
All TSOs' of Nordic LFC Block announcement for exact balancing capacity gate closure time in accordance with Article 3 of ACER decision No 19/2020 of 5 August 2020 on the common and harmonised rules and processes for procurement and exchange of aFRR balancing capacity for the Nordic LFC Block

February 2021

1. TSOs' announcement for the exact timing of the balancing capacity gate closure time

In accordance with Article 3 of ACER decision No 19/2020 on the common and harmonised rules and processes for procurement and exchange of aFRR balancing capacity for the Nordic LFC Block (hereafter referred to as "ACER decision No 19/2020") the TSOs announce as the exact timing of the balancing capacity gate closure time to be **7:30 CET (D-1)**.

2. Justification of the balancing capacity gate closure time

2.1 Process to set balancing capacity gate closure time

The procurement of aFRR capacity shall be performed daily in D-1 for each day-ahead market time unit of the trading day. The Nordic aFRR capacity market is organised based on a TSO-TSO model with a single balancing capacity gate closure time for balancing service providers (hereafter referred to as "BSPs"). This single balancing capacity gate closure time for BSPs equals the balancing capacity bid submission gate closure time for TSOs to submit the balancing capacity bids per bidding zone to the capacity procurement optimisation function of the Nordic aFRR capacity market.

Balancing capacity market timeframe shall be between 07:00 CET (D-1) and 10:00 (D-1). The balancing capacity gate closure time shall be within this balancing capacity market timeframe. ACER decision No 19/2020 sets the process to be followed in defining the exact timing for the gate closure time. In this process, the TSOs shall publicly consult stakeholders before setting the exact time of the balancing capacity gate closure time. This public consultation shall be performed at least 3 months before implementation of the balancing capacity gate closure time, and it shall last for at least 2 weeks.

The TSOs shall announce the gate closure time for BSPs to submit aFRR capacity bids – or any changes to this gate closure time – at least 4 weeks before taking effect. The announcement shall also include exceptions for instances when the gate closure time is delayed or when the bidding window is reopened. In these instances, the TSOs shall announce these changes as soon as possible and with a reasonable lead time before the actual application.

2.2. Summary of public consultation

The TSOs have consulted stakeholders for one and half months from 18 November 2020 until 31 December 2020. The TSOs' proposal as exact timing of the balancing gate closure was 7:30 CET (D1-1).

The TSOs received 13 responses to the consultation. The responses are included in Annex 1 with TSOs comments. In general, TSOs' proposal of gate closure time is acceptable for five respondents. Most of the remaining respondents proposed to have balancing gate closure at 8:00 CET (D-1) or later. In the following chapter TSOs have justified why TSOs are implementing 7:30 CET (D-1) as exact balancing capacity gate closure time. However, TSOs take note on the stakeholders' view to have gate closure time later than 7:30 CET (D-1). The TSOs can reassess if there are possibilities to delay the aFRR CM gate closure when more experience of the aFRR CM clearing is achieved after go-live. In addition, implementation of FB capacity calculation process and other reserve markets (e.g. mFRR CM) may introduce pressure to reconsider the gate closure time.

2.3. Justification of balancing gate closure time

The TSOs have to consider the duration of the whole aFRR procurement process and dependencies on other processes outside aFRR market when setting the balancing capacity gate closure time.

In accordance with ACER decision 21/2020 the cross-zonal capacity allocated to the exchange of aFRR balancing capacity shall be taken into account as previously allocated cross-zonal capacity when setting the available cross-zonal capacities for the day-ahead timeframe in accordance with a capacity calculation methodology pursuant to Article 20(2) of the CACM Regulation. This implies that results of aFRR procurement including cross-zonal capacity reservations have to be taken into account when Nordic RSC calculates cross-zonal capacities and provides capacities to the NEMOs for day-ahead market coupling.

The timings in the aFRR procurement process and the cross-zonal capacity calculation process set the latest possible timing for balancing capacity gate closure time and starting of balancing capacity market timeframe sets the earliest possible timing for balancing capacity gate closure.

