

**DECISION No 08/2024**  
**OF THE EUROPEAN UNION AGENCY**  
**FOR THE COOPERATION OF ENERGY REGULATORS**

**of 5 July 2024**

**on the second amendment to the implementation framework for a  
European platform for the exchange of balancing energy from frequency  
restoration reserves with automatic activation**

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY  
REGULATORS,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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<sup>1</sup>, and, in particular, Article 5(2)(b) and Article 5(6) thereof,

Having regard to Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing<sup>2</sup>, and, in particular, Article 5(1), Article 5(2)(a), Article 6(3) and Article 21(1) thereof,

Having regard to the outcome of the consultation with the concerned regulatory authorities and transmission system operators ('TSOs') and the European Network of Transmission System Operators for Electricity ('ENTSO-E'),

Having regard to the outcome of the consultation with ACER's Electricity Working Group ('AEWG'),

Having regard to the favourable opinion of the Board of Regulators of 3 July 2024, delivered pursuant to Article 22(5)(a) of Regulation (EU) 2019/942,

Whereas:

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<sup>1</sup> OJ L 158, 14.6.2019, p. 22.

<sup>2</sup> OJ L 312, 23.11.2017, p. 6.

## **1. INTRODUCTION**

- (1) Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (the ‘EB Regulation’) laid down a range of requirements for electricity balancing platforms for the exchange of balancing energy, as well as pricing and settlement of balancing energy. In particular, Article 21(1) of the EB Regulation requires all TSOs to develop an implementation framework for a European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation (‘aFRRIF’).
- (2) All TSOs developed a proposal for the aFRRIF, and submitted it to all regulatory authorities for approval. The regulatory authorities were unable to reach an agreement on the proposal and referred it to ACER for decision. On 24 January 2020, ACER approved the aFRRIF.<sup>3</sup>
- (3) Pursuant to Article 6(3) in joint reading with Article 5(2)(a) and Article 21(1) of the EB Regulation, all TSOs may propose amendments to the aFRRIF.
- (4) Since the entry into force of Regulation (EU) 2019/943, in order to streamline the regulatory approval process, Union-wide terms and conditions or methodologies that are developed under the network codes and guidelines (such as the aFRRIF), and any amendments thereof, are now directly submitted to ACER for approval.<sup>4</sup>
- (5) In 2022, ENTSO-E, on behalf of all TSOs, submitted to ACER a proposal for the first amendment to the aFRRIF. ACER revised the proposal and approved it on 30 September 2022.<sup>5</sup>
- (6) On 7 February 2024, ENTSO-E, on behalf of all TSOs, submitted to ACER the present proposal for the second amendment to the aFRRIF (‘Proposal’).
- (7) This Decision is issued following ACER’s review and amendment of the Proposal. Annex I to this Decision sets out the second amendment to the aFRRIF, as revised and approved by ACER.

## **2. PROCEDURE**

- (8) On 7 February 2024, ENTSO-E, on behalf of all TSOs, submitted the Proposal to ACER for approval.
- (9) Between 26 March and 23 April 2024, ACER publicly consulted on the Proposal (see section 5.1).

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<sup>3</sup> [Annex I to Decision 02/2020](#).

<sup>4</sup> Article 5(2)(b) of Regulation (EU) 2019/942.

<sup>5</sup> [Annex I to Decision 15/2022](#).

- (10) Between 22 March 2023 and 2 May 2024, ACER engaged in discussions with the TSOs and the regulatory authorities. These discussions concerned ACER's assessment described in section 6 and included meetings and exchanges of documents, allowing ACER to gather information and prepare its preliminary position on the Proposal.
- (11) Between 2 May and 2 June 2024, ACER consulted all TSOs, ENTSO-E and the regulatory authorities on its preliminary position, by sharing a revised version of the Proposal setting out its suggested amendments and reasoning for these amendments. The consulted parties provided written comments which are summarised in section 5.2. No oral hearings were requested.
- (12) Based on the comments on its preliminary position, ACER has introduced further amendments to the Proposal to take into account some issues raised by the consulted parties.
- (13) The AEWG was consulted between 3 June and 6 June 2024, and provided its advice on 8 June 2024 (see section 5.2).
- (14) On 3 July 2024, ACER's BoR issued a favourable opinion pursuant to Article 22(5)(a) of Regulation (EU) 2019/942.

