

**APPROVAL BY ALL REGULATORY AUTHORITIES OF
THE SYNCHRONOUS AREA CONTINENTAL EUROPE**

ON

**THE ALL TSOs' PROPOSAL FOR THE DETERMINATION
OF LFC BLOCKS FOR THE SYNCHRONOUS AREA
CONTINENTAL EUROPE**

**IN ACCORDANCE WITH ARTICLE 141(2) OF THE
COMMISSION REGULATION (EU) 2017/1485 OF
2 AUGUST 2017 ESTABLISHING A GUIDELINE ON
ELECTRICITY TRANSMISSION SYSTEM OPERATION**

AS AMENDED ON 15 JULY 2018

24 August 2018

I. Introduction and legal context

This document elaborates an agreement of All Regulatory Authorities of the synchronous area Continental Europe made on 24 August 2018 on the **All TSOs' proposal for the determination of LFC blocks for the Synchronous Area Continental Europe (hereafter referred to as "CE LFC Blocks Determination Proposal")** submitted in accordance with Article 141(2) of the Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation (hereafter referred to as "Regulation 2017/1485"), as amended on 15 July 2018.

This agreement of All Regulatory Authorities of the synchronous area Continental Europe shall provide evidence that a decision on the CE LFC Blocks Determination Proposal does not, at this stage, need to be adopted by ACER pursuant to Article 6(8) of Regulation 2017/1485. This agreement is intended to constitute the basis on which All Regulatory Authorities of the synchronous area Continental Europe will each subsequently adopt a decision to the amended CE LFC Blocks Determination Proposal pursuant to Article 7(1) of Regulation 2017/1485.

The legal provisions relevant to the submission and approval of the CE LFC Blocks Determination Proposal and to this agreement among All Regulatory Authority of the synchronous area Continental Europe on the CE LFC Blocks Determination Proposal can be found in Articles 2, 4, 5, 6, 7, 139, 141 of Regulation 2017/1485. They are set out here for reference.

Article 141 – Regulation 2017/1485 – Process responsibility structure

1. (...)
2. *By 4 months after entry into force of this Regulation, all TSOs of a synchronous area shall jointly develop a common proposal regarding the determination of the LFC blocks, which shall comply with the following requirements:*
 - a) *a monitoring area corresponds to or is part of only one LFC area;*
 - b) *a LFC area corresponds to or is part of only one LFC block;*
 - c) *a LFC block corresponds to or is part of only one synchronous area; and*
 - d) *each network element is part of only one monitoring area, only one LFC area and only one LFC block.*
- (...)

Article 139 – Regulation 2017/1485 – Basic structure

1. *All TSOs of each synchronous area shall specify the load-frequency-control structure for the synchronous area in the synchronous area operational agreement. Each TSO shall be responsible for implementing the load-frequency-control structure of its synchronous area and operating in accordance with it.*
2. *The load-frequency control structure of each synchronous area shall include:*
 - a) *a process activation structure in accordance with Article 140; and*
 - b) *a process responsibility structure in accordance with Article 141.*

Article 2 – Regulation 2017/1485 – Scope

1. (...)
2. *This Regulation shall apply to all transmission systems, distribution systems and interconnections in the Union and regional security coordinators, except transmission systems and distribution systems or parts of the transmission systems and distribution systems located in islands of Member States of which the systems are not operated synchronously with Continental Europe ('CE'), Great Britain ('GB'), Nordic, Ireland and Northern Ireland ('IE/Nl') or Baltic synchronous area.*
3. *Where more than one TSO exists in a Member State, this Regulation shall apply to all TSOs in a Member State. Where a TSO does not have a function relevant to one or more obligations under this Regulation, Member States may, under the national regulatory regime, provide*

that the responsibility of a TSO to comply with one or some or all obligations under this Regulation is assigned to one or more specific TSOs.

4. (...)
5. (...)

