

Commission Regulation (EU) 2017/2195 of 23 November 2017  
establishing a guideline on electricity balancing (Text with EEA relevance)

TITLE III

**PROCUREMENT OF BALANCING SERVICES**

CHAPTER I

***Balancing energy***

*Article 29*

**Activation of balancing energy bids from common merit order list**

1 In order to maintain the system's balance in accordance with Article 127, Article 157 and Article 160 of Regulation (EU) 2017/1485, each TSO shall use cost-effective balancing energy bids available for delivery in its control area based on common merit order lists or another model as set with the proposal by all TSOs pursuant to paragraph 5 of Article 21.

2 TSOs shall not activate balancing energy bids before the corresponding balancing energy gate closure time, except in the alert state or the emergency state when such activations help alleviate the severity of these system states and except when the bids serve purposes other than balancing pursuant to paragraph 3.

3 By one year after the entry into force of this Regulation, all TSOs shall develop a proposal for a methodology for classifying the activation purposes of balancing energy bids. This methodology shall:

- a describe all possible purposes for the activation of balancing energy bids;
- b define classification criteria for each possible activation purpose.

4 For each balancing energy bid activated from the common merit order list, the TSO activating the bid shall define the activation purpose based on the methodology pursuant to paragraph 3. The activation purpose shall be notified and visible to all TSOs through the activation optimisation function.

5 In the event that the activation of balancing energy bids deviates from the results of the activation optimisation function, the TSO shall publish the information about the reasons for the occurrence of such deviation in a timely manner.

6 The request for activation of a balancing energy bid from the activation optimisation function shall oblige the requesting TSO and connecting TSO to accept the firm exchange of balancing energy. Each connecting TSO shall ensure the activation of the balancing energy bid selected by the activation optimisation function. The balancing energy shall be settled pursuant to Article 50 and between the connecting TSO and the balancing service provider pursuant to Chapter 2 of Title V.

7 The activation of balancing energy bids shall be based on a TSO-TSO model with a common merit order list.

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8 Each TSO shall submit all necessary data for the operation of the algorithm in paragraphs 1 and 2 of Article 58 to the activation optimisation function in accordance with the rules established pursuant to Article 31( 1).

9 Each connecting TSO shall submit, prior to the TSO energy bid submission gate closure time, all balancing energy bids received from balancing service providers to the activation optimisation function, taking into account the requirements in Articles 26 and 27. The connecting TSOs shall not modify or withhold balancing energy bids, except for:

- a balancing energy bids related to Articles 26 and 27;
- b balancing energy bids that are manifestly erroneous and include an unfeasible delivery volume;
- c balancing energy bids that are not forwarded to the European platforms in accordance with paragraph 10.

10 Each TSO applying a self-dispatching model and operating within a scheduling area with a local intraday gate closure time after the balancing energy gate closure time pursuant to Article 24 may develop a proposal to limit the amount of bids that is forwarded to the European platforms pursuant to Articles 19 to 21. The bids forwarded to the European platforms shall always be the cheapest bids. This proposal shall include:

- a the definition of the minimum volume that shall be forwarded to the European platforms. The minimum volume of bids submitted by the TSO shall be equal to or higher than the sum of the reserve capacity requirements for its LFC block according to Articles 157 and 160 of Regulation (EU) 2017/1485 and the obligations arising from the exchange of balancing capacity or sharing of reserves;
- b the rules to release the bids that are not submitted to the European platforms and the definition of the point in time at which the concerned balancing service providers shall be informed of the release of its bids.

11 At least once every two years after the approval of the proposal in paragraph 10 by the respective regulatory authority, all TSOs shall assess the impact of limiting the volume of bids sent to the European platforms and the functioning of the intraday market. This assessment shall include:

- a an evaluation by the relevant TSOs on the minimum volume of bids that shall be forwarded to the European platforms pursuant to paragraph 10(a);
- b a recommendation to the relevant TSOs limiting balancing energy bids.

Based on this assessment, all TSOs shall make a proposal to all regulatory authorities to review the minimum volume of balancing energy bids that shall be forwarded to the European platforms pursuant to paragraph 10(a).

12 Each requesting TSO may request the activation of balancing energy bids from the common merit order lists up to the total volume of balancing energy. The total volume of balancing energy that can be activated by the requesting TSO from balancing energy bids from the common merit order lists is calculated as a sum of volumes of:

- a balancing energy bids submitted by the requesting TSO not resulting from sharing of reserves or exchange of balancing capacity;
- b balancing energy bids submitted by other TSOs as a result of balancing capacity procured on behalf of the requesting TSO;
- c balancing energy bids resulting from the sharing of reserves under the condition that the other TSOs participating in the sharing of reserves have not already requested the activation of those shared volumes.

