

**ACER Decision on the methodology for the regional procurement of balancing  
capacity: Annex I**

**Methodology for 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

**19 July 2023**

## Contents

Whereas.....	3
Article 1 Subject matter and scope .....	4
Article 2 Definitions and interpretation .....	5
Article 3 General principles.....	5
Article 4 Assessment of available non-contracted platform bids .....	6
Article 5 RCC involvement in the regional procurement of balancing capacity .....	8
Article 6 Provision of relevant CZC data to the harmonised CZCA .....	8
Article 7 Monitoring and reporting.....	8
Article 8 Implementation of this proposal.....	9
Article 9 Language.....	9

## 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 “Electricity Regulation”), sets the basis for 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. The Electricity Regulation was developed and adopted as part of the EU Clean Energy Package for All Europeans.
- (2) Article 35 of the Electricity Regulation provides the basis for the establishment of Regional Coordination Centres (hereafter referred to as “RCCs”) while Article 37(1) of the Electricity Regulation lists the RCCs’ tasks. According to Article 37(1)(k) of the Electricity Regulation, RCCs shall carry out the task ‘facilitating the regional procurement of balancing capacity’, while Point 8 of Annex I of the Electricity Regulation provides further details.
- (3) This document sets out the methodology for the RCC task ‘facilitation of the regional procurement of balancing capacity’ (hereafter referred to as the “methodology”), developed by the European Network of Transmission System Operators for Electricity (“ENTSO-E”) in accordance with the Electricity Regulation and in particular Article 37(1)(k) of the Electricity Regulation and Article 37(5) of the Electricity Regulation on the obligation of the RCCs to facilitate the regional procurement of balancing capacity. This methodology provides definitions and sets out the RCC process of facilitation of the regional procurement of balancing capacity.
- (4) This methodology acknowledges the provisions of Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (hereafter referred to as “SO Regulation”) as well as the provisions of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (hereafter referred to as “EB Regulation”). The obligations, roles, responsibilities and governance related to the process of balancing capacity procurement as well as the framework for the exchange of reserves are ruled by the EB Regulation. In case TSOs decide to engage in voluntary cooperation for exchange of balancing capacity, the EB Regulation clarifies the TSOs’ responsibilities and the requirements that should apply.
- (5) Article 6(8) of the Electricity Regulation 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 at a regional level* will be carried out by the RCC to the relevant TSOs of the respective SOR. This methodology fulfils the requirements on this task provided by Point 8 of Annex I of the Electricity Regulation. In particular,
  - a. The subtask ‘Assessment of available non-contracted platform bids’ as included in this methodology fulfils the requirements provided by Point 8.1 of Annex I of the Electricity Regulation. The referred subtask supports the TSOs of the SOR in determining the amount of balancing capacity that needs to be procured as follows:
    - i. The task will be performed at day-ahead to deliver results which are considered in the day-ahead procurement of balancing capacity, thus fulfilling the requirement pursuant to point (a).
    - ii. TSOs with expensive local balancing resources are able to substitute these with cheaper reserve capacity available cross-border via taking into account non-contracted platform bids, following RCC’s recommendation, with the aim to minimise the costs of balancing capacity procurement by the optimal provision of reserve capacity following Article 32(1) of the EB Regulation. Hence, the methodology fulfils the requirements pursuant

- to point (b).
  - iii. The RCC, performing this task, assesses the volume of available non-contracted platform bids and thus takes into account the volumes of required reserve capacity that are expected to be provided by balancing energy bids, which are not submitted based on a contract for balancing capacity. Hence, the methodology fulfils the requirements pursuant to point (c).
  - b. The subtask 'RCC involvement in the regional procurement of balancing capacity' as included in this methodology fulfils the requirements provided by Point 8.2 of Annex I of the Electricity Regulation supporting the TSOs of the SOR in procuring the required amount of balancing capacity as follows:
    - i. The task will be performed at day-ahead to deliver results which are considered in the day-ahead procurement of balancing capacity, thus fulfilling the requirement pursuant to point (a).
    - ii. TSOs with expensive local balancing resources are able to substitute these with cheaper reserve capacity, available cross-border via RCCs' facilitation of the allocation of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves on regional level following Article 38(3) of the EB Regulation. Hence, the methodology fulfils the requirements pursuant to point (b).
- (6) In addition, this methodology sets rules in line with the principles regarding the operation of electricity markets listed in Article 3 of the Electricity Regulation. In particular:
- a. the facilitation of the regional procurement of balancing capacity according to the requirements of Point 8 of Annex I of the Electricity Regulation supports the cooperation of TSOs by facilitating the balancing capacity procurement at the regional level, pursuant to point (h) of Article 3 of the Electricity Regulation; and
  - b. it provides for and fosters regional cooperation between TSOs because the facilitation of the regional procurement of balancing capacity by the RCC supports effective and efficient cooperation of TSOs at the regional level, , pursuant to point (i) of Article 3 of the Electricity Regulation.

