

DÉCISION ILR/E18/12 DU 11 MAI 2018

**PORTANT DEMANDE DE MODIFICATION DE LA PROPOSITION COMMUNE RELATIVE À LA
DÉTERMINATION DES BLOCS RFP DANS LA ZONE SYNCHRONE D'EUROPE CONTINENTALE**

SECTEUR ÉLECTRICITÉ

La Direction de l'Institut Luxembourgeois de Régulation,

Vu le règlement (UE) 2017/1485 de la Commission du 2 août 2017 établissant une ligne directrice sur la gestion du réseau de transport de l'électricité, et notamment les articles 6, 7(1) et 141 (2) ;

Vu la demande d'approbation de la société Creos Luxembourg S.A. du 15 janvier 2018 introduisant une proposition commune relative à la détermination des blocs de réglage fréquence-puissance (blocs RFP) dans la zone synchrone d'Europe continentale, élaborée conjointement par tous les gestionnaires de réseau de transport de la zone synchrone d'Europe continentale par le biais de l'ENTSO-E qui a organisé une consultation publique du 29 novembre 2017 au 29 décembre 2017 ;

Considérant l'opinion émise en date du 27 avril 2018 par toutes les autorités de régulation de la zone synchrone d'Europe continentale lors de la réunion du Energy Regulators' Forum, demandant aux gestionnaires de réseau de transport de la zone synchrone d'Europe continentale de soumettre pour approbation une version modifiée de la proposition commune relative à la détermination des blocs RFP en vertu de l'article 7(1) du règlement (UE) 2017/1485 précité ;

Décide :

Art. 1^{er}. La proposition commune relative à la détermination des blocs de réglage fréquence-puissance de la zone synchrone d'Europe continentale, telle que décrite dans le document portant l'intitulé « *All TSOs' proposal for the determination of LFC blocks for the synchronous area Continental Europe 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* », dans sa version du 3 janvier 2018, est à modifier conformément aux indications données par toutes les autorités de régulation de la zone synchrone d'Europe continentale dans leur opinion annexée à la présente.

Art. 2. La présente décision sera notifiée à la société Creos Luxembourg S.A. et publiée, ensemble avec le document mentionné à l'article 1^{er}, sur le site internet de l'Institut.

L'Institut informe la société Creos Luxembourg S.A. qu'un recours en annulation est ouvert contre la présente décision, à introduire devant le Tribunal Administratif de Luxembourg par ministère d'avocat à la Cour, au plus tard dans les trois mois qui suivent la notification de la présente décision.

Pour l'Institut Luxembourgeois de Régulation

La Direction

(s.) Michèle Bram
Directrice adjointe

(s.) Camille Hierzig
Directeur adjoint

(s.) Luc Tapella
Directeur

Annexe: Request for amendment by all regulatory authorities of the synchronous area Continental Europe on the all TSOs' proposal for the determination of LFC blocks for the synchronous area Continental Europe in accordance with Article 141(2) of the Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on forward capacity allocation – 27 April 2018

**REQUEST FOR AMENDMENT BY ALL REGULATORY
AUTHORITIES OF THE SYNCHRONOUS AREA
CONTINENTAL EUROPE**

ON

**THE ALL TSOS' PROPOSAL FOR THE DETERMINATION
OF LFC BLOCKS FOR THE SYNCHRONOUS AREA
CONTINENTAL EUROPE**

**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**

27 April 2018

I. Introduction and legal context

This document elaborates an agreement of All Regulatory Authorities of the synchronous area Continental Europe made on 27 April 2018 on the **All TSOs' proposal for the determination of LFC blocks for the Synchronous Area Continental Europe (hereafter referred to as "CE LFC Blocks Determination Proposal")** submitted in accordance with Article 141(2) of the Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation (hereafter referred to as "Regulation 2017/1485").

This agreement of All Regulatory Authorities of the synchronous area Continental Europe shall provide evidence that a decision on the CE LFC Blocks Determination Proposal does not, at this stage, need to be adopted by ACER pursuant to Article 6(8) of Regulation 2017/1485. This agreement is intended to constitute the basis on which All Regulatory Authorities of the synchronous area Continental Europe will each subsequently request an amendment to the CE LFC Blocks Determination Proposal pursuant to Article 7(1) of Regulation 2017/1485.

