

Approved by StG T&DI early August
Shadow Group TF Demand Side Flexibility

Final update with last comments on 10 August 2022

ENTSO-E Shadow Group response to ACER's public consultation on Framework Guideline Demand Side Flexibility

Parag raph	Opinion	Comment	Alternative draft proposal
		1 General Provisions	
		1.1 Aim and applicability of the Framework Guideline on Demand Response	
(1)	Disagree	When proposing to 'harmonise' the relevant legal area, ACER should take into account the differences between a Regulation and a Directive. According to the impact assessment to the Clean Energy Package (Explanatory Memorandum page 11 - "Choice of legal instrument"), the EU legislator decided to maintain the same allocation of content between the Regulation and the Directive as in the Third Energy Package, albeit with some "clarifications", inter alia with regard to ancillary services. If the Framework Guideline envisages full harmonisation, it may well go beyond the scope of delegation.	(...) The new rules take into account the legal framings of a Directive and respect the Member States' prerogatives related to transposition of said Directive (EU) 2019/944.
(2)	Disagree	<p>The provisions should clearly elaborate on the justification to include distributed generation and other resource providers in the scope of the FG.</p> <p>It may be more clear to list in these General Provisions the articles referred to in article 59(1)(e) of the Electricity Regulation: article 57 of the Electricity Regulation; and articles 17 (Demand response through aggregation), 31 (Tasks of DSOs), 32 (Incentives for the use of flexibility in distribution network), 36 (Ownership of energy</p>	(...) Therefore, the new rules shall be applicable to all resource providers mentioned or covered in the articles referred to in Article 59(1)(e) of the Electricity Regulation. The new rules shall thus be applicable, <u>as foreseen in article 57(2) of the Electricity Regulation and article 32(1) of the Electricity Directive</u> , to load, storage (in particular when combined with load), and distributed generation, aggregated or not (hereafter referred to as “demand response and other relevant resources” or in general “resources”). No resource providers shall be excluded and the main aim of the new rules

		<p>storage facilities by DSOs), 40 (Tasks of TSOs), and 54 (Ownership of energy storage facilities by TSOs) of the Electricity Directive.</p> <p>In particular, article 57(2) of the Electricity Regulation foresees the coordinated access to resources such as distributed generation, energy storages or demand response that may support needs of both DSOs and TSOs. The cooperation in article 57 is between DSOs and TSOs (see title and article).</p> <p>Aforementioned articles of the Electricity Directive, which are listed in article 59(1)(e) of the Electricity Regulation, are supporting the point that no resource providers shall be excluded.</p> <p>The new rules should also ensure that TSOs and DSOs are able to procure in the most efficient way the resources that are needed for the energy transition.</p>	<p>shall be to ensure access to all electricity markets for all resource providers <u>and also that TSOs and DSOs are able to access the resources that are necessary for an efficient and secure functioning of the grid and the system.</u></p>
(3)	Agree	<p>Some of the articles referred to in Article 59(1)(e) of the Electricity Regulation only refer to DSOs (in fact, it is only Article 32 of the Electricity Directive) but note that some only refer to TSOs (e.g. Article 40 or Article 54 of the Electricity Directive).</p> <p>ENTSOE aligns with ACER assessment regarding the legal and technical relevance of new rules to demand side resources for both TSOs and DSOs. Flexibility from demand-side resources is indeed a big opportunity and need for TSOs, since the challenges associated to system balance increase in new energy scenarios.</p> <p>ENTSOE would like to stress that, even if both TSOs and DSOs share similar responsibilities with regards the operation of their grids, there are unique responsibilities associated to TSOs in what relates to the operation of the power system as a whole. Notably the process that ensures load-frequency control (balancing of the system), the monitoring of system status, including the availability</p>	<p>In a similar way, although some of the articles referred to in Article 59(1)(e) of the Electricity Regulation only refer to DSOs <u>or to TSOs</u>, the new rules shall apply to <u>both TSOs and DSOs</u> all SOs (including TSOs) unless a different scope is explicitly mentioned (...)</p>

		<p>of enough reserves to cope with imbalances, and the responsibility to ensure the system is in normal state or bring it back to normal. Those are specific rules and responsibilities associate to TSO in its role of ‘System Operator’. The terminology System Operator as well as the acronym has its own meaning in multiple MS.</p> <p>Therefore, to ensure correctness in the terminology and to avoid confusion of the roles and requirements, ENTSOE considers the new rules shall clarify requirements in a more accurate way: making reference to DSOs, to TSOs or to both as applicable.</p>	
(4)	Disagree	<p>Article 3 of Electricity Regulation indeed foresees enabled access to all electricity markets. The wording in this article 3 is broader and does not prescribe that the procurement of balancing, congestion management and voltage control is always market-based. For example, on non-frequency ancillary services in articles 31§7 for DSOs and article 40§5 for TSOs. At Member state level, there is always the possibility for the regulator to provide a derogation (to services being procured on the basis of market-based mechanisms).</p> <p>The concept of “SO services” (proposed for the Framework Guidelines) is too broad: for the new rules, a distinction should be made between 1) frequency ancillary balancing services; 2) non-frequency ancillary services (e.g., voltage control); and 3) congestion management). These services are not necessarily “market based” (in particular non-frequency ancillary services e.g. voltage control and congestion management). The wording (“service”, “procurement”) is problematic. It should be defined as the action / deliverable from a resource provider on request of a TSO or DSO.</p> <p>See also comment on point (12) below.</p>	<p>(...) Although electricity market is a broad term, covering all market-based processes related to electricity, including both retail and wholesale markets as well as the market-based procurement of frequency ancillary balancing services, non-frequency ancillary services (e.g. voltage control) and congestions management balancing, voltage control and congestion management (hereafter referred to as “SO services”), the assessment of which aspects of them fall in the scope of a European framework is crucial for the new rules.</p> <p>(...)</p>

		<p>In general, paragraph (4) suggests that the scope of aspects to be regulated in the new rules is only circumscribed by the right of Member States to adopt national network codes not affecting cross-border trade. There is, again, no reference to the provisions of Directive 2019/944 which the new rules are meant to implement.</p> <p>New rules shall provide minimum uniform conditions that will facilitate adoption by MS, while not targetting a wide EU-level harmonisation and letting room for transposition and implementation of measures, adjusted to the national needs.</p>	
(5)	Agree	<p>ENTSO-E aligns with the principles of non-discrimination, neutrality and with the need to ensure consistency with the relevant EU legislation. ENTSO-E strongly agrees that at no point the new rules shall jeopardize the system security.</p> <p>On the other hand, the delegation in Article 59(1)(e) is explicitly limited to matters expressly referred to in the wording of Article 59(1)(e) of the Electricity Regulation. The subject scope in an implementing act should not "correct" the choices made by the EU legislator on what to regulate.</p> <p>If the new rules provide for deep harmonisation, it may be that those Member States that undertook bona fide efforts to transpose within the deadline will bear all costs associated with overturning their national transposition, while for those that have not transposed yet, there will be little incentive to do so.</p> <p>From the legal point of view, this is related to the balance between Member States' right to choose national measures for transposition (see e.g. Article 5 of Protocol 2 to the TFEU) and the need for ensuring uniform conditions of implementation as per Article 291</p>	<p>The new rules, to be developed based on this Framework Guideline, shall respect the principles of non-discrimination and technology neutrality, whilst having due regard to the particularities of demand response, including aggregation, energy storage and demand curtailment and the potential needs resulting thereof for adapting current and future rules will be assessed taking into account always the scope of the delegation and the nature of an implementing act, which should not go beyond what is necessary to provide the minimum degree of harmonisation required to achieve the aims of the EU legislator. The new rules shall be developed in line with this Framework Guideline and be in line with or complement the relevant European legislation. At no point the new rules shall jeopardize grid security or the well-functioning and integration of electricity markets, and contribute to the aims of the Electricity Regulation as set out in its Article 1 and in particular Article 1(b).</p>

		<p>TFEU.</p> <p>From the policy point of view, the above may undermine regulatory certainty and limits incentive to invest in flexibility measures as long as the regulatory framework is not perfectly clear, e.g. the Member States decide how, if at all, to transpose the provisions of the Directive listed in Article 59(1)(e).</p>	
		1.2 Process	
(6)	Agree		
(7)	Agree	The Commission's letter does not invite ACER to propose rules encompassing the entirety of services provided to TSOs and/or DSOs. The new rules should not go beyond the scope of the delegation set in Article 59(1)(e).	
(8)	Neutral	There is a mistake on the tense used in the sentence.	The Framework Guideline <u>is</u> subject to public consultation (...)
(9)	Neutral	<p>Could ACER confirm that the intention when developing new rules is to develop at the same time both: a network code (or a guideline) and amendments to existing codes (as we understand it from the following sentence: <i>"these provisions may have to be amended or extended in the context of the develop of the new rules, when drafting the network code on demand response"</i>?)</p> <p>Also, if the existing regulatory framework is to be "amended or extended in the context of the development of the new rules", which legal basis does the Commission intend on using?</p> <p>Article 59(1)(e) of the Electricity Regulation clearly refers to the adoption of a network code, but not to the revision of existing Guidelines. There are separate legal bases for the amendment of existing Guidelines (article 61 and different areas in article 59(1) of the Electricity Regulation). The Commission has invited ACER to submit a framework guideline based on article 59(1)(e) of the Electricity Regulation.</p>	

		Having said that, ENTSO-E is not against amending existing network codes/guidelines if needed. ENTSO-E may use the possibility offered by Article 59(15) of the Electricity Regulation to develop non-binding guidance in the areas set out in paragraphs 1 and 2 of Article (59) where such guidance does not relate to areas covered by the request which should be addressed to ENTSO-E (and to the EU DSO entity) by the Commission. ENTSO-E shall submit any such guidance to ACER for an opinion and shall duly take that opinion into account.	
(10)	Neutral		
1.3 Terms used in this document			
(11)	Disagree	<p>It is clear that the definitions in existing acts are non-affected by and are relevant for this Framework Guideline.</p> <p>Those same definitions will also apply to the new rules. There is no need to make a difference between definitions applying to this Framework Guideline (11) and to the new rules (13). We suggest to merge those paragraphs.</p> <p>See comments under point (12) below.</p> <p>The new rules should definitely set out clearly a list of definitions. But in the Framework Guideline, the list should be kept to a minimum (Framework Guidelines are supposed to be general and non-binding). The risk is that certain definitions that are already foreseen in the Framework Guideline are misleading and erroneous (e.g “redispatch products” and “SO services”).</p>	<p>The following definitions in particular are relevant to this Framework Guideline and will apply to the new rules:</p> <ul style="list-style-type: none"> • Definitions in Article 2 of the Electricity Regulation; • Definitions in Article 2 of the Electricity Directive, and in particular Articles 2(18) “aggregation”, 2(20) demand response, 2(48) “ancillary services”, and 2(49) “non frequency ancillary services”; • Definitions from all the respective Commission Regulations adopted on the basis of Articles 6(11) and 18(5) of Regulation (EC) N° 714/2009.
(12)	Disagree	We consider the list of Definitions as indicative and not exhaustive, used only for the purpose of the Framework Guideline and for the sake of clarity. This list should be further elaborated in the new rules, in addition to all other applicable definitions, as highlighted in point (11) above.	<p>“all SO proposal” means a proposal from all the DSOs and TSO(s) in a MS, according to rules defined by the MS. Where “all TSO” proposals are already foreseen by existing network codes or guidelines, they should not be replaced by “all SO proposals”.</p>

	<p>Although we welcome that TSOs and DSOs might be mandated to co-develop and submit joint proposals, we consider that the definition of “all SO proposals” is not appropriate at this stage.</p> <p>Per product, DSOs and TSO(s) procuring a same Service should develop a common proposal where all impacted or connecting DSOs and TSOs would be concerted. It is already the case for TCMs pursuant to Article 18 of EBGL: TSO is the procuring entity, so TSO develops a proposal for TCM BSP, but TSO aligns it with DSO as flexibility might be located in their grid. For situations where a TSO and 2 DSO procure congestion management from the same resources, they should develop a common proposal, and coordinate if applicable with all other impacted DSOs (because activation can create security risks in their grid).</p> <p>Such proposals should not replace the processes already foreseen in existing rules (e.g. Title III EBGL and the provisions on balancing capacity).</p> <p>Also, in practice, in some Member States, due to the high number of DSOs, it might be complex and inefficient to develop these “all SO proposals”.</p> <p>Prequalification is a term which is also applicable to existing services and participants, so not only DR-related services and new market participants. It is also not only related to grid and product prequalification but also to the prequalification of a service provider. See also paragraph 39 for further details.</p> <p>Regarding "SO services": please see the comment under point (4) above. We suggest to integrate a general note clarifying that the services tackled by the FG are congestion management, non-frequency and/or balancing / frequency ancillary services.</p>	<p>‘Baseline’ means a power that would have been appropriately withdrawn or injected from/to the network by the service provider if there had been no activation.</p> <p>“Prequalification” means the ex-ante process to verify the compliance of a potential service provider <u>to participate in national markets in accordance with the established national requirements and</u> with the technical requirements set by <u>national TCM</u> the SO for the provision of <u>congestion management, balancing or non-frequency services</u> a SO product (product prequalification) as well as the process to verify the ability of the grid to technically accept the delivery of such a product (grid prequalification). In the product prequalification the <u>national TCM</u> SO may require the potential service provider to overcome some prequalification tests.</p> <p>“SO services” means market based procurement of balancing, voltage control and congestion management”</p> <p>‘service providing unit’ means a single or an aggregation of power generating modules and/or demand units and/or energy storage connected to a common connection point fulfilling the requirements set by the TSOs and/or DSOs in national TCM to provide SO services.</p>
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		<p>The notion of "sub-meter" is not clear. The new rules should define it (but not the FG), in consistency with the "smart metering system" definition in article 2(23) of Electricity Directive</p> <p>A definition of "metering point" is provided in the FG. However, there is no definition of "connection point". A definition should be included in the new rules (but not in the FG), especially in relation to paragraph (23) and (31). In the context of the voltage control product, metering point should measure reactive power and not active power.</p> <p>The definition regarding "baseline" is also wrong and incomplete based on the hypothesis that the BRP of the SP is also the BRP of the flexible asset. This is not always the case, especially when aggregation models are applied (see proposal under point 26).</p>	
1.4 Links and dependencies with existing legal provisions			
(13)	Disagree	<p>When a term defined in the Electricity Directive is used in the new rules, the new rules shall include these definitions by including a direct reference to the respective definition in Article 2 of the Electricity Directive for defining the term. Shouldn't this be the case for the other definitions of the Regulations mentioned in (11)?</p> <p>See comment under point (11) above.</p>	See comment under point (11) above.
(14)	Neutral	<p>If amendments to existing network codes and guidelines are envisaged, the FG should indicate the relevant legal framework within which this would take place - especially if ACER is of the opinion that a single framework guideline related to a particular delegation from Article 59 of Regulation 2019/943 may at the same time constitute a request to elaborate amendments relating to other delegations, this should be clearly stated and justified.</p>	<p>At this stage, it is not yet determined whether the development of a European framework based on Article 59(1)(e) of the Electricity Regulation should also include amendments of existing network codes and guidelines. In any case, special attention should be paid to interactions with (and potential amendments of) other codes and regulations, in order to ensure overall coherence and that the European</p>

