

Recommendation DR NC

Annex 1 – Amended Demand Response Network Code

Network Code on Demand Response

7 March 2025

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, 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 and in particular Articles 17, 31, 32, 36, 40 and 54 thereof,

Whereas:

- (1) The Electricity Market Design adopted in 2019 strongly recognises and addresses the increased need for demand response in the electricity system in order to reach the EU's decarbonisation objectives in the most cost-effective way. It sets the framework to empower consumers to be active players in the clean energy transition and optimise system management.
- (2) The Regulation (EU) 2019/943 sets fundamental principles for well-functioning, integrated electricity markets, which allow all resource providers non-discriminatory market access, ensures competitiveness, facilitates aggregation of distributed demand and supply, and enables market-based remuneration of electricity generated from renewable sources.
- (3) The Directive (EU) 2019/944 contains a number of important provisions for the development of demand response and an EU framework for demand-response (DR) aggregation put forward, incentivising Member States to encourage DR aggregation. The Directive (EU) 2019/944 also establishes specific rules that incentivise system operators to become neutral market facilitators and procure flexibility services through market-based procedures to optimise the operation of their systems and the need for investments

in new infrastructure or grid reinforcements.

- (4) As the European energy system is set to undergo a profound transformation, the large-scale integration of intermittent sources will necessitate the participation of demand response to balance supply and demand. The participation of the demand side in the electricity market will effectively be enabled by establishing the appropriate framework and market structures.
- (5) Although increasing the share of renewable energy generation in the energy mix is vital for decarbonisation, intermittent renewables such as wind and solar power can challenge the capacity of local and regional grids, requiring costly grid measures from the network operators, both TSOs and DSOs. Further, decentralised resources are being deployed at an increasing rate, including, among others, storage assets and electric vehicles interacting with the system. Active customers must be able to offer demand response, either directly or through aggregation services. These challenges, the integration of renewable energy and the harnessing of decentralised resources, must be addressed in a cost-efficient manner that increases both the security of supply of the power system and integrates effectively with existing power markets i.e. enhancing the liquidity and transparency of the organised wholesale energy market.
- (6) The market-based procurement of local services can help to address these challenges and ensure the efficient allocation of demand response and distributed energy resources. Service providers shall be allowed to offer congestion management and voltage control / SO services to DSOs and TSOs that need to efficiently manage congestion in the system and ensure security of supply. A market-based approach could efficiently match supply and demand for SO services. Clear principles, relevant for the design of local markets for SO services have already been set out in the Clean Energy Package. According to Directive (EU) 2019/944, end-users should have access to all organised markets and products, either directly or indirectly. A market could provide an accessible level-playing field that allows service providers to compete fairly to deliver these SO services, triggering the development of new solutions and enabling new entrants. A third party – other than the DSO or TSO who uses this service – may operate this market, following a delegation or assignment at national level.
- (7) This Regulation aims to complement the existing EU regulatory framework. Its main purpose is to address the remaining regulatory barriers to facilitate market participation of demand response including load, energy storage and distributed generation, individually or aggregated, and facilitate market-based procurement of services by DSOs

and TSOs, while supporting the achievement of the Union's targets for penetration of renewable generation.

- (8) This Regulation establishes rules on demand response including rules on aggregation, energy storage and demand curtailment. The rules specify that the Member States shall establish national processes for the development of the terms and conditions by the system operators to be approved by the regulatory authorities as well as requirements for the involvement of the stakeholders. The rules also establish EU-wide methodologies for simplified product prequalification processes, and for market-based procurement of congestion management and the product attributes for a European Table of Equivalences.
- (9) TSOs and DSOs should be able to delegate all or part of any tasks under this Regulation to a third party. The delegating TSO or DSO should remain responsible for ensuring compliance with the obligations in this Regulation. Likewise, Member States should be able to assign tasks and obligations under this Regulation to a third party. Such assignment should be limited to tasks and obligations executed at national level. In any case, TSOs and DSOs should remain responsible for the tasks entrusted to them pursuant to Directive (EU) 2019/944 of the European Parliament and of the Council.
- (10) Traditionally, electricity systems relied solely on power plants to meet fluctuating demand. Demand response aggregation brings consumers into the equation. By balancing supply and demand fluctuations, they enable a more reliable and responsive power system. The creation of the necessary and best possible market framework for the utilisation of flexibility on both the consumption and generation side is a key element.
- (11) A properly designed baselining method is probably one of the most important determinants of the successful conduct of any DR service as it enables system operators and system users to measure performance of DR resources. The relevant methods should contain a balance of the essential qualities of accuracy, simplicity, integrity and alignment. The national terms and conditions on baseline calculation will include the details necessary to create the baselines used in the settlement of the demand response services. A European registry for all implemented baselining methods will serve as the basis for further harmonisation.
- (12) This Regulation enables market participants to develop demand response behind metering point(s) of connection point and multiple market participant to be active behind the metering point(s) of a connection point, by specifying the requirements for the measurement of injections and withdrawals in these cases, including the requirements for the validation of data from dedicated measurement devices.

- (13) Electricity storage is a key component in providing flexibility and supporting renewable energy integration in the energy system, therefore it can also contribute to the decarbonisation of other economic sectors. The development and operation of storage facilities is promoted in Directive (EU) 2019/944 as a market-based activity to be performed by market parties other than system operators. DSOs should be enabled and encouraged to use services from distributed energy resources such as demand response and energy storage, based on market procedures, in order to efficiently operate their networks and avoid costly network expansions. TSOs and DSOs should not own or operate energy storage facilities. In exceptional cases, the system operators could be allowed to invest in a storage facility, under regulatory approval and oversight, if other market parties are not interested in providing specific storage services, following a transparent market procedure. In these cases, the regulatory authorities should regularly reassess the potential interest of market parties to be involved in such activity and decide the phasing out of the system operation ownership based on the market interest and a cost benefit analysis. This Regulation is applicable to systems operators' storages that are not fully integrated network components, and the replacement of the services provided by these storages with services procured in a market-based way.
- (14) Title III of this Regulation covers balancing and local services procured in accordance with a market-based mechanism. To ensure non-discriminatory access of all market participants and resources, individually or through aggregation, including variable renewable energy sources, demand response and energy storage in all local services, it sets out a product verification as the default process for specific balancing and local services products and includes requirements to simplify the qualification processes where applicable.
- (15) 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. This Regulation also provides a framework where system operators ensure that the administrative burden associated with the requirements for the prequalification processes is proportionate with the size of the service providing unit or group and its impact on the system security and grid operation in case of non-delivery. System operators also must avoid unnecessary duplications in the qualification processes.
- (16) The requirements 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.

- (17) To simplify and streamline at least the qualification, verification and switching processes and the relevant data exchange procedures, this Regulation proposes a flexibility information system with a single and common access point for all market participants. In addition, 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.
- (18) When dealing with congestion or voltage issues, system operators should always choose the most efficient and effective solution or combination of solutions among the different options provided in the national regulatory framework to ensure an efficient, reliable and secure operation of the transmission and distribution systems while optimising social welfare.
- (19) Local services can be used to alleviate or postpone the need to reinforce or expand the grid in order to solve congestion or voltage issues, or to provide a solution until a decided grid reinforcement project is completed, enabling a more efficient use of the system as well as the connection of additional generation and/or demand capacity.
- (20) This Regulation aims at promoting and enabling an efficient use of generation, energy storage and demand response by facilitating the creation of local markets to solve physical congestion and voltage issues, which should be interoperable with wholesale markets. It also aims to ensure a transparent and efficient process to deviate from market-based procurement of local services when it would lead to economical inefficiency, market distortions or aggravated physical congestion or voltage issues in line with Article 13 of Regulation (EU) 2019/943, and Articles 32(1) and 40(5) of Directive (EU) 2019/944.
- (21) Local products to solve physical congestion may be used to also solve voltage issues, without impairing the system operators' right to employ other options to control voltage.
- (22) Flexible connection agreements offer system operators the possibility to connect additional capacity to their systems in congested areas, with a view to convert these agreements to firm connection agreements once the network is developed. This possibility should not replace or restrict market-based procurement of local services, if this is more efficient. In this respect, flexible connection agreements that are dynamically activated by system operators based on changing forecasted system conditions, should be coordinated efficiently with available relevant products for local services. In areas where network development is deemed not to be the most efficient solution and, as a result, flexible connection agreements are enabled as a permanent solution, system operators shall not be required to assess the procurement of local services for addressing the associated network constraints indefinitely. System users with flexible connection

agreements should be able to access electricity and system services markets based on transparent, fair and non-discriminatory rules.

- (23) 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.
- (24) 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 of those markets with the local markets.
- (25) Where distribution system operators publish a distribution network development plan in accordance with Article 32(3) of Directive (EU) 2019/944, this plan should i) consider flexibility needs of the distribution system, ii) include an assessment of the cost-effectiveness of using flexibility services, including congestion management, as alternative to expanding the system and iii) provide information on the planned investments and the flexibility services that are estimated to be needed. Regarding the need for flexibility services, 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. TSOs and DSOs within a Member State shall ensure that their development plans are consistent, coordinated and properly aligned to enable implementation of this Regulation.
- (26) Coordination between transmission and distribution system operators and between distribution system operators is a prerequisite to achieve the aims of this Regulation, enable resources connected to these systems to provide balancing and local services across them and ensure their optimal use, while safeguarding efficient and secure operation of all involved systems. Having regard to Commission Regulation (EU) 2017/1485, this Regulation sets out principles, rules, requirements and responsibilities for forecasting and detecting physical congestion and voltage issues on distribution systems and for solving these issues on transmission and distribution systems, and for coordination and data exchange between system operators in relation to these tasks. These

requirements shall be defined further at national level, taking into account requirements for coordination between transmission and distribution system operators set out in Commission Regulation (EU) 2017/1485 and its implementation at national level.

- (27) This Regulation provides requirements for two coordination mechanisms: grid prequalification and short-term procedures to set or update temporary limits. It 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 and it develops requirements of particular interest specially in the context of provision of services by service providing groups. System operators should coordinate these two mechanisms to efficiently consider dynamic or uncertain system conditions, including activation of different flexibility resources in their systems, and prevent applying potentially extensive or unnecessary limitations through grid prequalification. Service providers -as well as other parties, as applicable- are informed on the temporary limits applied to their portfolios or units sufficiently before the latest time for submitting balancing capacity and balancing energy bids, to be able to translate the temporary limits in their portfolio.
- (28) This Regulation sets out requirements on service providers for the provision of structural and operational data to system operators regarding their service providing units and service providing groups. These data exchange requirements shall be further defined at national level, based on the justified needs of system operators, the characteristics of the service and the service providing units and service providing groups, and considering data exchanges in place, in accordance with Commission Regulation (EU) 2017/1485 and its implementation at national level, to avoid duplication and ensure efficiency of the process.
- (29) As regards the use of data from dedicated measurement devices complementary to measurements from smart meters at connection points for service validation or settlement, this Regulation establishes rights and responsibilities for system operators and service providers at principles level and sets out a minimum list of rules to be defined at national level, having regard to Article 7b of Regulation (EU) 2019/943, as amended by Regulation (EU) 2024/1747.
- (30) A process for provisionally derogating system operators from the application of certain rules should be set out in this Regulation to take into account circumstances where, exceptionally, for example, compliance with those rules could lead to risks concerning operational security.

(31) This Regulation has been developed in close cooperation with the ACER, the ENTSO for Electricity ('ENTSO-E'), the EU DSO entity and stakeholders, in order to adopt effective, balanced and proportionate rules in a transparent and participative manner. The amendment of the Regulation shall take place in accordance with Article 60 of Regulation (EU) No 2019/943.

HAS ADOPTED THIS REGULATION:

TITLE I
GENERAL PROVISIONS

Article 1

Subject matter and scope

1. This Regulation establishes a network code which lays down the requirements in relation to demand response, including rules on aggregation, energy storage, distributed generation, and demand curtailment, to contribute to market integration, non-discrimination, effective competition, and the efficient functioning of the market.
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 market-based procurement of local services by the system operators, ensuring the non-discriminatory access of all service providers to this process. In this respect, the provisions related to the market-based procurement of local services in this Regulation, namely Article 32 to Article 39, do not apply where non market-based procurement is used pursuant to Article 13(3) of Regulation (EU) 2019/943.
3. The requirements set out in this Regulation shall apply to transmission system operators ('TSOs'), distribution system operators ('DSOs') including closed distribution systems, regulatory authorities, 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'), third parties to whom responsibilities have been delegated or assigned and the involved market participants. In case the operator of a closed distribution system has been exempted from one or more

requirements pursuant to Article 38(2) of Directive (EU) 2019/944, the respective requirements of this Regulation shall not apply to this operator.

4. This Regulation shall apply to all transmission and distribution systems and interconnections in the Union except the transmission and distribution systems of islands that are not connected with other transmission systems via interconnections.
5. Where more than one TSO exists in a Member State, this Regulation shall apply to all TSOs in a Member State. Where a TSO does not have a function relevant to one or more obligations under this Regulation, Member States may provide that the responsibility to comply with those obligations is assigned to one or more specific TSOs.
6. Where more than one DSO exists in a Member State, this Regulation shall apply to all DSOs in a Member State. Where a DSO does not have a function relevant to one or more obligations under this Regulation, Member States may provide that the responsibility to comply with those obligations is assigned to one or more specific DSOs.
7. This Regulation shall apply to all system states defined in Article 18 of Regulation (EU) 2017/1485, excluding the black-out state.