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13 All TSOs may establish in the proposals for the implementation frameworks for the European platforms pursuant to Articles 19, 20 and 21 the conditions or situations in which the limits set out in paragraph 12 shall not apply. When a TSO requests balancing energy bids beyond the limit set out in paragraph 12, all other TSOs shall be informed.

14 Each TSO may declare the balancing energy bids submitted to the activation optimisation function unavailable for the activation by other TSOs because they are restricted due to internal congestion or due to operational security constraints within the connecting TSO scheduling area.

### Article 30

#### **Pricing for balancing energy and cross-zonal capacity used for exchange of balancing energy or for operating the imbalance netting process**

1 By one year after the entry into force of this Regulation, all TSOs shall develop a proposal for a methodology to determine prices for the balancing energy that results from the activation of balancing energy bids for the frequency restoration process pursuant to Articles 143 and 147 of Regulation (EU) 2017/1485, and the reserve replacement process pursuant to Articles 144 and 148 of Regulation (EU) 2017/1485. Such methodology shall:

- a be based on marginal pricing (pay-as-cleared);
- b define how the activation of balancing energy bids activated for purposes other than balancing affects the balancing energy price, while also ensuring that at least balancing energy bids activated for internal congestion management shall not set the marginal price of balancing energy;
- c establish at least one price of balancing energy, for each imbalance settlement period;
- d give correct price signals and incentives to market participants;
- e take into account the pricing method in the day-ahead and intraday timeframes.

2 In case TSOs identify that technical price limits are needed for efficient functioning of the market, they may jointly develop as part of the proposal pursuant to paragraph 1 a proposal for harmonised maximum and minimum balancing energy prices, including bidding and clearing prices, to be applied in all scheduling areas. In such a case, harmonised maximum and minimum balancing energy prices shall take into account the maximum and minimum clearing price for day-ahead and intraday timeframes pursuant to Regulation (EU) 2015/1222.

3 The proposal pursuant to paragraph 1 shall also define a methodology for pricing of cross-zonal capacity used for exchange of balancing energy or for operating the imbalance netting process. Such methodology shall be consistent with the requirements established under Regulation (EU) 2015/1222, and:

- a reflect market congestion;
- b be based on the prices for balancing energy from activated balancing energy bids, determined in accordance either with the pricing method pursuant to paragraph 1(a), or if applicable, the pricing method pursuant to paragraph 5;
- c not apply any additional charges for the exchange of balancing energy or for operating the imbalance netting process, except a charge to compensate losses if this charge is also taken into account in other timeframes.

4 The harmonised pricing method defined in paragraph 1 shall apply to balancing energy from all standard and specific products pursuant to Article 26(3)(a). For specific products pursuant to Article 26(3)(b), the concerned TSO may propose a different pricing method in the proposal for specific products pursuant to Article 26.

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5 Where all TSOs identify inefficiencies in the application of the methodology proposed pursuant to paragraph 1(a), they may request an amendment and propose a pricing method alternative to the pricing method in paragraph 1(a). In such case, all TSOs shall perform a detailed analysis demonstrating that the alternative pricing method is more efficient.

### Article 31

#### Activation optimisation function

1 All TSOs shall establish an activation optimisation function in accordance with Article 29 and this Article for the optimisation of the activation of balancing energy bids from different common merit order lists. This function shall take into account at least:

- a activation processes and technical constraints from different balancing energy products;
- b operational security;
- c all balancing energy bids included in the compatible common merit order lists;
- d the possibility to net the counteracting activation requests from TSOs;
- e submitted activation requests of all TSOs;
- f available cross-zonal capacity.

2 Common merit order lists shall consist of balancing energy bids from standard products. All TSOs shall establish the necessary common merit order lists for the standard products. Upward and downward balancing energy bids shall be separated in different common merit order lists.

3 Each activation optimisation function shall use at least one common merit order list for upward balancing energy bids and one common merit order list for downward balancing energy bids.

4 TSOs shall ensure that the balancing energy bids submitted to the common merit order lists are expressed in euros and make reference to the market time unit.

5 Depending on the requirement for standard products for balancing energy, TSOs may create more common merit order lists.

