

**EXPLANATORY DOCUMENT OF PROPOSALS  
FOR AMENDEMENT OF THE  
IMPLEMENTATION FRAMEWORKS FOR THE  
EUROPEAN BALANCING PLATFORMS  
IN ACCORDANCE WITH ARTICLES 20(1),  
21(1) AND 22(1) OF COMMISSION  
REGULATION (EU) 2017/2195 OF 23  
NOVEMBER 2017 ESTABLISHING A  
GUIDELINE ON ELECTRICITY BALANCING**

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## INTRODUCTION

European TSOs strongly support the European target model for integrated balancing energy markets, especially the implementation and go-live of the European platforms for the exchange of balancing energy, as they see significant advantages resulting from it, and have demonstrated their commitment to fulfil this objective.

European platform	Implementation project	Go-live
RR-Platform	Trans European Replacement Reserves Exchange (TERRE)	12/2019
mFRR-Platform	Manually Activated Reserves Initiative (MARI)	Q2/2022
aFRR-Platform	Platform for the International Coordination of Automated Frequency Restoration and Stable System Operation (PICASSO)	Q2/2022
IN-Platform	International Grid Control Cooperation (IGCC)	06/2021 (IGCC in operation since 2013)

*Table 1: Overview of the implementation of the European platforms*

All the progress made regarding the implementation and the operation of the European platforms are documented in the regular ENTSO-E market reports. In addition to the Implementation frameworks of the European platforms, the TSOs have meanwhile established and entered into a contractual framework that further implements the Regulation 2017/2195 establishing a guideline on electricity balancing (EB Regulation) and its methodologies by establishing an efficient and effective governance structure of the European platforms allowing TSOs to ensure the timely delivery of the European platforms.

In 2020, ACER adopted three decisions on the Implementation frameworks for the exchange of balancing energy from frequency restoration reserves (ACER Decision 02-2020 and ACER Decision 03-2020) and for the imbalance netting process (ACER Decision 13-2020). These decisions define inter alia the high-level design of the European platforms, the functions required to operate the European platforms and the proposed designation of entity or entities that will perform these functions.

In these decisions and contrary to the proposals submitted by the TSOs, ACER defined a new additional function, the Capacity management function (CMF), with the objective to continuously update the limits for the exchange of energy on the balancing borders and deliver these values as inputs to the activation optimisation function (AOF) of the respective European platform. Furthermore, ACER considered that the CMF is required to operate the European platforms and shall be the same across these European platforms in case the other European platforms have such a CMF. According to the referred ACER decisions, the functions required to operate the European platforms are the AOFs and the TSO-TSO settlement functions for the FRR-Platforms, the imbalance netting process function and the TSO-TSO settlement function for the IN-Platform and

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the CMF which is a cross-platform-function for FRR and IN-Platforms. In contrast to ACER, TSOs do not share the view that CMF is a function required to operate the European platforms. This was underlined by the filed appeals in front of the General Court and is additionally underlined by the fact that all the European platforms will become operational / go-live without the CMF.

In accordance with the ACER decisions, at the go-lives of the European platforms, one single entity will perform the AOF and the TSO-TSO settlement function per platform. This entity may be a TSO, or an entity created by the TSOs. In application of the Implementation frameworks, and under the overall and direct responsibility of the TSOs, Amprion GmbH and TransnetBW GmbH have been designated as common service providers (CSP) for the development, the maintenance, the operation and the hosting of respectively the mFRR Platform and the aFRR/IN-Platforms<sup>1</sup>.

The amended proposals aim to define that the cross-platform CMF shall be operated by an entity different from those already designated as CSP for the AOF and TSO-TSO settlement functions. This means that each European platform will be operated by multiple entities, which is specified in the proposals for amendment considered here. The proposal for amendment and this explanatory document both demonstrate and ensure coherent allocation of the tasks, effective and efficient governance, operation of and regulatory oversight over the European platforms as well as an effective coordination and decision-making process between the entities operating the European platforms.