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) ‘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, or no activation of demand response in any other wholesale market;
- (3) ‘baselining method’ means the formula for the calculation of a specific baseline or the set of data constituting the specific baseline;
 - (4) ‘voltage issue’ means a situation when steady state voltage levels are not within operational security limits;
 - (5) ‘local market’ means the entirety of institutional, commercial and operational arrangements that establish market-based procurement of local services;
 - (6) ‘local service’ means energy or capacity provided by a service provider to a TSO or DSO to solve intra-zonal physical congestion or voltage issues they have identified in their systems;
 - (7) ‘market-based procurement’ or ‘market-based mechanism’ means a procurement process for a service provision where either the selection of the service providers or the activation of the service is based on a bidding process;
 - (8) ‘local product’ means a product defined by the procuring system operator for the market-based procurement of a local service;
 - (9) ‘DSO observability area’ means a DSO’s own distribution system and parts of other system operators’ distribution and transmission systems that the DSO requires information on, to maintain secure operation of its own distribution system;
 - (10) ‘system operator’ means transmission system operator (TSO) or distribution system operator (DSO);
 - (11) ‘connecting system operator’ means, for the purposes of this Regulation, the DSO or TSO responsible for the operation of the system to which a controllable unit is connected;
 - (12) ‘requesting system operator’ means, for the purposes of this Regulation, the DSO or TSO requesting actions to solve physical congestion or voltage issues;
 - (13) ‘procuring system operator’ means the DSO or TSO procuring local services, and with regard to balancing services, the connecting TSO according to Article 2(22) of the EB Regulation or the contracting TSO according to Article 2(44) of the EB Regulation;
 - (14) ‘impacted system operator’ means any DSO or TSO significantly impacted by physical

congestion or voltage issues on the system of another system operator, or significantly impacted by the activation of balancing or local services bids from SPU or SPG connected to another system, or whose system or system users may provide solutions to these issues, or whose data on the system or the system users are necessary to forecast, detect or solve such issues;

- (15) ‘flexibility information system’ means a system to record at least the qualification of service providers, the product prequalification, product verification and grid prequalification of SPUs and SPGs and the switch of controllable units for the provision of balancing and local services and to exchange data for such processes;
- (16) ‘CU module’ means a data space of a ‘flexibility information system’ that contains, manages, and makes available data about controllable units;
- (17) ‘SP module’ means a data space of a ‘flexibility information system’ that contains, manages, and makes available data about service providers, service providing groups, service providing units and system users;
- (18) ‘controllable unit’ or ‘CU’ means a single power-generating module and/or demand unit pursuant to Article 2(5) of [RfG NC 2.0] and Article 2(4) of [DC NC 2.0];
- (19) ‘small controllable unit’ or ‘small CU’ means a controllable unit with a maximum continuous active power that the controllable unit can produce or consume, less any demand or losses associated solely with facilitating the operation of that controllable unit, of less than or equal to 50kW;
- (20) ‘service provider’ or ‘SP’ means a market participant with service providing units or service providing groups able to provide system operator services in a balancing or local market;
- (21) ‘service provider qualification’ or ‘SP qualification’ means the process aiming at verifying the market participant’s capability to deliver a balancing or local service fulfilling the necessary criteria for market access, thereby becoming an authorised service provider;
- (22) ‘service providing unit’ or ‘SPU’ means a single controllable unit or an ensemble of controllable units connected to a single connection point. SPU is defined by the service provider to provide balancing or local services;

- (23) ‘service providing group’ or ‘SPG’ means an aggregation of controllable units or service providing units connected to more than one connection point within the same scheduling area. SPG is defined by the service provider to provide balancing or local services;
- (24) ‘grid prequalification’ means the process by the connecting system operators and the impacted system operators to ensure that the delivery of balancing or local service(s) by a SPU, a SPG or parts of a SPG does not compromise the safety and operational conditions of connecting and impacted systems;
- (25) ‘product prequalification’ means the process of verifying, prior the delivery of the service, the compliance of a potential SPU or SPG with the product requirements to provide balancing or local services;
- (26) ‘product verification’ means the process of verifying, after the delivery of service, the compliance of a SPU or SPG with the product requirements to provide balancing or local services;
- (27) ‘product requirements’ mean the technical and data exchange requirements set by the procuring system operator(s) for the delivery of a balancing or local product;
- (28) ‘activation test’ means a test whereby the procuring system operator sends an activation signal to ensure that the SPU or SPG is capable of being activated and meets the product requirements;
- (29) ‘communication test’ means a test whereby a procuring system operator sends test signals to the service provider to verify that the service provider’s information and communication technology (ICT) system meets the qualification requirements;
- (30) ‘rebound effect’ means the alteration of injection or withdrawal of electricity by a SPU or SPG in the opposite direction to the activation for the provision of a local or balancing service, which takes place before or after the activation period;
- (31) ‘compensation effect’ means the alteration of injection or withdrawal of other non-activated controllable units, which are under the metering points of the activated SPU or SPG, during the activation period of a local or balancing service, which counteracts the effects of the activation;
- (32) ‘temporary qualification’ means the preliminary status granted to a SPU or SPG to allow their provision of balancing or local services until the product verification is concluded;

and

- (33) ‘near real-time’ means, for the purposes of this Regulation, a short time period, usually down to seconds or up to the imbalance settlement period in the national market, with defined latency and granularity.

Article 3

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 relevant 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.

2. When applying the provisions of this Regulation, Member States, competent regulatory authorities, system operators, ACER, ENTSO-E, EU DSO Entity and third parties, to whom responsibilities have been delegated or assigned, shall:

- (a) apply the principles of proportionality and non-discrimination;
 - (b) ensure transparency;
 - (c) apply the principle of optimisation between the highest overall efficiency and lowest total costs for all parties involved, including different types of system users and taking into account uncertainty about future needs;
 - (d) consult with relevant stakeholders and take account of potential impacts on their system;
and
 - (e) take into consideration agreed European CEN/CENELEC/ETSI standards and European technical specifications.
3. EU DSO Entity and ENTSO-E shall cooperate closely with European Standards Defining Organisations to draft, improve and support the development of standards in the areas related to the implementation of this Regulation.

Article 4

National rules of procedure to develop common proposals

1. By [twelve months] after entry into force of this Regulation, each Member State or the entity designated by the Member State, shall establish the rules of procedure at national level according to which the relevant system operators shall jointly develop the common proposals for the national terms and conditions or methodologies referred to in Article 5(5). The designated entity shall be the regulatory authority, unless otherwise provided by the Member State at the latest by [date – three months after entry into force].
2. The rules of procedure of paragraph 1 for the joint development of common proposals for the national terms and conditions or methodologies shall specify at least the following:
 - (a) the definition of the relevant system operators, ensuring the sufficient representation of distribution system operators;
 - (b) the opportunity for all relevant system operators to participate individually or collectively, their representation and their respective roles and responsibilities, specifically for the development of common proposals for the national terms and conditions or methodologies in the context of this Regulation;

- (c) the voting rules (e.g. consensus, majority options, treatment of absences during voting, etc.) for agreeing on proposals;
- (d) the process of safeguarding the involvement of the affected stakeholders during the development of the common proposals for national terms and conditions or methodologies;
- (e) transparency ensured through meeting minutes and access to the documents; and
- (f) the procedure to propose amendments to the national terms and conditions or methodologies pursuant to Article 5(8).

Article 5

Adoption of terms and conditions or methodologies

1. System operators, ENTSO-E and EU DSO entity shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to ACER or the competent regulatory authorities within the respective deadlines set out in this Regulation. In exceptional circumstances, notably in cases where a deadline cannot be met due to circumstances external to the sphere of system operators, ENTSO-E or EU DSO entity, the deadlines for terms and conditions or methodologies may be prolonged by ACER in procedures pursuant to paragraph 4, and by the competent regulatory authority in procedures pursuant to paragraph 5. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one system operator, or by ENTSO-E and the EU DSO entity, the participating system operators and entities shall closely cooperate. The system operators and the entities shall regularly inform the competent regulatory authorities and the Agency about the progress of developing those terms and conditions or methodologies.
2. If system operators, or ENTSO-E and EU DSO entity fail to submit an initial or amended proposal for terms and conditions or methodologies to the competent regulatory authority or ACER in accordance with paragraphs 4, 5 or 8 within the deadlines set out in this Regulation, they shall provide the competent regulatory authorities or ACER with the relevant drafts of proposals for the terms and conditions or methodologies, and explain what has prevented an agreement. ACER, or the competent regulatory authority shall take the appropriate steps for the adoption of the required terms and conditions or methodologies in accordance with paragraphs 4 and 5 respectively, for instance by requesting amendments

or revising and completing the drafts pursuant to this paragraph, including drafting terms and conditions or methodologies where no drafts have been submitted, and approve them.

3. Each regulatory authority or where applicable ACER, as the case may be, shall approve the terms and conditions or methodologies referred to in paragraphs 4 and 5. Before approving the terms and conditions or methodologies, ACER or the competent regulatory authorities shall revise the proposals where necessary, after consulting ENTSO-E and EU DSO entity or the respective system operators, respectively, in order to ensure that they are in line with the purpose of this Regulation and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market.
4. The proposals for the following terms and conditions or methodologies and any amendments thereof shall be subject to approval by ACER:
 - (a) for a Union-wide methodology for further simplification of the product prequalification processes in accordance with Article 21; and
 - (b) for market-based procurement of congestion management and the product attributes for a European Table of Equivalences in accordance with Article 32.
5. The proposals for the following terms and conditions or methodologies and any amendments thereof shall be subject to individual approval by the regulatory authority or other competent authority of the Member States concerned:
 - (a) for establishing the processes for the definition, calculation and validation of baselining methods for local services and other wholesale energy products pursuant to Article 14;
 - (b) for service providers for local services pursuant to Article 11;
 - (c) for a flexibility information system pursuant to Article 24; and
 - (d) for TSO-DSO and DSO-DSO coordination pursuant to Article 45.
6. The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals for terms and conditions or methodologies subject to the approval by one regulatory authority in accordance with paragraph 5 may be submitted to the Agency within 1 month of their submission at the discretion of the regulatory authority. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within 3 months on the proposals for terms and conditions or methodologies.

7. Regulatory authorities or, where competent, ACER shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 4 and 5, within 6 months following the receipt of the terms and conditions or methodologies by ACER or the regulatory authority. The period shall begin on the day following that on which the proposal was submitted to ACER in accordance with paragraph 4 or, where applicable, to the regulatory authority in accordance with paragraph 5.
8. In the event that ACER, or the competent regulatory authority request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 4 and 5 respectively, the relevant system operators, or ENTSO-E and EU DSO entity, shall submit a proposal for amended terms and conditions or methodologies for approval within 2 months following the request from ACER or the competent regulatory authority. ACER or the competent regulatory authority shall decide on the amended terms and conditions or methodologies within 2 months following their submission. If the relevant system operators, or ENTSO-E and EU DSO entity, fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 2 of this Article shall apply.
9. ACER, or the competent regulatory authority, where they are responsible for the adoption of terms and conditions or methodologies in accordance with paragraphs 4 and 5, may respectively request proposals for amendments of those terms and conditions or methodologies and determine a deadline for the submission of those proposals. System operators, or ENTSO-E and EU DSO entity, responsible for developing a proposal for terms and conditions or methodologies may propose amendments to regulatory authorities and ACER. The proposals for amendment to the terms and conditions or methodologies shall be submitted to consultation in accordance with the procedure set out in Article 6 and approved in accordance with the procedure set out in this article.
10. System operators, or ENTSO-E and EU DSO entity, responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by ACER or the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 10.

Article 6

Consultation

1. System operators, ENTSO-E and the EU DSO Entity responsible for submitting proposals for terms and conditions or methodologies or their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of each Member State, on the draft proposals for terms and conditions or methodologies. The consultation shall last for a period of not less than [one month].
2. The proposals for terms and conditions or methodologies submitted by ENTSO-E and the EU DSO Entity at Union level shall be published and submitted to consultation at Union level. Proposals submitted by the system operators at national level shall be submitted to consultation at least at national level.
3. The entities responsible for the proposal for terms and conditions or methodologies shall duly consider the views of stakeholders resulting from the consultations undertaken in accordance with paragraph 1, prior to its submission for regulatory approval if required in accordance with Article 5 or prior to publication in all other cases. In all cases, a clear and robust justification for including or not the views resulting from the consultation shall be developed in the submission and published in a timely manner before, or simultaneously with the publication of the proposal for terms and conditions or methodologies.

Article 7

Stakeholders involvement

ACER, in close cooperation with EU DSO Entity and ENTSO-E, shall organise stakeholder involvement regarding demand response, secure system operation and other aspects of the implementation of this Regulation. This shall include regular meetings with stakeholders to identify problems and propose improvements notably related to the areas covered in this Regulation including, but not limited to, Union-wide terms and conditions or methodologies, and the standardisation of data exchanges. If relevant, cooperation shall be established with other European groups, such as the European Commission expert groups, working on similar topics. This shall not replace the stakeholder consultations in accordance with Article 6.

Article 8

Delegation and assignment of tasks

1. Unless they are restricted by national or European provisions, system 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 system 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 system 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 publish this decision on the internet.
4. Without prejudice to the tasks entrusted to system operators pursuant to Directive (EU) 2019/944, a Member State, or where applicable a relevant regulatory authority, may assign tasks or obligations entrusted to system 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 system 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 9

Recovery of Costs

1. The costs borne by the relevant system 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 system operators or other appropriate mechanisms.
2. If requested by the relevant regulatory authorities, the system operators referred to in paragraph 1 shall, within the reasonable deadline set by relevant regulatory authority, provide the information necessary to facilitate assessment of the costs incurred.
3. Any costs incurred by market participants in meeting the requirements of this Regulation shall be borne by those market participants.

Article 10

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 person subject to the provisions of this Regulation.
3. Confidential information received by the persons 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 legislation.
4. Without prejudice to cases covered by national law, regulatory authorities, bodies or persons which receive confidential information pursuant to this Regulation may use it only for the purpose of the performance of their functions under this Regulation.

TITLE II

GENERAL REQUIREMENTS FOR MARKET ACCESS

Article 11

National terms and conditions for service providers

1. The national terms and conditions for service providers in this Regulation refer to the national terms and conditions for balancing service providers, pursuant to Article 18(1)(a) of the Commission Regulation (EU) 2017/2195, when the requirements of this Regulation refer to balancing services, and to the national terms and conditions for service providers of local services, when the requirements of this Regulation refer to local services procured in accordance with a market-based mechanism.
2. No later than [12 months] after the approval of the national rules of procedure of a Member State pursuant to Article 4, all system operators of this Member State shall develop a proposal for national terms and conditions for service providers of local services, and the TSOs of this Member State shall develop a proposal for amending the terms and conditions for balancing service providers, pursuant to Article 18(1)(a) of the EB Regulation.
3. The national terms and conditions for service providers shall aim at simplifying the access to balancing and local services and avoiding duplications when prequalification processes are justified.
4. The national terms and conditions for service providers shall at least specify:
 - (a) the rules for the use of data from dedicated measurement devices, if applicable, pursuant to Article 13;
 - (b) the national table of equivalences and the procedures to ensure a simplification of the prequalification process pursuant to Article 16;
 - (c) the process and requirements for a market participant to qualify as a service provider pursuant to Article 17;
 - (d) the pre-conditions and applicability of the product verification and product prequalification pursuant to Article 18;
 - (e) the process and requirements for product verification pursuant to Article 19, for product prequalification pursuant to Article 20;
 - (f) the criteria to reassess and require a full or partial repetition of the product verification or product verification pursuant to Article 22;

- (g) the rules to switch controllable units between service providers pursuant to Article 23;
- (h) the rules for the market-based procurement of local services pursuant to Article 32, if applicable;
- (i) the processes and requirements for forecast, schedule and near real-time data exchange from service providers, in accordance with the requirements pursuant to Title VIII, including the following:
 - (i) the parties involved in the data exchange;
 - (ii) the content of data exchange, including the applicability, the scope, the granularity, the timing and the periodicity; and
 - (iii) a stepwise implementation at national level to standardise the procedures, format, and the information and communication technology requirements for these data exchanges, [no later than 4 years] after entry into force of this Regulation;
- (j) processes, responsibilities and requirements to assess the quality of data provided from service providers pursuant to Title VIII in terms of correctness, timeliness and precision;
- (k) the process for system operators to systematically review data exchange requirements from service providers, in accordance with the requirements pursuant to Article 53; and
- (l) if applicable, the assignment to third parties of responsibilities of service providers regarding data exchange, in accordance with the provisions pursuant to Article 53(5).

