

**Request for Amendment by the Regulatory Authorities in
Denmark, Finland and Sweden**

on

**Methodology on the application of the Nordic CCR
market-based allocation process of cross-zonal capacity for
the exchange of manual Frequency Restoration Reserve
capacity for the bidding zones of Denmark, Finland and
Sweden in accordance with Article 38(1) of the
Commission Regulation (EU) 2017/2195 of 23 November
2017 establishing a guideline on electricity balancing**

5 July 2024

I. Introduction and legal context

This document elaborates an agreement of the Regulatory Authorities in Denmark, Finland and Sweden (hereinafter referred to as NRAs), agreed on 5 July 2024, to request the TSOs in Denmark, Finland and Sweden (hereinafter referred to as TSOs) to amend the proposal on the methodology on the application of the Nordic CCR market-based allocation process of cross-zonal capacity for the exchange of manual Frequency Restoration Reserve capacity for the bidding zones of Denmark, Finland and Sweden in accordance with Article 38(1) of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (hereinafter referred to as respectively “art. 38 proposal” and “EB Regulation”).

This agreement of the NRAs shall provide evidence that a decision on the art. 38 proposal does not need to be adopted by ACER pursuant to Article 5(7) of the EB Regulation at this stage. This document is intended to constitute the basis on which all NRAs will each subsequently request an amendment to the art. 38 proposal pursuant to Article 6(1) of the EB Regulation. The TSOs are Energinet, Fingrid Oyj and Svenska kraftnät.

The provisions, which constitute the legal basis for the proposal and the NRAs agreement on a RfA, can be found in Articles 3, 4, 5, 6, 38 and 41 of the EB Regulation, cf. the latest consolidated version of 19 June 2022.

II. Process

A draft proposal for the methodology on the application of the Nordic CCR market-based allocation process of cross-zonal capacity for the exchange of manual Frequency Restoration Reserve capacity for the bidding zones of Denmark, Finland and Sweden was publicly consulted by the TSOs from 16 February to 18 March 2024, in accordance with Article 10 of the Regulation 2017/2195. The final art. 38 proposal (dated March 2024) was received by the last NRA on 25 March 2024.

Article 5(6) of the Regulation 2017/2195 requires all NRAs to consult and closely cooperate and coordinate with each other in order to reach an agreement and make decisions within six months following the receipt of the submitted proposal by the last NRA. A decision is therefore required by each NRA by 25 September 2024.

III. NRAs' position

NRAs appreciate the efforts made by the TSOs in submitting their proposal for the methodology on the application of the Nordic CCR market-based allocation process of cross-zonal capacity for the exchange of manual Frequency Restoration Reserve capacity for the bidding zones of Denmark, Finland and Sweden.

However, in order to allow for the individual NRA approvals of the art. 38 proposal, the following amendments to the art. 38 proposal are requested by the NRAs:

General remarks

The NRAs have the following general remarks:

- Explain in detail, in the methodology and/or in an explanatory note, how the HVDC links will be handled due to e.g. allocation constraints and/or ramping restrictions. It must be clear how it will be ensured that the reserved capacity is available for the exchange of balancing capacity when needed.
- Provide an overall description of the effects of the trilateral market on the respective country/bidding zone.
- Provide an overall description of the consequences of Statnett not participating in the mFRR balancing capacity market. Also, describe the measures that need to be taken for all Nordic CCR TSOs to be able to participate.

Specific remarks

Whereas:

When referring to mFRR capacity it shall be clarified that it concerns mFRR balancing capacity.

Article 2(2)(c):

The reference to FCA Regulation shall be replaced with the follow wording in order to spell out the full regulation since the FCA Regulation has not been mentioned previously in this methodology:

“Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (hereafter referred to as the "FCA Regulation").”

Article 3(1):

The wording referring to the methodology pursuant to Article 33(1) shall make a clear reference to the mFRR methodology.

Article 4(1):

The reference to the DK1-SE4 border shall be changed to the DK1-SE3 border.

Article 4(3):

When referring to Article 5(1)(a) of the methodology “the methodology pursuant to” shall be added the wording in order to make proper reference to Article 41(1) of the EB Regulation.

Article 4(5):

It shall be specified that the TSOs assessment of the need for the cross-zonal capacity allocated to mFRR balancing capacity shall be made after the Day-ahead Market clearing.

IV. Conclusions

NRAs have assessed, consulted and closely cooperated to reach an agreement to request an amendment to the TSOs' proposal concerning the methodology on the application of the Nordic CCR market-based allocation process of cross-zonal capacity for the exchange of manual Frequency Restoration Reserve capacity in accordance with Regulation 2017/2195. The amended proposal shall take into account the NRAs' position stated above. In accordance with Article 6(1) of Regulation 2017/2195, the amended proposal shall be submitted by TSOs to the NRAs no later than 2 months following the last national decision to request an amendment has been made.