



Agreement on the approval by the Core CCR regulatory authorities

of

**the proposal of all TSOs of the Core capacity
calculation region for a balancing timeframe capacity
calculation methodology in accordance with Article
37(3) of Commission Regulation (EU) 2017/2195**

27.02.2024

I. Introduction and legal context

This document elaborates an agreement of the regulatory authorities of the Capacity Calculation Region Core (hereafter “Core NRAs”) on the Core CCR TSOs’ proposal for the methodology for a balancing timeframe capacity calculation methodology (hereafter “the BTCC methodology”) in accordance with Article 37(3) of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing as amended by Commission Implementing Regulation (EU) 2021/280 of 22 February 2021 amending Regulations (EU) 2015/1222, (EU) 2016/1719, (EU) 2017/2195 and (EU) 2017/1485 in order to align them with Regulation (EU) 2019/943 (hereafter: “EB Regulation”).

The initial proposal was received by the last Regulatory Authority on 23 December 2022. On 11 June 2023, according to Article 5(6) of the EB Regulation, Core NRAs unanimously agreed to issue a request for amendment (RfA).

Pursuant to Article 6(1) of the EB Regulation, the Core CCR TSOs submitted an amended proposal that was received by the last regulatory authority on 03 January 2024.

Core NRAs consulted and closely cooperated each other to reach an agreement and make decisions within two months following receipt of submissions of the last relevant Regulatory Authority concerned, according to Article 6(1) of the EB Regulation.

This agreement of all Core NRAs (ACM, AGEN-RS, ANRE, BNetzA, CRE, CREG, E-Control, ERU, HEA, HERA, ILR, URE, URSO) shall provide evidence that a decision on the BTCC methodology does not, at this stage, need to be adopted by ACER pursuant to Article 6(2) of EB Regulation, and constitutes the basis on which NRAs will each subsequently approve the BTCC methodology proposal pursuant to Article 6(1) of the EB Regulation.

The legal provisions that lie at the basis of the BTCC methodology proposal and this NRAs’ agreement on approving the abovementioned methodology can be found in Articles 3, 5, 37 of the EB Regulation. They are set out here for reference.

Article 3 Objectives and regulatory aspects

1. This Regulation aims at:

- (a) fostering effective competition, non-discrimination and transparency in balancing markets;*
- (b) enhancing efficiency of balancing as well as efficiency of European and national balancing markets;*
- (c) integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;*

(d) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;

(e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue distortions within the internal market in electricity;

(f) facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;

(g) facilitating the participation of renewable energy sources and support the achievement of the European Union target for the penetration of renewable generation.

2. When applying this Regulation, Member States, relevant regulatory authorities, and system operators 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;

(d) ensure that TSOs make use of market-based mechanisms, as far as possible, in order to ensure network security and stability;

(e) ensure that the development of the forward, day-ahead and intraday markets is not compromised;

(f) respect the responsibility assigned to the relevant TSO in order to ensure system security, including as required by national legislation;

(g) consult with relevant DSOs and take account of potential impacts on their system;

(h) take into consideration agreed European standards and technical specifications.

Article 5 Approval of terms and conditions or methodologies of TSOs

1. Each regulatory authority or where applicable the Agency, as the case may be, shall approve the terms and conditions or methodologies developed by TSOs under paragraphs 2, 3 and 4. Before approving the terms and conditions or methodologies, the Agency or 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 this Regulation and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market.

2. [...]

3. The proposals for the following terms and conditions or methodologies and any amendments thereof shall be subject to approval by all regulatory authorities of the concerned region:

f. the cross-zonal capacity calculation methodology for each capacity calculation region pursuant to Article 37(3);

4. [...]

5. [...]