Article 12

Settlement volumes determination

1. The injections and withdrawals for the settlement of system operation services and imbalance settlement shall be calculated based on the metering equipment of the connection point. Data from dedicated measurement device shall be used, for the settlement of balancing and local services, as well as for demand response, under the following conditions:
 - (a) where the smart meter of the final customer is not installed or where the smart meter does not deliver all the necessary data to validate the delivery of demand response or balancing or local services, including through an independent aggregator in compliance

with Article 7b of Regulation (EU) 2019/943; and

- (b) where the dedicated measurement device provides data with sufficient granularity and meets quality and reliability requirement pursuant to Article 13.
2. A controllable unit connected to a metering point with a conventional meter shall only be allowed to be a SPU or part of a SPU or SPG, if data, including from dedicated measurement device(s), with sufficient granularity, meeting quality and reliability requirements, enable the calculation of injections and withdrawals of energy of the controllable unit, as reflected at the connection point.

Article 13

Framework for the validation and quality of data from dedicated measurement devices

1. The national terms and conditions for service providers pursuant to Article 11 or, as applicable, the respective national legislation shall define at least the following rules for the use of data from dedicated measurement devices, pursuant to [Article 7b(3) of Regulation (EU) 2019/943, as amended by Regulation (EU) 2024/1747]:
 - (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, and rules for calculation of validation data in case raw data from dedicated measurement devices is unavailable or insufficient; and
 - (c) principles and requirements for parties involved in the collection, management, transfer and storage of dedicated measurement device data.
2. When data from a dedicated measurement device is used for settlement or validation, and unless otherwise provided for in the national terms and conditions pursuant to paragraph 1, the service provider shall be responsible for accessing the relevant measurement data from the dedicated measurement device and make the relevant measurement data available to the procuring system operator.
3. When data from a dedicated measurement device is used for validation or settlement, system operators shall be entitled to verify the quality of measurements provided by dedicated measurement devices.

4. When verifying the quality of measurements pursuant to paragraph 3, system operators shall be entitled to use:
 - (a) upon consent of the relevant system user 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; and
 - (b) calculations and measurements from other sources.

Article 14

National terms and conditions for baselining methods

1. No later than [12 months] after the approval of the national rules of procedure of a Member State pursuant to Article 4 of this Regulation, all system operators of a Member State shall develop a common proposal regarding the processes for the definition, calculation and validation of the baselining methods.
2. The terms and conditions pursuant to paragraph 1 shall include at least the following:
 - (a) the roles and responsibilities of the market participants providing balancing, local services and participating in other wholesale markets, regarding the development and implementation of baselining methods, including the process through which stakeholders having a role or justified interest in market-based balancing or local services or other wholesale markets may propose baselining methods;
 - (b) the process of validating the baseline;
 - (c) the minimum set of data necessary to implement the respective baselining method, and the granularity required by the respective market time unit or for the respective service provision;
 - (d) an obligation to share necessary data with all relevant stakeholders for implementing the respective baselining method, and the frequency for sharing them, as required by the respective market time unit or for the respective service provision; and
 - (e) a recurring evaluation process for assessing if a proposed baselining method out of the European baselining method register as specified in paragraph 4 is fit for purpose.
3. The baselining methods shall:

- (a) be recalculable and transparent;
 - (b) prevent abusive behaviour;
 - (c) be precise, accurate and unbiased so that they deliver reliable results;
 - (d) consider compensation effects and, if applicable, also any proven rebound effects; and
 - (e) use, if possible, the existing available data.
4. Within [24 months after entry into force of this Regulation], ENTSO-E and EU DSO entity shall publish on their website a baselining method register based on all the Member States' baselining methods approved and described in the national terms and conditions pursuant to paragraph 1, providing the baselining method information at least per resource type and product, with at least a yearly update. The explanation of the baselining methods shall be provided in English.

Article 15

Validation of the baseline

1. Where the data used for determining the provision of a service is based on measurement, the granularity of the data used shall be the imbalance settlement period, unless higher resolution is required for determining the delivery of a service by the procuring system operator.
2. The procuring system operator shall have the right to require from the service provider all data necessary to validate the provision of the respective service.
3. The concerned stakeholders identified within the Member State shall have the right to receive from the respective system operator relevant data of their customers, upon their consent, to execute a validation of a service provided to system operators, provided it does not violate commercially sensitive information or Regulation (EU) 2016/679.

TITLE III

QUALIFICATION REQUIREMENTS AND PROCESSES

CHAPTER 1

REQUIREMENTS FOR QUALIFICATION, VERIFICATION AND PREQUALIFICATION

Article 16

Table of Equivalences

1. The national terms and conditions for balancing service providers shall define the national table of equivalences and the procedures to ensure a simplification of the prequalification process pursuant to this article. When at least one system operator in a Member State procures local services in accordance with a market-based mechanism, all the requirements on the table of equivalences according to this article shall be part of the national terms and conditions for service providers of local services pursuant to Article 11.
2. The national table of equivalences shall:
 - (a) provide an overview of the product requirements per attribute of all balancing and local products where product prequalification or product verification are applicable;
 - (b) consider the attributes for balancing products as defined in Article 25(4)-(5) of the Commission Regulation (EU) 2017/2195 and for local products as defined in Article 38;
 - (c) identify equivalences per attribute between the product requirements of the different products and recognise the more and less demanding product requirements per attribute and product. The voltage level of each product shall be considered when setting the equivalences;
 - (d) include procedures to ensure a simplification when a service provider applies for a product prequalification or product verification with a SPU or SPG already registered in the flexibility information system after being prequalified or verified for at least one other product; and
 - (e) be publicly available.
3. When defining a new balancing or local product or when amending an existing product, the procuring system operator shall include the product requirements in the table of equivalences and implement the procedures to ensure a simplification of the product prequalification, where applicable, as referred to in paragraph 2.

Article 17

Qualification for service providers

1. Without prejudice to paragraph 3, each procuring system operator shall qualify a market participant as a service provider under the condition of fulfilling the following requirements for the corresponding product, as applicable:
 - (a) fulfil financial prerequisites;
 - (b) ensure that the ICT system required for the corresponding product enables:
 - (i) reception, processing and responding to signals necessary for the delivery of the service;
 - (ii) exchange and processing of measurement data necessary for the quantification of services, baselining and settlement as described in Article 12, Article 14 and Article 35, respectively;
 - (iii) if applicable for the product, near real-time monitoring and data exchange needed for validation of service delivery; and
 - (iv) exchange of schedule and near real-time data pursuant to Article 54(3), (5) and (6).
 - (c) perform a communication test to verify the requirements set out in paragraph 1(b), if defined in the national terms and conditions for service providers;
 - (d) provide the following descriptions if defined in the national terms and conditions for service providers:
 - (i) the technical means to provide the service including the type of assets;
 - (ii) the communication systems;
 - (iii) possible compensation effects and how they will be managed; and
 - (iv) possible rebound effects and how these might be handled.
2. Each procuring system operator shall follow a simplified qualification process when a market participant is already qualified for at least one balancing or local product and thereafter applies for the participation in another product.

3. In case a service provider provides the same product to more than one procuring system operator it shall be qualified only once for this product, by any of the relevant procuring system operators. Each procuring system operator shall have the right to perform a communication test as referred to in paragraph 1(c) while ensuring a minimum burden for the service provider.
4. The service provider shall inform the procuring system operator about any change in its ICT system with potential effect on the reliability and efficiency of its service provision. The procuring system operator shall have the right to require to re-perform a communication test when the reliability of the service provision due to a significant change in the ICT system may be compromised, if defined in the national terms and conditions for service providers.
5. Any market participant who applies to qualify as a service provider shall register all relevant data necessary for its qualification in the relevant SP module of the flexibility information system. The procuring system operator(s) shall verify the provided data.
6. The procuring system operator shall update the qualification status of the service provider in the relevant SP module of the flexibility information system. The time needed for this update shall not exceed one business day.

Article 18

Principles, Pre-Conditions and Applicability of the product verification and product prequalification processes

1. Before a service provider applies for product prequalification or product verification:
 - (a) the service provider, on behalf of the relevant system user(s) pursuant to Article 53(5)(b), shall ensure that the data of the CUs are registered in the relevant CU module of the flexibility information system, according to the registration procedure set out in Article 28(a); and
 - (b) the service provider shall register, pursuant to Article 53(5)(c), the data of the potential SPU(s) or SPG(s) in the relevant SP module of the flexibility information system, according to the registration procedure set out in Article 27(a).
2. Each controllable unit shall be assigned to a maximum of one service provider per activation period.

3. The national terms and conditions for service providers shall define the application process. It shall start with the submission of a formal application through the flexibility information system by the service provider and shall conclude with the confirmation by the procuring system operator that the application is complete before starting the product verification process as set out in Article 19 or the product prequalification process as set out in Article 20.
4. The procuring system operator shall be responsible for the product prequalification or product verification process applicable to each product. When multiple system operators procure the same product from the same SPU or SPG, such a SPU or SPG shall be prequalified or verified by a single procuring system operator.
5. The service provider applying to provide specific balancing products, congestion management or voltage control products shall by default be subject to a product verification at SPU or SPG level pursuant to Article 19. The balancing service provider applying to provide standard balancing products shall be subject to a European harmonised product verification or a harmonised product prequalification pursuant to Articles 19, 20, 21 and 33 of Commission Regulation (EU) 2017/2195. The balancing service provider applying to participate in the integrated scheduling process shall be subject to a product prequalification.
6. If allowed in the national terms and conditions for service providers, the procuring system operator shall have the right to apply a product prequalification instead of product verification on SPU or SPG level for specific balancing products, congestion management or voltage control products, according to paragraph 5, 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 has not successfully passed a product verification for the same product and was suspended following the suspension procedure pursuant to Article 27(d);
 - (b) applicable for specific balancing products, if the capacity of the potential SPU or SPG to verify exceeds 500 kW, or where the potential SPU or SPG shall deliver a specific balancing product that is designed to be activated when the system is in “alert state” or “emergency state” as referred to in Article 18 of Commission Regulation (EU) 2017/1485;
 - (c) applicable for congestion management and voltage control products, if the capacity of

the potential SPU or SPG to verify exceeds a threshold per voltage level defined in the national terms and conditions for service providers. These thresholds shall consider the voltage level of the product and the effect of significant change in the load-flow or in voltage, or possible unsolved congestions in the system of the impacted system operators from an inadequate activation.

7. The verification or prequalification process of a SPU or SPG to provide balancing or local services, including the application process as referred to in paragraph 3, shall be carried out within the shortest possible time, which shall be defined in the national terms and conditions for service providers and shall respect the requirements set out in Article 23(4).
8. The service provider shall ensure that its potential SPU(s) or SPG(s) meets the product requirements of the product for which product prequalification or product verification is required according to the national table of equivalences pursuant to Article 16 and is able to provide the procuring system operator with the required data according to the national table of equivalences.
9. The approval of a product prequalification or product verification process 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 or verification. In case the service provider is required to pass a full or partial repetition of the product prequalification or product verification pursuant to Article 22(2), that service provider may reuse the results of activation tests not older than 3 years, for the CUs of the SPU or SPG that have not changed.
10. When a system operator defines a new balancing, congestion management or voltage control product, it shall develop the prequalification process or the verification process for the respective product pursuant to the requirements set out in this Regulation and the Commission Regulation (EU) 2017/2195, in the national terms and conditions for service providers.

Article 19

Requirements and process for product verification for service providing units or service providing groups

1. After the procuring system operator confirms that the application is complete pursuant to Article 18(3), each potential SPU or SPG shall have a temporary qualification for the

preliminary provision of the respective service, until the procuring system operator verifies whether the potential SPU or SPG proves full compliance with the product requirements set out in the national table of equivalences according to Article 16 and the verification criteria defined in national terms and conditions for service providers.

2. The national terms and conditions for service providers shall:
 - (a) set the maximum timeframe for the procuring system operator to perform the product verification according to the verification criteria.
 - (b) describe the process to follow in case of a negative result of the product verification of a SPU or SPG.
 - (c) specify which data the service providers shall measure and store on CU level for verification purposes and describe the cases for which this data storage would be required for longer than the maximum timeframe to perform the product verification as set out in paragraph 2(a).
3. When the minimum verification criteria are not reached within the maximum timeframe, the procuring system operator shall have the right to require an activation test for verification purposes only if allowed in the national terms and conditions for service providers.

Article 20

Requirements and process for product prequalification for service providing units or service providing groups

1. After the procuring system operator confirms that the application is complete pursuant to Article 18(3), the procuring system operator in coordination with the service provider shall perform a product prequalification of the potential SPU or SPG to evaluate its technical characteristics in comparison with the corresponding product requirements.
2. As part of the evaluation as referred to in paragraph 1, the procuring system operator may require the potential SPU or SPG to pass an activation test. The performance of such an activation test shall be 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 a demonstration of the capability of the SPU or SPG to deliver the product is necessary to ensure system security or secure network operation.

3. When the potential SPU or SPG exclusively consists of small controllable units, controllable units that are identical to controllable units being part of other SPUs or SPGs previously prequalified by any SP for the relevant product, or a combination of both:
 - (a) the procuring system operator shall simplify the evaluation referred to in paragraph 1; and
 - (b) if an activation test pursuant to paragraph 2 is required, it shall be performed on a limited number of controllable units of the potential SPU or SPG, further specified in the national terms and conditions for service providers.

