

**DECISION No 12/2020
OF THE EUROPEAN UNION AGENCY
FOR THE COOPERATION OF ENERGY REGULATORS**

of 17 June 2020

**on the methodology for a co-optimised allocation process of cross-zonal
capacity**

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators¹ ('Regulation (EU) 2019/942'), and, in particular, Article 5(2)(b) thereof,

Having regard to Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing², and, in particular, Article 5(2)(h) thereof,

Having regard to the outcome of the consultation with the concerned regulatory authorities and transmission system operators ('TSOs'),

Having regard to the outcome of the consultation with ACER's Electricity Working Group ('AEWG'),

Having regard to the favourable opinion of the Board of Regulators of 5 June 2020, delivered pursuant to Article 22(5)(a) of Regulation (EU) 2019/942,

Whereas:

1. INTRODUCTION

- (1) Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (the 'EB Regulation') laid down a range of requirements for electricity balancing. These requirements include the development

¹ OJ L158, 14.6.2019, p. 22.

² OJ L312, 23.11.2017, p. 6.

of a methodology for a co-optimised allocation process of cross-zonal capacity ('methodology for co-optimised allocation').

- (2) Pursuant to Articles 4(1) and 5(2)(h) of the EB Regulation, all TSOs are required to develop a common proposal for the methodology for co-optimised allocation in accordance with Article 40(1) of the EB Regulation. All TSOs shall submit the methodology for co-optimised allocation for revision and approval to ACER, pursuant to Article 5(2)(b) of Regulation (EU) 2019/942.
- (3) Annex I to this Decision sets out the methodology for co-optimised allocation pursuant to Article 40(1) of the EB Regulation as decided by ACER.

2. PROCEDURE

2.1. Proceedings before ACER

- (4) Article 40(1) of the EB Regulation requires all TSOs to submit a proposal for the methodology for co-optimised allocation no later than two years after the entry into force of the EB Regulation. As the EB Regulation entered into force on 18 December 2017, all TSOs were required to submit a proposal for the methodology for co-optimised allocation by 18 December 2019.
- (5) On 15 May 2019, all TSOs published for public consultation the draft 'All TSOs' proposal for a methodology for a co-optimised allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves in accordance with Article 40 of the Commission Regulation (EU) 2017/2195 of 23 November 2017³. The consultation lasted from 15 May 2019 until 31 July 2019.
- (6) On 17 December 2019, all TSOs submitted to ACER an 'all TSOs' proposal for a methodology for a co-optimised allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves in accordance with Article 40(1) of Commission Regulation (EU) 2017/2195 of 23 November 2017⁴ (the 'Proposal').
- (7) On 19 February 2020, ACER launched a public consultation on the Proposal, inviting all market participants to submit their comments by 10 March 2020. The summary and evaluation of the responses received are presented in Annex II to this Decision.
- (8) ACER closely cooperated with all regulatory authorities and TSOs and further consulted on the amendments to the Proposal during teleconferences, meetings and through exchanges of draft amendments to the Proposal suggested by ACER. In general, before each interaction, ACER shared a new version of amendments proposed

³ https://consultations.entsoe.eu/markets/ebgl-art40-co_czca/supporting_documents/190510_Cooptimised_CZC_allocation_methodology_proposal_for_public_consultation.pdf

⁴ <https://www.acer.europa.eu/en/Electricity/MARKET-CODES/ELECTRICITY-BALANCING/18%20CO%20CZCA/Action%201%20-%20COCZCA%20proposal.pdf>

by ACER to the Proposal with all regulatory authorities and all TSOs. In particular, the following procedural steps were taken:

- 22 and 23 January 2020: discussion with all regulatory authorities in the framework of ACER's Electricity Balancing Taskforce ('EB TF');
- 31 January 2020: telephone conference call with all regulatory authorities and TSOs;
- 5-21 February 2020: online survey consulting all regulatory authorities on their views on the implementation timeline for the methodology for co-optimised allocation;
- 7 February 2020: telephone conference call with all regulatory authorities and TSOs;
- 14 February 2020: telephone conference call with all regulatory authorities and TSOs;
- 21 February 2020: telephone conference call with all regulatory authorities and TSOs;
- 26 February 2020: public workshop with market participants, TSOs and regulatory authorities;
- 26 and 27 February 2020: discussion with all regulatory authorities in the framework of the EB TF;
- 28 February 2020: telephone conference call with all regulatory authorities and TSOs;
- 5 March 2020: telephone conference call with all regulatory authorities;
- 13 March 2020: telephone conference call with all regulatory authorities and TSOs;
- 17 March 2020: discussion with all regulatory authorities in the framework of the EB TF;
- 19 March 2020: telephone conference call with all nominated electricity market operators ('NEMOs'), all regulatory authorities and TSOs;
- 20 March 2020: telephone conference call with all regulatory authorities and TSOs;
- 27 March 2020: telephone conference call with all regulatory authorities and TSOs;

3. ACER'S COMPETENCE TO DECIDE ON THE PROPOSAL

- (9) Pursuant to Article 5(2)(b) of Regulation (EU) 2019/942, ACER shall revise and approve the Proposal within six months after submission by all TSOs. Therefore, ACER shall take a decision on the Proposal by 17 June 2020.

4. SUMMARY OF THE PROPOSAL

- (10) The Proposal consists of the following elements:
- a) The 'Whereas' section and Articles 1 and 2, which include general provisions, the scope of application and the definitions;
 - b) Article 3, which includes the general principles for applying the methodology for co-optimised allocation;
 - c) Article 4, which describes the notification process for the use of the co-optimised allocation process;
 - d) Article 5, which describes the timeframe of the co-optimised allocation process;
 - e) Article 6, on how to define the maximum volume of allocated cross-zonal capacity for the exchange of balancing capacity or sharing of reserves;
 - f) Articles 7 and 8, which define the determination of the actual market value of cross-zonal capacity for the exchange of energy and the exchanges of balancing capacity or sharing of reserves;
 - g) Article 9, which describes the determination of the allocated volume of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves;
 - h) Articles 10, 11 and 12, on the firmness regime, the pricing and how to share congestion income of cross-zonal capacity;
 - i) Article 13, which defines the implementation timeline of the methodology for co-optimised allocation;
 - j) Article 14, which describes publication processes related to the methodology for co-optimised allocation; and
 - k) Article 15, which includes provisions on language.

