest results one hour before the BSP-TSO gate closure time of each harmonised allocation process determined in the methodology in accordance with Article 38(3) of EB Regulation to the relevant TSO(s).
 6. The relevant TSO(s) shall consider the recommendations received following Paragraph 4 and may include it in their determination of the volume of balancing capacity that needs to be procured per LFC block or even adapt the final balancing capacity procurement volume.
 7. If the respective TSO decides not to take into account the recommendations under paragraph 4, it shall submit a justification for its decision to RCCs and to the other TSOs of the SOR without undue delay according to Article 42(3) of Regulation (EU) 2019/943. Additionally, the respective TSO shall submit the final volume of balancing capacity that needs to be procured per type of reserves and per direction back to the RCC.
 8. A TSO may request a review of the recommendations from Paragraph 4 of this Article provided by the RCC according to Article 42(4) of Regulation (EU) 2019/943. This request shall include a reasoning and a proposal for modification. Following the review, the RCC shall confirm or modify the outcomes from Paragraph 3 of this Article.

Article 5

RCC involvement in the regional procurement of balancing capacity

1. Following Article 3(2)(b), the RCC shall support TSOs within a SOR who jointly allocate CZC pursuant to the Methodology according to 38(3) of EB Regulation ("harmonised CZCA Methodology") for the exchange of balancing capacity or the sharing of reserves. Therefore, the RCC shall
 - a. perform the processes allocated to RCCs by the harmonised CZCA Methodology and
 - b. provide the relevant CZC data resulting from the day-ahead capacity calculation process as an input to the CZC allocation processes following the harmonised CZCA Methodology as specified in Article 6 of this proposal.

Article 6

Provision of relevant CZC data to the harmonised CZCA process

1. For the TSOs applying a co-optimised allocation process or an inverted market-based allocation defined in the harmonised CZCA Methodology, the RCC shall:
 - a. Collect from TSOs CZC limitations in accordance with Articles 39(6), 40(1)(d) and 41(1)(d) of EB Regulation for the co-optimised allocation or inverted market-based allocation, for each bidding zone border for which the co-optimised allocation or inverted market-based allocation is applied.
 - b. Send the limitations under (a) to the entity operating co-optimised allocation process or an inverted market-based allocation of the relevant allocation timeframe by the gate-closure time (GCT) of the day ahead market. If sharing of reserves is applied, additional limitations to sharing of reserves, validated by TSOs, shall be included.
 - c. Collect from the entity operating co-optimised allocation process or an inverted market-based allocation of the relevant allocation timeframe the following information:
 - i. Volume of CZC allocated to the exchange of balancing capacity or sharing of reserves, per bidding zone border and per product;
 - ii. Market value of cross zonal capacity allocated to the exchange of balancing capacity or sharing of reserves, per bidding zone border.
 - d. Send the data received under paragraph (c) to the Transparency Platform, according to Article 12(3)(h) of EB Regulation.
 - e. Send the data received under paragraph (c)(i) to the European platforms pursuant to Articles 19(5), 20(6), 21(6) and 22(5) of EB Regulation.
 - f. Consider the volume of CZC allocated to the exchange of balancing capacity or sharing of reserves as an already allocated capacity for the purpose of the capacity calculation in the following timeframes, unless said capacity is released by the relevant TSOs according to Article 38(8) of EB Regulation.
2. For the TSOs applying a market-based allocation of CZC defined in the harmonised CZCA Methodology, the RCC shall:
 - a. Collect from TSOs and forecasting entity CZC limitations in accordance with Articles 39(6) and 41(1)(d) of EB Regulation for the market-based allocation, for each bidding zone border for which market-based allocation is applied.
 - b. Send the limitations under paragraph (a) to the market based cross zonal capacity allocation optimisation function (CZCAOF). If sharing of reserves is applied, additional limitations to sharing