Article 21

Further harmonisation of qualification, verification and prequalification requirements and processes

Within 12 months after entry into force of this Regulation, ENTSO-E and EU DSO entity shall develop a proposal for a Union-wide methodology for further simplification of the product prequalification processes. The proposal shall identify cases where product prequalification can be replaced by product verification and shall describe simplifications in the processes, requirements and activations tests where applicable, including specific simplifications where at least a potential SPU or SPG exclusively consists of small controllable units or controllable units that are identical to controllable units being part of other SPUs or SPGs previously prequalified by any SP.

Article 22

Criteria to reassessing and requiring a new product prequalification or product verification

1. [No later than 10 business days prior to changes] to a SPU, SPG or CU:
 - (a) the service provider, on behalf of the system user, shall update, pursuant to Article 53(5)(d), the data of the CU in the relevant CU module of the flexibility information system, according to the update procedure set out in Article 28(b); and
 - (b) the service provider shall update, pursuant to Article 53(5)(e), the data of the SPU or SPG in the relevant SP module of the flexibility information system, according to the update procedure set out in Article 27(c).

2. If allowed in the national terms and conditions for service providers, the procuring system operator shall have the right to reassess and require to pass a full or partial repetition of the product prequalification or product verification on a SPU or SPG level, respecting the applicability of the product prequalification or product verification pursuant to Article 18 when at least one of the following situations occur:
 - (a) if the prequalified or verified capacity of a SPU or the SPG is modified more than 10% or 5 MW, whichever is lower, and at least 0.5 MW, compared to the previous product prequalification or product verification process of the SPU or SPG, due to additions or removals of controllable units, or due to changes to the contribution of the existing controllable units to the prequalified or verified capacity of the SPU or SPG;
 - (b) if the service provider changes the ICT system for SPU or SPG control; or
 - (c) if the last product prequalification or product verification was performed more than five (5) years ago and the SPU or SPG has not provided the product for which a repetition of the product qualification or product verification is assessed, to any procuring system operator in the last twelve (12) months.
3. The procuring system operator shall notify the service provider on the need to pass a full or partial repetition of the product prequalification or product verification on SPU or SPG level pursuant to paragraph 2 [within 1 business day] after the notification of the change pursuant to paragraph 1.
4. When the procuring system operator requests to pass a full or partial repetition of the product prequalification pursuant to paragraph 2, the service provider shall be entitled to continue the service provision with the affected SPU or SPG, according to the conditions set out in the national terms and conditions for service providers.

Article 23

Switching of controllable units between service providers

1. When a system user requests to switch a controllable unit to another service provider, such a service provider shall provide information in the flexibility information system on the assignation of the respective CU to its SPU(s) or SPG(s). The intended switch date shall not be sooner than the time defined in the national terms and conditions for carrying out the switching in accordance with paragraph 4, from the date of the switching request.

2. The system operator(s) responsible for the relevant CU module(s) shall inform the affected parties, including the previous service provider, about the switching request and shall confirm the assignation of the concerned CU to the new service provider [within 1 business day after the switching request pursuant to paragraph 1].
3. After confirming the new assignation pursuant to paragraph 2:
 - (a) The procuring system operator shall assess whether any re-assessment criterion of Article 22(2) for the affected SPUs or SPGs is fulfilled and whether a new product prequalification or product verification is needed and shall inform the previous and the new service provider accordingly. The following conditions shall apply:
 - (i) Where the procuring system operator does not respond within a deadline set out in the national terms and conditions for service providers, a new product prequalification or a new product verification shall be deemed as not required.
 - (ii) If a new product verification is necessary, the regular product verification process in accordance with Article 19 shall apply.
 - (iii) If a new product prequalification is necessary, the regular product prequalification in accordance with Article 20 shall apply.
 - (b) The connecting system operators and the impacted system operators shall assess whether a new grid prequalification of any of the affected SPUs, SPGs or parts of SPG is needed and shall inform the previous and the new service provider accordingly. The following conditions shall apply:
 - (i) If a connecting system operator or an impacted system operator requires a new grid prequalification, the regular grid prequalification process according to Article 49 shall apply.
 - (ii) If no connecting system operator nor impacted system operator responds within a deadline set out in the national terms and conditions for service providers, a new grid prequalification shall be deemed as not required.
 - (iii) If no connecting system operator nor impacted system operator requires a new grid prequalification, the new service provider shall be entitled to use the CU for the respective product(s) from the intended switch date.

4. The switching of controllable units between service providers, including the assignment process referred to in paragraph 2 and any new product verification, product prequalification or grid prequalification required in accordance with paragraph 3, shall be carried out within the shortest time possible, which shall be defined in the national terms and conditions for service providers and shall not exceed the maximum time referred to in Article 12(1) of the Directive (EU) 2019/944 for switching market participants engaged in aggregation.

CHAPTER 2

REQUIREMENTS FOR FLEXIBILITY DATA MANAGEMENT FOR QUALIFICATION

Article 24

National terms and conditions for a flexibility information system

1. No later than [18 months] after the approval of the national rules of procedure of a Member State pursuant to Article 4, all system operators of a Member State shall develop a proposal for national terms and conditions for a flexibility information system.
2. The national terms and conditions for a flexibility information system shall at least specify:
 - (a) a stepwise implementation process at national level to define and implement a common flexibility information system pursuant to Article 25, and to implement the standardised data exchange procedures pursuant to Article 27 and Article 28, until ensuring full interoperability [no later than 4 years] after entry into force of this Regulation;
 - (b) the governance and accessibility of the flexibility information system including the single and common access point and functional requirements for the SP module(s) and the CU module(s) pursuant to Article 25;
 - (c) requirements for system operator(s) responsible for one or more modules of the flexibility information system pursuant to Article 26;
 - (d) the data management structure of the flexibility information system including specification of responsible parties and entitled actors with access or rights to register, administer or update information in the flexibility information system pursuant to Article 26, Article 27 and Article 28;

- (e) specifications of all procedures of the SP module pursuant to Article 27 and of the CU module pursuant to Article 28 and the related data exchanges, in accordance with the requirements pursuant to Title VIII, including the following:
- (i) the parties involved in the data exchange; and
 - (ii) the format and content of data exchange, including the applicability, the scope, the granularity, the timing and the periodicity.

Article 25

Principles for Governance, Accessibility and Interoperability

1. Each Member State shall have a common flexibility information system to simplify, standardise and streamline at least the following processes to provide balancing and local services and their corresponding data exchanges: qualification of service providers, product prequalification and product verification of SPUs and SPGs, grid prequalification of SPUs, SPGs or parts of SPGs and switching of CUs.
2. The flexibility information system shall have a single and common access point for service providers, system users and other entitled parties to read, register, administer or update information about SPU(s), SPG(s) and CU(s) according to their responsibility or authorisation.
3. The single and common access point of the flexibility information system shall have a nationally harmonised online application with a graphical user interface and a nationally harmonised application programming interface.
4. Each procuring system operator shall be responsible for operating and maintaining one or more SP modules and one or more CU modules. If the national terms and conditions for a flexibility information system require a centralised flexibility information system that includes a single SP module and a single CU module, they shall specify the single system operator, groups of system operators or other entity who is responsible for its operation and maintenance.
5. To avoid vendor and operator lock-ins, all data stored in the SP modules and CU modules shall be portable. Each system operator responsible for one or more modules shall ensure the following:

- (a) all data stored in the CU module(s) and the SP module(s) can be exported to a common European or national standard in a structured, machine-readable, and well-documented format; and
- (b) the existence of a well-defined ‘export procedure’ to migrate data from its module(s) and suspend its operation.

Article 26

Principles and requirements for system operators responsible for one or more modules of the flexibility information system

1. The system operator(s) responsible for operating any part of the flexibility information system shall:
 - (a) make data available in a non-discriminatory and online manner and with a structured and machine-readable format through a single and common access point to service providers, system users and other entitled parties;
 - (b) provide an online application and an application programming interface at national level that meets the ETSI-CEN-CENELEC set of standards and for the interaction with service providers and system users;
 - (c) provide test environments with appropriate and sufficient test data for service providers, system operators, system users, and actors with register, administer or update rights in order to ensure their effective integrations in the flexibility information system;
 - (d) closely cooperate to facilitate the proper interoperability of all modules of the flexibility information system;
 - (e) ensure that service providers and system users only need to register, update, or delete the same information once;
 - (f) make a list of the market participants and other entities with reading access or right to register, administer or update information in the flexibility information system and for which purpose. These system operator(s) shall be responsible for keeping the list up to date and for making it publicly available; and
 - (g) make public a non-confidential version of the flexibility information system including at least data on the service providers and the total capacity prequalified or verified per

technology and per balancing and local product by each service provider.

2. The system operator(s) responsible for operating a SP module shall:
 - (a) administrate and make available at least the SPs, SPUs and SPGs data;
 - (b) grant access at any point in time and [without undue delay] to service providers and entitled actors to SPUs and SPGs data that is exchanged in the flexibility information system pursuant to Article 25(1);
 - (c) inform all actors affected by the procedures pursuant to Article 27 [without undue delay];
 - (d) make available changes of relevant data on the service provider or its SPU(s) or SPG(s) to entitled parties [without undue delay];
 - (e) ensure that the online application and the application programming interface as referred to in paragraph 1(b), integrate and automate all procedures described in Article 27.
3. The system operator(s) responsible for operating a CU module shall:
 - (a) administrate and make available at least the CU data;
 - (b) grant access at any point in time and [without undue delay] to system users and entitled actors to CUs data that is exchanged in the flexibility information system pursuant to Article 25(1);
 - (c) inform all actors affected by the procedures pursuant to Article 28 [without undue delay];
 - (d) make available changes of relevant data on the CUs to entitled parties [without undue delay];
 - (e) ensure that the online application and the application programming interface as referred to in paragraph 1(b), integrate and automate all procedures described in Article 28.
4. When, pursuant to Article 8, a third party is entrusted with at least one task relevant for the operation and maintenance of the flexibility information system, such third party shall have an adequate level of business separation from parties with a commercial interest in local services, including third party market operators of local services and service providers, in

line with the national implementation of Article 35 of Directive 2019/944 on unbundling. All parties interacting with these modules shall be treated equally and in a non-discriminatory way.

Article 27

Service Provider module procedures

The system operator(s) responsible for operating one or more SP modules shall provide at least the following procedures in the SP module(s):

- (a) a ‘registration procedure’ allowing service providers to receive a European-wide unique identification code and submit and administer the data on the service providers as well as their SPU(s) or SPG(s);
- (b) an ‘application procedure’ allowing service providers to apply for products with their SPU(s) or SPG(s);
- (c) an ‘update procedure’ allowing service providers to update or change the data on the service providers as well as their SPU(s) or SPG(s);
- (d) a ‘suspension procedure’ allowing system operators to suspend the qualification of a service provider, SPU or SPG;
- (e) a ‘de-registration procedure’ allowing service providers to remove the data on the service providers as well as their SPU(s) or SPG(s);
- (f) a ‘grid prequalification procedure’ for connecting system operators and impacted system operators to set operational limits for SPUs, SPGs or part of SPGs due to system constraints;
- (g) a ‘switching procedure’ to switch controllable units between SPU(s) or SPG(s) of the same service provider or between different service provider(s);
- (h) a ‘revocation procedure’ allowing system operators to revoke the qualification status of service providers for non-compliance with the national terms and conditions for service providers; and
- (i) a ‘confirmation procedure’ allowing procuring system operators to confirm the SPU(s) or SPG(s) characteristics registered by the service provider.

Article 28

Controllable Unit module procedures

The system operator(s) responsible for operating one or more CU modules shall provide at least the following procedures in the CU module(s):

- (a) a ‘registration procedure’ allowing service providers on behalf of system users to submit data on their controllable unit(s);
- (b) an ‘update procedure’ allowing service providers on behalf of system users to update or change data on their controllable unit(s);
- (c) a ‘suspension procedure’ allowing entitled parties to suspend controllable units and ensuring that all affected parties are notified [without undue delay];
- (d) a ‘de-registration procedure’ allowing service providers on behalf of system users and other entitled parties to remove data on controllable units not assigned to any SPU or SPG;
- (e) a ‘grid prequalification procedure’ for connecting system operators to validate the information on the controllable units connected to their system and provided in the registration or update procedure;
- (f) a ‘switching procedure’ allowing a service provider to request the assignment of controllable units switched from other service provider(s) pursuant to Article 23(2).
- (g) a ‘revocation procedure’ allowing system users or service providers on behalf of them to revoke the entitlement for the access of a service provider to their controllable unit(s) and ensuring that all affected parties are notified [without undue delay]. If the entitlement of a system user to a connection point is invalidated, the ‘revocation procedure’ shall automatically and implicitly be enacted;
- (h) a ‘termination procedure’ allowing service providers to request to terminate the assignment of a controllable unit and ensuring that all affected parties are notified [without undue delay];
- (i) a ‘re-activation procedure’ allowing system operators to make suspended controllable units available again for the provision of balancing or local services.

TITLE IV
MARKET BASED PROCUREMENT OF LOCAL SERVICES

Article 29

Principles and requirements for the procurement of local services

1. At least every two years, each system operator, unless it has been exempted from the respective obligation pursuant to Article 32(5) of the Electricity Directive, shall perform an assessment on the need and procurement of services from demand response, energy storage facilities or other resources as alternatives to system expansion, publicly consult on it, and use it for fulfilling their obligation pursuant to Articles 32(3) and 51(3) of Directive (EU) 2019/944. This assessment shall consider the national report on estimated flexibility needs referred to in Article 19e(1) of Regulation (EU) 2019/943.
2. System operators shall procure local services within a bidding zone, in accordance with a market-based mechanism, unless the regulatory authority has granted a derogation according to Article 30.
3. Before granting or extending a derogation, the regulatory authority shall, at its own initiative or at request of at least one system operator, request the relevant system operator(s) to make an assessment on the market-based procurement of local services for parts or the whole transmission or distribution system in at least the following cases:
 - (a) the reasons for procuring the local services in accordance with a non-market-based mechanism, as concluded by the derogation approved by the regulatory authority in accordance with Article 30, are no longer applicable to parts or the whole transmission or distribution system or to some technologies, resources or products;
 - (b) demonstrated efficiency of a market-based concept from pilot or regulatory demonstrative projects; or
 - (c) the market-based procurement of local services is inefficient.
4. After the assessment as referred to in paragraph 3, the regulatory authority shall determine whether the procurement of local services should take place or continue. If so, the national regulatory authority shall decide:
 - (a) whether extending an existing derogation approved in accordance with Article 30 for

the cases described in paragraph 3(a) and (b); or

(b) whether a derogation is granted according to Article 30 for the case described in paragraph 3(c).