The legal provisions relevant to the submission and approval of the CE LFC Blocks Determination Proposal and this agreement among All Regulatory Authority of the synchronous area Continental Europe on the CE LFC Blocks Determination Proposal, can be found in Articles 2, 4, 5, 6, 7, 139, 141 of Regulation 2017/1485. They are set out here for reference.

Article 141 – Regulation 2017/1485 – Process responsibility structure

1. (...)
 2. *By 4 months after entry into force of this Regulation, all TSOs of a synchronous area shall jointly develop a common proposal regarding the determination of the LFC blocks, which shall comply with the following requirements:*
 - a) *a monitoring area corresponds to or is part of only one LFC area;*
 - b) *a LFC area corresponds to or is part of only one LFC block;*
 - c) *a LFC block corresponds to or is part of only one synchronous area; and*
 - d) *each network element is part of only one monitoring area, only one LFC area and only one LFC block.*
- (...)

Article 139 – Regulation 2017/1485 – Basic structure

1. *All TSOs of each synchronous area shall specify the load-frequency-control structure for the synchronous area in the synchronous area operational agreement. Each TSO shall be responsible for implementing the load-frequency-control structure of its synchronous area and operating in accordance with it.*
2. *The load-frequency control structure of each synchronous area shall include:*
 - a) *a process activation structure in accordance with Article 140; and*
 - b) *a process responsibility structure in accordance with Article 141.*

Article 2 – Regulation 2017/1485 – Scope

1. (...)
2. *This Regulation shall apply to all transmission systems, distribution systems and interconnections in the Union and regional security coordinators, except transmission systems and distribution systems or parts of the transmission systems and distribution systems located in islands of Member States of which the systems are not operated synchronously with Continental Europe ('CE'), Great Britain ('GB'), Nordic, Ireland and Northern Ireland ('IE/NI') or Baltic synchronous area.*
3. *Where more than one TSO exists in a Member State, this Regulation shall apply to all TSOs in a Member State. Where a TSO does not have a function relevant to one or more obligations under this Regulation, Member States may, under the national regulatory regime, provide*

that the responsibility of a TSO to comply with one or some or all obligations under this Regulation is assigned to one or more specific TSOs.

4. (...)
5. (...)

Article 4 – Regulation 2017/1485 – Objectives and regulatory aspects

1. This Regulation aims at:
 - a) **determining common operational security requirements and principles;**
 - b) determining common interconnected system operational planning principles;
 - c) **determining common load-frequency control processes and control structures;**
 - d) ensuring the conditions for maintaining operational security throughout the Union;
 - e) ensuring the conditions for maintaining a frequency quality level of all synchronous areas throughout the Union;
 - f) promoting the coordination of system operation and operational planning;
 - g) ensuring and enhancing the transparency and reliability of information on transmission system operation;
 - h) **contributing to the efficient operation and development of the electricity transmission system and electricity sector in the Union.**
2. When applying this Regulation, Member States, competent authorities, and system operators shall:
 - a) apply the principles of proportionality and non-discrimination;
 - b) ensure transparency;
 - c) apply the principle of optimisation between the highest overall efficiency and lowest total costs for all parties involved;
 - d) ensure TSOs make use of market-based mechanisms as far as possible, to ensure network security and stability;
 - e) respect the responsibility assigned to the relevant TSO in order to ensure system security, including as required by national legislation;
 - f) consult with relevant DSOs and take account of potential impacts on their system; and
 - g) take into consideration agreed European standards and technical specifications.

Article 5 – Regulation 2017/1485 – Terms and conditions or methodologies of TSOs

1. TSOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities in accordance with Article 6(2) and (3) or for approval to the entity designated by the Member State in accordance with Article 6(4) within the respective deadlines set out in this Regulation.
2. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO, the participating TSOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, shall regularly inform the regulatory authorities and the Agency about the progress of developing those terms and conditions or methodologies.
(...)

Article 6 – Regulation 2017/1485 – Approval of terms and conditions or methodologies of TSOs

1. Each regulatory authority shall approve the terms and conditions or methodologies developed by TSOs under paragraphs 2 and 3. The entity designated by the Member State shall approve the terms and conditions or methodologies developed by TSOs under paragraph 4. The designated entity shall be the regulatory authority unless otherwise provided by the Member State.
2. (...)
3. The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region, on which a Member State may provide an opinion to the concerned regulatory authority:
 - a) (...)

