ACER
European Union Agency for the Cooperation of Energy Regulators

ACER Decision on the Implementation framework for the mFRR-Platform/aFRR-Platform/IN-Platform: Annex III

Public Consultation

on

the amendments to the mFRR, aFRR and IN Implementation Frameworks

PC_2022_E_03

Evaluation Report

30 September 2022

1. INTRODUCTION

On 31 March 2022, all Transmission System Operators' ('TSOs') submitted to the European Union Agency for the Cooperation of Energy Regulators ('ACER') their proposals for the amendment of the Implementation Frameworks for the European Platforms for the exchange of balancing energy from frequency restoration reserves with manual activation ('mFRRIF'), the exchange of balancing energy from frequency restoration reserves with automatic activation ('aFRRIF'), and the imbalance netting process ('INIF') in accordance with Articles 20, 21 and 22 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing ('EB Regulation'). They are commonly referred to as 'the Proposals'.

The TSOs have submitted four amendment proposals in total:

- three proposals for amending each of the mFRRIF, aFRRIF and INIF to include the proposed designation of the entity that will perform the capacity management function ('CMF'); and
- one proposal for amending the mFRRIF with respect to the technical details to clarify and change formulations and definitions for the go-live of the mFRR-Platform.

In order to take an informed decision, ACER launched a public consultation on 16 May 2022 inviting all interested stakeholders, including ENTSO for Electricity, Regulatory Authorities and TSOs to provide comments on the Proposals. The closing date of the public consultation was 12 June 2022. More specifically, the public consultation invited stakeholders to comment on the following aspects of the Proposals, while also opening for any other comments the stakeholders may have:

(i) the designation of the entities performing the functions of the EU balancing platforms; and

(ii) the mFRRIF technical changes.

2. RESPONSES

By the end of the consultation period, ACER received responses from 6 respondents. This evaluation paper summarises all of the respondents' comments and how these were considered by ACER. The table below is organised according to the consultation questions and provides the respective views of the respondents, as well as a response from ACER clarifying how their comments were considered in the present Decisions.

Respondents' replies	ACER's views
TOPIC 1: TSOs' AMENDMENT PROPOSALS ON THE DESIGNATION OF ENTITIES PERFORMING THE FUNCTIONS OF THE EU BALANCING PLATFORMS	
Question 1 Would you like to make any comments with respect to the Amendment Proposals on the multiple entity setup proposed to operate the EU balancing platforms?	
6 respondents provided answer to this question.	
2 respondents (EFET, Eurelectric) would like to have a timelier publication of information than 'no later than 30 minutes' in accordance with Article 12 of the EB Regulation for the Go-Live of mFRR and aFRR Platforms.	ACER would like to point out that, in accordance with the currently approved mFRRIF, aFRRIF and INIF[1], the TSOs are already mandated to publish information 'as soon as possible' and no later than 30 minutes after the end of relevant Market Time Unit ('MTU').
2 respondents (ENTSO-E, Eurelectric) support the proposed setup. 1 participant (ENTSO-E) summarised its arguments as in the Explanatory document 1 attached to the Proposals and explained accordingly why it considers the proposed multiple-entity setup compliant with the	ACER considers that some of the parts of the Proposals either lack sufficient details or legal clarity and therefore, amended the Proposals in way to make it compliant with the additional requirements of Article 20(3)(e), Article 21(3)(e) and Article 22(3)(e) of the EB Regulation. The reasons for changes that

[1] Annex I to ACER Decision 02/2020 of 24 January 2020, Annex I to ACER Decision 03/2020 of 24 January 2020 and Annex I to ACER Decision 13/2020 of 24 June 2020.