Article 30

Derogation from market-based procurement of local services

1. The regulatory authority shall have the right, at the request of one or more system operators or at its own initiative, to grant the relevant system operators a derogation from Article 29(2) in order to procure local services based on a non-market-based mechanism according to Article 13(3) of Regulation (EU) 2019/943 and Articles 32(1), 31(7) and 40(5) of Directive (EU) 2019/944.
2. The derogation process shall be transparent, non-discriminatory, non-biased, well documented and based on reasoned grounds.
3. The derogation issued by the regulatory authority shall at least:
 - (a) take into account the latest DNDPs including estimated needs for local services and available resources, DSOs observability areas, and the national assessment on flexible connection agreements, where applicable;
 - (b) specify, where relevant, the parts of the system, the voltage levels, the time periods, and the products, especially short-term and long-term products that it applies;
 - (c) take into account the size of the DSO(s);
 - (d) specify its duration, which shall not be longer than two years, unless it is a derogation for the procurement of voltage control services with reactive power, which can be longer; and
 - (e) be published on its website.
4. The regulatory authority shall have the right to revoke a decision granting a derogation if the circumstances and underlying reasons no longer apply.
5. The regulatory authority shall notify its decision to the relevant SOs, ACER and the European Commission.

Article 31

Rules for flexible connection agreements

1. When assessing the need to procure local services pursuant to Article 29(1), system operators shall treat flexible connection agreements established pursuant to Article 6a(1) of Directive (EU) 2019/944, as firm connection agreements. This requirement shall not apply to flexible connection agreements that are enabled as a permanent solution, in accordance with Article 6a(1) point (c) of Directive (EU) 2019/944.
2. Activation of flexible connection agreements shall not lead to market-distortion and shall comply with the following principles:
 - (a) when markets for local services exist, activation of flexible connection agreements shall be subject to coordination with relevant available products for local services, through a mechanism specified in the rules for market-based procurement of local services pursuant to Article 32 that ensures effectiveness and overall system cost-efficiency, including costs incurred by system users;
 - (b) when a flexible connection agreement specifies an activation time that is after the day-ahead market gate closure, and is activated by a system operator following that activation time, the transmission system operator shall calculate an imbalance adjustment to the concerned balance responsible parties for activation of a flexible connection agreement pursuant to Article 54 of Commission Regulation (EU) 2017/2195, as follows:
 - (i) the imbalance adjustment for activation of a flexible connection agreement shall reflect the restriction imposed by the activation of the flexible connection agreement to the commercial trade schedules of the concerned balancing responsible parties; and
 - (ii) no imbalance adjustment for activation of a flexible connection agreement shall be calculated in cases where, following activation of the flexible connection agreement, a balancing responsible party changes its schedules in a way that increases this restriction;
 - (c) each system operator who activates a flexible connection agreement shall ensure that this activation does not have an impact on the consistency of the trade positions, in accordance with Article 51.

3. System operators shall not limit the possibility for system users with flexible connection agreements:
 - (a) to provide balancing and local services in the relevant markets, with the exception of limitations due to grid prequalification in accordance with Article 49 and temporary limits in accordance with Article 50; and
 - (b) to participate in other electricity markets, to the extent that such participation is not impeded by activation of the flexible connection agreement.

Article 32

Rules for market-based procurement of local services

1. All system operators of a Member State procuring or intending to procure local services in a market-based way shall define the rules for the market-based procurement of local services in the proposal for the terms and conditions for service providers developed pursuant to Article 11. For reactive power the proposal shall specify which requirements in Article 14(2), Article 18(6), Article 20(2) and Article 32(3), are applicable based on the characteristics of these services.
2. The rules for the market-based procurement of local services pursuant to paragraph 1 shall consider the national specificities and shall:
 - (a) be objective, transparent, non-discriminatory and technology neutral, supporting competition among market participants;
 - (b) take into account the particularities of the different resources providing the local services;
 - (c) ensure efficient access to the market-based procurement of local services establishing adequate economic signals, economic incentives promoting demand response, and avoiding distorting incentives for both service providers and system operators, minimising the possibilities for withholding of capacities and market abuse;
 - (d) avoid market fragmentation;
 - (e) ensure coherence in the interaction across different wholesale electricity markets and different time frames including the scheduling process pursuant to Title 6 of Part III of the Commission Regulation (EU) 2017/1485 and the imbalance settlement process

pursuant to Chapter 4 of Title V of the Commission Regulation (EU) 2017/2195, where applicable; and

- (f) guarantee protection of confidential data as well as transparency of the bidding and tendering processes ensuring that no service provider has access to preferential information over other service pursuant to Article 37.

3. The proposal in paragraph 1 shall contain at least:

- (a) the tasks and responsibilities of the procuring system operators, the requesting system operators, the connecting system operators, the impacted system operators, the operators of flexibility information system(s), the service providers and other market participants, pursuant to Article 33, including additional requirements regarding transparency, neutrality and business separation in case of conflict of interest, for the tasks assigned to a third party;
- (b) provisions on the coordination of the operators under (a) with operators of other markets, and the rules governing the interrelation – whether sequential, parallel, simultaneous or other – of the market-based procurement of local services with the day-ahead, intraday, and balancing markets pursuant to Article 34, where applicable;
- (c) the processes and the responsibilities for the selection and activation of bids, applying the requirements of Article 34, and for the procurement, pricing and settlement of the service provision in accordance with the requirements pursuant to Article 35;
- (d) a mechanism for coordinating the activation of flexible connection agreements and of relevant products for local services pursuant to Article 31(2)(a), when flexible connection agreements and the market-based procurement of local services for active power co-exist; and
- (e) the information to be published, pursuant to Article 37.

4. When local services for active power are procured as capacity products, the activation of the respective energy bids from the contracted resources shall be subject to competition with other available non-contracted energy bids in the respective market, if such activation market is established.

5. When local services are procured by tender procedure, and when service providers are allowed to make offers with CU, SPU, SPG not yet connected, registered or not yet

prequalified pursuant to Title III, the national terms and conditions pursuant to paragraph 1 shall clarify the details on timelines for registering and prequalifying CU, SPU, SPGs and other elements of the tender.

6. By 3 years after entry into force of this Regulation, ENTSO-E and EU DSO entity shall develop a proposal for a Union-wide methodology to further specify and harmonise at least the following elements of the market-based procurement of congestion management service:
 - (a) the coordination with other markets pursuant to Article 34;
 - (b) the procurement methods and the calculation of the activated volume, including requirements for data from dedicated measurement devices, pursuant to Article 35;
 - (c) stakeholders information and transparency pursuant to Article 37; and
 - (d) the list of product attributes, including the relevant data exchange standards, pursuant to Article 38.

Article 33

Requirements for procuring system operators

1. Each procuring system operator shall act in a non-discriminatory manner when procuring and using congestion management or voltage control products.
2. Each procuring system operator shall not exchange preferential, confidential, and commercially sensitive information with affiliated companies and service providers.
3. Each procuring system operator shall identify bids, SPUs, part of SPGs or volumes that can solve the physical congestion or voltage issue in accordance with the requirements in Article 47 and Article 48.
4. Each procuring system operator shall ensure that the procurement and activation of local services, or any other action affecting market schedules, does not have an impact on the consistency of the trade positions, in accordance with Article 51.
5. Each procuring system operator shall provide, maintain, and operate IT solutions that:
 - (e) implement the procurement processes, the pricing rules and settlement pursuant to

Article 35;

- (f) communicate with the service providers and other system operators as applicable, to exchange the required data for the procurement of the services, including in the context of Title VII and Article 50, as well as the results of the procurement; and
 - (g) communicate as applicable with the flexibility information system(s).
6. Each procuring system operator shall coordinate with other procuring system operators in accordance with the rules for the market-based procurement of local services pursuant to Article 32. Subject to the service provider's consent, the procuring system operator, on behalf of the relevant service provider, may forward bids for local services for active power to other markets, or otherwise make these bids available to other markets, as specified in the rules for the market-based procurement of local services pursuant to Article 32, while ensuring the necessary transparency and following the pricing mechanism and settlement principles pursuant to Article 35.
 7. All procuring system operators in one Member State shall have a common information platform on market-based procurement for local services, standardised definitions and standardised use of the geographical or topological information about the location of the metering point or connection point in the system. The rules pursuant to Article 32 shall specify the requirements for the coordination and interoperability of all processes for the market-based procurement of local services.
 8. Any party which performs tasks related to the market-based procurement of local services shall be unbundled from the market activities of production, supply, and service provision abiding by the rules foreseen in Article 35 of the Directive (EU) 2019/944. In this case, the rules for the market-based procurement of local services pursuant to Article 32 shall ensure adequate level of neutrality, transparency, and business separation in case of potential conflicts of interest.
 9. The costs of activation of local services shall be kept separate from balancing.

Article 34

Coordination and interoperability between local and day-ahead, intraday, and balancing markets

1. If bids offered in day-ahead, intraday and balancing markets are used for solving physical

congestion or voltage issues, the rules for the market-based procurement of local services pursuant to Article 32 shall consistently describe the coordination between the involved parties, ensuring that they do not over-ride, nor compromise the rules to participate in and applicable to other wholesale markets.

2. Each service provider shall be allowed to submit the same bid in several markets, but this bid shall not be selected twice for the same market time unit. When a bid has not been selected in a market, or the service for which the bid was selected is no longer needed, the service provider shall be allowed to submit this bid to another market. Each service provider shall be allowed to register a controllable unit in different SPGs for different services, following the requirements to ensure that there is no double activation of the same volume from the same controllable unit for the same imbalance settlement period.
3. Each service provider may offer its services in another market either itself or through an intermediary or a procuring system operator that forwards the bids, on behalf of this service provider, provided that the concerned service provider has given its consent. As concerns forwarding of bids, or otherwise sharing of bids with other wholesale markets, the rules for the market-based procurement of local services pursuant to Article 32 shall include at least:
 - (a) the requirements for forwarding bids to other markets;
 - (b) how information on consent of forwarding bid is processed;
 - (c) how the geographical or topological information about the location of the metering point or connection point in the system is included;
 - (d) measures to maintain transparency for forwarded bids;
 - (e) whether, under which conditions and how service providers are allowed to change pricing and volumes or to withdraw bids;
 - (f) rights, liabilities and responsibilities for all relevant market participants when forwarded bids are not fully activated;
 - (g) how forwarded 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 system operators; and
 - (i) how forwarded and/or combined bids are handled with respect to validation of service

provision.

Article 35

Rules for market-based procurement, pricing and settlement of local services

1. The procurement rules shall at least include the process for the market-based procurement of local services through products, including the case of procurement by a tender procedure, the characteristics of the procured products, the bid selection criteria, the pricing mechanism, pursuant to paragraphs 2 and 3, and the settlement process pursuant to paragraphs 4 and 5.
2. The proposal for the pricing mechanism for market-based procurement of local services pursuant to paragraph 1 shall:
 - (a) ensure cost efficient activation of bids;
 - (b) take into account the actual market structure and concentration; and
 - (c) provide incentives for long-term market development.
3. The proposal for the pricing mechanism for market-based procurement of local services pursuant to paragraph 1 shall allow for:
 - (a) variations depending on different products, on the voltage level of the identified issue, on different time horizons, on different liquidity of markets, on specific local features and on the purpose of the provided service – be it capacity and/or energy;
 - (b) predetermined prices as part of the offer process for availability and/or activation of resources contracted in advance subject to an assessment of the economic efficiency;
 - (c) energy-only payments and/or capacity payments, subject to an assessment of the economic efficiency; and
 - (d) deviation from general price mechanisms in long-term, day-ahead, intraday or balancing markets when procured in those markets.
4. The rules for the settlement of market-based procured local services shall include at least a procedure for:
 - (a) calculating the activated volume and delivery of local services, using the respective

- baseline, when necessary, and taking into account compensation effects, if applicable, including the assessment of how the provision of the services is reflected at the respective connection point(s);
- (b) claiming the recalculation of the activated volume of local services energy; and
 - (c) validating, when system limitations or temporary limits are set, that the constraints are respected.
5. Each relevant system operator, as specified in the rules for market-based procurement of local services pursuant to Article 32, shall be responsible for the calculation of the activated local services 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 each SPG.
6. Where applicable, the relevant system operators shall be responsible for the settlement of all activated volumes of local services energy calculated pursuant to this article, with the concerned service providers.

Article 36

Data exchange related to settlement of local services

1. Each relevant system operator and eligible market party, as specified in the national terms and conditions pursuant to Article 32, shall be entitled to receive the necessary measurement values or necessary activation information sent by the service provider for the calculation of the activated volume of local service energy at least:
- (a) for each market time unit as defined in the product characteristics;
 - (b) in a standardised data exchange format, following a single standard at national level for each data type; and
 - (c) when updated data is available.

2. Each relevant system operator shall, based on the national terms and conditions pursuant to Article 32, receive the baseline necessary for the calculation of the activated volume of local services energy by the national assigned party responsible to provide the baseline, but at least:
 - (a) in a standardised data exchange format, following a single standard at national level for each data type; and
 - (b) when updated data is available.
3. Where required for the validation of the activated volume of local services, each relevant system operator, as specified in the national terms and conditions pursuant to Article 32, 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 SPUs or SPGs or the necessary metering values of the metering point; and
 - (c) the necessary baseline of controllable units which are part of the concerned SPUs or SPGs or the necessary baseline of the metering point.
4. Where, according to the rules for settlement pursuant to Article 35, temporary limits and system limitation apply, each procuring system operator shall be entitled to receive the necessary information regarding the system limitation from the system operator who applied such 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 in line with Commission Regulation (EU) 2017/2195.
6. Each recipient of data pursuant to paragraphs 1 to 5 shall ensure 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 37

Publication of information

1. Each procuring system 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, not later than [two months] before the launch of the operation, or any amendment of the abovementioned elements, pursuant to the national terms and conditions.
2. Based on the expected physical congestion or voltage issues in their system, system 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.
3. The system operators shall publish the information that is necessary for the operation of local markets. For the long-term market-based procurement, this information shall include at least the product needs, specifying the direction of the activation, with sufficient time and locational granularity and detailed per different time horizons.
4. Following market results of local services, system operators shall publish, no later than one day after the service is procured, at least the aggregated, and anonymised, if required pursuant to paragraph 5, information on offered and selected bids for local services, such as volume per direction and time period and the resulting cost, volumes affected by temporary limits applied pursuant to Article 50 and by the process referred to in Article 48(3) and activated volumes of flexible connection agreements, if applicable.
5. Subject to the national terms and conditions pursuant to Article 32, procuring system operators may not publish the information on needed and offered prices and volumes of procured capacity or energy bids if justified for reasons of market abuse concerns and if not detrimental to the effective functioning of the electricity markets. The procuring system operators shall report such unpublished information at least once a year to the relevant regulatory authority in accordance with Article 59 of Directive (EU) 2019/944.
6. The procuring system operators shall report or publish on a yearly basis volumes and information on location of activated local services, on temporary limits that applied pursuant to Article 50 and on the application of the process pursuant to Article 48(3).
7. All system operators of a Member State procuring local services in a market-based way

shall make the information referred to in this Article publicly accessible from a single access point at national level.

