

REGULATION (EU) 2019/943 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 5 June 2019

on the internal market for electricity

Incorporated and adapted by the Ministerial Council Decision [number] of [date] on [Article (ref Title II or III)] and amending Article 11 of the Treaty.

CHAPTER I

SUBJECT MATTER, SCOPE AND DEFINITIONS

Article 1

Subject matter and scope

This Regulation aims to:

- (a) set the basis for an efficient achievement of the objectives of the **Energy Community** and in particular the climate and energy framework for 2030 by enabling market signals to be delivered for increased efficiency, higher share of renewable energy sources, security of supply, flexibility, sustainability, decarbonisation and innovation;
- (b) set fundamental principles for well-functioning, integrated electricity markets, which allow all resource providers and electricity customers non-discriminatory market access, empower consumers, ensure competitiveness on the global market as well as demand response, energy storage and energy efficiency, and facilitate aggregation of distributed demand and supply, and enable market and sectoral integration and market-based remuneration of electricity generated from renewable sources;
- (c) set fair rules for cross-border exchanges in electricity, thus enhancing competition within the internal market for electricity, taking into account the particular characteristics of national and regional markets, including the establishment of a compensation mechanism for cross-border flows of electricity, the setting of harmonised principles on cross-border transmission charges and the allocation of available capacities of interconnections between national transmission systems;
- (d) facilitate the emergence of a well-functioning and transparent wholesale market, contributing to a high level of security of electricity supply, and provide for mechanisms to harmonise the rules for cross-border exchanges in electricity.

Article 2

Definitions

The following definitions apply:

- (1) ‘interconnector’ means a transmission line which crosses or spans a border between **Contracting Parties of the Energy Community or between Contracting Parties and Member States of the European Union** and which connects the national transmission systems of the **Contracting Parties of the Energy Community or of the Contracting Parties of the Energy Community and the Member States of the European Union**;
- (2) ‘regulatory authority’ means a regulatory authority designated by each **Contracting Party** pursuant to Article 57(1) of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**;
- (3) ‘cross-border flow’ means a physical flow of electricity on a transmission network of a **Party to the Energy Community** that results from the impact of the activity of producers, customers, or both, outside that **Party to the Energy Community** on its transmission network;
- (4) ‘congestion’ means a situation in which all requests from market participants to trade between network areas cannot be accommodated because they would significantly affect the physical flows on network elements which cannot accommodate those flows;
- (5) ‘new interconnector’ means an interconnector not completed by **1 July 2007**;
- (6) ‘structural congestion’ means congestion in the transmission system that is capable of being unambiguously defined, is predictable, is geographically stable over time, and frequently reoccurs under normal electricity system conditions;
- (7) ‘market operator’ means an entity that provides a service whereby the offers to sell electricity are matched with bids to buy electricity;
- (8) ‘nominated electricity market operator’ or ‘NEMO’ means a market operator designated by the competent authority to carry out tasks related to single day-ahead or single intraday coupling;
- (9) ‘value of lost load’ means an estimation in euro/MWh, of the maximum electricity price that customers are willing to pay to avoid an outage;
- (10) ‘balancing’ means all actions and processes, in all timelines, through which transmission system operators ensure, in an ongoing manner, maintenance of the system frequency within a predefined stability range and compliance with the amount of reserves needed with respect to the required quality;
- (11) ‘balancing energy’ means energy used by transmission system operators to carry out balancing;
- (12) ‘balancing service provider’ means a market participant providing either or both balancing energy and balancing capacity to transmission system operators;

