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# **EU DSO Entity and ENTSO-E Proposal for a Network Code on Demand Response**

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**COMMISSION REGULATION (EU) 202x/xxxx**  
**of xx Month 202x**  
**establishing a Network Code on Demand Response**  
**(Text with EEA relevance)**

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (1), and in particular Article 59(1)(e) thereof,

Having regard to Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (2) and in particular Articles 17, 31, 32, 36, 40 and 54 thereof,

Whereas:

- (1) This Regulation helps to ensure fair conditions of competition in the internal electricity market, to ensure security at both power system and network level and to support the integration of renewable electricity sources, and to facilitate Union-wide trade in electricity.
- (2) This Regulation respects the principles of non-discrimination and technology neutrality, whilst having due regard to the particularities of demand response, energy storage, distributed generation and demand curtailment, including aggregation, and the potential needs resulting thereof for adapting current and future rules.
- (3) This Regulation provides a framework where stakeholders are consulted by the systems operators in an open, neutral, transparent, and non-discriminatory manner, involving relevant stakeholders, and, in particular, the organisations representing such stakeholders.
- (4) In this Regulation, other wholesale energy products shall be understood as products traded by market parties on wholesale markets, excluding capacity markets.
- (5) As regards the settlement of balancing services, Regulation (EU) 2017/2195 prescribes that transmission system operators establish a procedure for that.
- (6) The minimum bid size of standard balancing products is defined in the terms and

conditions and methodologies as 1.0 MW for: standard products for balancing capacity for frequency restoration reserves and replacement reserves in accordance with Article 25(2) of Regulation (EU) 2017/2195, and for standard products for balancing energy for (automatic and manual) frequency restoration reserves and replacement reserves in accordance with Articles 19(1) and 19(3)(i), Articles 20(1) and 20(3)(i), and Articles 21(1) and 20(3)(i) of Regulation (EU) 2017/2195. This Regulation requires an evolution of the bid granularity of standard balancing products intended to facilitate the participation of smaller resources in balancing services by means of aggregation.

- (7) As regard the metered data administration, this Regulation ensures that the role of metered data administrator (MDA) can be assigned to different entities and systems operators at the same time (e.g., MDA for accounting point data can be different from MDA for DMD data or the same).
- (8) This Regulation provides a framework where systems operators ensure that the administrative burden associated with the requirements for the prequalification processes is proportionate with the size of SPU or SPG and its impact on the system security and grid operation in case of non-delivery. The product prequalification requirements are limited to the technically necessary level to ensure system security and safe grid operation and do not create unreasonable entry barriers. Systems operators avoid any unnecessary duplications of prequalification processes.
- (9) All procedures provisioned in this Regulation aim to be made available in the form of a fully digitalised, secure, machine-accessible and easily integrable infrastructure and ensuring the cybersecurity requirements.
- (10) The requirements for procedures for product prequalification processes, ensure that they are as simple as possible, user-friendly, technologically neutral, non-discriminatory, fair, objective, transparent and striving to minimise and standardise the different steps when possible. Systems operators consult market participants and consider the existing practices to update the requirements and processes in the future.
- (11) The topic of interoperability and standardisation to facilitate the Switching of Controllable Units as provisioned in Article 33 (Switching of controllable units between service providers) is understood to be covered by the mandate to the Commission following Article 24 of Directive (EU) 2019/944 to establish interoperability of energy services across the Union. The Commission publishes – in co-operation with ENTSO-E and EU DSO Entity - non-discriminatory requirements and procedures to ensure interoperability rules for the data exchange between controllable units and service providers for the provision of flexibility services in the upcoming Implementing Acts on data interoperability for demand response. This is important to ensure that new service providers can control controllable units switched over from old service providers. In the case that a CU is operated by a third-party CU Operator, this Regulation aims to ensure that the owner of the controllable unit is not bound to the third-party CU Operator and

that a later switch is possible.

- (12) Article 43 (CU module procedures) provides the requirements for procedures done by the service provider on behalf of flexible customer. It is important that flexible customers have the opportunity to express their consent or their rejection of some of these actions. In order to cope with an expected high number of these actions, CU modules, or – if applicable – SPs may look into foreseeing efficient digital consent management possibilities.
- (13) The solutions introduced by this Regulation should create conditions for a significant participation of flexible customers in electricity markets via service providers and therefore should ensure easy access to these markets.
- (14) Using digital solutions should help to increase the effectiveness of energy-related online services and transactions, and electronic business and commerce in the Union. Currently, there are big hurdles for non-domestic parties. The eIDAS Regulation (EU) 910/2014 and measures adopted by Member States support reliable cross-border authentication of natural and legal persons; in addition to that, also the representation of legal or natural persons by other natural persons. As many different platforms and diverse platforms are expected to play a role in the utilisation of balancing, congestion management and voltage control services, EU logins provide a solution to scattered credential management and means for service providers and CU Operators to offer their products and services on a common European market.
- (15) Article 30A (Requirements for CU operators, service providers and operators of platforms) addresses cumulative risks caused by aggregation of significant volumes by certain actors. Provisions in this Article are targeted towards mitigating these risks and problematic dependencies on actors from outside the European Economic Area.
- (16) Article 33A (Framework for the validation and quality of DMD data) clarifies the roles of dedicated measurement devices (“DMDs”) in baselining, validation and settlement for balancing and local services. This Regulation does not set rules for DMDs regarding any usage for the monitoring, activation or further observability of services that may be specified on national level.
- (17) It is recommended that the European Commission issues within 12 months after entry into force of this Regulation non-discriminatory requirements and procedures via Implementing Acts to establish interoperability following the methodology foreseen in Commission Implementing Regulation 2023/1162 for necessary national differences with regards to relevant data exchanges not covered by standardised data exchange as provided in Article 33B (Standardised data exchange).
- (18) This Regulation aims at promoting and enabling an efficient use of demand response by facilitating the creation of local markets and local services to solve congestion issues and voltage issues, which should be interoperable with existing markets.

- (19) Congestion or voltage issues are defined in such a way to account for operational limits that the systems operators may apply in line with accepted national practices, which may not be covered by the definition of ‘physical congestion’ in Regulation 2019/943, nor by the definition of ‘congestion’ in Regulation 2015/1222. Operational limits may include thresholds set at connection point between systems operators’ network e.g., through contractual agreements between systems operators on the use of the network capacity, or through defined ranges for importing or exporting active or reactive power, etc or others limits or operational criteria like e.g., aging of equipment.
- (20) The applicable connection and access framework is an important pre-requisite to fulfil requirements for secure operation that are allocated to transmission system operators respective distribution system operator. It is not the purpose of this Regulation to establish requirements belonging to the connection and access framework, but to acknowledge the applicable connection and access framework when proposing terms and conditions designing local markets to solve congestion and voltage issues and setting high-level principles to ensure that markets are not unduly distorted when activating flexible connections.
- (21) When dealing with congestion or voltage issues, the systems operators shall always choose the most efficient and effective option or combination of options of the different tools at their hands in order to ensure power system and network security. The national regulatory framework shall aim for optimisation of social welfare. The national framework will give the tools – procurement of local services, redispatching, non-costly remedial actions, grid technical measures, grid investments, flexible connection agreements, grid tariffs – for systems operators to take effective and efficient solutions in long term or in operational timeframe. The outcome of what is considered most efficient and effective may depend on the time horizon.
- (22) Congestion management through redispatching is implemented according to Article 13 of Regulation (EU) 2019/943, while respecting relevant provisions in Regulations (EU) 2017/4185 (SO Regulation) and (EU) 2015/1222, and measures adopted by the Member States. The national implementation of the Regulation (EU) 2019/943 shall only be affected where necessary to reach the goals of and be compliant with this Regulation.
- (23) Market-based solutions are the preferred and by-default solution. Nevertheless, in line with the Directive (EU) 2019/944 in Article 32(1) and in Article 40(5), this Regulation acknowledges that, because of its local character, service providers may enjoy significant market power, and the national regulatory authorities should prevent market-based procurement when it would lead to economical inefficiency, market distortion or aggravated congestion or voltage issues.
- (24) Provisions in Article 13 of Regulation (EU) 2019/943 as well as in Articles 32 and 40 of Directive (EU) 2019/944, competent national authorities may have determined rules-based mechanisms to deal with congestions within bidding zones.

- (25) In the absence of a competent Member State authority decision on the implementation of a national rules-based mechanisms, systems operators shall consider the procurement of services by market principles as default and preferred and shall propose, as applicable, terms and conditions developing markets for solving congestion and voltage issues, unless otherwise concluded by assessment conducted by a national regulatory authority. In the case rules-based principles are applied for specific type of system users, systems operators may propose market-based local services for customers and resources not addressed in rules-based mechanism.
- (26) Activation in the context of rules for market design is understood as the communication to SPs of the balancing or local market results, not as the 'technical activation' / sending the set point or steering signal to SPU or CU, that will follow the market result communication.
- (27) When this Regulation refer to procurement of services it means the entire process which leads to the purchase of balancing or local services. This includes various steps, organised in different timeframes, such as: identifying requirements for a service, tendering/call for bids (in an exchange-like market-place or without one), necessary contracts and organised short term (daily, intraday) markets.
- (28) Market-based procurement is understood as a mechanism whereby the needs from systems operators are matched with bids priced by service provider. Market-based procurement can also be established under the basis of mandatory participation of certain system users to a market or by a tender. The remuneration may be determined by a market-mechanism (supply versus demand) pay as bid or pay as cleared. There may be mechanisms to ensure cost-efficiency of market-based procurement.
- (29) Local products to solve congestions may be used to also solve voltage issues, without impairing the systems operators right to employ other options to control voltage.
- (30) Member States prescribe how distribution and transmission system operators should connect customers or group of customers to the grid. This includes connection conditions applicable to the access to network capacity, as conditions for guaranteed capacity or firm connection.
- (31) Following applicable national rules, transmission and distribution system operators may have a series of options to handle congestions and voltage issues, such as network reinforcement, market-based procurement of local services to solve congestion and voltage issues, flexible connection agreements or simply a limitation to the connection of customers affecting both transmission and distribution customers. Limits to the connection in a certain distribution grid may be due to congestion and voltage issue in over-laying grids and may be set through contractual agreements between systems operators.
- (32) If transmission and distribution system operators in a Member State are enabled to

connect more customers than supported by their grid capacity or their contractual agreements with overlaying system operators, they assess the effective and efficient solution at their hands in line with the national applicable rules, as for example flexible connection agreements or the procurement of local services to solve congestion and voltage issues.

- (33) In this context, this Regulation states the need and the rules for coordination principles for transmission and distribution system operators to assess and choose, in the operational planning framework, the most effective and economically efficient option or combination of options at its hands, pursuant to the applicable regulatory framework, to solve existing and forecasted congestion and voltage issues.
- (34) Third party access to the network is implemented by Member States pursuant to Article 6 and Article 59(7) of Directive (EU) 2019/944. In line with Directive 2019/944 as changed with Union's electricity market design, 2023/007(COD), Member States shall develop a framework for transmission system operators and distribution system operators to offer the possibility of establishing flexible connection agreements in those areas where there is limited or no network capacity availability for new connections. Consequently, transmission and distribution network operators develop flexible connection agreements following the national applicable framework.
- (35) In line with the Directive 2019/944 as changed with Union's electricity market design, 2023/007(COD), customers connected by flexible connection agreements shall be required to install a power control system. A power control system in the context of flexible connection agreements means a system or device, which can control or limit the power flows of the controlled facility, to ensure compliance with the performances required and certified in line with the applicable national framework. If required, the power control system should be able to receive or send information.
- (36) In the context of flexible connection agreements, 'maximum firm injection and withdrawal of electricity' is a fraction of the capacity specified in the connection agreement that can be injected or withdrawn without restrictions.
- (37) In the context of flexible connection agreements, 'additional flexible injection and withdrawal capacity' is a fraction of the capacity specified in the connection agreement that may be limited or controlled following the mechanisms in the national framework for flexible connection agreements.
- (38) The framework for the applicability of flexible connection agreement to system users being regulated at national level, this Regulation develops high level principles to transmission and distribution system operators on the use flexible connection agreements to ensure that markets are not unduly distorted. This Regulation aims to clarify interactions between flexible connection agreements and markets in cases where the activation of flexible connection agreements takes place outside of the national congestion management markets.

- (39) According to Directive 2019/944 as changed with Union's electricity market design, 2023/007(COD) the customers connected with a flexible connection agreement shall be equipped with power control system.
- (40) When solving congestions and voltage issues, transmission and distribution system operators can apply grid technical measures, like topological changes, transformer tap-changes, modifying set-points of grid elements, switching on and off capacitors, scheduling unavailability of grid elements or other measures. These measures may be costly or non-costly for systems operators. If they are costly, the cost associated to these measures is typically covered as part of the operational costs of systems operators such as costs for works and maintenance crews, shortened maintenance period or earlier renewal of assets induced by increased manoeuvres or others.
- (41) This Regulation aims at facilitating value stacking through interoperable and coordinated solutions as well as enabling portability of products between markets. Value stacking can be employed by service providers to maximize the value of flexible units in their portfolio. Coordination is understood as the organisation of different markets to ensure market integrity and non-double activation for example when market participants place bids in several markets or when forwarding of bids is realised.
- (42) Market participants can trade their volumes in long-term, day-ahead, intraday or continuous market process, pursuant to Commission Regulation (EU) 2015/1222 and Commission Regulation (EU) 2016/1719. Additionally, market participants may become service providers in balancing markets developed pursuant to Commission Regulation (EU) 2017/2195. This Regulation states principles applicable for the use of bids and for the coordination for those markets and the local markets.
- (43) When the national regulatory authority is approving additional product attributes for congestion management according to Article 58 (List of attributes) of this Regulation, the process should be simple, fast and transparent and should not limit the development of new products and services.
- (44) This Regulation concerns systems operators' storages that are not fully integrated network component.
- (45) In accordance with Articles 36 and 54 of Directive (EU) 2019/944, Member States may grant derogation for systems operators to own, develop, manage, or operate energy storage facilities where they are fully integrated network components, and the regulatory authority has granted its approval.
- (46) This Regulation sets out specific conditions under which other derogations may be granted, in particular, where other parties have not been awarded rights to the facilities through a transparent tendering process reviewed by the regulatory authority, or if these parties cannot deliver the services at a reasonable cost and timely manner.
- (47) In addition, public consultation on the existing energy storage facilities in regular

intervals by the competent regulatory authority will help to monitoring the developments and potential availability and interest of third party in investing by third party in such facilities. Additionally, if such interest is present this public consultation may concern selling the storage asset, removing it from systems operators' facilities if the storage asset is installed in system operators' premises, and handing it over to third party.

- (48) According to Article 32 of Directive (EU) 2019/944, distribution system operators have to cost-efficiently integrate new electricity generation, especially installations generating electricity from renewable sources, storages and new loads including charging points for electric vehicles or heat pumps. For that purpose, distribution system operators, at national level, shall introduce transparent distribution network development plan ('DNNDP'), including methodology and scenarios and/or assumptions to identify network development projects making sure that the provided description is comprehensible for stakeholders. For projects based on local services, all available information about the predicted need for such services that may be of use for current and future service providers shall be provided, including when, where and which volumes are assumed to be needed. The DNNDP shall be consulted with relevant system users and the relevant transmission and distribution system operators in a transparent manner.
- (49) Strengthening the internal energy market and achieving the climate and energy transition objectives require a substantial upgrade of the Union's electricity network to be able to host vast increases of renewable capacity, with weather-dependent variability in generation amounts and changing electricity flow patterns across Europe, as well as new demand such as electric vehicles and heat pumps. Investments in grids, within and across borders, are crucial to the proper functioning of the internal market, including security of supply. This is necessary to integrate renewable energy and demand in a context where these locate further apart than in the past, and ultimately to delivery on the Union climate and energy targets.
- (50) The accelerated deployment of renewables necessitates a growing availability of flexibility solutions to ensure their integration to the grid and to enable the electricity system and grid to adjust to the variability of electricity generation and consumption across different time horizons.
- (51) Network investments are crucial for attaining both the European Union and national targets concerning decarbonisation, electrification and net-zero objectives. In order to achieve these goals, it is necessary to take into account anticipatory investments in the network development plans as defined in EU Grid Action Plan. While anticipatory investments are meant to proactively address expected developments, it is essential to acknowledge the inherent challenge of predicting future developments with exactitude. Nowadays, every investment in the energy system is considered essential for facilitating

the transition. The key distinction lies in the timing of utilisation, with anticipatory investments usually realising their full potential at a later stage compared to regular investments. With the latter, customers are kept waiting for grid capacity to achieve connection.

- (52) TSOs and DSOs within Member State should ensure that their development plans are consistent, coordinated and properly aligned to enable implementation of the regulations introduced by this Regulation. In addition, they should ensure that the necessary information is exchanged during the planning processes to determine the network investment needs. Coordination should ensure that necessary data used during the planning process is exchanged between TSOs and DSOs and reconciled when relevant to the process.
- (53) Local services may be used to alleviate or postpone the need to reinforce, or expand the grid, or enable the connection of new distributed energy resources to the system, or provide a solution until a decided grid reinforcement project is completed, where local services are considered cost-efficient and if they fully ensure system security and the fulfilment of the quality parameters of the supplied and injected electricity to the extent permitted by national regulations.
- (54) In Commission Regulation (EU) 2017/1485, “observability areas” are defined for TSO. In this Regulation, “DSO observability areas” are defined for the purpose of clarifying data exchange scope and scope of coordination. In this Regulation, “DSO observability areas” includes the own DSO grid and also necessary parts of other operator grids with a significant influence.
- (55) This Regulation provides requirements for two coordination mechanisms: grid prequalification and short-term procedure to set temporary limits. Both are in line with DSO rights in Commission Regulation (EU) 2017/1485 to set up limits to reserve providing units (RPUs) and reserve providing groups (RPGs) to participate in balancing services. This Regulation extends the concept of grid prequalification in Article 182(4) Commission Regulation (EU) 2017/1485 and of temporary limits in Article 182(5) Commission Regulation (EU) 2017/1485 to local services as well as it develops requirements of particular interest specially in the context of provision of services by SPGs aggregating CUs.
- (56) In case grid prequalification and short-term temporary limits are applied at national level, system operators are entitled to set short-term temporary limits even when a grid prequalification is approved or conditionally approved.
- (57) In case at national level the service providers are responsible for applying the temporary limits, service providers -as well as other parties, as applicable- are informed on the limits temporary applied to their portfolios or units, before balancing capacity and balancing energy bids are processes and with sufficient time for the service providers to be capable to translate the temporary limits in their portfolio.

- (58) Provisions from Title VIII in this Regulation do not replace but complement information exchange requirements from SP that are SGU in line with the Commission Regulation (EU) 2017/1485 and its national implementation. Title VIII provision mandate CU/SPU/SPG that do not already have a mandate according to the Commission Regulation (EU) 2017/1485 and its national implementation, to provide information exchange. Real time means, in the context of this Regulation, a short time period, usually down to seconds or up to Imbalance settlement period in the national market and is related to near real time data in Directive (EU) 2019/944.
- (59) In each Member State, grid users have a set mandatory technical requirements for the voltage control, including reactive power capacities.
- (60) Voltage control services aim to provide reactive power from SPU/SPG to keep quality of supply by keeping voltage of the network in its operational limits, also in accordance with article 29(5) of Regulation (EU) 2017/1485.
- (61) Mandatory reactive power capacities include the set of capacities and requirements for grid users concerning the ability to consume/produce reactive power to provide voltage control as are defined in the national implementation of Regulation (EU) 2016/631, Commission Regulation (EU) 2016/1447, and Commission Regulation (EU) 2016/1388, or other national codes/requirements or the connection agreement. The mandatory capacities might or not include an economic compensation, and they are out of the scope of this Regulation. The management of mandatory reactive power capacities should not have significant impact on the active power provided from SPUs.
- (62) In each Member State, grid users have a set mandatory technical requirements for the voltage control, including reactive power capacities, whose procurement might be under ruled or market-based mechanisms. Mandatory requirements and the coordination between TSO-DSO pursuant to Regulation (EU) 2017/1485 are out of scope of this Regulation.
- (63) System operators shall ensure that reactive power exchanges on TSO-DSO points remain within boundaries in accordance with Article 15 of Commission Regulation (EU) 2016/1388 and Article 29 of Commission Regulation (EU) 2017/1485.

TITLE I  
**GENERAL PROVISIONS**

*Article 1*

**Subject matter**

1. This Regulation establishes a network code which lays down the requirements in relation to demand response, energy storage, distributed generation, and demand curtailment rules, including rules on aggregation, to contribute to market integration, non-discrimination, effective competition, and the efficient functioning of the market pursuant to Article 59(1) of Regulation (EU) 2019/943.
2. This Regulation also lays down the obligations for ensuring that resources and service providers have access to the electricity markets in accordance with the principles regarding the operation of electricity markets pursuant to Article 3 of Regulation (EU) 2019/943. This Regulation also facilitates the procurement of the relevant services by the systems operators for the operation and planning of the Union electricity network.

*Article 2*

**Definitions**

For the purposes of this Regulation, the definitions in Article 2 of Directive (EU) 2019/944 of the European Parliament and of the Council, Article 2 of Regulation (EU) 2019/943, Article 2 of Commission Regulation (EU) 2015/1222, Article 2 of Commission Regulation (EU) 2016/631, Article 2 of Commission Regulation (EU) 2016/1388, Article 3 of Commission Regulation (EU) 2017/1485, Article 2 of Commission Regulation (EU) 2017/2195, and Article 2 of Commission Implementing Regulation (EU) 2023/1162 and the definitions stemming from the implementing acts pursuant to article 24 of Directive (EU) 2019/944 shall apply.

In addition, the following definitions shall apply:

- (1) ‘Metering point’ means a physical location where the withdrawal or injection of electrical quantities is measured or calculated.
- (2) ‘Accounting point’ means a metering point or virtual metering point under balance responsibility of an entity where the energy supply is provided by an energy supplier, the settlement is performed and where energy supplier change can take place.
- (3) ‘Connection agreement point’ means a point electrically closest to the connecting system

operator's grid, and where one or more meters are located as defined in the connection agreement signed between the customer and the connecting systems operator or another party on behalf of the connecting system operator.

- (4) 'Submeter' means a regulated metering device on customer's side, without its own connection agreement, which is placed behind the meter of the connection point with the transmission or distribution system operator as is defined in the connection agreement.
- (5) 'Baseline' means a counterfactual reference about the electrical quantities that would have been withdrawn or injected if there had been no activation of any balancing or local services.
- (6) 'Congestion issue' means a situation when the electric current flow through a physical asset exceeds operational limits applied by systems operators in line with their national framework.
- (7) 'Voltage issue' means a situation when voltage is above, or below operational limits applied by systems operators in line with their national framework.
- (8) 'Local markets' are markets to solve congestion issue or voltage issue in the transmission or distribution network within a same bidding zone.
- (9) 'Local services' are products procured by systems operators in local markets.
- (10) 'DSO observability areas' means the area constituted by DSO's own network elements, system user installations that might significantly affect existing or forecasted congestion issues or voltage issues in the DSO network. One DSO observability areas may cover parts of the grids from other systems operators and overlap with other DSO observability areas linked to different issues.
- (11) 'Connecting system operator' means in this Regulation the DSO or TSO responsible for the grid to which a system user or controllable unit is connected.
- (12) 'Requesting system operator' means the DSO or TSO requesting data or remedial action.
- (13) 'Procuring system operator' means the DSO or TSO procuring balancing or local services.
- (14) 'Affected system operator' means any DSO or TSO significantly affected by congestion or voltage issues on the grid of another systems operator, or significantly affected by balancing and local services bids from SPU or SPG connected to another systems, or whose grid may provide solutions to these issues, or whose data on the grid or the grid users are necessary to forecast, detect or solve such issues,
- (15) 'Flexibility register' means an information system to record the registration, SP qualification, product prequalification, product verification and grid prequalification for the

provision of balancing and local services and to make available to entitled actors data for such participation.

- (16) ‘CU module’ means a functional building block of a ‘flexibility register’ that contains, manages, and makes available data about controllable units. There may be a one or multiple CU modules per Member State.
- (17) ‘SP module’ means a functional building block of a ‘flexibility register’ that contains, manages, and makes available data about SPs, SPGs, SPUs, and CU Operators. There may be a one or multiple SP modules per Member State.
- (18) ‘Single and common front-door’ means the single access point at least per Member State for service providers and other entitled actors for the accessibility to the flexibility register.
- (19) ‘Controllable unit’ or ‘CU’, means a single technical resource or an ensemble of technical resources behind the same single accounting point, if these technical resources are commonly controlled.
- (20) ‘Small controllable unit’ or ‘small CU’ means a controllable unit with an installed capacity lower than 25 kVA unless otherwise specified in the national terms and conditions for service providers.
- (21) ‘Technical resource’ means a distributed generation resource or an individual energy storage unit, or a demand unit or any other consumption device.
- (22) ‘Transfer of energy services’ is a service to subtract or add energy to the position of BRPs based on quantification of the activated controllable units being part of a SPU or SPG in order to deliver other wholesale energy products.
- (23) ‘Transfer of energy service provider’ or ‘TSP’ – means a service provider which provides transfer of energy services from at least one SPU or SPG.
- (24) ‘Service provider’ or ‘SP’, means a market participant which has successfully passed SP qualification to supply local or balancing services from at least one SPU or SPG.
- (25) ‘SP qualification’ means the process aiming at verifying the service provider’s capability to deliver a service fulfilling the criteria for market access.
- (26) ‘Service providing unit’ or ‘SPU’, means a single controllable unit or an ensemble of controllable units connected to the same single connection agreement point. SPU is defined by the service provider to provide balancing or local services or transfer of energy service.
- (27) ‘Service providing group’ or ‘SPG’, means an aggregation of controllable units connected

to more than one connection agreement point within the same scheduling area. SPG is defined by the service provider to provide balancing or local services or transfer of energy service.