Article 38

List of product attributes

1. The product requirements for each congestion management product and voltage control product defined in the table of equivalences pursuant to Article 16 shall be determined based on at least the following attributes:
 - (a) availability window;
 - (b) preparation period;
 - (c) ramping period;
 - (d) full activation time;
 - (e) validity period;
 - (f) mode of activation;
 - (g) location;
 - (h) minimum and maximum quantity;
 - (i) deactivation period;
 - (j) minimum and maximum duration;
 - (k) recovery time or minimum duration between the end of deactivation period and the following activation;
 - (l) direction of activation;
 - (m) divisibility; and
 - (n) the relevant data exchange standards.
2. In addition to the attributes as referred to in paragraph 1, the product requirements for each voltage control product through reactive power defined in the table of equivalences

pursuant to Article 16 shall be determined based on at least the following attributes:

- (a) the capability to receive the setpoint in real time remotely or offline;
 - (b) operating mode;
 - (c) reference voltage;
 - (d) slope of voltage/reactive power characteristic (V/Q);
 - (e) response time following a step change in voltage;
 - (f) voltage setpoint range, tolerance and step in reference to the voltage control operating mode;
 - (g) reactive power setpoint range, tolerance and step in reference to the reactive power operating mode; and
 - (h) target power factor, tolerance and response time, in reference to the power factor operating mode.
3. When system operators define new local products, they shall set up their product requirements using at least the attributes in accordance with paragraphs 1 and 2.

Article 39

Requirements for the definition of local products

1. The national terms and conditions for service providers shall include the list of all congestion management and voltage control products to be used by the system operators. The system operators shall strive to use existing products from day-ahead or intraday markets or balancing products for congestion management or voltage control. These products shall also be included in the list of products.
2. The system operators shall standardise the local products where appropriate avoiding product fragmentation.
3. When defining new local products, the system operators shall consider both current and future system needs in terms of capacity or energy, both short-term and long-term, as described in the TNDPs and DNDPs as well as current and future ability of service providers to meet the product requirements. The product definition shall facilitate the effective use of

local products for multiple system operators' needs.

4. The local products shall correspond with the specific needs of system operators, considering at least:
 - (a) dependency to network topology;
 - (b) size and predictability of the physical congestion or voltage issue;
 - (c) expected local market liquidity to enable market-based congestion management or voltage control;
 - (d) type of system users available in the area(s) with a physical congestion or voltage issue; and
 - (e) any features that may impact the availability of potential controllable units.
5. The product requirements shall ensure the effective and non-discriminatory participation of system users and service providers for providing local services.

TITLE V

OWNERSHIP OF ENERGY STORAGE FACILITIES BY SYSTEM OPERATORS

Article 40

Requirements and conditions for the ownership, development, management or operation of an energy storage facility by system operators

1. Energy storage services shall be market-based and competitive. By way of derogation and following regulatory authorities' approval, Member states may allow system operators to own, develop, manage or operate an energy storage facility, in accordance with Articles 36 and 54 of Directive (EU) 2019/944.
2. Where an energy storage facility does not qualify as a fully integrated network component, its ownership, development, management or operation by the system operators needs to fulfil the conditions of points (a) to (c) of Articles 36(2) and 54(2) of Directive (EU) 2019/944.
3. The tendering procedure of point (a) of Articles 36(2) and 54(2) of Directive (EU) by the

system operator requesting a derogation shall be open, non-discriminatory and shall ensure at least that:

- (a) the relevant system operator shall publish the specifications of the needed services;
 - (b) the relevant requirements are able to attract a range of potential providers as wide as possible;
 - (c) the procurement process is set-up in a technology-neutral way, allowing bidders to propose new and innovative technologies to meet the service requirements as laid out in the technical specifications;
 - (d) a clear and transparent evaluation methodology for proposals is used; and
 - (e) the procurement process enables bidders to be awarded a right to own, develop, manage and operate energy storage facilities to provide the needed services.
4. The system operator requesting a derogation shall publicly consult on the proposed tendering documents of the procedure pursuant to paragraph 3, including the proposed contract with the third party, and shall submit them to the regulatory authority, which shall be entitled to require amendments within [two months] after the submission of the proposed documents.
5. Following conclusion of the tendering procedure to procure the needed services pursuant to paragraph 3, the system operator requesting a derogation should notify the regulatory authority with regard to:
- (a) the outcome of the successful tendering process specifying at least the successful participant, the overall participation of market participants, financial aspects; or
 - (b) the outcome of the unsuccessful tendering process specifying at least the number of participants and the reason(s) for not awarding the contract. The relevant system operator shall also provide the necessary information and data for the regulatory authority to verify that only unacceptable high offers were received, or only legally inadmissible submissions took place, including the assessment of this system operator on the fulfilment of the requirements by the participants and the proposed economic conditions.
6. Regarding the system operator's need of the storage facility and the necessity of a

derogation, in case the tender is unsuccessful the regulatory authority shall consider and assess the following in order to grant the derogation:

- (a) the relevant system operator justified the need for the requested storage facility, in order to fulfil its obligations;
 - (b) the relevant system operator cannot obtain the required storage services from a market participant cost-efficiently and timely; and
 - (c) the relevant system operator, by using the storage facility, does not distort competition.
7. The regulatory authority shall publish its assessment in case a derogation is granted to the system operator or in case a request for derogation is rejected.
 8. If allowed by the national legal framework of the Member State, and if assessed relevant and potentially beneficial by the regulatory authority consistently with Article 3(2), the regulatory authority may allow system operators to tender for sharing ownership, management and operation of a storage facility between the system operator and a third party. The tendering procedure should fulfil the requirements of paragraph 3 and the process should be in line with the process described in paragraphs 4 and 5.

Article 41

Requirements and conditions for shared ownership, development or operation of an energy storage facility by system operators and third parties

1. By way of derogation and following the regulatory authority's approval, the system operators may share the ownership, development or operation of an energy storage facility with a third party. Such sharing shall be determined on the basis of a percentage, a sharing in time, season, capacity, output or any other defined shared aspect as approved by the regulatory authority.
2. As regards the requirements and conditions for the granting of a derogation to a system operator to share the ownership and operation of an energy storage facility, Article 40 applies.
3. In case derogation for shared ownership is granted by the regulatory authority pursuant to Article 40, the relevant system operator and the third party shall sign a shared energy storage ownership and operations agreement which shall at least:

- (a) include the share of cost including connection, development, ownership, operations, management and cessation of activity of the energy storage facility;
 - (b) include connection agreement and related network charges to apply to the third party;
 - (c) include provisions concerning changes in ownership control and the bankruptcy of the third-party;
 - (d) ensure that the relevant system operator shall not provide any subsidies to the contracting third party, nor shall offer preferential treatment to the contracting third party over other system users as co-owner of the storage facility.
4. Following the granting of derogation for shared ownership pursuant to Article 40, the third party shall:
- (a) own and operate its part of energy storage without further constraint, according to the terms of the relevant agreement with the relevant system operator.
 - (b) enable the relevant system operator to use its part of the energy storage facility to fulfil its obligations for the efficient, reliable and secure operation of its system; and
 - (c) be considered as any other market participant while operating its part of energy storage, including the balance responsibility pursuant to Article 5 of Regulation (EU) 2019/943.

Article 42

Assessment of cost and benefits of phasing out system operators' ownership and operation of energy storage facilities

1. The regulatory authority shall conduct a regular public consultation on the existing energy storage facilities, except where they are fully integrated network components and a derogation has been granted pursuant to Article 36(1) and Article 54(1) of Directive (EU) 2019/944, to identify the availability or interest of any third party to undertake the energy storage facility operated by the system operator. This public consultation shall include an updated evaluation of costs compared to the estimated costs of the system operators' ownership, management and operation as indicated in the tender that led to the derogation.
2. The regulatory authority, after consulting the relevant system operators, shall ensure that the parties participating in the public consultation provide the necessary information to prove their interest, their capability to own, manage and operate the facility and, where

relevant, the undertaking of the obligations the transfer of ownership implies according to national legislation.

3. Prior to the public consultation of paragraph 1, the system operators shall provide to the regulatory authority the following updated costs:
 - (a) the costs of owning, operating and managing energy storage while providing the needed system operators services;
 - (b) the costs induced by transferring the energy storage activity to a third-party; and
 - (c) the costs of ceasing and decommissioning energy storage activity.
4. If the regulatory authority determines, on the basis of the result of the public consultation of paragraph 1, that there is availability or interest to undertake the energy storage facility operated by the system operator, the regulatory authority shall undertake a comparison of costs and benefits related to the phasing out of system operators' ownership and operation of energy storage facilities.
5. No later than six months after the end of the public consultation, the regulatory authority shall decide whether the activities of the system operator will phase out or not according to Articles 36(3) and 54(4) of Directive (EU) 2019/944.
6. In case the regulatory authority decides the phasing out, it shall take appropriate measures to ensure that system operators cease the operation of the storage facility within 18 months, including ensuring that the system operators are able to procure non-frequency ancillary services or any other services needed.

TITLE VI

DISTRIBUTION NETWORK DEVELOPMENT PLANS

Article 43

Content and requirements of the Distribution Network Development Plan (DNDP)

1. The DNDP pursuant to Article 32(3) of Directive (EU) 2019/944 shall include at least:
 - (a) a description of the distribution system planning framework, which shall at least ensure the following:

- (i) the planned development of the distribution system includes effective and cost-efficient measures, including investment in distribution system infrastructure, use of local services considered as described in Article 44 or other solutions, that are necessary to ensure adequacy of the distribution system to meet forecasted supply and demand and its secure and efficient operation;
 - (ii) transparency on the planning criteria, principles, standards, requirements, drivers and objectives considered for planning the development of the distribution system;
 - (iii) particular characteristics at national and at DSO level, including between different voltage levels and regions, are considered as appropriate;
 - (iv) the plan considers one or more scenario(s) as described in point (b); and
 - (v) it considers available system capacity for connection of new system users.
- (b) the scenario(s) used to identify network development needs, with documentation of the inputs, assumptions, scenario building methodologies and outputs, including relevant datasets or their sources. The scenario(s) shall:
- (i) reflect the most plausible futures of the electricity distribution system for the next five to ten years;
 - (ii) be coordinated with the planning methodology and scenario building process for the national transmission system development plan and between the relevant distribution and transmission system operators, to ensure sufficient consistency; and
 - (iii) encompass, at least, current and forecasted electricity demand, generation and storage capacities and 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, including investment on distribution system assets and infrastructure such as metering, supervisory and control systems, with particular emphasis on the main distribution infrastructure required to connect new electricity generation, especially installations generating electricity from renewable sources, energy storage facilities and new loads. 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) information on local services in accordance with Article 44(2).

2. The public consultation referred to in Article 32(4) of Directive (EU) 2019/944 shall last for a period of at least six weeks. With regard to this process, each DSO shall make publicly available at least the following:
 - (a) the consultation documents, which shall include the proposed DNDP that the DSO wishes to consult on, prepared in accordance with paragraph 1;
 - (b) the results of the consultation, which shall include feedback on how the comments received have been considered; and
 - (c) the DNDP, following consideration of the consultation results.
3. Each DSO shall submit to the regulatory authority at least the documents referred to in points (b) and (c) of paragraph 2.
4. The regulatory authority may request amendments to the consulted DNDP, pursuant to Article 32(4) of Directive (EU) 2019/944. The DSO shall submit to the regulatory authority the final version of the DNDP and an explanation on how these requested amendments have been integrated in accordance with national rules. The DSO shall publish the final version of the DNDP.
5. System operators in each Member State shall ensure, where relevant, that their development plans are coordinated and material inconsistencies and gaps are identified and addressed, and that the most up-to-date relevant data and information available during the planning process is exchanged between them and considered. Coordination shall ensure, in particular, that network development plans of different system operators on national level do not include measures aiming at addressing the same needs.
6. The information published pursuant to paragraph 2 and paragraph 4 shall be published on the DSO's website and on a central publication and communication platform, if so required by the relevant regulatory authority or national law.
7. Publication and exchange of information pursuant to this Article shall be without prejudice to national law or Union legislation regarding confidentiality of commercially sensitive information and shall consider possible distortive effects on the market.

Article 44

Local services in the DNDP

1. When planning the development of the distribution system, each DSO shall consider the use of local services, where such use is deemed relevant and cost-effective considering the assessment referred to in Article 29(1) for any of the following purposes, while ensuring secure and efficient system operation:
 - (a) to alleviate or postpone the need to reinforce or expand the system; or
 - (b) to address physical congestion and/or voltage issues in the system, until a planned reinforcement project is completed.
2. Where the use of local services is considered relevant and cost-effective in accordance with paragraph (1), the DNDP shall include at least:
 - (a) an assessment made by the relevant DSO of forecasted needs for local services in its system;
 - (b) a description of how the cost-effectiveness of local services is assessed, including the assessment methodology, criteria, data, assumptions and results; and
 - (c) information on the local services the DSO estimates to need in the medium and long-term, considering the assessment referred to in points (a) and (b) and the development of the distribution system proposed in the plan. This information shall be provided with as much locational and time granularity as possible, considering information available when preparing the DNDP.
3. In case the information referred to in paragraph (2) points (a) and (b) is published as part of the assessment referred to in Article 29(1), the DNDP may include instead a summary of the published information.