### **3. ACER'S COMPETENCE TO DECIDE ON THE PROPOSAL**

- (15) Pursuant to Article 5(2)(b) of Regulation (EU) 2019/942, proposals for common terms and conditions or methodologies developed pursuant to network codes and guidelines adopted before 4 July 2019 which require the approval of all regulatory authorities, shall be submitted to ACER for revision and approval.
- (16) Pursuant to Article 5(1) and Article 5(2)(a) of the EB Regulation, as initially adopted, namely as a guideline before 4 July 2019, the proposal for the implementation framework, and any amendments thereof, was subject to approval by all regulatory authorities. Following the amendment of these provisions by Commission Implementing Regulation (EU) 2021/2808, the proposal for the implementation framework and any amendments thereof have been explicitly subjected to approval by ACER.
- (17) Pursuant to the second sentence of Article 6(3) as well as Articles 5(2)(a) and 21(1) of the EB Regulation, TSOs responsible for developing the proposal for the aFRRIF (in this case, all TSOs) may propose amendments to this implementation framework to ACER.
- (18) Pursuant to Article 5(6) of Regulation (EU) 2019/942 and Article 5(1) of the EB Regulation, ACER, before approving the proposal for amendment to the aFRRIF, shall revise it where necessary, after consulting the respective TSOs and ENTSO-E, in order to ensure that it is in line with the purpose of the EB Regulation and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market.

- (19) Since ENTSO-E, on behalf of all TSOs, submitted the Proposal to ACER for approval, ACER is competent to decide on the Proposal based on Article 5(2)(b) of Regulation (EU) 2019/942 as well as Article 5(1) and 5(2)(a) in joint reading with Article 6(3) of the EB Regulation.

#### **4. SUMMARY OF THE SUBMISSION**

- (20) The submission of 7 February 2024 consisted of a letter from ENTSO-E and the following annexes<sup>6</sup>:

Attachment I	‘Proposal’	Second amendment of the Implementation framework for the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation in accordance with Article 21 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (addressing changes to introduce the possibility for TSOs to use an elastic demand)
Attachment II	‘Explanatory document’	Explanatory document of the proposal for the second amendment of the Implementation framework for the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation in accordance with Article 21 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (addressing changes to introduce the possibility for TSOs to use an elastic demand)
Attachment III		For information, a track changes version of the implementation framework for the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation in accordance with Article 21 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (integrating the proposed amendment).
Attachment IV	‘Public consultation’	ENTSO-E’s answer to the comments received during the public consultation on the amendment of the Implementation framework for the

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<sup>6</sup>Part of the submission was submitted on 2 February 2024 (Attachment I,II,III and IV). The submission was latter completed on 7 February 2024 by the submission of Attachment V.

European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation in accordance with Article 21 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing

Attachment V

List of the TSOs on behalf of which ENTSO-E submitted the Proposal

(21) The Proposal consists of the following:

‘Whereas’ describes the expected impact of the Proposal on the objectives of the EB Regulation, Commission Regulation (EU) 2017/1485 (‘SO Regulation’)<sup>7</sup>, Commission Regulation (EC) No 543/2013<sup>8</sup> and Regulation (EU) 2019/943 (‘Electricity Regulation’)<sup>9</sup>;

Article 1 Definitions  
describes the amendments to Article 2 of the aFRRIF providing the definitions and interpretations;

Article 2 High-level design of the aFRR-Platform  
describes the amendments to Article 3 of the aFRRIF specifying the high-level platform design;

Article 3 Transparency and reporting  
describes the amendments to Article 13 of the aFRRIF specifying the requirements for transparency and reporting;

Article 4 Implementation Timeline  
sets out the estimated timeline for the implementation of the proposed amendments;

Article 5 Publication of the Amendment  
relates to the publication of the proposed amendments, once approved by ACER;

Article 6 Language  
relates to the language of the Proposal;

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<sup>7</sup> OJ L 220, 25.8.2017, p. 1.

