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**All TSOs' proposal for classification methodology for classifying the activation purposes of balancing energy bids pursuant to in accordance with Article 29(3) of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing**

**11 November 2019**

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Disclaimer: All TSOs submit this proposal taking into consideration market design options agreed by all TSOs, all NRAs requests for amendments and the known status of discussions with ACER on EB-GL referred proposals (aFRRIF, mFRRIF, PP). Changes on proposals related to the content of this proposal should be taken into consideration by the relevant regulatory authorities in their approval process.

## Content

<b>Whereas</b> .....	<b>333</b>
<b>Article 1 Subject matter and scope</b> .....	<b>765</b>
<b>Article 3 Activation purposes and classification criteria</b> .....	<b>875</b>
<b>Article 4 Implementation timeline</b> .....	<b>986</b>
<b>Article 5 Publication of the activation purposes methodology</b> .....	<b>1086</b>
<b>Article 6 Language</b> .....	<b>1086</b>
<b>Whereas</b> .....	<b>3</b>
<b>Abbreviations</b> .....	<b>5</b>
<b>Article 1 Subject matter and scope</b> .....	<b>6</b>
<b>Article 2 Definitions and interpretation</b> .....	<b>6</b>
<b>Article 3 Activation Purposes and Classification Criteria</b> .....	<b>6</b>
<b>Article 4 Implementation Timeline</b> .....	<b>8</b>
<b>Article 5 Publication of the APP</b> .....	<b>8</b>
<b>Article 6 Language</b> .....	<b>8</b>

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**ALL TSO'S, TAKING INTO ACCOUNT THE FOLLOWING:**

**Whereas**

- (1) This document ~~is a common proposal developed by all Transmission System Operators (hereafter referred to as "TSOs") regarding~~ provides a methodology for the classifying eation methodology for the activation purposes of balancing energy bids. ~~The activation purposes proposal is~~ (hereafter referred to as the "~~APP~~activation purposes methodology").
- (2) ~~APP~~The activation purposes methodology takes into account the general principles and goals set in the ~~Commission~~ Regulation (EU~~C~~) 2017/2195 establishing a guideline on electricity balancing (hereafter referred to as the "~~EBGL~~ Regulation"), the ~~Commission~~ Regulation (EU~~C~~) 2017/1485 establishing a guideline on electricity transmission system operation (hereafter referred to as the "~~SO~~ Regulation~~GL~~"), as well as ~~the Regulation (EU) 2019/943 of the European Parliament and of the Council on the internal market for electricity (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity~~ (hereafter referred to as ~~the~~ "Electricity Regulation").
- (3) The goal of ~~the EBGL-EB Regulation~~ is the integration of balancing markets. To facilitate this goal, it is necessary to develop implementation frameworks for European platforms for balancing energy exchange from frequency restoration reserves with manual and automatic activation, ~~and from replacement reserves and for the imbalance netting process~~. Article 29 of ~~the EBGL-Regulation~~ formulates the requirements regarding the activation of balancing energy bids from the common merit order lists of these platforms.
- ~~(4) Article 29(3) of EBGL constitutes the legal basis for this proposal:  
"3. By one year after the entry into force of this Regulation, all TSOs shall develop a proposal for a methodology for classifying the activation purposes of balancing energy bids. This methodology shall:  
(a) describe all possible purposes for the activation of balancing energy bids;  
(b) define classification criteria for each possible activation purpose."~~
- ~~(5) Article 3 of APP defines activation purposes and provides the classification criteria for each possible activation purpose. Article 4 defines which standard balancing energy product may be activated for which purpose. The requirement of Article 29(3) is fulfilled by the date of submission of APP to all NRAs.~~
- (4) The activation purposes methodology describes all possible activation purposes for the activation of balancing energy bids from common merit order lists, pursuant to Article 29(3) of the ~~EB Regulation~~. In ~~the~~ case that a ~~Transmission System Operator (hereafter referred to as "TSO")~~ declares the balancing energy bids submitted to the activation optimisation function ~~of the respective European platform~~ as unavailable for activation by other TSOs through the common merit order list in accordance with Article 29(14) of the ~~EBGL-Regulation~~, this TSO may use the respective bid volumes in accordance with national legislation, which means, where applicable, that ~~this bid~~ can be activated for balancing or system constraints. For avoidance of doubt, ~~each~~ TSOs will submit all standard balancing energy product bids to the European balancing platforms in which they are participating and the TSO will ~~mark declare~~ the respective bids as unavailable if applicable, in accordance with the ~~EBGL-Regulation~~ and the implementation frameworks of the platforms. ~~However, pursuant to Article 29(4) of the EB Regulation, in any case the TSO will define the activation purpose of all the activated balancing energy bids of the common merit order~~

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lists, in accordance with this activation purposes methodology, irrespectively of whether they have been declared as unavailable or not.