- (28) 'Grid prequalification' means the procedure to verify by the connecting and affected systems operators the compatibility of a CU, an SPU or an SPG with the safety and operational conditions of connecting and affected grids.
- (29) 'Locational information' means geographical or topological information about the location of the accounting point or connection point in the grid.
- (30) 'Product prequalification process' means the procedure to verify the compliance of a potential SPU or SPG with the technical and the data exchange requirements, prior to participation, to provide balancing, congestion management or voltage control products.
- (31) 'Product verification' means the process after the delivery of services to verify the compliance of an SPU or SPG with the technical and data exchange requirements.
- (32) 'SP qualifying party' means a party responsible for qualifying a service provider for the delivery of a balancing, congestion management or voltage control service.
- (33) 'Product prequalifying party or "PPP"' means a party responsible for qualifying a SPU or SPG for the delivery of a particular product to the balancing, local market.
- (34) 'Table of equivalences' or 'ToEq', means a mechanism to simplify the participation of SPUs and SPGs in multiple balancing and local markets. It provides a single national point of reference to store a common list of products, their attributes, and requirements.
- (35) 'Activation test' means a test whereby the systems operator sends or simulates an activation signal as part of the product prequalification to ensure that in case of need the SPU or SPG can actually be activated, its capabilities meet the product requirements, and the relevant data can be exchanged.
- (36) 'Training test' means an optional end-to-end test that can be requested by the service provider from a systems operator or by a systems operator from the service provider to ensure a correct end-to-end operation of the systems in place. Training tests can be performed either one-time, periodically or on occasion.
- (37) 'Communication test' means a test whereby SP qualifying party sends test signals to the service provider under test conditions in order to verify service provider's compliance with the communication requirements.
- (38) 'Rebound effect' means the alteration of injection or withdrawal of electricity by a SPU or

SPG in the opposite direction to the activation before or after the activation period due to the provision of a local or balancing service.

- (39) ‘Compensation effect’ means the alteration of injection or withdrawal of other non-activated technical resources during the activation period of a local or balancing service, that counteracts the effects of the activation.
- (40) ‘Temporary qualification’ means the preliminary status granted to a SPU or SPG for provision of specific balancing or local services to allow their participation on the market until the product verification process is concluded.
- (41) ‘CU operator’ means a party responsible for controlling a single or multiple CUs. This can either be the flexible customer itself or a third party on behalf of the flexible customer.
- (42) ‘Flexible customer’ means a customer that contributes to or intends to contribute to the provision of services for systems operators or the provision of transfer of energy services via a service provider using CUs under his control.

### *Article 3*

#### **Scope of application**

1. The requirements set out in this Regulation shall apply to:
  - (a) transmission system operators (‘TSOs’), distribution system operators (‘DSOs’) including closed distribution system operators (CDSOs) to the extent they are responsible for the tasks set out in this Regulation pursuant to Article 38 of Directive (EU) 2019/944 and respective national legislation. Closed distribution systems shall be considered to be distribution systems for the purposes of this Regulation.
  - (b) regulatory authorities or, any other entity designated by the Member State (‘competent regulatory authority’). The designated entity shall be the regulatory authority pursuant to Article 57 of Directive (EU) 2019/944 unless otherwise provided by the Member State;
  - (c) the Agency for the Cooperation of Energy Regulators (‘ACER’), the European Network of Transmission System Operators for Electricity (‘ENTSO-E’), the European Distribution System Operators Entity (‘EU DSO Entity’);
  - (d) third parties to whom responsibilities have been delegated or assigned; and
  - (e) market participants, flexible customers and service providers for demand response including load, storage, and distributed generation whether aggregated or not.
2. The requirements set out in this Regulation shall apply to the cooperation and coordination

between transmission system operators and distribution system operators as provided in this Regulation, and between distribution system operators as provided for this Regulation in case it is not already covered by the applicable Union legislation.

#### Article 4

### **Objectives and regulatory aspects**

1. This Regulation aims at:
  - (a) setting out clear and objective principles for the development of rules regarding demand response, energy storage, distributed generation and demand curtailment, including rules on aggregation.
  - (b) respecting the principles of non-discrimination and technology neutrality, whilst having due regard to the particularities of demand response, energy storage, distributed generation and demand curtailment including aggregation, and the potential needs resulting thereof for adapting current and future rules.
  - (c) contributing to market integration, non-discrimination, effective competition and the efficient functioning of the market, while not endangering the secure operation of the power system.
  - (d) ensuring access of all available resources to all electricity markets, including for balancing, congestion management and voltage control, in accordance with the principles regarding its operation pursuant to Article 3 of the Regulation (EU) 2019/943.
  - (e) removing all undue barriers for the participation of these resources in all electricity markets, and establishing European principles for the assessment of the need for, the market-based procurement of and the use of local services;
  - (f) establishing clear, digital and streamlined processes, roles and responsibilities on a European level, where relevant;
  - (g) being in line with or complementing the relevant Union legislation.
2. When applying the provisions of this Regulation, Member States, competent regulatory authorities and systems operators shall:
  - (a) apply the principles of proportionality and non-discrimination;
  - (b) ensure transparency;
  - (c) apply the principle of optimization between the highest overall efficiency and lowest total costs for all parties involved, including different types of grid users and taking into account uncertainty about future needs;
  - (d) respect the tasks and responsibilities assigned to the systems operators defined in Union

legislation;

- (e) consult with relevant stakeholders and take account of potential impacts on their system; and
- (f) take into consideration the European standards and European technical specifications.

<b>DSO ENTITY Option</b>	<b>ENTSO-E Option</b>
<p style="text-align: center;"><i>Article 5</i></p> <p style="text-align: center;"><b>National process to develop national terms and conditions</b></p> <ol style="list-style-type: none"> <li>1. By three months after entry into force of this Regulation, all systems operators shall jointly submit to the competent regulatory authority a proposal for a national process to jointly develop common proposals for national terms and conditions referred to in Article 6 (Common proposals for national terms and conditions) and involve stakeholders.</li> <li>2. The competent regulatory authority shall consult all systems operators in case it revises the proposal for the national process to develop common national terms and conditions as submitted by the systems operators pursuant to paragraph 1.</li> <li>3. The competent regulatory authority shall approve the national process to develop common national terms and conditions within two months following the receipt of the proposal pursuant to paragraph 1.</li> <li>4. In Member States with many DSOs and/or several TSOs, the TSOs and DSOs shall enable swift decision-</li> </ol>	<p style="text-align: center;"><i>Article 5</i></p> <p style="text-align: center;"><b>National process to develop national terms and conditions</b></p> <ol style="list-style-type: none"> <li>1. By two months following the entry into force of this Regulation, each Member State shall decide on a national process establishing how systems operators develop the common proposals for national terms and conditions referred to in Article 7 (Approval of common proposals for national terms and conditions) of this Regulation.</li> <li>2. For the purpose of paragraph (1), each Member State may decide to:               <ol style="list-style-type: none"> <li>(a) establish the national process in its legislation; or</li> <li>(b) empower the competent national regulatory authority to establish that national process; or</li> <li>(c) not exercise the rights referred to in points (a) or (b) above.</li> </ol> </li> <li>3. The decision of the Member State shall be made publicly available.</li> <li>4. In the cases provided for in paragraph 2(a) or (b), the national process shall be in place three months after the Member State's decision. In the case</li> </ol>

<p>making in drafting the proposals for common national terms and conditions and for the efficient work environment among TSOs and DSOs.</p> <p>5. The national process to develop common national terms and conditions pursuant to paragraph 1 shall specify at least the following:</p> <p>(a) the roles and responsibilities of systems operators for the development and the amendment of the proposals for national terms and conditions according to Article 6 (Common national terms and conditions) and Article 8 (Amendments to common national terms and conditions);</p> <p>(b) the process to involve all systems operators in the development and amendments process of the common national terms and conditions and a process to follow if all systems operators do not reach an agreement or fail to jointly submit an initial or amended common proposal for national terms and conditions to the competent regulatory authority in accordance with Article 6 (Common national terms and conditions) and Article 8 (Amendments to common national terms and conditions) within the deadlines set out in this Regulation;</p> <p>(c) the process to establish a permanent stakeholder forum in each Member State with the aim of cooperating with relevant stakeholders during</p>	<p>provided for in paragraph 2(c), or in the case of no decision by the Member States in the deadline indicated in paragraph 1, systems operators shall jointly submit to the competent national regulatory authority a proposal for the national process by three months after the Member State's decision.</p> <p>5. In the case provided for in paragraph 2(c), the competent national regulatory authority shall consult systems operators in case it revises the proposal for the common proposals for national terms and conditions within two months of its submission pursuant to paragraph 4.</p> <p>6. In the case provided for in paragraph 2(c), the competent national regulatory authority shall approve the national process to develop common proposals for national terms and conditions referred to in paragraph 1 within two months of its submission by the systems operators or within two months from the public consultation.</p> <p>7. The national process to develop common proposals for national terms and conditions referred to in paragraphs 1 and 2 shall specify at least the following:</p> <p>(a) the roles and responsibilities for the development and the amendment of the common proposals for national terms and conditions referred to in Article 6 (Common proposals for national terms and conditions) and Article 8 (Amendments to national terms and conditions);</p>
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the development and the amendment process of the proposals for common national terms and conditions referred to in Article 6 (Common national terms and conditions) and Article 8 (Amendments to common national terms and conditions), taking into account Article 13 (Public consultation for common proposals for national terms and conditions);

(d) a procedure to amend this national process to develop common national terms and conditions.

7. If the systems operators fail to jointly submit a proposal for the national process to develop common national terms and conditions pursuant to paragraph 1, the competent regulatory authority shall decide and approve the national process to jointly develop common national terms and conditions referred to in Article 6 (Common proposals for national terms and conditions).

(b) the process to involve systems operators into the common development and amendments of proposals for national terms and conditions and the process to follow if systems operators do not reach an agreement or fail to jointly submit an initial or amended proposal for national terms and conditions to the competent national regulatory authority in accordance with Article 6 (Common proposals for national terms and conditions) and Article 8 (Amendments to national terms and conditions) within the deadlines set out in this Regulation;

(c) the process to involve the relevant stakeholders during the development of the common proposals for national terms and conditions referred to in Article 6 (Common proposals for national terms and conditions) and Article 8 (Amendments to national terms and conditions), taking into account Article 13 (Public consultation for common proposals for national terms and conditions) of this Regulation;

(d) a procedure to amend this national process.

#### *Article 5A*

#### **Update of existing local markets**

1. Pursuant to a request from the competent regulatory authority, in Member States where existing local

	<p>markets are in place and national terms and conditions have already been approved by the competent authority, systems operators shall submit to the competent authority an assessment on the effectiveness, efficiency and compliance with this Regulation of the existing rules.</p> <p>2. When updating the existing terms and conditions, the competent authority shall take the assessment into account and shall request systems operators to follow the process in Articles 13 (Public consultation for common proposals for national terms and conditions) to 8 (Amendments to common national terms and conditions) of this Regulation or to follow the applicable national process. In any case, updates for existing terms and conditions shall be subject to public consultation for a period of not less than one month.</p>
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<b>DSO ENTITY Option</b>	<b>ENTSO-E Option</b>
<p style="text-align: center;"><i>Article 6</i></p> <p style="text-align: center;"><b>Adoption of common national terms and conditions</b></p> <p>1. Within eighteen months after the approval of the national process pursuant to Article 5 (National process to develop national terms and conditions) of this Regulation all systems operators shall develop joint proposals for the common national terms and conditions listed in</p>	<p style="text-align: center;"><i>Article 6</i></p> <p style="text-align: center;"><b>Common proposals for national terms and conditions</b></p> <p>1. Systems operators shall develop common proposals for the national terms and conditions listed in Article 7(3) (Approval of common proposals for national terms and conditions) of this Regulation and jointly submit them for approval to the competent national regulatory authority within</p>

<p>paragraph 4 and jointly submit them for approval to the competent regulatory authority.</p> <ol style="list-style-type: none"> <li>2. The jointly submitted proposals for common national terms and conditions shall include a proposed timescale for their implementation and shall be accompanied by description of their expected impact on the objective of this Regulation.</li> <li>3. All systems operators shall closely cooperate and follow the national process to develop common national terms and conditions pursuant to Article 5 (National process to develop national terms and conditions).</li> <li>4. The proposal or proposals for the following common national terms and conditions and any amendments thereof shall be subject to approval by the competent regulatory authority: <ol style="list-style-type: none"> <li>(a) the terms and conditions establishing the processes for the definition, calculation and validation of baseline methods for local services and transfer of energy services pursuant to Article 25 (General principles for baselining methods);</li> <li>(b) the terms and conditions for aggregation models pursuant to Article 19.0 (Aggregation models), 20(b) (Transfer of energy services), 21 (Roles and responsibilities of market participants and systems operators related to aggregation</li> </ol> </li> </ol>	<p>eighteen months following the approval of the national process to develop common proposals for national terms and conditions referred to in Article 5 (National process to develop national terms and conditions) of this Regulation.</p> <ol style="list-style-type: none"> <li>2. The common proposals for national terms and conditions shall include a proposed timescale for their development and shall be accompanied by a description of their expected impact on the objectives of this Regulation.</li> <li>3. Systems operators shall closely cooperate and follow the national process to develop common proposals for national terms and conditions pursuant to Article 5 (National process to develop national terms and conditions).</li> <li>4. Systems operators may develop the proposals for requirements listed in article 7(3) (Approval of common proposals for national terms and conditions) as follows: <ol style="list-style-type: none"> <li>(a) in the form of terms and conditions per service or,</li> <li>(b) in the form of terms and conditions per subject as listed in article 7(3) (Approval of common proposals for national terms and conditions), applicable to all relevant services, or</li> <li>(c) as several separate proposal covering specific subjects as listed in article 7(3).”</li> </ol> </li> </ol>
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models and quantification methods), 25 (General principles for baselining methods) and 27.b (Settlement related data exchange);

(c) the terms and conditions concerning the flexibility register pursuant to Article 45a (National terms and conditions for the flexibility register);

(d) the terms and conditions for service providers in accordance with Article 45 (National terms and conditions for service providers);

(e) the terms and conditions for the Table of Equivalences pursuant to Article 46 (Table of Equivalences).

(f) the terms and conditions developing for local market design for local services in accordance with Article 48 (National terms and conditions for market design for local services through active power); and

(g) the terms and conditions for TSO-DSO and DSO-DSO coordination in accordance with Article 69 (National implementation and condition for coordination).

5. The competent regulatory authority shall take decisions concerning the submitted proposals for common national terms and conditions in accordance with paragraph 1 within

<p>six months following the receipt of the proposal of the common national terms and conditions.</p> <p>6. Before approving, the competent regulatory authority shall consult all systems operators and relevant stakeholders in case it revises the proposal or proposals for the common national terms and conditions as submitted by the systems operators pursuant to paragraph 1, to ensure that they are in line with the purpose.</p> <p>7. System operators shall publish the common national terms and conditions on their website after approval by the competent regulatory authority.</p>	
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<b>DSO ENTITY Option</b>	<b>ENTSO-E Option</b>
<p><i>Article 7</i></p> <p>[Merged with Art 6]</p>	<p><i>Article 7</i></p> <p><b>Approval of common proposals for national terms and conditions</b></p> <ol style="list-style-type: none"> <li>1. The competent national regulatory authority shall be responsible for approving the common proposals for national terms and conditions referred to in paragraph 3 as well as for approving the updates of terms and conditions for existing local markets referred to in Article 5A (Update of existing local markets).</li> <li>2. Before approving, the competent national regulatory authority shall consult systems operators in case it revises the proposal or proposals for the national terms and conditions, in</li> </ol>

order to ensure that they are in line with the purpose of this Regulation.

3. The common proposal or proposals for the following national terms and conditions and any amendments thereof shall be subject to approval by the competent national regulatory authority:

(a) the terms and conditions establishing the processes for the definition, calculation and validation of baseline methods for local services and transfer of energy services pursuant to Article 25 (General principles for baselining methods);

(b) the terms and conditions for aggregation models pursuant to Article 19.0 (Aggregation models), 20(b) (Transfer of energy services), 21 (Roles and responsibilities of market participants and systems operators related to aggregation models and quantification methods), 25 (General principles for baselining methods) and 27.b (Settlement related data exchange) of this Regulation;

(c) the terms and conditions concerning the flexibility register pursuant to Article 45a (National terms and conditions for the flexibility register) of this Regulation;

(d) the terms and conditions for local service providers in accordance with Article 45 (National terms and conditions for service providers);

(e) the terms and conditions for the Table of Equivalences pursuant to

Article 46 (Table of Equivalences) of this Regulation.

(f) the terms and conditions developing local services in accordance with Article 48 (National terms and conditions for market design for local services through active power) of this Regulation; and

(g) the terms and conditions for TSO-DSO and DSO-DSO coordination in accordance with Article 69 (National implementation and condition for coordination) of this Regulation.

4. The competent national regulatory authority shall take decisions concerning the submitted common proposals for national terms and conditions in accordance with paragraph 3 within six months following the receipt of the common proposals for national terms and conditions.

*Article 7b*

**Stakeholder involvement**

1. The competent national regulatory authority, in close cooperation with systems operators responsible for the development the common proposal pursuant to Article 5 (National process to develop national terms and conditions), shall organise stakeholder involvement regarding the implementation of this Regulation. Such involvement shall include regular meetings with

	stakeholders to identify problems and propose improvements related to the subject scope of this regulation.
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DSO ENTITY Option	ENTSO-E Option
<p style="text-align: center;"><i>Article 8</i></p> <p style="text-align: center;"><b>Amendments to common national terms and conditions</b></p> <ol style="list-style-type: none"> <li>1. In the event that the competent regulatory authority requests an amendment to any of the approved common national terms and conditions submitted in accordance with Article 6(1) (Common proposals for national terms and conditions), all systems operators shall jointly submit a proposal for the amended common national terms and conditions before the deadline defined in the request from the competent regulatory authority. The competent regulatory authority shall decide on the amended common national terms and conditions within two months following their submission.</li> <li>2. The proposals for amendment to the common national terms and conditions referred to in paragraph 1 shall be submitted to consultation in accordance with the procedure set out in Article 13 (Public consultation for common proposals for national terms and conditions) and approved in accordance with Article 6</li> </ol>	<p style="text-align: center;"><i>Article 8</i></p> <p style="text-align: center;"><b>Amendments to common proposals for national terms and conditions</b></p> <ol style="list-style-type: none"> <li>1. In the event that the competent national regulatory authority requests an amendment to any of the approved national terms and conditions submitted in accordance with Article 6(1) (Common proposals for national terms and conditions), systems operators which submitted the common proposal in accordance with the process established in Article 5 (National process to develop national terms and conditions) shall submit a common proposal for amended national terms and conditions before the deadline defined in the request from the competent national regulatory authority which shall be no less than two months. The competent national regulatory authority shall decide on the amended proposal for national terms and conditions within six months following their submission.</li> <li>2. Systems operators responsible for developing common proposals for national terms and conditions may</li> </ol>

<p>(Approval of national terms and conditions).</p>	<p>propose amendments to any approved proposals for national terms and conditions to the competent national regulatory authority.</p> <p>3. The common proposals for amendment to the national terms and conditions referred to in paragraphs 1 and 2 shall be submitted to consultation in accordance with the procedure set out in Article 13 (Public consultation for common national terms and conditions) and approved in accordance with Article 7 (Approval of common proposals national terms and conditions).</p>
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### *Article 9*

#### **Development and Approval of Union-wide terms and conditions or methodologies**

1. ENTSO-E and EU DSO Entity shall develop the proposals for the following Union-wide terms and conditions or methodologies within 12 months after entry into force of this Regulation:
  - (a) the proposal for the list of attributes of local products in accordance with Article 58 paragraph 1 (List of attributes).
  - (b) proposal for Union-wide terms and conditions and methodology specifying technical requirements for DMDs in accordance with Article 33A (Framework for the validation and quality of DMD data) paragraph 5.
  
2. In case the relevant monitoring report drafted pursuant to Articles 83 (Monitoring reports) and 84 (Harmonisation) identifies the need for harmonisation, ENTSO-E and EU DSO Entity shall develop the proposals for the following Union-wide terms and conditions or methodologies:
  - (a) the proposal for a harmonised aggregation models in accordance with Article 84 (Harmonisation); and
  - (b) the proposal for simplified product prequalification processes, including the identification of cases where product prequalification can be replaced by ex-post verification in accordance with Article 84 (Harmonisation).

3. When developing the Union-wide terms and conditions or methodologies pursuant to paragraph 1 and 2, ENTSO-E and EU DSO Entity shall closely cooperate and regularly inform ACER about the progress of developing the Union-wide terms and conditions or methodologies. ENTSO-E and EU DSO Entity shall submit the Union-wide terms and conditions or methodologies for approval to ACER.
4. If ENTSO-E and the EU DSO Entity do not reach an agreement or fail to submit an initial or amended proposal for Union-wide terms and conditions or methodologies to ACER pursuant to paragraph 1 and 2 within the deadlines set out in this Regulation, they shall provide ACER with the relevant drafts of the proposals for the Union-wide terms and conditions or methodologies and explain what has prevented an agreement. ACER shall take the appropriate steps for the adoption of the required Union-wide terms and conditions or methodologies, for instance by requesting amendments or revising and completing the drafts pursuant to this paragraph, including where no drafts have been submitted.
5. Without prejudice to paragraph 1 and 2, All TSOs shall develop a proposal for Union-wide terms and conditions or methodologies for the harmonisation of processes for the prequalification of standard balancing products pursuant to Article 35 (Provisions for prequalification for standard and specific balancing products) and submit them for approval to ACER within the timeline specified in Article 35(Provisions for prequalification for standard and specific balancing products).
6. ACER shall be responsible for approving the Union-wide terms and conditions or methodologies referred to in paragraph 1,2 and 5 and any amendment thereof.
7. Before approving the Union-wide terms and conditions or methodologies, ACER shall revise the proposals where necessary, after consulting ENTSO-E and EU DSO Entity, respectively all TSOs for terms and conditions or methodologies to be developed by TSOs, in order to ensure that they are in line with the purpose of this Regulation.
8. The proposals for Union-wide terms and conditions or methodologies shall include a proposed timescale for their implementation and shall be accompanied by a description of their expected impact on the objectives of this Regulation.
9. ACER shall take decisions concerning the submitted Union-wide terms and conditions or methodologies in accordance with paragraphs 1, 2 and 5 within 6 months following the receipt of the Union-wide terms and conditions or methodologies.

*Article 11*

**Amendments to Union-wide terms and conditions or methodologies**

1. In the event that ACER requests an amendment to the approved Union-wide terms and conditions or methodologies submitted in accordance with Article 9 (Development and Approval of Union-wide terms and conditions or methodologies), ENTSO-E and EU DSO Entity shall submit a proposal for amended terms and conditions or methodologies for approval within the deadline defined in request from ACER. ACER shall decide on the amended Union-wide terms and conditions or methodologies within 2 months following their submission.
2. ENTSO-E and EU DSO Entity responsible for developing a proposal for Union-wide terms and conditions or methodologies may propose amendments to the approved Union-wide terms and conditions or methodologies to ACER.
3. The proposals for amendment to the Union-wide terms and conditions or methodologies referred to in paragraphs 1 and 2 shall be submitted to consultation in accordance with the procedure set out in Article 14 (Public consultation for Union-wide terms and conditions or methodologies) and approved in accordance with Article 9 (Development and Approval of Union-wide terms and conditions or methodologies).

*Article 12*

**Publication of Union-wide terms and conditions or methodologies on the internet**

ENTSO-E and EU DSO Entity shall publish the Union-wide terms and conditions or methodologies on the internet after approval by ACER.

<b>DSO ENTITY Option</b>	<b>ENTSO-E Option</b>
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*Article 13*

**Public consultation for common proposals for national terms and conditions**

1. All systems operators jointly submitting proposals for the common national terms and conditions or their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of the Member State, on the draft proposals for common national terms and conditions listed in Article 6(4). The public consultation shall last for a period of not less than one month.
2. All systems operators developing the proposal for the common national terms and conditions shall duly consider the views of stakeholders resulting from the consultations prior to its submission for regulatory approval. In all cases, a sound justification for including or not the views resulting from the consultation shall be provided together with the submission of the proposal to the competent regulatory authority for approval and published in a timely manner before, or simultaneously with the submission for approval of the proposal for common national terms and conditions.