TITLE VII

TSO-DSO COORDINATION AND DSO-DSO COORDINATION

Article 45

National terms and conditions for TSO-DSO and DSO-DSO coordination

1. No later than [6 months] after the approval of the national rules of procedure of a Member State pursuant to Article 4, all system operators of a Member State shall develop a proposal for national terms and conditions for TSO-DSO and DSO-DSO coordination.
2. The national terms and conditions for TSO-DSO and DSO-DSO coordination shall aim at ensuring that:
 - (a) the coordination between system operators at national level is compatible with the requirements for TSO-DSO coordination set out in Commission Regulation (EU) 2017/1485 and at national level;
 - (b) actions to solve balancing, physical congestion or voltage issues:
 - (i) shall not create or aggravate physical congestion or voltage issues on other systems or regenerate problems that have been solved by actions taken by operators of those systems or endanger system security; and
 - (ii) shall preserve and enable an efficient operation of the system and ensure that the general principles defined in Article 49 and Article 50 of this Regulation as well as the requirements in Article 23(3) and Article 23(4) on preparation, activation and coordination of remedial actions and Title I Chapter 5 of Commission Regulation (EU) 2017/1485 on contingency analysis and handling are taken into account.
 - (c) balancing, physical congestion and voltage issues are dealt with in a consistent and efficient manner in each Member State, regardless of whether these issues affect one or more system operators; and
 - (d) available resources to provide balancing and local services are optimally used, by enabling the delivery of local services at least cost and where they provide the most value to the whole system.
3. The national terms and conditions for TSO-DSO and DSO-DSO coordination shall at least specify:
 - (a) the tasks and responsibilities of system operators, including procuring system operators,

- impacted system operators, connecting system operators and requesting system operators, in accordance with the requirements pursuant to Article 46, Article 47, Article 48, Article 49, Article 50, Article 51 and Article 52;
- (b) the processes, rules and criteria for establishing, updating and assessing the DSO observability area, in accordance with the requirements pursuant to Article 46;
 - (c) the processes, rules and requirements for forecasting and detecting physical congestion and voltage issues, including the minimum timeframes and the process for establishing additional timeframes for the analyses performed by each DSO, in accordance with the requirements pursuant to Article 47;
 - (d) the processes and rules for solving physical congestion and voltage issues, including the criteria, the rules and the process for system operators to identify and coordinate solutions in situations, where constraints in connecting or impacted systems are identified, after bids to provide local services are selected, in accordance with the requirements pursuant to Article 48;
 - (e) the process and rules for system operators to set and update grid prequalification status, including the methods, criteria and timeline for performing grid prequalification, rules and criteria for setting “grid prequalification conditionally approved” status, the definition of concerned parties responsible for performing the grid prequalification and for applying the results of grid prequalification including the procuring system operator and the concerned service providers and the definition of efficient criteria to maximise the number of grid prequalification results approved, in accordance with the requirements pursuant to Article 49;
 - (f) the processes and rules for system operators to set and update temporary limits, including the methods and criteria to calculate such limits, the methods, rules and processes for allocating temporary limits specified on system elements to bids, SPUs, SPGs or parts of SPGs, the definition of concerned parties responsible for applying the temporary limits including the procuring system operator(s) and the concerned service provider(s) and the definition of efficient national criteria to minimise temporary limits, in accordance with the requirements pursuant to Article 50;
 - (g) the process, rules and requirements for ensuring consistency of the trade positions, in accordance with the requirements pursuant to Article 51;

- (h) the processes, rules and requirements for data exchange between DSOs and between DSOs and TSOs, including the definition of the applicability, scope, granularity, timing and periodicity of data exchanges and the specification of a process to review these requirements, in accordance with the requirements pursuant to Article 52; and
- (i) requirements related with the confidentiality obligations pursuant to Article 10.

Article 46

DSO observability area

1. The DSO shall be responsible for establishing its observability area allowing the DSO to operate its network in a safe and secure manner.
2. The criteria for establishing the DSO observability area shall consider at least:
 - (a) system voltages;
 - (b) standard system topology, as well as relevant maintenance topologies;
 - (c) information on current and forecasted physical congestion and/or voltage issues affecting DSO systems; and
 - (d) differences between DSO systems in terms of their design and operation.
3. The DSO observability area shall include the DSO's own distribution system and the relevant parts of other distribution and transmission systems for which the DSO shall be entitled to receive structural, forecast, schedule and real-time data in accordance with Article 52, that are necessary to determine the condition of its own system with respect to relevant operational security limits, to solve physical congestion or voltage issues and to maintain secure operation of its own system.
4. When establishing its DSO observability area, the DSO shall apply the following principles:
 - (a) the DSO shall transparently involve in the process of establishing the DSO observability area all potentially impacted system operators. As a minimum, each system operator with at least one electrical connection to the concerned DSO shall be treated as potentially impacted system operator. The DSO shall invite all potentially impacted system operators, and inform the relevant regulatory authority prior to the beginning of the process to establish its DSO observability area;

- (b) the DSO, in cooperation with all potentially impacted system operators referred to in point (a), shall determine the following:
- (i) those impacted system operators whose systems or parts of their systems may be relevant for determining the condition of its own system and for forecasting, detecting or solving physical congestion or voltage issues and the relevant parts of those systems that shall be included in the observability area, in accordance with paragraph 2; and
 - (ii) those impacted system operators whose systems may be impacted by physical congestion or voltage issues on the DSO's own system or by actions performed in systems other than the systems of those impacted system operators, to solve these issues;
- (c) each impacted system operator referred to in point (i) shall provide to the DSO the information defined in accordance with Article 45(3)(h) to the extent of its system identified in paragraph (b), and shall update this information at least every three years, upon any significant change in the concerned data and as soon as such a change is planned.
5. Each DSO shall:
- (a) establish its DSO observability area [within 6 months] after the approval of national terms and conditions for TSO-DSO and DSO-DSO coordination and shall submit a report to the regulatory authority that shall at least include a description of the DSO observability area and the impacted system operators; and
 - (b) assess its DSO observability area at least when preparing the distribution network development plan pursuant to Article 32(3) of Directive (EU) 2019/944.
6. All relevant system operators shall cooperate in the process of establishing, updating and assessing DSO observability areas and shall exchange necessary data, in accordance with paragraph 3 and Article 45(3)(h).

Article 47

Forecasting and detecting physical congestion and voltage issues

1. Each DSO shall be responsible for forecasting and detecting physical congestion and

voltage issues in its system and for identifying solutions to address these issues and ensure that the relevant operational security limits in its system are not exceeded. In this respect, each DSO shall perform analyses in its system for the following timeframes:

- (a) the minimum timeframes specified in the national terms and conditions for TSO-DSO and DSO-DSO coordination; and
 - (b) additional timeframes, defined by the DSO in coordination with impacted system operators in the DSO observability area.
2. The timeframes referred to in paragraph 1 shall:
- (a) be consistent with the operational security analysis timeframes pursuant to Article 72 of Commission Regulation (EU) 2017/1485 and coordinated with day-ahead and intraday market timeframes pursuant to Article 2 of Commission Regulation (EU) 2015/1222 and with the balancing timeframe pursuant to Commission Regulation (EU) 2017/2195; and
 - (b) allow detection of physical congestion and voltage issues up to close to real-time, where possible.
3. The additional timeframes referred to in point (b) of paragraph (1) may vary between different parts of the DSO observability area, different parts of the distribution system and different voltage levels. The DSO shall assess additional timeframes in the process of assessing the DSO observability area, pursuant to Article 46.
4. The analyses referred to in paragraph 1 shall:
- (a) be performed with a granularity of one hour or less, for the day-ahead, intraday and close to real-time timeframes; and
 - (b) use the information obtained through the data exchanges pursuant to Article 52 and Article 54 and at least consider:
 - (i) one or several different actual or planned system topologies;
 - (ii) applicable voltage levels;
 - (iii) best available forecasts for generation and consumption;

- (iv) schedule data; and
- (v) previously awarded bids, if applicable.

Article 48

Solving physical congestion and voltage issues

1. Each system operator shall be responsible for solving physical congestion and voltage issues in its own system. In this respect, each system operator:
 - (a) shall be allowed to procure local services from service providing groups or service providing units connected to its own system or to other system operators' systems;
 - (b) shall implement solutions that respect grid prequalification status in accordance with Article 49 and temporary limits in accordance with Article 50;
 - (c) shall coordinate with connecting and impacted system operators and exchange all necessary information in relation to actions to solve physical congestion or voltage issues in its system, to enable those operators:
 - (i) to apply the procedures of grid prequalification pursuant to Article 49 and temporary limits pursuant to Article 50; and
 - (ii) to assess the impact of such actions and ensure that operational security limits in their systems are not exceeded;
 - (d) shall apply processes that are consistent with the regional operational security coordination process pursuant to Article 76(1) of Commission Regulation (EU) 2017/1485 or other coordination process engaging more than one TSO, as applicable; and
2. To contribute to solving physical congestion or voltage issues in other systems, each system operator shall:
 - (a) cooperate with system operators of those systems and consider activation of appropriate actions in its system; and
 - (b) cooperate with procuring system operators to facilitate and enable the delivery of local services by service providing groups or service providing units connected to its system.

3. The procuring system operator and the connecting and impacted system operators, as applicable, shall identify and coordinate solutions to address any issues arising in situations where, due to unforeseen events, a bid selected to provide local services is affected by constraints in connecting or impacted systems, that are detected after the time to communicate temporary limits to the responsible parties pursuant to point (c) of Article 50(2). This process shall comply with the following principles:
 - (a) system operators shall select the most cost-effective solution or combination of solutions that can be applied in a timely and effective manner to ensure secure system operation;
 - (b) the rules and criteria used to select solutions shall be transparent and non-discriminatory; and
 - (c) in case the affected bid was selected as part of a coordinated action pursuant to Article 42(2) of Regulation (EU) 2019/943, the relevant transmission system operators shall coordinate a solution in accordance with Article 42(4) of Regulation (EU) 2019/943.
4. Each system operator shall use digital tools, independently or in cooperation with other system operators, to forecast and detect physical congestion and voltage issues in its system and to identify solutions in accordance with Article 47 and to solve such issues in accordance with this Article.

Article 49

Grid prequalification for service providing units or service providing groups

1. The connecting system operators and impacted system operators shall have the right to perform a grid prequalification of SPU(s), SPG(s) or parts of SPG(s) before or in parallel to the product prequalification or product verification processes to ensure that the delivery of the balancing or local services does not compromise the safe operation of the transmission and distribution systems.
2. The duration of the grid prequalification process shall not prolong the duration of the product prequalification process or the start of the product verification process for the relevant SPU(s) or SPG(s).
3. Each connecting system operator and impacted system operator shall apply the following process for the grid prequalification of SPG(s) or SPU(s):

- (a) Each system operator shall forecast its future system status and identify situations where the provision of balancing or local services from SPU(s), SPG(s) or parts of SPG(s) may compromise the safe operation of its system or create physical congestion or voltage issues. This analysis shall at least consider:
- (i) one or several different network topologies;
 - (ii) voltage levels;
 - (iii) forecasted generation and consumption;
 - (iv) delivery of power if the bids from SPU(s), SPG(s) or parts of SPG(s) would be activated alone or in combination; and
 - (v) connection agreement provisions.
- (b) The grid prequalification of SPU, SPG and parts of SPG shall result in one of the following status:
- (i) “grid prequalification approved” if the activation of the SPU, SPG or parts of the SPG respects the operational security limits;
 - (ii) “grid prequalification conditionally approved” if the activation of the SPU, SPG or parts of the SPG only respects the operational security limits under some conditions. In this case, the relevant system operator(s) shall specify the conditions, including setting the time and/or quantity in each direction for the delivery of the service; or
 - (iii) “grid prequalification not approved” in other cases.
- (c) Each system operator shall communicate its own result of the grid prequalification process to the concerned parties through the flexibility information system.
- (d) If the relevant system operators do not communicate their grid prequalification results before the product prequalification process is completed or in the period set in the national terms and conditions for service providers pursuant to Article 11 when a product verification process applies, the grid prequalification status shall be automatically approved in line with the applicable process and timeline.
- (e) Where the status is “grid prequalification conditionally approved” or “grid

prequalification not approved”, the relevant system operators shall describe the reason(s) including a justification on why the issue(s) cannot be addressed with setting temporary limits in a short-term procedure according to Article 50.

4. Each system operator is entitled to update the grid prequalification status when:
 - (a) the structural data on the grid changes;
 - (b) data on system users used for the grid prequalification changes; or
 - (c) the criteria described in Article 22(2) are met.
5. Each service provider shall respect the grid prequalification status set for its SPU(s), SPG(s) or parts of SPG(s) when configuring bids and activating CUs to deliver balancing or local services.
6. Each system operator shall maximise the number of approved grid prequalification results by implementing efficient national criteria and the process pursuant to paragraph 3, and meeting the following requirements:
 - (a) focusing on frequent and general scenarios for grid prequalification and leaving specific cases to be evaluated pursuant to the process to set temporary limits in accordance with Article 50;
 - (b) optimising safety margins; and
 - (c) efficiently coordinating the grid prequalification process with the process for setting temporary limits, where applicable.
7. The process referred to in paragraph 3 shall be consistent with Article 182(4) of Regulation (EU) 2017/1485 for balancing services. The methodology to perform grid prequalification shall be public, transparent, verifiable, and accurate.
8. The system operators, as applicable, shall annually report information to the regulatory authority on the SPU(s), SPG(s) and parts of SPG(s) with non-approved or conditionally approved grid prequalification and the reasons for such results.