TSOs emphasise once more that the amendments considered here are consulted in accordance with the previous ACER decisions, while being understood that eight TSOs have filed in parallel an appeal in front of the European General Court. While TSOs agree with ACER and NRAs on the interest to implement a coordinated process between the TSOs and the European platforms to continuously update the balancing cross-borders limits, they don't consider that the definition of the EB regulation (i.e. 'a function required to operate the European platforms') applies to the CMF and that the CMF is necessary to operate the European platforms. TSOs consider the CMF as a separate cross-platform function added to improve the coordination between the European platforms, but not essential for their operation. This is underlined by the fact that the Implementation frameworks do not foresee that the CMF must be operational at the go-live of the European platforms. The proposals for amendment and the underlying argumentation are consistent with the Implementation frameworks which are currently in force but shall take into account new decisions affecting the Implementation frameworks and/or the CMF and be adjusted in accordance with such new decisions.

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<sup>1</sup> The TSOs decided to use the same IT tool and communication channels for the aFRR and IN-platforms

# ADHERENCE TO REGULATORY REQUIREMENTS

## Coherent allocation of functions

		BALANCING PLATFORM		
		IN	aFRR	mFRR
FUNCTION	Activation Optimisation/ Imbalance netting process	TransnetBW		Amprion
	TSO-TSO settlement			
	Capacity Management	CEPS		

*Table 2: Proposed allocation of functions*

In application of the ACER decisions of the Implementation frameworks for the mFRR, aFRR and IN Platforms, the TSOs have appointed Amprion to perform, on their behalf and to their benefit, the functions required at the go-live of the mFRR-Platform, and TransnetBW to perform on their behalf and to their benefit, the functions required at the go-live of the aFRR and IN-Platforms, taking into account that aFRR and IN-Platforms will share the same IT systems and communication channels. Regarding the additional CMF, the Implementation frameworks specify that the TSOs shall develop proposals for amendment no later than 18 months before the deadline for the CMF to designate the entity that will perform the CMF. The TSOs propose an amendment in order to designate a third TSO to perform the CMF as a cross-platform function for all European platforms.

The European platform functions are in the context of the proposed amendment coherently allocated within and across all European platforms in accordance with Articles 20(3)(e)(i), 21(3)(e)(i) and 22(3)(e)(i) EB Regulation. The activation optimization function and the TSO-TSO settlement function of a European platform are allocated to one TSO, being the Common Service Provider (CSP) for a specific European platform. This is deemed coherent within the respective balancing process. The capacity management function is allocated to a different TSO, being the CSP for the CMF across all the European platforms. One TSO designated for the CMF is deemed coherent as it is providing a cross-platform function for all the European platforms.

The proposal of the TSOs maximises the usage of technical, operational and financial synergies between the projects. It already allowed for several achievements that led to the timely and efficient implementation of the European platforms. For example, the TSOs reduced expenses by utilising the same IT systems and communication channels for the operation of the IN and aFRR Platforms. Furthermore, the TSOs are reusing the Libra IT system implemented for the RR-Platform to build the IT system for the mFRR-Platform, thus significantly lowering the development and implementation costs. To increase procedural efficiency, TSOs established a common invoicing process for all European platforms and are implementing a centralized process for the capacity management.

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The proposed setup is also in line with former mandatory as well as voluntary cooperations of TSOs. The RR-Platform and the IN-Platform already went live and are successfully operating. In these cooperations, TSOs have sufficiently proven their capability to coherently allocate the functions, establish efficient and effective governance structures, operation and, in cooperation with the NRAs and ACER, regulatory oversight necessary to efficiently and effectively operate these European platforms. This is not only beneficial to the TSOs, but ultimately ensures full compliance of the projects with the provisions of the EB Regulation for the benefit of market participants and end consumers.

## Governance - Efficiency and Effectiveness

EB Regulation		
mFRR IF	aFRR IF	IN IF
PRINCIPAL AGREEMENT		
mFRR-Platform Cooperation Agreement	aFRR-Platform Cooperation Agreement	IN-Platform Cooperation Agreement
Common Service Provider Agreement with Amprion	Common Service Provider Agreement with TransnetBW	
Common Service Provider Agreement with CEPS		

*Table 3: Legal and contractual framework for the governance and operation of the European platforms*

The European legal framework clearly allocates the responsibility for real-time operation in general, and cross-border balancing processes, in particular, to TSOs. Article 40 of Directive 2019/944 clearly lists ancillary services and therefore balancing as a task to be performed by each TSO. Therefore, the responsibility of balancing the national electricity system lies with the relevant national TSO or TSOs as the case may be.