5. SUMMARY OF THE OBSERVATIONS RECEIVED BY ACER

5.1. Consultation of all regulatory authorities and TSOs

- (11) All issues described in this decision were consulted with all regulatory authorities and all TSOs as stated in Recital (8) above.

5.2. Public consultation

- (12) On 19 February 2020, ACER launched a public consultation on the Proposal, inviting all stakeholders to provide their comments by 10 March 2020. The consultation document asked stakeholders to provide views on four topics, which were deemed as the most relevant: (i) the implementation timeline, (ii) a cost compensation cap concerning firmness remuneration between TSOs, (iii) provisions for an elastic demand and possible substitutions between different types of reserve capacity and (iv) other topics:
- a) Regarding the proposed implementation process, most respondents shared concerns regarding the negative impact on the price coupling algorithm. Five stakeholders stated that in case of a negative impact assessment the implementation should be reconsidered or eventually discarded. Four stakeholders emphasised that there is no point conducting an impact assessment if it does not include market-related impacts. Regarding the proposed implementation timeline of 12+12 months for submitting a new set of requirements for the price coupling algorithm, half of the respondents stated that they disagree as it is not a sufficiently long period. Stakeholders emphasised the importance of the NEMOs' involvement, as well as of consulting market parties and relevant stakeholders. A couple of respondents also mentioned the importance of clarifying roles and governance.
 - b) With regards to the proposed cost compensation cap concerning firmness remuneration between TSOs, two stakeholders stated that they shared ACER's views. Four stakeholders stated that balancing service providers should also be compensated for the loss of opportunity and three stakeholder highlighted that the cost compensation cap between TSOs should be clarified if deemed unclear; one stakeholder emphasised that any compensation should at maximum cover real costs and in any case not allow any party to draw any advantage from this compensation. Two respondents mentioned regulatory oversight, which should be ensured.
 - c) Regarding the question on the provisions for an elastic demand and possible substitutions between different types of balancing capacity, two respondents raised the issue that it is unclear how products can be substituted if they have different quality parameters; five respondents stated that they oppose the principle of elastic demand or the possibility for price sensitive demands. One stakeholder highlighted that the options for minimising procurement costs should be explored. Two other stakeholders supported the implementation of a price sensitive demand.
 - d) Finally, stakeholders raised a number of other topics. Five stakeholders provided detailed comments and questions regarding specific Articles of the methodology. Three stakeholders stated that they oppose the implementation of a co-optimised allocation process of cross-zonal capacity for the exchange of balancing capacity as it would strongly interfere with the day-ahead market coupling process. Eight respondents mentioned difficulties of parallel markets if linking of bids between

the markets is not accommodated. Four of these respondents further explicitly stated the need of linking bids on both single day-ahead coupling ('SDAC') energy and balancing capacity markets if co-optimised allocation is implemented to avoid inefficiencies; Two stakeholders questioned the feasibility of the price coupling algorithm to cope with the linking of bids; Two stakeholders emphasised the need to ensure adequacy between the co-optimisation process and the flow-based calculation used in some CCRs. One stakeholder mentioned the need for lifting any unjustified or undefined limitations of maximum allocated cross-zonal capacity for the exchange of balancing capacity or the sharing of reserves.

- (13) The summary and evaluation of the responses received are presented in Annex II to this Decision. It presents the summary of stakeholders' concerns regarding some of the above mentioned issues and in particular on the questions made by ACER.

5.3. Hearing phase

- (14) ACER initiated a hearing phase on 27 March 2020 by submitting to all TSOs and all regulatory authorities a close to final draft of Annex I to this Decision, as well as the reasoning to the introduced changes to the Proposal. The hearing phase lasted until 9 April 2020. During this time, ACER conducted one oral hearing via telephone conference with the Swedish regulatory authority and received a written response from ENTSO-E⁵, on behalf of all TSOs.
- (15) The feedback received from the Swedish regulatory authority addressed concerns related to the separate procurement step for balancing capacity which could be accompanied with deviations in the pricing method in the two separate steps. Additional questions on the definition of economic surplus and the possible introduction of limitations according to Article 6 of the Proposal were raised.
- (16) All TSOs' feedback addressed several points of discussion. Related to the price sensitive demand discussions all TSOs communicated their preference for a price sensitive demand or no explicit provisions for the case of insufficient local bids to cover a TSOs' demand and proposed changes to the definition of economic surplus from the exchange of balancing capacity or sharing of reserves. Also concerning the discussions on a cap on the sharing of costs for ensuring firmness, the TSOs communicated their preference for keeping the proposed cap or no explicit provisions until a request for amendment can be submitted. Further, all TSOs provided feedback on the formulation of the objective of the co-optimised cross-zonal capacity optimisation function, inputs on Article 5 and 8 of the Proposal and the invitation for guidance on managing costs related to the implementation of the co-optimised allocation process.

⁵ European Network of Transmission System Operators for Electricity

6. ASSESSMENT OF THE PROPOSAL

6.1. Legal framework

- (17) Articles 4(1), 4(2) and 5(2)(h) of the EB Regulation require all TSOs to provide the proposal for the methodology for co-optimised allocation in accordance with Article 40(1) of the EB Regulation. This proposal must be submitted to ACER for revision and approval in accordance with Article 5(2)(b) of the Regulation (EU) 2019/942.
- (18) Article 40 of the EB Regulation sets out the requirements for the development of a proposal for the methodology for co-optimised allocation and its implementation, and provides a list of what the methodology for co-optimised allocation shall include. In this context, all TSOs are required to develop a proposal for the methodology for co-optimised allocation no later than two years after the entry into force of the EB Regulation. TSOs must consult the Proposal in accordance with Article 10 of the EB Regulation.
- (19) Article 33 of the EB Regulation defines the requirements for developing a proposal for the establishment of common and harmonised rules and processes for the exchange and procurement of balancing capacity. This proposal is to be developed by two or more TSOs exchanging or mutually willing to exchange balancing capacity, and must respect the requirements of Article 32 of the EB Regulation.
- (20) In accordance with Article 38(1)(a) of the EB Regulation, two or more TSOs may at their initiative or at the request of their relevant regulatory authorities set up a proposal for the application of a co-optimised allocation process, pursuant to Article 40 of the EB Regulation.
- (21) Article 39 of the EB Regulation sets out the requirements for the calculation of market value of cross-zonal capacity, and provides that the actual market value of cross-zonal capacity in a co-optimised allocation process shall be calculated based on bids in the day-ahead market and based on balancing capacity bids submitted to the capacity procurement optimisation function pursuant to Article 33(3) of the EB Regulation.
- (22) As a general requirement, Article 5(5) of the EB Regulation requires that the Proposal includes a proposed timescale for their implementation and a description of its impact on the objectives of the same Regulation.

