
**Methodology for classifying the activation purposes of
balancing energy bids in accordance with Article 29(3)
of the Commission Regulation (EU) 2017/2195 of 23
November 2017 establishing a guideline on electricity
balancing**

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Whereas

- (1) This document provides a methodology for classifying the activation purposes of balancing energy bids (hereafter referred to as the “activation purposes methodology”).
- (2) The activation purposes methodology takes into account the general principles and goals set in the Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing (hereafter referred to as the “EB Regulation”), the Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation (hereafter referred to as the “SO Regulation”), as well as the Regulation (EU) 2019/943 of the European Parliament and of the Council on the internal market for electricity (hereafter referred to as the “Electricity Regulation”).
- (3) The goal of the EB Regulation is the integration of balancing markets. To facilitate this goal, it is necessary to develop implementation frameworks for European platforms for balancing energy exchange from frequency restoration reserves with manual and automatic activation, and from replacement reserves. Article 29 of the EB Regulation formulates the requirements regarding the activation of balancing energy bids from the common merit order lists of these platforms.
- (4) The activation purposes methodology describes all possible activation purposes for the activation of balancing energy bids from common merit order lists, pursuant to Article 29(3) of the EB Regulation. In case that a Transmission System Operator (hereafter referred to as “TSO”) declares the balancing energy bids submitted to the activation optimisation function of the respective European platform as unavailable for activation by other TSOs through the common merit order list in accordance with Article 29(14) of the EB Regulation, this TSO may use the respective bid volumes in accordance with national legislation, which means, where applicable, that this bid can be activated for balancing or system constraints. For avoidance of doubt, each TSO will submit all standard balancing energy product bids to the European balancing platforms in which they are participating and the TSO will declare the respective bids as unavailable if applicable, in accordance with the EB Regulation and the implementation frameworks of the platforms. However, pursuant to Article 29(4) of the EB Regulation, in any case the TSO will define the activation purpose of all the activated balancing energy bids of the common merit order lists, in accordance with this activation purposes methodology, irrespectively of whether they have been declared as unavailable or not.
- (5) Following from Article 29(4) of the EB Regulation, the implementation of this activation purposes methodology is not mandatory for balancing energy bids that are not part of the common merit order lists of the European platforms. As a consequence, this activation purposes methodology is only mandatory for integrated scheduling process bids, to the extent that they have been converted to standard product bids, pursuant to Article 27(3) of the EB Regulation.
- (6) The activation purposes methodology fulfils the objectives stated in Article 3 of the EB Regulation as follows:
 - (a) This activation purposes methodology sets non-discriminatory rules and principles as it applies the same rules for all TSOs, promoting the effective competition among BSPs, while the additional provisions for publication of the activation purpose, by including an additional layer for system constraint purposes, increases the transparency of the activation process. Therefore this activation purposes methodology contributes to the objective pursuant to Article 3(1)(a) of the EB Regulation.

- (b) This activation purposes methodology enhances the efficiency of balancing as well as the efficiency of the European and national balancing markets, as required by Article 3(1)(b) of the EB Regulation, by harmonising the definition of the activation purposes and the respective classification criteria for all activations of balancing energy bids across platforms. In this respect, i.e. by establishing harmonisation, it also contributes to integrating balancing markets and promoting the possibilities for exchanges of balancing services, as required by Article 3(1)(c) of the EB Regulation, while also contributing to operational security. This is achieved by considering the agreed European standards and technical specification by fulfilling the SO Regulation in the classification criteria defined for each activation purpose.
- (c) This activation purposes methodology, as required by Article 3(1)(d) of the EB Regulation, contributes to the efficient long-term operation and development of the electricity transmission system providing transparency on the activation of the balancing energy bids, thus revealing required actions related to operational security. Additionally, as required also by Article 3(1)(d) of the EB Regulation, the activation purposes methodology facilitates the efficient and consistent functioning of day-ahead, intraday and balancing markets, by providing clear information to the market participants with respect to the activation of their balancing energy bids, thus contributing to sending the appropriate signals.
- (d) This activation purposes methodology, as required by Article 3(1)(e) of the EB Regulation, contributes to fair, objective, transparent and market-based procurement of balancing energy, by specifying non-discriminatory rules for TSOs for defining the purpose of the activated balancing energy bids. By clearly defining the purpose of the activation during the market-based procurement of balancing energy in the context of the European platforms, the transparency of the market-based process is increased. Additionally, as also required by Article 3(1)(e) of the EB Regulation, this activation purposes methodology avoids undue barriers to entry for new entrants and fosters the liquidity of balancing markets by specifying and harmonising the activation purposes and the classification criteria, standardising them for all market participants.
- (e) This activation purposes methodology, as required by Articles 3(1)(f) and (g) of the EB Regulation, facilitates the participation of demand response including aggregation facilities, energy storage and renewable energy sources, by establishing a level-playing field for all BSPs, through the nondiscriminatory and transparent classification rules for the activation purposes, and its harmonisation for all the activations of balancing energy bids.