*Article 13*

**Public consultation of common proposals for national terms and conditions**

1. Systems operators responsible for submitting common proposals for the national terms and conditions or their amendments in accordance with the national process established pursuant to Article 5 (National process to develop national terms and conditions) of this Regulation shall consult stakeholders, including the relevant authorities of the Member State, on the draft proposals for national terms and conditions listed in Article 7(3) (Approval of common proposals for national terms and conditions) of this Regulation. The public consultation shall last for a period of not less than one month.
2. Systems operators, responsible for developing the common proposals for national terms and conditions shall duly consider the views of stakeholders resulting from the consultations prior to its submission for regulatory approval. In all cases, a sound justification for including or not the views resulting from the consultation shall be provided together with the submission of the proposal to the competent national regulatory authority for approval and published in a timely manner before, or simultaneously with the submission for approval of the proposal for terms and conditions.

#### *Article 14*

### **Public consultation for Union-wide terms and conditions or methodologies**

1. ENTSO-E and the EU DSO Entity or where relevant all TSOs, responsible for submitting proposals for the Union-wide terms and conditions or methodologies and their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of each Member State, on the draft proposals for the Union-wide terms and conditions or methodologies listed in Article 9 (Development and Approval of Union-wide terms and conditions or methodologies). The public consultation at Union level shall last for a period of not less than 1 month.
2. ENTSO-E and the EU DSO Entity, or where relevant all TSOs, responsible for developing the proposal for the Union-wide terms and conditions or methodologies shall duly consider the views of stakeholders resulting from the consultations prior to its submission for regulatory approval. In all cases, a sound justification for including or not including the views resulting from the consultation shall be provided together with the submission of the proposal to ACER for approval and published in a timely manner before, or simultaneously with the submission for approval of the proposal for the Union-wide terms and conditions or methodologies.

#### *Article 15*

### **Stakeholder involvement**

ACER, in close cooperation with EU DSO Entity and ENTSO-E, shall organise stakeholder involvement regarding secure system operation and other aspects of the amendments and implementation of this Regulation. Such involvement shall include regular meetings with stakeholders to identify problems and areas for improvements notably related to the areas covered in this Regulation.

#### *Article 16*

### **Delegation and assignment of tasks**

1. Systems operators may delegate all or part of any tasks with which it is entrusted under this Regulation to one or more third parties or system operators in case they can carry out the respective function at least as effectively as the delegating systems operator. The delegating system operator shall remain responsible for ensuring compliance with the obligations under this Regulation, including ensuring access to information necessary for monitoring by the relevant regulatory authorities in accordance with Article 59(1b) of Directive (EU) 2019/944.

2. Prior to the delegation, the delegated party shall demonstrate to the delegating system operator its ability to meet the tasks to be delegated.
3. In the event that all or part of any tasks specified in this Regulation are delegated to another party, the delegating systems operator shall ensure that suitable confidentiality agreements in accordance with the confidentiality obligations of the delegating system operator have been put in place prior to the delegation. After delegating all or part of any tasks to another party, the delegating system operator shall inform the relevant regulatory authority and may publish this decision on the internet.
4. Without prejudice to the tasks entrusted to systems operators pursuant to Directive (EU) 2019/944, a Member State, or where applicable a relevant regulatory authority, may assign tasks or obligations entrusted to systems operators under this Regulation to one or more assigned parties, including a TSO or a DSO. Prior to the assignment, the party concerned shall demonstrate to the Member State, or where applicable the relevant regulatory authority, its ability to meet the task to be assigned.
5. In the event that tasks and obligations are assigned to a third party or a transmission or distribution system operator by a Member State, or a regulatory authority, references to systems operators in this Regulation shall be understood as referring to the assigned party. The relevant regulatory authority shall ensure regulatory oversight of the assigned party in respect of the assigned tasks and obligations.

#### *Article 17*

#### **Recovery of Costs**

1. The costs borne by the relevant systems operators, subject to network tariff regulation and stemming from the obligations laid down in this Regulation shall be assessed by the relevant regulatory authorities. Costs assessed as reasonable, efficient, and proportionate shall be recovered through the network tariffs of the respective systems operators or other appropriate mechanisms.
2. If requested by the relevant regulatory authorities, the systems operators referred to in paragraph 1 shall, within three months of the request, provide the information necessary to facilitate assessment of the costs incurred.

#### *Article 18*

#### **Confidentiality Obligations**

1. Any confidential information received, exchanged, or transmitted pursuant to this Regulation shall be subject to the conditions of professional secrecy laid down in

paragraphs 2, 3 and 4.

2. The obligation of professional secrecy shall apply to any natural or legal persons subject to the provisions of this Regulation.
3. Confidential information received by the persons or regulatory authorities referred to in paragraph 2 in the course of their duties may not be divulged to any other person or authority, without prejudice to cases covered by national law, the other provisions of this Regulation or other relevant Union law.
4. Without prejudice to cases covered by national or Union law, regulatory authorities, bodies or persons who receive confidential information pursuant to this Regulation may use it only for the purpose of carrying out their duties under this Regulation.

TITLE II  
**GENERAL REQUIREMENTS FOR MARKET ACCESS**

CHAPTER I  
**AGGREGATION MODELS**

*Article 19.0 (N)*

**Aggregation models**

1. The terms and conditions for aggregation models pursuant to this Article shall define how service providers that aggregate controllable units may participate in balancing, local services, or contribute to the provision of transfer of energy services. Any aggregation model defined in those terms and conditions shall at least foresee:
  - (a) the approach for the calculation of the energy transfer, imbalance correction and subsequent attribution of the imbalance to the balance responsible party of the service provider and the balance responsible party of the relevant accounting point depending on the type of service or product, in accordance with Article 20b (Transfer of energy services) and Article 28 (Imbalance settlement). In particular, the settlement of the imbalance resulting from the calculation shall be compliant with the provisions established in Articles 49, Articles 52 and 54 of Commission Regulation (EU) 2017/2195 and the related terms and conditions or methodologies approved under it, especially, the Imbalance Settlement Harmonisation Methodology (ISHM).
  - (b) the method to define the financial transfer, in accordance with Article 22a (Financial transfer) and the financial compensation, in accordance with Article 22b (Financial compensation).
2. For each aggregation model, different methods for quantifying an activated service, by means of measurements equipment or calculation shall be envisaged, in accordance with Article 19 (Quantification methods of services). In each Member State at least one aggregation model shall be implemented, respecting the principles of paragraph 1, and respecting the quantification methods specified in Article 19 (Quantification methods of service).
3. Aggregation models apply to SPUs even when they consist of one controllable unit.
4. The national terms and conditions for aggregation models shall ensure that the balance responsibility of the service provider for balancing and local services and transfer of energy services may be taken by the service provider itself or by a chosen representative responsible for its imbalances.

5. The monitoring report for aggregation models and quantification methods to be developed by ACER pursuant to Article 83 (Monitoring reports) shall assess the different options for further specifying and potentially harmonising the main elements of the types of aggregation models and quantification methods (including reducing them), when the need for further harmonisation is identified, while assessing the benefits in achieving the aims of Article 1 of Regulation (EU) 2019/943.

#### *Article 19*

#### **Quantification methods of services**

1. Any aggregation model shall set the allowing methods defined in this paragraph to quantify the delivery of a service.
  - (a) where the controllable units behind an accounting point, being part of a SPU or SPG, do not have a measurement infrastructure nor any calculation method to quantify the service or when the measurement infrastructure is not used for the settlement of the service and for the correction of the imbalance:
    - (i) the performance of the controllable units involved in providing the balancing or local services is estimated based on the metering equipment of the accounting point; and
    - (ii) the only metering equipment shall be the smart meter at the accounting point, which is to perform the measurements of the energy injected or withdrawn used by both the supplier(s) and by the service provider(s).
  - (b) where the controllable units behind the accounting point, being part of a SPU or SPG, providing service have their own method of quantification which is used for the settlement of the delivery of the service and for the correction of the imbalance:
    - (i) The additional measurement equipment for the controllable units shall be either a submeter or a dedicated measurement device (DMD, as considered in the Directive 2019/944 as changed with Union's electricity market design, 2023/007(COD)), or a calculation of values. The metering equipment or calculation method of the controllable units shall quantify the withdrawals and/or the injections of the controllable units involved in the provision of such services; and
    - (ii) The metering equipment at the accounting point may be a conventional meter or smart meter.
2. The principles for interactions and data exchange remain the same in case of several service providers providing the service behind the accounting point. Direct interaction and data exchange between the service providers are not envisaged.

## *Article 20*

### **Energy allocation and balance responsibility in each aggregation model**

1. The delivery of the service in accordance with Article 19(1)(a) (Quantification methods of service) shall be validated by comparing the baseline of the accounting point and the measurements provided by the smart meter of the accounting point.
2. The delivery of the service in accordance with Article 19(1)(b) (Quantification methods of service) shall be validated by comparing the baseline of the controllable unit and the measurement values of its metering equipment or calculation.
3. In addition to paragraph 1 where multiple service providers are located behind an accounting point, the delivery of their service may be validated using both the measurements provided by the smart meter of the accounting point, and the values of the own method of quantification of the CU.
4. In addition to paragraphs 1 and 2, the national terms and conditions for aggregation models may allow the use, for settlement, of an aggregated baseline with aggregated measurement values of SPU or SPG for balancing and local services and transfer of energy services. In this case, the competent national regulatory authority shall approve the method to allocate the imbalance correction to the concerned BRPs.
5. The BRP of the service provider shall bear for all the controllable units being part of an SPU or SPG, the aggregated deviation from the delivery of the balancing or local service compared to the requested service.
6. The deviations mentioned in paragraph 5 shall only be considered during the activation period.
7. The BRP of the accounting point shall be fully responsible for the accounting point when the controllable unit, being part of a SPU or a SPG, is not activated by a service provider for balancing, local services or transfer of energy services.
8. In addition to paragraphs 6 and 7 Member States may allow that the proven consequences before and after an activation are considered to be allocated to the BRP of the service provider, under conditions defined in the national terms and conditions for aggregation models. The energy resulting from the proven consequences shall not be allocated to the BRP of the accounting point.
9. An imbalance correction according to Article 28 (Imbalance settlement) shall be applied to the BRP of the accounting point to neutralise the activation of a balancing or local service provided by the service provider behind the respective accounting point.

10. Each technical resource assigned to a controllable unit shall be allocated to the same supplier, the same BRP and, where applicable, to the same balance group.
11. For balancing and local services, systems operators shall have the right not to compensate the concerned service provider for any energy exceeding the requested amount or violating grid limitations set by systems operators at the connection agreement point or for a SPU, SPG or parts of a SPG, pursuant to connection agreement, grid prequalification or temporary limits. Penalties for customers violating those grid limitations may be introduced by Member States.
12. For the settlement of balancing and local services, systems operators shall have the right to settle the service as it is reflected at the connection agreement point or over a set of several connection agreement points.

*Article 20.b*

**Transfer of energy services**

1. The national terms and conditions on aggregation models pursuant to Article 19.0 (Aggregation models) shall implement the principles of this Article, without prejudice to national laws and regulations enabling a TSP to provide transfer of energy services.
2. TSP shall notify a responsible party defined in the national terms and conditions for aggregation models in order to correctly perform the transfer of the energy between the BRP of the accounting point and the BRP of the TSP.
3. The notification pursuant to paragraph 2 shall at least contain information about the SPU or SPG, the starting time and the duration of the delivery. The latest possible time for the notification shall be specified in the national terms and conditions for aggregation models pursuant to Article 19.0 (Aggregation models).
4. The calculation of the amount of the delivered energy depends on the method of quantification as specified in Article 19 (Quantification methods of services) of this Regulation. The quantified amount of energy shall be transferred from the perimeter of the BRP of the accounting point to the perimeter of the BRP of TSP.
5. The relevant principles described in Articles 30x (Processes for market access), 30 (Qualification for service providers), 30A (Requirements for CU operators, service providers and operators of platforms), 31 (Pre-Conditions and Applicability of the product prequalification and product verification processes), 74 (Short-term procedures to account for DSO temporary limits), 75 (Grid prequalification), 79 (Data to be provided by service

providers) shall also apply to TSPs.

### *Article 21*

#### **Roles and responsibilities of market participants and systems operators related to aggregation models and quantification methods**

1. The roles related to aggregation models specified in this Regulation shall be assigned according to the national terms and conditions for aggregation models pursuant to Article 19.0 (Aggregation models), without prejudice to Member States' prerogatives.
2. The responsibilities of market participants and systems operators in relation with the aggregation models and quantification methods may differ per type of service but they shall at least cover the responsibilities listed in paragraph 3 to 11 of this Article.
3. Without prejudice to the roles and responsibilities set out in Regulation (EU) 2019/943 and in Commission Regulation (EU) 2017/2195, the TSOs or DSOs shall have the following responsibilities:
  - (a) if applicable, calculation and validation of the baseline of the CU and also of the baseline of the accounting point considered in the models, according to the principles established in Article 25 [General principles for baselining methods];
  - (b) collection and processing of the meter data which must be sent by the metered data administrators (MDAs) from all metering devices considered within the aggregation models as defined in Article 19.0 (2) [Aggregation models];
  - (c) validation of the delivery of local services based on measurements and baselines as applicable and according to Article 25 [General principles for baselining methods]; and
  - (d) collaboration with each other for the correct calculation and settlement of the activated balancing or local services.
4. The MDA shall be responsible for all the tasks listed in Article 5 of Commission Regulation (EU) 2023/1162 concerning the data of the metering equipment as defined in Article 19 [Quantification methods of services].
5. The meter data acquisition and the meter data correction shall be conducted within time periods set out in the national terms and conditions on aggregation models pursuant to Article 19.0 (Aggregation models). The process, including possible meter data corrections due to missing or corrupted or obviously erroneous data, if allowed in national processes, shall be finalised within the specified deadlines set out in the national terms and conditions for aggregation models pursuant to Article 19.0 (Aggregation models), but no later than 15

months following the activation period.

6. The customer is responsible for respecting the provisions of its connection agreement, the grid prequalification and temporary limits as expressed at its connection agreement point. A customer may mandate a third party to ensure that the activation of his controllable units respects the provisions of its connection agreement, the grid prequalification and temporary limits.
7. The service provider shall be responsible for:
  - (a) the settlement of the financial transfer for the energy delivered in case of upward activation of the service providers to be paid to the supplier at the accounting point of the activated controllable unit in accordance with Article 22a (Financial transfer), if applicable according to other national legislation or terms and conditions approved at national level; and
  - (b) paying penalties for the deviation of the delivered services to the requesting systems operators, for local services, where applicable, in accordance with the national terms and conditions for aggregation models pursuant to Article 19.0 (Aggregation models).
8. The BRP of the service provider shall receive the relevant data values corresponding to those periods where the controllable units under its portfolio provided a service. Without prejudice of rules set at Member State level, the BRP of the accounting point or of the supplier shall be responsible for receiving the relevant data values of the metering point for all timeseries and in some cases the specific data related to the activation pursuant to Article 28 (Imbalance settlement).
9. The BRP of the accounting point shall be responsible for bearing the imbalance caused by the assets in its portfolio, pursuant to Article 28 (Imbalance settlement).
10. The supplier is responsible for the settlement of a financial transfer for the energy delivered in case of downward activation of the service providers in accordance with Article 22a (Financial transfer), if applicable according to other national legislation or terms and conditions approved at national level.

#### *Article 22a*

#### **Financial transfer**

1. In order to limit the financial impact of the activation of a balancing or local services or transfer of energy services on market participants, a financial transfer mechanism may be applied. The financial transfer mechanism is applicable only when the customer is invoiced by the supplier based on the measurements of the meter and not based on the load curve of

the baseline.

2. When a Member State decides to apply the financial transfer mechanism pursuant to this article, it shall ensure that such mechanism does not create barriers to market entry for market participant. The financial transfer mechanism shall be subject to approval by the competent regulatory authority.
3. Financial transfer mechanism shall be applicable in the event of upward activation and of downward activation, encompassing possible financial flows respectively from the service provider to the supplier and vice versa.
4. The financial transfer shall at least apply to non-consumed energy incurred by the supplier of the participating customer and to over-consumed energy due to service activation.
5. The calculation method of the financial transfer:
  - (a) shall be developed and published by the competent regulatory authority;
  - (b) shall be publicly consulted according to Article 13 (Public consultation for national terms and conditions); and
  - (c) shall consist of either a specific formula or a financial amount.
6. The competent regulatory authority shall review and update the financial transfer mechanism and the calculating method at least every three years for alignment with evolving market conditions and regulatory requirements.
7. National legislation or terms and conditions approved at national level may allow bilateral agreements between the supplier and the service provider to negotiate the financial conditions implied by such financial transfer mechanism. Such negotiation shall be limited in time. When the two parties have not been able to reach an agreement within the defined timeframe or before the bilateral agreement reaching within the defined timeframe, the financial conditions will be calculated in accordance with paragraphs 3, 4 and 5 of this Article. Such agreements shall not create barriers to market entry for service providers.
8. Where the competent regulatory authority deems it relevant, the systems operators may act as the financial intermediary. Systems operators may facilitate the implementation of the financial transfer mechanism set out in this Article, in particular by calculating the amount of the financial transfer, invoicing the affected parties, transferring the sums to affected parties. The conditions of such an intermediary role of the systems operators shall be described in national legislation or terms and conditions approved at national level. The costs borne on by systems operators shall be taken into account according to Article 17 (Recovery of costs).

## *Article 22b*

### **Financial compensation**

1. In addition of the financial transfer pursuant to Article 22a (Financial transfer), Member States may establish a financial compensation for additional costs incurred by the supplier due to the activation of a balancing, local service or of transfer of energy services on market participants. This compensation mechanism may encompass the reimbursement of specific, verifiable additional costs directly associated with the service activation.
2. The financial compensation may include additional costs such as any extra hedging costs borne by the supplier, as defined in the national terms and conditions defined in Article 19.0 (Aggregation models) of this Regulation.
3. The overall costs may be netted by benefits brought by aggregators. Benefits brought by the aggregators are determined in accordance with Article 23 (Benefits brought by service provider to other market participants due to activation of the balancing or local services, or transfer of energy services).

## *Article 23*

### **Benefits brought by service provider to other market participants due to activation of the balancing or local services, or transfer of energy services**

1. The benefits of the activation of the service may be taken into account in the financial mechanism defined in Articles 22a (Financial transfer) and 22b (Financial compensation) and shall be determined by the competent regulatory authorities.
2. When a service for reducing the consumption is requested, the financial transfer shall include the costs incurred by the supplier and may be reduced by the verified benefits that the service provider may bring directly to the supplier, only up to the extent that they do not exceed the direct costs incurred.
3. When the financial transfer mechanism takes into account the benefits brought by the activation of the service, except the case mentioned in paragraph 2 and without prejudice to the application of articles 107 and 108 of Treaty of Functioning of the European Union, the national rules shall prescribe an analysis of these benefits to assess whether these benefits have a positive impact on the related product or service during the activation of the service. The analysis shall determine which market parties benefit from the activation of the service. Only the benefits listed below can be assessed:
  - (a) lower investments in generations which would lead to reduction of wholesale prices
  - (b) lower investments in grid components and its impact on network tariffs

- (c) Lower costs of non-frequency ancillary service related to grid and its impact on network tariffs
- (d) lower grid congestion management costs and its impact on network tariffs
- (e) lower grid remedial actions costs such as renewable curtailment costs and its impact on network tariffs
- (f) lower grid reinforcement costs and its impact on network tariffs
- (g) lower grid voltage control costs and its impact on network tariffs
- (h) reduction of costs related to CO2 emissions.

## *Article 24*

### **Data exchange process for aggregation models**

1. Each aggregation model shall respect the following rules of the interaction among the relevant parties of the aggregation model due to activation of balancing, local services or transfer of energy services:
  - (a) when baseline forecasting or calculation takes place before the actual activation, service provider shall provide the entity which determines the baseline with all the data needed for its calculation or forecasting;
  - (b) alternatively, if enabled at Member State level, service provider may calculate the baseline based on the relevant methodology and provide it to the relevant systems operators for validation. In some cases, baseline may be determined ex-post of service delivery, therefore additional data may be required by the entity which determines the baseline and the systems operators, including from the MDA;
  - (c) for some services, especially those related to real-time processes, submission of offers shall be based on predefined gate opening and gate closure times and may not necessarily be based on an explicit request from systems operators.
2. To secure the operations of the connecting system operators, all service activations in all the aggregation models shall be verified to secure the respect of the grid limitation set by systems operators at the connection agreement point for SPUs, SPGs or parts of SPGs. When submission of bids is based on gate opening and gate closure time, the selected bid is executed.
3. The relevant systems operators or local market operator shall notify in a timely manner the service providers whose bids have been selected. Upon notification about the acceptance of the bid, the service providers shall deliver the service as offered.
4. If other national legislation or terms and conditions approved at national level provide that that the notification upfront the activation of balancing services or local services is allowed,

the relevant system operator or local market operator shall notify the balance responsible party of the concerned accounting point. The notification can contain, among others, locational information of the activation if it does neither distort the correct functioning of the market nor the competition between market participants.

5. After or during the activation of service, the service provider shall submit all necessary data to the requesting system operators. The MDA shall provide metering point data to relevant balance responsible party(ies) and systems operators in accordance with Commission Regulation (EU) 2023/1162.

## CHAPTER II

### **BASELINE CALCULATION AND MEASUREMENT**

#### *Article 25*

#### **General principles for baselining methods**

1. Depending on the aggregation models applied, the national market design, the type of service and the type of CU, different baselining methods can be nationally implemented and applied. The processes for the definition, calculation and validation of the baselining methods will be defined in the national terms and conditions for the definition, calculation and validation of baseline methods for local services and transfer of energy services drafted in line with the Article 6 (Common proposals for national terms and conditions).
2. For balancing services, TSO(s) define the procedure for validating baselining methods in accordance with the Commission Regulation (EU) 2017/2195.
3. The rules referred to in paragraphs 1 and 2, shall enable different baselining methods where the baseline is assumed as reference including checking and validating the delivery and the imbalance calculation. To enable innovation of baselining, the service providers, the BRPs, the DSOs, and the TSOs, or any third party with a commercial interest in it shall have the right to propose new approaches for determining a baseline.
4. The rules referred to in paragraphs 1 and 2 shall include at least the following:
  - (a) the roles and responsibilities of the stakeholders involved in the process of balancing, local services regarding the development and implementation of baselines;
  - (b) the approval process of a baselining method which shall consider the costs and benefits of the implementation of this baselining method;

- (c) the process of validating the baseline;
  - (d) the process of re-evaluating proposing and approving new methods for baselining;
  - (e) the minimum set of data necessary to deliver and validate the respective balancing, local services;
  - (f) an obligation to share necessary data with all relevant stakeholders for executing processes of the respective balancing, local services;
  - (g) the obligation for the relevant entity for publishing a list of approved baselining methods, updated at least on a yearly basis; and
  - (h) a procedure to assess if a proposed baselining method out of the European baselining method register as specified in paragraph 6 is fit for purpose.
5. The baselining methods shall:
- (a) comply with relevant European standards and regulations;
  - (b) be recalculable and transparent, under the conditions of Article 26 (5) (Baselining method: specification and validation);
  - (c) prevent pretended activation and contrary action of services (e.g., manipulating the baseline instead of activation, or deactivation of power, or any intentional activation which partly or completely neutralizes the physical effect of the requested services);
  - (d) deliver reliable results; and
  - (e) use, if possible, the existing available data.
6. ENTSO-E and EU DSO entity shall constitute a baselining method register based on the collection of national lists mentioned in paragraph 4 (g) and shall publish it on their website, with at least a yearly update. Member States shall send an updated list with all the approved baselining methods to ENTSO-E and the EU DSO entity whenever a new baselining method is added or removed from the list of approved baselining methods as stated in paragraph 4(g). The explanation of the baselining methods shall be provided in English.
7. By 3 years after the entering into force of this Regulation, ENTSO-E and the EU DSO entity shall make a common assessment of the baselining methods published in the register provided for in paragraph 6. This assessment shall at least consider the costs and benefits of whether further standardisation of the baselining methods brings advantages in achieving the aims of Regulation (EU) 2019/943. In this process ENTSO-E and the EU DSO entity shall consult the stakeholders and consider their feedback. A final report will be published

by not more than one year after starting the assessment. Based on this report further steps shall be taken into account on national level if needed.

#### *Article 26*

#### **Baselining method: specification and validation**

1. If the data used for determining the activation of a service is based on measurement, the granularity of the data used shall be at least the imbalance settlement period. Services with shorter control cycles may require a meter able to provide a higher resolution for determining the activation of a service.
2. The systems operators shall conduct a validation of the services delivered and therefore are entitled to require all data needed to secure a proper activation of services and to set requirements designed to ensure accuracy and avoid deception.
3. The data described in Article 25 [General principles for baselining methods] shall have at least the necessary granularity and accuracy as required by the service.
  - (a) for collecting the data described in Article 25 [General principles for baselining methods] the systems operators shall define the frequency for collecting data to fit the process defined by the systems operators for the respective service. The frequency for collecting the data shall be at least the same as collecting metering data used for billing;
  - (b) all data shall be compliant with relevant standards concerning data formats and protocols; and
  - (c) the baseline requirements developed pursuant in Article 25 [General principles for baselining methods] shall ensure a proper activation of products requested by the systems operators, considering compensation effects and, if applicable and in so far, also any proven rebound effects. Further the requirements shall give the procuring system operators the possibility for a monitoring of the delivery of services and for verification of accuracy of the baselines. Based on paragraphs 1 and 2, the systems operators shall set up a prequalification process as further described in Title III.
4. The systems operators shall re-evaluate the requirements defined in Article 25 [General principles for baselining methods], at least every 3 years after the entry into force of this Regulation, to consider developments in technology, the operation of the requirements and future markets need.
5. The concerned stakeholders identified within the Member State shall have the right to receive relevant data of their customers upon consent (e.g., metering data from the DSO) to execute a validation of a services provided to systems operators, provided it does not violate

commercially sensitive information or Regulation (EU) 2016/679.