		<p>A clarification on this point is needed from ACER, for the sake of legal certainty.</p> <p>Is there a risk that the new rule on demand response is applicable without having revised the existing legal framework beforehand? Should the entry into force be delayed?</p> <p>General remark: the development of an European Framework based on article 59(1)(e) of the Electricity Regulation should take into account where it concerns the articles of the Electricity Directive with the process of incorporating EU directives into national law: Member States transposing directives into national law can choose the form and methods for doing so, but are bound by the terms of the Electricity Directive as to the result to be achieved and the deadline by which transposition should take place. The harmonized rules that will be developed based on the Framework Guideline should not interfere with this role and can therefore not contain too detailed rules. The new rules shall leave the implementation details to Member States in order not to interfere with Member States prerogatives. This is exemplified in particular by proposed rules that do not accommodate for the central dispatching model, applied in several Member States and allowed by Regulation 2019/943 (see Article 2(29) and Article 6) as well as the Balancing Guideline (Article 14) and System Operation Guideline (see Article 46).</p>	<p>framework as a whole supports the access of demand response and other relevant resources to all electricity markets. In any case, such amendments can modify certain rules, but must respect the fundamental principles of market design as enshrined in the guidelines and in the Electricity Regulation, such as marginal pricing, primary role of short-term markets, or the existence of two dispatching models (self- and central dispatching).</p>
(15)	Disagree	<p>A clear planning should be given on the articulation in time between the adoption of the new rules and the revision of existing overlapping guidelines or network codes. There is a risk of inconsistency between legal texts that may lead to unequal treatment between actors and inefficiency in the decision-making process.</p>	<p><u>A parallel reflexion on the revision of the existing overlapping legal framework should start as soon as the scope of the future new rules is established.</u></p>

		<p>A parallel reflexion on the revision of the existing overlapping legal framework should start as soon as the scope of the future new rules is established.</p> <p>The white boxes are indicating the chapters that fall within the scope of the new rules to be developed. Chapter 3 of CACM “Redispatching & Countertrade” is also listed as a white box. Without the comment (17) this is somewhat misleading: the scope of the new rules cannot be broader than the articles referred to in article 59(1)(e) of the Electricity Regulation and should only target national/internal redispatching rules. Moreover, some general principles can be developed but the intra zonal congestion management processes details should be established and implemented on a national level. This remark might be relevant for other white boxes: see remark on (20).</p>	
(16)	Disagree	<p>We disagree with the sentence: “The SO Regulation and EB Regulation regulate product and grid prequalification for TSO balancing services and are in the scope of this FG”. While the participation of demand and independent aggregators in balancing processes are in scope, as well as discussing streamline rules to prequalify (eg. ToE), in our opinion product definition and harmonised process for prequalification for TSO balancing services exceed the scope of this FG on Demand Response. Balancing markets are a target for DR providers and their integration into them is very needed and relevant for TSOs. In this sense, the processes and requirements in new rules shall be discussed in a way that the participation of DR in balancing is not impeded but facilitated by these new rules. However, this does not mean that we shall forcibly redefine new balancing products specific for DR, neither to challenge the prequalification processes that could be also extended to demand and aggregators.</p> <p>We agree to exclude RfG from the scope of the FG.</p>	<p>Two important aspects that need to be clarified with respect to the scope of the new rules are related to the topic of prequalification and congestion management. On prequalification, the scope of the new rules covered by this FG included technical requirements set by SOs for the provision of SO services congestion management, balancing and non-frequency services while the technical capabilities of units for grid connection are out of the scope for the new rules. As a consequence, the provisions in the existing rules are in or out of the scope as follows:</p> <p>— The SO Regulation and EB Regulation regulate product and grid prequalification for TSO balancing services and are in the scope of this FG.</p> <p>(...)</p>

		However, the future rules should not harmonise the technical requirements set by TSOs and DSOs in a sense that would weaken the ability of TSOs and DSOs to ensure the reliability of the services provided by flexibility service providers.	
(17)	Neutral	Congestions cannot be solved ex post (i.e., “solving a congestion that will occur if not remedied”).	On congestion management the scope of the new rules covered by this FG need to consider that congestion management is a wide topic described in several parts of the existing European legal framework. It is also an important part of this FG. However, the scope of this FG as concerns congestion management is restricted to the procurement and activation by a <u>DSO or a TSO</u> of products for solving local physical congestions within a bidding zone or network area on short term or on long term and either ex ante (preventing the congestion based on a forecast) or ex post <u>curative</u> (solving a congestion that will occur if not remedied). Thus, other mechanisms for solving structural congestion, such as the allocation of cross zonal capacities and the review of bidding zones, are not to be replaced, but rather complemented, by the processes described in this FG. In this FG, when referring to congestion management we only consider the use of SO services to manage physical congestion, unless something else is explicitly mentioned.
		1.5 Abbreviations	
		2 General requirements for market access	
(18)	Neutral	The FWGL title is misleading because the scope is above Demand Response and includes a lot of other assets (storage, and distributed generations).	As explained in Section 1.1 the main aim of the new rules shall be to ensure access for load, storage (in particular when combined with load), and distributed generation, aggregated or not (hereafter referred to as “demand response and other relevant resources” or in general “resources”). Although in principle and pursuant to the requirements of the Electricity

		<p>For balancing, a level playing field is already ensured by existing regulations that define standard products and create economic space for aggregators, and small assets.</p> <p>The new rules should be developed taking into account the subsidiarity principle. The new rules should not go beyond what is necessary to ensure uniform conditions for the implementation of the Electricity Regulation. Pursuant to Article 59(1) of the Electricity Regulation, the European Commission is habilitated to adopt the new rules in the form of an implementing act, which may not amend nor supplement the provisions of the Electricity Regulation.</p>	<p>Directive, the participation of demand response and other relevant resources to all electricity markets should be enabled at national level, there are aspects that need to be further specified and clarified at European level, to ensure a level playing field for the participation of these resources in the electricity wholesale markets.</p>
(19)	Disagree	<p>ENTSO-E agrees that smart meters are key enablers but also thinks that sub-meters can be used regardless the availability of smart meters, and to allow this, rules shall be developed at national level.</p>	<p>(...) Where the deployment of the smart meters is delayed, the new rules shall specify that the conditions for the usage of the sub meters must be developed nationally, in order for the new rules to be effective.</p>
		2.1 Roles and responsibilities	
(20)	Disagree	<p>From a legal perspective, we disagree that the new rules should require T&C to specify the processes for all potential market participants to offer balancing services, including those engaged in aggregation as well as demand response and storage. We consider EBGL and the T&C's developed based on its principles as sufficient. In particular, EBGL art. 18 already addresses in Articles 18 4(b) & (c); article 18(5)(c) that national T&C shall allow participation of Demand response and other relevant assets and define processes for aggregation. Articles 18 also describes that T&Cs have to describe the processes to become BSP and the settlement rules (by definition for all BSPs, and all assets). At least it must be specified in an exhaustive manner which specific processes will be in the scope of the rules and what has to be precisely amended/added in those articles of the EBGL. Otherwise, the scope of the legal basis (Article 59(1)(e)) would be exceeded.</p>	

	<p>From a TSO perspective, the reduction of the minimum bid size causes high operational risks: the list of merit orders would reach more than thousands of bids, and TSOs would need to invest significant resources to improve the technical capabilities of LFC controllers to handle the huge amounts of bids.</p> <p>From a market perspective, we point out that it is already possible to increase the liquidity of the balancing system via pooling and aggregation, with the same minimum bid size & granularity as we have today. Costs incurred to TSOs for adapting the bidding requirements should be proportionate to the expected value for the system, which is composed of the expected increase in liquidity and competitiveness of balancing markets, i.e. additional balancing offers becoming available at lower prices than seen today. It should therefore first be understood when and to which extent additional offers will become available in case bidding size requirements are relaxed.</p> <p>More generally, the market uptake of small-scale flexibility is more related to the available amount of flexible small-scale devices that can be remote controlled rather than the size of bids.</p> <p>As for the granularity size reduction, the overall complexity incorporated would be higher than the potential liquidity gain.</p> <p>As we see no net benefit for these implementations, a CBA would be needed before adopting the requirement. And it should be aligned with the existing legal framework (e.g. EBGL). This may also be further specified in relation to aggregation, its interest and attractiveness.</p> <p>Furthermore, we think there is a mistake in the proposal: activated balancing capacity of 0.1MW, for the 15min period provides an amount of energy of 0.025MWh which is granularity even lower</p>	
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		<p>than 0.1MWh. The requirements on minimum bid granularity should be aligned with the existing legal framework (e.g., EBGL). This may also be further specified in relation to aggregation, its interest and attractiveness.</p> <p>FG provision to reduce bid granularity seems too prescriptive for a FWGL. Alternatively we propose that FG stipulates that bid-sizes and aggregation models should be designed to avoid undue barriers for market access. Bid-Size does not mean, that smaller assets can't participate in a pool.</p>	
(21)	Disagree	<p>We propose here to clarify "SO services" when relevant: clarifying that the provisions are referred to congestion management and/or voltage control (or non-f ancillary) services.</p> <p>The choice should be given to the MS, regarding the level of progress in services experimenting and national specificities (grid topology and needs).</p> <p>There is a risk for Member States that have already developed some products (for example: for congestion management) while not others (because don't need them yet), since the requirement to draft new Terms, Conditions & Methodologies could lead to delays.</p>	<p>Moreover, the new rules shall define, in accordance with the definitions provided in Section 1.3, the terms service providing unit, service providing group, and service provider for any market participant providing any SO services (for any or both the TSO and the DSO), in particular for congestion management and voltage control – in addition to balancing services, which are already included in the legislative framework as mentioned above. In this context, the new rules shall require TSOs and DSOs to develop terms and conditions related to the <u>congestion management and relevant non-frequency ancillary services</u> services on a Member State level, if the relevant NRA states its efficiency. In this case, the new rules shall require these terms and conditions to specify the processes – at least for becoming Service Providers and for the settlement of <u>congestion management and relevant non-frequency ancillary services</u> services – for all potential market participants to offer <u>congestion management and relevant non-frequency ancillary services</u> services, including those engaged in aggregation as well as demand response and storage. Furthermore, the new rules shall include provisions for assigning or delegating DSO's tasks related to congestion management and/or voltage control, if decided or allowed by the MS or relevant regulatory authority</p>

(22)	Neutral		
		2.2 Aggregation	
(23)	Disagree	<p>ENTSO-E support further alignment of market models for independent aggregation but there should still be freedom for evolution. An exhaustive list of Aggregation models could limit the innovations and at national level. It should be possible to come up with new models of aggregations when justifiable.</p> <p>The new rules should not prevent the SP (BSP) to take the financial responsibility for the imbalances the activations may cause, without an arrangement with a BRP, i.e. "stand alone" SP.</p> <p>In case of several BRPs behind a connection point, rules should be defined nationally to separate allocation of the BRPs.</p>	<p>Although different models may be applied in each MS, a grouping of the different aggregation models can be achieved based on specific parameters: the number of BRPs per connection point and per metering point, as well as the type of the applied compensation mechanism. The new rules, respecting the requirements set in Article 17(3) of the Electricity Directive, shall describe this grouping as <u>a non-exhaustive</u> list of the possible types of aggregation models that may be applied by the Member States, distinguished based on the number of BRPs per connection point and per metering point, as well as on the basis of the type of the applied compensation mechanism, if a compensation mechanism is applied. In particular, the new rules shall specify the roles, responsibilities and interactions of the market participants under each of the possible types of aggregation models, including the data exchanged with the system operator(s) <u>TSO(s) or DSO(s)</u> needed for accessing all electricity wholesale markets, the responsibilities for verifying the provision of the SO <u>congestion management, balancing or non-frequency ancillary</u> service, for informing the BRP(s) after activation of an SO service and for the settlement of the provided SO service. Regarding the settlement, the new rules shall indicate for each type of aggregation model whether the compensation mechanism pursuant to Article 17(4) of the Electricity Directive applies; this compensation is considered to be independent from any correction that is deemed necessary in the volumes attributed to the respective BRP(s) in the context of the imbalance settlement, as described in Section 2.4. The new rules shall ensure that the energy activated for the provision of the service is not double</p>

			counted and it is attributed to the respective BRP(s), in line with the requirements of Article 5 of the Electricity Regulation.
(24)	Disagree	<p>This paragraph can be misleading.</p> <p>On one hand, it recognises that the financial compensation between either the supplier and the aggregator or the supplier and the final customer can have different directions which is correct. Indeed, in case of incremental activation (for ex: increase of production or decrease of consumption) the direction of the financial compensation would go from the final customer or aggregator towards the supplier while in case of decremental activation (ex. decrease of production or increase of consumption) the financial flow would probably go from the supplier towards the aggregator or final customer.</p> <p>On the other hand, the same paragraph imposes the direction of the compensation as it fixes who will be the payer (aggregator or final customer) and who will be the receiver (supplier).</p> <p>ENTOS-E thinks it should be left to the new rules to further specify the financial flows and direction of compensation, for a compensation involving either the supplier and the aggregator or the supplier and the final customer and this depending on aggregation models described and on concerned technologies (demand, distributed generation).</p>	<p>The new rules shall further specify the requirements of Article 17(4) of the Electricity Directive, for the specific types of aggregation models, which include a financial compensation. The new rules shall specify, for each aggregation model type, the parties involved in the financial compensation and the direction of the compensation that will took place <u>either between the final customer and his supplier or between the aggregator and the supplier of the final customer.</u> in each aggregation model type. In particular, the new rules shall specify whether the payer of the transaction is the independent aggregator or the final customer, although in both cases the receiver of the compensation is the supplier of the final customer. The new rules shall ensure that the financial compensation is not creating a barrier for market participants engaged in aggregation. In doing so they shall include an exhaustive list of the possible <i>“resulting costs incurred by the suppliers of participating customers or the suppliers' balance responsible parties during the activation of demand response”</i>, which may be different for each aggregation model type, and a description of the <i>“benefits brought about by the independent aggregators to other market participants”</i> that may be taken into account.</p>
(25)	Disagree	<p>This European-wide process for further specifying and harmonising the main elements of the possible types of aggregation models may end up with ACER taking a decision in order to “harmonise” aggregation models across EU countries. According to Article 17 of the Electricity Directive, the regulatory framework for demand response through aggregation is developed at the level of the</p>	<p>The new rules shall also describe a European-wide process for further specifying and harmonising the main elements of the possible types monitoring the national implementation of aggregation models. Once more experience is gained in the functioning of the different models, as well as in the operation of the integrated balancing markets. In case distortions are</p>