~~(6)~~(5) Following from Article 29(4) of the EB Regulation, the implementation of this activation purposes methodology is not mandatory for balancing energy bids that are not part of the common merit order lists of the European platforms. As a consequence, this activation purposes methodology is only mandatory for integrated scheduling process bids, to the extent that they have been converted to standard product bids, pursuant to Article 27(3) of the EB Regulation.

~~(7)~~(6) The activation purposes methodology APP fulfils the objectives stated in Article 3 of the EBGL Regulation as follows:

(a) The APP fulfils the requirements of Article 29(3) of EB-GL.

(a) This activation purposes methodology sets non-discriminatory rules and principles as it applies the same rules for all TSOs, promoting the effective competition among BSPs, while the additional provisions for publication of the activation purpose, by including an additional layer for system constraint purposes, increases the transparency of the activation process. Therefore this activation purposes methodology contributes to the objective pursuant to Article 3(1)(a) of the EB Regulation.

~~(a)~~ This activation purposes methodology enhances the efficiency of balancing as well as the efficiency of the European and national balancing markets, as required by Article 3(1)(b) of the EB Regulation. As the foundation of the activation purposes methodology APP is the establishment of the European platforms for the exchange of balancing energy from RR, mFRR and aFRR its contribution to the efficiency, competition and integration of balancing markets must be considered in context of these platforms. The specific contribution of the activation purposes methodology APP is ~~aby~~ harmonising the definition of the activation purposes and the respective classification criteria for all activations of balancing energy bids across platforms. In this respect, i.e. by establishing harmonisation, it also contributes to integrating balancing markets and promoting the possibilities for exchanges of balancing services, as required by Article 3(1)(c) of the EB Regulation, while also contributing to operational security. This is achieved by considering the agreed European standards and technical specification by fulfilling the SO Regulation in the classification criteria defined for each activation purpose

(b) The activation purposes methodology APP sets non-discriminatory rules and principles as it applies the same rules for all TSOs and BSPs.

~~(b)~~ The activation purposes methodology APP contributes to operational security and considers the agreed European standards and technical specification by fulfilling the SO GL Regulation and its supporting document.

(c) This activation purposes methodology, as required by Article 3(1)(d) of the EB Regulation, contributes to the efficient long-term operation and development of the electricity transmission system providing transparency on the activation of the balancing energy bids, thus revealing required actions related to operational security. Additionally, as required also by Article 3(1)(d) of the EB Regulation, the activation purposes methodology facilitates the efficient and consistent functioning of day-ahead, intraday and balancing markets, by providing clear information to the market participants with respect to the activation of their balancing energy bids, thus contributing to sending the appropriate signals.

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(d) This activation purposes methodology, as required by Article 3(1)(e) of the EB Regulation, contributes to fair, objective, transparent and market-based procurement of balancing energy, by specifying non-discriminatory rules for TSOs for defining the purpose of the activated balancing energy bids. By clearly defining the purpose of the activation during the market-based procurement of balancing energy in the context of the European platforms, the transparency of the market-based process is increased. Additionally, as also required by Article 3(1)(e) of the EB Regulation, this activation purposes methodology avoids undue barriers to entry for new entrants and fosters the liquidity of balancing markets by specifying and harmonising the activation purposes and the classification criteria, standardising them for all market participants.

(e) This activation purposes methodology, as required by Articles 3(1)(f) and (g) of the EB Regulation, facilitates the participation of demand response including aggregation facilities, energy storage and renewable energy sources, by establishing a level-playing field for all BSPs, through the nondiscriminatory and transparent classification rules for the activation purposes, and its harmonisation for all the activations of balancing energy bids.