6.2. Assessment of the legal requirements

6.2.1. Assessment of the requirements for the development and for the content of the Proposal

6.2.1.1. *Development of the Proposal*

- (23) The Proposal fulfils the requirements of Articles 4(1) and 4(2) of the EB Regulation, as all TSOs jointly developed a proposal for the methodology for co-optimised allocation. Article 5(2)(h) of the EB Regulation required that all TSOs shall submit

the Proposal to all regulatory authorities for approval; in accordance with Article 5(2)(b) of Regulation (EU) 2019/942, which entered into force on 4 July 2019, all TSOs are now required to submit the Proposal to ACER directly and not to all regulatory authorities.

- (24) The procedure for the development of the Proposal followed the requirements of Article 40(1) of the EB Regulation, as the Proposal was submitted by all TSOs by 17 December 2019, which is within two years after entry into force of the EB Regulation. The Proposal was subject to consultation as described in Section 2.1 above.

6.2.1.2. Proposed timescale for implementation

- (25) Article 5(5) of the EB Regulation requires that the Proposal includes a proposed timescale for its implementation.
- (26) As described in Recital (34), the co-optimised allocation itself needs to be implemented as a functionality of the price coupling algorithm, which is operated by all NEMOs in accordance with Article 36(1) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management ('CACM Regulation'). The all TSOs' methodology for co-optimised allocation is deemed legally implemented once all TSOs submit a new set of requirements for the price coupling algorithm to all NEMOs. The following NEMOs' process of proposing an amended methodology for the price coupling algorithm to incorporate the new TSOs' requirements is not in the scope of this implementation timescale.
- (27) Article 13 of the Proposal lays down the implementation timeline for the methodology for co-optimised allocation. All TSOs proposed an implementation by conducting an implementation impact assessment, which shall be published by one year after this Decision has been issued, and submitting the new set of requirements by one year after publishing the implementation impact assessment if this assessment provides a positive outcome. The Proposal does not provide a further implementation process if a positive outcome cannot be provided. In case of a scenario with no positive implementation impact assessment, TSOs would not submit a new set of requirements for the price coupling algorithm. Hence, the Proposal does not fully fulfil the requirements of Article 5(5) of the EB Regulation with regard to the proposed timescale for implementation of the methodology for co-optimised allocation.
- (28) Taking into account the feedback received from stakeholders in the public consultation and the discussion between ACER, regulatory authorities and TSOs, three options emerged to amend Article 13 of the Proposal:
- (i) specifying the conditionality of what can be deemed a positive outcome and adding a follow up procedure in case of a non-positive outcome;
 - (ii) conditioning the submission of TSOs' new set of requirements to the submission of a proposal for application pursuant to Article 38(1)(a) of the EB Regulation; and

- (iii) deleting the provision of a conditionality and have a firm deadline for the submission of TSOs' new set of requirements.
- (29) Regarding option i), Article 13(3) of the Proposal lists several elements of the implementation impact assessment, which need to be positive for the continuation of the process, but does not further specify the requirements for a positive outcome of any of these elements. The attempt to specify each of these conditions leads to the following conclusions:
- a) Since the methodology for co-optimised allocation is an all TSOs' methodology, it cannot put any direct requirements on NEMOs. Hence, despite their expressed willingness to contribute to the process, NEMOs' participation is voluntary. In case of no inputs from NEMOs, the TSOs' technical assessment could be rather restricted to a theoretical feasibility of the concept of co-optimised allocation instead of an in-depth analysis of the impacts on the existing price coupling algorithm. On such level, the general feasibility of the function (referred to in point (b) '*technical feasibility of the implementation of the cross-zonal capacity allocation optimisation function*' and (c) '*flow-based compatibility*') is not questionable and should therefore not be a condition for submitting TSOs' new set of requirements.
 - b) The compatibility with the methodology for the price coupling algorithm and the continuous trading matching algorithm pursuant to Article 37 of the CACM Regulation (point (d)) should also not be a condition for submitting requirements, since the methodology will anyhow need to be amended to integrate new requirements and will therefore be made compatible.
 - c) Point (g) on the reasoning for a separate procurement step performed by TSOs to clear the balancing capacity market, after the co-optimised allocation of cross-zonal capacities should be a mere investigation on which is the better process-wise approach to implement this function including the related procurement of balancing capacities. Therefore, it should rather provide a recommendation on which of the two processes to use and not if the function is feasible as such. A further description of the principles for such concept can be found under Recital (50).
 - d) Following the basic principle of the co-optimised cross-zonal capacity allocation, ACER is not aware of any operational security risk (point (e)), which depends on the general process how to procure the required balancing capacity. If any related impacts should be found, TSOs will need to take them into account but this should not compromise the co-optimised cross-zonal capacity allocation process as such.
 - e) The linking of bids under assessment point (f) is not a legal requirement and heavily depends on the assessed impacts on the performance of the price coupling algorithm, which should be mainly based on the assessment from NEMOs. Therefore, this point of the TSOs' assessment should not be included as a condition for the submission of new requirements.