The TSOs plan to implement aFRR capacity market during the parallel run of flow-based capacity calculation method. This implies that the day-ahead cross-zonal capacities will be still allocated with the current NTC capacity calculation method. In the proposal for the exact balancing capacity gate closure time, the TSOs will follow the current process and timelines for the capacity calculation and sending the information to NEMOs for day-ahead market coupling. In this process, the TSOs have to provide the results of the cross-zonal capacity calculation to the NEMOs normally by 9:35 CET (D-1) and the TSOs have time to update cross-zonal capacities (including also previously allocated cross-zonal capacity) until 9:10 (D-1). The TSOs will reassess – if needed – the exact balancing capacity gate closure time when day-ahead cross-zonal capacities will be allocated applying flow-based (FB) capacity calculation method.

In accordance with Article 5 of ACER decision 22/2020 on the market-based allocation process of cross-zonal capacity for the exchange of balancing capacity for the Nordic CCR (hereafter referred to as “ACER decision No 22/2020”) the TSOs have to set maximum volumes for cross-zonal aFRR procurement. This maximum volume is defined from the NTC value (by default 10 % of cross-zonal capacity). Currently the NTC value applied to calculate the maximum volume for aFRR cross-zonal capacity reservation is available at the latest at 7:30 CET (D-1). This implies together with TSOs deadline to update cross-zonal capacities, that the timeframe for the aFRR capacity market clearing and publication of the results will be from 7:30 CET (D-1) until 9:10 (D-1). This timeframe for the aFRR capacity market clearing and the publication of results will allow also situations when the TSOs need to reopen bidding gate or delay gate closure time and still meet the deadline to update cross-zonal capacities taking into account the cross-zonal reservations for aFRR procurement. Delay of gate closure time (or extension of gate closure time) may occur when market participants have problems for BSP to provide their bids to aFRR capacity market IT system. In addition, TSOs may need to reopen the aFRR capacity market if there are not enough bids to fulfil aFRR demand for a bidding zone and market will be reopened to have additional bids from BSPs.

Thus, the earliest possible timing for exact balancing capacity gate closure time is at 7:00 CET (D-1) and the latest possible timing for balancing capacity gate closure time is 7:30 CET (D-1) in order to respect the deadline of publishing cross-zonal capacities to the market participants and sending cross-zonal capacities to the NEMOs. The TSOs prefer to have balancing capacity gate closure time as late as possible taking into account both the aFRR procurement process timings and capacity calculation process, but also the BSP’s expected wish to have balancing gate closure time as close to real time as possible. TSOs propose the exact balancing capacity gate closure time to be at 7:30 CET (D-1).

Having gate closure time after 7:30 CET would create a risk that the results of aFRR CM markets are not available at 9:10 CET at the latest in case mitigation measures has to be activated (extended gate closure or reopening of aFRR capacity markets). The TSOs have taken a conservative approach when aFRR capacity market is launched to ensure clearing of aFRR capacity market results.

The following figure shows an indicative timeline for the aFRR capacity market clearing process with proposed capacity gate closure at 7:30 CET (D-1):



Stakeholders' responses to the consultation on the proposal for exact balancing capacity gate closure time