6. Where the approval of the terms and conditions or methodologies in accordance with paragraph 3 of this Article or the amendment in accordance with Article 6 requires a decision by more than one regulatory authority, the relevant regulatory authorities shall consult and closely cooperate and

coordinate with each other in order to reach an agreement. Where the Agency issues an opinion, the relevant regulatory authorities shall take that opinion into account. Regulatory authorities or, where competent, the Agency shall decide on the terms and conditions or methodologies submitted in accordance with paragraphs 2, 3 and 4, within 6 months following the receipt of the terms and conditions or methodologies by the Agency or the relevant regulatory authority or, where applicable, by the last regulatory authority concerned. The period shall begin on the day following that on which the proposal was submitted to the Agency in accordance with paragraph 2, to the last regulatory authority concerned in accordance with paragraph 3 or, where applicable, to the relevant regulatory authority in accordance with paragraph 4.

- 7. Where the relevant regulatory authorities have not been able to reach agreement within the period referred to in paragraph 6, or upon their joint request, or upon the Agency's request according to the third subparagraph of Article 5(3) of Regulation (EU) 2019/942, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within 6 months from the day of referral, in accordance with Article 5(3) and the second subparagraph of Article 6(10) of Regulation (EU) 2019/942.*
- 8. [...]*

Article 6 Amendments to terms and conditions or methodologies of TSOs

- 1. Where the Agency, all relevant regulatory authorities jointly or the relevant regulatory authority require an amendment in order to approve the terms and conditions or methodologies submitted in accordance with Article 5(2), (3) and (4) respectively, the relevant TSOs shall submit a proposal for amended terms and conditions or methodologies for approval within 2 months following the request from the Agency or the relevant regulatory authorities. The Agency or the relevant regulatory authorities shall decide on the amended terms and conditions or methodologies within 2 months following their submission.*
- 2. Where the relevant regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies within the 2-month deadline, or upon their joint request, or upon the Agency's request according to the third subparagraph of Article 5(3) of Regulation (EU) 2019/942, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within 6 months, in accordance with Article 5(3) and the second subparagraph of Article 6(10) of Regulation (EU) 2019/942. If the relevant TSOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in Article 4 shall apply.*
- 3. [...]*

Article 37 Cross-zonal capacity calculation

- 1. After the intraday-cross-zonal gate closure time, TSOs shall continuously update the availability of cross-zonal capacity for the exchange of balancing energy or for operating the imbalance netting process. Cross-zonal capacity shall be updated every time a portion of crosszonal capacity has been used or when cross-zonal capacity has been recalculated.*
- 2. Before the implementation of the capacity calculation methodology pursuant to paragraph 3, TSOs shall use the cross-zonal capacity remaining after the intraday cross-zonal gate closure time.*

3. *By five years after entry into force of this Regulation, all TSOs of a capacity calculation region shall develop a methodology for cross-zonal capacity calculation within the balancing timeframe for the exchange of balancing energy or for operating the imbalance netting process. Such methodology shall avoid market distortions and shall be consistent with the cross-zonal capacity calculation methodology applied in the intraday timeframe established under regulation (EU) 2015/1222.*

II. The BTCC methodology

The draft BTCC methodology was consulted by all TSOs of the Core CCR (50HERTZ, AMPRION, APG, CREOS, ČEPS, ELES, ELIA, HOPS, MAVIR, PSE, RTE, SEPS, TENNET GMBH, TENNET B.V., TRANSELECTRICA, TRANSNET BW) through ENTSO-E via the online ENTSO-E Consultation Hub for one month from 5 September 2022 until 5 October 2022 in line with Article 10 of EB Regulation¹.

In the public consultation, Core TSOs were seeking input from stakeholders and market participants on the draft proposal. Market participants were asked to provide Core TSOs with their feedback via the online survey platform. Core NRAs closely observed, analysed and continuously provided feedback and guidance to Core TSOs during various meetings in 2022, and provided to Core TSOs a shadow opinion in October 2022.

The BTCC methodology proposal, dated 30 November 2022, was received by the last Core NRA on 23 December 2022. The document is publicly available on the ENTSO-E website².

On 11 June 2023 Core NRAs agreed to issue a request for amendment according to Article 5(6) of the EB Regulation; the TSOs submitted an amended version of the BTCC methodology proposal on 13.11.2023, and the last NRA received it on 03.01.2024.