### CHAPTER III

## SETTLEMENT

#### *Article 27.a*

#### **General principles for settlement of local services**

1. Systems operators shall ensure that the national terms and conditions for market design for local services according to Article 48 [National terms and conditions for market design for local services through active power] include at least a procedure for:
  - (a) calculating the final delivered energy volume of local services energy by comparing the baseline with the requested, metered, or calculated energy;
  - (b) calculating the final delivered service within the activation period, if such is considered part of the congestion management or voltage control product;
  - (c) checking the final provided capacity if such is considered part of the congestion management or voltage control product;
  - (d) claiming the recalculation of the activated volume of local services energy; and
  - (e) validating, when grid limitations or temporary limits are set, that the constraints are respected.
2. The procedure referred to in paragraph 1 may include the validation of any proven rebound effect associated with an activation.
3. The national terms and conditions pursuant to Article 48 (National terms and conditions for market design for local services through active power) shall define whether the relevant systems operator referred to in paragraph 4 and in Article 27.b (Settlement related data exchange) is the procuring system operator, the connecting system operator or the requesting system operator or another systems operator.
4. Each relevant systems operator of paragraph 3 shall be responsible for the calculation of the activated local services according to the procedures pursuant to paragraph 1(a), 1(b) and 1(c) of this Article at least for:
  - (a) each market time unit as defined in the product characteristics;

- (b) each direction, with a negative sign indicating relative energy withdrawal or capacity reduction by the service provider, and a positive sign indicating relative energy injection or capacity increase by the service provider;
  - (c) each SPU; or
  - (d) each SPG.
5. Where applicable, relevant systems operators identified pursuant to paragraph 3 shall be responsible for the settlement of all activated volumes of local services energy calculated pursuant to paragraph 4 of this Article, with the concerned service providers.

*Article 27.b*

**Settlement related data exchange**

1. Each relevant systems operator pursuant to Article 27.a(3) [General principles for settlement of local services] and eligible market party shall be entitled to receive the necessary measurement values sent, by the MDA or necessary activation information sent by the service provider for the calculation of the activated volume of local and balancing service energy but at least:
  - (a) for each market time unit as defined in the product characteristics;
  - (b) in a standardised data exchange format; and
  - (c) when updated data is available.
2. Each relevant systems operator pursuant to Article 27.a(3) [General principles for settlement of local services] shall, based on the national terms and conditions pursuant to in Article 48, receive the baseline necessary for the calculation of the activated volume of local services energy by the nationally assigned party responsible to provide the baseline, but at least:
  - (a) in a standardised data exchange format; and
  - (b) when updated data is available.
3. Where required for the validation of the activated volume of local services, each relevant systems operator pursuant to Article 27.a (3) [General principles for settlement of local services] shall, on request, receive:
  - (a) ex-ante the necessary information to map the local services energy to individual controllable units which are part of the concerned SPUs or SPGs from the service

- provider;
- (b) the necessary metering or measurement values for controllable units which are part of the concerned SPU or SPGs or the necessary metering values of the accounting point; and
  - (c) the necessary baseline of controllable units which are part of the concerned SPU or SPGs or the necessary baseline of the accounting point.
4. Where the national procedures for settlement in accordance with Article 27.a (1) [General principles for settlement of local services] considers temporary limits and grid limitation, each procuring systems operator shall be entitled to receive the necessary information regarding the grid limitation.
  5. Where an imbalance adjustment is applied as part of an aggregation model, the relevant TSO shall be entitled to receive the necessary information to apply the imbalance adjustments to the concerned BRPs for each activated local service through active power services and for each activated balancing service in line with Commission Regulation (EU) 2017/2195.
  6. Each recipient of data pursuant to paragraphs 1 to 5 shall validate the processability of the received data. In case the data is not processable the recipient shall inform the sender without undue delay about the error.

#### *Article 28*

#### **Imbalance settlement**

1. In the context of the imbalance settlement according to Article 52 of the Commission Regulation (EU) 2017/2195 corrections regarding the volumes of energy transfer shall be taken into account, depending on the aggregation model, either in the position, the allocated volume or the imbalance adjustment of the concerned balance responsible parties. For aggregations models, the following options are envisaged for a correct imbalance settlement of the concerned balance responsible parties:
  - (a) the position of a balance responsible party concerned by the activated local service through active power shall be corrected by the concerned balance responsible parties through a commercial schedule. Balance responsible parties may delegate this task to responsible party, defined in the national laws and regulations; or
  - (b) the allocated volume of a balance responsible party concerned by the activated local service through active power shall be corrected by the relevant systems operator. Where appropriate a responsible party, defined in the national laws and regulations shall

provide to the relevant systems operator in due time all information necessary for the correction, through an agreed mechanism; or

- (c) an imbalance adjustment shall be applied to the concerned balance responsible parties for each activated local service through active power or balancing service by the relevant TSO.
2. When the concerned balance responsible party is the balance responsible party of the service provider the adjustment or calculation shall be based on the requested service, or the measured or calculated provision of the service, in line with the national laws and regulations. When the concerned balance responsible party is the balance responsible party of the accounting point, the adjustment or correction shall be based on the measured or calculated provision of service.
  3. Each individual aggregation model shall only apply one of the options for the correct calculation and allocation of the imbalance in line with paragraph 1 to the balance responsible party of the SP and to the balance responsible party of the accounting point. The option may be the same for both.

## CHAPTER IV

### **MINIMUM BID GRANULARITY FOR STANDARD BALANCING PRODUCTS**

#### *Article 29*

#### **Granularity of standard balancing products**

1. By twelve months after entry into force of this Regulation, all TSOs shall develop a proposal for a roadmap for the implementation allowing to set the bid granularity of all standard balancing products at one decimal starting from the minimum bid size of standard balancing products as defined in the implementation frameworks pursuant to Articles 19, 20, and 21 of Commission Regulation (EU) 2017/2195.
2. A competent national regulatory authority may, at the request of a TSO or at its own initiative, grant the relevant TSOs a derogation from the provision set out in paragraph 1 for all or some standard balancing products if the implementation is judged inefficient based on following cumulative conditions:
  - (a) unfavorable cost-benefit analysis of the reduction of bid granularity; and
  - (b) negative impact to the implementation of Commission Regulation (EU) 2017/2195.
3. Where the relevant national regulatory authority grants a derogation, it shall specify its duration. Derogation may be granted for a maximum period of two years. The TSO(s) of

the concerned MS(s) shall reassess the conditions based on which the implementation of the provision set out in paragraph 1 was judged inefficient and submit the assessment to the national regulatory authority before asking for an extension of the derogation period.<sup>1</sup>

TITLE III  
**PREQUALIFICATION REQUIREMENTS AND PROCESSES**

CHAPTER V  
**GENERAL REQUIREMENTS**

*Article 30x*

**Processes for market access**

To provide a local service or a balancing service, a service provider shall:

- (a) qualify as a service provider through a service provider qualification process in accordance with Article 30 (Qualification for service providers);
- (b) undergo the product prequalification process or product verification process for the SPUs or SPGs depending on the product in accordance with Article 31 (Pre-Conditions and Applicability of the product prequalification and product verification processes); and
- (c) and undergo a grid qualification process for the SPUs or SPGs in accordance with Article 75 (Grid Prequalification).

*Article 30*

**Qualification for service providers**

1. The potential service provider shall fulfil the following requirements for the product it intends to provide, examined by the SP qualifying party, before being granted access to markets for balancing or local services:
  - (a) fulfil financial prerequisites as defined in the national terms and conditions for service providers developed pursuant to Article 45 (National terms and conditions for service providers).
  - (b) ensure that the ICT systems required for the product as further specified in the national terms and conditions for service providers enable:
    - (i) reception and processing of signals necessary for the delivery of the service;
    - (ii) exchange and processing of measurement data necessary for baselining and settlement as described in Article 25-28 (General principles for baselining

methods and the next 3);

(iii) monitoring near real-time the execution of the service, if applicable for the product; and

(iv) exchange of market data and technical data.

(c) perform a communication test, if requested by the SP qualifying party.

(d) provide, upon request of the SP qualifying party, the following descriptions:

(i) how the potential service provider intends to technically provide the service;

(ii) the communication systems and approach to be deployed;

(iii) the expected availability of the proposed service;

(iv) possible compensation effects and how they will be managed; and

(v) possible rebound effects and how these might be handled

2. The national terms and conditions for service providers shall foresee a simplified qualification process to avoid duplications when the service provider is already qualified for one or more markets for balancing or local services and thereafter applies for the participation in another market for balancing or local services.
3. In case the ICT system of the service provider is changed with potential effect on the reliability and efficiency of its service provision, the SP qualifying party shall have the right to at least re-perform the communications test. The service provider shall inform the SP qualifying party about these changes without undue delay and within the given deadlines specified in the national terms and conditions for service providers. The service provider shall not carry out market activities for the affected products with the changed ICT system, until the successful re-performance of the communication test if the SP qualifying party demands the communication test.
4. The potential service provider shall register all relevant data necessary for the service provider qualification in the SP module. The SP qualifying party shall verify the provided data without undue delay and no later than the delay defined in the national terms and conditions. The service provider shall update the relevant data in the SP module and in the case of changes inform the SP qualifying party or relevant market operator without undue delay and no later than the delay defined in the national terms and conditions.
5. The SP qualifying party shall consider the qualification process as approved when all formal requirements and all technical evaluations and test, if required, are completed. The

qualification status of the service provider in the SP module shall be updated accordingly by the SP qualifying party without undue delay and no later than the delay defined in the national terms and conditions.

6. Systems operators shall have the right after prior notice to revoke the ‘qualification status’ of a service provider for the following reasons:
  - (a) non-compliance with the relevant Union or national legislation or national terms and conditions for service providers; or
  - (b) inadequate service provision described in the national terms and conditions for service providers.

#### *Article 30A*

#### **Requirements for CU operators, service providers and operators of platforms**

1. CU Operators, service providers and operators of flexibility register platforms, operators of system operator coordination platforms and local market platform operators shall process all data related to providing services under this Regulation and shall have all needed infrastructure for providing the services within the territory of the European Economic Area. CU Operators and service providers shall furthermore comply with all relevant applicable EU regulation, including but not limited to cyber security, internal market and sanctions regulation. This is without prejudice to Member States’ right to apply additional rules related to the implementation of relevant cybersecurity legislation.
2. By 12 months after entry into force of this Regulation ENTSO-E and EU DSO Entity shall develop an assessment tool to evaluate the risk profile of CU operators, service providers, operators of flexibility register platforms, operators of coordination platforms and operators of market platforms. The developed assessment tool shall include at least the following:
  - (a) Measurement criteria assessing the risk profile of CU operators and service providers and giving related guidance, taking into considerations already applicable cyber security rules and existing national and pan-European guidelines. The measurement criteria shall include topics such as the CU operator’s or service provider’s products, services and cybersecurity practices including taking steps to avoid connecting CU Operators or service providers in absence of security or data protection agreements between the EU and non-EU country;
  - (b) The evaluation process and timelines regarding the measurement criteria evaluation pursuant to point (a).
  - (c) A set of security measures for demand response infrastructure, including at least data

processing and storage infrastructure, market platform operators and service providers to respond appropriately and proportionally to the current and future risks for system security.

3. ENTSO-E and EU DSO Entity shall submit the assessment tool developed pursuant to paragraph 2 to ACER and ENISA for opinion. ACER shall in cooperation with ENISA issue an opinion on the assessment tool within three months after its receipt. ENTSO-E and EU DSO Entity shall take ACER's and ENISA's opinion duly into account, when finalising the assessment tool. ENTSO-E and EU DSO Entity shall publish the assessment tool on their website and update the assessment tool every three years.
4. Within two months after receipt of ACER's and ENISA's opinion, ENTSO-E and EU DSO Entity shall notify about the final assessment tool to ACER, the Commission, ENISA and systems operators.
5. Systems operators shall, perform the assessment of the risk profile developed in accordance with paragraph 2 and apply restrictions, including necessary exclusions to effectively mitigate the risks for sensitive and critical assets.
6. CU Operators operating CUs on behalf of flexible customers and manufacturers of mass-produced technical resources shall ensure that flexible customers can switch third-party CU Operators for their CUs or utilise their CUs without a third-party CU Operator.

### *Article 31*

#### **Pre-Conditions and Applicability of the product prequalification and product verification processes**

1. Before a service provider applies for product prequalification or product verification, the service provider shall:
  - (a) have a valid SP qualification for the respective product; and
  - (b) register the data of the potential SPU or SPG in the SP module pursuant to Article 42(2)(a) (SP module procedures) of this Regulation and shall ensure that the relevant CU data is registered in the CU module.
2. The national terms and conditions for the flexibility register shall assign the responsibility to an entitled party or entitled parties for the registration and updating of data for controllable units. The national terms and conditions for the flexibility register may assign the responsibility to the relevant systems operators to complement CU data in the flexibility register CU module.

3. After submission of the product application by the service provider the operator(s) of the flexibility register platform(s) with a SP module shall inform without undue delay and no later than 1 business day after the submission of the product application the affected system operators to start the grid prequalification process pursuant to Article 75 (Grid Prequalification).
4. The service provider applying to provide standard balancing products or balancing products that are activated automatically based on system frequency shall be subject to product prequalification process at SPU or SPG level, in accordance with Chapter 6 (Product Prequalification).
5. The service provider applying to provide specific balancing products, congestion management or voltage control products shall by default be subject to product verification at SPU or SPG level pursuant to Chapter 7 (Product verification).
6. The PPP shall have the right to require a product prequalification instead of product verification according to paragraph 5 on SPU or SPG level, where at least one of the following criteria is fulfilled:
  - (a) applicable to all products, the potential SPU or SPG is allocated to a service provider that will deliver the concerned product for the first time;
  - (b) applicable to all products, the potential SPU or SPG is allocated to a service provider that has not successfully passed the last product verification for the same product;
  - (c) applicable for specific balancing products, congestion management or voltage control products, when a central dispatching model is applied in a Member State;
  - (d) applicable for specific balancing products, if the prequalified capacity threshold of the prospective SPU or SPG exceeds 500 kW , unless otherwise provided in the national terms and conditions for service providers, or where the potential SPU or SPG shall deliver a specific balancing product that is designed to be activated in case the system is in “alert state” or “emergency state” as referred to in Article 18 of Commission Regulation (EU) 2017/1485;
  - (e) applicable for congestion management and voltage control products, the potential SPU or SPG capacity exceeds a threshold defined in the national terms and conditions for service providers. This threshold shall consider the voltage level of the product and the effect of significant change in the load-flow or in voltage, or unsolved congestions in the grid of the affected system operators from an inadequate activation.

## *Article 32*

### **Criteria for reassessment of product prequalification and product verification**

1. In case of modifications to a SPU, SPG or CU, the service provider shall update the SPU or SPG data in the SP module and shall ensure that the CU data in the CU module is updated without undue delay and no later than 10 business days before the modification is applied.
2. The PPP shall have the right to reassess and require a full or partial repetition of the product prequalification or product verification of a SPU or SPG, respecting the applicability of the product prequalification or product verification pursuant to Article 31 (Pre-Conditions and Applicability of the product prequalification and product verification processes) and in accordance with Articles 155(6), 159(6) and 162(5) of Regulation (EU) 2017/1485 when at least one of the following situations occur:
  - (a) due to additions, removals, or significant updates of controllable units the previously prequalified or verified SPU or SPG is modified more than 10% or 3 MW, whichever is lower, related to the nominal capacity. The modification of the nominal capacity shall be calculated as the sum of the absolute values of the nominal capacities of added, removed or updated CUs;
  - (b) due to additions or removal of controllable units the prequalified or verified capacity of the SPU or the SPG is modified more than 10% or 3 MW, whichever is lower compared to the previous product prequalification or product verification process of the SPU or the SPG;
  - (c) more than 10 % or 3 MW, whichever is lower, of the previously prequalified or verified capacity of the SPU or SPG undergoes significant modernization or updates of controllable units;
  - (d) the service provider or in accordance with methodology implementing Article 40(6) of Commission Regulation (EU) 2017/1485 the delegated third party changes its SPU or SPG control system or technology;
  - (e) repeated errors or repeated lack in quality in the provision of the service by this SPU or SPG;
  - (f) changes in product requirements
  - (g) the service provider uses a different type of technical resources than in previously prequalified or verified SPU or SPG
3. Where a full or partial repetition of the product prequalification is requested by the PPP due to the criteria stated in paragraph 2, the service provider shall be entitled to continue the

market participation with the affected SPU or SPG according to the conditions set out in the national terms and conditions for service provider, that shall preserve a high reliability in service provision.

4. When the PPP requests a full or partial repetition of the product prequalification of a SPU or SPG, the SP may reuse for the controllable units of the SPU or SPG which have not changed results of previous activation tests not older than 3 years.
5. The qualification status after successful product prequalification or product verification of SPUs or SPGs shall be valid for no longer than 5 years further specified in national terms and conditions for service providers. The operator of the flexibility register platforms with the SP module shall inform the affected service provider about the expiration of the validity at least 2 months in advance. The SP shall inform at least 6 weeks before the expiration of the validity the PPP about whether significant changes in the SPU or SPG are identified. Depending on the information provided the following steps shall apply:
  - (a) if significant changes are identified by the SP or by the PPP, the PPP may request a full or partial product prequalification or product verification;
  - (b) if no significant changes have been identified by the SP or by the PPP, the PPP shall extend the qualification status;
  - (c) if the SP has failed to provide the information, the product prequalification or product verification validity expires automatically.

### *Article 33*

#### **Switching of controllable units between service providers**

1. As further defined in the national terms and conditions for service providers pursuant to Article 45 (National terms and conditions for service providers) flexible customers shall have the right to choose a new service provider for their controllable units.
2. A controllable unit shall be assigned to a maximum of one service provider within the same day as further detailed in national terms and conditions for service providers pursuant to Article 45 (National terms and conditions for service providers).
3. The new service provider shall be responsible to make the flexible customer aware of the terms and conditions of the switch of the SP.
4. When a flexible customer decides to switch the SP of its CU, the new service provider shall apply for the switch in the flexibility register prior to the intended switch date together with an information on the assignation of the respective CU to the SPU or SPG under the new

service provider. The CU switch will take place at the end of the month following the month in which the abovementioned application was submitted unless a later CU switch date is indicated in the application. The national terms and conditions for service providers may specify a notice period and an earlier CU switch. The operator(s) of the flexibility register platform(s) with a CU module shall be responsible to inform the affected parties including the old service provider. The national terms and conditions for service provider may foresee additional pre-requisites to the information of the old service provider to ensure a reliable switching process.

5. The operator of a flexibility register platform with a CU module shall update the future assignation of the concerned CU to the new service provider within a maximum of 1 business day from the application pursuant to paragraph 4.
6. Within ten business days after the update of the switch pursuant to paragraph 5 the PPP shall assess whether a re-assessment criterion of Article 32 (Criteria for reassessment of product prequalification and product verification) paragraph 2 for the affected SPU or SPG is fulfilled and shall decide on the necessity of a new product prequalification or a new product verification and inform the respective service provider accordingly. For the process the following conditions shall apply:
  - (a) where the PPP does not respond within the given deadline, a new product prequalification or a new product verification shall be deemed as not necessary.
  - (b) if a new product prequalification is necessary, the regular product prequalification in accordance with Chapter 6 (Product Prequalification) is applied.
  - (c) if a new product verification is necessary, the regular product verification process in accordance with Chapter 7 (Product Verification) is applied.
  - (d) Without prejudice to paragraph 7, when a new product prequalification or a new product verification is not necessary the new service provider shall have the right to use the CU in the respective market(s) from the switch date.
7. Within ten business days after the update of the switch pursuant to paragraph 5 the affected systems operators shall assess the necessity of a new grid prequalification of any of the affected SPUs or SPGs and inform the respective service provider accordingly. For the process the following conditions shall apply:
  - (a) if an affected systems operator does not respond within the given deadline the assessment of this affected systems operator shall be deemed as approved.
  - (b) if an affected systems operator requires a new grid prequalification, the regular grid prequalification process according to Article 75 (Grid Prequalification) is applied.

- (c) Without prejudice to paragraph 6, if none of the affected system operators require a new grid prequalification, the new service provider shall be entitled to use the CU in the respective market(s) from the switch date.
8. To facilitate switching of CUs between service providers CU Operators of small CUs shall offer an interface for standardised communication with service providers pursuant to Article 33B (Standardised data exchange) (3) (e). CUs that are already in operation at the entry into force of this Regulation may be used without changes implied until 3 years after entry into force of this Regulation.
  9. The competent national regulatory authority shall foresee means to monitor and assess the completion of the standardisation provisions in paragraph 8.

#### *Article 33.1*

#### **Switching of controllable units within the same service provider**

1. The service provider may in accordance with the terms of the contract with the flexible customer to change, add or remove controllable units to, from or between the SPUs and SPGs under its control.
2. The service provider shall, at least two weeks prior to the intended switch date, inform the operator of a flexibility register platform with a SP module of the switching of CU on the assignation of the respective CU to the new SPU or SPG, and the removal of this respective CU to the previous SPU or SPG.
3. The operator of a flexibility register platform with a CU module shall, within a maximum of one business day from the information of the switch given pursuant to paragraph 2, inform the affected parties and update the future assignation of the CU in the flexibility register.
4. For the assessment of the switch on the validity of the product prequalification and grid prequalification for the affected SPUs or SPGs, the provisions pursuant to Article 33 (Switching of controllable units between service providers) paragraphs 6 and 7 shall apply accordingly.

#### *Article 33A*

#### **Framework for the validation and quality of DMD data**

1. Systems operators shall define in the national terms and conditions for service providers or, as applicable, the respective national legislation shall define at least the following rules for the use of data from dedicated measurement devices:

- (a) data exchange requirements for dedicated measurement devices for verification of dedicated measurement device data quality, service validation and settlement;
  - (b) rules and responsibilities for verification of dedicated measurement device data quality, service validation of and settlement complementary to rules defined in Title II, and rules for calculation of validation data in case raw data from dedicated measurement devices is unavailable or not sufficient; and
  - (c) principles and requirements for parties involved in the collection, management, transfer and storage of dedicated measurement device data.
2. If dedicated measurement device data is used for settlement or validation, CU operators shall be responsible for acquiring relevant measurement data from dedicated measurement devices and make the relevant measurement data available to Metered Data Administrators.
  3. When dedicated measurement device data is used for validation and settlement, systems operators may:
    - (a) verify the quality of measurements provided by dedicated measurement devices;
    - (b) assess whether services are reflected at the connection agreement point or reflected over a set of several connection agreement points for validation of delivery of service pursuant to Article 20 (Energy allocation and balance responsibility in each aggregation model) paragraph 12;
  4. To perform the activities referred to in paragraph 3(a) and 3(b), systems operators may use:
    - (a) upon consent of flexible customers and given that the activities are non-discriminatory to potential other users, the standardised or remote interface for non-validated near real-time data pursuant to Article 20 (a) of Directive (EU) 2019/944;
    - (b) calculations and measurements from other sources;
  5. ENTSO-E and EU DSO Entity shall within 12 months after entry into force of this Regulation develop a proposal for Union-wide terms and conditions and methodology specifying technical requirements for DMDs including the communication requirements or suitable existing standards to ensure the appropriate dedicated measurement device data quality and availability in order to fulfil the obligations set out in this Article 33A (Framework for the validation and quality of DMD data).
  6. ENTSO-E and EU DSO Entity may develop the requirements for DMDs based on Union-wide TCM referred to in paragraph 5 of this Article for a certification scheme to be used by a conformity assessment body located in the European Union and accredited in accordance

with Regulation (EC) No 765/2008.

7. Certificates issued by the conformity assessment body for DMDs referred to in paragraph 6 shall be recognized by systems operators as confirming compliance with the requirements specified in the TCM referred to in paragraph 5 unless there are specific requirements for certification schemes on national level.

### *Article 33B*

#### **Standardised data exchange**

1. By 12 months after entry into force of this Regulation, ENTSO-E shall define, publish and maintain a list of European standards based on ETSI-CEN-CENELEC set of standards relevant for the data exchanges used in the interactions between TSOs and BSPs for the prequalification, bidding, tendering, clearing and activation of bids excluding operational real-time data exchange.
2. By 36 months after the publication of the list referred to in paragraph 1, each TSO shall implement at least one of the listed European standards for standard balancing products. This implementation may be in addition to existing data exchange interfaces.
3. By 12 months after entry into force of this Regulation, EU DSO Entity and ENTSO-E shall, in cooperation with European Standards Defining Organisations, define, publish and maintain a list of European standards based on existing ETSI-CEN-CENELEC set of standards for the data exchange used in the following interactions:
  - (a) operators of flexibility register platforms interacting with other flexibility register platforms, service providers, systems operators, CU Operators and other relevant parties.
  - (b) systems operators interacting with service providers providing local services for the prequalification, bidding, tendering, clearing and activation of bids excluding operational real-time data exchange.
  - (c) systems operators interacting with other systems operators for all new functionality introduced by the new rules. If there are working and existing interfaces for data exchange between systems operators, they shall be exempted from the obligation to provide a standardised interface.
  - (d) local or balancing market operators interacting with other local or balancing market operators for all new functionality introduced by this Regulation.
  - (e) CU operators communicating with service providers and systems operators.