- b) (...)
 - c) (...)
 - d) (...)
 - e) (...)
 - f) (...)
 - g) *common proposal per synchronous area for the determination of LFC blocks in accordance with Article 141(2);*
4. (...)
 5. (...)
 6. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within 3 months on the proposals for terms and conditions or methodologies.*
 7. *Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order to reach an agreement. Where the Agency issues an opinion, the competent regulatory authorities shall take that opinion into account. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs (2) and (3), within 6 months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*
 8. *Where the regulatory authorities have not been able to reach an agreement within the period referred to in paragraph 7 or upon their joint request, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within 6 months, in accordance with Article 8(1) of Regulation (EC) No 713/2009.*

Article 7 – Regulation 2017/1485 – Amendments to the terms and conditions or methodologies of TSOs

1. *Where one or several regulatory authorities require an amendment in order to approve the terms and conditions or methodologies submitted in accordance with paragraphs 2 and 3 of Article 6, the relevant TSOs shall submit a proposal for amended terms and conditions or methodologies for approval within 2 months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within 2 months following their submission.*
2. (...)
3. (...)
4. (...)

II. The CE LFC Blocks Determination Proposal

The CE LFC Blocks Determination Proposal was consulted by All TSOs of the synchronous area Continental Europe through ENTSO-e for one month from 29 November 2017 to 29 December 2017, in line with Article 11 of Regulation 2017/1485¹.

The final CE LFC Blocks Determination Proposal, dated 3 January 2018, was received by the last Regulatory Authority of the synchronous area Continental Europe on 28 February 2018.

Article 6(7) of Regulation 2017/1485 requires All Regulatory Authorities of the synchronous area Continental Europe to consult and closely cooperate and coordinate with each other in order to reach agreement, and make decisions within six months following receipt of submissions of the last Regulatory Authority concerned. A decision is therefore required by each Regulatory Authority of the synchronous area Continental Europe by 28 August 2018.

The CE LFC Blocks Determination Proposal gives a description of the monitoring areas, LFC areas and LFC blocks, in line with Article 141(2) of Regulation 2017/1485.

It also describes the timescale for the implementation and a description of the expected impact on the objectives of Regulation 2017/1485, in line with Article 6(6) of this Regulation.

III. All Regulatory Authority position

According to Regulation 2017/1485, the CE LFC Blocks Determination Proposal shall determine the LFC blocks for the synchronous area Continental Europe, which shall comply with the following requirements:

- a monitoring area corresponds to or is part of only one LFC area;
- a LFC area corresponds to or is part of only one LFC block;
- a LFC block corresponds to or is part of only one synchronous area; and
- each network element is part of only one monitoring area, only one LFC area and only one LFC block.

All Regulatory Authorities of the synchronous area Continental Europe cannot approve the CE LFC Blocks Determination Proposal for the reasons that are detailed below. All Regulatory Authorities of the synchronous area Continental Europe request All TSOs of the synchronous area Continental Europe to amend the proposal pursuant to Article 7(1) of Regulation 2017/1485.

General comments

All Regulatory Authorities of the synchronous area Continental Europe ask All TSOs of the synchronous area Continental Europe to check the quality of the proposal, e.g. the exact date of Regulation 2017/1485 requiring the CE LFC Blocks Determination Proposal (title, header), the articles of European legislation to be referred to in Article 2 of the CE LFC Blocks Determination Proposal, the consistency of company names, the definition of acronyms or terms, the right boundary for Denmark belonging to the synchronous area Continental Europe, the final reference to the NC ER in paragraph (2) of the recitals as NC ER has in the meantime entered into force.

Impact on the objectives of Regulation 2017/1485

The recitals 5 to 7 refer to Article 4(1)c of Regulation 2017/1485, which mentions the common determination of the structure of LFC blocks but also the common determination of LFC processes. All Regulatory Authorities of the synchronous area Continental Europe ask All TSOs of the

¹ The public consultation held from 29 November 2017 to 29 December 2017 is available on the ENTSO-e website: https://consultations.entsoe.eu/system-operations/lfc-blocks_ce/consult_view/

synchronous area Continental Europe to further elaborate on how the CE LFC Blocks Determination Proposal may impact the LFC processes, including consistency with current bidding zones (implying cross-zonal limits) and efficiency of reserves sizing. Moreover, All Regulatory Authorities of the synchronous area Continental Europe ask All TSOs of the synchronous area Continental Europe to check if and how other objectives of Regulation 2017/1485 can be impacted by the CE LFC Blocks Determination Proposal, notably those mentioned in article 4 of Regulation 2017/1485 as highlighted in part I of this position paper.