The BTCC methodology proposal consists of a Whereas section and 16 articles. It defines a capacity calculation for the balancing timeframe in order to provide capacities for the exchange of balancing energy or for operating the imbalance netting process for Core CCR. In addition, it includes a proposed timescale for its implementation.

¹The public consultation held from 5 September 2022 until the 5 October 2022 is available on the ENTSO-E website: <https://consultations.entsoe.eu/markets/core-tsos-proposal-on-btcc-methodology/>

² The BTCC methodology is publicly available on the ENTSO-E website: <https://eepublicdownloads.entsoe.eu/clean-documents/nc-tasks/Core%20BTCC%20methodology.pdf>

III. The NRAs' assessment

The concerned NRAs have assessed the BTCC methodology proposal against the requirements of EB Regulation, the inputs provided during the interactions with the TSOs, through the shadow opinion and the formal request for amendment. Core NRAs welcome the submitted version of the BTCC methodology proposal and acknowledge that the TSOs improved the content with respect to the previous submission, in line with the NRAs' inputs.

In particular requested improvements were made in the following sections of the proposal:

3.1. Overall Remarks/General provisions:

Core NRAs acknowledge the dependency of the BTCC methodology with other processes, especially the ROSC methodology (Article 76 SO Regulation³), the IDCC methodology (Article 20 CACM Regulation⁴) and the CGMES data-format. This leads to the situation in which the actual implementation process for the BTCC methodology can only start once these dedicated processes are fully completed. However, Core NRAs requested in their RfA Core TSOs to incorporate the stepwise enhancements from these processes for the balancing timeframe before implementation of BTCC into the Whereas section of the proposal. This is necessary to demonstrate that, despite the long implementation timeline for the BTCC, there are some improvements compared to the current status.

Core TSOs added a respective explanation to the Whereas (4) of the proposal.

3.2 Description of the balancing timeframe capacity calculation process

Article 4: BTCC capacity calculation process

Core NRAs requested the following clarifications: The reference to the Core Intraday capacity calculation methodology in paragraph 1 shall be precise. The description in paragraph 3 shall be complete, including the conversion to NTC/ATC as a step.

Core TSOs amended both items in the proposal accordingly.

On Article 4(6) Core NRAs requested clarifications on the relation of the proposed "study" and the "amendment". It was unclear what the deadline for the study is and how the outcome of the study contributes to the proposed amendment.

Core TSOs clarified the deadline of the study and that the aim of the study is to determine the frequency of flow-based computations to be performed and the grid models to be considered.

³ Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation.

⁴ Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management.

Article 6: Update of balancing timeframe cross-zonal capacities remaining after the IDCZGCT

Core NRAs asked for clarifications on the formula in Article 6(1). For Core NRAs it was unclear why FRM_{ID} is added in the formula as FRM_{ID} is already included in RAM_{ID} according to Core ID CCM. Furthermore, it was unclear why FRM_{BTCC} is removed.

Core TSOs provided respective explanations to the Explanatory Document.

Core NRAs requested Core TSOs to include the iterative method described in 4.3 of the Explanatory Document into the BTCC methodology.

Core TSOs included the description of the iterative method in Article 9(2).

While not being a topic in the RfA, TSOs added a clarification when explaining the term $RAM_{f,ID}$ in Art 6(1). This followed a discussion between Core NRAs and TSOs on the necessity to clarify the impact of potential requirements for minimum cross-zonal capacities (minRAM) on the BTCC timeframe. Core NRAs agree with this update of the Term $RAM_{f,ID}$ in Art 6(1).

On Article 6(2) Core NRAs wondered why “*The consideration of already reserved capacities for the balancing timeframe or cross-zonal capacity allocations will be processed in accordance with the Core Intraday capacities calculation methodology*” is not addressed in the BTCC methodology. Core NRAs asked for clarification.

Core TSOs added more details on the handling of cross-zonal capacity allocations (CZCA) to Article 6.

Article 8: Consideration of non-Core bidding zone borders

Core NRAs deemed it necessary to reflect how advanced hybrid coupling (AHC) is considered in the BTCC methodology. Core TSOs were requested to provide a dedicated explanation on this and not only a reference to IDCCM.