<sup>8</sup> OJ L 163, 15.6.2013, p. 1.

<sup>9</sup> OJ L 158, 14.6.2019, p. 54.

## **5. SUMMARY OF THE OBSERVATIONS RECEIVED BY ACER**

### **5.1. Public consultation**

- (22) On 26 March 2024, ACER launched a public consultation<sup>10</sup> on the Proposal<sup>11</sup>, inviting all market participants to submit their comments by 23 April 2024. On 8 April 2024, ACER also organised a public workshop to present the Proposal and discuss the consultation document.
- (23) Among other questions, the consultation document asked stakeholders to provide views on the possibility for TSOs to use an elastic aFRR demand. ACER received 22 responses on the aFRRIF. The summary and evaluation of these responses are presented in Annex III to this Decision.

### **5.2. Consultation on ACER's preliminary position**

- (24) On 2 May 2024, ACER shared its preliminary position with ENTSO-E, all TSOs and all regulatory authorities, inviting them to provide their views on the revisions proposed by ACER. These views are briefly summarised below, and discussed in detail in section 6.
- (25) All TSOs and the regulatory authorities from Finland, Italy and Spain (EV, ARERA and CNMC respectively) provided written comments. The following paragraphs provide a short summary of these comments. Section 6.2 describes in more detail the concerns raised and explains how ACER has taken them into account.
- (26) In their written response, the TSOs welcomed ACER's proposed amendments of the definitions and Article 3(4) of the aFRRIF in order to align them with the mFRRIF. The TSOs also expressed concerns related to ACER's proposed amendments regarding (i) the possibility for TSOs to change the parameters of their elastic demand; (ii) the publication obligations; and (iii) the part of the TSO demand that must be inelastic.
- (27) EV asked for further clarifications on the definition of the power threshold and on the publication requirement.
- (28) ARERA asked for further clarifications on the definitions of the power threshold and of the aFRR demand. ARERA also proposed a change on the part of the TSO demand that must be inelastic.

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<sup>10</sup> <https://www.acer.europa.eu/documents/public-consultations/pc2024e02>

<sup>11</sup> ACER's public consultation covered proposed amendments to the aFRRIF and the balancing pricing methodology.

- (29) CNMC asked for further clarifications on the definitions of the power threshold.

### **5.3. Consultation of the AEWG**

- (30) Two regulatory authorities provided comments during the AEWG consultation phase. CRE stressed the importance of considering system security and proposed less restrictive criteria for deviations from the formula for elastic demand. ILR commented on the definition of elastic and inelastic demand.
- (31) On 8 June 2024, AEWG endorsed ACER's draft decision inviting ACER to reflect on the comments from CRE. In this respect, AEWG noted that security always has priority, and that ACER might consider allowing for softer criteria for deviations while still maintaining transparency and traceability. ACER was also invited to review and clarify, where appropriate, the definition of elastic demand.

## **6. ASSESSMENT OF THE PROPOSAL**

### **6.1. Legal framework**

- (32) Article 21 of the EB Regulation sets out the requirements for the development of a proposal for the aFRR-Platform and its implementation.
- (33) The first sentence of Article 21(2) of the EB Regulation requires that the aFRR Platform, operated by TSOs or by means of an entity the TSOs would create themselves, shall be based on common governance principles and business processes and shall consist of at least the activation optimisation function and the TSO-TSO settlement function.
- (34) Article 21(3) of the EB Regulation sets out the required content of the proposal for the aFRR-Platform, which must include (a) the high level design, (b) the roadmap and timelines for the implementation of the platform, (c) the definition of the functions required to operate it; (d) that rules concerning its governance and operation are based on the principle of non-discrimination and ensuring equitable treatment of all member TSOs and that no TSO benefits from unjustified economic advantages through the participation in the functions of the platform; (e) the proposed designation of the entity or entities that will perform the functions defined in the proposal; (f) the framework for harmonisation of the terms and conditions related to balancing set up pursuant to Article 18 of the EB Regulation; (g) the detailed principles for sharing the common costs, including the detailed categorisation of common costs, in accordance with Article 23 of the EB Regulation; (h) the balancing energy gate closure time for all standard products for frequency restoration reserves with automatic activation in accordance with Article 24 of the EB Regulation; (i) the definition of standard products for balancing energy from frequency restoration reserves with automatic activation in accordance with Article 25 of the EB Regulation; (j) the TSO energy bid submission gate closure time in accordance with Article 29(13) of the EB Regulation; (k) the common merit order lists to be organised by the common activation optimisation function pursuant to Article 31 of the EB Regulation; and (l) the description of the algorithm for the operation of the activation optimisation function