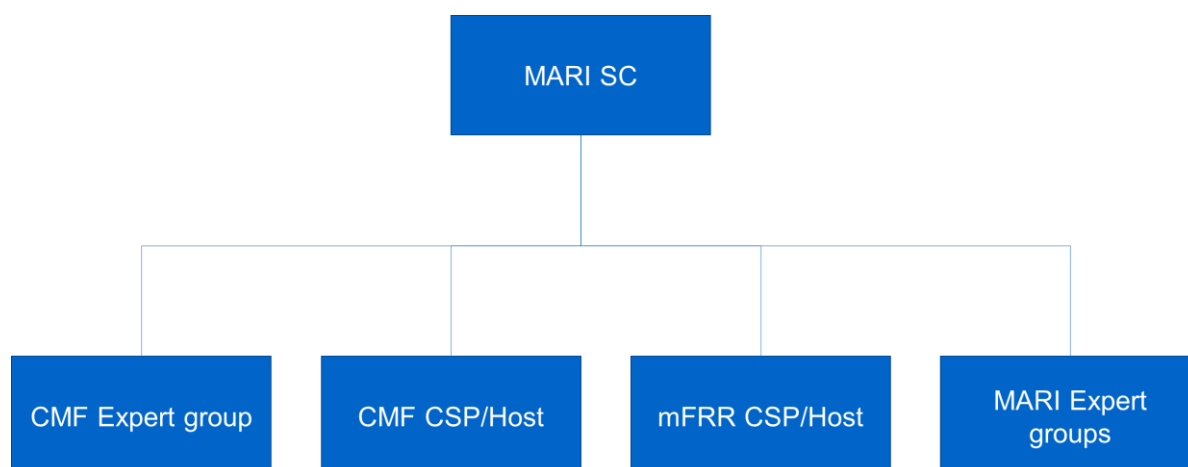
Implicitly taking into account this principle, the Commission Regulation (EU) 2017/1485 establishing a guideline on system operation (hereafter referred to as the “SO Regulation”) allocates the responsibility for the operation and organisation of the cross-border balancing processes to the TSOs and foresees that the TSOs shall organise these processes via agreements in accordance with Article 122, 123 and 124 of SO Regulation.

The EB Regulation provides that the TSOs have to establish common European platforms. The European platforms should increase competition via establishing an internal market for balancing energy, facilitate the integration of balancing energy markets and enable the balancing exchange via the European platforms in order to ensure cost-efficient activation of bids. With regard to that joint obligation, the TSOs have designed and entered into agreements which define the framework within which the TSOs will cooperate actively in order to further implement the EB Regulation and the Implementation frameworks. The main motivation for the TSOs to conclude these agreements has been twofold. Firstly, the TSOs needed to define the contractual and corporate aspects of their cooperation. Such rules are not set out in the EB Regulation but are generally required in a business environment and are subject to TSOs’ contractual freedom. Secondly, some further practical details on the governance and operation of the European platforms had to be defined to ensure an effective and efficient implementation and operation of the European platforms (notably ownership of the intellectual property rights to the European platforms and liability principles).

The contractual framework consists of three types of agreements.