Organisation / country	Consultation response	TSOs' comments to responses
Modity Energy Trading AB / Sweden	Generally we are positive to the proposal of changing of the balancing gate closure time.	TSOs' proposal of gate closure time is acceptable for the respondent
HOFOR / Denmark	The heating market closed at 1030 AM, why we proposed at 11.00 AM.	The respondent proposes to have gate closure time at 11 CET. ACER decision sets balancing market timeframe between 7 - 10 CET and balancing gate closure shall be within this timeframe.
UNIPER SE /Germany and Sweden	The GCT should not be before 8:00 CET (D-1) because that would fit better with our internal optimization process and would be also in line with the general working hours. A GCT before 8:00 CET (D-1) would create additional costs for administration which have to be covered by the offered prices for aFRR. Furthermore a GTC after 8:00 CET (D-1) would be closer to the rest of the aFRR markets in Europe.	The respondent proposes to have gate closure time after 8:00 CET. Having gate closure time after 7:30 CET would create a risk that the results of aFRR CM markets are not available at 9:10 CET at the latest in case mitigation measures has to be activated (extended gate closure or reopening of aFRR CM markets). The TSOs have taken a conservative approach when aFRR CM is started to ensure clearing of aFRR CM results. The TSOs can reassess if there are possibilities to delay the aFRR CM gate closure when more experience of the aFRR CM clearing is achieved after go-live. In addition, implementation of FB capacity calculation process and other reserve markets may introduce pressure to reconsider the gate closure time.
Hafslund Eco Vannkraft AS / Norway	Hafslund Eco Vannkraft AS has been in dialog with Energi Norge related to the ongoing consultation on aFRR CM GCT and support their response.	TSOs' proposal of gate closure time is acceptable for the respondent.
Energy Norway	<p>An aFRR CM GCT at 07:30 CET means that some market participants may not be able to update their bidding strategy in the morning of D-1. For this reason the bids will be prepared D-2. There may be significant market efficiencies to be gained from moving the GCT further towards 09:10 CET, allowing market participants more time to update bids D-1.</p> <p>From the consultation material, it is not clear why the GCT could not be later in the period spanning from 07:30 CET to 09:10 CET. It would be helpful for our understanding if the TSOs could further clarify this.</p> <p>On the other hand, a GCT closer to 09:10 CET leaves less time for handling issues that arise either during bidding, communication between market participants and TSOs, market clearing, etc., before the Day ahead process begins. The risk that a delay in the aFRR CM could impact on the Day ahead process for market participants and TSOs should be reduced, and in any case it should be manageable.</p> <p>Therefore, the proposed GCT at 07:30 is acceptable for Energy Norway.</p> <p>Furthermore, the TSOs state that the GCT for aFRR CM will be reconsidered when CCM is implemented in the Nordics. Due to the potential market efficiency gains from moving the GCT towards 09:10, we request that the GCT is revised more frequently, preferably annually.</p>	TSOs' proposal of gate closure time is acceptable for the respondent. Having gate closure time after 7:30 CET would create a risk that the results of aFRR CM markets are not available at 9:10 CET at the latest in case mitigation measures has to be activated (extended gate closure or reopening of aFRR CM markets). The TSOs have taken a conservative approach when aFRR CM is started to ensure clearing of aFRR CM results. The TSOs can reassess if there are possibilities to delay the aFRR CM gate closure when more experience of the aFRR CM clearing is achieved after the go-live. In addition, implementation of FB capacity calculation process and other reserve markets may introduce needs to reconsider the gate closure time.

	In effect, this would allow us to get to know the process and risks, while aiming for an improved overall market efficiency.	