- (13) ‘balancing capacity’ means a volume of capacity that a balancing service provider has agreed to hold and in respect to which the balancing service provider has agreed to submit bids for a corresponding volume of balancing energy to the transmission system operator for the duration of the contract;
- (14) ‘balance responsible party’ means a market participant or its chosen representative responsible for its imbalances in the electricity market;
- (15) ‘imbalance settlement period’ means the time unit for which the imbalance of the balance responsible parties is calculated;
- (16) ‘imbalance price’ means the price, be it positive, zero or negative, in each imbalance settlement period for an imbalance in each direction;
- (17) ‘imbalance price area’ means the area in which an imbalance price is calculated;
- (18) ‘prequalification process’ means the process to verify the compliance of a provider of balancing capacity with the requirements set by the transmission system operators;
- (19) ‘reserve capacity’ means the amount of frequency containment reserves, frequency restoration reserves or replacement reserves that needs to be available to the transmission system operator;
- (20) ‘priority dispatch’ means, with regard to the self-dispatch model, the dispatch of power plants on the basis of criteria which are different from the economic order of bids and, with regard to the central dispatch model, the dispatch of power plants on the basis of criteria which are different from the economic order of bids and from network constraints, giving priority to the dispatch of particular generation technologies;
- (21) ‘capacity calculation region’ means the geographic area in which the coordinated capacity calculation is applied;
- (22) ‘capacity mechanism’ means a temporary measure to ensure the achievement of the necessary level of resource adequacy by remunerating resources for their availability, excluding measures relating to ancillary services or congestion management;
- (23) ‘high-efficiency cogeneration’ means cogeneration which meets the criteria laid down in Annex II to Directive 2012/27/EU of the European Parliament and of the Council, **as adapted by Ministerial Council Decision 2015/08/MC-EnC of 16 October 2015;**
- (24) ‘demonstration project’ means a project which demonstrates a technology as a first of its kind in the **Energy Community** and represents a significant innovation that goes well beyond the state of the art;
- (25) ‘market participant’ means a natural or legal person who buys, sells or generates electricity, who is engaged in aggregation or who is an operator of demand response or energy storage services, including through the placing of orders to trade, in one or more electricity markets, including in balancing energy markets;

- (26) 'redispatching' means a measure, including curtailment, that is activated by one or more transmission system operators or distribution system operators by altering the generation, load pattern, or both, in order to change physical flows in the electricity system and relieve a physical congestion or otherwise ensure system security;
- (27) 'countertrading' means a cross-zonal exchange initiated by system operators between two bidding zones to relieve physical congestion;
- (28) 'power-generating facility' means a facility that converts primary energy into electrical energy and which consists of one or more power-generating modules connected to a network;
- (29) 'central dispatching model' means a scheduling and dispatching model where the generation schedules and consumption schedules as well as dispatching of power-generating facilities and demand facilities, in reference to dispatchable facilities, are determined by a transmission system operator within an integrated scheduling process;
- (30) 'self-dispatch model' means a scheduling and dispatching model where the generation schedules and consumption schedules as well as dispatching of power-generating facilities and demand facilities are determined by the scheduling agents of those facilities;
- (31) 'standard balancing product' means a harmonised balancing product defined by all transmission system operators for the exchange of balancing services;
- (32) 'specific balancing product' means a balancing product different from a standard balancing product;
- (33) 'delegated operator' means an entity to whom specific tasks or obligations entrusted to a transmission system operator or nominated electricity market operator under this Regulation or other **Energy Community** legal acts have been delegated by that transmission system operator or NEMO or have been assigned by a **Party to the Energy Community** or regulatory authority;
- (34) 'customer' means a customer as defined in point (1) of Article 2 of Directive (EU) 2019/944 **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC;**
- (35) 'final customer' means final customer as defined in point (3) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC;**
- (36) 'wholesale customer' means a wholesale customer as defined in point (2) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC;**
- (37) 'household customer' means household customer as defined in point (4) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC;**

- (38) 'small enterprise' means small enterprise as defined in point (7) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (39) 'active customer' means active customer as defined in point (8) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC;**
- (40) 'electricity markets' means electricity markets as defined in point (9) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (41) 'supply' means supply as defined in point (12) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC;**
- (42) 'electricity supply contract' means electricity supply contract as defined in point (13) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC;**
- (43) 'aggregation' means aggregation as defined in point (18) of Article 2 of Directive (EU) 2019/944. **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (44) 'demand response' means demand response as defined in point (20) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (45) 'smart metering system' means smart metering system as defined in point (23) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (46) 'interoperability' means interoperability as defined in point (24) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (47) 'distribution' means distribution as defined in point (28) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (48) 'distribution system operator' means distribution system operator as defined in point (29) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC;**
- (49) 'energy efficiency' means energy efficiency as defined in point (30) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC;**