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1. A “principal agreement”: this overarching agreement is setting forth the mutual rights and obligations of the TSOs regarding the implementation of the EB Regulation with respect to the development, maintenance and operation of the European platforms and cross-platform functions. The principal agreement hence contains provisions on:
  - a. the general commitments and obligations of the parties. TSOs commit to perform their obligations in the best interest of all the other parties, to use all suitable means for the execution of the obligations (backups, contingency plans, trained staff etc.), to actively cooperate and mutually assist each other. The general principle is that each TSO remains solely responsible for the operational security of its LFC area, including operation and activation of the reserves and each TSO remains solely responsible for its own communication with its NRA. However, each TSO shall not undertake any action which can be detrimental to the operation of the European platforms, shall help other TSOs in case of any investigation by a competent regulatory authority, and shall apply the principles of equal treatment, proportionality and non-discrimination towards the other TSOs. Each TSO shall perform its obligation in compliance with laws and regulations, including the Implementation frameworks. Each TSO commits to promptly meet its obligation to avoid causing any delay to the implementation projects.
  - b. Additionally, given the fact that several Platforms will co-exist, issues impacting or being relevant to all of them might arise. Consequently, TSOs have agreed upon that the MARI Steering Committee (which includes all TSOs) is additionally responsible for decisions in relation to CMF in order to ensure an effective coordination and decision-making process.



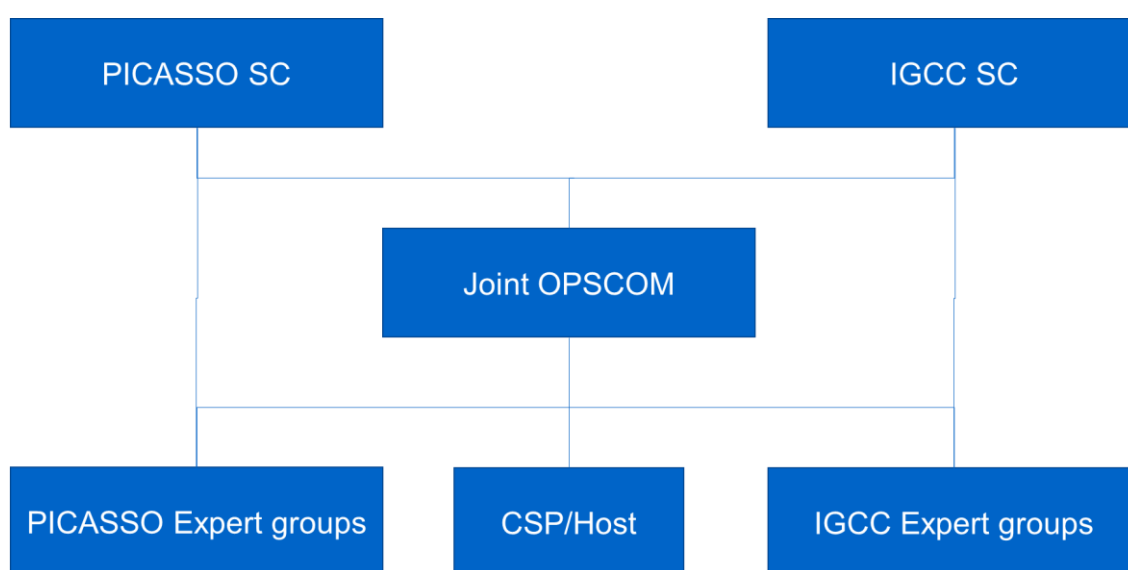
*Figure 1.: MARI – organisation of implementation*

2. The European platform cooperation agreements, containing detailed rules about the governance and operation of each European platform and providing a link between the Implementation frameworks on the one hand and the operational handbook on the other hand. They contain provisions about the general framework and structure of the operational handbook, the functioning of the steering committee (representation, meetings, quorum, records etc.) with the possibility to delegate tasks to subcommittees or working groups, the decision-making process and cost sharing rules in accordance with the EB Regulation in general and Article 14 of the



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Implementation Frameworks on particular. They define the conditions for the go-live of the European platforms, as well as the process for TSO-accession. At the go-live of the aFRR-Platform (PICASSO), the Steering Committees of the aFRR and IN-Platforms have decided to create a joint operational committee for the operation of the aFRR and IN-Platforms (as both platforms have the same IT system), in order to deal with day-to-day decisions and operational situations (i.e. supervise and manage all tasks as laid down in the Incident Management Procedure of the operational handbook) (see Fig.2.). This joint operation committee will report to the aFRR and IN-Platforms Steering Committees. After the go-live of the mFRR-Platform (MARI) and in the perspective of the CMF go-live, the joint operation committee could also be in charge of the operation all European platforms in accordance with the delegation granted by the steering committees.