		<p>Member States. Therefore, there is a risk that the new rules would exceed the powers conferred on the Commission by article 59(1)(e) exists. The new rules should not go beyond what is necessary to ensure uniform conditions for the implementation of the Electricity Regulation and there is the risk that the scope of an implementing act is exceeded if Member States were pre-empted from developing the regulatory framework for aggregation.</p> <p>Furthermore, ENTSO-E recommends to simplify and streamline the proposed joint legal mandates with EU DSO Entity instead of multiplying reporting requirements. This would ensure an efficient allocation of resources and easier stakeholders' engagement. It is also premature to already establish dates of publication at the stage of Framework Guideline (to be addressed by the drafting team).</p>	<p>identified, with respect to the level playing field of the SPs, especially in the European or regional integrated markets, due to the application of different types of aggregation models the process shall also aim at reducing the applicable types of aggregation models on a per product/service level. The process shall include an analysis performed by ENTSO-E and the EU DSO entity on the potential <u>barriers, prerequisites and actions to further enhance the level playing field for aggregators. The associations should organise a public consultation with relevant stakeholders before publishing the report.</u> options for further specifying and harmonising the main elements of the types of aggregation models (including reducing them), assessing the benefits in achieving the aims of the Electricity Regulation pursuant to its Article 1 and a public consultation on the proposal for amending the list and main elements of the possible types of aggregation models. The analysis and the proposal will be submitted to ACER for approval, by two years after the entry into force of the new rules or by July 2026, whichever comes later.</p>
		2.3 Provision of the service: baseline and measurement	
(26)	Disagree	<p>The proposed definition of baseline is misleading and should be adapted in order to fit to all its uses, e.g. determining technical requirements for prequalification as well as for settling the deviations (cf. comment in general definitions). As per the definition provided in EBGL, the position of a BRP is a value declared by the BRP and which is taken in the calculation of his imbalance. In practice, position refers to the commercial trades of a BRP which makes it very difficult to derive a baseline from it.</p> <p>The baseline aims at identifying/measuring the actual delivery of flexibility volume by a certain asset. Therefore, ENTSO-E proposes an alternative definition which captures this concept.</p>	<p>Under this assumption, the baseline a counterfactual reference that represents <u>the power that would have been appropriately withdrawn or injected from/to the network by the (group of) asset(s) if there had been no activation.</u> a counterfactual reference about what the SP's BRP allocated volume would be in the absence of the activation for the provision of the respective service, in order to quantify and measure the actual delivery of the service.</p>

(27)	Disagree	We do agree to have an open definition of baseline principles. Nevertheless, in the case of forecast by the SP as an alternative, ex-ante check should be included, to grant the technical reliability.	Preference shall be given to calculation methods that are objective, in order to make the baseline calculated replicable and non-manipulable, but rules shall also allow for other alternatives, such as forecast by the service providers, if there is a procedure for ex-post <u>to</u> check of the accuracy.
(28)	Agree	ENTSO-E supports this paragraph but remind ACER and the future drafting team not to develop too detailed rules that could prevent innovation.	
(29)	Disagree	<p>What is important is to have a metering granularity that is coherent with the Imbalance Settlement Period applicable in the Member State, which can also be achieved by smart-meters with longer granularity (using profiling for example). There's no need to deploy new smart-meters with the appropriate granularity in order to comply with this provision.</p> <p>In Member States which have completed recently the roll-out of smart-meters with longer granularity, it would not be efficient to roll-out a new generation of smart-meters with the appropriate granularity, before the end of the life cycle of the existing smart-meters.</p>	<p>If the control of the provision of an SO service is based on <u>data exchanged from meters</u>, the granularity of the metering needs to be at least <u>equal to 15 min (or else if another imbalance settlement period is applicable)</u>, in order to be <u>consistent which is with</u> the harmonised imbalance settlement period. <u>In cases where MS has already performed roll-out of the smart meters with longer granularity and where solutions to verify service provision are available and considered suitable by national authorities, the MS should not be forced to re-invest in lower granularity meters</u>. The new rules shall describe the conditions for the use of sub-metering for the measurement of the provision of the service. The standardisation of the process for the use of sub-metering is not the aim for now, because experience still need to be gained regarding this topic, but the new rules shall define common principles and provisions to study the need for standardising the process.</p>
(30)	Neutral	We foresee that this will be a complex task.	
2.4 Imbalance settlement			
(31)	Neutral	Allowing more than one market player active behind a connection point can increase competition between service providers. However, it is important for TSOs to be able to properly forecast and allocate activation of the services in such case. Therefore,	<u>Provided this increases overall welfare</u> , the new rules shall facilitate all market participants (including SPs) to develop demand response behind the metering point of a connection point and multiple market participants (including SPs) to be

		participation of several SPs, including aggregators, behind the meter should remain optional and up to the NRA decision.	simultaneously active behind the metering point of a connection point, by specifying all the aspects of the imbalance settlement including the calculation of the position, the allocated volume, the imbalance adjustment and the imbalance, for all the activations by the <u>DSOs or TSOs</u> as well as for all the market participant , including aggregators all the different aggregation models.
(32)	Neutral		The new rules shall distinguish between the imbalance adjustment of the BRP of the market participants (including SPs) behind the metering point of the connection point, and the adjustments to the allocated volume of the BRP responsible for the imbalances on the connection point, differentiating the respective calculations, depending on the applicable aggregation model, but in any case ensuring consistency among the volumes involved, in order to avoid free riding. <u>The new rules shall be limited to high-level principles and leave room for Member States to define further the details.</u>
2.5 Frequency containment reserve			
(33) and (34)	Strongly Disagree	<p>ENTSO-E strongly disagrees with the proposed inclusion of rules on the asymmetric procurement of the FCR product, either in the new network code on demand response or by amending the provisions of Article 32 of the EB Regulation.</p> <p>The new NC DR stems from art.59(1)(e) of Electricity Regulation, and will consequently be adopted as an implementing act. Thus, its scope is limited to express uniform conditions for the implementation of the procedures that are contemplated in the primary legislation. As the procurement and settlement of FCR is already within the scope of EBGL (see EBGL art.1), the new rules on FCR would go beyond what is necessary for the uniform implementation.</p>	<p>Delete both paragraphs 33 and 34 unless a clear legal basis is provided for the new NC DR to include rules on the asymmetric procurement of the FCR product.</p> <p>If such a basis is provided: paragraph (33) should be modified as follows <i>“The new rules shall include the process and a clear timeline for a CBA to be carried out by each TSO to establish the necessary facts regarding the question whether or not an asymmetric FCR product is beneficial, by amending the provisions of Article 32 of the EB Regulation. The CBA shall consider the overall procurement costs of FCR by the TSO, including scenarios for the increase of the share of demand response in the market.”</i></p>

		<p>Regardless of the legal question raised above, ENTSO-E strongly disagrees with the implementation of an asymmetric FCR product without establishing the necessary facts regarding whether the asymmetric FCR leads to a reduction of procurement costs and system security.</p> <p>A CBA should then be carried-out to assess the relevance of implementing such asymmetric product. Such CBA should be performed at individual TSO level similarly to what is foreseen in art. 6(9) of Regulation 943, and not at the level of the entire synchronous area. The FCR market structure and organisation may be very different across a given synchronous area, potentially leading to different conclusions in different parts of the area.</p> <p>The CBA should then be based mainly on the objective to minimise TSO's overall procurement costs, in line with the objective of articles 32(1) and 58(3)(a) of EB Regulation. It is unclear how defining a product to favour the "actor diversity" fits with the obligation to define balancing products in a technologically neutral manner as required by art. 6 of the Regulation 943.</p> <p>ENTSO-E considers that the outcome of such a CBA (i.e. the benefits to introduce symmetric, asymmetric or both types of product) should not be anticipated and sees no reason why an asymmetric FCR product should be considered a priori as a superior product and why "the needed steps to switch from a symmetric to an asymmetric product" should be elaborated on if procurement costs are minimised with symmetric products.</p>	Paragraph (34) is in any cases unacceptable.
		2.6 SO-owned storage facilities	
(35) to (38)	Disagree	The Clean Energy Package and notably Directive (EU) 2019/944 already provides sufficient guidance on the conditions for ownership of storage facilities by TSOs or DSOs.	(35) Articles 36 and 54 of the Electricity Directive establish criteria for SO-owned storage. The new rules shall provide a clear framework that ensures that demand response and

			<p>other relevant resources are preferred over TSO and DSO-owned storage.</p> <p>(36) As described in the Directive (Articles 36.2 and 54.2), SO-owned storage is authorised under conditions that “other parties, following an open, transparent and non-discriminatory tendering procedure that is subject to review and approval by the regulatory authority have not been awarded a right to own, develop, manage or operate such facilities, or could not deliver those services at a reasonable cost and in a timely manner”. The new rules shall specify criteria to be fulfilled by the tendering procedure in order to be approved by the NRA, including:</p> <ul style="list-style-type: none"> – Participation conditions shall enable participation of demand response and other relevant resources that can deliver the services needed by the SOs to fulfil their obligations for the efficient, reliable and secure operation of the transmission and/or distribution system, in addition to storage participation; – Selection criteria shall be technology neutral and select the best techno-economic option for each particular case, maximizing social welfare including when comparing to an SO-owned storage facility. – Transparency of the selection criteria and the results of the tender; – Clear communication on the technical and economic conditions of the tender
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			<p>Further criteria to be fulfilled by the tendering procedure shall be defined at national level.</p> <p>(37) The new rules shall specify that SOs are allowed to own/operate a part of a storage facility (a percentage) if no third party can do so, with the same conditions as announced in the previous paragraph and in articles 36 and 54 of the Electricity Directive. In that case, these</p> <p>conditions shall apply only to the SO-owned part of the storage. A third party should own and operate the rest of the storage freely, after the ownership has been subject to an open, transparent and non-discriminatory tender. The specifications of the tender shall be submitted to public consultation and to NRA approval prior to the tendering process. The new rules shall establish that the ownership and contractual relations (for use of the facilities, distribution of costs etc.) between the SO and the third party are approved by the NRA and made public in a transparent manner.</p> <p>(38) It is written in the Directive (Article 36.3 and 54.4) that «The regulatory authorities shall perform, at regular intervals or at least every five years, a public consultation on the existing energy storage facilities in order to assess the potential availability and interest in investing in such facilities. Where the public consultation, as assessed by the regulatory authority, indicates that third parties are able to own, develop, operate or manage such facilities in a cost-effective manner, the regulatory authority shall ensure that the [distribution/transmission] system operators' activities in this regard are phased out within 18 months». The new rules shall establish that this condition is fulfilled if:</p>
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			<p>* the public consultation shows that third parties can, and are willing to, provide the services that the SO needs from the storage facility, be it by taking over the SO-owned storage or by other means, such as demand response or other relevant resources;</p> <p>* a CBA shows that it is preferable to the phase out of the SO storage and purchase the necessary services from third parties rather than continuing the SO storage activity. The new rules shall provide guidance for the scope of the abovementioned CBA, ensuring in particular that the scope in time and in topics is broad enough to take into account the potential loss of developing markets for SO services and the consequences thereof.</p>
		3 Prequalification	
		3.1 General principles, requirements and processes	
	Box	<p>The prequalification process is not limited only to SO GL provisions. NC DC provides its own prequalification procedure for demands used to provide demand side response, which may contain balancing services (art. 27 - art. 33 NC DC). This title is wrongly named as "CONNECTION OF DEMAND UNITS USED BY A DEMAND FACILITY OR A CLOSED DISTRIBUTION SYSTEM TO PROVIDE DEMAND RESPONSE SERVICES TO SYSTEM OPERATORS", but in fact it contains the technical requirements for providing demand response services and its prequalification for the operational notification divided into demands connected < and >= 1 000V. This procedure overlaps prequalification from SO GL for balancing services.</p> <p>In our opinion both these procedures from SO GL and NC DC should be merged in one prequalification procedure located in SO GL, so Title III of NC DC should be erased. Connection network codes</p>	<p>The SO Regulation regulates product and grid prequalification for TSO balancing services. Titles 5, 6 and 7 of Part IV set the prequalification process and the minimum technical requirements for FCR, FRR and RR, respectively. Title 9 of the same part sets the cooperation with DSOs during prequalification of reserve providing units or groups connected to the DSO grid. The NC DC regulates the product prequalifications for demand side response, which may contain balancing services. Title III set the prequalification process and technical requirements for providing demand site response. These provisions are set to both TSOs and DSOs.</p>

		should only focus on technical capabilities of objects connecting to the grid, not on the prequalification procedures or technical requirements of market services (demand response services).	
(39)	Disagree	<p>Grid prequalification is understood as a right and not a process requirement. Therefore, it should be left at the discretion of the TSOs and DSOs.</p> <p>What is additional important to take into account is the prequalification for service providers itself in order to participate in the national market (in accordance with article 40 Electricity directive).</p> <p>The text from sub paragraph ii "only if technically needed to ensure the system security and grid operation" is obsolete. The products and SP is checked against the technical criteria that are defined via the ToE. The ToE is on its turn part of a national TCM and the TCM on its turn is under observation of the national NRA.</p>	<p>The new rules shall provide take into account the different concepts associated to the prequalification of units, groups and service providers: <i>that the prequalification process for a SP consists of a</i> grid prequalification (aiming at verifying that the delivery of a service can be technically supported by the connecting grid), the SP qualification (aiming at verifying the Service Provider's capability to deliver a Service, e.g. having the adequate communication tools, having the SP data correctly registered together with the associated units) and a product prequalification (aiming at verifying the compliance of the asset(s) providing a service to the technical requirements of the service e.g. compliance with ramping rate specifications).</p> <p>Grid prequalification shall ensure, as applicable, that the service offered to the SO can be delivered in each of the involved grids, including by the connecting grid, the grid where the service is to be delivered to and any intermediate grids. The new rules shall describe the assessment criteria for DSOs or TSOs to technically accept limit or condition the delivery of a service. The new rules shall also clarify the concepts of conditional or long-term grid prequalification and dynamic or short-term grid prequalification and the differences between them. It shall provide principles and define the criteria allowing DSO or TSOs to set limits and re-examine such limits in a conditional and dynamic prequalification respectively. These criteria shall be public, transparent, verifiable and accurate. The new rules shall also define the main roles and responsibilities of the different SOs network operators involved in grid prequalification that shall be further clarified in national TCM (<i>i.e. connecting SO, intermediate SO(s), etc.</i>).</p>

			<p><u>ii: In addition to or as amendment of existing rules, national TCM shall define the qualification criteria for service providers to participate in national markets and to deliver services.</u></p> <p>iii. Product prequalification shall ensure that <u>an unit or Group of units of</u> the SP fulfil(s) all technical requirements to deliver a particular Product. <u>Procuring TSOs or DSOs</u> shall check the technical capabilities of the SP' <u>assets</u> against the technical requirements determined by the specific product and perform a test to make sure that the SP's assets can deliver the requested service, only if technically needed to ensure the system security and grid operation.</p>
(40)	Disagree	<p>sub iii) from ACER proposal states that the prequalification requirements "shall be aligned and standardised without upwards harmonisation of technical requirements". It is not desirable that harmonisation may only be towards the currently available lowest level.</p> <p>Regarding v), there are in every member state existing TCMs. These new rules should propose to extend and/or amended existing TCMs to fulfil the needs for DSF. Also, we propose to remove the examples of third party because the current list does not include other entity to whom the prequalification process can be delegated in some member states already.</p> <p>The term <i>contracting SO</i> is not clarified. The responsibilities of DSOs and TSOs should be determined on national level. The <i>contracting SO</i> will not be always clear in all cases and this should be clarified on national level.</p>	<p>iii) The prequalification requirements shall be limited to the technically necessary level to ensure the system security and grid operation and shall lower entry barriers for new and small service providers. The prequalification requirements can vary among different services and products; however they shall be aligned and standardised without upwards harmonisation of technical requirements.</p> <p>v) The new rules shall make a proposal to extend and/or amend existing TCM by setting requirements for delegating the task of conducting the prequalification process and test (if applicable) to a third party (either other SO or the market operator of a local market) while keeping the responsibility for the contracting <u>TSO</u> or <u>DSO</u>.</p> <p><u>vi) The new rules shall make a proposal to extend and/or amend existing TCM by defining the roles and responsibilities of the TSO or DSO procuring the services.</u></p>
(41)	Neutral	ENTSO-E recognizes, that some products may have comparable attributes / requirements that, if fulfilled by the SP, can fulfil all or some parts of the prequalification criteria for a product. ENTSO-E	

		<p>agrees that, prequalification between products shall be streamlined as far as possible and strive to avoid double-checking of certain attributes for the prequalification for multiple products. However, there is a lot of uncertainty regarding a mechanism that would automatically allow a SP that is qualified for a “higher-quality-product” (e.g. aFRR) for a “lower-quality-product” (e.g. Redispatch). There might be requirements that are vastly different for the products, that do not stem from common attributes. Therefore ENTSO-E does not want to make such an automatic mechanism mandatory, due to too much uncertainty how this could work in practice.</p>	
3.2 Simplification of the prequalification processes			
(42)	Disagree	<p>These obligations should not be imposed via the DR NC. Not the right vehicle (EBGL or SOGL are better).</p> <p>A discussion on timelines and further details for harmonising the prequalification of standard balancing products following most of the principles described is supported, but it should be properly tackled as a discussion of possible amendments to EB GL or SOGL or their derived implementation terms, conditions and methodologies.</p> <p>We additionally note that:</p> <ul style="list-style-type: none"> • The prequalification of balancing products and of BSPs is TSOs responsibility. • There should be room for detailing specific technical requirements in national framework. • FCR market is not mandatory and the monitoring of FCR can be performed by other means than requiring real-time measurement to FCR providers. • Registration of standardised devices is not admissible as enough requirement, since it does not guarantee the ensemble of communication, activation or reaction performance. 	<p>For standard balancing products, the new further harmonised rules shall be discussed define a unique and common in order to achieve more common ground in the prequalification process at European level to be implemented by all TSOs with the same steps, lead times and as much similar technical requirements as possible. To define this process, the new rules In doing so, TSOs shall consider the following principles and requirements:</p> <p><i>[only criteria commented are copied]</i></p> <ul style="list-style-type: none"> i) The new rules shall amend the requirements to make data available in real-time and supply real-time measures set for FCR, FRR and RR in Titles 5, 6 and 7 of the SO Regulation in order to ensure the product prequalification for the provision of standard balancing products allows the participation of small BSPs or BSPs with small units in the connection points. ii) The new rules shall define this prequalification process for different scenarios (i.e.

