

## Regional Coordination Centres (RCCs) sizing and procurement of balancing capacity

8 December 2022

The European Federation of Energy Traders (EFET) welcomes the opportunity to provide comments regarding the ENTSO-E proposal for the RCC task of regional sizing of reserve capacity and procurement of balancing capacity in accordance with article 37(5) of Regulation (EU) 2019/943.

### Sizing

On a general note, we question the methodology all together because it will have an impact on the allocation of cross-zonal capacity. Reservation of cross-zonal capacity is a prerequisite for the regional sharing of reserves and is thus further restrict cross-border trading.

While we understand that this methodology must be developed according to Regulation (EU) 2019/943, we invite TSOs and ACER to reconsider it. As a minimum requirement, the amount of cross-zonal capacity should respect the outcome of the CZCA methodologies.

The efficient use of cross-border transmission capacity is a key element of European market integration in the forward, day-ahead and intraday timeframes. A major objective of integration projects such as the EU Harmonised Allocation Rules for forward transmission rights, as well as single day-ahead and intraday coupling, is to improve the access and use of such transmission capacity by the market. Reserving capacity (from the forward timeframe until the intraday market) for use by the TSOs in the balancing timeframe would turn the clock back on those improvements.

We notice that the sharing of reserves between TSOs is contradicting each individual TSO's LFC block responsibility. It is unclear, why for example the consideration of "*the two largest power generating modules*" should be equivalent to the current individual sizing of TSOs of "*more than one LFC block*" (Art 4.1 a).

## Procurement

On a general note, we question the methodology all together because it will have an impact on the allocation of cross-zonal capacity. While we understand that this methodology must be developed according to Regulation (EU) 2019/943, we invite TSOs and ACER to reconsider it.

We strongly discourage the consideration of non-contracted bids for the fulfilment of a TSO's required reserve capacity from the dimensioning process. Relying on the potential availability of non-contracted bids is not compatible with secure system operation. This concept is inappropriate on a regional level already and even harder to maintain in combination with the potential availability of CZC. Such an approach should not be fostered by RCC support.

The role of the RCC proposed in articles 6.1 and 6.2 is crucial. Does it mean that no exchange of balancing capacity between TSOs, resulting from the harmonized CZCA Methodology, is to exist before 2026 (according to the foreseen timeline)? How will the existing balancing capacity cooperation (e.g. Alpaca and its foreseen extension in 2024) be treated in this regard?

The priority for TSOs and NRAs should be market-based procurement of balancing capacity via competitive tenders. Regulation (EU) 2019/943 on the internal market for electricity clearly states (art. 6.8) that procurement of balancing capacity shall be based on a primary market. This is not the case in many parts of Europe today.

We urge the TSOs to take into account existing implementation projects (not only regarding balancing, but also more general market integration) when designing specific timelines. Ongoing projects should have a clear priority in order to deliver effectively.