*Figure 2: PICASSO and IGCC joint operational governance structure*

The common service provider (CSP) agreements sets forth the rules for the development, operation and maintenance of the software to run the functions of the European platforms, and the hosting of the European platform by a CSP. The CSP agreements are signed between TSO acting as common service provider (the CSP TSO) and the TSOs members of the concerned project. The CSP TSO performs the common service for the benefit of the members of the project. The CSP agreements define the services to be provided by the CSP, its obligations and liability. TSOs are mostly so-called contracting entities and therefore bound by public procurement law. Hence, there are limits to what can be contracted. In case of serious breach, Parties have a right to terminate the agreement. This is the case in each and every legislation. However, TSOs still like to mention this in order to demonstrate that they are aware of the fact that the availability of the platforms at all times is critical. Whenever CSPs do not perform their obligations according to the requirements set out in the agreement, TSOs can terminate the agreement in order to find another Service Provider. TSOs have furthermore ensured to having an appropriate handover (from one CSP to the next) service provided by the CSP. This ensures that the platforms will be available uninterrupted even if the CSP will change at one point in the future. The agreements were signed for a period of five (5) years in order to comply with public procurement law, with the possibility to terminate the contract before in case

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of serious breach attributable to the CSP TSO. For clarity's sake, the contract duration is therefore five years, but the contract are subject to an automatic renewal for subsequent periods of 5 years. Therefore, after five years, the contract goes on for another five years and so on. <sup>[OBJ]</sup>

Member TSOs have contractually foreseen the possibility to extend or transfer the service provided by the CSP to another TSO. Should no grounds for termination be identified by either the member TSOs or the CSP, the agreements shall be automatically renewed for subsequent periods of 5 years. Should grounds for termination of the current CSP arise, the CSP or the relevant Steering Committee shall issue a written notice of its intention not to renew the relevant agreement. The relevant Steering Committee shall then designate a new entity to replace the resigning CSP, initiating the transfer of the resigning CSP's role and responsibilities. Should such transfer happen, the current and the new CSP shall cooperate as foreseen in the contract. Considering the transfer would take place between two TSOs, the governance of the operation of the platform and the resulting efficiency would not be affected. <sup>[OBJ]</sup>

This setup allows the TSOs to maintain a strong, yet flexible governance structure in order to perform the tasks required to operate the European platforms. Tasks are allocated to the most suitable expert groups that can be formed quickly upon request, equipped with the most experienced TSO staff available, drawn from a large pool of experts. Experts are therefore able to work in parallel on several topics to accelerate the implementation of the European platforms.

In conclusion and in accordance with the EB Regulation, the TSOs have implemented an effective and efficient legal framework in order to govern and operate the European platforms. In this framework, the European platforms underlying IT Solutions are designed, co-owned and governed by the TSOs themselves, while the development, the maintenance, the operation and the hosting of European platform functions are delegated to one or more TSOs. In this case, the designated TSOs are acting as CSPs, for the benefit of all the TSOs in accordance with the operational rules jointly defined by the TSOs and under the supervision of the Steering committees established by the TSOs.

## Operation - Efficiency and Effectiveness

The implementation of the European platforms leads to economically optimal activation of balancing energy; thus, increasing social welfare. Additionally, opening markets in general comes along with economic benefits due to more market participants on the supply side. Thus, the European platforms enhance the efficiency of the balancing process, as well as efficiency of European and national balancing markets and foster the integration and liquidity of balancing markets in accordance with Article 3 (1)(e) EB Regulation.