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### **Abbreviations**

The list of abbreviations used in this APP is following:

- aFRR: frequency restoration reserves with automatic activation
- APP: Activation Purposes Proposal
- BSP: balancing Service Provider
- EBGL: guideline on electricity balancing
- EU: European Union
- mFRR: frequency restoration reserves with manual activation
- NRA: national regulatory authority
- RR: replacement reserve
- SOGL: guideline on electricity transmission system operation
- TSO: transmission system operator

**SUBMIT THE FOLLOWING APP TO ALL REGULATORY AUTHORITIES:**

## Article 1 Subject matter and scope

- (1) ~~This activation purposes methodology APP is the common proposal of all TSOs in accordance with Article 29(3) of the EBGL. This proposal describes all possible purposes for activation of balancing energy bids for frequency restoration reserves with automatic activation (hereafter referred to as "aFRR"), frequency restoration reserves with manual activation (hereafter referred to as "mFRR") and replacement reserves (hereafter referred to as "RR") and defines the methodology for classifying criteria for each possible the activation purposes of balancing energy product bids for frequency restoration reserves with automatic activation (hereafter referred to as "aFRR"), frequency restoration reserves with manual activation (hereafter referred to as "mFRR") and replacement reserves (hereafter referred to as "RR").~~
- (2) ~~Pursuant to Article 29(4) of the EB Regulation, the activation purposes methodology shall be implemented by each TSO activating balancing energy bids from the common merit order lists. For the avoidance of doubt, each TSO shall define the activation purpose of an activated balancing energy bid from the common merit order list(s), in accordance with the activation purposes methodology, irrespectively of whether the balancing energy bid was selected by the activation optimization function of the respective European platform or activated locally, after being declared as unavailable by the TSO, pursuant to Article 29(14) of the EB Regulation. Where the activation purposes methodology APP defines different requirements for activation of RR, mFRR and aFRR balancing energy product bids, only the TSOs obliged to implement using the European platforms for the exchange of balancing energy in accordance with Articles 19, 20 and 21 of the EBGL Regulation respectively are required to shall comply with these requirements.~~
- (3) ~~The APP is without prejudice to the methodology that could be defined in national terms and conditions for classifying the activation purposes for the bids that do not fall under the provision of Article 29(4) of EBGL.~~

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## Article 2 Definitions and interpretation

- (1) ~~For the purposes of the activation purposes methodology APP, the terms used shall have the meaning given to them in Article 2 of the Electricity Regulation, Article 3 of the SOGL Regulation and Article 2 of the EBGL Regulation.~~
- (2) ~~In addition, in the activation purposes methodology APP the following terms shall apply:~~
- (a) 'aFRR balancing energy product' means the standard or specific product for balancing energy from frequency restoration reserves with automatic activation;
  - (b) 'mFRR balancing energy product' means the standard or specific product for balancing energy from frequency restoration reserves with manual activation;
  - (c) 'RR balancing energy product' means the standard or specific product for balancing energy from replacement reserves;
- (3) ~~In the activation purposes methodology APP, unless the context requires otherwise:~~
- (a) the singular indicates the plural and vice versa;
  - (b) headings are inserted for convenience only and do not affect the interpretation of the activation purposes methodology APP;
  - (c) any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force;

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- (d) any reference to an article without an indication of the document shall mean a reference to the activation purposes methodologyAPP.

### Article 3 Activation ~~p~~Purposes and ~~c~~Classification ~~c~~Criteria

~~(1) Each TSO in accordance with Article 1(1) of this APP shall use~~The possible activation purposes for balancing energy bids are the following ~~activation purposes for the bids from the common merit order list pursuant Article 29(4) of the EBGL:~~

- (a) balancing;
- (b) system constraints.

~~(2) Each TSO in accordance with Article 1(1) of this APP activating the bid from the common merit order list are allowed to use all balancing energy product bids for balancing purposes, whereas TSOs are allowed to use RR and mFRR balancing energy product bids for balancing and system constraint purposes.~~

~~(3) Each TSO in accordance with Article 1(1) of this APP shall comply with~~The activation purpose of an activated balancing energy bid shall be defined as “balancing” when one of the following classification criteria ~~for different balancing energy products when activating bids from the common merit order list or locally for balancing purposes applies:~~

- (a) RR balancing energy product bid: activation aims to achieve the control target of the reserve replacement process in accordance with Article 144(1) of the SOGLSO Regulation;
- (b) mFRR balancing energy product bid: manual activation aims to achieve the control target of the frequency restoration process in accordance with Article 143(1) of the SOGLSO Regulation;
- (c) aFRR balancing energy product bid: automatic activation aims to achieve the control target of the frequency restoration process in accordance with Article 143(1) of the SOGLSO Regulation.