- for the balancing energy bids from all standard products for frequency restoration reserves with automatic activation in accordance with Article 58 of the EB Regulation.
- (35) Article 18 of the EB Regulation contains all the requirements for terms and conditions related to balancing at a Member State level. These national terms and conditions on balancing need to respect the framework for the establishment of the aFRR-Platform pursuant to Article 18(3) of the EB Regulation.
- (36) Article 23 of the EB Regulation covers the cost-sharing principles for establishing, amending and operating the aFRR-Platform pursuant to Article 21.
- (37) Article 24 of the EB Regulation lays down the requirements for the balancing energy gate closure time for the aFRR-Platform, which shall be as close as possible to real-time. Also, the specific requirements for TSOs with a central dispatching model are listed in this Article.
- (38) Article 25 of the EB Regulation provides requirements for standard products and divides them into standard products for balancing energy and balancing capacity. Pursuant to Article 25(1) of the EB Regulation, standard products for balancing energy should be developed as part of the proposals for the implementation frameworks for the European platforms pursuant to Articles 19, 20 and 21 of the EB Regulation. Paragraphs 4 and 5 of this Article include non-exhaustive lists of optional and respectively mandatory characteristics of the standard products to be set out by the methodology.
- (39) Article 29 of the EB Regulation contains the requirements for the activation of balancing energy bids from the common merit order list. This Article also covers the rules for modifying bids after the TSO energy bid submission gate closure time and for changing the bids' availability status.
- (40) Article 31 of the EB Regulation lays down the requirements for the activation optimisation function that facilitates the optimisation for the activation of balancing energy bids from different common merit order lists.
- (41) Articles 36 and 37 of the EB Regulation list the requirements for using and updating the cross-zonal capacity for the exchange of balancing energy.
- (42) Article 58 of the EB Regulation contains provisions for balancing algorithms, which will be operated by the activation optimisation function for the aFRR-Platform.
- (43) Article 59 sets out the requirements for ENTSO-E to publish a European report focusing on monitoring, describing and analysing the implementation of the EB Regulation, as well as reporting on the progress made concerning the integration of balancing markets in Europe.
- (44) Article 62 of the EB Regulation describes the possibilities for derogations and especially the derogation from the deadline for joining the aFRR-Platform.



- (45) In terms of general requirements, all proposals for terms and conditions or methodologies, including proposals for their amendments, such as the present Proposal, must include a proposed timescale for their implementation and a description of their expected impact on the objectives of the EB Regulation (Article 5(5) of the EB Regulation), and must be subject to a public consultation by the TSOs (Article 6(3) and Article 10 of the EB Regulation).

## **6.2. Assessment of legal requirements**

### **6.2.1. Requirements for the development and the content of the Proposal**

- (46) The Proposal complies with the requirements of Articles 6(3) and 5(2)(a) of the EB Regulation, as all TSOs jointly developed the proposal for the amendment of the aFRRIF and submitted it for approval to ACER.
- (47) In developing the Proposal, all TSOs complied with the consultation requirements set out in Article 10 of the EB Regulation. ENTSO-E, on behalf of all TSOs, publicly consulted on the draft Proposal for a period of two months, between 12 October and 12 December 2024.<sup>12</sup> In addition, ACER and all regulatory authorities were regularly informed about the development of the Proposal.
- (48) All TSOs considered the views of stakeholders resulting from the consultation on the draft Proposal before their submission to ACER. The submission included a document summarising stakeholders' comments, and providing TSOs' responses to these comments, including justifications where stakeholders' views were not taken into account. A non-confidential version of this document is available on ENTSO-E's website.<sup>13</sup> Therefore, the Proposal meets the requirements set out in Article 6(3) and Article 10 of the EB Regulation.
- (49) The Proposal meets the content requirements set out in Article 5(5) of the EB Regulation. Article 4 of the Proposal includes a proposed timescale for implementing the submitted amendments, and the 'whereas' section of the Proposal describes in detail the expected impact of the proposed amendments on the objectives of the EB Regulation. To prevent confusion, ACER has deleted the 'whereas' section in the final, approved version of the amendments (Annex I to this Decision) as the section explains the amendments in the version proposed by the TSOs and does not reflect ACER's subsequent revisions of those amendments.