Taking into account the available cross-border capacity as a constraint in the activation optimisation function of each European platform, operational security is ensured. Integrating the activation optimisation functions into the real-time control-systems of TSOs contributes to operational security, taking into account the fact that the level of trust must necessarily be the same for both, the activation optimisation function itself and the load-frequency controllers of the TSOs. Real-time operation is a TSO task, not a task to be performed by third parties on a lower IT security level. TSOs shall also implement the cross-border FRR activation process in accordance with Article 174 (3) SO Regulation and operate the European platforms in accordance with Article 19 (2), 20 (2), 21 (2), 22 (2) EB Regulation themselves or by means of an entity the TSOs would create themselves, each upholding security requirement equal to TSO-control-systems. A third party performing the European platform functions under one umbrella will have significant additional efforts in terms of workload and investments associated with the IT security level and establishment and maintenance of IT structure, making it less efficient. This does not yet include the costs of materialising risks of operating the European platforms outside the TSOs' IT networks. By applying the principle of optimisation between the highest overall efficiency and lowest total costs for all parties involved in accordance with Article 3 (2) c) EB Regulation, the TSOs contribute to the efficient long-term operation of the platforms.

TSOs will specify the operational rules for the platform functions and at least cover all necessary day-to-day operational procedures including incident resolution, fallback and backup procedures and thus clearly allocate operational roles and responsibilities to TSOs and CSP TSOs. The proposed operational setup by TSOs ensures the redundancy and security of the European platforms functions and accompanying IT services, thereby securing the availability and functioning of the European platforms. If the European platforms on the other hand would not be available, the balancing energy bids would have to be activated locally, resulting in higher prices in certain LFC areas due to the absence of cross-border activation and therefore lowering the overall social welfare in the internal market for electricity. TSOs are required to create redundancies in order to guarantee the functioning of the European platforms at all times. Even short downtimes can lead to significant losses in welfare gains that far exceed the costs of additional security and redundancy measures. Therefore, it is necessary to implement the currently proposed Implementation frameworks and the corresponding operational setup by TSOs. With regards to the overall efficiency, TSOs take into account, on the one hand, the costs incurred in ensuring redundancy and other safety measures and on the other hand the costs (e.g. damages) that would arise, if the European platforms were not available. The TSOs conclude that the additional overall costs of ensuring redundancy and availability of the European platforms would in any case be considerably lower than the costs that would arise if the European platform were unavailable, even for a short time.

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In the past, European TSOs have developed and implemented voluntary cooperations aiming at the integration of the European balancing markets and these cooperations have been tasked to implement the European platforms. Thus, TSOs already have sufficient experience in the operation of balancing markets to ensure the necessary level of security and availability. The TSOs' staff is by definition familiar with the processes and is the only one that has the necessary know-how to find suitable solutions even in difficult operational situations. The use of proven structures also facilitates the administration of the European platforms, which means that additional, complex administrative structures can be dispensed with, ultimately reducing administrative burden costs. Using existing site infrastructure (e.g. staff, hardware and software) and existing TSOs exclusive network structures and communication protocols (European wide IT networks) generates synergies, which also reduces the overall costs. Additionally, this setup fulfils the technical and security requirements to be met by the European platforms with regard to the operational security and their real-time relevance. In conclusion, synergies can therefore be utilised in the use of existing TSO facilities with results in high efficiency gains.

In contrast, the establishment and operation of a new entity independent from TSOs operating the European platforms would entail additional risks in terms of technical efficiency and costs. Redundancy has to be ensured for each and across all European platforms, resulting in the need for multiple locations, each equipped with buildings, corresponding hardware and trained staff (it being understood that currently, only TSOs staff has the necessary knowledge and skills to perform the required real-time operational tasks).

Furthermore, operating all European platforms within one company brings significant operational risks: the single point of failure may lead to a sudden failure of the operation of all European platforms (for example, this can expose the European platforms to a single cyber-attack or sabotage). In all TSOs proposal, the different European platforms will be operated by different entities which has a major advantage with respect to redundancy and system security.

In conclusion, the implementation of the mFRR, aFRR and IN IF contribute to the efficient and safe long-term operation and development of the electricity transmission system and internal market for electricity in the Union according to Article 3 (1)(d) of EB Regulation. To reiterate, the operation of such European platforms is the responsibility of the TSOs. The choices made by the TSOs to perform this joint responsibility relies upon the fact that it is much more efficient to use existing facilities and knowledge, such as TSOs already performing functions of the European platforms, than to create a new entity, which will have an adverse effect on the implementation of the European platforms in the form of additional costs and a delay in implementation. TSOs conclude that the efficiency and effectiveness of the operational setup has been demonstrated by means of this explanatory note, in line with the Articles 20, 21 and 22 of EB Regulation and considering the real time operational responsibility of the TSOs in accordance with Article 40(1)(i) of Directive (EU) 2019/944.