- (50) ‘energy from renewable sources’ or ‘renewable energy’ means energy from renewable sources as defined in point (31) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (51) ‘distributed generation’ means distributed generation as defined in point (32) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (52) ‘transmission’ means transmission as defined in point (34) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**;
- (53) ‘transmission system operator’ means transmission system operator as defined in point (35) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (54) ‘system user’ means system user as defined in point (36) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (55) ‘generation’ means generation as defined in point (37) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**;
- (56) ‘producer’ means producer as defined in point (38) of Article 2 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (57) ‘interconnected system’ means interconnected system as defined in point (40) of Article 2 of Directive (EU) 2019/944 **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (58) ‘small isolated system’ means small isolated system as defined in point (42) of Article 2 of Directive (EU) 2019/944 **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**;
- (59) ‘small connected system’ means small connected system as defined in point (43) of Article 2 of Directive (EU) 2019/944 **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (60) ‘ancillary service’ means ancillary service as defined in point (48) of Article 2 of Directive (EU) 2019/944 **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**
- (61) ‘non-frequency ancillary service’ means non-frequency ancillary service as defined in point (49) of Article 2 of Directive (EU) 2019/944 **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**;
- (62) ‘energy storage’ means energy storage as defined in point (59) of Article 2 of Directive (EU) 2019/944 **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**

- (63) ‘regional coordination centre’ means regional coordination centre established pursuant to Article 35 to this Regulation;
- (64) ‘wholesale energy market’ means wholesale energy market as defined in point (6) of Article 2 of Regulation (EU) No 1227/2011 of the European Parliament and of the Council **as adapted and adopted by Ministerial Council Decision 2018/10/MC-EnC**;
- (65) ‘bidding zone’ means the largest geographical area within which market participants are able to exchange energy without capacity allocation;
- (66) ‘capacity allocation’ means the attribution of cross-zonal capacity;
- (67) ‘control area’ means a coherent part of the interconnected system, operated by a single system operator and shall include connected physical loads and/or generation units if any;
- (68) ‘coordinated net transmission capacity’ means a capacity calculation method based on the principle of assessing and defining *ex ante* a maximum energy exchange between adjacent bidding zones;
- (69) ‘critical network element’ means a network element either within a bidding zone or between bidding zones taken into account in the capacity calculation process, limiting the amount of power that can be exchanged;
- (70) ‘cross-zonal capacity’ means the capability of the interconnected system to accommodate energy transfer between bidding zones;
- (71) ‘generation unit’ means a single electricity generator belonging to a production unit;
- (72) ‘Member State’ means a territory of the European Union referred to in Article 27 of the Treaty.**

CHAPTER II

GENERAL RULES FOR THE ELECTRICITY MARKET

Article 3

Principles regarding the operation of electricity markets

Contracting Parties, regulatory authorities, transmission system operators, distribution system operators, market operators and delegated operators shall ensure that electricity markets are operated in accordance with the following principles:

- (a) prices shall be formed on the basis of demand and supply;