Subject matter and scope

In order to ensure clarity for the legal enforcement of the CE LFC Blocks Determination Proposal, paragraph 1 of Article 1 should precise that All TSOs of the synchronous area Continental Europe developed the CE LFC Blocks Determination Proposal.

Non-EU countries

Article 3 of the CE LFC Blocks Determination Proposal mentions the complete list of countries being part of the synchronous area Continental Europe, whether they are part or not of the Union.

However the scope of Regulation 2017/1485 is clearly limited to parties of the Union pursuant to Article 2, and so these third countries cannot be included in the CE LFC Blocks Determination Proposal.

The description of areas and blocks for third countries may be attached to the CE LFC Blocks Determination Proposal in an annex, for information purposes, not subject to approval by All Regulatory Authorities of the synchronous area Continental Europe. This annex could also mention how the cooperation within a same block physically containing EU and non-EU countries or between EU and non-EU blocks is organized via private agreements between the concerned countries.

Moreover, the inclusion of Union and third country TSOs in the same LFC block (e.g. Croatia and Slovenia with Bosnia & Herzegovina or Poland with Ukraine) raises concerns regarding the development and adoption of methodologies included in the LFC block operational agreement to be approved by the concerned Regulatory Authorities pursuant to Article 119 of Regulation 2017/1485 as there is no governance framework in Regulation 2017/1485 for this case. As a consequence, paragraph 2 of Article 1 would be removed from the CE LFC Blocks Determination Proposal and contractual arrangements between EU-TSOs and non EU-TSOs would be mentioned in the annex as well.

Compliance with article 141(2)d of Regulation 2017/1485

All Regulatory Authorities of the synchronous area Continental Europe also ask All TSOs of the synchronous area Continental Europe to justify that each network element is part of only one monitoring area, one LFC area and one LFC block according to Article 141(2)d of Regulation 2017/1485. To ensure clarity and transparency on this aspect, especially for interconnectors, the points where power is measured at each border of the areas/blocks for the purpose of load-frequency control, should be listed in an annex, not subject to approval.

Implementation

All Regulatory Authorities of the synchronous area Continental Europe ask All TSOs of the synchronous area Continental Europe to shorten the 18 month-period foreseen to implement the CE LFC Blocks Determination Proposal after entry into force of Regulation 2017/1485, as the structure described in the proposal reflects the current situation.

IV. Actions

Based on the above rationale, All Regulatory Authorities of the synchronous area Continental Europe agree to request an amendment to the CE LFC Blocks Determination Proposal. This amendment should contain the following elements:

1. Improve the quality and consistency of the CE LFC Blocks Determination Proposal,
2. Precise the scope of the CE LFC Blocks Determination Proposal,
3. Remove non-EU countries from the description of areas and blocks from the CE LFC Blocks Determination Proposal, and have the situation with third countries described in an annex (not to be approved),
4. List points where power is measured at each border of the areas/blocks for the purpose of load frequency regulation in an annex not subject to approval for the sake of clarity and transparency,
5. Shorten the timeline for implementation.

According to Regulation 2017/1485, All Regulatory Authorities of the synchronous area Continental Europe should issue their national decisions, on the basis of this agreement, within 6 months after the receipt of the proposal by the last NRA, i.e. by 28 August 2018.

However, considering the interdependency between this proposal and notably the operational agreements at LFC block level, LFC area level and monitoring area level, as required respectively in articles 119, 120 and 121 of Regulation 2017/1485, All Regulatory Authorities of the synchronous area Continental Europe agreed to issue their corresponding national decisions by 15 May 2018, not to unnecessarily delay the process of implementing Regulation 2017/1485.

All TSOs of the synchronous area Continental Europe will have to submit the related amended CE LFC Blocks Determination Proposal within 2 months following the requirement from All Regulatory Authorities of the synchronous area Continental Europe, pursuant to article 7(1) of Regulation 2017/1485, i.e. by 15 July 2018.