	<p>Renewal of prequalification may not be needed in case a change is below what is consider a significant change.</p> <p>Regarding ii), the further harmonised rules shall be extended with scenarios: time-limited prequalification which is described in SO GL Art. 155. 6, 159.6, 162.5., renewal of prequalification after the expiry of the 5-year period, prequalification after losing prequalification status in case the change of SP product is significant. The new rules aim at removing all undue barriers for the participation of these resources in all wholesale electricity markets (including those for participating in congestion management or non-frequency ancillary services). Those new rules include establishing clear and streamlined processes, roles and responsibilities on a European level, where relevant.</p> <p>Regarding iii), the new rules should allow partial prequalification in case the TSO determines that it is not necessary to perform all tests and the entire procedure, because it does not significantly affect the prequalified product.</p> <p>Regarding iv), due to the fact that the TSO is responsible for prequalification of balancing products, it should be able to simplify the prequalification in cases that do not significantly affect prequalified balancing product.</p> <p>Regarding v) When prequalifying units for providing balancing services, SPs shall pass the TSOs organised prequalification process and tests, not forcedly/systematically for each of the (small) individual standardised devices, but for the ensemble/group of units that constitute the portfolio of the SP for a given service. The prequalification process is then meant to verify that the service can be actually delivered with good performance by the ensemble/group of units, whether this group is composed by</p>	<p>prequalification of a BSP for the first time, prequalification after changes in the reserve providing unit or group, transference/switching of a prequalified reserve providing units or groups to another BSP, <u>prequalification after losing prequalification status, renewal prequalification process, simplified prequalification process etc.)</u></p> <p>iii) The new rules shall avoid that any change in a prequalified reserve providing unit or group always requires to overcome a new prequalification process or test. The new rules shall define a threshold in the technical requirements or in the capacity or volume of the reserve providing unit or group that will require to overcome <u>an entire</u> new prequalification process or test.</p> <p>iv) When a BSP aims to make multiple changes in a prequalified reserve providing unit or group, it shall be allowed to submit only one application for all changes through the SO service provision tool <u>prequalification and register interface</u> (see Section 4.4). The BSP shall indicate whether these changes <u>that</u> are expected to impact the technical requirements or the capacity or volume of the reserve providing unit or group beyond the threshold. If so, a new prequalification process or test may be required <u>by relevant TSO. TSO shall evaluate and decide if SP is allowed to the partial prequalification process or not.</u></p>
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	<p>standardised devices non standardized devices or a mix of both; and not specifically by each of the unit/device.</p> <p>The prequalification test checks if the communications with the service provider (schedules, set-points, measurements...) works well and if the scheduled services would be delivered (if the group would behave as contracted), therefore it is important to also test standardised devices together with the rest of the group.</p> <p>This is an important clarification, to understand why ENTSOE has removed point 'v' as not-applicable provision.</p> <p>The certification of single assets as standard devices with certain characteristics (e.g. communication capabilities, ramping restrictions ...) is not to be confused by prequalification of the SP's pool integrating those assets, even if the prequalification of a SP can be speed when e.g. integrating new standard devices into the pool.</p> <p>Nevertheless, ENTSO-e agrees with the objective to facilitate and to smoothen as much as possible the prequalification process in order to reduce entry barriers for DR, storage and decentral productions. Therefore, it could be useful to clarify these two points:</p> <ul style="list-style-type: none"> • SPs/aggregators are not meant to pass again a prequalification process every-time their portfolios change, but only in case they change of the pool exceeds a value (threshold described in 'iii'), or the structure of the pool changes significantly enough, for the concept of the SP to be re-checked. • Discussions on the potential improvements that can be explored such as the facilitation of prequalification process for standardised devices within a SP portfolio may be handled at national level with SPs and TSOs and positive outcomes could be discussed afterwards within EU forums to exchange best practices 	<p>v) Standardised devices shall be exempt from overcoming any prequalification process or test if they meet all the technical requirements set in the Table of Equivalences for the corresponding product (see Section 3.3). They shall only be required to register in the SO service provision tool.</p> <p>vi) The prequalification tests shall be required only when technically needed to ensure system security and grid operation (e.g. as a consequence of changes that may impact the technical requirements or the capacity or volume of the prequalified reserve providing group beyond the threshold set in the new rules) and as a confirmation of standard balancing products might be delivered. If technically and practically possible for both the TSO and the BSP, the prequalification tests shall be required ii) only on the new or changed connection points (i.e. prequalified connection points of a reserve providing group may not be required to re-prequalify) and iii) on the connection points as a whole (i.e. avoiding separate tests per individual connection point).</p> <p>In principle, a prequalified reserve providing unit or group shall not lose its "prequalification status" while conducting new prequalification processes (or tests, if needed) because of changes not considered of significance in its unit(s) or group(s).</p>
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		Regarding vi), prequalification tests are required mainly to confirm whether the product can be delivered and whether it will not adversely affect the grid, not only to ensure system security and grid operation.	
(43)	Strongly disagree	<p>ENTSO-E supports the intention to find a balance between easy access and network security. Because of the need to have certainty on the performance of the process, the ex-post verification process cannot be supported as a 'per default' (this is understood as more critical for some balancing services: it is important to TSOs to ensure proper delivery and therewith a stable system). The verification process is rather a process which is part of the settlement process instead of the prequalification process as suggested in this FG.</p> <p>The rules to prequalify service providers for specific balancing products should be kept under TSO responsibility.</p> <p>Specific comments to the points in the paragraph are:</p> <ul style="list-style-type: none"> i) Only the capability to ensure settlement account and financial liabilities is mentioned, while prequalification for service providers is required to participate in the national market and its includes also a process that implies the verification of communication channels used for activation properly functioning, IT and communication standards are met. ii) The FG cannot state if a penalty is either optional or a must, it can only make a proposal for an effective (etc.) penalty iii) By principle, each provider should bear their own cost for the prequalification process in order to maintain an incentive to be compliant with the technical requirements as soon as possible. 	<p>For specific balancing, congestion management and voltage control products, the new rules shall require may allow to perform an ex-post verification process <u>when this is technically considered a valid solution by TSO(s) and DSOs as applicable at national level, ensuring a right balance between easy access and network security by default.</u> The new rules shall define this process considering the following principles and requirements:</p> <p>i) As a prerequisite to provide the product, the SOs shall only require a qualification of the service provider with the aim of ensuring the SP has a settlement account and financial liabilities, it complies with the legal provisions, etc. No ex-ante product prequalification <u>may be an option shall be performed at service providing unit or group level i.e. the capabilities of the unit for grid connection. Settlement account, financial liabilities, qualification of the service provider to participate in the national market and other conditions applied at national level associated to the correct functioning and security of communication channels and standards,</u> will be taken as a prequalification to provide the service.</p> <p>ii) After the qualification of the SP, The <u>DSO or TSO procuring a service contracting SO shall</u> may perform an ex-post verification based on the service delivery and some verification criteria. The new rules shall define different options for these ex-post verification criteria including the possibility to verify service delivery based on a minimum number of deliveries. In the national TCMs, all SOs <u>TSOs and DSOs</u> shall agree <u>to include as applicable</u> on the ex-post verification criteria chosen to assess the service delivery. If the</p>

		<p>Point (v) for a unique application to prequalify in multiple products may create excessive complication with few value for the providers. The estimation is that the prequalification for different products would follow different tests and processes, therefore there could be very difficult nearly impracticable to ensure single flow of communication and answer for different processes with only one submission to be managed for multiple products. Eventually, even providers may considered not a difficulty task but an advantage to submit differentiated applications and the effort of a complicate IT solution does not deserve the searched value.</p> <p>Without prequalification, it is already possible to participate in balancing in several countries through what is called voluntary or passive balancing (see also here on page 25/26).</p>	<p><u>an SP does not meet the ex-post verification criteria</u>, thus failing in <u>to deliver</u> the service <u>as required</u> delivery, it may be subject to a penalty, if set in the national TCMs <u>so provided in the national TCM with approval of the NRA. The NRA shall assess whether the rules regarding the imposition of such penalty result in an effective proportionate and dissuasive sanction.</u></p> <p>iii) This ex-post verification shall not include to perform any ex-post verification test at service providing unit/group level. The new rules shall guarantee that if any ex-post verification test is required by the contracting SO, it will shall bear the corresponding costs.</p> <p>iv) The SP shall notify any change in the service providing units or groups of its portfolio through the SO service provision <u>prequalification and registration interface tool</u>. The <u>DSOs and/or TSOs</u> procuring the products will be up to date with all changes and will request additional information if needed through the SO service provision tool <u>prequalification and registration interface</u>(see Section 4.4).</p> <p>v) When a potential service provider aims to participate in multiple SO products <u>under the same ToE</u>, it shall be <u>as much as technically reasonable</u> allowed to submit only one application through the SO service provision tool <u>prequalification and registration interface</u> provision tool, providing <u>as applicable</u> also the geographical distribution of its connection points (see Section 4.4).</p> <p><u>vi) Irrespective of this, when a prequalification test is technically needed to ensure the system stability and grid operation, in principle it shall be executed by the TSO or DSO procuring the service in cooperation with the connecting TSO or DSO. The new rules shall establish that national TCM shall clarify how the test is validated in case the service/product is provided to multiple operators."</u></p>
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(44)	Disagree	<p>This has to be defined on national level similar as/related to the ToE and similar to the requirements for the ex-ante prequalification as for paragraph 40. The prequalification requirements are defined on national level, as in line with electricity directive article 40, based on the characteristics of the national market. The rules to be applied in case ex-post verification should therefore also be defined on national level.</p>	<p>The new rules shall <u>make a proposal to extended and/or amended existing TCM shall be</u> to define the technical criteria that will <u>apply to providers in case</u> allow SOs to deviate from the ex-post verification process <u>is considered enough</u>. and thus perform an ex-ante prequalification process at service providing unit/group level as a prerequisite to provide the product.</p>
(45)	Strongly disagree	<p>Could these “All SOs” proposals for new TCMs at Member State level could stem from the new NC DR? When point 45 of the draft FG refers to “new rules”, these new rules might refer to amended provisions within a GL. The EC will have to amend the relevant GLs, if needed, so that DSOs are included in the development of some national TCMs together with TSOs. Article 18 EBGL, for instance, already foresees cooperation between TSOs and DSOs for the development of TCMs for BSPs and BRPs. To clarify whether the referred “new rules” refer to the new NC DR because TCMs usually stem from GLs. The rules to prequalify service providers for specific balancing products should be kept under TSO responsibility.</p> <p>We understand that the harmonisation and facilitation of prequalification is dealt with in Section 4.4 and that IT and communication requirements for prequalification will depend on the product / service performance. Communication requirements between TSOs, DSOs and grid users, necessary to ensure operational security, should be implemented at national level following EU framework for data exchange (SOGI and KORRR) and its possible evolution (adjustments or complements to make it more clear for smaller service providers).</p>	<p>The new rules shall <u>make a proposal to extended and/or amended existing TCM to</u> define the principles and processes for all SOs <u>TSO(s) and DSOs</u> within each Member State to propose <u>or update as relevant</u> common national terms and conditions or a methodology to define all <u>ex-ante and</u> ex-post verification and prequalification processes for SOs services <u>congestion management</u> (TCMs) within two <u>three</u> years after entry into force of the new rules:</p> <ol style="list-style-type: none"> 1. These TCMs shall aim at simplifying the access to SO <u>congestion management</u> services and avoiding duplications when prequalification processes are technically justified according to the new rules. 2. They shall describe the <u>ex-ante and</u> ex-post verification and prequalification processes used for each SO product and define the process to access all SO <u>register as services provider for congestion management</u> through the SO service provision <u>prequalification and registration interface tool</u> (see Section 4.4). 3. They shall define a process and timeline where all SOs within each Member State propose guidelines to harmonise the IT and communication requirements in the prequalification processes.
(46)	Disagree	<p>The further harmonised rules shall be extended with scenarios: time-limited prequalification which is described in SO GL Art. 155.</p>	<p>[...] i) The new rules shall require the national TCMs to define the prequalification processes for different scenarios (i.e.</p>