### **6.2.2. TSOs elastic aFRR demand**

#### **6.2.2.1. *On the possibility for TSOs to use an elastic aFRR demand***

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<sup>12</sup> [https://consultations.entsoe.eu/markets/all-tsos-proposal-amendments-afrr-if-pricing-metho/consult\\_view/](https://consultations.entsoe.eu/markets/all-tsos-proposal-amendments-afrr-if-pricing-metho/consult_view/).

<sup>13</sup> [https://eepublicdownloads.entsoe.eu/clean-documents/nc-tasks/220331\\_EB%20Reg\\_IF%20amendments\\_answers%20to%20public%20consultation.pdf](https://eepublicdownloads.entsoe.eu/clean-documents/nc-tasks/220331_EB%20Reg_IF%20amendments_answers%20to%20public%20consultation.pdf)

- (50) The TSOs propose to introduce the possibility for a TSO to use an elastic aFRR demand with some limitations. One of these limitations is that a TSO may not use elastic aFRR demand if the aFRR demand is lower or equal to the aFRR capacity requirement (new paragraph (4) in Article 3 of the aFRRIF). The aFRR requirement results from the application of the ratio between aFRR and mFRR of the FRR capacity requirement determined for the relevant LFC block pursuant to the dimensioning rules as per Article 157 of the SO Regulation. This generally means that the TSOs would be allowed to put a price on the part of their demand that exceeds the aFRR capacity requirement. The proposal also foresees that the TSOs may not use the elastic aFRR demand in such a way that it imposes a cap on balancing energy prices for all LFC areas or bidding zones.
- (51) The TSOs need balancing capacity in real-time, to balance the system. The needed amount of the balancing capacity is computed according to the FRR dimensioning rules pursuant to Article 157 of the SO Regulation. The computed amount is meant to guarantee sufficient frequency quality even though a TSO does not access the merit orders of other TSOs. Connecting to the aFRR platform (i.e. PICASSO) allows the TSOs to improve their frequency quality by having access to other merit orders, and therefore to more bids.
- (52) The TSOs are however not required to improve their frequency quality at any cost. Instead, they apply the principle of optimisation between the highest overall efficiency and lowest total costs for all parties involved.<sup>14</sup> For this reason, ACER considers that, in principle, the TSOs should have the possibility to have as elastic the part of their demand exceeding the aFRR capacity requirement. Having such a possibility would improve balancing efficiency because it would allow the TSOs to better reflect the trade-off between extra cost and better frequency quality. Therefore, giving this possibility to the TSOs would promote the efficiency objective set out in Article 3(1)(b) of the EB Regulation.

#### 6.2.2.2. *On the requirements for transparency*

- (53) According to the Proposal, the TSOs would be able to change the parameters of the elastic aFRR demand at any MTU. In ACER's view, the TSOs should not be allowed to arbitrarily change the parameters which determine the price and the power threshold at any MTU because it would decrease transparency of the balancing markets, and would not be in line with the transparency objective in Article 3(1)(a) of the EB Regulation. At the same time, ACER acknowledges that the TSOs must be able to react to unforeseen events in real-time in order to maintain system security.<sup>15</sup> Having discussed this issue with the regulatory authorities and the TSOs, ACER has changed the TSOs' proposal in the following way:

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<sup>14</sup> Article 4(2)(c) of the SO Regulation and Article 3(2)(c) of the EB Regulation.

<sup>15</sup> Article 4(2)(e) of the SO Regulation.