## **Article 1**

### **Subject matter and scope**

1. This is the methodology for the RCC task 'facilitating the regional procurement of balancing capacity' according to Article 37(1)(k) of the Electricity Regulation. As this RCC task is not already covered by the relevant network codes or guidelines, this methodology is developed in accordance with Articles 37(1)(k), 37(5) and point 8 of Annex I of the Electricity Regulation.
2. The RCC task 'facilitating the regional procurement of balancing capacity' is understood as the facilitation of procurement of balancing capacity at the regional level according to Article 6(8) of the Electricity Regulation and is without prejudice to the procurement of balancing capacity performed by TSOs according to the same Article. The RCCs' facilitation of procurement of balancing capacity at the regional level' consists of 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 according to Article 38(3) of the EB Regulation ("HCZCAM").

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 methodology, the terms used shall have the meaning given to them in Article 2 of the Electricity Regulation, Article 2 of the EB Regulation, Article 2 of Commission Regulation (EU) 2015/1222 and Article 3 of the SO Regulation. The following additional definitions shall also apply:
  - a. ‘non-contracted platform bids’  
are standard product balancing energy bids available at the European balancing platforms (which are established pursuant to Articles 19, 20 and 21 of the EB Regulation), which are not submitted based on a contract for balancing capacity, pursuant to Articles 16(4) and 16(5) of the EB Regulation
2. In this methodology, 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 methodology;
  - c. any reference to legislation, regulation, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force; and
  - d. any reference to an Article without an indication of the document shall mean a reference to this methodology.
3. For LFC blocks consisting of more than one TSO, an LFC block monitor may be nominated by the respective TSOs as the responsible TSO of the LFC block for the purposes of this methodology.

## **Article 3**

### **General principles**

1. The RCC task of ‘facilitating the regional procurement of balancing capacity’ consists of two subtasks according to point 8 of Annex I of the Electricity Regulation:
  - 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 the required volume of balancing capacity.
2. The facilitation by each RCC under Paragraph 1(a) of this requires the participation of the concerned TSOs/LFC blocks in a European platform for the exchange of standard products for balancing energy according to the EB Regulation. In accordance with Article 4(5), the facilitation by the RCC under Paragraph 1(a) does not circumvent the right of TSOs to consider non-contracted balancing energy bids available within their control area for the optimal provision of required reserve capacity following Article 32(1) of the EB Regulation.
3. The facilitation by the RCC under Paragraph 1(b) of this Article shall only apply to TSO(s) allocating cross-zonal capacity for the exchange of balancing capacity or sharing of reserves on regional level following the HCZCAM.

4. Each TSO that falls under Paragraphs 2 or/and 3 shall provide to the respective RCC the data necessary for the RCC to perform the tasks defined within this methodology or indicate to the respective RCC where the relevant data is available, still being responsible for the provided data.
5. 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, which is inherent within a SOR due to the approach described in this methodology.
6. In case a TSO is active in two SORs with two respective RCCs or in one SOR with multiple RCCs, these RCCs shall nominate one RCC for this TSO for coordination purposes under this methodology.
7. To apply the methodology in the SOR, the relevant TSOs, supported by relevant RCC(s), shall determine in a coordinated manner the parameters referred to in this methodology. Following this coordination ENTSO-E shall develop and submit an amendment to this methodology in accordance with Article 27 of the Electricity Regulation, proposing the parameters' values included in an Annex. This amended proposal shall include the levels X and Y referred to in Article 4.

