

Nordic aFRR Capacity Market

status and way forward

Background on aFRR proposals

- The product aFRR was implemented in the Nordics during 2010-2015
- April 2019 - The Nordic TSOs submitted legal proposals for a common aFRR capacity market
- December 2019 - Amended proposals were submitted
- February 2020 – Nordic NRA decides to send the proposals to ACER

There has been a comprehensive regulatory approval process, involving the regulators in each of the Nordic countries

ACER process

- The NRAs have referred the proposals for a Nordic aFRR capacity market and methodology for allocation of cross-zonal capacity to ACER for decision as they have not agreed on a decision
- ACER will redraft the methodologies
- ACER will do a public consultation – usually by posing some questions to stakeholders
- There will be a dialogue with the Nordic NRAs and with the Nordic TSOs on draft decisions
- ACER should decide on the methodologies within six months (earliest in July 2020)

Non-paper to ACER

- Assessment of proposal
- Diverging views among NRA's

Full document can be found

http://www.nordicenergyregulators.org/wp-content/uploads/2020/03/Annex1_Non-paper_AFRR_.pdf

The Regulatory Authorities of CCR Nordic refer proposals for a Nordic aFRR capacity market to ACER

The Regulatory Authorities of Capacity Region Nordic (the Danish Utility Regulator, the Finnish Energy Authority and the Swedish Energy Market Inspectorate) have decided to refer proposals on the establishment of a Nordic Market for frequency restoration reserves with automatic reserves to the Agency for the Cooperation of Energy Regulators (ACER).

The proposals were submitted by the Nordic Transmission System Operators for regulatory approval in accordance with the EU Regulation Establishing a Guideline on Electricity Balancing (EB GL). The purpose of the regulatory approval is to ensure that the proposals are compliant with the EB GL and other relevant EU legislation.

The Norwegian Energy Regulatory Authority has participated in discussions with the CCR Nordic NRAs on an informal basis pending the implementation of EB GL in Norway.

None of the revised proposals were found approvable by all of the CCR Nordic Regulatory Authorities. A unanimous approval within the deadlines in the EB GL is a prerequisite for approval at regional level.

As a consequence of the referral, ACER will now have to decide on the revised proposals within six months in accordance with the decision-making procedure set out in the ACER Regulation.

The referral letter to ACER with an accompanying document explaining why the proposals were not found approvable can be accessed here:

- [Link to referral letter.](#)
- [Link to non paper.](#)

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Impacts

- This will of course have an impact on the go-live date of the new market. The impact will be depending on the outcome and timing of the ACER process.
- The delay will postpone the benefits of the new capacity market and the market players are already prepared to join in

Way forward

- TSO's will continue to increase the hours with aFRR, although national markets
- TSO's will keep stakeholders updated on when the new IT-platform for aFRR can be used
- TSO's will come back as soon as possible with a new go-live date for aFRR Nordic Capacity Market