Vattenfall AB / Sweden, Denmark, Finland	<p>Vattenfall welcomes the opportunity to comment on the Nordic TSOs' proposal for the aFRR balancing capacity gate closure time.</p> <p>Vattenfall would like to question the relatively long clearing time for aFRR. We lack a proper explanation why a period of 1h40min is needed from submission of bids to final results. According to our assessment it should be possible to propose a shorter process, e.g. through removing some sequential time margins, or propose a much simpler fallback solution (e.g. that aFRR gets no capacity at all, or yesterday's capacity or a predefined capacity). This would make it possible to proceed with the calculation of the DA capacities, before the auction is completely finished and free up time for other operational processes that will follow.</p> <p>A general reflection is that we over the coming years will add more and more products and processes that should all fit in to a relatively tight schedule D-1. A too tight schedule for market participants increase the risk of errors and that the offered volumes and flexibilities to the system operators will be reduced. In the end the operation of the power system could then become both less robust and more expensive than necessary. From this perspective it is a unfortunate from an operational perspective that the EU framework are not more open to use part of D-2 to trade some reserves to free up time for products that have to be traded D-1.</p>	The respondent has general views on the gate closure time. The respondent questions the relatively long clearing time for aFRR CM. ACER decision requires TSOs' to apply market-based capacity allocation in accordance with EBGL Article 41(1), which does not allow applying yesterday's capacity of a predefined capacity in allocation process. No capacity for allocation implies national markets. The mitigation measures (extended gate closure or/and reopening the market) resemble the approach of SDAC, where second auction and decoupling can be used before actual fallback procedure is launched. In addition to aFRR mitigation measures, TSOs will develop a fallback procedure for aFRR market. See also comments for 3 and 5.
UPM Energy / Finland	<p>UPM supports setting balancing capacity gate closure time at 7:30 CET (D-1).</p> <p>However, UPM strongly disagrees with the proposed deadline for providing aFRR CM market results at 9:10 CET. Deadline should be earlier, e.g. 8:40 CET, as receiving aFRR CM market result and planning of hydro power generation are strongly interlinked. If hydro power producers do not know aFRR results early enough, producers will be forced to unnecessarily wait before being able to start the planning of hydro generation. The earlier the hydro power production planning can be started, the better for the day-ahead market, as hydro power production plans will be more accurate.</p> <p>There is also a risk that some power producers are forced to select bidding only to day-ahead market instead of both aFRR CM market and day-ahead market because they must reserve time to prepare day-ahead bids. If the deadline for aFRR CM market results was earlier, power producers would have enough time to bid to both markets efficiently.</p> <p>TSOs should also consider that not all hydro power production is sold directly to the power exchange. Production can be operated by a different company than the asset owner or the company who trades with the produced electricity. Therefore, hydro power asset operators will need to have more time than TSOs propose to deliver the production to the asset owners. Earlier deadline for aFRR CM market result would also give asset owners or their contractors more time to prepare for trading with the produced electricity.</p> <p>For these reasons, our proposal for aFRR CM market results deadline is 8:40 CET.</p>	TSOs' proposal of gate closure time is acceptable for the respondent. TSOs' aim to publish the aFRR CM clearing results as soon as possible and in case no mitigation measures are needed the results will be available within one hour of gate closure i.e. before 8:30 CET. Only the cases where mitigation measures (extended gate closure or/and reopening the market) the publication of clearing results may be delayed until 9:10 CET, but publication is done also in these cases as soon as clearing results are available.
Nordenergi / Denmark, Finland, Norway and Sweden	NordEnergi – the joint collaboration between the Nordic associations for electricity producers, suppliers and distributors – appreciates the opportunity to comment on the Nordic TSOs' proposal for the exact timing of the aFRR balancing capacity gate closure time (GCT).	The respondent proposes to have gate closure time at 8:30 CET or later. Having gate closure time after 7:30 CET would create a risk that the results of aFRR CM markets are not available at 9:10 CET at the latest