4. By 3 years after the publication of the list referred to in paragraph 3, each affected party shall implement at least one of the listed European standards. This implementation may be in addition to existing data exchange interfaces.
5. EU DSO Entity and ENTSO-E shall update the list of preferred European standards pursuant to paragraph 3, if necessary, because of substantial updates, but at least every 24 months.

## CHAPTER VI

### PRODUCT PREQUALIFICATION

#### *Article 34*

#### **Requirements for product prequalification**

1. The procuring system operator shall be the PPP. The national terms and conditions for service providers shall define rules for the allocation of the responsible procuring system operator in case multiple procuring system operators are buying the same product from the concerned SPU or SPG.
2. The service provider shall ensure that its potential SPUs or potential SPGs meet the technical requirements of the product for which prequalification is conducted and is ready to provide to the PPP the required technical and measurement data, including documentation necessary for baselining and settlement.
3. The PPP shall evaluate whether the potential SPU or SPG is ready to provide the product by comparing the SPU or SPG characteristics with the product requirements. If central dispatching model is used, the prequalification process of SPU and SPG shall take into account requirements resulting from integrated scheduling process specified in national terms and conditions for balancing service providers developed pursuant to Article 18 of Commission Regulation (EU) 2017/2195.
4. The PPP may require an activation test for SPU or SPG under prequalification to confirm that this SPU or SPG can deliver the requested product. The performance of such activation tests is conditional upon the fulfilment of the requirements set out in the national terms and conditions for service providers and shall only be possible in cases where high reliability of service delivery is required due to the need to ensure system security or secure network operation.
5. If the central dispatching model is used, the PPP shall have the right to unconditionally conduct an activation test.

6. If the PPP requires an activation test pursuant to paragraph 4 for a potential SPG or SPU consisting only of identical small CUs, the activation test shall include a limited number of controllable units of that SPU or SPG under prequalification, further specified in the national terms and conditions for service providers and pursuant to security considerations at both system and network level.
7. The procuring system operator shall have the right to require the service provider to conduct a training test for an already prequalified SPU or SPG under conditions specified in the national terms and conditions for service providers.
8. The service provider shall have the right to request a training test for an already prequalified SPU or SPG after consultation with the procuring system operator.
9. The PPP shall ensure coordination of the activation test and training test with all affected system operators.
10. Costs related to the activation of energy due to activation tests and possible required counteractions shall not be compensated unless required otherwise by national terms and conditions for service providers.
11. The PPP shall ensure that the evaluation referred to in paragraph 3 shall be simplified where the potential SPU or potential SPG exclusively consists of controllable units of a type identical to other prequalified types already under other SPU or SPG of the same service provider for the product. In such a case, the activation test shall include a limited number of controllable units of that potential SPU or SPG further specified in the national terms and conditions for service providers.
12. The PPP shall consider the product prequalification process as approved when the SPU or SPG has passed the evaluation referred to paragraph 3 and the activation test (if required) and the contractual relationship appropriate to the market is established. For the avoidance of doubt, the approval shall not depend on the performance of individual controllable units included in the SPU or SPG, but on the performance of the entire SPU or SPG under prequalification. The prequalification status, in relation to prequalified product, and the characteristics of the SPU or SPG in the SP module shall be updated accordingly by the PPP without undue delay and no later than 5 working days.

#### *Article 35*

#### **Provisions for prequalification for standard and specific balancing products**

1. By 12 months after entry into force of this regulation, each TSO shall adapt the prequalification process for standard balancing products to the requirements set out in this

Regulation and shall make publicly available the details of the prequalification process for each standard balancing product.

2. When implementing the prequalification process for standard balancing products, a potential balancing service provider shall consider the technical minimum requirements set out in Article 158 and Article 161 of Commission Regulation (EU) 2017/1485.
3. The potential balancing service provider shall carry out the prequalification process for standard balancing products in accordance with the rules and time frames established pursuant to Article 159 and Article 162 of Commission Regulation (EU) 2017/1485.
4. When the TSO develops a specific balancing product in accordance with Article 26 of Commission Regulation (EU) 2017/2195 and when the criteria of Article 31 paragraph 6 (Pre-Conditions and Applicability of the product prequalification and product verification processes) are met and as a result this product requires prequalification, the TSO shall simultaneously develop the prequalification process of the specific balancing product pursuant to the requirements set out in this act and will make publicly available the details of the prequalification process.
5. Within 18 months after entry into force of this Regulation all TSOs shall develop a Union-wide proposal for each standard balancing product for the harmonisation of the SP qualification process, the product prequalification process and its requirements and shall submit that proposal to ACER for approval in accordance with Article 9 (Development and Approval of Union-wide terms and conditions or methodologies).
6. With regards to the SP qualification and product prequalification process, the proposal referred to in paragraph 5 shall describe a harmonised process in terms of steps and lead times for each standard balancing product.
7. With regards to the prequalification requirements, the scope of the proposal referred to in paragraph 5 shall cover at least the following areas of harmonisation:
  - (a) where the SPU or SPG only consists of "small CUs", the SP shall not be required to provide real time data at small CU level;
  - (b) the SP shall measure and store data on CU level for verification purposes. This data storage shall not be required for more than 6 months, unless the TSO has explicitly asked to store data longer due to a particular incident;
  - (c) for each standard balancing product, harmonized requirements for data resolution and latency shall be defined on SPU or SPG level.
8. Each TSO shall implement the Union-wide terms and conditions within 24 months of

approval by ACER.

### *Article 36*

#### **The local services product prequalification process**

1. The service provider shall submit a formal application to the PPP together with the required information of potential SPU or SPG, when the PPP requires prequalification on SPU or SPG level in accordance with criteria of Article 31 (6) (Pre-Conditions and Applicability of the product prequalification and product verification processes) of this Regulation. Within no more than 2 weeks from receipt of the application, the PPP shall confirm whether the application is complete. Where the PPP considers that the application is incomplete, the potential service provider shall submit the additional required information within 2 weeks from receipt of the request for additional information. Where the potential service provider does not supply the requested information within that deadline, the application shall be considered withdrawn.
2. Within 3 weeks from confirmation that the application is complete, the PPP shall evaluate the information provided and decide whether the potential SPU or SPG meet the criteria for a local service and, if necessary, perform the activation test, in accordance with Article 34 (Requirements for product prequalification) (4). The PPP shall notify its decision to the potential service provider.
3. The PPP shall take into account the requirements set out in Articles 32 (Criteria for reassessment of product prequalification and product verification), 33 (Switching of Controllable Units between Service Providers) and 34 (Requirements for product prequalification) and the requirements set out in the national terms and conditions for service providers pursuant to Article 45 (national terms and conditions for service providers).

## CHAPTER VII

### **PRODUCT VERIFICATION**

#### *Article 37*

#### **Product verification requirements**

1. Product verification shall be the default process for local services and specific balancing product pursuant to Article 31 (Pre-Conditions and Applicability of the product prequalification and product verification processes) (5).

2. A potential SPU or SPG for specific balancing products, congestion management or voltage control services shall have a temporary qualification granted by the PPP for the preliminary participation on the respective market, until the verification criteria are performed.
3. The national terms and conditions for service providers shall establish requirements for PPPs to conduct the product verification process pursuant to Article 38 (Product Verification Process).

### *Article 38*

#### **Product verification process**

1. The PPP shall perform product verification and may request relevant data from service providers for validating a compliant delivery of the services during market participation further specified in national terms and conditions for service providers.
2. The PPP shall verify, whether the SPU or SPG proved full compliance with product requirement and the verification criteria defined in national terms and conditions for service providers, based on the behaviour of the relevant SPU or SPG during the requested activation timeframes, product requirements and the requested activation.
3. Systems operators shall define in national terms and conditions for service providers pursuant to Article 45 (National terms and conditions for service providers) the verification criteria for each product in accordance with the following:
  - (a) minimum percentage of service deliveries;
  - (b) minimum percentage of quantity delivered from all activations;
  - (c) minimum percentage of the quantity delivered from a single activation;
  - (d) by combination of these criteria;
  - (e) based on some other criteria; or
  - (f) and the maximum timeframe to perform this verification.
4. When the minimum number of service deliveries is not reached within the maximum timeframe defined in national terms and conditions for service providers, systems operators may require an activation test for verification purposes.
5. In case of a negative result of the product verification of a SPU or SPG:
  - (a) the PPP shall decide if the temporary qualification status for this SPU or SPG is revoked

and if a product prequalification is necessary; and

- (b) whether the relevant service provider may be subject to a penalty, if a penalty is determined in the national terms and conditions for service providers.
6. In case of a positive result of this verification, the PPP shall, without undue delay and in any case no later than within 5 business days, grant regular qualification status for the respective SPU or SPG in relation to the verified product, and register this status as well as the characteristics of the respective SPU or SPG in the SP module.

## CHAPTER VIII

### **REQUIREMENTS FOR FLEXIBILITY DATA MANAGEMENT FOR PREQUALIFICATION**

#### *Article 39*

#### **Principles for Governance and Interoperability**

1. National terms and conditions for flexibility registers shall describe a flexibility register mechanism that ensures a single point of reference for all information objects and attributes managed within the flexibility register.
2. All systems operators in each Member State shall jointly define in the proposal for the national terms and conditions for flexibility register referred to in Article 45a(1b) (National terms and conditions for the flexibility register) a data management structure for the flexibility register and the responsible party or the responsible parties for operating the flexibility register platform(s). The data management structure may consist of one or multiple platforms. Each of these platforms may contain:
  - (a) the single and common front door;
  - (b) a CU module;
  - (c) a SP module;
  - (d) a CU module and a SP module;
  - (e) the single and common front-door and a SP module; or
  - (f) the single and common front-door and a SP module and a CU module.
3. To avoid vendor and operator lock-ins, and to facilitate competition and innovation, data stored by flexibility register platforms that are not operated by systems operators shall be portable to other flexibility register platforms, particularly in cases where Member States

or system operators decide to migrate towards new flexibility register platforms. Therefore, operators of such flexibility register platforms shall periodically demonstrate to the competent national regulatory authorities:

- (a) that all data stored in the CU module and the SP module can be exported to a common European or national standard in a structured, machine-readable, and well-documented format; and
  - (b) ENTSO-E and EU DSO Entity shall – together with relevant stakeholders adopt and publish and keep up to date a European data format, ontology, and metadata structure that these exports shall follow no longer than 2 years after entry into force of this Regulation.
  - (c) the existence of a well-defined procedure to export that data and suspend operation at a pre-defined point in time to facilitate potential migrations to other platforms.
4. For flexibility register platforms operated by systems operators, competent regulatory authorities may decide to apply the provisions of paragraph 3 after a positive cost-benefit-analysis. The scope of this cost-benefit-analysis shall be defined in the national terms and conditions for flexibility register.

#### *Article 40*

#### **Accessibility of the flexibility register**

1. (The) operator(s) of flexibility register platform(s) shall establish a single and common front-door at a Member State level for SPs and other entitled actors to read, register or update information about SPGs and SPUs, and CUs in accordance with their authorisation.
2. If a flexibility register in a Member State consists of multiple flexibility register platforms, the national terms and conditions for the flexibility register shall ensure that the single and common front-door has a nationally harmonised online application with a graphical user interface as well as a nationally harmonised application programming interface.
3. If a flexibility register in a Member State consists of multiple flexibility register platforms, operators of flexibility register platforms shall closely cooperate to facilitate the proper interoperability of all flexibility register platform(s) in a Member State and shall ensure that service providers and CU operators only need to register, update, or delete the same information once.
4. To ensure the secure and efficient identification and the authentication of parties, the operator(s) of (the) flexibility register platform(s) shall, in addition to potential other means of authentication, support, as far as possible, digital solutions compliant with Regulation

(EU) 910/2014 ('eIDAS Regulation') to electronically identify and authenticate service providers, CU operators, systems operators and flexible customer.

*Article 41*

**Principles and requirements for operators of flexibility register platforms**

1. All systems operators in each Member State shall define jointly in national terms and conditions for the flexibility register requirements for CU and SP modules, as well as the common front-door.
2. The operator(s) of flexibility register platform(s) shall make the administered data available in a non-discriminatory manner through online platforms to entitled parties, including flexible customers and third parties acting on behalf of the flexible customers with the consent of the flexible customer.
3. In addition to parties explicitly mentioned in this Regulation the national terms and conditions for flexibility register may grant access for other parties by allowing these other entities to access or update information in the flexibility register. A list of market participants with reading access or rights to update information and for which purpose shall be described in the national terms and conditions for flexibility registers.
4. The operator(s) of flexibility register platform(s) with a SP module shall:
  - (a) administrate and make available to entitled actors at least the data about SPs, SPUs, SPGs, SPU and SPG characteristics in a non-discriminatory manner through online platforms;
  - (b) grant SPs access to the data of the SPU or SPG assigned to them, at any point in time easily, online and without undue delay on their request. Current, future and historical states of that data shall be made available;
  - (c) inform without undue delay all actors affected by the procedures pursuant to Article 42 (SP module procedures);
  - (d) provide an online application as well as an application programming interface for the interaction with entitled actors, particularly to integrate and automate all procedures described in Article 42 (SP module procedures); and
  - (e) make available immediately and without undue delay the data and changes of relevant data on the service provider or its SPUs and SPGs to entitled parties, online and in a structured, machine-readable format.

5. The operator(s) of flexibility register platform(s) with a CU module shall:
  - (a) administrate and make available to entitled actors at least the CU data of Union-wide terms and conditions defined in Article 9 (Development and Approval of Union-wide terms and conditions or methodologies) in a non-discriminatory manner through online platforms;
  - (b) provide an online application as well as an application programming interface for the interaction with entitled actors, particularly to integrate and automate all procedures described in Article 43 (CU module procedures);
  - (c) inform without undue delay all actors affected by the procedures pursuant to Article 43 (CU module procedures);
  - (d) make in online and in a structured, machine-readable format available data and changes of relevant data related to the controllable unit to entitled parties;
  - (e) make available to the entitled party or entitled parties pursuant to Article 31 paragraph 2 means to provide and manage data regarding controllable units.
  - (f) provide a procedure for the entitled party or the entitled parties pursuant to Article 31 (Pre-Conditions and Applicability of the product prequalification and product verification processes) paragraph 2 to register, de-register and update information on the CUs;
  - (g) make available data and changes to data on their controllable units to eligible parties, online and in a structured, machine-readable format, on request and with the consent of flexible customers.
6. National terms and conditions for the flexibility register may require for flexibility register platforms with a CU module to allow to write or update permissions for the flexible customer and for CU operators acting on behalf of the flexible customer.
7. If a third party performs one or several tasks in responsibility of a flexibility register platform operator, it shall have an adequate level of business separation from parties with a commercial interest in local services, including third party local market operators and service providers, in line with the national implementation of Article 35 of Directive 2019/944 on unbundling. All parties interacting with these platforms shall be treated equally and in a non-discriminatory way.
8. The operator(s) of flexibility register platform(s) shall provide test environments with appropriate and sufficient test data for service providers, systems operators, CU operators and IT platform vendors to quality assure their integrations.

9. The operator(s) of flexibility platform(s) shall comply with state-of-the-art cyber-security standards, data security and integrity.

*Article 42*

**SP module procedures**

1. The operator(s) of flexibility register platform(s) with a SP module ensure that at least the following features are available for service providers in the SP module:
  - (a) a ‘registration procedure’, for service provider to allow the provisioning of their data and receive a Union-wide unique identification;
  - (b) an ‘application procedure’ allowing for SP to apply for products with their SPUs or SPGs;
  - (c) an ‘update procedure’ for service providers to change their data;
  - (d) a ‘suspension procedure’ for entitled parties to suspend the qualification of a service provider; and
  - (e) a ‘de-registration procedure’, allowing for service providers to remove their data from the SP module.
2. The operator(s) of flexibility register platform(s) with a SP module shall ensure for SPUs and SPGs at least the following procedures:
  - (a) a ‘registration procedure’, allowing for service providers to submit data about a SPU or SPG and its characteristics;
  - (b) an ‘application procedure’ allowing for SP to apply for products with their SPUs or SPGs;
  - (c) an ‘update procedure’ for service providers to change the data about their SPU or SPG;
  - (d) if applicable, grid prequalification for connecting system operators and affected system operators to set limits on operation for SPUs, SPGs and part of SPGs due to grid constraints, as provisioned in Article 75 (Grid Prequalification);
  - (e) a ‘suspension procedure’ for entitled parties to suspend a SPU or SPG;
  - (f) a ‘de-registration procedure’, allowing for service providers to remove data about their SPU or SPG from the SP module; and
  - (g) a ‘switching procedure’ to switch controllable units between SPUs or SPGs of the same

service provider or between service providers.

- (h) A 'confirmation procedure' for PPPs to confirm SPU or SPG characteristics announced by the SP.

### *Article 43*

#### **CU module procedures**

1. The operator(s) of flexibility register platform(s) with a CU module shall provide for controllable units at least the following procedures:
  - (a) a 'registration procedure', allowing for the entitled party to submit data about a controllable unit;
  - (b) an 'update procedure' allowing for the entitled party to update data about a controllable unit;
  - (c) if applicable, a 'grid prequalification procedure', as provisioned in Article 75 (Grid Prequalification), allowing for the grid prequalifying party, in this case the connecting systems operators, to validate the information provided in the registration or update procedure and allow the utilization of a controllable unit for balancing and local services under the provided characteristics. Information about the status of grid prequalification shall be made available to entitled actors;
  - (d) a 'switching procedure' allowing for the new service provider on behalf of the flexible customer to request the assignment of controllable units to the new service provider pursuant to Article 33 (Switching of Controllable Units between service providers).
  - (e) A 'revocation procedure', to allow for the flexible customer to revoke the entitlement for the access of a service provider to the controllable unit. If the entitlement of a flexible customer to a connection point is invalidated, the 'revocation procedure' shall automatically and implicitly be enacted as defined in Article 75 (Grid Prequalification). All affected parties shall be notified without undue delay;
  - (f) a 'termination procedure', that terminates assignment of a controllable unit to a service provider on request by the service provider. National terms and conditions for the flexibility register may foresee an obligation for service providers to pre-notify flexible customers in such a case. All affected parties shall be notified without undue delay;
  - (g) a 'suspension procedure' for entitled parties to suspend a CU. All affected parties shall be notified without undue delay;

- (h) a 're-activation procedure' for entitled parties to make suspended CUs available again for the provision of balancing, congestion management and voltage control services. Re-activation may require onboarding procedures to a new CU operator infrastructure, SP, SPU or SPG, including renewed activation and communication tests.
  - (i) a 'de-registration procedure', allowing for service providers to remove data about controllable units not assigned to any SPU or SPG on behalf of and with the consent of the flexible customer; After the de-registration of a controllable unit from a CU module, the operator(s) of flexibility register platform(s) shall retain data until no other business processes refer to it.
2. The operator(s) of flexibility register platform(s) with a CU module shall give access to CU data to CU operators acting on behalf of the flexible customer and other entitled parties based on the consent of the flexible customer. For the management and control of consent of flexible customers, the operator(s) of flexibility register operator(s) with a CU module shall provide standardised online APIs and online user interfaces.

## CHAPTER IX

### **NATIONAL HARMONISATION OF MARKET ACCESS PROCESSES**

#### *Article 45*

#### **National terms and conditions for service providers**

1. The national terms and conditions for service providers shall aim at simplifying the access to flexibility services and avoiding duplications when prequalification processes are technically justified.
2. Systems operators within each Member State shall define in the national terms and conditions for service providers the stepwise implementation, requirements and the processes for service provider qualification pursuant to Article 30 (Qualification for service providers), product prequalification pursuant to Chapter 6 (Product Prequalification) and product verification pursuant to Chapter 7 (Product Verification) for different products.
3. The national terms and conditions for service providers shall include:
  - (a) threshold for the capacity under which a controllable unit shall be regarded as a small controllable unit, if this value deviates from 25 kVA;
  - (b) specification of SPU or SPG qualification status validity time, if nationally deviating from 5 years as set in Article 32(5) (Criteria for reassessment of product prequalification)

- and product verification);
- (c) the specification of the switching processes pursuant to Article 33 (Switching of Controllable Units between Service Providers) and Article 33.1 (Switching of controllable units within the same service provider);
  - (d) provisions for flexible customer's right to choose a new service provider as set in Article 33 (1) (Switching of Controllable Units between Service Providers);
  - (e) procedures to ensure that a controllable unit is assigned to a maximum of one service provider within the same day as set in Article 33 (2) (Switching of Controllable Units between Service Providers);
  - (f) specification for dedicated measurement device data provision, rules and responsibilities for dedicated measurement device data quality verification and principles and requirements for collection, management, transfer and storage of dedicated measurement device data as set in Article 33A (1) (Framework for the validation and quality of DMD data);
4. The national terms and conditions for service providers may include:
- (a) a notice period and an earlier CU switch in accordance with Article 33(4) (Switching of Controllable Units between Service Providers);
  - (b) additional pre-requisites to ensure a reliable switching process in accordance with Article 33(4).
5. Regarding service provider qualification process the national terms and conditions for service providers shall include:
- (a) The process and additional requirements for service providers regarding market participation including financial prerequisites and ICT system requirements as set in Article 30 (1) (Qualification for Service Providers);
  - (b) a description of simplified qualification process as described in Article 30 (2) (Qualification for Service Providers);
  - (c) further specification for SPs obligation to informing the SP qualifying responsible in case of changes in its ICT systems as set in Article 30 (3) (Qualification for Service Providers)
  - (d) further specification for SP qualifying party's obligation to verify the data provided and updated by the service provider Article 30 (4) (Qualification for Service Providers);

- (e) specification for the maximum time delay before which the SP qualifying party shall update the qualification status of a service provider Article 30 (5) (Qualification for Service Providers);
  - (f) further specifications of the systems operators right to suspend or revoke the 'qualification status' of a service provider for reasons of incompliance or repeated inadequate service provision set out in Article 30 (6) (Qualification for Service Providers).
  - (g) the conditions for the service provider to continue the market participation with the affected SPU or SPG in the case where a full or partial repetition of the product prequalification is requested by PPP due to the criteria set up in Article 32 (2) (Criteria for reassessment of product prequalification and product verification).
6. Regarding product prequalification process the national terms and conditions for service providers shall include:
- (a) thresholds for the conditions where a PPP may request a product prequalification for an SPU or SPG applying for a specific balancing product as set in Article 31(6) (d) (Pre-Conditions and Applicability of the product prequalification and product verification processes);
  - (b) set of conditions where a PPP may request a product prequalification for an SPU or SPG applying for a congestion management and voltage control product as set in Article 31(6) (e) (Pre-Conditions and Applicability of the product prequalification and product verification processes)
  - (c) the conditions under which systems operators shall have the right to conduct an activation test if it is needed to ensure the system security and grid operation as set in Article 34 (4) (Requirements for product prequalification);
  - (d) the conditions for requesting and executing training tests as referred to in Article 34 (7) (Requirements for product prequalification);
  - (e) a specification to simplify the product prequalification process for SPUs and SPGs that exclusively consist of identical small CUs including the definition of the limited number of controllable units that shall participate in activation tests pursuant to Article 34 (6) (Requirements for product prequalification);
  - (f) a specification to simplify the evaluation pursuant to Article 34 (11) (Requirements for product prequalification) for SPGs or SPUs that exclusively consists of controllable units being identical to other prequalified already under other SPUs or SPGs for the product declared by the potential service provider;

- (g) an allocation of costs for activations test as part of the product prequalification as set in Article 34 (10) (Requirements for product prequalification);
7. Regarding product verification process the national terms and conditions for service providers shall include:
- (a) requirements for conducting product verification process pursuant to Article 37 (3) (Product verification requirements);
  - (b) definition of the data the procuring system operator is entitled to request for the product verification pursuant to Article 38 (1) (Product Verification Process);
  - (c) verification criteria for each product pursuant to Article 38 (2) (Product Verification Process);
  - (d) specification for maximum timeframe within which minimum number of service deliveries shall be reached as set out in Article 38 (4) (Product Verification Process);
  - (e) the condition to impose penalties pursuant to Article 38 (5)(b) (Product Verification Process), if the verification criteria is violated;

#### *Article 45a*

#### **National terms and conditions for the flexibility register**

1. Regarding data exchange and flexibility register procedures the national terms and conditions for the flexibility register shall include:
- (a) description of a flexibility register mechanism that ensures a single point of reference for all information objects and attributes managed within the flexibility register pursuant to Article 39 (1) (Principles for Governance and Interoperability);
  - (b) the data management structure of the flexibility register including assignment of the responsible party or the responsibilities parties as operator(s) of the platform(s) pursuant to Article 39 (2) (Principles for Governance and Interoperability);
  - (c) a specification of all procedures of the SP module pursuant to Article 42 (SP module procedures) and of the CU module pursuant to Article 43 (CU module procedures)
  - (d) If applicable, an assignment of entitled parties responsible for the registration and updating of data for controllable units and systems operators' role in complementing the CU data as set in Article 31 (2) (Pre-Conditions and Applicability of the product prequalification and product verification processes);

- (e) specification for the harmonised interface of the single and common front-door pursuant to Article 40 (2) (Accessibility of the flexibility register) ;
  - (f) requirements for CU and SP modules, and the common front-door as set in Article 41 (1) (Principles and requirements for operators of flexibility register platforms);
  - (g) description of reasoning of market participants being granted access or rights to update information in the flexibility register set in Article 41 (3) (Principles and requirements for operators of flexibility register platforms);
  - (h) specification, if nationally decided, of direct interaction of flexible customer's and CU operators acting on behalf of the flexible customer with a CU module as set in Article 41 (6) (Principles and requirements for operators of flexibility register platforms);
  - (i) conditions for the service provider's obligation to pre-notify the flexible customer in case of termination of controllable unit's assignment to a service provider as set down in Article 43 (1) (f) (CU module procedures)
  - (j) the scope of cost-benefit analysis referred to in Article 39 (4) (Principles for Governance and Interoperability);
2. Regarding the involvement of the flexible customer, the national terms and conditions for the flexibility register may include:
- (a) a procedure for initiating cooperation by the flexible customer using flexibility register data with the selected service provider in the scope of providing a balancing or congestion management or voltage control products;
  - (b) a procedure for initiating cooperation by service provider using flexibility register data with selected flexible customer in the scope of providing a balancing, congestion management or voltage control product; and
  - (c) a procedure for terminating cooperation between flexible customer and service provider;
  - (d) conditions for flexible customer to contract a new service provider and a new CU Operator for their controllable units;
  - (e) optional procedures for flexible customers read access to all managed data about their CUs through an online application and means for enabling flexible customer to express consent or dissent on changes to that data;

*Article 46*

**Table of Equivalences**

1. Systems operators in each Member State shall define a national ToEq and related unified procedures to facilitate the simplification of product prequalification for SPUs and SPGs participating in multiple markets in the national terms and conditions for the table of equivalence pursuant to Article 6 (Common proposals for national terms and conditions).
2. The national terms and conditions for the table of equivalence shall:
  - (a) provide an overview of the nationally applied balancing, congestion management and voltage control products and its respective product requirements.
  - (b) ensure simplification in the product prequalification of a SPU or SPG with already registered characteristics in the SP module, if certain product requirements are fulfilled by the characteristics.
3. Within 12 months from the publication of the European harmonization report pursuant to Article 84 (Harmonisation) and if it has positively assessed the establishment of a European ToEq ENTSO-E and EU DSO entity shall establish a European ToEq based on national ToEqs pursuant to Article 9.