Core TSOs replied that for now this is not clear. Core TSOs included an additional assessment for the potential inclusion of AHC in Article 8. Core NRAs acknowledge this assessment.

Article 9: Calculations of NTCs for the exchange of balancing energy or for operating the imbalance netting process

Core NRAs requested that the use of the iterative method (not the algorithm) described in Article 9(2) shall be formulated more binding, e.g. “The ATCs shall be determined by using the iterative method described in the Core Intraday capacity calculation methodology”.

Core TSOs updated the Article 9(2) accordingly and included the iterative method into the proposal.

On Article 9(4) Core NRAs underlined that the way cross-zonal capacity allocations (CZCA) and already reserved capacity are provided to the balancing platforms shall be clarified earlier in the BTCC methodology (see also Core NRAs position on Article 6(2)) and not only in the IDCCM.

This request by NRAs had been tackled by TSOs in alignment with Article 6.

Article 10: Validation of balancing timeframe capacities:

In view of Core NRAs the whole process of validation of balancing timeframe capacities lacked clarity in the initial proposal and needed a more detailed description.

First it should be explained why it is not possible to use a coordinated validation approach and why only an individual approach is feasible. Such an explanation should at least be included in the Explanatory Document.

TSOs included a respective explanation in the Whereas (9) and provided more background information to the Explanatory Document.

In the opinion of Core NRAs Article 10(2)(e) and (f) were initially formulated too vague and more details on the possible issues in local tools and other issues were needed. Especially Article 10(2)(f) in the first proposal left the door open for any reduction of capacity which is not acceptable. Therefore Article 10(2)(f) had to be either specified or deleted. Any reduction of capacity has to be strictly limited to situations in which otherwise maintaining operational security would be at risk.

TSOs complied with NRAs request by stating that Article 10(2)(f) is solely referring to issues putting operational security at risk in accordance with SO Regulation and clarifying that Article 10(2)(e) refers to issues preventing the assessment of the foreseen grid situation.

Concerning Article 10(3) it was unclear for Core NRAs how a decrease of capacity on Core TSOs' own borders is possible when these capacities are already provided to the Balancing platforms. This had to be clarified in terms of process handling and timing. Furthermore, it had to be better explained and justified why this could be necessary in addition to the validation step described in Article 10(1).

Core TSOs removed Article 10(3) and added the process to the Whereas (9). Core TSOs explained that capacity management after the delivery of capacity to the allocation process is beyond the scope of the BTCC. As similar discussions arose for the ID CCM, Core NRAs acknowledge this approach.

On Article 10(4) Core NRAs were of the opinion that it has to be pointed out that any decrease of capacity has to be reported to NRAs and relevant stakeholders transparently and - in general - reductions should be monitored closely (similar to the requirements described in the Core DA and ID CCM). A direct reference to Article 12(2b) of the BTCC methodology should be included.

Core TSOs removed Article 10(4) as the transparency requirements for the decrease of capacity are covered by Article 12(2b) of the BTCC. Furthermore, TSOs provided more explanations to

the Explanatory Document on the level of detail and differences between DA, ID and BTCC publications. One fundamental difference is that the validation for BTCC is based on NTC values and not on Flow Based parameters.

3.3. Implementation

Article 15: Timescale for implementation

Core NRAs requested Core TSOs that the wrong reference “*to the Agency*” (instead of relevant NRAs) as well as the wrong reference to “*Article 6 (1 and 2)*” in paragraph 1 is corrected. Core TSOs changed the reference accordingly.

Core NRAs requested Core TSOs to clarify the timings of the implementation process as it was unclear what exactly is meant with the “*entry into force of this methodology*”. Core TSOs added an additional milestone to Article 15 under 3(a) clarifying that the implementation of ROSC, IDCC and the CGMES data format is a prerequisite for the BTCC process.

IV. Conclusions

Core NRAs have assessed, consulted and closely cooperated and coordinated to reach the agreement that they approve the BTCC methodology proposal submitted by the Core TSOs, pursuant to Article 6(1) of the EB Regulation.

Core NRAs will issue their national decisions to approve the BTCC methodology proposal on the basis of this agreement.