

Letter to the Nordic TSOs concerning the submission of a common proposal for the determination of LFC blocks according to SO GL

One of the most critical processes in ensuring operational security with a high level of reliability and quality is the load-frequency control (LFC).

According to Article 141(2) of the Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (SO GL), all TSOs of a synchronous area, shall jointly in close cooperation develop a common proposal regarding the determination of the LFC blocks by 4 months after entry into force of SO GL. The proposal shall be submitted to the NRAs in the respective synchronous area for approval. According to Article 5(7) of the SO GL, the Nordic TSOs shall decide on the common proposal on the basis of a consensus.

As of today, the Nordic NRAs have already sent two letters to the Nordic TSOs regarding this issue, stressing the importance of a joint effort. You will find the letters from 18 August and 11 October 2017 respectively attached. The Nordic NRAs want to express deep concern about the fact that the Nordic TSOs did not submit a common proposal regarding the determination of LFC blocks for the Nordic synchronous area within the deadline defined in the SO GL. Instead the Nordic TSOs submitted the explanatory letter “Status of the proposal from all Nordic TSOs for the determination of LFC blocks within the Nordic Synchronous Area in accordance with Article 141(2) of the Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (“SO GL”)” to the Nordic NRAs on 15 January 2018.

The Nordic TSOs have provided the Nordic NRAs with a new timetable for the development of a common proposal regarding the determination of LFC blocks for the Nordic synchronous area and sent to the Nordic NRAs for information a Memorandum of Understanding (MoU) on Nordic balancing cooperation (signed by the Nordic TSOs on 19 January 2018).

The Nordic NRAs remind the Nordic TSOs that the TSO decision-making provisions set in the Article 5(7) of the SO GL and deadlines for submitting proposals to the NRAs for approval defined in the SO GL are legally binding for the TSOs. Thus, the Nordic TSOs shall follow the principles of close cooperation in developing and consensus for decision-making of proposals among the TSOs in line with the requirements of SO GL, without exemptions. TSOs must comply with the provisions set in the SO GL and may not for any reason deviate from these provisions.

The Nordic NRAs would also like to remind the Nordic TSOs that the Article 5(9) of the SO GL requires that where TSOs fail to submit a proposal for terms and conditions or methodologies to the regulatory authorities within the deadlines defined in the SO GL, TSOs shall provide the regulatory authorities and the Agency with the relevant drafts of the terms and conditions or methodologies, as well as an explanation why an agreement has not been reached. The Nordic NRAs find the explanatory letter provided by the TSOs to the NRAs on

15 January not fully satisfactory in light of the requirements described in Article 5(9) of the SO GL.

The Nordic NRAs strongly recommend that the Nordic TSOs immediately put all their efforts to prepare, consult and submit a common proposal for the determination of LFC blocks as required by the SO GL. The Nordic NRAs also require that the Nordic TSOs must develop and submit a common proposal on determination of LFC blocks in accordance with the rules set out in SO GL. The submission of the common proposal should happen as soon as possible and without any further delays. Therefore, the Nordic NRAs insist that regardless of any other processes the Nordic TSOs should start the public consultation process of a common proposal on determination of LFC blocks by the beginning of March at latest.

The Nordic NRAs also want to pay the Nordic TSOs' attention to the importance of making sure that the next proposals for methodologies will be delivered in due time in September in order to ensure that the European process as a whole will not be compromised.

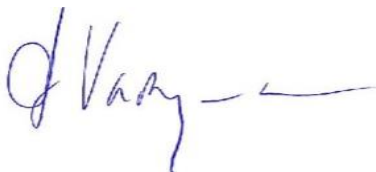
To assure the Nordic NRAs that the Nordic TSOs will submit a common proposal for the determination of LFC blocks to the Nordic NRAs for approval without delays, the Nordic TSOs are requested to regularly submit reports to the Nordic NRAs on progress of your work in developing this common proposal for the determination of LFC blocks.

The progress reports shall contain:

1. a detailed timetable for developing the proposal regarding the determination of the LFC blocks, and
2. a brief description of the milestone achieved in accordance with the timetable.

The progress reports shall be submitted to all Nordic NRAs every Monday starting on 26 February 2018. Please title the report "Progress report on the common proposal for the determination of LFC blocks according Article 141(2) of SO GL".

Finally, the Nordic TSOs are also requested to inform the Nordic NRAs without delay of any further difficulties in developing common proposals requested by the SO GL.



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Chair of NordREG

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