- f) The costs for implementing the co-optimised cross-zonal capacity allocation process in the price coupling algorithm should follow the established procedures pursuant to Article 76(1)(a) of the CACM Regulation. Since co-optimised cross-zonal capacity allocation is stemming from common TSO requirements, according to commonly agreed procedures of the regulatory authorities, all costs shall be recovered by TSOs. Following these procedures, each regulatory authority will assess the adequacy of the costs proposed for recovery. Hence, ACER acknowledges the importance of the assessment in point (h) also for the subsequent process of cost recovery. Given the potential scope of the co-optimised cross-zonal capacity allocation and the related welfare benefits, ACER does not deem it necessary to link the continuation of the process for establishing this function to such condition.
- (30) Nevertheless, all these impact assessment points are very relevant for the further formulation and categorisation of the requirements, which need to be submitted. Parts of the implementation impact assessment, which should have an impact on the further implementation timeline for the co-optimisation functionality, are mainly linked to the performance capabilities of the price coupling algorithm. Since this should be done by NEMOs and within the scope of a new proposal for the price coupling algorithm methodology, a repetitive assessment from TSOs in the scope of this methodology would not be beneficial.
- (31) Option (ii) should link the submission of the TSOs' requirements to a possible submission of a proposal for application of the co-optimised cross-zonal capacity allocation pursuant to Article 38(1)(a) of the EB Regulation. Such a link should avoid unnecessary costs if none of the national regulatory authorities or TSOs intend to apply the co-optimised cross-zonal capacity allocation. However, ACER notes that several TSOs already communicated their interest in applying co-optimised cross-zonal capacity allocation (e.g. Nordic TSOs), which is deemed to be the most efficient of the three approaches (Articles 40, 41 and 42 of the EB Regulation) for allocating cross-zonal capacities to the balancing capacity markets. Given the significant amount of time to prepare for the implementation of the co-optimised cross-zonal capacity allocation process and the necessity to involve NEMOs in this process, ACER deems such an implementation process as not efficient and does not see the benefit of introducing option (ii).
- (32) Considering the scope of this TSOs' methodology and that possible reasons for delays are dependent on all NEMOs' assessment, ACER decided to follow option iii) and to introduce a firm deadline for the submission of TSOs' new set of requirements in Article 13 of the Proposal. Such a process should ensure continuity, while NEMOs can voluntarily participate as a preparation for their submission of a new price coupling algorithm proposal, taking into account the TSOs' new set of requirement combined with their assessment on a possible implementation timeline for the co-optimised cross-zonal capacity allocation process. Despite deleting the conditionality for submitting TSOs' new set of requirements, ACER acknowledges the significant ongoing challenges for NEMOs implementing new legal requirements in the price coupling algorithm with higher priorities than the co-optimised cross-zonal capacity

allocation. Given these challenges and the significant benefit of a NEMOs' participation in the TSOs' implementation impact assessment, ACER agreed with TSOs to extend the deadline for publishing the results of the implementation impact assessment from 12 to 18 months. Once the new requirements are submitted to NEMOs, the latter will be able to further assess the impact on the algorithm and propose an adequate implementation timeline depending on the feasibility for implementation of each requirement to be introduced at a certain time.

6.2.1.3. Description of the expected impact on the objectives of the EB Regulation

- (33) The Proposal does not fully fulfil the requirement of Article 5(5) of the EB Regulation on describing the expected impact on the objectives of the EB Regulation. The recitals in the Proposal provide a description of the expected impact of the methodology for co-optimised allocation on the objectives of the EB Regulation. The relevant objectives set in Article 3 of the EB Regulation are addressed under recital (4) of the Proposal in a general manner only. ACER deleted Subparagraph (a) since it does not address an objective, amended Subparagraph (d) to correctly address the objective of Article 3(2)(e) of the EB Regulation and added three new subparagraphs to address the remaining objectives.

6.2.2. Assessment of the requirements for co-optimised allocation

6.2.2.1. Requirements on the timeframe of application of co-optimised allocation

- (34) Article 40(1) of the EB Regulation generally describes the time periods to which co-optimised allocation shall be applied, while Article 40(2) of the EB Regulation requires the co-optimised allocation to be based on a comparison of the actual market value of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves and the actual market value of cross-zonal capacity allocated for the exchange of energy. This actual market value of cross-zonal capacity allocated for the exchange of energy shall, in accordance with Article 39(2) of the EB Regulation, be calculated based on the bids of market participants in the day-ahead markets. Further, Article 40(1)(b) of the EB Regulation requires the methodology to describe the '*single optimisation process*' to allocate cross-zonal capacity to bids for the exchange of energy and bids for the exchange of balancing capacity or sharing of reserves. Therefore, the co-optimised allocation can only be implemented by being integrated in the process of the price coupling algorithm of SDAC.
- (35) Article 5 of the Proposal describes the timeframe for the co-optimised allocation process. The timings and process described in this Article are compliant with the requirements for the time periods to which co-optimised allocation shall be applied. As described in Article 13(3) and throughout other parts of the Proposal, co-optimised allocation shall be integrated within the price coupling algorithm. Therefore, the proposal is compliant with the requirements described in the Recital (34) above. For clarification, ACER deemed it necessary to add one paragraph under Article 3 of the Proposal describing this principle.

6.2.2.2. Requirements on the content of the methodology for co-optimised allocation

- (36) Articles 40(1)(a), (b), (c) and (d) of the EB Regulation set the requirements for the content of the methodology for co-optimised allocation. Following these requirements, the methodology for co-optimised allocation shall address a notification process, a detailed description on how cross-zonal capacity is allocated, a process to define the maximum volume of cross-zonal capacity to be allocated for the exchange of balancing capacity or sharing of reserves and the pricing method, firmness regime and sharing of congestion income for cross-zonal capacity allocated for the exchange of balancing capacity or sharing of reserves.
- (37) Article 4 of the Proposal addresses the notification process for the use of the co-optimised allocation process. Therefore, the Proposal fulfils the requirement of Article 40(1)(a) of the EB Regulation. To improve the structure and completeness of Article 4 of the Proposal, ACER integrated the text of Article 1(4) of the Proposal and amended the wording of Article 4 of the Proposal. Following comments received in the public consultation, ACER agreed with TSOs to amend Article 4 of the Proposal by extending the time of notification prior to the application of co-optimised allocation from one to three months.
- (38) Article 9, in combination with Articles 5, 7 and 8, of the Proposal describe how the cross-zonal capacity shall be allocated to bids for the exchange of energy and bids for the exchange of balancing capacity or sharing of reserves. Therefore, the Proposal fulfils the general requirement of Article 40(1)(b) of the EB Regulation. However, ACER deemed it necessary to amend those Articles in order to fulfil the requirement on the equal treatment between the exchange of energy and the exchange of balancing capacity or sharing of reserves, pursuant to Article 40(3) of the EB Regulation, the requirements on the calculation of market value of cross-zonal capacity, pursuant Article 39 and 40(2) of the EB Regulation and the requirement of using standard products, pursuant to Article 33(3) of the EB Regulation (see Sections 6.2.2.5, 6.2.2.6 and 6.2.3 below).
- (39) Articles 10, 11 and 12 of the Proposal describe the firmness regime, pricing and the sharing of congestion income for the cross-zonal capacity that has been allocated to bids for the exchange of balancing capacity or sharing of reserves by the co-optimised allocation. Therefore, the Proposal fulfils the general requirement of Article 40(1)(c) of the EB Regulation. However, ACER deemed it necessary to amend Article 11 of the Proposal by adding one paragraph also describing the pricing of cross-zonal capacity in case of a flow-based allocation. ACER also deemed it necessary to amend Article 10 of the Proposal in order to fulfil the requirement on the equal treatment between the exchange of energy and the exchange of balancing capacity or sharing of reserves, pursuant to Article 40(3) of the EB Regulation (see Sections 6.2.2.3 below).
- (40) Article 6 of the Proposal describes the process of defining the maximum volume of allocated cross-zonal capacity for the exchange of balancing capacity or sharing of reserves. Therefore, the Proposal fulfils the requirement of Article 40(1)(d) of the EB Regulation. However, ACER deemed it necessary to change the wording and structure of this Article to provide more clarity on the described process of defining the

maximum volume of allocated cross-zonal capacity for the exchange of balancing capacity or sharing of reserves.