TITLE IV

**MARKET DESIGN LOCAL SERVICES**

*Article 47*

**Solutions for congestion and voltage issues through active power**

1. Each system operator shall choose the most efficient and effective solution or combination of solutions in accordance with the applicable national framework, which can include grid investment, flexible connection agreements, grid tariffs, grid-technical measures, non-costly remedial actions, and procurement and activation of local services, as well as redispatching, or other tools to solve congestion issues and voltage issues. The criteria to choose shall be transparent and coordinated while ensuring power system and network security. Systems operators are entitled to use different criteria and consider different options depending on different time horizons.
2. The procurement of local services, including redispatching mechanisms within a bidding zone referred to in Article 13 of Regulation (EU) 2019/943 and in Article 32 and 40 of Directive (EU) 2019/944, shall be market-based and in accordance with transparent and non-discriminatory procedures, unless competent national authority has established before

the entry into force of this Regulation a national rules-based mechanism, pursuant to Article 13(3) of Regulation (EU) 2019/943 as well as pursuant to Articles 32 and 40 of Directive (EU) 2019/944. In this case, systems operators are entitled to present common proposals for market-based procurement of local services that complements rules-based mechanisms, in line with Articles 48 (National terms and conditions for market design for local services through active power) and 6 (Common proposals for national terms and conditions). This proposal shall describe interactions with existing rules-based mechanisms.

3. Systems operators may only use non-market-based solutions if the competent national regulatory authority has assessed and concluded that:
  - (a) the procurement of market-based services is not economically efficient, pursuant to a cost-benefit analysis; or
  - (b) one of the conditions referred to in Article 13(3) of Regulation (EU) 2019/943 or Articles 32(1) and 40(5) of Directive (EU) 2019/944 applies.

This is without the prejudice to a national rules-based mechanism applicable pursuant to paragraph 2.

4. The assessment referred to in paragraph 3 shall take into account that conclusions may differ for different parts of the grid, including different voltage levels, within a Member State, for different products, especially distinguishing short term and long-term products, or other relevant criteria. The assessment and conclusions shall be publicly available.
5. The competent national regulatory authorities shall evaluate whether significant changes of conditions that are ground for non-market-based solutions have occurred at least every two years or due to a request filed by systems operators, such as:
  - (a) changes leading to one of the conditions influencing the assessment in paragraph 3 no longer applying to parts or the whole of the grid;
  - (b) changes leading to one of the conditions for the assessment in paragraph 3 no longer applying to partial implementation of market-based solutions; or
  - (c) demonstrated efficiency of market-based concept from pilot/regulatory demonstrative projects.
6. Systems operators shall inform competent national regulatory authorities on conditions that shall be assessed pursuant to paragraph 3. When systems operators deem of need, they shall propose to competent national regulatory authorities mechanisms for mitigating market risk in local markets as part of the national terms and conditions for local markets.

7. Following a result in favour of a market-based approach after evaluation in paragraph 5 and assessment in paragraph 3, systems operators shall submit within 6 months to competent national regulatory authority for approval a roadmap for implementing market-based procurement of local services for the relevant part of the grids or type of resources previously not under market-based approach.

#### *Article 48*

### **National terms and conditions for market design for local services through active power**

1. Systems operators in each Member State shall commonly propose national terms and conditions for market design for local services through active power and submit this to the competent regulatory authority pursuant to Article 6 (Common proposals for national terms and conditions).
2. When developing the national terms and conditions for market design for local services through active power systems operators shall consider the national context, including at least:
  - (a) whether long-term markets, day-ahead, intraday or balancing markets apply unit or portfolio bidding;
  - (b) whether and in which way market locational information is needed or available;
  - (c) whether central or self-dispatching model is applied;
  - (d) specific roles and responsibilities assigned;
  - (e) the maturity and expected volumes of local services at each voltage level;
  - (f) the potential depth and potential liquidity of local markets, and the local availability of flexible resources;
  - (g) the number and structure of distribution system operators;
  - (h) the different grid characteristics and needs between the distribution and the transmission grid, and how they are defined;
  - (i) the size and characteristics of the connected grid users and potential CU/SPU/SPG connected to each grid;
  - (j) the nationally standardised products for local services; and
  - (k) the existing ancillary service and congestion management market structure or

organization.

3. In the national terms and conditions pursuant to this article at least the following roles and their related processes in line with this Regulation should be described:
  - (a) the procuring system operators;
  - (b) the requesting system operators;
  - (c) the connecting system operators;
  - (d) the affected system operators;
  - (e) the operators of local markets;
  - (f) the coordination with operators of other markets;
  - (g) the operators of flex-register(s) as relevant;
  - (h) the service providers as relevant; and
  - (i) other market participants as relevant.
4. National terms and conditions referred to in this article shall in particular clarify how and by whom the selection and activation of bids and the validation and settlement of the service provision is done.
5. The procurement process shall be described as part of the national terms and conditions referred to in this article.
6. The costs for procuring local services shall be allocated and recovered in line with the applicable national legislation.

#### *Article 49*

#### **Criteria for procurement and pricing for market-based local services**

1. Procurement rules specified in national terms and conditions pursuant to Article 48 (National terms and conditions for market design for local services through active power), shall:
  - (a) enable participation of any single or aggregated resources such as production, consumption or energy storage;
  - (b) be non-discriminatory and technology neutral whilst having due regard to the

particularities of resources;

- (c) guarantee protection of confidential data as well as transparency of the procurement in accordance with Article 52 (Publication of information);
  - (d) enable matching of the volumes and products characteristics requested by the procuring system operator with the offer of products and services;
  - (e) be aligned, as applicable, with regional processes pursuant to implementation of Article 76 of Commission Regulation (EU) 2017/1485, as well as with nationally defined rules as far as these national rules fulfill the criteria and requirements of this Regulation and follow the principles for coordination and interoperability pursuant to Article 53 [Criteria for the coordination and interoperability between local and day-ahead, intraday, and balancing markets]; and
  - (f) respect the applicable coordination process, in accordance with Title VII (TSO-DSO coordination and DSO-DSO coordination).
2. The activation of a bid for different purposes or the same purpose in different grids shall be allowed if technically feasible and shall only be remunerated once.
3. The pricing mechanism for market-based procurement of local services shall:
- (a) ensure fairness and competitiveness;
  - (b) ensure economic and efficient activation;
  - (c) reflect the actual market structure and concentration;
  - (d) provide incentives for long-term market development; and
  - (e) provide equal treatment of service providers and ensure technological neutrality whilst having due regard to the particularities of the resources.
4. The pricing mechanism for market-based procurement of local services shall allow for:
- (a) variations depending on different products, voltage level of the issue, different time horizons, different liquidity of markets, and specific national and/or local features and purpose of the availability and/or activation;
  - (b) predetermined prices as part of the offer process for availability and/or activation of resources contracted in advance subject to an assessment of economic efficiency;
  - (c) energy-only payments and/or capacity payments, subject to assessment of economic efficiency; and

(d) deviation from general price mechanisms in long-term, day-ahead, intraday or balancing markets when procured in those markets.

5. When local services are procured in advances as capacity products, the activation of bids from previously contracted resources shall be subject to competition with other available voluntary bids in that market.

#### *Article 50*

#### **Criteria for procuring by tender procedure**

1. In case systems operators procure local services by a tender procedure, they shall follow the requirements provided for in Article 49 (Criteria for procurement and pricing for market-based local services) and the procurement process described in Article 48 (National terms and conditions for market design for local services through active power).
2. The best techno-economic option shall be selected for each tender, including when comparing options available for the systems operators to solve the congestion or voltage issue. Systems operators shall ensure that service providers engaged in the tender process do not have access to preferential information over other service providers.
3. If applicable, the tender procedure shall clarify the details on timelines for registering and prequalifying CU, SPU, SPGs and other elements of the tender when service providers are allowed to make offers with CU, SPU, SPG not yet connected, registered or not yet prequalified pursuant to Title III and Article 75 (Grid prequalification).

#### *Article 51*

#### **Criteria for applying flexible connection agreements**

1. When the national framework for flexible connection agreements establishes that flexible connection agreements are activated outside of local markets, systems operators shall on a regular basis investigate if an efficient solution through procurement of local services by market principles may be applied.
2. Activation of non-market-based flexible connection agreements shall not lead to market-distortion and is in accordance with following criteria:
  - (a) systems operators shall not unduly limit the possibility for system users connected with flexible connection agreements to provide services in all markets;
  - (b) when flexible connection agreements and markets for local services co-exist, activation of flexible connection agreements shall be subject to coordination with available

activation products through a mechanism specified in national framework that ensures effectiveness and efficiency; when activation of flexible connection agreement is included in the imbalance adjustment of the respective balance responsible parties the requirements pursuant to Article 28 (Imbalance settlement) apply.

- (c) in case of system imbalance due to activation of flexible connection agreement, it shall be solved according to a method proposed by systems operators and agreed by relevant national authority or authorities that should be effective, efficient and avoid risks for the performance of the load-frequency control processes.
  - (d) when flexible connection agreements pose a risk to the resource's ability to deliver a local or balancing service, the participation in that market may be limited for the relevant time-frame; and
  - (e) the connecting and affected systems operators shall be able to communicate restrictions by setting limits during applicable grid prequalification process defined in Article 75 (Grid prequalification) or following short term procedure defined in line with Article 74 (Short-term procedures to account for distribution system operator's limits) when resources affected by flexible connection agreements provide local or balancing services.
3. The applicable framework in a Member State shall ensure that the activation of conditions in flexible connection agreements by system operators do not have the capability to lead the power system out of its normal state, and do not endanger power system and network security, by ensuring the necessary coordination between the relevant transmission and distribution system operators.

#### *Article 52*

#### **Publication of information**

1. Systems operators shall publish national terms and conditions for market design for local services.
2. Systems operators shall publish, within national terms and conditions for market design for local services or if deemed necessary as separate publication:
  - (a) the requirements of each product including the product attributes for local services;
  - (b) bid selection criteria and pricing mechanisms for local markets.
3. Local market operator shall publish clear information on the market sessions, including the number and structure of market sessions, gate closure times as well as information on the

products traded on the platform they operate.

4. Based on the expected congestion or voltage control issues on their grid, systems operators shall publish, at least as frequently as the network development plans, relevant information to promote liquidity on local markets, such as indicative but non-binding information for the expected need for local services.
5. The systems operators shall publish the information that is necessary for the operation of local markets, which may include:
  - (a) different product needs, whether it is up- or down regulation, the foreseen utilization patterns, expected volumes or other information, with sufficient time and locational granularity and detailed per different time horizons; and
  - (b) locational information for the participation of any single or aggregated resource to provide the needed services, and where relevant other information such as the impact factor.
6. When information pursuant to paragraph 5 is published, prior to the market clearance time, the national terms and conditions for market design for local services developed pursuant to Article 48 (National terms and conditions for market design for local services through active power) shall specify the data exchange enabling the competent regulatory authority to monitor possible market abuse or market distortion.
7. When capacity for local services is procured, systems operators shall publish the relevant information for the participation, including the required volumes when necessary for the operation of local markets, the selection criteria and the relevant details of the contracting process.
8. Systems operators or, if applicable pursuant to requirements set in the national terms and conditions for market design for local services developed pursuant to Article 48 [National terms and conditions for market design for local services through active power] local market operator(s), shall publish at least the following market results of local services, promoting transparency while respecting commercial secrecy and confidentiality of information and preventing market distortion and in compliance with national rules and applicable competent regulatory authority decision:
  - (a) when applicable, aggregated, and anonymized information on results of market-based procured capacity for local services, no later than one day after capacity is procured, at least for procured capacity, such as volume and time per direction and resulting cost, such as currency/volume/time.
  - (b) when applicable, results on market-based local services energy activation:

- (i) total volume per direction and time period, not later than one day after the operating period; and
  - (ii) cost for activated volume, per direction and time, not later than one month after the end of the referred month.
- 9. Pursuant to competent regulatory authority approval, systems operators may withhold the publication of information on prices and volumes of procured capacity or energy bids if justified for reasons of market abuse concerns or if detrimental to the effective functioning of the electricity markets.
- 10. The competent regulatory authority may require system operators publish the information referred to in this Article on a single platform on national level.
- 11. All published information shall be made in an accessible and transparent manner.

### *Article 53*

#### **Criteria for the coordination and interoperability between local and day-ahead, intraday, and balancing markets**

- 1. The national terms and conditions for market design for local services developed pursuant to Article 48 (National terms and conditions for market design for local services through active power) shall ensure that local markets are coordinated with other electricity markets. The coordination and interoperability shall enable resources to participate in different markets while ensuring market integrity, power system and network security, and the correctness of imbalance settlement. Procurement and activation of local services shall respect the well-functioning of day-ahead, intraday, or balancing markets and the rules of their functioning established, in particular pricing mechanism based on applicable legislation. When defining the national terms and conditions for the market design for local services the following principles shall be respected for the coordination and interoperability between local markets and other electricity markets:
  - (a) aim at efficient access to local markets for both service providers and systems operators;
  - (b) coherence in the interaction across different electricity markets and different time frames including the scheduling process; and
  - (c) inclusion of all activations of bids made by systems operators for local services, when applicable pursuant to Article 28 (Imbalance settlement), in the imbalance adjustment of the respective balance responsible parties.
- 2. Markets for local services may allow different granularity and minimum bid size than other electricity markets.

3. The national terms and conditions for the market design for local services developed pursuant to Article 48 (National terms and conditions for market design for local services through active power) shall:
- (a) specify whether and in what way bids offered in day-ahead, intraday and balancing markets can be used for solving congestion issues or voltage issues. Even if this is an option, additional local markets may be organised;
  - (b) describe in what manner markets for local services shall interact with other electricity markets, including the necessary processes;
  - (c) ensure that the market design minimizes the possibilities for withholding of capacities and market abuse;
  - (d) ensure that the design provides efficient solutions to deal with needs for local services;
  - (e) allow bids that are not awarded in one market to be offered to another market, given they are qualified for that market. Specific requirements of other markets can be met by combining bids if this is described in the national terms and conditions for market design for local services in accordance with paragraph 5 of this article;
  - (f) have in place rules that avoid that the same bid is selected twice, in particular where the same SPU, SPG, or part of SPG is active in different markets, and the responsibilities for guaranteeing that;
  - (g) describe whether sequential, parallel, simultaneous or other market processes are used for local services procurement and between local markets and other markets on Member State level, ensuring time for coordination of power system balance and congestion and voltage issues;
  - (h) take into account the potential impact on other wholesale market prices from anticipation of pricing in subsequent, parallel or coordinated, linked or non-linked local markets for local services;
  - (i) include provisions aiming at avoiding too many different market places if this leads to inefficiencies;
  - (j) describe whether CUs are allowed to participate in different SPGs for different services and the requirements to ensure that there is no double activation of CUs; and
  - (k) avoid that systems operators unduly limit the possibility to participate in other electricity markets for resources procured in local markets with capacity payment that are not needed or activated in the relevant timeframe by the system operator who initially

procured the capacity.

4. National terms and conditions for market design for local services developed pursuant to Art 48 shall describe whether and under which conditions bids can be combined and forwarded to other markets. Service providers may offer their services in another market either themselves or by means of an intermediary or a market operator that forwards the bids, given that the concerned service provider has given its consent. If combined and/or forwarded bids are allowed at least the following should be described in the national terms and conditions:
  - (a) requirements for combining and/or forwarding bids to other markets;
  - (b) how information on consent of combining and/or forwarding bid is processed;
  - (c) how locational information is included;
  - (d) measures to maintain transparency for transferred bids;
  - (e) whether and under which conditions service providers are allowed to change pricing and volumes or to withdraw bids;
  - (f) liabilities and responsibilities for all market participants when transferred bids cannot be fully activated;
  - (g) how forwarded and/or combined bids are priced and how service providers are compensated;
  - (h) measures to avoid that the same bid is selected twice in separate markets or by different systems operators; and
  - (i) how forwarded and/or combined bids are handled with respect to validation of service provision.

#### *Article 54*

#### **Requirements for procuring system operators**

1. The procuring systems operators shall act in a non-discriminatory manner when procuring and using congestion management or voltage control products.
2. The procuring systems operators shall not exchange preferential, confidential, and commercially sensitive information with affiliated companies and other service providers.
3. The procuring system operators shall identify bids, SPUs, part of SPGs or volumes that can

solve the congestion or voltage issue in accordance with requirements in Articles 72 (Forecasting and identifying congestion and voltage issues) and 73 (Solving congestion and voltage issues).

4. All procuring system operators shall apply this Article requirements regardless they procure directly or through a third party.

*Article 55*

**Requirements for local market operators**

Parties that perform one or several tasks of an operator of local markets shall:

- (a) own or have contracted adequate resources such as human resources, financial resources, information technology, technical infrastructure to fulfil the local market operator nationally assigned tasks;
- (b) have an adequate level of business separation from market participants, including service providers
- (c) treat market participants in a non-discriminatory way, and have appropriate transparency and confidentiality agreements in place with service providers and the relevant systems operators, including a proper access to information regarding the local market operator tasks in accordance with Article 52 (Publication of information)
- (d) be neutral towards all service providers and technologies; and
- (e) accept regulatory oversight of the competent national regulatory authority and comply with all data requests, whether they are provided for by national legislation or are made on an ad hoc basis by the competent national regulatory authority.

<b>DSO ENTITY Option</b>	<b>ENTSO-E Option</b>
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*Article 56*

**Appointment and oversight of local market operators**

1. Each procuring system operator is operator of local markets(s) and may delegate tasks with respect to local markets to:
  - a. the TSO(s) or DSO(s) which procure the services, either alone or together;
  - b. another TSO or DSO, either alone or together;
  - c. a third party.
2. Operators of local markets in one Member State shall have a common information platform on market-based procurement for local services, standardized definitions and standardized use of locational information. The common national terms and conditions pursuant to Article 48(4) (National terms and conditions for market design for local services through active power) shall specify the requirements in particular those of coordination and interoperability for all markets.
3. The relevant national regulatory authority shall ensure oversight of local market operator compliance with the criteria in Article 55 (Requirements for local market operators) and with national terms and conditions referred to in Article 48(4) (National terms and conditions for market design for local services through active power).

*Article 56*

**Appointment and oversight of local market operators**

1. Systems operators shall describe in national terms and conditions pursuant to Article 48 (National terms and conditions for market design for local services through active power) the process to become local market operator or the entity(-ies) that are proposed to be assigned with the responsibility of operating the local market, as applicable.
2. The National Regulatory Authority, or another competent authority at national level shall approve or appoint the local market operator(s).
3. Local market operator(s) can be:
  - a. the TSO(s) or DSO(s) which procure the services, either alone or together;
  - b. another TSO or DSO, either alone or together;
  - c. a third party.
4. The relevant national regulatory authority shall ensure that appointment is revoked if the local market operator fails to maintain compliance with the requirements in Article 55 (Requirements for local market operators) and in national terms and conditions referred to in Article 48- (National terms and conditions for market design for local services through active power).

*Article 57*

**Tasks of local market operators**

1. Systems operators shall describe in national terms and conditions for market design for local services developed pursuant to Article 48 (National terms and conditions for market design for local services through active power) functional requirements of operators of local market(s).
2. The operators of markets for local services shall provide, maintain, and operate IT solutions that are able to:
  - (a) process bids, provides a merit order list of bids as applicable, facilitates the matching of bids in local markets with system operators needs in line with the procurement and pricing rules as described in national terms and conditions for market design for local services developed pursuant to Article 48 (National terms and conditions for market design for local services through active power);
  - (b) communicate with the service providers and the systems operators as applicable;
    - (i) the bids from service providers;
    - (ii) the needs from systems operators;
    - (iii) the information necessary for systems operators to perform their tasks in line with Title VII [TSO-DSO COORDINATION and DSO-DSO COORDINATION], including reception and processing of temporary limits affecting service providers offers in accordance with Article 74 (Short-term procedures to account for DSO limits); and
    - (iv) the information to service providers and systems operators, on the market results and associated activation of bids.
  - (c) communicate as applicable relevant information to other affected market roles; and
  - (d) gather and exchange the information for the settlement of the markets of local services as described in national terms and conditions for market design for local services developed pursuant to Article 48 (National terms and conditions for market design for local services through active power).
3. The IT solutions referred to in paragraph 2 shall communicate as applicable with the flexibility register platform(s).
4. Operators of local markets shall coordinate with the operators of other markets in

accordance with national terms and conditions for market design for local services pursuant to Article 48 (National terms and conditions for market design for local services through active power). In the case a local market operator is allowed to combine bids to suit the needs of systems operators, or to forward bids to other markets combined or not, the local market operator shall perform this task while ensuring the necessary transparency and following the pricing mechanism and settlement principles defined in the national terms and conditions for market design for local services referred to in Article 48 (National terms and conditions for market design for local services through active power), and subject to the service providers consent. The local market operator shall not be allowed to perform any arbitrage in the bid selection or acting as market participant in the market in which they act as the local market operator.

5. Local market operators shall publish market results, avoiding market distortion and respecting commercially sensitive information in accordance with Article 52 (Publication of information) and with requirements in terms and conditions for market design for local services pursuant to Article 48 (National terms and conditions for market design for local services through active power).

## CHAPTER X

### **CONGESTION MANAGEMENT PRODUCTS AND VOLTAGE CONTROL PRODUCTS BASED ON ACTIVE POWER**

#### *Article 58*

##### **List of attributes**

1. When systems operators define nationally standardized congestion management products or voltage control products based on active power, they shall use attributes from the common list of attributes. The common list of attributes shall be commonly developed and published by ENTSO-E and EU DSO Entity within 12 months after entry into force of this Regulation and following the process to develop Union wide terms and conditions in accordance with Article 9 (Development and Approval of Union-wide terms and conditions or methodologies).
2. ENTSO-E and EU DSO Entity shall review the list of attributes at least once every two years based on additional attributes in national terms and conditions for market design for local services pursuant to Article 48 (National terms and conditions for market design for local services through active power), valid standardised products and additional systems operators' proposals and prepare an updated common list of product attributes. The updated list shall be published in accordance with the paragraph 1. Where ENTSO-E and EU DSO Entity have not been able to reach agreement within the period referred to in this paragraph,

or upon their request, ACER shall adopt a decision concerning the updated list of attributes.

3. The competent regulatory authority may allow systems operators to use additional attributes for a period of two years, which can be extended by the competent regulatory authority. The process for allowing additional attributes shall be defined in terms and conditions for market design for local services pursuant to Article 48 (National terms and conditions for market design for local services through active power).
4. The list of attributes referred to this article shall not apply to the integrated scheduling process in Member States implementing a central dispatching model.