Article 4 – Regulation 2017/1485 – Objectives and regulatory aspects

1. This Regulation aims at:
 - a) **determining common operational security requirements and principles;**
 - b) determining common interconnected system operational planning principles;
 - c) **determining common load-frequency control processes and control structures;**
 - d) ensuring the conditions for maintaining operational security throughout the Union;
 - e) ensuring the conditions for maintaining a frequency quality level of all synchronous areas throughout the Union;
 - f) promoting the coordination of system operation and operational planning;
 - g) ensuring and enhancing the transparency and reliability of information on transmission system operation;
 - h) **contributing to the efficient operation and development of the electricity transmission system and electricity sector in the Union.**
2. When applying this Regulation, Member States, competent authorities, and system operators shall:
 - a) apply the principles of proportionality and non-discrimination;
 - b) ensure transparency;
 - c) apply the principle of optimisation between the highest overall efficiency and lowest total costs for all parties involved;
 - d) ensure TSOs make use of market-based mechanisms as far as possible, to ensure network security and stability;
 - e) respect the responsibility assigned to the relevant TSO in order to ensure system security, including as required by national legislation;
 - f) consult with relevant DSOs and take account of potential impacts on their system; and
 - g) take into consideration agreed European standards and technical specifications.

Article 5 – Regulation 2017/1485 – Terms and conditions or methodologies of TSOs

1. TSOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities in accordance with Article 6(2) and (3) or for approval to the entity designated by the Member State in accordance with Article 6(4) within the respective deadlines set out in this Regulation.
2. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO, the participating TSOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, shall regularly inform the regulatory authorities and the Agency about the progress of developing those terms and conditions or methodologies.
(...)

Article 6 – Regulation 2017/1485 – Approval of terms and conditions or methodologies of TSOs

1. Each regulatory authority shall approve the terms and conditions or methodologies developed by TSOs under paragraphs 2 and 3. The entity designated by the Member State shall approve the terms and conditions or methodologies developed by TSOs under paragraph 4. The designated entity shall be the regulatory authority unless otherwise provided by the Member State.
2. (...)
3. The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region, on which a Member State may provide an opinion to the concerned regulatory authority:
 - a) (...)

- b) (...)
- c) (...)
- d) (...)
- e) (...)
- f) (...)
- g) *common proposal per synchronous area for the determination of LFC blocks in accordance with Article 141(2);*
- 4. (...)
- 5. (...)
- 6. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within 3 months on the proposals for terms and conditions or methodologies.*
- 7. *Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order to reach an agreement. Where the Agency issues an opinion, the competent regulatory authorities shall take that opinion into account. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs (2) and (3), within 6 months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*
- 8. *Where the regulatory authorities have not been able to reach an agreement within the period referred to in paragraph 7 or upon their joint request, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within 6 months, in accordance with Article 8(1) of Regulation (EC) No 713/2009.*

Article 7 – Regulation 2017/1485 – Amendments to the terms and conditions or methodologies of TSOs

- 1. *Where one or several regulatory authorities require an amendment in order to approve the terms and conditions or methodologies submitted in accordance with paragraphs 2 and 3 of Article 6, the relevant TSOs shall submit a proposal for amended terms and conditions or methodologies for approval within 2 months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within 2 months following their submission.*
- 2. (...)
- 3. (...)
- 4. (...)

II. The CE LFC Blocks Determination Proposal History

The CE LFC Blocks Determination Proposal was consulted by All TSOs of the synchronous area Continental Europe through ENTSO-e for one month from 29 November 2017 to 29 December 2017, in line with Article 11 of Regulation 2017/1485¹.

The final version of the CE LFC Blocks Determination Proposal, dated 3 January 2018, was received by the last Regulatory Authority of the synchronous area Continental Europe on 28 February 2018. The CE LFC Blocks Determination Proposal gave a description of the monitoring areas, LFC areas and LFC blocks, in line with Article 141(2) of Regulation 2017/1485, and also described the timescale for the implementation and a description of the expected impact on the objectives of Regulation 2017/1485, in line with Article 6(6) of this Regulation.

