

Explanatory document to the amended proposals
for the Nordic aFRR capacity market concerning
the common and harmonised rules and processes
for the exchange and procurement of aFRR
balancing capacity, and for the application of a
market-based allocation process for the exchange
of aFRR balancing capacity

in accordance with Article 33(1) and Article 38(1) of the
Commission Regulation (EU) 2017/2195 of 23 November 2017
establishing a guideline on electricity balancing

February 2024

Introduction

This document gives background information and the rationale for the Nordic TSOs amendments to the proposals the common and harmonized rules and processes for the exchange and procurement of aFRR balancing capacity in accordance with Article 33(1) and for the application of the market-based allocation process for the exchange of aFRR balancing capacity in accordance with Article 38(1) of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing.

Amendment to the methodology for the application of the market-based allocation process for the exchange of aFRR balancing capacity

The amendment to the methodology for the application of the market-based allocation process for the exchange of aFRR balancing capacity in accordance with Article 38(1) of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing is a direct consequence of introducing a trilateral mFRR capacity market between Denmark, Finland and Sweden. Introducing this trilateral market demands a separation between aFRR and mFRR related to the application of the market-based allocation process for the exchange of balancing capacity. The amendment is therefore completely related to smaller changes in wording, such that it is explicitly stated, that the methodology for the application of the market-based allocation process for the exchange of aFRR balancing capacity refers only to aFRR.

Amendment to the methodology for the common and harmonized rules and processes for the exchange and procurement of aFRR balancing capacity

The Nordic TSOs want to align the Nordic capacity market methodologies with the European Harmonized Cross-zonal Capacity Allocation methodology and the Nordic methodology for the market-based allocation process according to EB GL article 41, where the MTU for the balancing capacity market will be the same as that for the day-ahead market or a multiple of the day-ahead market time unit. This alignment secures future compatibility with the harmonized methodology as well as it allows the Nordic TSOs to transition to higher time resolution, when it is relevant and valuable according to transmission capacity calculation methodologies and common grid models.