#### *Article 59*

#### **Requirements for the definition of congestion management products and voltage control products based on active power**

1. National terms and conditions for market design for local services pursuant to Article 48 (National terms and conditions for market design for local services through active power) shall include a list of products, their product attributes and their product requirements used for congestion management or voltage control based on active power. Systems operators shall standardise the products where appropriate avoiding product fragmentation.
2. If products from day-ahead, intraday, or balancing markets are used for congestion management or voltage control based on active power, these products shall also be included in the list of products pursuant to paragraph 1.
3. Different rules may apply to standardised market-based congestion management products and voltage control products based on active power under paragraph 1 and 2 for self-dispatching models and central dispatching models in accordance with article 2(17) and 2(18) of Commission Regulation (EU) 2017/2195.
4. The product requirements shall ensure the effective and non-discriminatory participation of flexible customers and market parties for providing congestion management services and voltage control services based on active power.
5. Congestion management products and voltage control products based on active power shall correspond with the specific needs of systems operators, considering:
  - (a) dependency to network topology;
  - (b) size and predictability of the congestion;
  - (c) expected local market liquidity to enable market-based congestion management or voltage control based on active power;

- (d) the type of congestion management products and voltage control products based on active power;
- (e) the list of attributes as referred to in Article 58 (List of attributes);
- (f) type of system users available; and
- (g) any features that may impact the availability of potential technical resources.

TITLE V  
**SYSTEMS OPERATORS -OWNED STORAGE FACILITIES**

*Article 61*

**Market-test and procedure for granting full or partial derogation to systems operators to own or operate energy storage**

1. Without prejudice to the case of fully integrated network components as defined under article 2(51) of Directive (EU) 2019/944, Member States may grant a derogation in accordance with Articles 36 (2) or 54 (2) of Directive (EU) 2019/944 where the following conditions are met:
  - (a) the essential elements of a tendering procedure to procure the needed local services in accordance with Article 50 [Criteria for procuring by tender procedure] include the guidelines or procurement clauses drawn-up by the competent regulatory authority to help systems operators ensure a fair tendering procedure in the context of this article and are submitted to public consultation and to the competent regulatory authority approval prior to starting the procurement process;
  - (b) systems operators have first attempted to procure the needed local services according to such tendering procedure referred to in point (a) including offers with not yet connected, registered or prequalified assets in accordance with Article 50 (3) (Criteria for procuring by tender procedure), and Article 81 [Voltage control services with use of reactive power];
  - (c) the outcome of such tendering procedure referred to in point (a) foresees, in accordance with paragraph 1(a), Articles 47 (Solutions for congestion and voltage issues through active power) and 50 (Criteria for procuring by tender procedure), to not follow-up with received offers from service providers, but to implement a solution that include systems operators energy storage facilities;

- (d) such energy storage facilities are only necessary for the system operators to fulfil their obligations for the efficient, reliable and secure operation of the distribution or transmission system and the energy storage facilities will not be used to buy or sell electricity in the electricity markets;
  - (e) the competent regulatory authority has carried out an assessment of the tendering procedure, including the conditions of the tendering procedure; and
  - (f) the competent regulatory authority has assessed the need of such a derogation and has granted its approval.
2. The competent regulatory authority may grant a derogation to system operators' partial or full ownership and operations of energy storage in accordance with paragraph 5 of this Article.
3. For storage that are not considered as fully integrated network components, systems operators shall consider shared ownership and joint-operation of the needed energy storage facilities relevant to paragraph 1 and awarding through a tender to third party the unused part of the needed energy storage facilities if the conditions foreseen in the paragraph 1 of this Article do not result in procuring services from third-parties, where it is allowed by Members States and provided it is compatible with Article 43(1) of EU Directive 944/2019 and if the following requirements are met:
- (a) systems operators shall first assess the potential efficiency of sharing ownership and operations of energy storage, considering the size of the energy storage facility, the potential energy storage part available to third parties, potential savings and costs, or other relevant criteria. If this assessment demonstrates that sharing ownership and operation will not be efficient, systems operators shall submit that assessment to the competent regulatory authority and request to disregard the possibility of sharing the ownership energy storage;
  - (b) systems operators shall submit to public consultation the general terms and conditions of tenders for shared ownership and operations of energy storage, including the intended shared ownership agreement in accordance with Article 62 (Shared energy storage ownership and operations agreement), and to submit the tendering process to the competent national regulatory authority's approval before launching it. The tendering procedure for sharing energy storage that may be specific to each system operator and each asset shall:
    - (i) ensure transparency of the selection criteria and the results of the tender;
    - (ii) establish whether and under which conditions a third party that share ownership

and operations of such energy storage facility shall receive a preferential treatment for the public consultation referred to in Article 63 (Assessing interest and transferring ownership of systems operators owned energy storage) to take-over that systems operators' energy storage facility;

- (iii) provide relevant and useful information to assist the potential third party to prepare an appropriate offer. This information shall include the essential elements of the operational agreement, such as the minimum and maximum part, in terms of capacity or energy or other relevant criteria, available to the third party, the foreseen utilisation pattern and expected volumes of the systems operators' part energy storage, considering charge and discharge, with sufficient granularity or other relevant information; and
  - (iv) include the information on economic conditions of the tender for shared ownership and operation provided by systems operators.
- (c) based on the offers received for the tender, systems operators shall assess whether shared ownership is a better solution than full system operators' ownership and submit their assessment, the results of the tender and the proposed outcome to the competent regulatory authority approval. The competent regulatory authority shall carry out an assessment of the tendering procedure, including its conditions.
4. Based on the competent regulatory authority's assessment in accordance with paragraph 1(e) or paragraph 2(d) of this Article and the assessment made by the systems operators in accordance with paragraph 1(c), 3(a), and 3(c) of this Article, the competent regulatory authority may:
- (a) require systems operators to relaunch a tender procedure to procure the needed services from third-party, according to Article 61 (1) (Market-test and procedure for granting full or partial derogation to systems operators to own or operate energy storage);
  - (b) require systems operators to relaunch a tender procedure to attempt to share ownership and operations of energy storage that are not fully integrated network components, according to Article 61 (3) (Market-test and procedure for granting full or partial derogation to systems operators to own or operate energy storage);
  - (c) disregard the possibility of shared ownership an operations, and grant the systems operators a derogation to fully own, develop, operate and manage the energy storage facility; or
  - (d) approve the final agreement on shared ownership and operations and grant the systems operators a derogation to own, develop, operate, and manage the energy storage facility

under the final shared ownership and operations agreement.

5. Regardless of whether the energy storage facility is shared with third-parties, the systems operators:
  - (a) shall use their part of the energy storage facility to only fulfil its obligations for the efficient, reliable and secure operation of its grid;
  - (b) shall not use their part to buy or sell electricity in the electricity markets and shall not impact price formation on these markets. The competent regulatory authority shall approve the framework for charge and discharge of the systems operators' part of the energy storage facility, which in this case is not qualified for the purchase or sale of electricity, resulting solely from the fulfilment of their obligation to ensure efficient, reliable and secure operations of their grid, performing maintenance, or compensating internal losses of the energy storage facility. This framework shall not have a negative impact on market dynamics and competition, and unbundling principles shall be strictly kept; and
  - (c) shall be responsible for any imbalance induced by operation of its share, in accordance with national legislation or terms and conditions approved at national level.

#### *Article 62*

#### **Shared energy storage ownership and operations agreement**

1. Shared ownership or operation of energy storage facilities between system operator and the third-party may be based on a percentage, a sharing in time, season, capacity, output or any other clearly defined sharing deemed useful.
2. In case of shared ownership or operation of the energy storage facility, the third-party shall:
  - (a) own and operate its part of energy storage without further constraint, and in accordance with the limitations and related conditions predefined at the time of tender for sharing the energy storage facility by systems operators, static or dynamic, in injection or withdrawal, in active or reactive power;
  - (b) enable the systems operators to use their part of the energy storage facility to fulfil their obligations for the efficient, reliable and secure operation of their grid;
  - (c) be treated as any other market participant while operating its part of energy storage; and
  - (d) be responsible for the imbalance they cause and for the purchase or the sale of the energy for its part in accordance with national legislation or terms and conditions approved at

national level.

3. The shared energy storage ownership and operations shall lead to a fair share of costs between systems operators and the third-party. Systems operators shall not provide any subsidies to third parties, nor shall offer preferential treatment to third parties over other network users as part of the facility. It shall define the share of cost including connection, development, ownership, operations, management and cessation of activity of the energy storage facility.
4. In Member States where such a decision is made, a framework shall be established for connection agreement and related network charges to apply to the third-party part of the shared energy storage facility in accordance with paragraph 2(a) of this Article.
5. The shared energy storage ownership and operations agreement shall contain further provisions, including provisions concerning changes in ownership shares from either the third-parties or the system operator to market parties, or bankruptcy of third-party. It shall also define the conditions of the future connection agreement subsequent to a future transfer from the systems operators to third parties.

### *Article 63*

#### **Assessing interest and transferring ownership of systems operators owned energy storage.**

1. In Member States where system operators own or operate energy storage according to Article 61 (Market-test and procedure for granting full or partial derogation to systems operators to own or operate energy storage) and 62 (Shared energy storage ownership and operations agreement) which are not considered as fully integrated network components, the competent regulatory authority shall perform a public consultation to assess the potential availability and interest in taking over storage from systems operators. Such consultation shall take place at least every five years in accordance with Article 36(3) or 54(4) of Directive (EU) 2019/944 and shall be aligned as much as possible with applicable grid planning processes such as NDP. Prior to the public consultation, systems operators shall define and publish the criteria outlined in paragraph 3 for accepting and selecting the best offer from third parties. Parties interested in taking over the systems operators owned energy storage facility shall submit proposals to the competent regulatory authority including at least:
  - (a) a demonstration of their capability to own, develop, operate or manage such facilities;
  - (b) their offer regarding the take-over of systems operators' ownership and operations;
  - (c) their commitment to provisions contracted by systems operators and included as part of

the public consultation, that already govern the energy storage facility they intend to take over;

(d) their commitment to the conditions outlined in the future connection agreement following the transfer of ownership from the systems operators to the third-party;

(e) details or additional information, or any other commitments to provisions, as prescribed by national regulation, national legislation, terms and conditions approved at national level or relevant authority.

2. The competent regulatory authority shall submit these proposals regarding (b), (c), (d) and if relevant (e) of paragraph 2 of this Article for assessment to the systems operators that owns or operates energy storage. The systems operators shall assess and decide whether such offers are acceptable. The systems operators shall decide on the best acceptable offer according to the criteria of the consultation. The competent regulatory authority shall review the assessment made by systems operators for approval. Upon completion of the assessment by the competent regulatory authority, systems operator shall inform the third party that made the best acceptable offer and suspend the start of the take-over to the competent regulatory authority assessment and assessment pursuant to paragraphs 7 and 8.

3. Where the public consultation referred in paragraph 1 of this article shows there is at least one acceptable offer as per paragraph 3 or where the competent regulatory authority considers having at least one acceptable offer is not needed based on the information of paragraph 5 (a), (b) and (c), systems operators shall engage a process in accordance with Title IV (Market design for local services) to procure the needed services if systems operators were to cease its existing energy storage activity. In that case, systems operators shall apply the requirements for procuring through a tender procedure in accordance with Article 50 (Criteria for procuring by tender procedure):

(a) the third-party that made the best acceptable offer for taking over the systems operators' energy storage as assessed in paragraph 3 of this Article may register and prequalify the energy storage asset previously owned by the systems as part of its SPU or SPG to provide the local services in accordance with Article 50 (3) [Criteria for procuring by tender procedure];

(b) the third-party shall suspend the procurement clearing and the outcome of the procurement process until the competent regulatory authority's decision referred to in paragraphs 6 and 7 of this Article.

4. Systems operators shall provide the competent regulatory authority with:

(a) an update of costs of owning, operating and managing energy storage while providing

- the needed systems operators services;
- (b) the costs induced by transferring the energy storage activity to a third-party;
  - (c) the costs of ceasing & decommissioning energy storage activity; and
  - (d) a cost-benefit analysis of the results of the tender referred to in paragraph 4, in accordance with Article 61 (1) (a) and (c) (Market-test and procedure for granting full or partial derogation to systems operators to own or operate energy storage), to procure the needed local service if systems operators were to cease its existing energy storage activity. The information pursuant to (a), (b), and (c) of this Article must be provided to competent regulatory authority prior to the public consultation.
5. The competent regulatory authority shall assess whether the overall cost benefit analysis indicates that it is preferable to phase out of the systems operators' energy storage activity and purchase the necessary services from third parties rather than continuing the systems operators energy storage activity based on the information from paragraphs 2, 3 and 5 of this Article.
6. The competent regulatory authority shall ensure that systems operators phase out storage activity within 18 months if the following criteria are fulfilled:
- (a) Third parties are capable and willing to provide the needed local services based on the information from paragraph 4 of this Article; and
  - (b) the cost-benefit analysis referred to in paragraph 6 of this Article concludes it is preferable to phase out of the systems operators' energy storage activity, such as i.e., transferring to third-party or ceasing and decommissioning storage activity, and purchase the necessary services from third parties rather than continuing the systems operators' energy storage activity. If both conditions for the phase-out described in paragraph 7 are fulfilled, the competent regulatory authority decides on the start date of the 18-month phase-out period.
7. Within 18 months from the date of the competent regulatory authority referred to in paragraph 8:
- (a) systems operators shall phase-out activity on that facility and transfer the energy storage to that a third party, and shall receive compensation according to the proposals received; and
  - (b) the systems operators shall proceed and contract the needed local services consistently to the suspended clearing and outcome of paragraph 4(b). Systems operators shall publish the outcome of the tender in accordance with Article 52 [Publication of

information].

8. This Article is without prejudice of systems operators being able to take the initiative to cease their existing energy storage activities without requiring third-party take-over. They may choose to procure the needed services in accordance with paragraph 4 and following of this Article if it proves preferable to phase out of the systems operators' energy storage activities and purchase the necessary services from third parties rather than to continue the systems operators storage activity.

## TITLE VI

### **DISTRIBUTION NETWORK DEVELOPMENT PLANS**

#### CHAPTER XI

#### **DISTRIBUTION NETWORK DEVELOPMENT PLAN**

##### *Article 64*

##### **Process and Content of the Distribution Network Development Plan (DNDP)**

1. Each DSO shall develop the DNDPs pursuant to Article 32 of the Directive 2019/944 and in accordance with Title VI of this Regulation. Without prejudice to timelines provided for in each Member State, the first publication of the network development plans shall be within three years after the entry into force of this Regulation at the latest.
2. The DNDP shall include in particular:
  - (a) a distribution network planning methodology, prepared in accordance with the following general principles, which shall:
    - (i) consider particular characteristics at national and at DSO level, including a distinction between voltage level and/or region;
    - (ii) be coordinated with the planning methodology and the scenario building process of the national TSOs for the Union-wide network development plan pursuant to Article 30(1)(b) of Regulation (EU) 2019/943;
    - (iii) include development scenario as described in (b);
    - (iv) consider available grid capacity for connection of new system users;
    - (v) consider local services as described in the Article 65 (Local services in the DNDP) of this Regulation, where applicable, and other solutions.

- (b) The scenarios and assumptions used to identify network development needs with a comprehensible description for stakeholders. These development scenarios shall:
- (i) reflect the most likely prospective of the future electricity distribution system for the next five to ten years, including anticipatory needs;
  - (ii) be coordinated between the concerned DSOs and TSOs and national authorities, if relevant, in order to ensure consistency;
  - (iii) at least encompass existing and future demand, generation, storage capacities, consider national energy and climate plans, local energy strategies and other relevant development factors.
- (c) information on planned and ongoing investments that may be integrated in a timely manner, new electricity generation, especially installations generating electricity from renewable sources, energy storage facilities and new loads including charging points for electric vehicles or heat pumps. This information shall cover the next five to ten years and its level of detail may be differentiated considering the voltage levels or other criteria.
- (d) a description of how the DSO shall take into account local services in accordance with Article 65 (Local services in the DNDP).
3. The consultation process with relevant system users and system operators shall last for a period of at least six weeks. The documents of the consultation shall be published, if provided for by the Member State, on the DSO's website or a central publication and communication platform if required by the competent national regulatory authority.
  4. The results from the consultation process shall be made available publicly and provide feedback to stakeholders on how the comments received have been considered and submitted, along with the DNDP, to the competent national regulatory authority. The competent national regulatory authority may request amendments to the plan within four weeks, after receiving the contributions from the consultation process. For the first submission of the DNDP under this Regulation, the time period for the competent national regulatory authority to request amendments may be extended to 6 weeks. The DSO shall consider amendments request received from the competent national regulatory authority and publish the final version of the DNDP.
  5. Systems operators shall ensure, where relevant, that development plans are consistent and, coordinated and that the necessary information to prepare the network development plans is exchanged during the development process in order to identify the need of grid investments.

6. The scope of published and exchanged information shall ensure that the confidentiality required at the national and DSO level is maintained and that the information does not distort the operation of markets for the procurement of local services.

*Article 65*

**Local services in the DNDP**

1. To include considerations of local services the DNDP shall contain:
  - (a) an assessment made by DSOs of current and predicted local services needs for solving congestion and/or voltage issues in their grid;
  - (b) a general description of how the cost-effectiveness of local services is assessed, and
  - (c) information on future local services needs in the medium and long-term of their grid, with as much locational and time granularity as possible, considering its relevance, and information available at the time of the DNDP preparation development. The need of local services considered in the DNDP shall be based on the information available as of the date of the DNDP preparation development, while the actual needs for local services are published in accordance with Article 52.
2. When assessing how local services might affect efficiencies in the operation and development of the distribution system, the assessment pursuant to paragraph 1(a) may include:
  - (a) the estimated costs of grid investment or its deferral, including savings in the grid maintenance or operating costs;
  - (b) the estimated costs of losses;
  - (c) the estimated costs of enabling and implementing local services procurement;
  - (d) the estimated cost of the procured local services;
  - (e) a comparison of solutions with or without local services in the operation and development of the distribution system; and
  - (f) other criteria if deemed relevant by the DSO.
3. Relying on local services as an alternative to network reinforcement shall not be considered for:
  - (a) investment tasks that need to be implemented because of:

- (i) replacement needs, the legitimacy of which has been determined directly on the basis of the technical condition of the asset or the safe operation of equipment;
  - (ii) requirements of external bodies or third parties; or
  - (iii) prescribed contractual or legal obligations;
- (b) projects that have a different purpose function such as to reduce the probability of occurrence of an incident or reduce the time to recover from such incident, except to the extent that local services could help to achieve the same objectives; and
- (c) in the transitional period, projects started before the entry into force of this Regulation.

TITLE VII  
**TSO-DSO COORDINATION AND DSO-DSO COORDINATION**

*Article 69*

**National implementation and condition for coordination**

1. Systems operators shall develop common proposal for national terms and conditions for TSO-DSO and DSO-DSO coordination, either as separate terms and conditions or as requirements within other national terms and conditions referred to in Article 6/7.
2. The common proposal referred to in paragraph 1 of this article shall in particular ensure that:
  - (a) the coordination between systems operators is compatible with operational criteria and the relevant rules defined at European and national level;
  - (b) actions to solve balancing, congestion or voltage issue:
    - (i) shall not create or aggravate congestion or voltage issues on other system operator grids or endanger system security; and
    - (ii) shall preserve and enable an efficient operation of its grid infrastructure and ensure that the general principles defined in Articles 74 (Short-term procedures to account for DSO temporary limits) and 75 (Grid prequalification) as well as the requirements in Article 23(3) on preparation, activation and coordination of remedial action and Title I Chapter 5 of Commission Regulation (EU) 2017/1485 on contingency analysis and handling are taken into account.
3. The national terms and conditions for TSO-DSO and DSO-DSO coordination shall include:
  - (a) definition of DSO observability area in accordance with Article 71 (Definition of DSO observability area);
  - (b) forecasting and identifying congestion and voltage issues in accordance with Article 72 (Forecasting and identifying congestion and voltage control issues);
  - (c) solving congestion and voltage issues in accordance with Article 73 (Solving congestion and voltage issues);
  - (d) DSO Short-term temporary limits in accordance with Article 74 (DSO Short-term temporary limits);
  - (e) grid prequalification in accordance with Article 75 (Grid prequalification);

- (f) grid prequalification and temporary limits reporting in accordance with Article 75A (Grid prequalification and temporary limits reporting);
- (g) requirements for data exchange between DSOs and TSO-DSO in accordance with Article 76 (Data exchange between DSOs-DSOs and DSOs-TSO);
- (h) requirements related with the confidentiality obligations in accordance with Article 18 (Confidentiality obligations); and
- (i) principles for ensuring the system balance in accordance with Article 77 (Ensuring system balance).

*Article 71*

**Definition of DSO observability area**

1. DSOs in cooperation with TSOs shall jointly develop a proposal for the national criteria to determine the DSO observability areas considering the electrical topology, grid voltages and the standard network configuration. These criteria shall consider the existing or future scenarios on congestion issues or voltage issues significantly affecting the DSO network.
2. DSO observability area shall identify the scope for which the DSO is entitled to receive information regarding structural, schedule and forecast and, where necessary, real time information about grid elements and system user installations.
3. DSO shall define its DSO observability area and respect the following process considering the national criteria defined in the paragraph 1:
  - (a) each DSO shall assess the potential influence of other system operators; and
  - (b) the other system operators identified in the previous step shall identify the set of their network elements and system users that shall be part of the DSO observability area.
4. DSO observability areas shall be defined initially within one year after the approval of national terms and conditions for TSO-DSO and DSO-DSO coordination. DSO observability areas shall be reassessed every two years after their implementation or at request of the DSO Observability area owner or the affected system operator.
5. All the relevant systems operators shall cooperate in the process of determining DSO observability areas and exchange necessary data.

*Article 72*

**Forecasting and identifying congestion and voltage issues**

1. Each system operator shall be responsible for forecasting and identifying potential congestion and voltage issues in its grid. Each system operator is also responsible for initiating the appropriate procedures between the relevant system operators to solve those congestion and voltage control issues at the relevant time horizons. This process shall be in line with the regional security coordination methodology pursuant Article 76(1) of Commission Regulation (EU) 2017/1485 or other cross border procedures as applicable.
2. At national level, system operators shall define the relevant time horizons for processes referred to in paragraph 1. Time horizons may include DNDP time frame, outage planning timeframe, day-ahead, intraday and if relevant closer to real-time. A system operator may not develop a process if it assesses it will not have congestion nor voltage issue at such time horizon.
3. When conducting forecasts DSOs shall use the information obtained through the data exchanges pursuant to Articles 76, 79 and 80 (Data exchange between DSOs-DSOs and DSOs-TSO, Data to be provided by service providers, and Data to be provided by system users).
4. DSO shall forecast grid status and identify congestion or voltage issues. This analysis shall consider:
  - (a) one or several different network configurations, voltage levels, schedules and forecasts of generation and consumption;
  - (b) actual or planned grid configurations, forecasts of consumption or generation;
  - (c) scheduled data;
  - (d) previously awarded bids, as applicable;
  - (e) operational limits;
  - (f) other relevant information defined at national level.
5. DSOs shall use digital tools, independently or in cooperation with other system operator, to forecast, detect grid issues and if applicable, initiate the actions to select optimal solution.

### *Article 73*

#### **Solving congestion and voltage issues**

1. Each system operator shall:
  - (a) identify the congestion or voltage issues, pursuant to Article 72 (Forecasting and identifying congestion and voltage issues) and the options available that can contribute to solve congestion or voltage issues in accordance with Article 47 (Solutions for congestion and voltage issues through active power) and in accordance with Article 81 (Voltage control services with use of reactive power).
  - (b) comply with the regional security coordination methodology pursuant to Article 76(1) of Commission Regulation (EU) 2017/1485, or other procedures engaging more than one TSO;
  - (c) take into account a grid prequalification procedure as provided for in Article 75 (Grid prequalification), as defined in national terms and conditions;
  - (d) take into account a short-term temporary limits process as described in Article 74 (short-term DSO temporary limits), as defined in national terms and conditions.
2. The process to solve congestion or voltage issues pursuant to paragraph 1, shall fulfil the following steps:
  - (a) each system operator shall consider one or more network reconfigurations to prevent, solve or minimize congestion or voltage issues on its own grid, or to contribute to solve issues on other systems operators grids; and
  - (b) if needed, the requesting system operator, where the congestion issue or voltage issue occurs, shall initiate and adopt an efficient and effective measure, or a combination of measures, to prevent or solve these issues, in accordance with Articles 47 and 81.
3. The selected solution shall respect the operational limits of the relevant systems operator and the affected grids including grid prequalification and temporary limits. To solve a congestion or voltage issue, with local services, the national terms and conditions pursuant to Article 69 shall define which systems operators take the following actions:
  - (a) procurement of the local services;
  - (b) initiation of actions to activate the local services.
4. The assignment of the roles described in paragraph 3 between systems operators may depend on the specific issue, its location or other criteria. The system operator of the grid

on which the congestion or voltage issue occurs procures or request the local services and initiate actions to activate the local services, unless otherwise agreed between systems operators or provided for in the national terms and conditions.

5. System operators shall coordinate solutions to solve issues arising in case of unforeseen events after temporary limits process resulting from the implementation of Article 74(3). In case of cross-border relevance, TSO shall find a solution in line with Article 42(4) of Regulation (EU) 2019/943.
6. Based on forecasting, procuring system operator shall provide the information pursuant to Article 52 (Publication of information) to the local market operator and to relevant systems operators.

