
All TSOs' of Nordic LFC Block proposal for exact balancing capacity gate closure time in accordance with Article 3 of ACER decision No 19/2020 of 5 August 2020 on the common and harmonised rules and processes for procurement and exchange of aFRR balancing capacity for the Nordic LFC Block

November 2020

1. TSOs' proposal for the exact timing of the balancing capacity gate closure time

In accordance with Article 3 of ACER decision No 19/2020 on the common and harmonised rules and processes for procurement and exchange of aFRR balancing capacity for the Nordic LFC Block ((hereafter referred to as “ACER decision No 19/2020”) the TSOs propose as the exact timing of the balancing capacity gate closure time to be **7:30 CET (D-1)**.

2. Background and justification of the proposed balancing capacity gate closure time

Article 3 of ACER decision No 19/2020 defines the high-level design of the aFRR capacity market for the Nordic LFC Block. Furthermore, Articles 3 of ACER decision No 21/2020 on the application of the Nordic CCR market-based allocation process for the Nordic LFC Block (hereafter referred to as “ACER decision No 21/2020”) defines market timeframe for application of the allocation process and Article 4 of the same decision defines application of the methodology for allocating cross-zonal capacity to the exchange of aFRR balancing capacity.

The procurement of aFRR capacity shall be performed daily in D-1 for each day-ahead market time unit of the trading day. The Nordic aFRR capacity market is organised based on a TSO-TSO model with a single balancing capacity gate closure time for balancing service providers (hereafter referred to as “BSPs”). This single balancing capacity gate closure time for BSPs equals the balancing capacity bid submission gate closure time for TSOs to submit the balancing capacity bids per bidding zone to the capacity procurement optimisation function of the Nordic aFRR capacity market.

Balancing capacity market timeframe shall be between 07:00 CET (D-1) and 10:00 (D-1). The balancing capacity gate closure time shall be within this balancing capacity market timeframe. ACER decision No 19/2020 do not define the exact time for balancing capacity gate closure but sets the process to be followed in defining the exact timing for the gate closure time. In this process, the TSOs shall publicly consult stakeholders before setting the exact time of the balancing capacity gate closure time. This public consultation shall be performed at least 3 months before implementation of the balancing capacity gate closure time, and it shall last for at least 2 weeks.

The TSOs shall announce the gate closure time for BSPs to submit aFRR capacity bids – or any changes to this gate closure time – at least 4 weeks before taking effect. The announcement shall also include exceptions for instances when the gate closure time is delayed or when the bidding window is reopened. In these instances, the TSOs shall announce these changes as soon as possible and with a reasonable lead time before the actual application.

The TSOs have also to consider the duration of the whole aFRR procurement process and dependencies on other processes outside aFRR market when setting the balancing capacity gate closure time. In accordance with ACER decision 21/2020 the cross-zonal capacity allocated to the exchange of aFRR balancing capacity shall be taken into account as previously allocated cross-zonal capacity when setting the available cross-zonal capacities for the day-ahead timeframe in accordance with a capacity calculation methodology pursuant to Article 20(2) of the CACM Regulation. This implies that results of aFRR procurement including cross-zonal capacity reservations have to be taken into account when Nordic RSC calculates cross-zonal capacities and provides capacities to the NEMOs for day-ahead market coupling.

The timings in the aFRR procurement process and the cross-zonal capacity calculation process set the latest possible timing for balancing capacity gate closure time and starting of balancing capacity market timeframe sets the earliest possible timing for balancing capacity gate closure.

The TSOs plan to implement aFRR capacity market during the parallel run of flow-based capacity calculation method. This implies that the day-ahead cross-zonal capacities will be still allocated with the current NTC capacity calculation method. In the proposal for the exact balancing capacity gate closure time, the TSOs will follow the current process and timelines for the capacity calculation and sending the information to NEMOs for day-ahead market coupling. In this process, the TSOs have to provide the results of the cross-zonal capacity calculation to the NEMOs normally by 9:35 CET (D-1) and the TSOs have time to update cross-zonal capacities (including also previously allocated cross-zonal capacity) until 9:10 (D-1). The TSOs will reassess – if needed – the exact balancing capacity gate closure time when day-ahead cross-zonal capacities will be allocated applying flow-based (FB) capacity calculation method.

In accordance with Article 5 of ACER decision 22/2020 on the market-based allocation process of cross-zonal capacity for the exchange of balancing capacity for the Nordic CCR (hereafter referred to as “ACER decision No 22/2020”) the TSOs have to set maximum volumes for cross-zonal aFRR procurement. This maximum volume is defined from the NTC value (by default 10 % of cross-zonal capacity). The NTC value to be applied for aFRR cross-zonal capacity reservation will be available at the latest at 7:30 CET (D-1). Thus, timeframe for the aFRR capacity market clearing and publication of the results will be from 7:30 CET (D-1) until 9:10 (D-1). This timeframe for the aFRR capacity market clearing and the publication of results should allow also situations when the TSOs need to reopen bidding gate or delay gate closure time and still meet the deadline to update cross-zonal capacities taking into account the cross-zonal reservations for aFRR procurement.

Thus, the earliest possible timing for exact balancing capacity gate closure time is at 7:00 CET (D-1) and the latest possible timing for balancing capacity gate closure time is 7:30 CET (D-1) in order to respect the deadline of publishing cross-zonal capacities to the market participants and sending cross-zonal capacities to the NEMOs. The TSOs prefer to have balancing capacity gate closure time as late as possible taking into account both the aFRR procurement process timings and capacity calculation process, but also the BSP’s expected wish to have balancing gate closure time as close to real time as possible. TSOs propose the exact balancing capacity gate closure time to be at 7:30 CET (D-1).

The figure below shows an indicative timeline for the aFRR capacity market clearing process with proposed capacity gate closure at 7:30 CET (D-1):