Article 6(7) of Regulation 2017/1485 requires All Regulatory Authorities of the synchronous area Continental Europe to consult, closely cooperate, and coordinate with each other in order to reach agreement, and make decisions within six months following receipt of submissions of the last Regulatory Authority concerned. A decision was therefore required by each Regulatory Authority of the synchronous area Continental Europe by 28 August 2018.

However, considering the interdependency between this proposal and notably the operational agreements at LFC block level, LFC area level and monitoring area level, as required respectively in articles 119, 120 and 121 of Regulation 2017/1485, All Regulatory Authorities of the synchronous area Continental Europe agreed on 27 April 2018 to issue their corresponding national decisions to request amendments by 15 May 2018, not to unnecessarily delay the process of implementing Regulation 2017/1485.

All TSOs should have submitted the amended proposal within two months following the requirement from the regulatory authorities as set out in Article 7(1) of Regulation 2017/1485. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission.

The amended CE LFC Blocks Determination Proposal, dated 15 July 2018, was submitted to the last Regulatory Authority of the synchronous area Continental Europe on 9 August 2018.

III. All Regulatory Authority position

According to Regulation 2017/1485, the CE LFC Blocks Determination Proposal shall determine the LFC blocks for the synchronous area Continental Europe, which shall comply with the following requirements:

- a monitoring area corresponds to or is part of only one LFC area;
- a LFC area corresponds to or is part of only one LFC block;
- a LFC block corresponds to or is part of only one synchronous area; and
- each network element is part of only one monitoring area, only one LFC area and only one LFC block.

All Regulatory Authorities of the synchronous area Continental Europe acknowledge the improvements made by all TSOs of the synchronous area Continental Europe to the CE LFC Blocks Determination Proposal in order to fulfil their requests for amendments.

First, the amended CE LFC Blocks Determination Proposal is now clearly limited to countries of the Union, even if the synchronous area Continental Europe encompasses also non-EU countries which

¹ The public consultation held from 29 November 2017 to 29 December 2017 is available on the ENTSO-e website: https://consultations.entsoe.eu/system-operations/lfc-blocks_ce/consult_view/

cannot be bound by Regulation 2017/1485. However, annex 1 of the supporting document (not subject to approval) mentions that the cooperation within a same block physically containing EU and non-EU countries or between EU and non-EU blocks is organized via private agreements between the concerned countries.

Second, in order to ensure clarity and transparency on the compliance with Article 141(2)d of Regulation 2017/1485 (each network element is part of only one monitoring area, one LFC area and one LFC block), the list of interconnectors and the points where power is measured at each border of the areas/blocks for the purpose of load-frequency control are listed in annex 3 of the supporting document (not subject to approval).

Then, the implementation period has been decreased to 1 month after approval of the amended CE LFC Blocks Determination Proposal, as the structure described in the proposal reflects the current situation.

Finally, the amended version brought clarity by improving the quality of the contents and the consistency throughout the document, as well as better detailing the impact on the objectives of Regulation 2017/1485.

IV. Actions / Conclusion

Based on the above rationale, All Regulatory Authorities of the synchronous area Continental Europe agree to approve the amended CE LFC Blocks Determination Proposal.

According to Article 7(1) of Regulation 2017/1485, All Regulatory Authorities of the synchronous area Continental Europe should issue their national decisions, on the basis of this agreement, within 2 months after the receipt of the proposal by the last Regulatory Authority of the synchronous area Continental Europe, i.e. by 9 October 2018.

However, considering the interdependency between this proposal and notably the operational agreements at LFC block level, LFC area level and monitoring area level, as required respectively in articles 119, 120 and 121 of Regulation 2017/1485, All Regulatory Authorities of the synchronous area Continental Europe agreed to issue their corresponding national decisions to approve this proposal **as soon as possible after this agreement between All Regulatory Authorities of the synchronous area Continental Europe has been reached, but before 14 September 2018**. This is required so as not to unnecessarily delay the process of implementing Regulation 2017/1485, i.e. to allow for the timely submission of the LFC block operational agreements in line with Article 119 of Regulation 2017/1485 by 14 September 2018, for which the approved LFC block structure is needed for consistency reasons.