6.2.2.3. Requirement on the equal treatment between the exchange of energy and the exchange of balancing capacity or sharing of reserves

- (41) Article 40(3) of the EB Regulation requires that the pricing method, the firmness regime and the sharing of congestion income for the cross-zonal capacity allocated to the exchange of balancing capacity or sharing of reserves via the co-optimised allocation ensures equal treatment with the cross-zonal capacity allocated for the exchange of energy.
- (42) The Proposal determines in its Article 12 that all congestion income from cross-zonal capacities allocated by the co-optimised allocation process shall be shared according to the provisions applicable in the SDAC. The method for pricing of cross-zonal capacity for the exchange of balancing capacity follows the same principles as used in SDAC. Therefore, the described process in Article 12 of the Proposal fulfils the requirement of Article 40(3) of the EB Regulation.
- (43) To comply with the requirement for the firmness regime, ACER deemed it necessary to add one paragraph to Article 10 of the Proposal determining how a curtailment of cross-zonal capacity shall be distributed between cross-zonal capacity for the exchange of energy and the exchange of balancing capacity or sharing of reserves. Further, ACER deemed it necessary to amend Paragraphs (4) and (5) of Article 10 of the Proposal due to the reasons described in the Recitals below.
- (44) Articles 10(4) and (5) of the Proposal address the costs for ensuring firmness after the allocation for cross-zonal capacities to the exchange of balancing capacity or sharing of reserves and how these costs shall be shared. While Paragraph (4) of Article 10 of the Proposal refers to the cost sharing methodology for redispatching and countertrading in accordance with Article 74 of the CACM Regulation, Paragraph (5) of Article 10 of the Proposal further states that costs ‘shall be borne by the relevant TSOs infringed in this curtailment’ and allows TSOs to set a cost compensation cap.
- (45) As described in Recitals (8), (12) and (13), the introduction of a cost compensation cap was publicly consulted and further discussed during consultations with all regulatory authorities and all TSOs. A sound legal basis for introducing such a cap could not be identified in the scope of these discussions.
- (46) ENTSO-E’s response to the public consultation argues that the introduction of such a cap serves the avoidance of risks for TSOs within and outside a balancing capacity cooperation and the general possibility of risk management among TSOs and avoids wrong incentives for TSOs with illiquid balancing markets. While ACER acknowledges the TSOs’ preference for sharing risk among TSOs, it does not share the same view than TSOs with regard to illiquid balancing markets. Co-optimised cross-zonal capacity allocation should also be a market-based tool to widen the scope of national electricity balancing markets by providing access to adjacent markets and therefore foster liquidity. While operational security always needs to be ensured by

each TSO, co-optimised cross-zonal capacity allocation should improve the overall efficiency of all participating balancing capacity markets. If firmness cannot be provided, the cost of remuneration should be borne by the TSO responsible for the curtailing of cross-zonal capacities. Such principle should incentivise TSOs to use the most efficient means to fulfil their duties, while avoiding curtailment and ensuring firmness as far as possible.

- (47) A separate framework for a cost sharing process within the scope of the methodology for co-optimised allocation could not be established during the consultation described in Recital (11). According to Article 40(3) of the EB Regulation, such process should follow the same principles as provided for the exchange of energy. Therefore, ACER complemented the reference in Article 10(4) of the Proposal with the additional reference to Article 76 of Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation ('SO Regulation') covering the sharing of costs for remedial actions, which includes curtailment costs in accordance with Article 22(3)(i) of the SO Regulation. To ensure a feasible and transparent process of allocating curtailment costs outside the scope of this methodology (i.e. curtailment close to real time), any costs of ensuring firmness which are outside the scope of the methodologies referred to in Article 10(6) of Annex I, shall be borne by the TSO requesting the curtailment.

6.2.2.4. Requirements on the use of cross-zonal capacity after co-optimised allocation

- (48) Article 40(4) of the EB Regulation requires that cross-zonal capacity, which is allocated to the exchange of balancing capacity or sharing of reserves by the co-optimised allocation process, shall only be used for the associated exchange of balancing energy. Articles 38(4) and (9) of the EB Regulation set further requirements on the use of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves.
- (49) Article 1(7), Articles 3(6) and (7) and Article 10(2) of the Proposal aim to address these requirements. ACER amended the Proposal by combining the required provisions under Article 10(2) of the Proposal while deleting repetitions. Since the detailed provisions for the subsequent allocation or release of cross-zonal capacities for the exchange of balancing energy are regulated in the scope of the balancing energy platforms pursuant to Articles 19 to 21 of the EB Regulation, ACER deleted some of these out of scope descriptions and added an additional paragraph in Article 3 of the Proposal to clarify the subsequent process related to these platforms.
- (50) Subparagraph (g) of Article 13(2) of the Proposal on the implementation impact assessment mentions a two-step approach. Consultation with TSOs, clarified that the two-step approach refers to a separate procurement step performed by TSOs to clear the balancing capacity market, after the co-optimised allocation process. Article 40 of the EB Regulation does not include any explicit legal requirement to include the procurement of balancing capacity in the co-optimised allocation process. The process for the procurement of balancing capacity, when applying the co-optimised allocation process, shall be defined in the proposal pursuant to Article 33(1) of the EB Regulation. The pricing method for the cross-zonal capacity, which has been allocated

to bids for the exchange of balancing capacity or sharing of reserves via the co-optimisation allocation process, is, in accordance with Article 40(1)(b) of the EB Regulation, set by the methodology for co-optimised allocation and according to Article 40(3) of the EB Regulation *‘the pricing method of cross-zonal capacity that has been allocated to bids for the exchange of balancing capacity or sharing of reserves via the co-optimisation allocation process shall ensure equal treatment with the cross-zonal capacity allocated to bids for the exchange of energy’*. While this requirement is fulfilled by Article 11 and Article 3(5) of the Proposal, any deviation of this pricing method in a second step for procuring balancing capacity would not be compliant. Since the co-optimised allocation process is using the bids submitted to the capacity procurement optimisation function in accordance with Article 33(3) of the EB Regulation, the outcome of selected bids, balancing capacity prices and congestion rent from cross-zonal capacity should be the same for either a procurement of balancing capacity following the co-optimised allocation process (i.e. two-step approach) or a procurement of balancing capacity within the co-optimised allocation process (i.e. one-step approach).