Article 50

Short-term procedures to account for temporary limits

1. The connecting system operators and impacted system operators shall have the right to set or update temporary limits on system elements, SPUs, SPGs or parts of SPGs in the operational planning to ensure that the delivery of the balancing or local services does not compromise the safe operation of the transmission and distribution systems.
2. Each connecting system operator or impacted system operator shall apply the following process to set or update temporary limits for all relevant timeframes:
 - (a) each system operator shall forecast its future system statuses and identify situations where the provision of balancing or local services from SPU(s), SPG(s) or parts of SPG(s) may compromise the safe operation of the connecting system or may create or aggravate physical congestion or voltage issues in the impacted systems. This analysis shall at least consider:
 - (i) one or several different actual or planned network topologies;
 - (ii) voltage levels;
 - (iii) forecasted generation and consumption;
 - (iv) scheduled generation and consumption;
 - (v) if applicable, previously awarded bids, and activations of flexible connection agreements; and
 - (vi) the delivery power if the bids from SPU(s), SPG(s) or parts of SPG(s) would be activated alone or in combination.
 - (b) each system operator shall communicate its temporary limits to the parties responsible for applying or considering such limits.
 - (c) each system operator shall communicate its temporary limits when they are identified in the operational planning process as follows:
 - (i) for the procurement of balancing energy, at the latest [1 hour] before the relevant balancing energy gate closure time referred to in Article 24(1) of Commission Regulation (EU) 2017/2195, or [1 hour] before the latest time that balancing

service providers are permitted to update their integrated scheduling process bids in accordance with Article 24(6) of Commission Regulation (EU) 2017/2195, as applicable;

- (ii) for the procurement of balancing capacity, at the latest before a nationally defined deadline, that ensures that the temporary limits are announced as part of the procurement process referred to in Article 32(2) point (b) of Commission Regulation (EU) 2017/2195; and
 - (iii) for the procurement of local services, at the latest until a nationally defined deadline, that ensures that the temporary limits can be applied in time before 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.
3. Each system operator shall minimise the overall market impact of its temporary limits, assessed in terms of their number, size, frequency and duration, by implementing efficient national criteria, the process pursuant to paragraph 2 and meeting the following requirements:
- (a) setting temporary limits on system elements, or on the combination SPU, parts of SPG, or SPGs. As last resort, the temporary limits shall be set on individual, SPU or SPG;
 - (b) when possible and in accordance with the national terms and conditions for TSO-DSO and DSO-DSO coordination, setting temporary limits as accumulated maximum delivery of active power from balancing, congestion management or voltage control services considering the timeline of each market process; and
 - (c) optimising safety margins while still considering system operators' limitations sufficiently.
4. The process referred to in paragraph 2 shall be consistent with Article 182(5) of Regulation (EU) 2017/1485 for balancing services. The methodology to calculate the temporary limits shall be public, transparent, verifiable, and accurate.

Article 51

Ensuring consistency of trade positions

1. The activating system operator shall ensure that the procurement and activation of local services, the activation of flexible connection agreements or any other action affecting market schedules, does not have an impact on the consistency of the trade positions, if the activation takes place after day-ahead gate closure time and before intraday cross-zonal gate closure time, pursuant to Article 8(1) of Regulation (EU) 2019/943.
2. In case an action is required, the relevant system operator shall ensure the consistency of the trade positions, either by performing an immediate activation on the opposite direction for every activation, or by netting several activations and performing an overall activation in the opposite direction before the TSO energy bid submission gate closure time.
3. The system operators shall perform these activations in a coordinated way at national level, as described in the national terms and conditions for TSO-DSO and DSO-DSO coordination, pursuant to Article 45. If justified on cost-efficiency grounds, and described in the national terms and conditions for TSO-DSO and DSO-DSO coordination pursuant to Article 45, the system operators may follow another approach, but in this case, they shall publish on [quarterly] basis, for each market time unit, the activation volume that was subtracted from or added to the balancing energy demand of the respective process, and the corresponding balancing energy price.
4. Every [two years], ENTSO-E and EU DSO entity shall perform an analysis of the different approaches, and assess their impact on the cross-border marginal price and the dimensioning of reserves. The costs for actions in the scope of this Article shall be kept separate from balancing.

Article 52

Data exchange between DSOs and between DSOs and TSO

1. Data exchange between system operators shall ensure that:
 - (a) each system operator has access to data related to other system operators' systems, that are necessary to determine the condition of its own system, to forecast and detect physical congestion and voltage issues and to identify solutions;
 - (b) TSOs have access to the data that are necessary to assess operational security of their

- control area and to manage secure and efficient load frequency control processes;
- (c) the coordinated access of each system operator to all available resources to provide local and, where relevant, balancing services, to enable optimal selection and activation of selected resources is not hindered by lack of access to necessary data; and
 - (d) each system operator whose system may be impacted by physical congestion or voltage issues on other systems or by actions to solve such issues or to balance those systems, has access to all necessary data in order to assess the impact on its system and ensure its secure operation, to define and update grid prequalification status, and to set and update temporary limits.
2. Each DSO shall be responsible for providing and using high quality data and information.
 3. Each DSO shall receive information related to its DSO observability area established pursuant to Article 46 and in line with Article 40(10) of Commission Regulation (EU) 2017/1485, based on the following categories:
 - (a) structural data in accordance with paragraph 4;
 - (b) schedule and forecast data in accordance with paragraph 5; and
 - (c) real-time data in accordance with paragraph 6.
 4. Structural data shall include technical data and information regarding:
 - (a) substations by voltage;
 - (b) lines that connect the substations referred to in point (a);
 - (c) transformers from the substations referred to in point (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 point (a).
 5. Schedule and forecast data shall include:
 - (a) schedule of planned outages, forecasts regarding potential physical congestion and

- voltage issues in terms of duration and location, and remedial actions as needed to coordinate actions;
- (b) schedule and forecast data, available pursuant to Articles 46(1), 49, 52(2) and 53(1)(b) of Commission Regulation (EU) 2017/1485;
 - (c) relevant information about the impact of SPUs and SPGs connected to other system operators' systems on power flows on the DSO's own system elements, where applicable; and
 - (d) temporary limits pursuant to Article 50, where applicable.
6. Real-time data shall include available information about at least:
- (a) actual topology, busbar voltages, active and reactive power flows;
 - (b) measurements for SPGs, parts of SPGs or SPUs; and
 - (c) measurements for SGUs.
7. Each system operator shall timely share relevant information about contracted, procured, selected and activated balancing and local services with impacted, connecting and requesting system operators. Information shall be shared without undue delay, in particular when capacity is contracted and when capacity and energy bids are selected.
8. Data exchanged pursuant to this article shall be:
- (a) limited to the necessary and usable data for:
 - (i) establishing the DSO observability area in accordance with Article 46;
 - (ii) forecasting system conditions, detecting physical congestion and voltage issues and identifying solutions in accordance with Article 47;
 - (iii) solving these issues in accordance with Article 48;
 - (iv) setting, updating and applying the results of grid prequalification in accordance with Article 49 and temporary limits in accordance with Article 50; and
 - (v) fulfilling the requirements referred to in paragraph 1;

- (b) delivered with a granularity, timing and periodicity that shall be appropriate for the intended use and proportionate.
9. All relevant system operators of a Member State shall review systematically [and at least every two years] the applicability, scope, granularity, timing and periodicity of data exchanges pursuant to this article, aiming at ensuring that data exchange requirements are consistent with advances in the market-based procurement of local services and in the capabilities of system operators to use such data.
10. At the request of a relevant system operator, each system operator shall share relevant data provided by service providers pursuant to Article 54 with the necessary granularity.

TITLE VIII

DATA EXCHANGE REQUIREMENTS FROM SERVICE PROVIDERS

Article 53

Organisation, roles, responsibilities, and quality of data exchange

1. Each service provider shall be responsible for providing high quality data and information, in accordance with this Title.
2. Data exchange from service providers shall comply with the following principles:
 - (a) requirements for data exchange are limited to what is necessary and usable information for system operators to fulfil their tasks and ensure secure and efficient system operation and are reviewed systematically [at least every two years] to ensure consistency with advances in the market-based procurement of local services and in the capabilities of system operators to use such data;
 - (b) the granularity of data requirements is proportionate and adapted to the justified technical needs of the products; and
 - (c) data exchange requirements and processes are efficient and do not lead to duplication of data exchange. In particular, when applying the provisions of this Title and defining requirements for data exchange from service providers, system operators shall consider the provisions of Title 2 of Commission Regulation 2017/1485, the key organisational requirements, roles and responsibilities in relation to data exchange pursuant to Article

- 40(6) of that Regulation, and their national implementation, and shall exchange between them all available data related to SGUs that are necessary to fulfil their tasks.
3. For each service, the applicability, scope, granularity, timing and periodicity of the data exchange shall be determined based on the following categories:
 - (a) data necessary for the product prequalification and product verification processes in accordance with Article 18, Article 19 and Article 20, including structural data in accordance with Article 54(3);
 - (b) data necessary for performance of activation tests, in accordance with Article 19 and Article 20;
 - (c) data necessary for grid prequalification, in accordance with Article 49;
 - (d) schedule and forecast data in accordance with Article 54(4); and
 - (e) near real-time data in accordance with Article 54(6) and Article 54(7).
 4. The data exchange requirements referred to in paragraph 4 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.
 5. Unless the national terms and conditions for service providers assign the relevant responsibility to a third party, each service provider shall be responsible for:
 - (a) providing data in accordance with Article 54;
 - (b) registering, on behalf of the relevant system user(s), data of CU(s) in the relevant CU module of the flexibility information system;
 - (c) registering data of its SPU(s) or SPG(s) in the relevant SP module of the flexibility information system;
 - (d) updating, on behalf of the relevant system user(s), data of CU(s) in the relevant CU module of the flexibility information system; and

- (e) updating data of its SPU(s) or SPG(s) in the relevant SP module of the flexibility information system.

Article 54

Data to be provided by service providers

1. Each service provider shall be responsible to provide data for its SPU(s) and SPG(s) in accordance with the requirements of this article.
2. The provisions of paragraphs 4, 5 and 6 shall apply only to service providers when providing local services with:
 - (a) SPUs that are not SGUs pursuant to Article 2(1) of Commission Regulation 2017/1485;
or
 - (b) SPGs which include CUs or SPUs that are not SGUs pursuant to Article 2(1) of Commission Regulation 2017/1485.
3. Each service provider shall provide structural data for its SPU(s) and SPG(s) as part of the product prequalification and product verification processes defined in Title III. These structural data shall at least include:
 - (a) identification of each CU, as registered in the CU module of the flexibility information system;
 - (b) the maximum active and/or reactive power available for the balancing, congestion management or voltage control product by the SPU or SPG and by each CU being part of SPU or SPG; and
 - (c) indicative potential contribution of each CU being part of SPG to the delivery of the balancing, congestion management or voltage control product by the SPG.
4. Each service provider referred to in paragraph 2 shall provide the following schedule data, if required:
 - (a) program scheduled or a calculated baseline of SPG, parts of SPG or SPU;
 - (b) the contribution of CUs, SPUs and parts of SPG to the SPG bid; and
 - (c) scheduled unavailability of SPUs, SPGs and parts of SPGs.

5. The schedule data defined in paragraph 4 shall be provided at least in day ahead and shall be updated after subsequent market sessions.
6. Each service provider referred to in paragraph 2 shall provide the following near real-time data, if required:
 - (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, where available;
 - (e) data of storage devices and state of charge, if applicable; and
 - (f) data to monitor the provision of the service.
7. The information exchange associated with the provision of voltage control services with use of reactive power shall include the following:
 - (a) bidirectional real-time data exchange between the SPU/SPG and system operators; and
 - (b) data exchange from system operators to SPU/SPG including at least a setpoint for the provision of the voltage control services.
8. Service providers shall not be required to provide near real-time data at CU level for SPU(s) or SPG(s) that consist only of small CUs.

TITLE IX
REPORTING AND MONITORING

Article 55

ENTSO-E and EU DSO entity report on demand response

1. At least [once every two years], ENTSO-E and the EU DSO Entity shall publish a report on demand response covering the previous two calendar years, respecting the

- confidentiality of information in accordance with Article 10.
2. The report on demand response shall include at least the following information:
 - (a) on the market-based procurement of services:
 - (i) where market-based procurement of congestion management and voltage control services has been applied, where derogations have been applied for or granted;
 - (ii) types and volumes of procured products;
 - (iii) methods of market-based procurement used for different types of products; and
 - (b) on the implemented baselining methods:
 - (i) the different baselining methods published in the register pursuant to Article 14;
 - (ii) an assessment of the ones that could be harmonised at European level, considering the costs and benefits of baselining in general, and more specifically the costs and benefits of whether further standardisation of the baselining methods brings advantages in achieving the aims of Regulation (EU) 2019/943.
 3. Before the first publication of the final report, ENTSO-E and EU DSO Entity shall prepare a proposal for a draft report. This proposal shall define the structure of the report, the content and data that will be reported. The proposal shall be delivered to ACER which shall be entitled to require amendments within [two months] after the submission of the proposal.
 4. ENTSO-E and EU DSO Entity shall publish the report on internet and submit it to ACER no later than [six months] after the end of the last year it refers to. ACER shall be entitled to require changes to the structure and content for the next report.
 5. ENTSO-E and EU DSO Entity shall have access to relevant data from market participants or national flexibility information systems area to perform the reporting tasks pursuant to this Article.

Article 56

Monitoring

1. ACER shall monitor the implementation of this Regulation in accordance with Article 32(1) of Regulation (EU) 2019/943, publishing regularly a European Report. This report

shall focus on monitoring, describing and analysing the implementation of this Regulation, as well as reporting on the progress made concerning the integration of demand response in electricity markets in Europe, respecting the confidentiality of information in accordance with Article 10.

2. ACER shall draw up by [12 months] after the entry into force of this Regulation a list of the relevant information to be communicated by EU DSO entity and ENTSO-E to ACER in accordance with Article 30(5) of Regulation (EU) 2019/943. The list of relevant information may be subject to updates. EU DSO entity and ENTSO-E shall maintain a comprehensive, standardised format, digital data archive of the information required by ACER.
3. EU DSO entity and ENTSO-E shall submit to ACER the information required to perform the tasks in accordance with paragraphs 1 and 2.
4. Market participants and other relevant organisations for the integration of demand response in the electricity markets shall submit to ACER, at its request, the information required for monitoring in accordance with paragraphs 1 and 2, except for information already obtained by the relevant regulatory authorities in accordance with Article 59 of Directive (EU) 2019/944, EU DSO entity or ENTSO-E in the context of their respective implementation monitoring tasks.

TITLE X

TRANSITIONAL AND FINAL PROVISIONS

Article 57

Final and transitional provisions

1. Until flexibility information system as described in the national terms and conditions for the flexibility information system is implemented, system operators and operator(s) of flexibility information system(s) shall use existing or may operate IT solutions and tools meeting the basic functionalities of the flexibility information system 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 a flexibility information system pursuant to Article 24, flexibility information systems that are already in place at the time of the publishing of this Regulation are updated by the system operators responsible for at least one module of the flexibility information system to follow the provisions stated in this Regulation, or are replaced by these system operators with new flexibility information systems.

3. All flexibility information system operators shall establish and make functional their services at latest 3 years after the approval of the national terms and conditions for flexibility information system pursuant to Article 24.
4. Until national terms and conditions for the market-based procurement of local services pursuant to Article 32 are implemented, system operators may use existing or develop interim solutions and tools for operating the market-based procurement of local services.

Article 58

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.
2. 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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