		<p>6, 159.6, 162.5., renewal of prequalification after the expiry of the 5-year period, prequalification after losing prequalification status in case the change of SP product is significant. The new rules aim at removing all undue barriers for the participation of these resources in all wholesale electricity markets (including those for procuring SO services). Those new rules include establishing clear and streamlined processes, roles and responsibilities on a European level, where relevant.</p> <p>Because of need to avoid unnecessary efforts, TSOs and DSOs are also very interested into streamlined and efficient prequalification processes. Nevertheless, there are several points that need to be reviewed in the list of principles and requirements:</p> <ul style="list-style-type: none"> i) Balancing products are under TSO responsibility. ii) Clarifications iii) (see also 42) Registration of standardised devices is not admissible as enough requirement, since it does not guarantee the ensemble of communication, activation or reaction performance. iv) It is important for TSOs (and DSOs) to have guarantee of the performance / the actual existence of resources needed to cope with system and network processes. v) Renewal of prequalification may not be needed in case a change is below what is consider a significant change. 	<p>prequalification of a SP for the first time, prequalification after changes in the service providing unit or group, transference/switching of a prequalified service providing units or groups to another SP, <u>prequalification after losing prequalification status, renewal prequalification process, simplified prequalification process etc.</u>).</p> <p>ii) The national TCMs shall avoid that any change in a prequalified service providing unit or group requires to overcome a new prequalification process or test. In the TCMs, all SOs <u>TSOs and DSOs, as applicable depending on the service,</u> of each Member State shall agree on a threshold <u>(understood as e.g. % of the prequalified volume of the group)</u> in the technical requirements included in the ToE or in the capacity or volume of the service providing unit or group that will require to overcome a new prequalification test or allow the part of prequalification process. This threshold may be different for each product (e.g., aFRR, mFRR, congestion management, etc.) according to their criticality.</p> <p>iii) [...] Standardised devices shall be exempt from overcoming a prequalification process if they meet all the technical requirements set in the Table of Equivalences for the corresponding product (see Section 3.3). They shall only be required to register in the SO service provision tool.</p> <p>vi) The prequalification tests shall be required only when technically needed to ensure system security and grid operation (e.g. as a consequence of changes that may impact the technical requirements or the capacity or volume of the prequalified reserve providing group beyond the threshold set in the new rules) <u>and as a mean for TSOs and DSOs to confirm that products might actually be delivered.</u> [...]</p> <p>v) In principle, a prequalified service providing unit or group shall not lose its “prequalification status” while conducting new prequalification processes (and tests, if</p>
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			<p>needed) because of changes in its unit(s) or group(s) <u>not considered of significance in line with the threshold above mentioned.</u></p> <p>vi) When a potential service provider aims to participate in multiple <i>SO</i> products <u>under the same ToE</u>, it shall be allowed <u>as much as technically reasonable</u> to submit only one application for prequalification through the <i>SO-service prequalification and registration interface provision tool</i>, providing <u>as applicable</u> also the geographical distribution of its connection points (see Section 4.4).</p>
(47)	Disagree	<p>The process on agreeing on a TCM by DSOs and TSO(s) within a Member State after public consultation may be a long lasting, complex and time-consuming process due to the amount of DSOs in some Member States. Therefore, the text “<i>All</i>” has been removed.</p>	<p>All <u>TSO(s) and DSOs</u> within a Member State shall agree on the TCM <u>on the prequalification of service providers for congestion management and relevant non-frequency ancillary services</u> after taking into account responses received from a public consultation <u>commonly</u> conducted by <u>TSO(s) and DSOs</u>. The responses to the public consultation shall be made public. The national TCMs shall be approved by the NRA(s) of the Member State who may require amendments. The TCMs shall be made public.</p>
(48)	<p>Disagree / Strongly Disagree</p> <p>In the ACER system marked as “Disagree”</p>	<p>European methodology for the harmonisation of specific products, 3 years after the submission of TCM is considered not realistic timeline and neither a proportionate provision. Since the products in local markets are not harmonised, it seems very difficult to search for prequalification harmonisation.</p> <p>A process based on practice sharing and recommendations could be instead stated.</p> <p>No need to publicly consult a practice sharing exercise.</p> <p>Of convenience to review figure 2 in line with updated FG after public consultation.</p>	<p>The new rules shall require ENTSO-E and the EU DSO entity to propose a <u>process for sharing practices and allowing to identify lessons learned in European methodology for further harmonisation of</u> the prequalification processes within three years after the submission of the proposals for the national TCMs. Based on the best practices identified in the prequalification processes across the Member States according to the TCMs, this methodology <u>ENTSO-E and the EU DSO entity</u> shall propose how some prequalification requirements and tests (if applicable) can be minimised for each scenario (i.e. prequalification for the first time, prequalification after changes in the service providing unit or group, transference/switching of a prequalified service</p>

			providing units or groups to another service provider, etc.) while ensuring system security and grid operation. The European methodology shall include a timeline for implementation of the suggested harmonisation in the national TCMs. Where it concludes that further harmonisation is not relevant, it shall be justified. The process shall include a public consultation on this methodology, which shall be amended by ENTSO-E and the EU DSO entity before submitting it the proposal to ACER for approval, together with the contributions to the public consultation. ACER may then, together with the NRAs, approve, require further amendments or reject the methodology. After approval, the final harmonisation points shall become mandatory through the appropriate process.
		3.3 Avoid duplications in prequalification processes	
(49)	Neutral		
(50)	Neutral		
		4 Data exchange and SOs coordination	
		4.1 Market interaction	
(51)	Disagree	<p>We understand the provisions are flexible enough to allow for all legally valid formulas, even if not listed (not one of the two alternatives).</p> <p>We agree with the provisions with some important adjustments:</p> <p>(see also comments to para. (12)): There is a need to precise the provisions are meant for the procurement of congestion management and or non-f ancillary services, but not for the procurement of balancing. The term “SO service” introduces unclarity.</p> <p>Balancing services are not to be procured either in local markets or locally tagged wholesale markets (ID or BAL). They are most</p>	<p>SO services Congestion Management and relevant non-frequency ancillary services may be procured in dedicated local markets for SO services as described in Section 4.2, or through locationally tagged bids in wholesale markets, in particular day-ahead, intraday and balancing markets, as described in this Section, or for TSOs applying a central dispatching model may be managed through the Integrated Scheduling Process as outlined in the EB Regulation. In any case, the new rules shall provide that the NRA approves the (adapptions to) overall market design in each Member State upon a proposal from TSO(s) and DSOs all SOs in the MS, –The first all SO proposal that shall be submitted to the NRA for approval within two years after entry into force of the new rules. The NRA shall approve, reject or amend the proposal</p>

		<p>efficiently procured in Balancing Markets and shall not be confused with procurement from other markets.</p> <p>An addition is proposed, to allow FG provisions consistency in the case central dispatching model.</p> <p>We foresee that NRAs do not need to approve the overall market design at all times, but rather the adaptations made to it.</p> <p>Last sentence could be read as a mandate to review the market design every 12 months, which we understand may be a misunderstanding, since it would imply strong regulatory uncertainty.</p>	<p>within six months after reception. The NRA may ask the <u>TSO(s) and DSOs</u> to provide an amended version of the approved proposal for the overall market design, whenever it deems it necessary and at least 12 months after the last approval.</p>
(52)	Neutral	<p>Comment: These coordination processes might exist in many member states already, particularly if market-based solutions are less applicable due to anticipated interferences with EOM.</p> <p>“SO services” is a misleading terminology.</p>	<p>[...]</p> <p>The overall design of local and wholesale markets in each Member State shall be such that:</p> <ul style="list-style-type: none"> v. Possibilities for withholding of capacities and market abuse are minimised. vi. Liquidity is maximised in each market. vii. It shall be possible, <u>if in line with providers decision</u>, to propose bids that are not procured in one market to another market, given they are qualified for that market. viii. The SO does not unduly distort electricity wholesale markets <u>are not unduly distort by TSOs or DSOs</u> procuring SO services.
(53)	Neutral	<p>(see para (51) comments): Bids from balancing services are used for balancing services, no need to mention their use when they have tagged locational information for balancing services.</p> <p>“SO services” is a misleading terminology.</p>	<p>The new rules shall provide that if the SO <u>TSOs and DSOs are</u> is allowed to procure locationally tagged bids from the wholesale market to <u>be used for SO services congestion management and relevant non-frequency ancillary services</u>, the products and pricing mechanism applied for its purchases shall be approved by the NRA as described in chapter 5. The pricing mechanisms may be different from the general pricing</p>

			mechanism in the wholesale market, and take into account the particularity of the purchaser being interested in locationally tagged bids, contrarily to other buyers in the market.
(54)	Disagree	<p>Precision to not forget bids in Day-ahead market. See also comment in paragraph (79).</p> <p>The organisation of local markets should be finally assessed and stated by NRA, who is best placed to assess the liquidity of those markets and the eventual risks for market abuse.</p> <p>An addition is proposed, to allow FG provisions consistency in the case central dispatching model.</p> <p>With regards the second bullet: we are not sure whether the conditions to be applied by third party market operators of local markets in case they want to inject bids into wholesale markets is a subject for TSOs or DSOs judgement and decision. It seems it touches retail aspects as well as fundamental market design options.</p> <p>Also, future market rules should not limit TSOs or DSOs to set free unused “flexibilities” and forward them to other markets.</p>	<ul style="list-style-type: none"> whether and under which conditions bids offered in intraday, <u>day ahead</u> or balancing markets can be used for local congestion management for distribution and/or transmission grids (<u>acknowledging the right for TSOs applying the central dispatching model to manage congestion and voltage control through the integrated scheduling process as described under the EB Regulation</u>). In this case, the new rules shall provide the possibility for <u>-following NRA confirmation that it is a suitable option-</u> organising additional local markets, allowing for <u>TSOs and DSOs</u> SOs to procure products others than the ones traded on intraday or balancing markets. whether and under which conditions third-party-market operators of local markets for TSO or DSO services may inject bids from SPs, aggregated or not, into wholesale markets;
		4.2 Operation of local markets for SO services	
(55)	Disagree	<p>Same adjustment of terminology than in para. (12) & (51). Same comment than in paragraph (51) with regards precisising only adaptation of overall market design is relevant.</p> <p>We propose adjustment to reflect that in some cases not all functionalities can be literally applicable, depending on the national adopted solution.</p>	<p>Within the <u>adaption to</u> overall market design approved by the NRA, as described in the previous Section, an SO <u>TSO and/or DSO</u> can procure SO services <u>congestion management and relevant non-frequency ancillary services</u> from a local market operated by: - [...]</p> <p>The new rules shall specify that the market operator of a local market for SO services <u>congestion management and relevant non-frequency ancillary services</u> develops and maintains an IT</p>

			<p>solution (platform) for this market, communicates with the potential SPs and provides the clearing and settlement of bids, <u>as applicable</u>.</p> <p><u>In order to facilitate common EU terminology on roles and functions, ENTSOE and EUDSO Entity shall contribute to the HEMRM to describe the roles associated to the relevant market processes discussed in the new rules.</u></p>
(56)	Neutral	Same adjustment of terminology than in para. (12) & (51).	<p>The new rules shall establish principles applicable to all operators of local markets for SO-services <u>congestion management and relevant non-frequency ancillary services</u>, including:</p> <p>- [...]</p> <p>The new rules shall provide that the NRA is responsible to ensure compliance with these requirements by operators of local markets for SO-services <u>congestion management and non-frequency ancillary services</u>.</p>
(57)	Neutral	<p>Same adjustment of terminology than in para. (12) & (51).</p> <p>ENTSO-E questions the exact definition and goal of the regrouping of bids. This may require clarification, for example if the position of market parties or aggregators in portfolios is undone and if it is acceptable by market parties or aggregators to break their portfolios and regrouping them differently.</p>	<p>In the case where the MS allows for third party operated local markets for SO-services <u>congestion management and/or non-frequency ancillary services</u>, the new rules shall provide:</p> <ul style="list-style-type: none"> • The MS may allow the third party market operator to regroup bids in order to suit the needs of <u>DSOs and TSOs</u> an SO. However, this shall follow the pricing mechanism defined by the national SOs <u>proposed by TSO(s) and DSOs at national level</u> and approved by the NRA.
(58)	Disagree	<p>Same adjustment of terminology than in para. (12) & (51).</p> <p>Same adjustment regarding regrouping concern as in paragraph (57).</p> <p>Future market rules should not limit TSOs or DSOs to set free unused "flexibilities" and forward them to other markets.</p>	<p>However, SOs <u>TSOs or DSOs</u> operating local markets for SO <u>congestion management or non-frequency ancillary</u> services shall not forward bids submitted by SPs to wholesale markets, <u>unless indicated by the SP</u>.</p>

(59)	Disagree	<p>Same adjustment of terminology than in para. (12) & (51).</p> <p>NRAs should provide support in ensuring independency of and fulfilment of regulatory requirements by a third party market operator.</p>	<p>The new rules shall provide that any third party market operator of local markets for SO services congestion management and/or non-frequency ancillary services must be independent from all market activities, i.e. supply and demand in electricity markets, with the potential exception of the regrouping of bids mentioned above. As an additional requirement, the SO shall ensure, before TSOs or DSOs can start procuring congestion management products from a third party market operator, NRAs shall be involved in verifying the independency and other applicable regulatory requirements, that it is independent and fulfils all regulatory requirements.</p>
		4.3 SOs coordination	
(60)	Disagree	<p>TSOs are not sure about the operability and practicability of the so much detailed process. Higher level principles seem more appropriate for FG, instead of so much prescriptive and detailed formal process and so much concrete terminology definition. We propose to take the provisions as guidelines to further discuss between EUDSO Entity and ENTSOE.</p> <p>It could be relevant to clarify the intention/degree on the "extension" to DSOs of the scope / requirements relevant for "affected TSOs", in order to avoid non-pertinent requirements to be applied to DSOs.</p> <p>Provisions seem specific for coordination for congestion management and non-frequency ancillary services. The limitation by connecting grid operator to SP for balancing is dealt with in different provision/requirement.</p> <p>As examples: The concept of <i>SO coordination areas</i> could lead to very high number of coordination areas, which are overlapping.</p>	<p>The new rules shall assess in what extend require the scope of 'affected TSO' in Article 3(94) of the SO Regulation to be extended translated as relevant to DSOs affected by SOs activation of congestion management or relevant non-frequency ancillary services used by SOs. Furthermore, the new rules shall provide definitions for may consider the following terms:</p>

		<p>Instead, there are alternative approaches taken, for instance in Germany, where a coordination process is applied by connecting DSO and affected DSOs (normally those above) and the TSO if and as relevant.</p> <p>The rough estimation for other countries, like Austria, is that eventually the implementation will lead to single coordination area. Another example of unclear consideration of this provision into the national framework could be illustrated by the feedback of Spanish TSO, that considers the concept of coordination area can be redundant to the concept of observability area for DSOs. The observability grid/area for DSOs is introduced in Spanish regulation (NRA Resolution of 17 March 2022 and pending Ministerial Order), following the implementation of art. 40(5) and 40(6) of SOGL. Eventually, it can be discussed at national level if the requirements should evolve by introducing a calculation/definition of horizontal observability between DSOs or by DSOs not directly connected to the transmission network, since those aspects have not been developed so far. But a literal application of so much concrete definitions and process could result in unnecessary administrative burden and inoperational requirements.</p>	
(61)	Disagree	<p>Taking into account the unclarity in the conceptual definition of coordination area / coordination group, we propose a more flexible approach.</p> <p>e.g. Requesting network operator is responsible for determining coordination area in the operational planning phase. Would there be a responsibility for the requesting network operator if any affected network operator is forgotten?</p> <p>Additionally, provisions indicate coordination area shall be determine/assessed every two years when preparing network development plans: is this consistent with the first sentence?</p>	<p>The new rules shall provide coordination principles for the requesting SO to establish apply to the coordination between all affected DSOs and/or TSO(s) SO coordination area according to the national established process definition.</p>
(62)	Agree	<p>Ok with principles of differentiated degree of coordination amongst the affected DSOs and TSO(s) coordinating a congestion management solution.</p>	