- When the system is in the normal state,<sup>16</sup> the TSOs would not be allowed to change the formula they use to compute the price and power threshold of their elastic aFRR demand during an imbalance settlement period.
- The TSOs would be allowed to deviate from the power threshold computed for their elastic aFRR demand during the imbalance settlement period only for operational security reasons related to the change in the system state as defined in point (36) of Article 3(2) of the SO Regulation. In such case, the TSO must publish this information as soon as possible.

To reflect the above changes, ACER has amended Article 3(4) of the aFRRIF and added new definitions (power threshold and price of an elastic aFRR demand) in Article 2 of the aFRRIF.

- (54) During the consultation of the AEWG, CRE argued that the criterion to allow a TSO using elastic demand to deviate from the power threshold computed by its formula is too restrictive because it is solely based on a change of system state according to the SO regulation. CRE proposed to specify that a TSO has the possibility to ‘turn off’ the elastic demand based on other specific criteria, as long as these criteria are predefined and clearly stated to stakeholders.
- (55) ACER partly agrees with CRE in that the TSO formula to compute the power threshold and price may depend on parameters relevant for the safe operation of the system as long as these parameters are predefined and clearly stated to stakeholders. ACER has further amended Article 3(4) of the aFRRIF to address CRE’s concerns.
- (56) In their response to ACER’s preliminary position, the TSOs raised concerns about limiting their possibility to change the parameters of the elastic demand. Firstly, the TSOs stressed that they must be able to turn off elastic demand even before entering another system state than the normal one to maintain system security as required by Article 4(2)(e) of the SO Regulation. In their view, it is important to keep sufficient flexibility at European level in the way the volume threshold of elastic aFRR demand is determined or can be changed. In this regard, the TSOs consider the application of elastic aFRR demand as voluntary, and hence see no reason why it could not be switched off within an imbalance settlement period according to transparent, national rules. Secondly, in their view, transparency provisions are sufficient and in line with the objective of Article 3(1)(a) which is to fostering transparency of balancing markets. All TSOs consider that the foreseen publication of national rules on the application of elastic aFRR demand, the power thresholds and the price thresholds for their elastic aFRR demand, together with a publication in case a change of power threshold is applied within an imbalance settlement period, would provide full transparency while maintaining the necessary flexibility for the TSOs to maintain

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<sup>16</sup> According to point (5) of Article 3(2) of the SO Regulation, ‘normal state’ means a situation in which the system is within operational security limits in the N-situation and after the occurrence of any contingency from the contingency list, taking into account the effect of the available remedial actions.

system security. Finally, the TSOs noted that the option to deviate, possibly within the imbalance settlement period, from the set power thresholds is already foreseen in proposals for amendments to the national rules, e.g., in Belgium and France. Restricting this option by ACER could therefore delay the accession of the TSOs from these Member States to the aFRR platform, as national rules would have to be amended.

- (57) In the AEWG consultation, CRE also proposed to loosen the criteria for the TSO deviation from the formula to compute the power threshold and price of the elastic aFRR demand. CRE proposed to allow the TSOs to deviate from their formula not only if they declare a change of system state but also beforehand, in order to prevent a change of system state.
- (58) It is to note that the amendment proposed by ACER<sup>17</sup> would provide the TSOs with a possibility to switch off their elastic demand during an imbalance settlement period if they deem it necessary. The requirement proposed by ACER is that during the imbalance settlement period, the TSOs must use the same formula to compute the price and the power threshold of their elastic aFRR demand. This does not mean that the price value and the power threshold value must remain fixed during this period. The TSOs may adapt these values in function of relevant parameters for the safe operation of the system, provided that they are based on a predefined formula. For instance, a TSO can insert a condition in its formula that if its aFRR demand volume increases beyond a certain level, its power threshold is set at the volume of its aFRR demand, which is equivalent to turning off its elastic demand. The only requirement is that in the normal system state, a TSO relies on a transparent formula known to stakeholders in order to turn off its elastic demand. ACER recognises that TSOs may not be able to develop such a formula within the one-month implementation timeline which was proposed by the TSOs. For this reason, ACER has extended the implementation timeline for this specific provision to one year. ACER considers that one year gives the TSOs sufficient time to develop and put in place a formula for computing the power threshold and the price which would remain fixed throughout the imbalance settlement period and, at the same time, still allow for de facto switching off the elastic demand during this period.
- (59) In its preliminary position, ACER also proposed a requirement to publish the volume of selected standard aFRR balancing energy product bids that must be activated by the participating TSO. Considering the TSOs' observations, in particular the short implementation timeline and that this data item is already published in a 15-minute resolution on the ENTSO-E's transparency platform, ACER has concluded that there is no immediate need for enhancing the resolution at this point in time but may seek stakeholders' views on whether higher transparency on this data item might be needed in the future.