## Coordination and decision making – Effectiveness

As explained in the chapter on platform governance, the coordination and the decision-making process is ensured at the level of the steering committees of the European platforms, with a specific role assigned to the mFRR-Platform steering committee also in charge of the governance regarding any cross-platform issues such as CMF aspects as mFRR-Platform steering committee will by definition count with representatives from all member TSOs of the European platforms and hence all European platforms will be represented.

Regarding dispute resolution and the way to solve any conflicting positions, the principal agreement foresees the following specific provisions: In a first step, the concerned TSOs will try to find an amicable dispute settlement under the supervision of the steering committee. In particular, the steering committee will assess the facts, the interests of the parties and propose a settlement. In case, the steering committee fails to achieve an amicable settlement, the principal agreement foresees an escalation process that could lead to an arbitration process.

For day-to-day operational matters, the agreements confer upon the steering committees the powers to create operational committees that shall monitor the performance of the European platforms on a daily basis. Such operational committees are entrusted with the responsibility to solve any potential operational discussion or dispute, in line with the operational handbooks of the European platforms that are approved by the respective steering committee. The operational handbook covers all necessary day-to-day operational procedures, not only for the business as usual, but also for incident resolution, fallback and backup procedures, that clearly allocate roles and responsibilities to TSOs and CSP TSOs, and therefore foster effective coordination and an efficient decision-making process. In case the operational committee is unable to do so, the escalation mechanism set out above shall also apply.

## Regulatory Oversight - Efficiency and Effectiveness

The proposed setup of the European platforms and allocation of functions ensures efficient and effective regulatory oversight in accordance with Article 20, 21, 22 (3)(e)(iii) EB Regulation.

Regulatory Oversight, as identified by TSOs, requires both 1) transfer of information and 2) application of enforcement measures.

1) is provided by the immediate application of REMIT, TP-Regulation, etc. where TSOs are explicitly mentioned as such.

2) is provided by transpositions of Directives into national law and other national (energy) law which give Regulators the power to perform enforcement measures.

The proposed setup, which relies upon a joint governance of the TSOs, with a specific role of some TSOs taking the lead on the European platform functions, fully ensures the regulatory oversight by ACER and NRAs of the European platforms in the conditions defined by Chapter 7 of the Directive

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(EU) 2019/944 of the European parliament and of the council of 5 June 2019 on the common rules for the internal market for electricity and by Regulation (EU) 2019/942 of the European parliament and of the council of 5 June 2019 establishing a European union agency for the cooperation of energy regulators.

Transparent communication of information to NRAs and ACER is ensured by both the existing national and European legislation. All member TSOs are obliged to report in a transparent way agreed upon by the TSOs and the regulatory authorities.

As an example, TSOs will publish information related to Balancing in accordance with Article 17 of regulation (EU) 543/2013 (“Transparency Regulation”) to the ENTSO-E Transparency Platform to be available to the public and to regulatory authorities alike. NRAs will be able to ensure that TSOs comply with their obligations in accordance with Article 3 (6) Transparency Regulation based on their respective national legislation. To simplify the process Member TSOs have contractually agreed with the Common Service Providers that information generated by the European Platforms will be directly forwarded to the ENTSO-E Transparency Platform to ensure timely publication. Obligations stemming from REMIT will reside with each and every TSO individually.

The operation of European Platforms is a collective responsibility of all member TSOs and each TSO is fully responsible for the operation of the European platforms towards its NRA and connected market participants. Since Member TSOs opted for a TSO-TSO model in which only TSOs will be connected to the European platforms directly, while Balancing Service Providers will be connected to the respective connecting national TSO, the respective NRAs and ACER will be able to continue make use of its regulatory competences without any additional increase in competence required.