6.2.2.5. Requirements on the calculation of market value of cross-zonal capacity

- (51) Article 40(2) of the EB Regulation requires the methodology for co-optimised allocation to be based on a comparison of the value of cross-zonal capacity allocated for either the exchange of energy or the exchange of balancing capacity or sharing of reserves. Articles 39(2), (3) and (4) of the EB Regulation further specify the basis for calculating these actual market values.
- (52) Article 7 of the Proposal determines that the market value of cross-zonal capacity for the exchange of energy shall be based on the change of economic surplus for the SDAC. Looking at the definition of economic surplus for the SDAC in Article 2(46) of the CACM Regulation and the associated provisions in the same regulation, this implies a direct link between the calculated value of cross-zonal capacity for the exchange of energy with the bids of market participants in the day-ahead market. Article 7 of the Proposal does therefore fulfil the requirement of Article 39(2) of the EB Regulation.
- (53) Article 8 of the Proposal determines the actual market value of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves. As described in this Article, the calculation of the actual market value of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves follows the same principles as the determination of the market value of cross-zonal capacity for the exchange of energy and is based on the bids submitted to the procurement optimisation function. Therefore, the Proposal fulfils the requirement of Article 39(3) of the EB Regulation. To clarify the principle of economic surplus from the exchange of balancing capacity or sharing of reserves, ACER deemed it necessary to add a definition for this term. Since the principle of economic surplus from the exchange of balancing capacity or sharing of reserves is also covering the avoided costs of procuring balancing capacity through the sharing of reserves, the Proposal also fulfils the requirement of Article 39(4) of the EB Regulation.

- (54) ACER took into account the feedback received from all TSOs during the hearing phase for the definition of economic surplus from the exchange of balancing capacity or sharing of reserves. ACER did not deem it necessary to add the word ‘satisfied’ to the definition, as suggested by the TSOs, since this change would not have any impact following the principles, described in Article 8(4) of Annex I.
- (55) Article 8(3) of the Proposal introduces the possibility of a price sensitive demand for the purposes of possible substitutions between different types of balancing capacity with the aim to minimise balancing capacity procurement costs. Following the comments ACER received in the public consultation and the consultation with the regulatory authorities and TSOs, ACER decided to amend this article by not allowing a price sensitive demand for co-optimised allocation. The following recitals describe the reasoning which lead to this amendment.
- (56) While ACER supports the general principle of minimising the balancing capacity procurement costs, the benefits and drawbacks from using such a principle are not sufficiently clear. The text in the Proposal that a demand ‘... *may be price-sensitive for the purposes of possible substitutions between different types of reserve capacity*’ is hinting at the intention of linking the price sensitivity to substitution of different balancing capacity products, but would leave TSOs a significant amount of freedom to introduce any kind of price sensitivity. This could lead to a non-transparent balancing capacity market environment and would not follow the objectives under Articles 3(1)(a), (1)(e) and (2)(b) of the EB Regulation. Therefore, ACER consulted, as described in Recital (12), how such a provision of having a price sensitive demand linked to available alternatives could be introduced in a transparent way without introducing possible distortions of the balancing capacity market. To ensure that the sensitivity of the demand is linked to the possibility of covering the demand through an applicable substitution (following the intention of the TSOs’ text proposed), the price and availability of such a substitute needs to be firm during the time of the co-optimised cross-zonal capacity allocation process. Possible options for substitutions could either be another standard balancing capacity product with a higher quality (e.g. cheaper leftover bid for aFRR than the available mFRR bids) or a specific balancing capacity product which can fulfil the requirements of the demanded standard capacity product.
- (57) Using another standard balancing capacity product as a substitute would lead to several issues. Once such a substitute is procured to cover a different demand, the subsequent processes, where the balancing energy bid linked with this balancing capacity can be submitted, are not clear and possibly result in undesired consequences for the balancing service provider that submitted this bid. The bid of such substitute was not provided for the product it was procured for and compliance with Article 157(2)(c) of the SO Regulation might be difficult to maintain. Since such a setup would imply the linking of TSOs balancing capacity demands within the co-optimised cross-zonal capacity allocation process, it should be implemented at the same time as the linking of bids from balancing service providers. Once the linking of bids for balancing service providers is implemented, balancing service providers will likely aim for optimising their assets over all possible markets and will therefore submit

linked bids on all of them. Such bidding behaviour of balancing service providers would also solve the issue of price sensitive demand for the purposes of possible substitutions between different types of standard balancing capacity products while not leading to issues in the subsequent processes. Therefore, such price sensitivity is not beneficial for the co-optimised cross-zonal capacity allocation process and would unnecessarily add an additional burden on the price coupling algorithm.