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additional requirements of Article 20(3)(e), Article 21(3)(e) and Article 22(3)(e) of the EB Regulation.	ACER introduced are covered and presented in detail in the respective Decisions.
1 respondent (Eurelectric) welcomes the introduction of the new article defining the high-level principles that the contractual frameworks must follow and the paragraph on transparency requirements for the publication of data.	ACER also welcomes the addition of a new article on the contractual framework obligations and of a new paragraph on transparency requirements for the publication of data.
1 respondent (Slovenské elektrárne, a.s.) expects an increase of costs and therefore proposes to unify the Transparency platform and CMF in order to reduce the costs. 1 respondent stresses that the increased complexity must not lead to avoidably high costs.	ACER considers it important to clarify that the Transparency platform and CMF serve different purpose, therefore they cannot be merged. The Transparency platform serves the purpose of providing common service to the market participants for publishing data in accordance with Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council[2] as well as data in accordance with Article 12 of the EB Regulation and the currently approved mFRRIF, aFRRIF and INIF. The CMF is one of the functions of the EU balancing platforms and serves the purpose of continuously updating of cross-zonal capacities that are available for the power interchanges. Regarding the costs, ACER added a requirement on cost efficiency as well as the requirement to have separate accounts so that the costs of operating the EU balancing platforms can

[2] https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R0543&from=EN

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	transparently be reported on and audited (as explained in Section 6.2.5.1 of the present Decisions).
1 respondent (UPM Energy) considers that system security should be kept as a priority when establishing EU balancing platforms and that a cooperation between multiple entities should be retained and kept in seamless interaction.	ACER agrees. With respect to operational security, and as explained in Section 6.2.5.8 of the present Decisions, ACER added a new paragraph on the back-up procedure in case there is a failure to CMF. Moreover, in order to ensure security in day-to-day operations, ACER added a requirement for backup processes, as explained in Section 6.2.5.7 of the present Decisions With respect to cooperation between multiple entities operating the EU balancing platforms, ACER further amended and improved the proposals to ensure there is coherent allocation of the functions to the entities operating the functions of the EU balancing platform including the need to coordinate these functions, as explained in Section 6.2.4 of the present Decisions.
TOPIC 2: TSOS' AMENDMENT PROPOSAL ON MFRRIF TECHNICAL CHANGES	
Question 2 Would you like to make any comments with respect to the Amendment Proposals on mFRR technical changes?	
3 respondents provided answer to this question.	
1 respondent (ENTSO-E) explains that the proposed mFRR technical amendment intends to bring clarity and consistency in the terminology used in the mFRRIF such as to avoid any misinterpretation by market participants that the proposal for amendment is mainly related to the	ACER agrees that the proposed mFRR technical amendments ('Technical Proposal') intends to bring clarity and consistency in the terminology used in the mFRRIF. ACER would like to clarify that for most changes, the Technical Proposal mainly does not

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mFRR product design and does not constitute a change of the original intended design as approved.	constitute a change of the original intended designed as approved. ACER would like to point out that the definition of 'multipart bids' which replaced the definition of 'parent-child linking' contains an additional pricing constraint. As it is explained more detailed in Section 6.2.7 of the mFRRIF Decision and below, ACER made further small amendments to technical changes proposed by the TSOs to add further clarity it.
1 respondent (Eurelectric) questions why the term 'complex bid' is used in the mFRRIF if it has not been used in the RRIF. Even though, according to this respondent, ENTSO-E clarified the term has been introduced to highlight the fact that complex bids have additional constraints compared to simple bids, the respondent considers this new definition is unnecessary and would prefer to keep terminology consistent with the other IFs. This participant also considers that the definition of the previous parent-child linking is less restrictive than the one proposed in the new multipart bid definition and that the multipart bid has added a monotonous price constraint. According to ENTSO-E, the constraint stems from an algorithmic performance issue, which would contradict the explanatory document where it states that these amendments "do(es) not constitute a change of the original intended design as approved". This participant also made the following remarks with respect to the new definition of 'technical linking' and the creation of the term 'conditional linking':	ACER agrees with the importance of using terminology consistently across all Implementation Frameworks and in general, aims to ensure it across mFRRIF, aFRRIF and INIF whenever possible. However, the RRIF ('Replacement Reserve Implementation Framework) and its amendments are subject to the approval of RRIF regulatory authorities. ACER agrees with the participant that the new definition is more restrictive than the previous one and attempted to clarify this together with the respective reasoning in the 'Whereas' section and the present mFRRIF Decision (Section 6.2.7). With respect to specific respondent's remarks:

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1. lt is not clear in the new definition of technical linking whether there is a limitation regarding the number of consecutive quarter-hours that can be linked together. 2. As, in their views, both technical and conditional linking are based on the same principle, they question if it is really needed to introduce a distinction between them. 3. They suggested the following new definition for conditional linking: 'conditional linking' means links between a bid of a balance responsible party ('BSP') and at least another bid, whose delivery period is in one of the consecutive three quarter hours. The delivery periods of the two linked bids do not have to be consecutive." 4. They claim that the explanatory document explains that the linking (conditional or technical) may not be relevant only in consecutive quarter hours but the links between the quarter hours can be made without the restriction of being consecutive. However, they do not see this possibility reflected in the new wordings.	1. ACER amended the Technical Proposal in a way to make it clear that technical linking is linking within 2 consecutive quarter-hours. 2. It is ACER's understanding from the consultations with the TSOs, that indeed technical linking is a subset of conditional linking, meaning that conditional linking is even more flexible and allows BSPs to further manage their portfolio. Having also the technical linking explicitly defined, makes it easier for smaller BSPs to act on their necessary links without dealing with increased complexity, therefore ACER accepted their Proposal. 3. ACER amended the definition of 'conditional linking' to clarify that linking between quarter-hours can be made without the restriction of being in consecutive quarter hours. 4. See response under '3.'
1 respondent (EFET) considers that technical and conditional linking could be simplified, and that conditional linking is a subset of technical linking. Regarding mandatory characteristics of the standard mFRR balancing energy products, the respondent considers it fundamentally impossible to associate a location with an energy bid, since the bidding is portfolio-based and not unit-based, and BSPs don't necessarily know themselves which unit(s) they will use to fulfil their commitment at the time they bid in the auction. They do agree that the information on the bidding zone	See above ACER agrees and this is why the location information needed at platform level is the bidding zone; additional locational information may be needed based on the national terms and conditions for BSPs, pursuant to Article 18 of the EB Regulation, depending indeed on the system (portfolio vs unit based) applied at national level.

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location is necessary (because it has an impact on the use of cross-border capacity) – but also sufficient, given the arguments above. This respondent notes that the possibility to submit indivisible balancing energy bids by BSPs is determined in the national terms and conditions and the TSOs do not propose to harmonise maximum indivisible bids size. According to them, it must be noted that indivisible bids would introduce complexity in the auction clearing algorithm, which may potentially lead to unwanted effects such as unforeseeably rejected bid (URB) or unforeseeably accepted bid (UAB).	ACER agrees that indivisible bids increase the complexity of the algorithm and this is why it should be one of the points to be looked at closer during the operation of the platform, and potentially be included in the list with the areas for further harmonisation (in the context of the Framework for harmonisation of terms and conditions related to the mFRR-Platform, pursuant to Article 20 of the mFRRIF). ACER notes that in accordance with Article 13(1)(e) and 13(2) of the mFRRIF, the TSOs have to report on the total volume of paradoxically rejected bids separately for divisible and indivisible bids and in case any inefficiencies or harmfulness are identified, the TSOs shall include in a report the recommendation on how to deal with identified issues and where relevant, develop a proposal for an amendment to the mFRRIF and submit it for approval. Moreover, in accordance with Article 13(4) of the approved mFRRIF all TSO shall publish a study on rejection of bids in the AOF of the mFRR-Platform focusing on the inefficiencies of rejection of bids due to maximum bid size (e.g. if different maximum bid sizes have an effect on the efficiency of the algorithm).
TOPIC 3: OTHER COMMENTS	