~~(4) The activation purpose of an activated balancing energy bid shall be defined as “system constraints” when one or more of Each TSO shall comply with the~~ following classification criteria ~~for when activating bids from the common merit order list or locally for system constraint purposes apply:~~

- (a) activation to maintain voltage limits in accordance with Article 27 of the SOGLSO Regulation;
- (b) activation to maintain power-flow limits in accordance with Article 32 of the SOGLSO Regulation;
- (c) activation to maintain short-circuit current limits according to Article 30 of the SOGLSO Regulation and Article 31(3) of the SOGLSO Regulation;
- (d) activation to maintain the dynamic stability limits in accordance with Article 39 of the SOGLSO Regulation;
- (e) activation to maintain reactive power reserves in accordance with Article 29 of the SOGLSO Regulation;
- (f) activation to maintain active power reserves in accordance with Article 152(1) of the SOGLSO Regulation;
- (g) activation to maintain system margin ensuring that active and reactive power reserves, are sufficient in accordance with Article 18(1)(c) of the SOGLSO Regulation, to restore the normal state in accordance with Article 18(1) of the SOGLSO Regulation, to prevent an alert state in accordance

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with Article 18(2) of the ~~SOGL~~SO Regulation and to prevent an emergency state in accordance with Article 18(3) of the ~~SOGL~~SO Regulation.

~~4. Where the information is available, the TSO activating balancing energy bids for the activation purpose of system constraints in accordance with paragraph 1(b) above shall publish if the balancing energy bids were activated for redispatching or countertrading, as defined in Articles 2(26) and 2(13) Commission Regulation (EU) 543/2013, respectively, or for other remedial actions. The information shall be published as soon as possible but no later than one hour after the validity period of the balancing energy bid.~~

~~(5) In accordance with Article 29(4) of the EBGL, when activating standard RR or mFRR balancing energy product bids from the common merit order list, the activation optimisation function of the respective European balancing platform shall identify the system constraint activation purpose for all selected standard RR or mFRR bids as follows:~~

~~(a) The TSO may submit requests for bid activations due to system constraints for an interconnector, a border or a set of borders, as an additional input constraint to the activation optimisation function while complying with the list Article 3(4) of the APP.~~

~~(b) The activation optimisation function shall select the bids by performing an optimisation without considering the requests for system constraint purpose submitted in accordance to paragraph 5(a) of this Article.~~

~~(c) The activation optimisation function shall select bids by performing an optimisation that takes into account the requests for system constraint purpose submitted in accordance to paragraph 5(a) of this Article. If the optimisation has a feasible solution, the TSOs shall activate the selected bids. Otherwise, the TSOs shall activate the bids selected in this paragraph 5(b) of this Article.~~

~~(d) The bids which are selected in accordance with the optimisation of this paragraph 5(c) but not in (b) of this Article are selected for system constraint purpose.~~

~~(6) Without prejudice of rules that could be defined in national terms and conditions, when activating RR or mFRR balancing energy product bids locally, the TSO may specify the activation purpose for each selected bid as follows:~~

~~(a) The bids selected due to reasons specified in Article 3(3) of the APP are activated for balancing purpose.~~

~~(b) The bids selected due to reasons specified in Article 3(4) of the APP are activated for system constraint purpose.~~

~~(7) Submitting requests for system constraint purpose shall be coordinated with the concerned TSOs in accordance with Article 21(1)(b) of the SOGL.~~

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#### Article 4 Implementation ~~Timeline~~

Each TSO activating balancing energy bids in accordance with Article 1(2) shall apply this activation purposes methodology APP for standard balancing energy products bids once the TSO is ~~connected~~ becomes a participating TSO to the respective European balancing platform for the exchange of balancing energy in accordance with the Articles 19, 20 or 21 of the ~~EBGL~~ Regulation.

## Article 5

### Publication of the activation purposes methodology APP

The TSOs shall publish the activation purposes methodology APP without undue delay after ~~all NRAs have approved the proposal or~~ a decision has been taken by the European Union Agency for the Cooperation of Energy Regulators in accordance with Article ~~56(27), Article 6(1) and Article 6(2)~~ of the EBGL Regulation.

## Article 6

### Language

The reference language for the activation purposes methodology APP shall be English. For the avoidance of doubt, where TSOs need to translate the activation purposes methodology APP into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article ~~29(3)7~~ of the EBGL Regulation and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of the activation purposes methodology APP to their relevant ~~national~~ regulatory authorities.