(63)	Agree	<p>We support the need to forecast or calculate congestions based on the data available by TSOs and DSOs as well as principles of equal treatment, neutrality, transparency and data protection.</p> <p>However, SOGL already sets out these rules for the TSOs. Therefore, we introduce reference to DSO network.</p>	<p>The new rules shall establish principles for forecasting congestion and voltage control issues in the DSO network and selecting the most efficient solutions for solving them. [...]</p>
(64)	Disagree	<p>Adjustment is proposed, in order to clarify that the provision does not mean that the TSOs or DSOs directly pay for the cost of solving congestion, but that the cost is covered in line with national applied regulation. Cost can be covered by third parties (e.g., socialisation or polluter-pays-principle). This implies acknowledgement by NRAs of the need to cover these costs and the manner in which to do so. The already existing cost sharing methodologies between TSOs should not be affected by new rules.</p>	<p>The new rules shall establish that each SO is TSOs and DSOs are responsible for solving congestion and voltage problems on its own grid in line with national TCM. This responsibility includes National TCM shall clarify how covering the costs are covered, independently of the grid to which the activated resources are connected.</p> <p>Costs can be covered by third parties (e.g., socialisation or polluter-pays-principle). This implies acknowledgement by NRAs of the need to cover these costs and the manner in which to do so.</p> <p>The existing cost sharing methodologies between TSOs are out of scope and not affected by the new rules.</p>
(65)	Disagree	<p>So the wording of the draft proposal shall be aligned with the wording of SOGL article 182 (5): "Each reserve connecting DSO and each intermediate DSO shall have the right, in cooperation with the TSO, to set, before the activation of reserves, temporary limits to the delivery of active power reserves located in its distribution system. The respective TSOs shall agree with their reserve connecting DSOs and intermediate DSOs on the applicable procedures."</p> <p>We understand the intention is not to give a to give a right for connecting DSO (or TSO) to "refuse activation", but to coordinate ex-ante and ensure as much as possible that the solutions taken are secure and sustainable when real time comes. There is consequently a need for connecting network operator to inform on the limitations for using service providers bids in the market</p>	<p>[...]</p> <p>The connecting SO may refuse an activation Each DSO has the right, in cooperation with the TSO, to set, before the activation of balancing capacity reserves, temporary limits to the delivery of balacing energy located in its distribution system. Each DSO has the right and responsibility to identify and communicate to local market operator as applicable, or to TSO in case of balancing, the need to limit the use of bids from units or group of units connectedg to its network in case the DSO foresees network issues, if the activation endangers operational security. The new rules shall define principles for when an TSOs or a DSO may withhold limit the participation of resources and the process to apply in that case.</p>

		<p>process / operational planning phase. Therefore, we understand the “rejection or refusal” of activation in real time of bid that has been scheduled equals a communicated need of curtailment and should be last resort. Otherwise, the market process and operational planning coordination is unsustainable and insecure. From market perspective, the risk for gambling in a process where financial rights and cost compensation to market parties is combined with refusal right in the last moment is higher.</p> <p>It could be discussed in what extend service providers shall be 'remunerated' by default if they have not incurred into cost (e.g., recovering cost of opportunity may be questioned by some MS if this is not a current practice). Alternatively, processes should be designed in such a way that unfair costs are not incurred for SPs in case they face a limitation.</p>	<p>[...]</p> <p>- The new rules should provide guidance on how to avoid <u>unfair costs to</u> the concerned SP shall be remunerated, including potential measures for mitigating the risk of gaming.</p> <p><u>The new rules shall stipulate that schemes for procuring resources by DSOs or TSOs shall not unduly hinder the participation of the resources for other purposes.</u></p>
(66)	Disagree	<p>There are several national choices and models to ensure closing of opening positions. New rules shall respect these choices are made at national level. In this sense, the way to recover the cost of closing positions may vary a lot and not be directly under the responsibility of the network operator that has triggered a redispatching for solving a congestion.</p> <p>Position is defined in EBGL as internal +external comercial trades of a BRP. Extract of EBGL definitions: (16) ‘position’ means the declared energy volume of a balance responsible party used for the calculation of its imbalance. Since the term could be misleading, it is proposed to substitute it by "imbalance".</p>	<p>The new rules shall ensure <u>describe options for ensuring the power system balance</u> that, if the <u>activation of</u> congestion management resources products activated by an SO creates an <u>imbalance</u> open position:</p> <ul style="list-style-type: none"> - the open position <u>system imbalance</u> is <u>solved</u> closed within reasonable time; - the most efficient solution for closing the position is chosen; - the cost for closing the position balancing the system <u>after actions to manage congestions (redispatching actions) shall be clarified in national TCMs</u> is carried by the congested SO, independently of the localisation of the resources that are used.
(67)	Neutral	<p>Attention shall be paid by DSOs and TSOs when developing new rules not to burden to grid users with double data exchange requirements.</p>	

(68)	Agree	<p>We agree for with a mandate for TCM to further develop provision, as well as with the need of consistency with ROSC process. We agree that balancing actions should not aggravate local congestions. We align with the need for TSOs to have all the data necessary to ensure system security.</p> <p>In line with paragraph (65) comment, we understand the intention is to flag bids as unavailable/limit the use of products- providers in the market/operational planning phase. We propose to clarify this by slight adjustment in the text.</p> <p>We agree with the comment that the national TCM shall be aligned with ROSC, since for some TSOs and regions this is essential to ensure security and efficiency. The degree of alignment shall be determined at CCR level, depending on the needs.</p> <p>We understand as very relevant, in line with comment to paragraph (89), to integrate the actually applied mechanisms for coordinating non-costly remedial actions within the coordination processes, since they are very relevant and efficient means actually employed by TSOs and DSOs.</p> <p>We understand it is very relevant to highlight the need for local markets to be managed in such a way that the overall system security is not at stake.</p>	<p>The principles for establishing SO coordination areas, SO coordination groups and for forecasting and solving congestion and voltage control issues, including rejecting activation by flagging bids as unavailable, shall be further developed in a national TCM for SO coordination in each MS, ensuring that congestion and voltage control issues are dealt with in a consistent manner throughout each MS independently of whether the issue affects other SOs than the requesting SO or not, and ensuring that the <u>consistent and optimal</u> coordination processes, <u>also taking special consideration of the coordination of available non-costly measures to solve congestions in new SO coordination groups is not hampered by different approaches</u>. The national TCM shall be aligned with existing requirements for solving physical congestion, balancing and voltage control issues, in particular the regional (CCR) ROSC methodologies and the EU-wide methodology for coordinating operation security analysis. In particular, it shall ensure that the TSO's balancing actions or other TSO remedial actions do not aggravate congestion or voltage control issues on the distribution grid or regenerate problems that have been solved by actions taken by the DSO. <u>And, in a reciprocal way, the functioning of local market for solving congestions in distribution networks shall be coordinated in such a way that it does not endanger system security</u>. Data exchange requirements shall ensure the TSO receives necessary data in time from the DSO. The national TCM shall ensure optimal use of resources.</p>
(69)	Agree		
(70)	Disagree	<p>We understand that the intention is not to create legal uncertainty or unsustainability of the agreed processes, so we understand that the intention is to develop a report every two years on the performance of the process.</p>	<p>"biennial revision <u>regular report of the performance</u> of the coordination processes on MS level"</p>
4.4 Data exchange in the preparation phase			

<p>Title + BOX</p> <p>(71)</p>	<p>Neutral</p>	<p>We understand the “preparation phase” means the “prequalification phase”.</p> <p>ENTSOE agrees with the approach taken by ACER in considering data exchange requirements in SO Regulation as relevant for the discussion of new rules to DR.</p> <p>We understand that the scope of the data exchange requirements in SOGL and KORRR methodology implementing art. 46 of SOGL is a robust and flexible EU framework defining the main requirements for national TCM to organise data exchange between Significant Grid User, DSOs and TSOs for the purpose to ensure system security.</p> <p>The system approach is taken in SOGL, while we see FG on DR takes a different approach, which is the operation of local markets.</p> <p>It is ENTSOE understanding that the FG targeted discussions on defining processes for exchanging data for the purpose to operate local markets shall be complementary and compatible with the national implementation of the data exchange framework to operate the system in SOGL and KORRR, which has been or eventually is under implementation in the different MS.</p> <p>ENTSOE aligns with the interest towards market parties to propose a single front-door tool for all service providers to prequalify in the balancing, congestion management and voltage control services as applicable. The interface could imply a good facilitation for the service providers, specially for DR. Nevertheless, ENTSOE would like to signalise that the development of such a tool requires an important effort and cost that has not been measured. Consequently, Member States may eventually require the conviction whether if the benefits associated to this requirement deserve the effort and cost associated to the adoption, which could</p>	<p>“Title 2 of the SO Regulation regulates data exchange with TSOs for TSO-related services. In particular, Chapter 5 regulates data exchange between TSOs, owners of interconnectors or other lines and power generating modules connected to the transmission system and Chapter 6 regulates data exchange between TSOs and demand facilities. As set in Article 40(7) of the SO Regulation, the KORRR methodology addresses the key roles, requirements and responsibilities of the TSOs, the DSOs, the CDSOs and the SGUs in relation to the data exchange up to real time that is necessary to ensure observability. The roles, requirements and responsibilities developed in KORRR apply to all data exchange provisions in Title 2 of the SO Regulation.</p> <p>The new rules shall define a SO service provision tool <u>common prequalification and registration interface</u> to support <u>DSOs, TSOs and SPs</u> in the preparation <u>prequalification and registration</u> phase. This interface tool <u>interface</u> shall include at least the following functionalities:</p> <p>i) To centralise <u>streamline</u> all applications to participate <u>prequalify in for all applicable</u> different products and services (including at least e.g., balancing, congestion management and voltage control) as well as all prequalification processes, if applicable.</p> <p>ii) To register all service providers that are qualified and can participate in different products and services <u>as well as the units/groups that are prequalified for the services.</u></p> <p><u>The new rules shall clarify, as alternative to a common interface that may be accepted by NRA, a set of common national/regional principles and processes for</u></p>
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		<p>be more concerning taking into account the potential need to move from existent solutions in some MS.</p> <p>ENTSO-E proposes adjustments to precise the scope of the tool. ENTSO-E understand such a tool is very similar to the concept of flexibility resources register that DSOs association and ENTSG have aligned as of interest in their Roadmap towards Demand Side Flexibility and in their joint Active System Management report. This might not anticipate that such a tool can only be a single register in the sense of a platform but rather also a tool in the sense of a process, depending on national decision. In the letter such a tool might facilitate interoperability between existing processes and platforms and provide a single user interface to customers. This allows for the single prequalification/onboarding tool/interface to have beneath the front door different modules per process, allowing modular operation, while still providing unified information of the prequalification process to the market parties.</p> <p>Some projects and solutions are implemented or under implementation in the form of interfaces involved in hosting eligibility criteria for flexibility service providers (FSP) participation, collecting the relevant information for prequalification, and some of the solutions may directly undertake (or not) the approval as interface/tool task. Below some examples that are further developed in ENTSG assessment of flexibility platforms published in November 2021: https://www.entsoe.eu/news/2021/11/10/entso-e-publishes-new-report-on-flexibility-platforms/make</p> <p>* Intermediary platforms (the Crowd Balancing Platform) typically defer assessment of eligibility criteria and approval to the adjoining markets, self-contained marketplaces host the asset-level (NODES-IntraFlex and NODES-NorFlex) as well as company-level (Piclo Flex and eSIOS-CECRE-CoordiNet) eligibility criteria requested by the procuring T/DSOs.</p>	<p><u>prequalification and registration that will ensure same degree of unicity and market facilitation.</u></p>
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(72)	Agree	<p>Allowing also, if so decided, one tool per multiple MS.</p> <p>We understand the reference to "balancing product" is a typo and the intention is to speak about "products" in general.</p>	<p>i) The definition of one tool <u>interface</u> per Member State <u>or one per multiple Member States</u>.</p>

			<p>[...]</p> <p>iii) The tool prequalification and registration interface shall facilitate as much as possible that SPs shall would be only required to apply and register once one application per service providing unit or group to participate in different products or services in a Member State, noting that additional information for prequalification may be required in the future depending on the product/service and the associated prequalification requirements, if applicable. Thus, where applicable, data shall be made visible and interoperable among existing registers referring to different flexibility products, i.e., service providers shall not register information twice that is already enrolled for the same service providing unit or group.</p>
(73)	Neutral	<p>We understand (iii) may not be applicable prerequisite for prequalification phase. These aspects may be further clarified when discussing new rules.</p> <p>Last sentence creates confusion, and we propose a more general way to deal with same functionality.</p>	<p>The new rules shall guarantee the following:</p> <p>i) The easy-to-implement and user-friendly.</p> <p>ii) When a prequalification of the service providing unit or group is required, all the steps of the process will be centralised in the interface-tool. The corresponding service provider will submit all required information electronically through the interface-tool and will be able to track the status of the process (e.g. application submitted, ongoing check of application completeness, TSO/DSO request for additional information (if needed), application complete, ongoing execution of tests, etc.).</p> <p>iii) Tool Prequalification and registration interface shall support prequalification with data of each service providing unit or group has a level of granularity as necessary for each type of product or service. The tool interface will comply with data required by the TSO(s) and DSOs. also allow aggregating data as necessary.</p>

(74)	Disagree	New rules shall define governance-related principles to be applied at national level. But not full definition of data governance for prequalification tool, that should better be decided at national level.	The new rules shall define principles for the data governance of the tool interface to ensure the security [...]
(75)	Disagree	<p>We understand the new rules and ultimately national TCM would further clarify if qualification and prequalification need to be performed at service provider or at unit/group level.</p> <p>We understand the connection data is relevant at the moment of connection, not sure if in the prequalification process.</p> <p>We raise attention to terminology, since the role of 'data provider' has special meaning the HEMRM. A discussion and understanding whether that term is the same or not that the one used in HEMRM should be clarified and eventually alternative wording (e.g. "data sender" or "the provider of the data") should be considered when discussing new rules.</p>	<p>(75) Data quality:</p> <ul style="list-style-type: none"> * The data provider will be responsible for the data quality and truthfulness. * The SO network operator to whose grid the unit is connected stays responsible for the correct representation of the relevant connecton ing network data.
(76)	Disagree	<p>Interface defined in line with paragraph 75 must be configured to ascertain validity of provided Data.</p> <p>Thresholds, data requirements, tests conditions when applicable, etc as well as roles for checking the validity of those shall have to be jointly agreed at MS level and documented to avoid ambiguity.</p> <p>The provisions for conflict resolution mechanism could be misplaced in as requirements associated to the governance of a prequalification tool.</p>	<p>- [...]</p> <p>- The SO(s) procuring each product/service will be responsible for validating the data needed to provide the product/service</p> <p>Tool must be configured to ascertain validity of provided data in line with paragraph 75 and in line with the applicable national roles, terms and conditions (e.g. the minimum technical requirements, if prequalification is needed).</p> <p>- The data provider will be responsible for the impact of low quality data on the operations or tasks carried out by the interface and by the users of the tool. The new rules shall define if applicable the roles, interactions and requirements of a conflict resolution mechanism in the event of a negative impact caused by low quality data.</p> <p>[...]</p>

(77)	Disagree	<p>It is not up to the tool, which is built to share information with the authorised parties, to ensure that those parties will not misuse the information.</p> <p>Additional provision is proposed.</p>	<p>The new rules shall also ensure that the tool is realised in a way that the SOs who are not effectively unbundled only use the accessible data in the tool for their initial purpose. The new rules shall also ensure that the tool is realised in a way that the SOs who are not effectively unbundled only use the accessible data in the tool for their initial purpose.</p> <ul style="list-style-type: none"> The tool manager or operator shall not have a conflict of interest as it will have access to private or confidential data. <p><u>Data owners, i.e. the individual grid users of the service providing units or groups shall have access to their data in the tool.</u></p>
(78)	Neutral	<p>This interface or very similar one may already exist in some MS and a pragmatic solution could be to extend functionalities as to endorse the targeted solution as EU new rules.</p> <p>Consultation with users on the requirements of such interface and the need to draft a dedicated report may not always be a necessity.</p>	<p>Interoperability:</p> <ul style="list-style-type: none"> The new rules shall set common principles on the fundamental <u>functionalities</u> of the tool <u>interface</u> to ensure interoperability. <u>The roles defined in Harmonised Electricity Market Role Model (HEMRM) could be used as reference where applicable. If needed, new roles will be proposed.</u> Multiple up-to-date <u>data exchange</u> standards shall be allowed in order to interoperate with the tool <u>interface</u>. Each standard shall be easy to implement, empower the entities populating the tool <u>interface</u> and future-proof. It will also protect privacy and security, and strive for harmonisation on a European level. <p>- The new rules shall include a process where all TSOs and DSOs select and implement at least one modern standard that enables interoperability with each tool <u>interface</u> in each Member State. All SOs within each Member State shall agree upon the modern standard to be implemented. In doing so,</p>