6 Each TSO shall submit its activation requests for balancing energy bids to the activation optimisation function.

7 The activation optimisation function shall select balancing energy bids and request the activation of selected balancing energy bids from the connecting TSOs where the balancing service provider, associated with the selected balancing energy bid, is connected.

8 The activation optimisation function shall submit the confirmation of the activated balancing energy bids to the TSO requesting the activation of the balancing energy bids. The activated balancing service providers shall be responsible for delivering the requested volume until the end of the delivery period.

9 All TSOs that operate the frequency restoration process and the reserve replacement process to balance their LFC area shall strive to use all balancing energy bids from relevant common merit order lists to balance the system in the most efficient way, taking into account operational security.

10 TSOs that do not use the reserve replacement process to balance their LFC area shall strive to use all balancing energy bids from relevant common merit order lists for frequency

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restoration reserves to balance the system in the most efficient way, taking into account operational security.

11 Except in the normal state, TSOs may decide to balance the system using only the balancing energy bids from balancing service providers in its own control area if such decision helps alleviate the severity of the current system state. The TSO shall publish a justification for such decision without undue delay.

**Changes to legislation:**

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**Changes and effects yet to be applied to :**

- Regulation revoked by [S.I. 2019/532 reg. 5\(2\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(2) omitted (15.9.2020) by virtue of S.I. 2020/1016, regs. 1(2), 5(3))

**Changes and effects yet to be applied to the whole legislation item and associated provisions**

- Title 2 Ch. 2 heading substituted by [S.I. 2019/532 Sch. 2 para. 19](#)
- Title 3 Ch. 1 omitted by [S.I. 2019/532 Sch. 2 para. 22](#)
- Title 3 Ch. 3 omitted by [S.I. 2019/532 Sch. 2 para. 26](#)
- Title 4 omitted by [S.I. 2019/532 Sch. 2 para. 27](#)
- Title 5 Ch. 3 omitted by [S.I. 2019/532 Sch. 2 para. 31](#)
- Title 6 omitted by [S.I. 2019/532 Sch. 2 para. 36](#)
- Title 10 heading words omitted by [S.I. 2019/532 Sch. 2 para. 42](#)
- Signature words omitted by [S.I. 2019/532 Sch. 2 para. 44](#)
- Art. 2(18)-(21) omitted by [S.I. 2019/532 Sch. 2 para. 3\(3\)\(a\)](#)
- Art. 2(23)-(25) omitted by [S.I. 2019/532 Sch. 2 para. 3\(3\)\(a\)](#)
- Art. 2(27) words omitted by [S.I. 2019/532 Sch. 2 para. 3\(3\)\(b\)](#)
- Art. 2(28)-(32) omitted by [S.I. 2019/532 Sch. 2 para. 3\(3\)\(c\)](#)
- Art. 2(34)-(45) omitted by [S.I. 2019/532 Sch. 2 para. 3\(3\)\(c\)](#)
- Art. 2(46)-(49) inserted by [S.I. 2019/532 Sch. 2 para. 3\(3\)\(d\)](#)
- Art. 2(46)-(48) words substituted in earlier amending provision S.I. 2019/532, Sch. 2 para. 3(3)(d) by [S.I. 2020/1016 reg. 5\(5\)\(b\)](#)
- Art. 2(49) omitted in earlier amending provision S.I. 2019/532, Sch. 2 para. 3(3)(d) by [S.I. 2020/1006 reg. 2\(2\)](#)
- Art. 3(1)(b) words omitted by [S.I. 2019/532 Sch. 2 para. 4\(2\)\(a\)](#)
- Art. 3(1)(d) words omitted by [S.I. 2019/532 Sch. 2 para. 4\(2\)\(b\)](#)
- Art. 3(1)(e) words substituted by [S.I. 2019/532 Sch. 2 para. 4\(2\)\(c\)](#)
- Art. 3(1)(g) words substituted by [S.I. 2019/532 Sch. 2 para. 4\(2\)\(d\)](#)
- Art. 3(2)(f) words substituted by [S.I. 2019/532 Sch. 2 para. 4\(3\)\(b\)](#)
- Art. 3(2)(h) word omitted by [S.I. 2019/532 Sch. 2 para. 4\(3\)\(c\)](#)
- Art. 5(4)(d)(e) omitted by [S.I. 2019/532 Sch. 2 para. 6\(4\)\(b\)](#)
- Art. 5(4)(j)(k) inserted by [S.I. 2019/532 Sch. 2 para. 6\(4\)\(c\)](#)
- Art. 12(3)(c)(d) omitted by [S.I. 2019/532 Sch. 2 para. 13\(2\)\(a\)](#)
- Art. 12(3)(e)(iii) words omitted by [S.I. 2019/532 Sch. 2 para. 13\(2\)\(b\)\(i\)](#)
- Art. 12(3)(e)(iv) omitted by [S.I. 2019/532 Sch. 2 para. 13\(2\)\(b\)\(ii\)](#)
- Art. 12(3)(g) words substituted by [S.I. 2019/532 Sch. 2 para. 13\(2\)\(c\)](#)
- Art. 12(3)(h)-(l) omitted by [S.I. 2019/532 Sch. 2 para. 13\(2\)\(d\)](#)
- Art. 18(3)(b) omitted by [S.I. 2019/532 Sch. 2 para. 18\(3\)](#)
- Art. 18(5)(b) word omitted by [S.I. 2019/532 Sch. 2 para. 18\(4\)\(a\)](#)
- Art. 18(5)(g) word substituted by [S.I. 2019/532 Sch. 2 para. 18\(4\)\(b\)](#)
- Art. 18(6)(e) words substituted by [S.I. 2019/532 Sch. 2 para. 18\(5\)](#)
- Art. 18(7)(a) omitted by [S.I. 2019/532 Sch. 2 para. 18\(6\)\(a\)](#)
- Art. 18(7)(b) words omitted by [S.I. 2019/532 Sch. 2 para. 18\(6\)\(b\)\(i\)](#)
- Art. 18(7)(b) words omitted by [S.I. 2019/532 Sch. 2 para. 18\(6\)\(b\)\(ii\)](#)
- Art. 18(7)(c) omitted by [S.I. 2019/532 Sch. 2 para. 18\(6\)\(c\)](#)
- Art. 18(7)(f) words omitted by [S.I. 2019/532 Sch. 2 para. 18\(6\)\(d\)](#)
- Art. 18(7)(g) words substituted by [S.I. 2019/532 Sch. 2 para. 18\(6\)\(e\)](#)
- Art. 32(1)(a) words omitted by [S.I. 2019/532 Sch. 2 para. 23\(2\)\(a\)](#)