	<p>NordEnergi understands that the balancing capacity gate closure time must fall between 7:00 CET and 10:00 CET (D-1). The TSOs propose to fix the balancing capacity GCT at 7:30 CET.</p> <p>NordEnergi urges the TSOs to reconsider the proposed GCT and move it to 8:30 CET or later.</p> <p>TSOs are bound by the need to submit information about reserved cross-zonal capacity to the Nordic RSC at around 9:10. By setting a 7:30 GCT TSOs ask for 1h40min from submission of bids to final results for internal processes and a number of contingencies. We believe that this is an unnecessarily conservative timeline and that TSOs should be able to shorten it substantially to the benefit of both market participants and TSOs.</p> <p>The proposal does not provide any significant arguments as to why the GCT cannot be later than 7:30. We understand that GCT closer to 09:10 CET leaves less time for handling issues that arise either during bidding, communication between market participants and TSOs, market clearing, etc., before the Day ahead process begins. The risk that a delay in the aFRR CM could impact on the Day ahead process for market participants and TSOs should be reduced. Nevertheless, we do recommend TSOs to very carefully consider the implication of their conservative approach on the ability of market participants to offer maximum capacity at competitive prices.</p> <p>First, the aFRR GCT should respect the procurement of mFRR capacity in the same time period. The current mFRR GCT in DK1 9:30 CET D-1, while the proposed GCT for a future joint DK1-DK2 market is 8:15 CET D-1. Energinet and the other Nordic TSOs must ensure consistency between these markets, either by:</p> <ul style="list-style-type: none"> a) Planning a sequential bid submission and clearing for aFRR and mFRR, where market participants must receive the outcome of the first tender before submitting bids for the second) b) Setting a common GCT for both aFRR and mFRR followed by sequential clearing by TSOs. <p>We understand that TSOs expect to implement option b with a common GCT. If so, TSOs should very carefully design and implement bid attributes that allows for linking between mFRR and aFRR, so that capacity from the same asset can be offered in both markets.</p> <p>Second, BSPs submit bids based on information on heat demand, day-ahead price forecasts, results of other reserve markets and other information. A GCT at 7:30 means that heat planning and price forecasts received later in the morning cannot be taken into account. In all practical manners, BSPs will likely have to prepare bids at D-2 in the afternoon, which may limit the capacity market participants can offer and the competitiveness of their pricing.</p> <p>Moving the aFRR GCT to 8:30 D-1 or later will allow market participants to base their bids on better and more recent information thus maximizing the capacity offered.</p> <p>Furthermore, the TSOs state that the GCT for aFRR CM will be reconsidered when CCM is implemented in the Nordics. Due to the potential market efficiency gains from moving the GCT towards 09:10, we request that the GCT is revised more frequently, preferably annually.</p> <p>NordEnergi is happy to be available for further comments or discussions.</p>	<p>in case mitigation measures has to be activated (extended gate closure or reopening of aFRR CM markets). The TSOs have taken a conservative approach when aFRR CM is started to ensure clearing of aFRR CM results.</p> <p>The TSOs can reassess if there are possibilities to delay the aFRR CM gate closure when more experience of the aFRR CM clearing is achieved after go-live. In addition, implementation of FB capacity calculation process and other reserve markets (e.g. mFRR) may introduce pressure to reconsider the gate closure time.</p> <p>Energinet submitted a methodology for a national mFRR capacity market in April 2020. This methodology was based on a common hourly market between DK1 and DK2 with reservation of capacity on the interconnector between DK1 and DK2 (Storebælt). The methodology of reservation of capacity on the interconnector between DK1 and DK2 was rejected by the Danish NRA ultimo 2020. Energinet withdrew in regards to that the new methodology for a hourly market for mFRR capacity and is instead continuing the old methodology for a hourly market for mFRR locally in DK1 respectively DK2. This means that the suggested GCT of 8:15 for a Danish hourly mFRR capacity market is no longer valid and in case Energinet will apply for a new methodology for a Danish hourly mFRR capacity market GCT will be customized to fit the Nordic processes.</p>
--	--	---