- of reserves, validated by TSOs, shall be included.
- c. Collect from the market-based CZCAOF the following information:
 - i. Volume of CZC allocated to the exchange of balancing capacity or sharing of reserves, per bidding zone border, product and direction;
 - ii. Market value of cross zonal capacity allocated to the exchange of balancing capacity or sharing of reserves, per product, direction and bidding zone border.
 - d. Send the data received under paragraph (c) to the Transparency Platform, according to Article 12(3)(h) of EB Regulation.
 - e. Send the data received under paragraph (c)(i) to the European platforms pursuant to Articles 19(5), 20(6), 21(6) and 22(5) of EB Regulation.
 - f. Consider the volume of CZC allocated to the exchange of balancing capacity or sharing of reserves as an already allocated capacity for the purpose of the capacity calculation in the following timeframes, unless said capacity is released by the relevant TSOs according to Article 38(8) of EB Regulation.

Article 7

Monitoring and reporting

1. As an input to the calculation of the available non-contracted platform bids for TSO(s) accounting for these bids as described in Article 4(3), the RCC shall daily collect the relevant data to determine the available non-contracted platform bids. Based on this dataset the RCC shall as a measure of reliability determine the probability density function based on the values of the last 60 days and giving double weighing to the values from the last 10 days
 - a. the CZC available per direction after intraday timeframe; and
 - b. non-contracted platform bids per product and direction and the respective validity period of the relevant balancing capacity market of the TSO(s) under consideration available within the European balancing platforms.
2. For public holidays the RCC shall take into account the values from such holidays in previous years for the monitoring and calculations referred to in Paragraph 1.
3. The RCC shall take into account their recommendations issued and actions taken following their task 'facilitating the regional procurement of balancing capacity' in their continuous monitoring process according to Article 46(1) of Regulation (EU) 2019/943. Therefore, the RCC shall review the situations where a TSO decided to deviate from a recommendation made by the RCC and propose possible improvements of the RCC task 'facilitating the regional procurement of balancing capacity' to the relevant TSOs, if considered necessary.

Article 8

Implementation of this proposal

1. By 36 months after the approval of this proposal in accordance with the procedure set out in Article 27 of Regulation (EU) 2019/943, and with a possible extension granted by the NRAs of the system operation region of maximum 2 years, RCCs shall implement and make operational the process to facilitate TSOs in the regional procurement of balancing capacity by supporting those TSOs of the relevant SOR taking into account non-contracted platform bids for their optimal provision of reserve capacity in determining the volume of balancing capacity that needs to be procured as defined in Article 4 of this proposal.

Accordingly, these TSOs must provide the necessary data and set up procedures for processing the RCC's recommendation.

2. By 36 months after the approval of this proposal in accordance with the procedure set out in Article 27 of Regulation (EU) 2019/943, and with a possible extension granted by the NRAs of the system operation region of maximum 2 years, RCCs shall implement and make operational the process to facilitate those TSOs of the relevant SOR which are allocating cross zonal capacity for the exchange of balancing capacity or sharing of reserves with neighbouring TSOs following the methodology for a harmonised allocation process of CZC in accordance with Article 38(3) of EB Regulation as defined in Articles 5 and 6 of this Proposal. Accordingly, these TSOs must provide the necessary data and set up procedures for processing the RCC's recommendation.
3. All TSOs of those SORs neighbouring third country TSOs not bound by Regulation (EU) 2019/943 may endeavour to conclude with these third country TSOs agreements aiming at third country TSOs' cooperation and implementation of this methodology as appropriate.
4. When implementing the proposal, RCCs shall duly take into account data and information already available from their other tasks performed, especially the coordinated capacity calculation in accordance with Article 37(1)(a) of Regulation (EU) 2019/943.

Article 9 Language

1. The reference language for this proposal shall be English.
2. For the avoidance of doubt, where TSOs or RCCs need to translate this proposal into their national language(s), in the event of inconsistencies between the English version published by ACER and any version in another language, the relevant TSOs or RCCs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the proposal.