#### **Article 4**

##### **Assessment of available non-contracted platform bids**

1. Each RCC shall calculate on a daily basis the available non-contracted platform bids in the whole SOR, which may be considered by the relevant TSO when determining the volume of balancing capacity that they need to procure per LFC block at day-ahead and where relevant on the intraday basis.
2. The relevant TSOs of the SOR with whom an RCC shall exchange information pursuant to paragraphs (4) and (5) and to whom an RCC shall issue recommendations pursuant to (8), shall be the ones who are allowed, in accordance with Article 18(5)(b) of the EB Regulation, to consider non-contracted platform bids for the optimal provision of reserve capacity according to Article 32(1)(c) of the EB Regulation.
3. Each RCC shall:
  - a. Determine the cross-zonal capacity statistically available per direction after cross-zonal intraday market timeframe and after consideration of such cross-zonal capacity available after cross-zonal intraday market timeframe for sharing of reserves at the reliability levels X % to 100 % in Y % steps which shall be derived from the monitoring activities described in Article 7(1)(a); and
  - b. Determine per LFC block of the SOR the volume of non-contracted platform bids available per product and direction, and the respective validity period of the relevant balancing capacity market at the reliability levels X% to 100% in Y% 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).
4. Each RCC shall inform each relevant TSO of the SOR about the volume of non-contracted platform bids pursuant to paragraph (3)(b), which are expected to be locally available within the relevant TSO's LFC block.
5. Each relevant TSO shall reply to the RCC's message pursuant to paragraph (4) without undue delay by informing the RCC about its intended use of local non-contracted platform bids and whether its assessment of locally available non-contracted platform bids deviates from the RCC's assessment results provided pursuant to paragraph (4).
6. Each RCC may adjust the determined volumes pursuant to paragraph (3)(b) considering the information

provided by a TSO in accordance with paragraph (5).

7. Each RCC shall calculate for each LFC block and reliability level defined in accordance with paragraph (3) the maximum volume of non-contracted platform bids from other LFC blocks. For this calculation the RCC shall take into account:
  - a. the remaining volume of non-contracted platform bids available per LFC block in accordance with paragraph (3)(b) after considering the local TSO's intended use in accordance with paragraph (5); and
  - b. the available cross-zonal capacity in accordance with paragraph (3)(a).
8. Each RCC shall issue a recommendation to each relevant TSO of the SOR, with the possible availability of non-contracted platform bids from other LFC blocks of the SOR pursuant to paragraph (7), that this TSO may consider when determining the volume of balancing capacity.
9. Considering the recommendation pursuant to paragraph (8), each relevant TSO shall inform the RCC without undue delay about the volume of non-contracted platform bids and the reliability level it would consider to use.
10. If more than one TSO share interest in accordance with paragraph (9) for using the same volume of non-contracted platform bids, the RCC shall consider the request pursuant to paragraph (9) proportionally.
11. The RCC shall inform all TSOs of the SOR about the volume of non-contracted platform bids pursuant to paragraphs (5), (9) and (10) which may be considered by each relevant TSO of the SOR.
12. If a TSO decides to consider a different volume of non-contracted platform bids than the volume foreseen for it in accordance with paragraph (11), the TSO shall inform the RCC without undue delay about the intended deviation. Where such deviation amounts to the TSO considering to use a higher volume of non-contracted platform bids than the one foreseen in accordance with paragraph (11), the RCC shall inform all TSOs of the SOR about the risk of more non-contracted platform bids in the SOR being considered than assessed as available.
13. The RCC shall provide the values pursuant to paragraph (11) at the latest half an hour before the deadline for the submission of the balancing capacity bids by the balancing service providers for the market-based allocation process in accordance with the HCZCAM.
14. A TSO may request a review of the recommendation pursuant to paragraph (8) according to Article 42(4) of the Electricity Regulation. This request shall be reasoned and include a proposal for modification of the recommendation. Following the review, the RCC shall confirm or modify the outcomes from paragraph (3).
15. The coordination following Article 3(4) shall be carried out to ensure that only the volume of available non-contracted platform bids is distributed to all requesting TSOs across SORs. If there are TSOs from different SORs considering non-contracted platform bids and there is sufficient cross-zonal capacity available between SORs the respective RCCs have to coordinate the distribution of the volume of available non-contracted platform bids. This shall result either in (i) just one RCC operating the assessment of available non-contracted platform bids for all relevant SORs (also possible in a rotating manner), or (b) that RCCs exchange the information necessary to ensure that available non-contracted platform bids are only considered once across SORs.