Other than that, TSOs cannot grant Regulators more competences, since this is subject to both European and national law. It would be upon legislators to provide NRAs with further competences.

In conclusion TSOs are by law entities regulated by NRAs, subject to strict reporting obligations and therefore the European platforms remain also under the direct regulatory oversight of NRAs and ACER, including the possibility for NRAs to apply regulatory enforcement measures, where appropriate.



## OTHER OPTIONS NOT RETAINED BY THE TSOS

The other possibility to organise the functions of European platforms would have been to delegate part or all of the development, the maintenance, the hosting of the European platforms to a single entity, should it be one TSO or an entity the TSOs would create themselves. In particular, in the previous decisions about the Implementation frameworks, ACER provided an opinion that the operation of the European platforms by an entity that TSOs would create themselves would be a more efficient solution to make operational and operate the European platforms.

The TSOs analysed this approach thoroughly and concluded that having one entity operating all European platforms is neither a more efficient nor effective nor secure approach. The implementation efforts to make European platform operational are very substantial and the allocation to a single entity would lead to additional risks (for example, by exposing all European platforms to a single cyber-attack or sabotage) and never outweigh the efforts which would have to be made to move the platforms to one single entity.

Furthermore, this single entity approach would go against the coherency of allocation to TSOs that already have proven their expertise and experience with similar projects. For example, TransnetBW who is entrusted the AOF and TSO-TSO settlement functions for the aFRR-platform, has extensive experience with the aFRR and Imbalance netting due to the successful implementation and operation of voluntary cooperations even before the entry into force of the EB Regulation in 2017. Amprion, who is entrusted with the AOF and TSO-TSO settlement functions of the mFRR-Platform, has extensive experience with the mFRR due to successful implementation and operation of voluntary cooperations before the entry into force of EB Regulation in 2017.

Regarding the creation of an entity owned by TSOs, TSOs consider this as one of the options to organise the operation of the European platforms. Should this option be pursued or obliged on TSOs to create such a single entity, this would likely lead to several years of delay in the full secure implementation of the European platforms or loss of efficiency in operation in transitory period. The complex legal and technical process of creating entities with resources and infrastructure capable of handling the real-time operation of European platforms, ensuring that adequate security standards are met, should be kept in mind. Additionally, such delegation of real-time operational tasks to another entity than a TSO would not be in line with the applicable legal framework<sup>2</sup>. Furthermore, any additional costs for consumers resulting from the establishment of a new entity can be avoided by utilising the infrastructure and services provided today by TSOs, with limited additional costs with respect to their business-as-usual activities.

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- <sup>2</sup> Notably: Recital 55 of Regulation (EU) 2019/943 of 5 June 2019 on the internal market for electricity (Clean Energy for all Europeans Package, electricity regulation), clearly states that the tasks carried out by regional coordination centres should not include real-time operation of the electricity system.
  - Regulation 2017/1485 establishing a guideline on system operation (SO Regulation), which allocates the responsibility for the operation and organisation of the cross-border balancing processes to the TSOs and foresees that the TSOs organise these processes via agreements.

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Concerning the regulatory oversight put as a prerequisite of EB Regulation, the single entity option would not guarantee the effective direct regulatory oversight which thus would not be efficient nor effective.

From an operational point of view, the TSO consider that there is a considerable risk on system operational point of view if all functions were centralised in a single entity. In case of failure (as a result of e.g. cyber-attack, sabotage) in a centralised entity (should it be a TSO, or a company created by the TSOs), all TSOs would need to apply local fall-back procedures for all cross-border balancing processes at the same time. Having redundancy with several TSOs ensures that, if one European platform stops functioning, the others still continue operating, and risks are minimised. This risk mitigation must be considered and emphasised also from an economic point of view. With regards to the effect of missing operational security on the overall efficiency, the TSOs take into account, on the one hand, the costs incurred in ensuring redundancy by designating different TSOs for different European platforms and on the other hand the costs that would arise, if the European platforms were not available throughout Europe. The TSOs consider that the additional overall costs of ensuring redundancy and availability of the European platforms would in any case be considerably lower than the costs that would arise if the European platforms were unavailable.