			<p>they shall consult stakeholders to determine user requirements and analyse the compatibility of existing Modern standards must be chosen and they shall match with those users' requirements, including ease of use, future-proofness, modularity and cost of installation and maintenance. If so considered by NRA, a consultation of users need shall be conducted and a The report containing the results of the analysis and the recommended modern standard to be implemented in the Member State shall be consulted and approved by all relevant NRAs.</p> <p>- Specific design choices of the too interface and how it interacts with existing registers, platforms and tools shall be developed in cooperation between TSO(s) and DSO(s) at national level, involving national authorities.</p>
		4.5 Data exchange in the operation phase	
(79)	Disagree	<p>ENTSOE proposes a provision to discuss and align on gaps and barriers in the existing data exchange framework for operation. Proposal to change "processes" by "requirements" or "principles". Processes are too much detailed and the definition of processes at EU level is foreseen as very difficult / even unfeasible, taking into account the differences between MS in the way the networks and markets are operated.</p> <p>We understand "operation phase" refers to "operational planning phase" (or even ahead)? (This seems the case when reading points (i) to (iv) that describe data that is exchanged in operational planning phase, and that can be also exchanged in the real time conduction of the system).</p> <p>The interaction between congestion management and D-A markets is a secure, effective and efficient solution already in place in local congestion management markets in some MS. Additionally to this, as indicated in paragraph</p>	<p><u>Gaps and barriers for service providers to implement the existing European data exchange framework (SOGL, KORRR, EB GL) should be assessed. If so found of need,</u> the new rules shall define processes further requirements to ensure data exchange between TSOs and DSOs during the operation <u>planning and operation</u> phase (<u>at least from day-ahead and as much in longer times as agreed in national TCM, untill</u> shorter before real time and if applicable in real time) in order to guarantee <u>a coordinated assessment of solutions,</u> access to available resources, an optimal coordinated secure and efficient selection and activation of available resources and a joint a secure, coordinated and efficient services management. In particular, the new rules shall require the TSOs and DSOs to develop a common national process:</p> <p>i) To determine size and location of physical congestions based on the input of scheduled data exchange from SGUs</p>

		<p>Generally speaking – and this is a major comment in relation with other provisions in the FG -, on a daily business, the calculation and solution of the congestion shall be made as soon as the congestion is evident – as soon as the TSO or DSO realises it can not accommodate the market positions. We shall not wait till the very last moment for organising a market or a process. If we wait till close to real time or till real time, the solution will be a curtailment, not a service. Interactions shall happen at least in D-A but they can happen even in longer timeframes.</p> <p>We propose to adjust the ultimate goal of the coordinated assessment in the sense to ensure a coordinated solution that is secure and efficient, instead of targeting an 'optimum of redispatch', which could imply high implementation costs that are not efficient.</p> <p>The calculation of congestions can be done on the basis of scheduled data or other available data (e.g., forecast, real time measurements). It is however important to give emphasis on the relevant quality of the data which is required for determining physical congestions.</p> <p>Addition to specify information to selected SPs.</p>	<p>scheduled data exchange and on other available data where applicable. The data to determine congestions shall have sufficient quality. The physical congestions shall be calculated at least in day-ahead and may be recalculated as close as possible to real time with a granularity as close as possible to the imbalance settlement period in order to accurately reflect real-time system conditions. [...]</p> <p>(v) The information about congestions will be made available by DSOs and TSO(s) as relevant.</p> <p>(vi) The information about selected energy volumes shall be made available to the SPs concerned.</p>
(80)	Disagree	<p>The need for TSOs, DSOs and grid uses to set up tools to exchange data in operation phase is not an 'if' but a certainty. Principles in 4.4 may be technically applicable or not to each of the tools employed by market parties and TSOs/DSOs for data exchange in operational planning and operation phase (eg. SCADA, ICCP links, phone connections, EMS, market interface...)</p>	<p>The new rules shall provide that national regulation ensures if the SOs set any tools to exchange the data above, the data governance of the tool shall take into account same the applicable principles and requirement as defined for the SO service provision tool in Section 4.4.</p>
4.6 Data exchange in the settlement phase			
(81)	Disagree	<p>The first sentence in the provision is unclear. We understand the second sentence reflects the intention of the provision.</p>	<p>The new rules shall include provisions with respect to DSO-related services, covering the data exchange for settlement</p>

			<p>purposes between any SP and the respective SO. More specifically, tThe new rules shall include provisions for the data exchange between the SP and the SO(s) <u>TSOs and DSOs as relevant</u>, related to the provision of the service and the validation, including the baseline related data, where this is required, at least for each aggregation model.</p>
(82)	Disagree	<p>Clarification to make the provision also valid for those cases where real-time data is used for validation and settlement.</p> <p>We understand data governance principles than in section 4.4. shall be followed for data exchange in settlement phase.</p>	<p>The new rules shall specify what data needs to be communicated <u>[for the procedures that happen]</u> after real-time. The data should include at least the activated energy volumes for each service providing units or groups for the different products and services.</p> <p><u>Data governance principles of section 4.4 shall be followed.</u></p>
(83)	Strongly disagree	<p>Independent aggregation and hybrid resources (co-located storage and generation or demand) will play a more important role in ancillary services. In this context, the verification of service provision could be less accurate if only aggregated data are exchanged. For this reason, data from individual meters from these portfolio might be required by TSOs or DSOs.</p> <p>In our views, disaggregation of data is the approach by principle, while the aggregation of data is the exception when so decided. For example, Independent Aggregation models require disaggregated measurements in line with the requests of TSOs and DSOs.</p> <p>We understand aggregation of data per service receivers as a possibility to facilitate national/local markets, eventually areas can be equal to bidding zone.</p> <p>Other possibilities may also exist, like 3rd party data exchange facilitators. For some data exchanges it would be common prequalification and register interface described in section 4.5. For meter data better use the role Metered Data Operator.</p>	<p>The rules shall include at least the following principles:</p> <ul style="list-style-type: none"> - <u>Data should be disaggregated when possible and in line with the needs of the services.</u> - <u>If necessary and only where applicable, data aggregation can be adopted by MS if so desired to facilitate settlement of services and participation of different service providing units or groups. This practice of data aggregation should in no way impair the execution of services for all market parties involved.</u> the where possible, in order to limit the data to be communicated and ensure a minimum level of privacy for the final consumers taking part in the service provision. - <u>In case data is aggregated, t</u>The new rules shall require that data regarding the delivery of the service must be communicated on service providing unit or group level. For this purpose, areas may shall be defined in which different service providing units or groups compete for the delivery of the service to a DSO or a TSO.

		<p>With regards single point of contact, we would like to not restrict the possibilities: Other possibilities may also exist, like 3rd party data exchange facilitators. For meter data better use the role Metered Data Operator.</p> <p>We discover the term ‘consumer’ only used in this paragraph. It can be understood as ‘customer’ or SP, unit/Group, ... We would like to simply mention that the new rules should pay attention to the terminology in order to ensure consistent and correct requirements.</p>	<p><u>- When applicable, areas for data aggregation should be predefined by MS in accordance with type of service provision to facilitate participation of different service providing units or groups in delivery of the service to DSOs or TSOs.</u></p> <p>_ The new rules shall set clear boundaries when data on the level of individual demand response, storage, or power generation module level is exchanged <u>in an aggregated way.</u></p> <p>- Single point of contact: <u>The new rules must clearly define the entity that receives the data. At least two possibilities exist: either the DSO or TSO receives the data with an obligation to communicate the same data immediately and directly to the relevant TSO or DSO in case the service was delivered to that TSO or DSO, or the entity receiving the data is the one requesting the service provision.</u></p> <p>- Transparency and traceability: in case data is communicated, the new rules shall specify how, when, and for what purpose the final customers’ data is used, who has the permission and the process through which this information is available to the final customer. All data transfers should be traceable. Consumers should have a complete view of all parties that are involved in the data-sharing flow.</p> <p>- Error detection and correction: the new rules shall include provisions in case the communication fails. The entity receiving the data shall ensure real-time validation of the received data and real-time communication to the service provider in case errors (missing data, wrong format, erroneous data) are detected.</p>
		5 Congestion management	
		5.1 Products	
(84)	Disagree	ENTSO-E considers it is necessary to clarify at the beginnning of Chapter 5 the possibility for TSOs applying central dispatching model to be exempted from the application of the provision of	The new rules shall provide requirements to <u>TSOs and DSOs</u> system operators for the definition of products for purposes of congestion management and shall define a common European

		<p>chapter 5. It is expected that central dispatch model TSOs require more time to define congestion management products in markets where an integrated scheduling process is implemented, this exemption in time being subject to NRA approval.</p> <p>Indeed, in this case, the TSO implements in the ancillary services market an integrated scheduling process for the optimization of the selection of necessary resources where a bid selected may satisfy multiple needs at the same time. The provisions set in the chapter 5 should have no impact on TSOs that are adopting the central dispatching model and for which the NRA has approved the possibility of not defining a specific product for CM.</p>	<p>list of attributes for products used for congestion management that shall be used by SOs when describing the products to be procured.</p> <p><u>TSOs applying a central dispatching model shall be entitled to an exemption (subject to NRA approval) from the requirement to define products for congestion management in markets where an integrated scheduling process is implemented.</u></p>
(85)	Neutral	<p>To better reflect article 32.2 Electricity Directive, ENTSO-E suggests to add "Where appropriate", as standardised products may not be called for in all situations, and considering also our comment in (84) on central dispatching model. ENTSO-E also considers that the availability and use of embedded network components can be an important factor impacting system needs.</p>	<p>(85) The new rules shall provide that <u>TSOs and DSOs</u> SOs define standardised products for congestion management at national level, <u>where appropriate</u>. The new rules shall ensure that different products correspond with the specific needs of <u>TSOs and DSOs</u> system operators, which depend on network topology, <u>the grid flexibilities</u>, the number of service providers in the area, and the size and predictability of congestion, among other things. The new rules shall ensure that when defining the products, the <u>DSOs and TSOs</u> take both current and future system needs, as described in the NDP, into account, as well as current and future service providers' ability to provide the products. If the <u>DSOs and/or the TSOs</u> procure products from the wholesale market, these products shall be included in the list.</p>
(86)	Agree	/	
(87)	Agree	/	
(88)	Neutral	<p>ENTSO-E agrees overall, however, the inclusion of long-term availability products may pose problems because there are risks of lock-in of resources that are contracted for a long-term CM service and could not be used in short term for another service.</p> <p>Furthermore, more clarification to distinguish between dispatch</p>	

		limitations and non-firm connection agreements could be beneficial.	
5.2 Procurement and pricing			
(89)	Disagree	<p>In the list of possible options for DSOs and TSOs, ENTSO-E strongly suggests to include remedial action explicitly, as it is often a very cost-efficient measure. On the other hand, bidding zone review should be removed as an option, as it is legally not a prerogative of the TSOs or DSOs but of the Member State(s). Also, the bidding zone review might not be relevant for solving local grid congestions at distribution level.</p> <p>Moreover, we should ensure that the new rules should respect the principles of the Article 13 of the Regulation 2019/943, concerning redispatching.</p>	<p>(89) The new rules shall provide that when facing congestion, the SOs TSOs and DSOs shall always choose the most economically efficient option of the different tools on its hands, such as congestion management, non-costly remedial actions, grid investments, non-firm connection agreements or bidding zone review, optimising the resulting social welfare. . <u>In accordance with the relevant provisions of the Electricity Directive and the Electricity Regulation</u>, The new rules shall specify principles for the use of remunerated forms of SO services congestion management products on the one hand, e.g. dispatch limitation and redispatch (market-based and non-market based) and non-firm connection agreements on the other, ensuring that market are not unduly distorted.</p>
(90)	Agree	Deletion to clarify that the procurement is not always market-based.	<p>The new rules shall include principles for procurement and pricing applicable to different products, different time horizons and specific features of the local systems. The procurement and activation shall be market based carried out through a process that ensures transparency and the selection of the most cost-efficient resource.-Market based processes may be different for long/short term procurement and activation, depending on the products and the timeframe.</p>
(91)	Disagree	The Electricity Directive already provides a sufficient framework on this topic.	<p>The new rules shall set the principles for the regulatory assessment described in Article 32(1) of the Electricity Directive, including at least the frequency and the method (including how and when the assessment should be made locally or nationally, taking into account that conclusions may differ for different parts of the grid within a MS), that could be a market test or a cost benefit analysis</p>

(92)	Disagree	<p>Even though paragraph (17) acknowledges that congestion management is covered by several parts of the existing legal framework, the above seems contradictory with paragraph (92). The latter clearly states that <i>the new rules shall further clarify when Article 13 of the Electricity Regulation applies for redispatching</i>. This would amount to supplementing the scope of Article 13 of Regulation 2019/943, which also covers cross-border redispatching (which is a matter covered by the delegation from Article 59(1)(b) and not (e), thus clearly beyond the scope of the new rules on demand response). The new rules may only regulate matters related to how demand response is to be involved in infrazonal redispatching (market- or non-market-based).</p>	<p>The new rules shall describe the alternatives for the procurement of congestion management resources when the NRA assessment concludes that the procurement of such services is not economically efficient, or that such procurement would lead to severe market distortion or to higher congestion. The principles for non-market based procurement alternatives should include requirements for transparency, non-discrimination and technology neutrality. Without prejudice to the general provisions of Article 32 of the Electricity Directive on the derogation to market-based procurement of congestion management services, the new rules shall further clarify how demand response is to be included in redispatching in accordance with when Article 13 of the Electricity Regulation applies for redispatching. The new rules shall provide that long term contracts for congestion management shall only be purchased in a market based way.</p>
(93)	Disagree	<p>Given the limited experience with such markets as of today, this may unduly limit the width of options on the national level. TSO-DSO coordination also needs to be taken into account.</p>	<p>The new rules shall define the minimum content and requirements in SOs' terms and conditions, such as structure, number and clearing of market sessions, gate closure times (where relevant), products procured, SOs' needs. The new rules shall list the abovementioned requirements, and SOs shall design the local markets nationally in compliance with the requirements of the new rules.</p>
(94)	Disagree	<p>In our view, as little as necessary of the pricing mechanism should be published in order to limit gaming opportunities.</p> <p>ENTSO-E expresses reservation about secondary activation market which is a concept that has not been tested broadly in the context of congestion management yet.</p>	<p>(94) The new rules shall empower TSOs and DSOs to propose pricing mechanisms that ensure fair and competitive procurement and activations and long-term market development. The new rules could allow that prices for the activation of resources can be predetermined in capacity contracted in advance. In such cases, the use of a secondary activation market, allowing for other participants to be</p>

			selected, should be considered. The pricing mechanisms shall ensure equal treatment to all SPs and technology neutrality.
(95)	Agree		The new rules shall provide that the pricing mechanisms shall be submitted to the NRA for approval through a <u>TSO and DSO</u> proposal. The NRA may approve, amend or reject the proposal. If and when necessary, the <u>TSOs and DSOs</u> may provide an updated proposal to the NRA. If the <u>TSOs and DSOs</u> procure congestion management products on the wholesale market, the pricing mechanisms applied shall also be submitted to NRA approval.
(96)	Disagree	ENTSO-E highlights the fact that unbundling rules should be seen as a necessary condition for allowing DSOs to procure any service, including congestion management, so as to effectively guarantee minimum neutrality and transparency requirements.	The new rules shall <u>confirm the unbundling requirements expressed in Article 35 of the Electricity Directive as necessary condition and</u> provide additional requirements for neutrality and transparency for the procurement of congestion management products by <u>DSOs</u> that are not unbundled according to the Article 35 of the Electricity Directive. Further rules applicable to <u>DSOs</u> that are not unbundled may be provided nationally.
5.3 Transparency and information to potential providers			
(97)	Disagree	ENTSO-E would express strongerly the fact that unbundling rules should be seen as a necessary condition for allowing DSOs to procure any service, including congestion management, so as to effectively guarantee minimum neutrality and transparency requirements.	The new rules shall <u>confirm the unbundling requirements expressed in Article 35 of the Electricity Directive as necessary condition and</u> include the following neutrality requirements for the procuring <u>DSO</u> : [...]
(98)	Neutral		
(99)	Disagree	Sharing (forecasted) data can support market parties in taking efficient investment and dispatch decisions and become more active in helping DSOs and TSOs to solve congestion problems. Transparency also helps new entrants to build their business case.	<u>TSOs and DSOs</u> shall make sure that, at least, for the procurement and activation of congestion management products, the following information is published: [...]