- (b) market rules shall encourage free price formation and shall avoid actions which prevent price formation on the basis of demand and supply;
- (c) market rules shall facilitate the development of more flexible generation, sustainable low carbon generation, and more flexible demand;
- (d) customers shall be enabled to benefit from market opportunities and increased competition on retail markets and shall be empowered to act as market participants in the energy market and the energy transition;
- (e) market participation of final customers and small enterprises shall be enabled by aggregation of generation from multiple power-generating facilities or load from multiple demand response facilities to provide joint offers on the electricity market and be jointly operated in the electricity system, in accordance with **Energy Community** competition law;
- (f) market rules shall enable the decarbonisation of the electricity system and thus the economy, including by enabling the integration of electricity from renewable energy sources and by providing incentives for energy efficiency;
- (g) market rules shall deliver appropriate investment incentives for generation, in particular for long-term investments in a decarbonised and sustainable electricity system, energy storage, energy efficiency and demand response to meet market needs, and shall facilitate fair competition thus ensuring security of supply;
- (h) barriers to cross-border electricity flows between bidding zones or **Parties to the Energy Community** and cross-border transactions on electricity markets and related services markets shall be progressively removed;
- (i) market rules shall provide for regional cooperation where effective;
- (j) safe and sustainable generation, energy storage and demand response shall participate on equal footing in the market, under the requirements provided for in the Union law;
- (k) all producers shall be directly or indirectly responsible for selling the electricity they generate;
- (l) market rules shall allow for the development of demonstration projects into sustainable, secure and low-carbon energy sources, technologies or systems which are to be realised and used to the benefit of society;
- (m) market rules shall enable the efficient dispatch of generation assets, energy storage and demand response;
- (n) market rules shall allow for entry and exit of electricity generation, energy storage and electricity supply undertakings based on those undertakings' assessment of the economic and financial viability of their operations;
- (o) in order to allow market participants to be protected against price volatility risks on a market basis, and mitigate uncertainty on future returns on investment, long-term hedging products shall be tradable on exchanges in a transparent manner and long-term electricity supply

contracts shall be negotiable over the counter, subject to compliance with **Energy Community** competition law;

- (p) market rules shall facilitate trade of products across the **Energy Community** and regulatory changes shall take into account effects on both short-term and long-term forward and futures markets and products;
- (q) market participants shall have a right to obtain access to the transmission networks and distribution networks on objective, transparent and non-discriminatory terms.

Article 4

Just transition

The **Energy Community Secretariat** shall support **Contracting Parties** that put in place a national strategy for the progressive reduction of existing coal and other solid fossil fuel generation and mining capacity through all available means to enable a just transition in regions affected by structural change. The **Energy Community Secretariat** shall assist **Contracting Parties** in addressing the social and economic impacts of the clean energy transition.

The **Energy Community Secretariat** shall work in close partnership with the stakeholders in coal and carbon-intensive regions, shall facilitate the access to and use of available funds and programmes, and shall encourage the exchange of good practices, including discussions on industrial roadmaps and reskilling needs.

Article 5

Balance responsibility

1. All market participants shall be responsible for the imbalances they cause in the system ('balance responsibility'). To that end, market participants shall either be balance responsible parties or shall contractually delegate their responsibility to a balance responsible party of their choice. Each balance responsible party shall be financially responsible for its imbalances and shall strive to be balanced or shall help the electricity system to be balanced.
2. **Contracting Parties** may provide derogations from balance responsibility only for:
 - (a) demonstration projects for innovative technologies, subject to approval by the regulatory authority, provided that those derogations are limited to the time and extent necessary for achieving the demonstration purposes;
 - (b) power-generating facilities using renewable energy sources with an installed electricity capacity of less than 400 kW;
 - (c) Installations benefitting from support approved by **the competent authorities** under **Energy Community** State aid rules pursuant to **Articles 18 and 19 of Energy Community Treaty**, and commissioned **before the date of entry into force of this Regulation**.

Contracting Parties may, without prejudice to **Annex III of Energy Community Treaty**, provide incentives to market participants which are fully or partly exempted from balancing responsibility to accept full balancing responsibility.

3. When a **Contracting Party** provides a derogation in accordance with paragraph 2, it shall ensure that the financial responsibility for imbalances is fulfilled by another market participant.
4. For power-generating facilities commissioned from 1 January 2026, point (b) of paragraph 2 shall apply only to generating installations using renewable energy sources with an installed electricity capacity of less than 200 kW.