<p>Fortum / Nordic countries, Baltic countries, Poland, Russia, India</p>	<ul style="list-style-type: none"> • "The TSOs shall announce the gate closure time for BSPs to submit aFRR capacity bids – or any changes to this gate closure time – at least 4 weeks before taking effect." <ul style="list-style-type: none"> o Does this mean that TSOs can change the gate closure time without any consultation? - We consider that TSOs should consult stakeholders if planning to change the GCT. • "This implies that results of aFRR procurement including cross-zonal capacity reservations have to be taken into account when Nordic RSC calculates cross-zonal capacities and provides capacities to the NEMOs for day-ahead market coupling." <ul style="list-style-type: none"> o Results of aFRR procurement should also be taken into account when publishing DA capacities. • "The TSOs plan to implement aFRR capacity market during the parallel run of flow-based capacity calculation method. This implies that the day-ahead cross-zonal capacities will be still allocated with the current NTC capacity calculation method." <ul style="list-style-type: none"> o TSOs should open how capacities are converted from FB to NTC or other way round - Referring to the requirement to calculate capacities in accordance with a capacity calculation methodology pursuant to Article 20(2) of the CACM Regulation before starting to make transmission capacity reservations. • "The NTC value to be applied for aFRR cross-zonal capacity reservation will be available at the latest at 7:30 CET (D-1)"" and ""the TSOs propose as the exact timing of the balancing capacity gate closure time to be 7:30 CET (D-1)". <ul style="list-style-type: none"> o We consider that TSOs should publish CZCs used for aFRR CM reservation / clearing well in advance before the aFRR GCT. Publishing transmission capacities before GCT is a normal procedure for other markets, e.g. DA and ID. • TSOs should clarify what are the situations in which bidding gate is re-opened or gate closure time is delayed, and how this is communicated to the market / BSPs in transparent and feasible way. 	<p>The respondent has general views on the gate closure time.</p> <p>Comment to first remark: In accordance with ACER decision No 19/2020 TSOs will consult each change of gate closure time before their announcement of gate closure time.</p> <p>Comment to second remark: cross-zonal reservations resulting from aFRR procurement shall be taken into account both in DA capacity calculation and publication of results from DA capacity calculation. In accordance with ACER decision No 22/2020 TSOs have to publish cross-zonal reservations for aFRR procurement.</p> <p>Comment to third remark: Conversion of cross-zonal reservation between FB and NTC values has been described in approved Nordic capacity calculation methodology (Article 16).</p> <p>Comment to fourth remark: Due to EBGL Article 41(1) application the cross-zonal capacity reservation depends on aFRR capacity bids and only maximum cross-zonal capacities (default 10%) can be given in accordance with ACER No 22/2020 decision.</p> <p>Comment to fifth remark: TSOs will clarify the situations where gate will be re-opened or extended gate closure either in implementation guide or/and general aFRR CM handbook. Generally, for extended gate closure time there are problems for BSP to provide their bids to IT system and for re-opening there could be problems with fulfilling aFRR demand for a bidding zone.</p>
<p>Fortum / Sweden</p>	<p>We would suggest a gate closure time at 08:30 CET as that gives more time for analyzing the latest forecasts and handling unplanned unit failures.</p>	<p>The respondent proposes to have gate closure time at 8:30 CET</p>
<p>Statkraft Energi AS / Norway and Sweden</p>	<p>We would prefer a later gate closure time than 07:30, and hope that will be the case in the future.</p>	<p>The respondents proposed to have gate closure time later than 7:30 CET</p>
<p>Nord Pool / Domicile in Norway but active as NEMO and PX in among others all Nordic countries</p>	<p>It is critical that the given Nordic aFRR capacity mechanism (which Nordic TSOs will apply via the market based method as defined in Article 41 of EB GL) does not delay publication of CZ IC capacities for SDAC compared with today. To maintain the current timeline for publication of CZ IC capacities made available to SDAC is equally important for the current Nordic CCM model based on (C)NTC and in case of applying a FB CCM model.</p> <p>Therefore, we are in general terms positive to the proposed timeline for the aFRR capacity mechanism, e.g. with normal GCT at 07:30 CET and latest publication of aFRR capacity mechanism results at 09:10 CET day D-1 (D) for deliveries in day D (D+1).</p> <p>However, we have a number of related comments and seek clarity/confirmation on a few issues as follows:</p> <ol style="list-style-type: none"> 1. In the proposal it is said that the maximum CZ IC capacity that can be utilized for the aFRR capacity mechanism is 10 % of NTC, which as such is given in Art. 41 of EB GL. However, we seek clarity on that the 	<p>TSOs' proposal of gate closure time is acceptable for the respondent.</p> <p>Comment to first issue: TSOs have first forecast for DA cross-zonal capacities at 7:30 CET (D-1). This forecast will be used to define the maximum value of 10%. In case the CZC forecast for DA auction is 1000 MW then the 10% of this value is 100 MW.</p> <p>Comment to second issue: ACER decision requires TSOs to publish e.g. prices of procured aFRR capacities no later than 1 hour after notifying BSPs (see Article 10 of ACER decision No 19/2020). Information shall be published on a publicly accessible website. CZC reservations shall be published 1 hour before the SDAC gate closure time (see Article 12 of ACER decision No 22/2020). TSOs are working on publishing website.</p> <p>Comment to third issue: Generally, for extended gate closure time there are problems for BSP to provide their bids to IT system and for</p>