- (58) As described in Recital (56) above, providing price sensitivity based on a substitution through specific balancing capacity products, in a transparent way would be only possible, if the TSOs with a price sensitive demand had access to firm offers for the substituting specific balancing capacity product during the time of the process of co-optimised allocation of cross-zonal capacities and the procurement of the standard balancing capacity products. The implications of a setup of co-optimised cross-zonal capacity allocation with linked bids from national specific balancing capacity product procurement are currently not fully clear, as during the consultation with the TSOs, they were not able to clearly describe this set up, but could lead to several issues. Such linkage could lead to a discriminatory environment in a region which exchanges balancing capacity, since TSOs would be able to exclusively access cheaper national bids, which are not shared with other TSOs of the balancing capacity cooperation. Further, TSOs would have more freedom in establishing rules for national markets for specific balancing capacity products, which could have a direct impact on the co-optimised allocation process if such linkage is provided. All these possibilities could be interpreted as an incentive for TSOs to establish parallel national markets for specific balancing capacity products, which would not be compliant with the objectives under Article 3 of the EB Regulation. Further, ACER does not see sufficient evidence of benefits of such a design compared to a design with subsequent procurement steps for standard and specific balancing capacity products, which would allow balancing service providers to explicitly participate in both procurement procedures.
- (59) Due to these uncertainties on the linked risks and benefits of such price sensitive demand for possible substitutions between different types of balancing capacity products, as well as the lack of available details on how such a feature would be designed, ACER deleted this provision in Article 8 and all references to a demand curve throughout the Proposal. Once TSOs are able to provide sufficient clarity concerning the resolution of these issues and the benefits of such provision, they may request an amendment to the methodology for co-optimised allocation of cross-zonal capacities.
- (60) To follow the general principle of minimising balancing capacity procurement costs, ACER introduced the possibility of an elastic TSO demand to include the capacity from an indivisible balancing capacity bid, if such an increase in the TSO demand would decrease the overall procurement costs for the respective standard balancing capacity product.
- (61) Article 8(4) of the Proposal addresses the situation of a local shortage of balancing capacity bids in the co-optimised allocation process. While ACER agrees to performing co-optimised allocation while it is feasible to cover the balancing capacity

demand through the exchange of balancing capacity or sharing of reserves, re-wording of this paragraph was necessary to clarify the process and avoid the use of a price sensitive demand. Additionally, ACER deemed it necessary to refer to a fall-back procedure, which shall be described in the proposal, pursuant to Article 33(1) of the EB Regulation, if a balancing capacity demand cannot be met by using co-optimised allocation.

- (62) ACER took into account the feedback received from all TSOs during the hearing phase on how to handle a TSO's demand exceeding locally available bids but does not agree to the TSOs' argumentation on determining the balancing capacity clearing price in case of insufficient locally available bids. If bids, including the possibility of cross-zonal exchange, are not sufficient to meet a TSO's demand on a local market, this local market cannot be fully cleared. Therefore, such a situation cannot be resolved in the scope of the co-optimised allocation process. As described in Article 8(4) of the Annex I, such situation shall be addressed via the fall-back procedure in a proposal pursuant Article 33(1) of the EB Regulation. Following the feedback received from all TSOs during the hearing phase, ACER would like to stress that the final clearing price for a balancing capacity product in the prescribed cross-border marginal pricing method should not take into account the price of unaccepted bids or any following price limit from the co-optimised allocation process. The pricing of cross-zonal capacity and the sharing of congestion income are already addressed in Articles 11 and 12 of the Proposal in a compliant manner, as described in Recitals (42) and (50). The following remuneration of long-term transmission rights shall be addressed in the proposal pursuant to Article 61 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation and is therefore not in the scope of the methodology for co-optimised allocation. Hence, the concerns described by TSOs in the hearing feedback do not apply to this methodology for co-optimised allocation.

6.2.2.6. Requirement of using standard products in co-optimised allocation

- (63) According to Article 33(3) of the EB Regulation, all TSOs exchanging balancing capacity shall submit all balancing capacity bids from standard products to the capacity procurement optimisation function. This general restriction to standard products for the possible exchange of balancing capacity also applies to co-optimised allocation. While the list of standard products for balancing capacity for frequency restoration reserves and replacement reserves is subject to the methodology pursuant to Article 25(2) of the EB Regulation, the methodology for co-optimised allocation shall only refer to standard balancing capacity products to be applied in the co-optimised allocation process. The Proposal does not fulfil this requirement.
- (64) To meet this requirement, ACER deemed it necessary to amend the wording in several parts of the Proposal to explicitly refer to standard balancing capacity products. Further, ACER amended Article 5 of the Proposal to exclusively allow the submission of bids for standard balancing capacity products to the co-optimised allocation. Integrated balancing capacity bids must be converted to bids for standard balancing capacity products to participate in the co-optimised allocation process.

- (65) Paragraph (2) in Article 3 of the Proposal describes how to deal with an exemption to separate procurement of upward and downward standard balancing capacity pursuant to Article 5(4)(f) of the EB Regulation. Since the products to be used in the co-optimised allocation process are restricted to standard balancing capacity products, ACER deleted this paragraph.
- 6.2.3. Amendments necessary to ensure legal clarity and consistency with existing legal provisions
- (66) In the description of the co-optimised allocation process in Article 5 of the Proposal, various undefined terms are used for the recipient of data which is required to perform the co-optimised allocation process (i.e. market operator, balancing capacity market operator, market coupling operator). The only definition of a similar term related to these terms, which is covered in the listed regulations in Article 2(1) of the Proposal, is the ‘market coupling operator (MCO) function’ pursuant to Article 2(30) of the CACM Regulation. To clarify the process described in Article 5 of the Proposal, ACER defined the term ‘bid aggregating interface’ in Article 2(2) of Annex I and replaced the undefined related terms in the Proposal either with the new term ‘bid aggregating interface’ or with the existing definition of ‘MCO function’ from the CACM Regulation.
- (67) ACER deleted the definition of ‘balancing capacity validity period’ and ‘contracting period’ and amended the related Paragraphs (3) and (4) of Article 3 of the Proposal. While the term ‘contracting period’ is already used in the same context in the EB Regulation, the Proposal’s definition of a ‘balancing capacity validity period’ and the following provision in Article 3(4) of the Proposal are not clear enough to sufficiently describe the concept, which was explained when consulting all TSOs. Using the term ‘validity period’, which is already defined in the EB Regulation under Article 3(33), when amending Paragraph (4) of Article of the Proposal, provides a clearer description of the requirement for standard balancing capacity products participating in the co-optimised allocation process and the link to the subsequent balancing energy markets.
- (68) ACER amended Article 3(3) of the Proposal to take into account the possibility of days which do not have 24 hours due to daylight saving time.
- (69) ACER amended Article 5(2)(j) of the Proposal. To clarify the text while avoiding the introduction of an additional definition for the capacity management function of the platforms for the exchange of balancing energy pursuant to Articles 19 to 21 of the EB Regulation, ACER decided to refer to these platforms directly. While ACER generally agrees to the process proposed in the Proposal of submitting the available cross-zonal capacities directly to this cross-platform function, to simplify this methodology it should be sufficient to describe this process implicitly by a general reference to the balancing capacity pursuant to Articles 19 to 21 of the EB Regulation.
- (70) ACER added one subparagraph to Article 9(5) of the Proposal to address unwanted netting of directions on a bidding zone border when sharing reserves, since cross-zonal capacity could be activated in each direction when procured balancing capacity is shared among two bidding zones.