## **Article 5**

### **RCC involvement in the regional procurement of balancing capacity**

1. Following Article 3(1)(b), the RCC shall support TSOs within a SOR who jointly allocate cross-zonal capacity pursuant to the HCZCAM for the exchange of balancing capacity or the sharing of reserves. Therefore, the RCC shall:
  - a. perform the processes allocated to RCCs by the HCZCAM, and
  - b. collect – from the relevant TSOs – and provide – to the relevant cross-zonal capacity allocation process – information regarding limitations for the exchanges of balancing capacity or sharing of reserves in accordance with Article 6.

## **Article 6**

### **Provision of data regarding limits for exchanging balancing capacity or sharing reserves to the harmonised cross-zonal capacity allocation**

1. For the TSOs applying a co-optimised allocation process pursuant to Article 38(1)(a) of the EB Regulation and the HCZCAM, the RCC shall:
  - a. Collect from TSOs cross-zonal capacity limitations in accordance with Article 40(1)(d) of the EB Regulation.
  - b. Send the limitations under (a) to the MCO function by the gate-closure time of the day ahead market. If sharing of reserves is applied, additional limitations to sharing of reserves, validated by TSOs, shall be included.
2. For the TSOs applying a market-based allocation of cross-zonal capacity pursuant to Article 38(1)(b) of the EB Regulation and the HCZCAM, the RCC shall:
  - a. Collect from TSOs limitations in accordance with Articles 41(1)(d) of the EB Regulation for the market-based allocation..
  - b. Send the limitations under Paragraph (a) to the relevant entity operating the market-based cross-zonal capacity allocation process. If sharing of reserves is applied, additional limitations to sharing of reserves, validated by TSOs, shall be included.

## **Article 7**

### **Monitoring and reporting**

1. The RCC shall daily collect the relevant data to determine the available non-contracted platform bids as described in Article 4. 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, giving double weighing to the values from the last 10 days for the following data sets:
  - a. the cross-zonal capacity available per direction after the intraday timeframe which shall be either the cross-zonal capacity remaining after the single intraday coupling or cross-zonal capacity calculated in accordance with the methodologies pursuant to Article 37(3) of the EB Regulation; 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. Each RCC shall include the tasks following this methodology under its monitoring and reporting activities following Article 46 of the Electricity Regulation including the reporting of the impact of deviations pursuant to Article 4(12).
4. The RCC shall publish on a quarterly basis a report on the potential and the use of non-contracted platform bids resulting from the process pursuant to Article 4.

### **Article 8** **Implementation timeline**

1. By 30 months after the approval of this methodology each RCC 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. Accordingly, by the same deadline, all TSOs of the SOR shall provide the necessary data and set up procedures required for the RCC's assessment of available non-contracted platform bids in accordance with Article 4.
2. 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 following the HCZCAM as defined in Articles 5 and 6 by two years after the approval of the HCZCAM. If there are no applicant TSOs in the SOR, the implementation can be suspended by the relevant RCC based on the TSOs' request and following the approval of the relevant regulatory authority. Accordingly, the TSOs applying a cross-zonal capacity allocation process from the ones envisaged in the HCZCAM in accordance with Article 38(1) of the EB Regulation shall provide the necessary data and set up procedures required for the RCCs' assessment of available non-contracted platform bids in accordance with Article 4.
3. Where a regional allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves per timeframe pursuant to Article 41(1) of the EB Regulation is applied before the application deadline of the HCZCAM, RCC involvement shall be subject to regional coordination of relevant TSOs and regulatory authority.
4. When implementing this methodology, 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 the Electricity Regulation.

### **Article 9** **Language**

1. The reference language for this methodology shall be English.
2. For the avoidance of doubt, where TSOs or RCCs need to translate this methodology 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 methodology.