

Mr Alberto Pototschnig
Director
ACER

Cc: Dr Klaus-Dieter Borchardt
Director
Internal Energy Market DG ENER
European Commission

Cc: Mr Laurent Schmitt
Secretary General
ENTSO-E

By email only

24 July 2019

Dear Alberto,

I am writing on behalf of all Regulatory Authorities with regard to the proposal for the implementation framework for the exchange of balancing energy from frequency restoration reserves with automatic activation (hereafter the "aFRR IF"), pursuant to Article 21(1) of the Regulation (EU) 2017/2195 establishing a guideline on electricity balancing, submitted by all Transmission System Operators (hereafter: TSOs).

Article 5(6) of Regulation (EU) 2017/2195 requires all Regulatory Authorities to consult and closely cooperate and coordinate with each other in order to reach an agreement and make a decision within six months following receipt of submissions to the last Regulatory Authority. The last Regulatory Authority received the aFRR IF on 11 February 2019. A decision was therefore required by each Regulatory Authority by 11 August 2019.

All Regulatory Authorities were not able to reach an agreement on the TSO proposal. There are two main points of disagreement among Regulatory Authorities. First, there are diverging interpretations of the technical functioning of the automatic frequency restoration process as currently performed by various TSOs. Second, Regulatory Authorities disagree on the choice of "control demand" model as the high-level design for the aFRR-Platform. On this latter point, there is a considerable interdependence of the aFRR IF with other all TSO proposals, most notably the proposal on methodologies for pricing balancing energy and cross-zonal capacity used for the exchange of balancing energy or operating the imbalance netting process pursuant to article 30(1) and 30(3) of the Regulation (EU) 2017/2195.

The views of all Regulatory Authorities regarding the aFRR IF have been summarized in the non-paper attached to this referral letter. This non-paper establishes the common ground that all Regulatory Authorities agree on, including suggested changes to the aFRR IF, and highlights the key points of disagreement.

In conclusion, All Regulatory Authorities jointly request ACER to adopt a decision concerning the aFRR IF according to Article 5(7) of the Regulation 2017/2195, in accordance to Article 8(1) of Regulation 713/2009. While adopting its decision, all Regulatory Authorities expect that the Agency will give utmost consideration to all Regulatory Authorities' views on the aFRR IF as provided in the related non-paper and the key topics listed above, and to the consistency between the various all TSO proposals on which ACER is to adopt a decision in the coming months. All Regulatory Authorities are ready to assist the Agency to develop and adopt its decision.

Yours sincerely,

Clara Poletti
ERF Chair