- (71) ACER amended Articles 9(7)(e) and (f) of the Proposal to separately take into account each standard balancing capacity product and direction on a bidding zone border.
- (72) ACER amended the wording in Article 9(2) of the Proposal to describe the objective of the cross-zonal capacity allocation optimisation function using the defined terms. This amendment also takes into account the feedback received from all TSOs during the hearing phase.
- (73) ACER added one subparagraph to Article 8(1) of the Proposal to complete the input parameters for the determination of the actual market value of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves, following the suggestion in the feedback received from all TSOs during the hearing phase.
- (74) ACER amended Article 5(2)(d)(iii) of the Proposal to increase clarity, taking into account the feedback received from all TSOs during the hearing phase.
- (75) Additionally, ACER deleted several provisions in the Proposal which were deemed out of scope or not necessary and while not improving the quality of the methodology. The following amendments which were not explicitly described elsewhere in this decision fall under this category:
- a) the definitions under Articles 2(2)(c), (d) and (e) of the Proposal;
 - b) all references to the undefined term balancing capacity cooperation;
 - c) tasks, inputs and outputs of the market coupling operator function which are not directly related to the co-optimised allocation in Articles 5 and 9 of the Proposal; and
 - d) references to the process of calculating or updating cross-zonal capacities in Article 5(2)(i) and Article 7(3) of the Proposal.

6.2.4. Assessment of the requirements for consultation, transparency and stakeholder involvement

6.2.4.1. *Consultation and involvement of stakeholders*

- (76) When drafting the Proposal, all TSOs aimed at addressing the requirements from Article 10 of the EB Regulation regarding the involvement of stakeholders.
- (77) As indicated in Recital (5) above, all TSOs fulfilled the requirements of Article 10 of the EB Regulation, since stakeholders were consulted on the draft Proposal pursuant to Article 10(1) of the EB Regulation. This involvement took place during a public consultation, which ran from 15 May 2019 until 31 July 2019. In addition, all regulatory authorities were regularly informed and consulted pursuant to Article 10(1) of the EB Regulation. The justifications regarding the consideration given to the views expressed by stakeholders during the public consultation in the drafting of the Proposal were provided in a separate document and submitted together with the Proposal to ACER.

6.2.4.2. Publication and transparency

- (78) The Proposal fulfils the requirements on publication and transparency in accordance with Article 7 of the EB Regulation.
- (79) Article 14 of the Proposal summarises the publication requirements related to the co-optimised allocation. The provided deadlines and timings in this article are meeting the requirements of Article 12 of the EB Regulation. As described in Recital (37), ACER extended the time for prior notification in Paragraph (5) of Article 14 of the Proposal.

7. CONCLUSION

- (80) For all the above reasons, ACER considers the Proposal in line with the requirements of the EB Regulation, provided that the amendments described in this Decision are integrated in the Proposal, as presented in Annex I.
- (81) Therefore ACER approves the Proposal subject to the necessary amendments and to the necessary editorial amendments. To provide clarity, Annex I to this Decision sets out the Proposal as amended and approved by ACER,

HAS ADOPTED THIS DECISION:

Article 1

The methodology for a co-optimised allocation process of cross-zonal capacity in accordance with Article 40(1) of Regulation (EU) 2017/2195 is adopted as set out in Annex I to this Decision.

Article 2

This Decision is addressed to all TSOs:

50Hertz - 50Hertz Transmission GmbH
Amprion - Amprion GmbH
APG - Austrian Power Grid AG
Augstsprieguma tīkls - AS Augstsprieguma tīkls
Britned - BritNed Development Limited (NL)
BritNed - BritNed Development Limited (UK)
ČEPS - ČEPS a.s.
CREOS Luxembourg - Creos Luxembourg S.A.
EirGrid - EirGrid plc
Eirgrid Interconnector - Eirgrid Interconnector DAC
ElecLink - ElecLink Ltd
Elering - Elering AS
ELES - ELES, d.o.o.

Elia - Elia Transmission Belgium SA/NV
Energinet - Energinet
ESO - Electroenergien Systemen Operator EAD
Fingrid - Fingrid Oyj
HOPS - Croatian Transmission System Operator Ltd
IPTO - Independent Power Transmission Operator S.A.
Kraftnät Åland - Kraftnät Åland Ab
LITGRID - Litgrid AB
MAVIR ZRt. - MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen
Működő Részvénytársaság ZRt.
Moyle Interconnector - Moyle Interconnector Ltd;
National Grid ESO - National Grid ESO;
National Grid Interconnectors - National Grid Interconnectors Ltd;
PSE - Polskie Sieci Elektroenergetyczne S.A.
REE - Red Eléctrica de España S.A.
REN - Rede Eléctrica Nacional, S.A.
RTE - Réseau de Transport d'Electricité, S.A
SEPS - Slovenská elektrizačná prenosová sústava, a.s.
SONI - System Operator for Northern Ireland Ltd;
Svenska Kraftnät - Affärsverket svenska kraftnät
TenneT GER - TenneT TSO GmbH
TenneT TSO - TenneT TSO B.V.
Terna - Terna Rete Elettrica Nazionale S.p.A.
Transelectrica - National Power Grid Company Transelectrica S.A.
TransnetBW - TransnetBW GmbH
VÜEN - Vorarlberger Übertragungsnetz GmbH

Done at Ljubljana, on 17 June 2020.

- SIGNED -

*For the Agency
The Director*

C. ZINGLERSEN

Annexes:

Annex I – Methodology for a co-optimised allocation process of cross-zonal capacity in accordance with Article 40(1) of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing

Annex Ia (for information only) – Methodology for a co-optimised allocation process of cross-zonal capacity in accordance with Article 40(1) of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing – with track changes

Annex II (for information only) – Evaluation of responses to the public consultation on the methodology for co-optimised allocation process of cross-zonal capacity

In accordance with Article 28 of Regulation (EU) 2019/942, the addressee may appeal against this Decision by filing an appeal, together with the statement of grounds, in writing at the Board of Appeal of ACER within two months of the day of notification of this Decision.

In accordance with Article 29 of Regulation (EU) 2019/942, the addressee may bring an action for the annulment before the Court of Justice only after the exhaustion of the appeal procedure referred to in Article 28 of that Regulation.