
**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**

17 March 2023

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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 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 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, as well as 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 the security of supply of Member States and Contracting Parties. This proposal 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 at a 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 at the regional level by the RCC in performing its task of 'facilitating the regional procurement of balancing capacity' as set out in this proposal fulfils the requirements on this task provided by Point 8 of Annex I of Regulation (EU) 2019/943. In particular,
 - a. The subtask 'Assessment of available non-contracted platform bids' as included in this proposal fulfils the requirements provided by Point 8.1 of Annex I of Regulation (EU) 2019/943. 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 D-1 procurement of balancing capacity.
 - ii. The task 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 reserve capacity available cross-border via taking into account non-contracted platform bids 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.
 - iii. The 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.
 - b. The subtask 'RCC involvement in the regional procurement of balancing capacity' as included in this proposal fulfils the requirements provided by Point 8.2 of Annex I of Regulation (EU) 2019/943 to support 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 D-1 procurement of balancing capacity.
 - ii. The task 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 reserve capacity available cross-border via supporting the allocation of CZC for the exchange of balancing capacity or sharing of reserves on regional level following Article 38(3) of EB Regulation for the TSO's optimal provision of reserve capacity when determining the balancing capacity procurement volumes.

- (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 the 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 effective and efficient cooperation of TSOs at the 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 procurement of balancing capacity at the 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. The RCCs' facilitation of procurement of balancing capacity at the regional level' shall be 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 ("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 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. '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 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.
3. For LFC blocks consisting of more than one TSO, an LFC block monitor may be nominated by the respective TSOs for coordination purposes of the LFC block.

Article 3 **General principles**

1. The RCCs' facilitating role shall only apply to tasks related to TSO-TSO interactions affecting the regional procurement of balancing capacity.
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 the required volume of balancing capacity.
3. The facilitation by the RCC under Paragraph 2(a) of this Article shall only be provided to TSOs of the relevant SOR that take into account non-contracted platform bids for the optimal provision of reserve capacity according to Article 32(1) of EB Regulation, requiring the participation of the concerned TSO/LFC block in a European platform for the exchange of standard products for balancing energy according to EB Regulation. The facilitation by the RCC under Paragraph 2(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 EB Regulation. If a TSO does so, this naturally reduces the amount of available non-contracted platform bids.
4. The facilitation by the RCC under Paragraph 2(b) of this Article shall only apply to TSO(s) allocating CZC for the exchange of balancing capacity or sharing of reserves on regional level following the HCZCAM.
5. The relevant TSO(s) pursuant to Paragraphs 3 and 4 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, which is inherent within a SOR due to the approach described in this proposal.
7. In case a TSO is active in two SORs with two respective RCCs or in one SOR with multiple RCCs, RCCs may nominate one RCC for this TSO for coordination purposes under this proposal.

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 daily calculate, as detailed in Paragraph 3 and following a probabilistic approach, 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 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 non-contracted platform 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 border of each TSO accounting for non-contracted platform bids as the minimum of:
 - i. CZC statistically available per direction after cross-zonal intraday market timeframe at the reliability levels 99 % to 100 % in 0.1 % steps for each of the balancing processes, which shall be derived from the monitoring activities described in Article 7(1)(a), and
 - ii. the latest CZC available per direction from the day-ahead capacity calculation process in accordance with Section 4 of the Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management¹ (hereinafter "DA CC").
 - 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. resulting from the combination of 99% reliability levels for available CZC and non-contracted platform bids 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. The proportionality with regard to one TSO results from the ratio of the initially considered volume of non-contracted platform bids by this TSO and the initially overall considered volume of non-contracted platform bids by all TSOs according to Paragraph 2. If the nonavailability of CZC is underlying, the reduction shall just be carried out for the concerned TSO(s).