Respondents' replies	ACER's views
Question 3 If you would like to comment on other topics please indicate clearly the related Article, paragraph of the Amendment Proposal and add a sufficient explanation.	
4 respondents provided answer to this question.	
1 respondent (EFET) proposed to amend the following articles of mFRRIF and aFRRIF: 1. Article 5(3)(c) in the following way: ' *before the deadline pursuant to point (b), all member TSOs shall gradually adapt the terms and conditions related to balancing in accordance with Article 18 of the EB Regulation ~~and in line with their national legislation~~ to make possible their early and timely accession to...*' in order for national legislation not to prevail over the EB Regulation in the implementation of harmonised and mFRRIF and aFRRIF compatible terms and conditions by the national TSOs. 2. Article 8(2) in the following way: '*The balancing energy gate closure time for the submission of a standard [...] balancing energy product bid by BSPs to the participating TSO, shall be ~~25~~ 15 minutes before the beginning of the validity period...*'. They would like to propose shorter balancing energy gate closure time to reduce opportunities for market participants to re-adjust or rebalance their positions in the local intraday markets.	Regarding the respondent's first proposal to amend Article 5(3)(c) of the mFRRIF and aFRRIF, ACER considers that the Article is already sufficiently clear on the deadlines to be followed to adapt terms and conditions related to balancing, and that it does not give any priority to national legislation over the EB Regulation. ACER agrees that the balancing energy gate closure time should be as close to real time as possible, given that sufficient time is also provided to TSOs for their processes. As described in Section 6.2.10 of ACER Decision 02/2020[3] ACER considers that after the implementation of the aFRR platform and once sufficient experience is gained from the operation, in order to better assess the time needed for the technical processing between the bid

[3] https://acer.europa.eu/sites/default/files/documents/Individual%20Decisions/ACER%20Decision%2002-2020%20on%20the%20Implementation%20framework%20for%20aFRR%20Platform_0.pdf

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	submission by the BSPs to the TSOs and the bid submission by the TSOs to the aFRR platform, the gate closure time can be reviewed.
1 respondent (EURELETRIC) would like to emphasize the lack of harmonisation and homogeneity across the different IFs, specifically the ones concerning the platforms for the activation of standard balancing products (excluding INIF). This respondent would like to point out that an effort towards harmonization of the IFs should also be pursued regarding transparency requirements. For instance, the RRIF and the mFRRIF both allow for the presentation of elastic needs by the TSOs while demanding very different obligations (RRIF lacks transparency obligations). A greater consistency among IF, resulting from the application of more transparent rules to all platforms, would be beneficial to all BSPs and ensure less market distortions in those regions where elastic needs are applied. They acknowledge that ENTSO-E took note of their comment to their consultation in December 2021 and would "strive to ensure harmonization and homogeneity across the Implementation Frameworks if the opportunity arises". Nevertheless, they noticed that the issue has not been tackled in the last RRIF amendment consultation. With regards to the sign convention, the participant would like to express a concern on the lack of harmonization across EU balancing platforms. Indeed, in the aFRRIF and the mFRRIF, the terms 'Positive/Negative' are used while 'Upward/Downward' are used in the RRIF. This participant	As already stated by ACER under 'Topic 2' above, ACER aims to harmonise whenever possible all the Implementation Frameworks that ACER is approving. However, the RRIF and its amendments are not subject to the approval of ACER but of the regulatory authorities whose TSOs are members of the RR-Platform. Regarding the sign convention, ACER agrees with this participant that terminology used across all IFs should be consistent. On the terminology to be used, ACER notes that the terms used shall be the ones in accordance with Table 1 of Article 46 of the EB Regulation, which is 'Positive/Negative' balancing energy.

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would like to see a harmonization across all IFs and proposes to use the Upward/Downward' rather than 'Positive/Negative' approach.	
All reserve components (mFRR, aFRR, FCR, FFR) should be possible to be linked and/or offered simultaneously to the platform and eventually to the markets. In addition, all the energy market components (day ahead products) could be offered on a single platform. Intraday possibility for reserve products must be considered alongside the current products.	Even though there could be some benefits of having a single platform for the procurement of all products and services, ACER considers it out of scope of these amendments. In accordance with existing CACM and EB Regulation, a single platform for such procurement is not foreseen.
1 respondent (IFIEC) adds that it in general is in favour of measures necessary to enable maximum usage of scarce interconnection capacity (e.g. the proposed CMF or any other tool which would provide similar results).	ACER agrees.

3. LIST OF RESPONDENTS

No.	Organisation	Activity
1.	EFET	Trader (or association)
2.	ENTSO-E	TSO
3.	Eurelectric Association	Energy supplier (or association)
4.	Slovenské elektrárne, a.s.	Generator (or association)

5.	UPM Energy	Energy supplier (or ssociation)
6.	VEMW / IFIEC	End-user (or association)