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## **APPROVAL 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 IN OCTOBER 2021**

**23 March 2022**



## I. Introduction and legal context

This document elaborates an agreement of the relevant Regulatory Authorities, agreed by email on XX March 2021, on the amended TSOs' proposal for the establishment of common and harmonised rules and processes for the exchange and procurement of balancing capacity for FCR, in accordance with Article 33 of the Regulation 2017/2195<sup>1</sup>.

The FCR TSOs' proposal for amending the common and harmonised rules and processes for the exchange and procurement of balancing capacity for FCR (**amended FCR proposal**) was received by the last relevant Regulatory Authority on 3 December 2021.

This agreement of the relevant Regulatory Authorities shall provide evidence that a decision on the amended FCR proposal in accordance with Article 33 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 can be found in Articles 5, 32, 33 and 34 of Regulation 2017/2195.

**Article 5(5)** of Regulation 2017/2195 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** of Regulation 2017/2195 gives general provisions regarding the exchange of balancing capacity, which can be established by two or more TSOs mutually willing to exchange balancing capacity.

**In particular, Article 5(5)** specifies that: Relevant Regulatory Authorities can grant a longer implementation timescale than 12 months by common approval.

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

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



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## II. The TSOs' FCR Proposal

The draft FCR proposal was consulted by relevant TSOs for one month, from 26 May 2021 to 25 June 2021, in line with Article 10 of Regulation 2017/2195.

The final version of the relevant TSOs' FCR proposal, dated 6 October 2021, was received by the last Regulatory Authority on 3 December 2021, together with a separate document providing a clear and robust justification for including or not the views resulting from the consultation. The proposal includes a proposed timescale for its implementation and a description of its expected impact on the objectives of Regulation 2017/2195, in line with Article 10(6) of Regulation 2017/2195.

A decision is therefore required by each relevant Regulatory Authority by 2 June 2022.

## III. Relevant FCR Regulatory Authorities' position on amended FCR proposal in accordance with Article 33

Relevant Regulatory Authorities acknowledge 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 LFC Blocks and ensures a level playing field for FCR providers.

## 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 33 which meets the requirements of Regulation 2017/2195.

Relevant Regulatory Authorities have therefore agreed to issue their national decisions, on the basis of this agreement, by 2 June 2022.

Following national decisions by relevant Regulatory Authorities, TSOs will be required to publish the 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.