Article 1

Subject matter and scope

1. This activation purposes methodology describes all possible purposes for activation of balancing energy bids for frequency restoration reserves with automatic activation (hereafter referred to as “aFRR”), frequency restoration reserves with manual activation (hereafter referred to as “mFRR”) and replacement reserves (hereafter referred to as “RR”) and defines the classification criteria for each possible activation purpose.
2. Pursuant to Article 29(4) of the EB Regulation, the activation purposes methodology shall be implemented by each TSO activating balancing energy bids from the common merit order lists. For the avoidance of doubt, each TSO shall define the activation purpose of an activated balancing energy bid from the common merit order list(s), in accordance with the activation purposes methodology, irrespectively of whether the balancing energy bid was selected by the activation optimisation function of the respective European platform or activated locally, after being declared as unavailable by the TSO, pursuant to Article 29(14) of the EB Regulation.

Article 2

Definitions and interpretation

1. For the purposes of the activation purposes methodology, the terms used shall have the meaning given to them in Article 2 of the Electricity Regulation, Article 3 of the SO Regulation and Article 2 of the EB Regulation.
2. In addition, in the activation purposes methodology the following terms shall apply:
 - (a) ‘aFRR balancing energy product’ means the standard or specific product for balancing energy from frequency restoration reserves with automatic activation;
 - (b) ‘mFRR balancing energy product’ means the standard or specific product for balancing energy from frequency restoration reserves with manual activation;
 - (c) ‘RR balancing energy product’ means the standard or specific product for balancing energy from replacement reserves.
3. In the activation purposes methodology, unless the context requires otherwise:
 - (a) the singular indicates the plural and vice versa;
 - (b) headings are inserted for convenience only and do not affect the interpretation of the activation purposes methodology;
 - (c) any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force;
 - (d) any reference to an article without an indication of the document shall mean a reference to the activation purposes methodology.

Article 3

Activation purposes and classification criteria

1. The possible activation purposes for balancing energy bids are the following:
 - (a) balancing;
 - (b) system constraints.

2. The activation purpose of an activated balancing energy bid shall be defined as “balancing” when one of the following classification criteria applies:
 - (a) RR balancing energy product bid: activation aims to achieve the control target of the reserve replacement process in accordance with Article 144(1) of the SO Regulation;
 - (b) mFRR balancing energy product bid: manual activation aims to achieve the control target of the frequency restoration process in accordance with Article 143(1) of the SO Regulation;
 - (c) aFRR balancing energy product bid: automatic activation aims to achieve the control target of the frequency restoration process in accordance with Article 143(1) of the SO Regulation.
3. The activation purpose of an activated balancing energy bid shall be defined as “system constraints” when one or more of the following classification criteria apply:
 - (a) activation to maintain voltage limits in accordance with Article 27 of the SO Regulation;
 - (b) activation to maintain power-flow limits in accordance with Article 32 of the SO Regulation;
 - (c) activation to maintain short-circuit current limits according to Article 30 of the SO Regulation and Article 31(3) of the SO Regulation;
 - (d) activation to maintain the dynamic stability limits in accordance with Article 39 of the SO Regulation;
 - (e) activation to maintain reactive power reserves in accordance with Article 29 of the SO Regulation;
 - (f) activation to maintain active power reserves in accordance with Article 152(1) of the SO Regulation;
 - (g) activation to maintain system margin ensuring that active and reactive power reserves, are sufficient in accordance with Article 18(1)(c) of the SO Regulation, to restore the normal state in accordance with Article 18(1) of the SO Regulation, to prevent an alert state in accordance with Article 18(2) of the SO Regulation and to prevent an emergency state in accordance with Article 18(3) of the SO Regulation.
4. Where the information is available, the TSO activating balancing energy bids for the activation purpose of system constraints in accordance with paragraph 1(b) above shall publish if the balancing energy bids were activated for redispatching or countertrading, as defined in Articles 2(26) and 2(13) Commission Regulation (EU) 543/2013, respectively, or for other remedial actions. The information shall be published as soon as possible but no later than one hour after the validity period of the balancing energy bid.

Article 4 **Implementation timeline**

Each TSO activating balancing energy bids in accordance with Article 1(2) shall apply this activation purposes methodology for standard balancing energy products bids once the TSO becomes a participating TSO to the respective European balancing platform for the exchange of balancing energy in accordance with the Articles 19, 20 or 21 of the EB Regulation.

Article 5
Publication of the activation purposes methodology

The TSOs shall publish the activation purposes methodology without undue delay after a decision has been taken by the European Union Agency for the Cooperation of Energy Regulators in accordance with Article 6(2) of the EB Regulation.

Article 6
Language

The reference language for the activation purposes methodology shall be English. For the avoidance of doubt, where TSOs need to translate the activation purposes methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 7 of the EB Regulation and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of the activation purposes methodology to their relevant regulatory authorities.