		<p>But transparency should be carefully calibrated to avoid market and technical failures/inefficiencies. Indeed, the publication of forecasts about the expected number of events, timing of events and the resulting need for congestion management could be deleterious in some cases. These cases include market power, gaming (taking in consideration that the ability to whether or not predict congestions is a very important aspect that can cause gaming-opportunities) and sharing of sensitive information on critical/vulnerable infrastructure.</p> <p>As an alternative to no publication at all, the relevant level of data representation could be duly adjusted to neutralise possible criticalities, for example by implementing:</p> <ul style="list-style-type: none"> - Spatial aggregation (e.g., verify if information can be aggregated at regional level) - Temporal aggregation (e.g., verify if information can be aggregated at monthly/annual level and thus published ex-post) <p>The detailed list of necessary data to be published needs further discussion and will be determined by the drafting team of the new rules.</p> <p>As publication is to be done at national level, we think there is no need to require publication in English.</p>	<ul style="list-style-type: none"> the necessary data to ensure an economically-efficient functioning of congestion management markets and to provide the same level of information to all interested market parties; this includes information on the area of delivery (network points), forecasts about the expected number of events, timing of events and the resulting need for congestion management, selection criteria, reserve price (if applicable); whenever possible the timing for publication shall be early enough in order to ensure that interested market parties can take them into account; [...] <p>New rules should provide guidance on the publication of reserve prices, taking into account effects on liquidity, participation, market power, gaming and potential mitigating measures (e.g. publishing a price range rather than a fixed reserve price). Information about procurement and activation shall be provided in English, at least, and shall be made available in an efficient manner. The data should be made publicly available in easy and accessible formats. The NRA can require DSOs to publish the information on a common platform on national level.</p>
		5.4 Network development plans	
(100)	Neutral	ENTSO-E calls on further consistency between planning methodology and scenarios of the national TSOs and of ENTSO-E (TYNDP) cf. TEN-E regulation.	
(101)	Neutral		
		5.5 Harmonisation process	
(102)	Disagree	ENTSO-E supports the principle of assessing the consequences of non-harmonisation of certain features but strongly advises against	This part describes a process for harmonisation of features for which further harmonisation may be relevant in the future, depending on the future knowledge level and acquainted

		establishing a process that lead towards a pan-European target model for congestion management.	experience. The existing of such processes should not in any way be a pretext for not providing the right level of harmonisation in the new rules from the start, but rather be considered as a safety net for future developments.
(103)	Disagree	<p>At this stage, the list is too detailed for future harmonisation, while few experiments exist on the Congestion management.</p> <p>ENTSO-E suggests to leave open the list of features to be investigated at this stage.</p>	<p>The new rules shall establish a process for investigating further European harmonisation of at least the following features of congestion management <u>in Member States for which non-harmonisation could create possible market distortions.</u></p> <ul style="list-style-type: none"> • Products — including, but not limited to, the common list of attributes • Procurement methods, including, but not limited to, coordination of local markets • Market platforms or other stakeholder interfaces for procurement • Stakeholder information and transparency on procurement and activation processes and results, future needs of congestion (plans, localisation of the needs for SO services or grid reinforcement) • Prequalification processes • SO coordination and national SO coordination TCM
(104)	Disagree	<p>ENTSO-E strongly advises against selecting a preferred model for harmonisation and establishing a timeline for its implementation. A pan-EU target model for congestion management is not desirable considering the specificities of each power system throughout Europe.</p> <p>In this view, ENTSO-E suggests the development of a monitoring report to investigate the progress made in each Member States</p>	<p>The process shall include the joint publication of ENTSO-E and the EU DSO entity of a report on <u>how</u> the above mentioned points are <u>congestion management is</u> implemented throughout the member states, and to which extent market based procurement is applied. The report shall provide a comparison of the applied methods <u>based on indicators such as enhancement of</u> the overall welfare <u>for end consumers,</u> the impact on grid security, the <u>environment and GHG emissions,</u> and <u>to what extent the implemented schemes</u></p>

		<p>towards the implementation of congestion management schemes and to assess, where relevant, the consequences of distortions due to non-harmonisation. This assessment could be based on indicators similar to those listed in EBGL article 59. Such indicators should notably take into consideration environmental and GHG emissions impacts of congestion management approaches. For now, it is clear that the variety of practices for congestion management and the lack of comparable products today do not allow for any direct comparison based on social economic welfare. The scope of the first iteration of the report should be revised downward and focus on defining indicators based on which a coherent comparison could be carried out in subsequent reports.</p> <p>Regarding the frequency, two years is too short for the first report to take into account experience of national implementation. As a general remark, the Framework Guideline should restrain from setting such timelines which should be left for the consideration of the drafting team.</p> <p>ENTSO-E suggests to streamline proposed joint legal mandates with the EU DSO Entity. For instance, the Framework Guideline could propose a single joint report addressing the implementation of this Regulation or in general the integration of distributed resources in grid and system services, instead of requiring multiple and dissociated reports on voltage control, congestion management, aggregation etc.</p>	<p>contribute to the policy objectives of the Electricity Regulation and the general aims of the Network codes as described in Article 58(2) of the Electricity Regulation and the aim of the current Framework Guideline as described in Section 1.1, and where no further harmonisation is considered useful at that moment in time. The analysis shall consider both the pros and cons of harmonising European practices, e.g. potentially enhanced competition for providing congestion management services to the SOs and subsequently lower prices and/or higher available volumes, and the consequences on overall costs and grid security of the considered harmonisation. Where the report concludes that further harmonisation is not relevant, this should also be explained. The process shall include a public consultation on this report, aiming at receiving inputs in particular on the suggested harmonisation points and the suggested timeline, and on the suggested points of non-harmonisation. The report shall then be amended by ENTSO-E and the EU DSO entity before submitting the proposal to ACER for approval, together with the contributions to the public consultation. ACER may then, together with the NRAs, approve, require further amendments or reject the report. After approval, the final harmonisation points shall become mandatory through the appropriate process. The first report will be submitted to ACER for approval, by two years after the entry into force of the new rules.</p>
		6 Voltage control	
(105)	Strongly disagree	<p>Voltage control is a local issue and as such is always solved on local level. Due to that fact market-based procurement is hard to achieve, because relevant TSOs or DSOs have to buy service in particular area where the problem is going to be solved, so market liquidity is limited. Product type also depends on the type of grid</p>	<p>(105) The new rules shall provide guidance on the market based procurement of voltage control services. Other non-frequency ancillary services shall be dealt with on national level. Voltage services may include both active and reactive power. In the following, only reactive power services are</p>

		<p>topology and system needs with negligible cross-border impact. Cross-border impact of Voltage control might be observed on the operational level and is well addressed in CHAPTER 2 of COMMISSION REGULATION (EU) 2017/1485. ENTSO-E recommends also to use terminology from COMMISSION REGULATION (EU) 2017/1485: Voltage control and reactive power management. ENTSOE position is, that because of the technicalities associated to the voltage control processes and the extreme difficulty to establish technically solid provisions at EU level, eventual gain in standardising EU principles in this subject does not overcome the efforts required neither the risks of regulatory provisions not enough grounded. We consider of convenience to consider that TSOs and DSOs will very much take advantage of a well-established, structured and continued process for practice sharing, where they can exchange on challenges and solutions applied or under discussion.</p> <p>Therefore, we consider Voltage control and reactive power management as out of scope of the EC decision on <i>(b) rules regarding demand side flexibility</i> according to principles of subsidiarity and proportionality defined in Article 5 TEU. New rules on DR will be adopted as an implementing act. Thus, its scope shall be limited to express uniform conditions for the implementation of the procedures that are contemplated in the primary legislation. In our opinion COMMISSION REGULATION (EU) 2017/1485 (chapter 2) already ensures it and that the foreseen new rules on voltage control go beyond what is necessary for the uniform implementation, infringing the proportionality principle defined in Article 5 of the Treaty on European Union (TEU). The principle of subsidiarity aims to ensure that the EU does not take action (except in the areas that fall within its exclusive competence), unless it is more effective than action taken at national, regional or local level. Since voltage control is a local issue, there is limited room for EU harmonization.</p>	<p>concerned. As concerns active power, the new rules shall provide that the procurement of active power for voltage control shall follow the same rules as for congestion management.</p>
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6.1 Products			
(106)	Strongly disagree	<p>Article 22 COMMISSION REGULATION (EU) 2017/1485 already defines such a list of product categories which could be updated towards current technological possibilities and DSO purposes. Additional MVAR limits based on connection agreements could be added once any system user exceeds their contracted values. The mentioned list above should limited the development of other product categories.</p>	<p>(106) The new rules shall provide requirements for the definitions of products for voltage control. The products that are to be procured shall be defined by the SO(s) that needs the product, taking into account the technical specificities of the grid and the problem to be solved, but also the specificities of potential providers in order to use the available resources in the best possible way. The new rules shall provide a process for establishing standardised products on national level.</p> <p><u>The list of product categories in accordance with article 22 COMMISSION REGULATION (EU) 2017/1485 shall be updated based on current best practices and technologies. New rules shall propose a process for exchanging best practice that could support TSOs and DSOs in the assessment and selection of potential options for voltage control.</u></p>
(107)	Strongly disagree	<p>Similar as to the comment to paragraph 106. In addition:</p> <ul style="list-style-type: none"> A common list of attributes will limit the implementation of products. This also would assume that the product requirements remain static in a current changing energy landscape. Experience and knowledge to determine the needs for voltage control relies on TSOs and DSOs at national or local level. 	<p>The new rules shall define a common European list of attributes for products used for voltage control that shall be used by SOs when describing the products to be procured. This list shall in no way limit the type of products that may be described by a SO, but strive towards harmonised description when possible.</p>
(108)	Strongly disagree	<p>From a TSO perspective, having symmetric provision for every unit ensures a higher level of reliability (for most of them it is feasible). At least, it should be verified that on a concerned area, bids in both directions are offered. Moreover, asymmetric products should be technically and economically justified.</p>	<p>The new rules shall provide that the products for voltage control shall be asymmetric when possible.</p>

		6.2 Procurement	
(109)	Strongly disagree	<p>Voltage problems are strictly local issues. In case of MVAR products, the solution can also only be activated locally as the activation is otherwise inefficient. When more parties are connected on or directly near the location of the voltage problem, TSOs and DSOs have the obligation not to exclude any parties (mainly all parties connected to the network, so not solely market parties as this excludes any system user) in approaching them for voltage support (basic principle of non-discrimination). Parties may only be excluded when the products they offer cannot meet the technical requirements (e.g.: consuming or producing reactive power or affecting the voltage in a different way)</p> <p>The requirements for transparency already contain more information than possible.</p>	<p>The new rules shall set up common high level principles for the market based procurement of voltage control products. These principles shall include, at least, transparency, technology neutrality and non-discrimination. They shall list information required from the SO to market participants before and after procurement and activation, such as technical requirements for participation in the market, selection criteria etc</p>
(110)	Strongly disagree	<p>Large variance in different generation and demand characteristics in the grids, therefore solutions vary in one or another MS: from design and long contracts to deployment based on cost-based payment or procurement in shorter timeframes.</p> <p>Short term and long-term VC products are not defined.</p>	<p>The new rules shall provide that market based procurement is to be preferred, but may be completed by rules based procurement for short term products when and where market based procurement is economically not efficient. The rules based procurement may include compensation or not. In this case, the new rules shall provide guidance to avoid market distortion due to interaction between market based and non-market based procurement. The new rules shall provide that, in particular, market based procurement of long term voltage control services shall be considered when the mandatory capabilities as defined in RfG Regulation and DCC Regulation are not sufficient for the provision of voltage control to satisfy the needs of the SO. In this case, the activation of the procured resources shall follow the same rule as the activation of mandatory capabilities, i.e. rules based activation with a similar compensation scheme as for mandatory resources.</p>
		6.3 NRA assessment	

(111)	Strongly disagree	<p>By referring to article 32(1) of the Electricity Directive, only DSOs are mentioned in this paragraph. However, TSOs, under article 40(5) ED, have the same provisions for non-frequency ancillary services as DSOs with the equivalent article 31(7) ED.</p> <p>It is recommended that the market-based procurement derogations granted by the relevant NRA be kept. For practical implementation, however, all derogations should only be granted for an agreed limited period of time.</p>	<p>The new rules shall set the principles for the regulatory assessment described in Article 32(1) of the Electricity Directive, including at least the frequency and the method (including how and when the assessment should be made locally or nationally, taking into account that conclusions may differ for different parts of the grid within a MS), that could be a market test or a cost benefit analysis. Derogation to market-based procurement may be granted by relevant NRA, whenever it is demonstrated that market-based approach is not economically efficient or that such procurement would lead to severe market distortions or to higher congestion</p>
		6.4 Reporting	
(112)	Strongly disagree	<p>Biennial EU wide report is perceived as hard to achieve due to different system needs in different products and prices. NRA is in better position to assess local system need and costs.</p>	<p>(112) The new rules shall require the ENTSO-E and the EU DSO entity to publish a biennial report on the implementation of procurement of voltage control services, including:</p> <ul style="list-style-type: none"> ▣ Information on where market based procurement has been applied or where derogations have been applied for or granted; ▣ Volumes and types of voltage control services procured; and ▣ Method of procurement used for different types of products. <p>The report shall provide a comparison of the applied methods and a reasoned view on points where further European harmonisation is expected to enhance the overall welfare, and in particular contribute to the aims of the Electricity Regulation, the general aims of Network codes as described in Article 58(2) of the Electricity Regulation and the aim of the current Framework Guideline as described in Section 1.1. The process shall include a public consultation on this report, for a period of four weeks. The report shall then be amended by ENTSO-E and the EU DSO entity before submitting the</p>

			<p>proposal to ACER for approval, together with the contributions to the public consultation. ACER may then, together with the NRAs, approve, require further amendments or reject the report. The first report will be submitted to ACER for approval, by two years after the entry into force of the new rules.</p>
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