#### *Article 74*

#### **Short-term procedures to account for DSO temporary limits**

1. Connecting system operators and affected system operators shall have the right to set or update temporary limits in the operational planning following a procedure that shall be developed as part of the system operation coordination processes pursuant to terms and conditions referred to in Article 69 (National implementation and condition for coordination), to ensure that the delivery of the balancing or local services does not compromise the safe operation of the grids. This procedure shall be consistent with the requirements of Article 182 of Commission Regulation (EU) 2017/1485 for balancing services.
2. When setting temporary limits on grid elements, connecting system operators and affected system operators shall either directly communicate them as such to be applied as part of the market processes or communicate them as limitations on single or a group of several bid(s), SPU(s), parts of SPG, SPG(s) as defined in national terms and conditions.
3. System operators shall follow the process to set or update temporary limits for all relevant timeframes as described below:
  - (a) each system operators shall forecast its grid status and identify situations where the provision of balancing or local services from SPU, SPG or parts of SPG might compromise the safe operation of the connecting grid or might create congestion or voltage issues and, if required in national terms and conditions, of the affected grids. This analysis shall at least consider:
    - (i) one or several different network configurations, voltage levels, schedules and forecasts of generation and consumption;

- (ii) actual or planned grid configurations;
  - (iii) forecasts of consumption and generation;
  - (iv) scheduled data;
  - (v) previously awarded bids, as applicable; and
  - (vi) the delivery of bids, SPU, SPG or parts of SPG, alone or in combination.
- (b) each system operator shall communicate its temporary limits identified in paragraph 3 to the parties responsible for applying or considering the limits. National terms and conditions developed based on Article 69 (National implementation and condition for coordination) shall identify the recipients of such communication and define how this information is shared. The recipients of such communication shall be at least:
- (i) the procuring system operator;
  - (ii) the local market operator;
  - (iii) concerned services providers; or
  - (iv) other concerned parties.
- (c) temporary limits shall be communicated when they are identified in operational planning process. In particular:
- (i) for balancing services, at the latest before the times the bids are processed by the balancing processes in accordance with Articles 24 and 32 of Commission Regulation (EU) 2017/2195, as applicable
  - (ii) for local services, at the latest before the times the bids are processed as a remedial action to be used in the cross-border day-ahead and intraday process in particular those affected by Article 76(1)(b) of Commission Regulation (EU) 2017/1485, where applicable, and national day-ahead and intraday processes within one bidding zone. This process shall not be used to cancel previously awarded bids.
- (d) the reasons why bids or contracted capacity have not been activated or have been limited at a given time due to temporary limits in the connecting or intermediating grid shall be transparent without disclosing any confidential information related to the relevant service provider. Transparency shall be ensured by:
- (i) publishing the methodology, how limits are calculated and considered;
  - (ii) informing service providers when their bids have been affected by temporary

limits provided that this is not allowing market abuse; and

(iii) following the procedure pursuant to paragraph 3 of this Article.

4. National terms and conditions pursuant to Article 69 (National implementation and condition for coordination) shall describe which entities or mechanisms shall be responsible for respecting temporary limits.
5. Each system operator shall minimise its temporary limits by implementing efficient national criteria and processes pursuant to paragraph 3. In particular:
  - (a) by setting, as applicable, limits on grid elements, or on the combination of bids, SPUs, parts of SPG, or SPGs., including by indicating limits. As last resort, limits shall be set on individual bids, SPUs or SPGs;
  - (b) when possible and if agreed by the system operators, by setting temporary limits as accumulated maximum delivery of balancing, congestion management or voltage control services considering the timeline of each market process.
  - (c) by optimizing safety margins.

#### *Article 75*

#### **Grid prequalification**

1. Connecting system operators and affected system operators shall have the right to perform grid prequalification of SPU, SPG or parts of SPG. A procedure for grid prequalification shall be part of the system operation coordination processes to ensure that the delivery of the balancing or local services does not compromise the safe operation of the grids. This process shall be consistent with the requirements of Article 182 of Commission Regulation (EU) 2017/1485.
2. National terms and conditions pursuant to Article 69 (National implementation and condition for coordination) shall define the process and timeline under which connecting and affected system operators perform grid prequalification. This process shall be coordinated with the product prequalification process and the overall duration until a service may be offered shall be consistent with the product prequalification timeline provided for in Title III.
3. Each system operator is entitled to update the grid prequalification status when:
  - (a) structural data of the grid changes; or
  - (b) data on grid users used for the grid prequalification processes changes; or

- (c) the criteria described in Article 32 (Criteria for reassessment of product prequalification and product verification) point 2 are met.
4. The grid prequalification of SPU, SPG and parts of SPG shall result in one of the following status:
- (a) “grid prequalification approved” if the activation of SPU, SPG or parts of SPG respect the operational limits;
  - (b) “grid prequalification conditionally approved” if the activation of SPU, SPG or parts of SPG are only respected under some conditions. In this case, the system operator shall set the time and/or quantity for the direction for delivery service. The list of criteria for conditional grid prequalification shall be defined in national terms and conditions.
  - (c) “grid prequalification not approved” in other cases.
5. National terms and conditions pursuant to Article 69 (National implementation and condition for coordination) shall define which system operator communicates the result of the grid prequalification process to:
- (a) the concerned service providers,
  - (b) other concerned parties as defined nationally,
  - (c) and register results of the grid prequalification in the flexibility register platform with the service provider module
6. If the relevant system operator according to paragraph 5 of this Article is not notifying the status of the grid prequalification in a required timeline defined in national terms and conditions, the grid prequalification status is approved in line with the applicable process and timeline.
7. Where grid prequalification status is “not approved”, the relevant system operator shall describe the reasons.
8. Grid prequalification process shall be transparent without disclosing any confidential information related to the concerned service provider. Transparency shall be ensured by publishing the methodology, how grid prequalification statuses are assessed and considered;
9. Each service provider shall respect the grid prequalification statuses set for each SPU, parts of SPG or SPG when configuring bids and activating CUs to deliver balancing or local services.
10. Each system operator shall maximise the number of approved grid prequalification results

by implementing efficient criteria and process to set the grid prequalification pursuant to paragraph 2 of this Article, by, in particular:

- (a) focusing on frequent and general scenarios for grid prequalification and leaving specific cases to be evaluated pursuant to in the process to set temporary limits in accordance with Article 74 (Short-term procedures to account for DSO temporary limits);
- (b) optimizing safety margins.

#### *Article 75A*

#### **Grid prequalification and temporary limits reporting**

1. National terms and conditions for coordination pursuant to Article 69 (National implementation and condition for coordination) shall detail the requirements for:
  - (a) system operators, as applicable, to report yearly to the competent regulatory authority, the reasons for the non-approved and conditionally approved grid prequalification;
  - (b) system operators or local market operators, as applicable, to report yearly bids and volumes not activated due to temporary limits, including the reason, in the connecting or affected grid.
2. Every four years or upon request of national competent regulatory authority, system operators, in cooperation with relevant markets operators, shall:
  - (a) analyse the non-approved and conditionally approved grid prequalification requests, bids and volumes not activated due to temporary limits and the related reasons;
  - (b) Report the findings of the analysis in paragraph 2(a) to the competent regulatory authority;
  - (c) if applicable, propose amendments to the national terms and conditions pursuant to Article 69 (National implementation and condition for coordination), to take into account possible improvement to the processes and criteria for grid prequalification and temporary limits.
3. Based on the reports provided for in paragraph 1 and 2, the competent regulatory authority shall assess the effects of limits to the participation in grid prequalification and short-term process provided for in Articles 74 (Short-term procedures to account for DSO temporary limits) and 75 (Grid prequalification) on the function of the markets and take actions accordingly taking into account the effects on the customer costs

*Article 76*

**Data exchange between DSOs-DSOs and DSOs-TSO**

1. DSOs shall receive information for their DSO observability areas from other relevant DSOs as defined in Article 71 (Definition of DSO observability area) and where applicable from the relevant TSOs in addition to the data obtained pursuant to Article 40 (10) of Commission Regulation (EU) 2017/1485, based on the following categories:
  - (a) structural data in accordance with paragraph 2;
  - (b) scheduling and forecast data in accordance with paragraph 3; and
  - (c) real-time data in accordance with paragraph 4.
  
2. The content of the structural data shall include:
  - (a) substations by voltage;
  - (b) lines that connect the substations referred to in paragraph 2(a);
  - (c) transformers from the substations referred to in paragraph 2(a);
  - (d) SGUs pursuant to Article 2 of Commission Regulation (EU) 2017/1485;
  - (e) controllable units, SPUs and SPGs; and
  - (f) reactors and capacitors connected to the substations referred to in paragraph 2(a).
  
3. The content of scheduling and forecast data shall include:
  - (a) the schedule of planned outages and the forecast in terms of, duration and location of potential congestion and voltage control issues, and remedial actions as needed to coordinate actions;
  - (b) schedule data, available pursuant to Articles 49, 52(2) and 53(1)(b) of Commission Regulation (EU) 2017/1485 and to Article 49 (1) (Criteria for procurement and pricing for market-based local services), from significant system users in their observability area; and
  - (c) where applicable, relevant information about the impact of SPU or SPG connected to other systems operators grids on flow on own network elements;
  - (d) where applicable, temporary limits pursuant to the short-term procedure in Article 74 (Short-term procedures to account for DSO limits) to be shared with all relevant system operators including the relevant TSO.

4. The content of the real-time data shall include at least the available information about:
  - (a) the actual topology, the busbar voltage, active and reactive power flows;
  - (b) real time measurements of SPG, parts of SPG or SPU if is applicable; and
  - (c) real time measurements for SGUs.
5. Relevant information about the procured, selected and activated local services and balancing services shall be timely shared with the connecting systems operator, requesting system operator, affected systems operators, and the TSO(s) if and as defined in national terms and conditions. Information shall be sent as soon as is generated, in particular when capacity and energy bids are selected.
6. For the data defined in paragraphs 2, 3, 4 and 5 of this Article, the information shall be delivered with a periodicity, latency, and granularity defined in national terms and conditions.
7. TSOs shall have the right to obtain from DSOs, in addition to the requirements pursuant to Article 40 of Commission Regulation (EU) 2017/1485, the data requested from service providers pursuant to Articles 79 (Data to be provided by service providers) and 80 (Data to be provided by system users), with the necessary granularity.

#### *Article 77*

#### **Ensuring system balance**

1. The national terms and conditions for local market design pursuant to Article 48 (National terms and conditions for market design for local services through active power) shall clarify the process and responsibilities to ensure system balance in the presence of the activation of local services.
2. The process referred to in paragraph 1 of this Article shall ensure that:
  - (a) the imbalances due to the activation of local services are solved as soon as possible or according to a method that shall be clarified within terms and conditions referred to in Article 48 (National terms and conditions for market design for local services through active power);
  - (b) an effective and efficient solution is applied, avoiding the activation of unnecessary balancing energy; and
  - (c) the costs of activation of local services are kept separate from balancing.

3. The cost of counteractions ensuring system balance shall be recovered in line with applicable national legislation.

TITLE VIII  
**DATA EXCHANGE REQUIREMENTS FROM SYSTEM USERS**

*Article 78*

**Organisation, roles, responsibilities, and quality of data exchange**

1. Service provider that are not yet required to provide information nor to participate in information exchange according to Commission Regulation (EU) 2017/1485 and relevant national terms and conditions, or that are subject to certain obligations only, shall provide information in accordance with the requirements of this Title.
2. Service providers shall be responsible for providing adequate quality data and information to systems operators on behalf of system users. This responsibility can be delegated to CU operators or to other third parties.
3. The national terms and conditions for service providers developed pursuant to Article 45 (National terms and conditions for service providers) shall define how and between whom the information specified in Articles 79 (Data to be provided by service providers) and 80 (Data to be provided by system users) shall be exchanged and shall ensure:
  - (a) that the requested data is limited to what is necessary information for systems operators to fulfil their tasks and therefore ensure security at both system and network level; and
  - (b) That there is a coordination between systems operators, to ensure non-duplication and efficiency in the data exchange mechanism and infrastructure.
4. A justification of the need for the data requested at national level shall be provided to the competent regulatory authority jointly with the national terms and conditions for service providers developed pursuant to Article 45 (National terms and conditions for service providers).
5. For each service, the national terms and conditions for service providers developed pursuant to Article 45 shall determine the applicability, scope, granularity, periodicity and latency of the data exchange of the following categories:
  - (a) structural data in accordance with Article 79(2) (Data to be provided by service providers);
  - (b) scheduling and forecast data in accordance with Article 79(3) (Data to be provided by service providers);
  - (c) data in real-time in accordance with Article 79(4) (Data to be provided by service

- providers);
- (d) data to be exchanged in real-time in accordance with Article 76 (Data exchange between DSOs-DSOs and DSOs-TSO);
  - (e) All data necessary for prequalification of service provision, , in accordance with article 75 (Grid prequalification);
  - (f) all data necessary for verification of service provision in accordance with article 31 (Pre-Conditions and Applicability of the product prequalification and product verification processes); and
  - (g) all data necessary for performance of activation tests, in accordance with article 32 (Criteria for reassessment of product prequalification and product verification).
6. The applicability, scope and requirements for data exchange shall be determined on the basis of the following criteria:
- (a) the size and characteristics of the SPU and SPG;
  - (b) the voltage level of connection point of the CUs; and
  - (c) the characteristics of the services.
7. National terms and conditions for service providers developed pursuant to Article 45 (National terms and conditions for service providers) shall define the process and format for the data exchange with service provider in accordance with Article 33B (Standardised data exchange). The process of implementation shall be defined and have a timeline including national standardisation of IT and communication requirements.
8. The service provider, or as otherwise provided in national terms and conditions for service providers developed pursuant to Article 45 (National terms and conditions for service providers), shall be responsible for updating the structural information and other relevant information in consistency with Article 79 (Data to be provided by service providers) and Title III.

#### *Article 79*

#### **Data to be provided by service providers**

1. Service providers out of the scope of Article 2(1) of Commission Regulation (EU) 2017/1485 and its national implementation shall provide information from SPU or SPG. These requirements shall be detailed in national terms and conditions for service providers developed pursuant to Article 45 (National terms and conditions for service providers).

2. The structural data shall be provided by service provider for SPU and SPG as part of the prequalification processes as defined in Title III (Prequalification requirements and processes). In particular, the structural data shall include:
  - (a) the maximum flexibility capabilities to be delivered by CU;
  - (b) metering point identification related to each CU;
  - (c) the maximum deliverable congestion management or voltage service per CU being part of SPU and CU being part of SPG;
  - (d) the potential contribution of that CU being part of SPG to the delivery of each congestion management or voltage service or other relevant criteria needed to assess the congestion or voltage issues.
3. The schedule data information shall be provided by service providers and shall include the following data:
  - (a) program scheduled or a calculated baseline of SPG, parts of SPG or SPU, as required in national terms of conditions;
  - (b) the contribution of parts of SPG to the bid of SPG as defined in national terms and conditions;
  - (c) the contribution of SPUs, SPGs or parts of SPG to the bids per balancing responsible parties, if required; and
  - (d) its scheduled unavailability.
4. The schedule information defined in paragraph 3 shall be provided at least in day ahead and be updated after subsequent market sessions.
5. The real time data information shall be provided by service providers and shall include the following data:
  - (a) operation status of the SPU;
  - (b) active and reactive power flow of SPU, SPG, or parts of SPG if applicable;
  - (c) unexpected unavailability of the SPU/SPG;
  - (d) voltage at the point of connection, if it is feasible; and
  - (e) data of storage devices and state of charge.

6. System operators may set a process to assess the quality of data provided by service provider to validate if they meet the requirements.
7. The content and the level of granularity of the data requirements defined in provisions 2, 3 and 5 shall be proportionate and adapted to technical needs of the service.
8. Information defined in this Article can be provided by other parties if it is allowed in the National Terms and Conditions for Service Providers.

#### *Article 80*

#### **Data to be provided by system users**

1. Distribution-connected demand facilities, that are SGUs pursuant to Articles 2(1) and 53 of Commission Regulation (EU) 2017/1485 and if necessary other systems users, shall, in accordance with national process for data exchange provide the following data:
  - (a) scheduled active power consumption and scheduled active power injection, or a calculated baseline on a day-ahead and intraday basis, including any changes of those schedules or forecast or, the baseline; or
  - (b) by exception to point (a), in regions with a central dispatch system, the data requested by the TSO for the preparation of its active power output schedule.
2. If allowed in national terms and conditions, the DSOs are entitled to require other system users in their DSO observability area, to the extent needed for forecasting or maintaining security at network level, to provide:
  - (a) real time data including the operation status, active and reactive power flows, unexpected unavailability, voltage at the point of connection, and data of storage devices and state of charge; and
  - (b) scheduled active power consumption and scheduled active power injection.
3. If allowed in national terms and conditions, the TSOs in cooperation with DSOs can request data exchange on system users that are not SPU/SPGs neither resources participating in local services, if needed for ensuring efficient and secure system operation.

TITLE IX  
**VOLTAGE CONTROL**

CHAPTER XII  
**GENERAL PRINCIPLES**

*Article 81*

**Voltage control services with use of reactive power**

1. Systems operators shall manage reactive power flows and keep the voltage within operational limits in their control area. As part of the operation roles, systems operators are responsible for reactive power control and voltage control in their control area.
2. When systems operators identify a need of reactive power in its control area, the corresponding systems operators shall:
  - (a) quantify and assess the timeframe for the additional reactive power needs, differentiating between deficit or surplus of reactive power;
  - (b) identify the potential solutions for these additional reactive power needs identified in paragraph 2(a), and based on the next criteria:
    - (i) specific grid investments;
    - (ii) the procurement of reactive power through a voltage control services;
    - (iii) or other technical solutions.
  - (c) define an action plan supported the information from the points (a) and (b);
  - (d) execute the action plan.
3. In the procurement of the reactive power needs identified in the paragraph 3(b)(iii):
  - (a) market-based procurement is preferred, and may be substituted by ruled-based procurement when:
    - (i) the solution provided by the market-based procurement is not economically efficient;
    - (ii) no market-based alternative is available;
    - (iii) all available market-based resources have been used; or
    - (iv) the number of potential providers is not enough to ensure liquid and competitive market-based procurement.

- (b) the procurement rules shall be transparent, non-discriminatory and technologically neutral, and rules shall be submitted to competent regulatory authority.
4. The technical attributes of the congestion management and voltage control services to procure reactive power shall select parameters from the table of equivalences. In case the list from the table of equivalences does not include necessary parameters, it shall be set on national level.
  5. The information exchange associated with the provision of the voltage control services shall include bidirectional real-time data exchange between the SPU/SPG and the systems operators.
  6. The data exchange from SPG/SPU to systems operators shall include at least:
    - (a) provision on data exchange detailed in the Title VIII;
    - (b) data to monitor the provision of the service.
  7. The data exchange from systems operators to SPG/SPU shall include at least a setpoint for the provision.
  8. EU DSO Entity and ENTSO-E shall deliver a biennial report on progress of implementation concerning market-based approach for voltage control services with use of reactive power. The report shall consider regulatory environment allowing market-based procurement of voltage control services. To this end, the report shall include at least:
    - (a) information on where market-based procurement has been applied;
    - (b) product (volumes if relevant) of procured voltage control services;
    - (c) method of procurement used for different types of products.
    - (d) assessment and recommendations based on the points (a), (b) and (c) of this paragraph.
  9. System operators shall have access to relevant data from market participants or national flexibility registers to perform the tasks defined in paragraph 8.

TITLE X  
**DEROGATIONS, AND MONITORING**

*Article 82*

**Derogations**

1. A regulatory authority in accordance with Article 59 of Directive (EU) 2019/944 may, at the request of a systems operator or at its own initiative, grant the relevant systems operator a derogation from one or more provisions of this Regulation.
2. A systems operator may request a derogation to one or several requirements of this Regulation for:
  - (a) the implementation of harmonised aggregation model list mentioned in Article 19.0 (Aggregation models); and
  - (b) the validation of one baselining methods in the register mentioned in Article 25 (General principles for baselining methods)
3. A competent regulatory authority in accordance with Article 59 of Directive (EU) 2019/944 may, at the request of a DSO and/or TSO grant the relevant DSO and/or TSO a derogation from approved national terms and conditions to test concepts before inclusion in amended terms and conditions. The derogation process shall be transparent, non-discriminatory, non-biased, well documented and based on a reasoned request.
4. The derogation shall be limited to a time reasonable to establish whether the new concept can be included in the amended terms and conditions.
5. The new experiences resulting from such a derogation shall be shared transparently and made accessible to all interested stakeholders within a reasonable timeframe.
6. The derogation shall not go against the purposes of this Regulation or negatively affect the implementation based on the national terms and conditions.

*Article 83*

**Monitoring reports**

ACER shall, with the support of the EU DSO Entity and ENTSO-E, develop a dedicated monitoring report in the following matters:

- (a) analysis of options for further harmonisation on aggregation models and quantification methods, if needed;

- (b) analysis of good practices in ex-post verification processes and ex ante prequalification processes;
- (c) assessment of options for market-based congestion management including products, the updated list of European attributes, procurement methods, overall market design for congestion management and voltage control services, stakeholder information and transparency on procurement and activations processes and systems operators coordination; and
- (d) analysis of options for market-based voltage control.

#### *Article 84*

#### **Harmonisation**

1. ACER shall establish a European process for monitoring the implementation within the Member States and include recommendations at least for the following areas:
  - (a) aggregation models and quantification methods; benefits and drawbacks for each type of aggregation models and quantification methods;
  - (b) product verification processes and product prequalification processes, in particular the identification of cases where product prequalification can be replaced by product verification as well as simplifications in these processes, requirements and activations tests, including specific simplifications for small controllable units;
  - (c) options for market-based congestion management including products, updated list of European attributes, procurement methods, overall market design and systems operators coordination;
  - (d) mitigation measures to prevent gaming in local markets and their effectiveness; and
  - (e) description of how catch-up effects are considered.
2. Every three years after the entry into force of this Regulation, ACER, with the support of the EU DSO Entity and ENTSO-E, shall analyse the national implementations of this Regulation in a European monitoring report for each of the areas listed in paragraph 1 to map the national implementation status with description of implementation options and potential recommendations.
3. The EU DSO Entity and ENTSO-E shall provide the necessary data to ACER to prepare the report prescribed in paragraph 2.
4. Second edition and every other subsequent editions of the European monitoring report

described in paragraph 2 shall include specific recommendations for further harmonisation at European level of the following:

- (a) main elements of aggregation models, quantification methods and of baseline methodologies;
  - (b) stakeholder information and transparency on procurement and activation processes and results;
  - (c) product verification processes and product prequalification processes, including criteria for grid prequalification, where applicable; and
  - (d) updated list of products attributes.
5. In the monitoring report, ACER shall provide recommendations for further EU harmonisation, if it increases overall effectiveness and efficiency of the system and considers costs and may distinguish between self-dispatching models and central dispatching models, starting from the publication of the second European monitoring reports. The items to be examined for possible further harmonisation might include:
- (a) timeline, deadlines for data delivery; and
  - (b) interaction with regional methodologies pursuant to Article 76(1) of Commission Regulation (EU) 2017/1485, such as utilisation of potentials, solving of internal congestion, solving of DSO congestion.

TITLE XI  
**TRANSITIONAL AND FINAL PROVISIONS**

*Article 85*

**Final and transitional provisions**

1. Until flexibility register as described in the national terms and conditions for the flexibility register is implemented, systems operators and operator(s) of flexibility register platform(s) shall use existing or may operate IT solutions and tools meeting the basic functionalities of the flexibility register to provide for the possibility of offering services on the basis of this Regulation.
2. Member States shall ensure that no later than 2 years after the approval of the national terms and conditions for flexibility register pursuant to Article 6/7 (Approval of common national terms and conditions) flexibility register platforms that are already in place at the time of the publishing of this Regulation are updated by the operators of flexibility register platforms to follow the provisions stated in this Regulation, or are replaced by the operators of flexibility register platforms by new flexibility register platforms.
3. All flexibility register platform operators shall establish and make functional their services at latest 3 years after the approval of the national terms and conditions for flexibility register pursuant to Article 6/7 (Approval of national terms and conditions).
4. Until national terms and conditions for local services pursuant to Article 48 (National terms and conditions for market design for local services through active power) are implemented, system operators may use existing or develop interim solutions and tools for operating local markets.
5. NRA may grant derogations for the timeline to implement IT tools and solutions required to implement this Regulation, upon a duly reasoned request from systems operators.

*Article 86*

**Amendment of contracts and general terms and conditions**

1. All relevant clauses in contracts and relevant clauses of general terms and conditions subject to all or some of the requirements of this Regulation shall be amended in order to comply with the requirements of this Regulation. The relevant clauses shall be amended within three years following the decision of the regulatory authority or Member State.

- 2. Regulatory authorities shall ensure that national agreements subject to this Regulation and relating to service provision reflect the requirements set out in this Regulation.
- 3. All relevant clauses in contracts and general terms and conditions of systems operators and significant grid users relating to system operation shall comply with the requirements of this Regulation. To that effect, those contracts and general terms and conditions shall be modified accordingly.

*Article 87*

**Entry into force**

- 1. This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, xx Month 202x.  
For the Commission

The President  
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## **Annex – Flexibility Register Data**

The Annexes have been removed from the NC DR legal text due to expected revisions of its content and will be placed in the Explanatory Note of the NC DR during upcoming evolution of the drafting process. They shall serve as a basis for future developments of EU TCMs.