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<sup>17</sup> Including the amendment referred to in Paragraph (55) to address CRE's concerns.

**6.2.3. Additional input to the activation optimisation function**

(60) The TSOs propose to add, in Article 3(5) of the aFRRIF, an input to the activation optimisation function, which is the setpoint for automatic FRR activation. The setpoint for automatic FRR serves as the basis for determining the setpoints for BSPs within this LFC area but does not consider the BSP ramping restrictions that could be taken into account before sending the final activation signals to the BSPs. This additional input to the activation optimisation function is required because (i) the setpoint for automatic FRR activation will be used to compute the cross-border marginal price following the related amendment to the pricing methodology pursuant to Article 30(1) of the EB Regulation; and (ii) the cross-border marginal price is an output of the activation optimisation function (AOF). This means that the AOF should have access to the setpoint for automatic FRR activation. ACER agrees with the TSO reasoning and the subsequent addition of the setpoint for automatic FRR activation as an input of the AOF in Article 3(5) of the aFRRIF.

**6.2.4. Amendments necessary to ensure clarity and consistency with the existing provisions**

(61) The definitions for elastic and inelastic demand which the TSOs propose to use in the aFRRIF are different from those used in the mFRRIF. For consistency and clarity, ACER has amended these definitions to align them with the definitions of the mFRRIF. For the same reason, ACER has restructured Article 3(4) of the aFRRIF to align it with the corresponding article in the mFRRIF.

(62) The TSOs do not propose any changes to the definition of the aFRR demand, which is currently described as volume only. Allowing the TSOs to use an elastic demand requires changes to the aFRR definition, since elastic demand is described in terms of volume, power threshold and price. ACER has updated Article 2(1)(c) of the aFRRIF to reflect this.

(63) In its response to ACER's preliminary position, ARERA proposed to streamline the definitions of 'aFRR demand', 'elastic aFRR demand' and 'inelastic aFRR demand' in the Proposal, as they imply that there are three types of TSO demand. In ARERA's view, there is only one TSO demand, consisting of an inelastic part and possibly an elastic part.

(64) ACER agrees with ARERA that there is only one aFRR demand, and that it consist of an inelastic part and possibly an elastic part. Elastic aFRR demand and inelastic aFRR demand are only two different types of an aFRR demand. Despite this, providing separate definitions of elastic and inelastic demand improves consistency with the corresponding provisions of the mFRRIF. ACER has therefore kept these definitions while clarifying that they are subcategories of the aFRR demand.

(65) ARERA also proposed to simplify the definition of 'power threshold' by defining it as volume corresponding to the inelastic part of the aFRR demand. ACER agrees with ARERA's proposal and has amended the definition of the 'power threshold' accordingly.

- (66) In their responses to ACER's preliminary position, EV and CNMC asked to clarify the definition of the 'power threshold of the elastic aFRR demand' which states that the power threshold is the volume before which the price of the elastic aFRR demand is set at the value of the technical price limit. The regulatory authorities understand that the power threshold is the volume corresponding to the inelastic part of the aFRR demand, and that the TSOs can set their own maximum price for their elastic demand.
- (67) The above comments result from the fact that the difference between elastic/inelastic demand and elastic/inelastic part of a demand was not explicitly described in the preliminary position. ACER has therefore amended the definition of 'elastic aFRR demand' to clarify that it is composed of an inelastic part below the power threshold and an elastic part above the power threshold.
- (68) In their responses to ACER's preliminary position, all TSOs and ARERA propose to clarify that the power threshold of the elastic aFRR demand can be equal to the aFRR capacity requirement. ACER agrees with these remarks and has clarified Article 3(4) of the aFRRIF accordingly.
- (69) In the AEWG consultation, ILR suggested that it would be clearer to speak about elastic aFRR demand being the elastic part of the aFRR demand.
- (70) Having considered ILR's comment, ACER has decided not to further amend the proposed definitions. Using the term 'elastic aFRR demand' for 'the elastic part of the aFRR demand', as suggested by ILR, would lead to the situation in which an 'inelastic aFRR demand' can be, in some cases, the whole aFRR demand and, in other cases, a part of the aFRR demand. This would also imply that a TSO's aFRR demand can be neither an elastic aFRR demand nor an inelastic aFRR demand.

