

REVISION BY RELEVANT REGULATORY AUTHORITIES

ON

THE

TSOs' PROPOSAL FOR

THE ESTABLISHMENT OF COMMON AND

HARMONISED RULES AND PROCESSES FOR THE

EXCHANGE AND PROCUREMENT OF BALANCING

CAPACITY FOR FREQUENCY CONTAINMENT

RESERVES (FCR) IN ACCORDANCE WITH ARTICLE 33

OF COMMISSION REGULATION 2017/2195

ESTABLISHING A GUIDELINE ON ELECTRICITY

BALANCING

AS SUBMITTED TO THE LAST RELEVANT NRA ON 18

FEBRUARY 2025

28 May 2025

I. Introduction and legal context

This document elaborates an agreement of the relevant Regulatory Authorities, agreed by email on 28 May 2025, on the amended TSOs' proposal for an amendment of common and harmonised rules and processes for the exchange and procurement of balancing capacity for FCR (**amended FCR proposal**), established in accordance with Article 33 of the Regulation 2017/2195¹ (**Regulation 2017/2195**).

The amended FCR proposal was received by the last relevant Regulatory Authority on 18 February 2025.

This agreement of the relevant Regulatory Authorities shall provide evidence that a decision on the amended FCR proposal does not, at this stage, need to be adopted by ACER pursuant to Article 5(7) of Regulation 2017/2195. This agreement is intended to constitute the basis on which the **relevant Regulatory Authorities will each subsequently adopt a decision** to the amended FCR proposal.

The legal provisions relevant to the submission and approval of the amended FCR proposal are provided in Articles 5, 32, 33 and 34 of Regulation 2017/2195.

Article 5(1) provides that before approving the terms and conditions or methodologies, the relevant regulatory authorities shall revise the proposals where necessary, after consulting the respective TSOs, in order to ensure that they are in line with the purpose of the Regulation 2017/2195.

Article 5(3) provides that the establishment of common and harmonized rules and process for the exchange and procurement of balancing capacity is approved by all regulatory authorities of the concerned geographical area.

Article 5(5) specifies that the proposals shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation.

Article 32 lays down general procurement rules for reserve capacity, which shall be performed on a short-term basis to the extent possible and where economically efficient.

Article 33 gives general provisions regarding the exchange of balancing capacity, which can be established by two or more TSOs mutually willing to exchange balancing capacity.

Article 34 gives general provisions regarding the transfer the obligation to provide balancing capacity within the geographical area in which the procurement of balancing capacity has taken place.

¹ Commission regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing

The common FCR procurement covers currently TSOs in Austria, Belgium, Denmark, France, Germany, Slovenia, the Czech Republic, Switzerland and the Netherlands. Relevant Regulatory Authorities for the common FCR procurement are situated in Austria, Belgium, Denmark, France, Germany, Slovenia, the Czech Republic and the Netherlands.

Switzerland with the Swiss TSO Swissgrid participates in the common procurement but is not part of the approval process in accordance with Commission regulation (EU) 2017/2195 due its non-EU status. Nevertheless, Swissgrid will apply the requirements in the amended FCR proposal in accordance with the TSOs' implementation plan in line with national Swiss law.

II. The TSOs' FCR Proposal

The draft FCR proposal was consulted by relevant TSOs for not less than one month, from 2 September 2024 to 25 October 2024, in line with Article 10 of Regulation 2017/2195.

The final version of the relevant TSOs' FCR proposal, dated 1 November 2024, was received by the last Regulatory Authority on 18 February 2025, together with a separate document providing a clear and robust justification for including or not the views resulting from the consultation, in line with Article 10(6) of Regulation 2017/2195. The proposal includes a proposed timescale for its implementation and a description of its expected impact on the objectives of Regulation 2017/2195.

A decision is therefore required by each relevant Regulatory Authority by 18 August 2025.

III. Relevant FCR Regulatory Authorities' position on amended FCR proposal

Relevant Regulatory Authorities agree that the amended FCR proposal as submitted by TSOs meets the requirements of Regulation 2017/2195.

The amended FCR proposal contributes to the integration of balancing markets for FCR in the participating Load Frequency Control (LFC) Blocks and ensures a level playing field for FCR providers.

However, relevant Regulatory Authorities identified the following necessary corrections to be made to the amended FCR proposal as submitted by TSOs:

- Recital (1) of the amended FCR proposal does not include the Czech TSO CEPS, even though CEPS is an active member of the FCR balancing capacity cooperation and exchanges FCR balancing capacity according to the common FCR procurement rules. The relevant Regulatory Authorities require the explicit inclusion of CEPS in recital (1);
- Article 9 of the amended FCR proposal does no longer contain the TSO-TSO settlement rules that are applicable until 31/12/2025. Relevant Regulatory Authorities are of the opinion that the common procurement rules should remain transparent on the TSO-TSO settlement rules applicable between the approval date and 31/12/2025. Consequently, article 9 of the amended FCR proposal should be completed;

- The formatting can be improved; in particular the formatting of article 9(1)(b) of the amended FCR proposal. Relevant Regulatory Authorities are of the opinion that bullet point (i.) should be added explicitly under article 9(1)(b) in order to clearly distinguish between exports on the one hand and imports on the other hand.

To ensure that market participants have access to a high-quality and complete document that describes the common FCR procurement rules, relevant Regulatory Authorities have consulted FCR TSOs on the above necessary corrections between 26 March 2025 and 15 May 2025. After having consulted FCR TSOs on these necessary corrections, relevant Regulatory Authorities have agreed to revise the proposal pursuant to article 5(1) of Regulation 2017/2195 according to Annex 1 to this position paper.

IV. Conclusion

Relevant Regulatory Authorities have assessed, consulted and closely cooperated and coordinated to reach an agreement on the amended FCR proposal in accordance with Article 5(3), which meets the requirements of Regulation 2017/2195.

Relevant Regulatory Authorities have therefore agreed to revise the amended FCR proposal in accordance with Annex 1 of this position paper, and to issue their national decisions on the basis of this agreement, by 18 August 2025.

Following national decisions by relevant Regulatory Authorities, TSOs will be required to publish the revised amended FCR proposal on the internet in line with Article 7 of Regulation 2017/2195, and must meet the implementation deadlines required by Article 11 of the amended FCR proposal.