- Art. 32(1)(c) word omitted by S.I. 2019/532 Sch. 2 para. 23(2)(b)(i)
- Art. 32(1)(c) words omitted by S.I. 2019/532 Sch. 2 para. 23(2)(b)(ii)
- Art. 32(3)(c) words substituted by S.I. 2019/532 Sch. 2 para. 23(3)(b)
- Art. 34(3)(c) words substituted by S.I. 2019/532 Sch. 2 para. 25(2)
- Art. 44(1)(d) omitted by S.I. 2019/532 Sch. 2 para. 28(2)
- Art. 52(2)(d)(i) word substituted by S.I. 2019/532 Sch. 2 para. 32(2)(b)(i)
- Art. 52(2)(d)(i) words omitted by S.I. 2019/532 Sch. 2 para. 32(2)(b)(ii)
- Art. 54(3)(c) omitted by S.I. 2019/532 Sch. 2 para. 34(3)
- Art. 60(2)(a) omitted by S.I. 2019/532 Sch. 2 para. 38(2)
- Art. 60(2)(d) omitted by S.I. 2019/532 Sch. 2 para. 38(2)
- Art. 60(2)(e) omitted by S.I. 2019/532 Sch. 2 para. 38(2)
- Art. 60(2)(f) omitted by S.I. 2019/532 Sch. 2 para. 38(2)
- Art. 60(2)(g) omitted by S.I. 2019/532 Sch. 2 para. 38(2)
- Art. 61(2)(e) words omitted by S.I. 2019/532 Sch. 2 para. 39(3)(a)
- Art. 61(2)(f) word omitted by S.I. 2019/532 Sch. 2 para. 39(3)(b)
- Art. 62(2)(a)-(c) omitted by S.I. 2019/532 Sch. 2 para. 40(3)(a)
- Art. 62(2)(d) word substituted by S.I. 2019/532 Sch. 2 para. 40(3)(b)
- Art. 62(2)(e) words omitted by S.I. 2019/532 Sch. 2 para. 40(3)(c)
- Art. 62(5)(d)(e) omitted by S.I. 2019/532 Sch. 2 para. 40(5)
- Art. 62(8)(d) word omitted by S.I. 2019/532 Sch. 2 para. 40(6)(a)
- Art. 62(8)(f) omitted by S.I. 2019/532 Sch. 2 para. 40(6)(b)