## **7. CONCLUSION**

- (71) For all the above reasons, ACER considers that the Proposal is in line with the requirements of the EB Regulation, provided that the amendments described in this Decision are integrated in the Proposal, as set out in Annex I. The amendments, which have been consulted with the TSOs and ENTSO-E, are necessary to ensure that the Proposal is in line with the purpose of the EB Regulation and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market.
- (72) Therefore, ACER approves the Proposal subject to the necessary amendments. To provide clarity, Annex I to this Decision sets out the Proposal as amended and approved by ACER,

HAS ADOPTED THIS DECISION:

*Article 1*



The amendment to the implementation framework for a European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation in accordance with Article 21 of Regulation (EU) 2017/2195 is adopted as set out in Annex I to this Decision.

*Article 2*

This Decision is addressed to all TSOs:

50Hertz Transmission GmbH,  
Amprion GmbH,  
AS Augstsprieguma tīkls,  
Austrian Power Grid AG,  
BritNed Development Limited (NL),  
BritNed Development Limited (UK),  
C.N.T.E.E. Transelectrica S.A.,  
ČEPS a.s.,  
Creos Luxembourg S.A.,  
EirGrid Interconnector DAC,  
EirGrid plc,  
Elektroenergien Systemen Operator EAD,  
Elering AS,  
ELES, d.o.o.,  
Elia System Operator NV/SA,  
Energinet Electricity System Operator,  
Fingrid Oyj,  
HOPS d.o.o.,  
Hrvatski operator prijenosnog sustava,  
Independent Power Transmission Operator S.A.,  
Kraftnät Åland Ab,  
Litgrid AB,  
MAVIR ZRt,  
Moyle Interconnector Limited,  
National Grid Electricity Interconnector Limited,  
National Grid Electricity System Operator,  
Nemo Link Limited,  
Polskie Sieci Elektroenergetyczne,  
Red Eléctrica de España S.A.,  
Rede Eléctrica Nacional, S.A.,  
Réseau de Transport d'Electricité,  
Slovenská elektrizačná prenosová sústava, a.s.,  
Svenska kraftnät,  
System Operator for Northern Ireland Ltd,  
TenneT TSO B.V.,  
TenneT TSO GmbH,  
Terna Rete Elettrica Nazionale S.p.A.,



TransnetBW GmbH and  
VÜEN-Vorarlberger Übertragungsnetz GmbH.

Done at Ljubljana, on 5 July 2024

**- SIGNED -**

*For ACER  
The Director*

C. Zinglensen

Annexes:

Annex I Amendment to the Implementation framework for the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation in accordance with Article 21 of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (as revised and approved by ACER).

*For information only:*

Annex Ia Amendment to the implementation framework for the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation in accordance with Article 21 of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (with ACER's revisions in track changes).

Annex II Consolidated version of the implementation framework for the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation in accordance with Article 21 of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing.

Annex IIa Consolidated version of the implementation framework for the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation in accordance with Article 21 of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (with latest amendments in track changes).

Annex III Evaluation of responses to ACER's public consultation.

*In accordance with Article 28 of Regulation (EU) 2019/942, the addressees may appeal against this Decision by filing an appeal, together with the statement of grounds, in writing at the Board of Appeal of the Agency within two months of the day of notification of this Decision.*

*In accordance with Article 29 of Regulation (EU) 2019/942, the addressees may bring an action for the annulment before the Court of Justice only after the exhaustion of the appeal procedure referred to in Article 28 of that Regulation.*