¹ Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (hereinafter "CACM GL"), available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015R1222>

- b. resulting from the combination of 100% reliability levels for available CZC (Paragraph 3(a)(i)) and non-contracted platform bids (Paragraph 3(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. The RCC shall provide results latest half an 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 its RCC and to the other TSOs of the SOR without undue delay according to Article 42(3) of Regulation (EU) 2019/943. If a TSO decided not to consider as many non-contracted platform bids as indicated and available by the RCC, it shall inform the RCC about this without undue delay. The RCC shall reallocate the free volume of non-contracted platform bids to the TSOs affected by a possible reduction following Paragraph 4(a). Additionally, a 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 reasoning and a proposal for modification. Following the review, the RCC shall confirm or modify the outcomes from Paragraph 3 of this Article.
9. As the balancing platforms are European platforms, the coordination following Article 3(6) of this proposal 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 CZC available between SORs (meaning that there are also exchanges via the balancing platforms) RCCs have to coordinate the distribution of the volume of available non-contracted platform bids. This may result either in just one RCC operating the assessment of available non-contracted platform bids for all relevant SORs (also possible in a rotating manner) or 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(2)(b), the RCC shall support TSOs within a SOR who jointly allocate CZC 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. provide the relevant CZC data resulting from the day-ahead capacity calculation process as an input to the CZC allocation processes following the HCZCAM as specified in Article 6 of this proposal.

Article 6

Provision of relevant CZC data to the harmonised CZCA

1. For the TSOs applying a co-optimised allocation process pursuant to Article 40 of EB Regulation and the HCZCAM or an inverted market-based allocation pursuant to Article 41 of EB Regulation and the HCZCAM, 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 process or inverted market-based allocation, for each bidding zone border for which the co-optimised allocation process or inverted market-based allocation is applied. For each application entirely or part of a CCR applying flow-based, the TSOs CZC limitations for all bidding zone borders of the CCR applying flow-based shall be taken into account.
 - b. Send the limitations under (a) to the entity operating the 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 a co-optimised allocation process or an inverted market-based allocation of the relevant allocation timeframe the following information:
 - i. the volume of CZC allocated to the exchange of balancing capacity or sharing of reserves, per bidding zone border and per product; and
 - ii. the 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.
2. For the TSOs applying a market-based allocation of CZC pursuant to Article 41 of EB Regulation and the HCZCAM, 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. For each application entirely or part of a CCR applying flow-based, the TSOs CZC limitations for all bidding zone borders of the CCR applying flow-based shall be taken into account.
 - b. Send the limitations under Paragraph (a) to the respective cross-zonal capacity allocation optimisation function (CZCAOF) of market-based allocation. If sharing of reserves is applied, additional limitations to sharing of reserves, validated by TSOs, shall be included.
 - c. Collect from the respective CZCAOF of market-based allocation the following information:
 - i. the volume of CZC allocated to the exchange of balancing capacity or sharing of reserves, per bidding zone border, product and direction;
 - ii. the 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.

Article 7

Monitoring and reporting

1. As an input to the calculation of the available non-contracted platform bids to facilitate TSO(s) accounting for non-contracted platform 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, giving double weighing to the values from the last 10 days for the following data sets:
 - a. the CZC available per direction after the intraday timeframe which shall be either the CZC remaining after the single intraday coupling or CZC 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. The RCCs shall include the tasks following this proposal under their monitoring and reporting activities following Article 46 of the Regulation (EU) 2019/943.

Article 8

Implementation of this proposal

1. By 30 months after the deadlines by which a TSO shall use the European platforms pursuant to Articles 20(6) and 21(6) of EB Regulation 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 RCCs' recommendation.
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 at the regional level following the HCZCAM as defined in Articles 5 and 6 of this Proposal by earliest 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 NRAs. Accordingly, the applicant TSOs following HCZCAM shall provide the necessary data and set up procedures for processing the RCCs' recommendation.
3. Where a regional allocation process of CZC for the exchange of balancing capacity or sharing of reserves per timeframe pursuant to Article 41(1) of EB Regulation is applied before the application deadline of the HCZCAM, RCC involvement shall be subject to regional coordination of relevant TSOs and NRAs.
4. No later than 18 months after the approval by ACER of this document, all TSOs of those SORs neighbouring third country TSOs not bound by Regulation (EU) 2019/943 shall endeavour to conclude with these third country TSOs agreements aiming at third country TSOs' cooperation and implementation of this methodology as appropriate.

5. 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.