	<p>limit will be max 10% of the total CZ IC capacity that would be available for utilization in SDAC for the given delivery period, e.g. if normal max NTC is 2000 MW for a given CZ IC but it for the given delivery period the next day is limited to 1000 MW then the max allowed allocation to the aFRR capacity mechanism must be 100 MW, i.e. max 10% of 1000 MW. Kindly confirm if that assumption is correct, or otherwise motivate why it contrary to our view should be allowed to be larger, which would mean a breach of the 10% limit.</p> <p>2. It is critical that publication of aFRR capacity prices and CZ IC utilization for aFRR is done promptly when the described process is finished, e.g. normally latest at 09:10 CET D-1. In our view, it is also critical that it is done transparently to the whole market at the same time, thus not as the timeline in the proposal seems to suggest up to 1 hour beforehand only to the BSPs whom have actively placed and/or received acceptance of their aFRR capacity orders. Kindly confirm if simultaneous publication of aFRR CM market results to the whole market will be assured, and in what system such publication will take place.</p> <p>3. It seems unclear what is meant by “latest initial market clearing for extended GCT” at 08:15 versus (a) “latest initial market clearing when reopening” at 08:30, and (b) “deadline for providing aFRR CM market results”. In other words, is extended GCT something else then reopening, and if that is the case what can merit a reopening even after the normal GCT has been extended? Furthermore, does the term “market clearing” refer to something different in time, scope and who will receive that information versus what is part of the publication of aFRR CM market results?</p>	<p>re-opening there could be problems with fulfilling aFRR demand for a bidding zone.</p>
<p>Ørsted / Denmark</p>	<p>Ørsted appreciates the opportunity to comment on the Nordic TSOs’ proposal for the exact timing of the aFRR balancing capacity gate closure time (GCT).</p> <p>Ørsted understands that the balancing capacity gate closure time must fall between 7:00 CET and 10:00 CET (D-1). The TSOs propose to fix the balancing capacity GCT at 7:30 CET.</p> <p>Ørsted urges the TSOs to reconsider the proposed GCT and move it to 8:30 CET or later.</p> <p>TSOs are bound by the need to submit information about reserved cross-zonal capacity to the Nordic RSC at around 9:10. By setting a 7:30 GCT TSOs ask for 1h40min from submission of bids to final results for internal processes and a number of contingencies. We believe that this is an unnecessarily conservative timeline and that TSOs should be able to shorten it substantially to the benefit of both market participants and TSOs.</p> <p>The proposal does not provide any significant arguments as to why the GCT cannot be later than 7:30. We recommend TSOs to very carefully consider the implication of their conservative approach on the ability of market participants to offer maximum capacity at competitive prices.</p> <p>First, the aFRR GCT should respect the procurement of mFRR capacity in the same time period. The current mFRR GCT in DK1 9:30 CET D-1, while the proposed GCT for a future joint DK1-DK2 market is 8:15 CET D-1. Energinet and the other Nordic TSOs must ensure consistency between these markets, either by:</p> <ol style="list-style-type: none"> Planning a sequential bid submission and clearing for aFRR and mFRR, where market participants must receive the outcome of the first tender before submitting bids for the second) Setting a common GCT for both aFRR and mFRR followed by sequential clearing by TSOs. 	<p>The respondents proposed to have gate closure time at 8:30 CET or later.</p> <p>Having gate closure time after 7:30 CET would create a risk that the results of aFRR CM markets are not available at 9:10 CET at the latest in case mitigation measures has to be activated (extended gate closure or reopening of aFRR CM markets). The TSOs have taken a conservative approach when aFRR CM is started to ensure clearing of aFRR CM results.</p> <p>The TSOs can reassess if there are possibilities to delay the aFRR CM gate closure when more experience of the aFRR CM clearing is achieved after go-live. In addition, implementation of FB capacity calculation process and other reserve markets (e.g. mFRR) may introduce pressure to reconsider the gate closure time.</p> <p>Energinet submitted a methodology for a national mFRR capacity market in April 2020. This methodology was based on a common hourly market between DK1 and DK2 with reservation of capacity on the interconnector between DK1 and DK2 (Storebælt). The methodology of reservation of capacity on the interconnector between DK1 and DK2 was rejected by the Danish NRA ultimo 2020. Energinet withdrew in regards to that the new methodology for a hourly market for mFRR capacity and is instead continuing the old methodology for a hourly market for mFRR locally in DK1 respectively DK2. This means that the suggested GCT of 8:15 for a Danish hourly mFRR capacity market is no longer valid and in case Energinet will</p>

	<p>We understand that TSOs expect to implement option b with a common GCT. If so, TSOs should very carefully design and implement bid attributes that allows for linking between mFRR and aFRR, so that capacity from the same asset can be offered in both markets.</p> <p>Second, BSPs submit bids based on information on heat demand, day-ahead price forecasts, results of other reserve markets and other information. A GCT at 7:30 means that heat planning and price forecasts received later in the morning cannot be taken into account. In all practical manners, we and other BSPs will likely have to prepare bids at D-2 in the afternoon, which may limit the capacity we can offer and the competitiveness of our pricing.</p> <p>Moving the aFRR GCT to 8:30 D-1 or later will allow us prepare bids in the morning shift and to base our bids on better and more recent information thus maximizing the capacity offered.</p> <p>Ørsted remains available for further comments or questions.</p>	<p>apply for a new methodology for a Danish hourly mFRR capacity market GCT will be customized to fit the Nordic processes.</p>
--	---	---