Article 6

Balancing market

1. Balancing markets, including prequalification processes, shall be organised in such a way as to:
 - (a) ensure effective non-discrimination between market participants taking account of the different technical needs of the electricity system and the different technical capabilities of generation sources, energy storage and demand response;
 - (b) ensure that services are defined in a transparent and technologically neutral manner and are procured in a transparent, market-based manner;
 - (c) ensure non-discriminatory access to all market participants, individually or through aggregation, including for electricity generated from variable renewable energy sources, demand response and energy storage;
 - (d) respect the need to accommodate the increasing share of variable generation, increased demand responsiveness and the advent of new technologies.
2. The price of balancing energy shall not be pre-determined in contracts for balancing capacity. Procurement processes shall be transparent in accordance with Article 40(4) of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**, while protecting the confidentiality of commercially sensitive information.
3. Balancing markets shall ensure operational security whilst allowing for maximum use and efficient allocation of cross-zonal capacity across timeframes in accordance with Article 17.
4. The settlement of balancing energy for standard balancing products and specific balancing products shall be based on marginal pricing (pay-as-cleared) unless all regulatory authorities approve an alternative pricing method on the basis of a joint proposal by all transmission system operators following an analysis demonstrating that that alternative pricing method is more efficient.

Market participants shall be allowed to bid as close to real time as possible, and balancing energy gate closure times shall not be before the intraday cross-zonal gate closure time.

Transmission system operators applying a central dispatching model may establish additional rules in accordance with **Regulation (EU) 2017/2195, as adapted and adopted by Permanent High Level Group Decision [xxxx]**.

5. The imbalances shall be settled at a price that reflects the real-time value of energy.
6. Each imbalance price area shall be equal to a bidding zone, except in the case of a central dispatching model where an imbalance price area may constitute a part of a bidding zone.
7. The dimensioning of reserve capacity shall be performed by the transmission system operators and shall be facilitated at regional level.
8. The procurement of balancing capacity shall be performed by the transmission system operator and may be facilitated at a regional level. Reservation of cross-border capacity to that end may be limited. The procurement of balancing capacity shall be market-based and organised in such a way as to be non-discriminatory between market participants in the prequalification process in accordance with Article 40(4) of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC** whether market participants participate individually or through aggregation.

Procurement of balancing capacity shall be based on a primary market unless and to the extent that the regulatory authority has provided for a derogation to allow the use of other forms of market-based procurement on the grounds of a lack of competition in the market for balancing services. Derogations from the obligation to base the procurement of balancing capacity on use of primary markets shall be reviewed every three years.

9. The procurement of upward balancing capacity and downward balancing capacity shall be carried out separately, unless the regulatory authority approves a derogation from this principle on the basis that this would result in higher economic efficiency as demonstrated by an evaluation performed by the transmission system operator. Contracts for balancing capacity shall not be concluded more than one day before the provision of the balancing capacity and the contracting period shall be no longer than one day, unless and to the extent that the regulatory authority has approved the earlier contracting or longer contracting periods to ensure the security of supply or to improve economic efficiency.

Where a derogation is granted, for at least 40 % of the standard balancing products and a minimum of 30 % of all products used for balancing capacity, contracts for the balancing capacity shall be concluded for no more than one day before the provision of the balancing capacity and the contracting period shall be no longer than one day. The contracting of the remaining part of the balancing capacity shall be performed for a maximum of one month in advance of the provision of balancing capacity and shall have a maximum contractual period of one month.

10. At the request of the transmission system operator, the regulatory authority may decide to extend the contractual period of the remaining part of balancing capacity referred to in paragraph 9 to a maximum period of twelve months provided that such a decision is limited in time, and the

positive effects in terms of lowering of costs for final customers exceed the negative impacts on the market. The request shall include:

- (a) the specific period during which the exemption would apply;
- (b) the specific volume of balancing capacity to which the exemption would apply;
- (c) an analysis of the impact of the exemption on the participation of balancing resources; and
- (d) a justification for the exemption demonstrating that such an exemption would lead to lower costs to final customers.

11. Notwithstanding paragraph 10, from 1 January 2026 contract periods shall not be longer than six months.

12. By 1 January 2028, regulatory authorities shall report to the **Energy Community Secretariat and the Energy Community Regulatory Board** on the share of the total capacity covered by contracts with a duration or a procurement period of longer than one day.

13. Transmission system operators or their delegated operators shall publish, as close to real time as possible but with a delay after delivery of no more than 30 minutes, the current system balance of their scheduling areas, the estimated imbalance prices and the estimated balancing energy prices.

14. Transmission system operators may, where standard balancing products are not sufficient to ensure operational security or where some balancing resources cannot participate in the balancing market through standard balancing products, propose, and the regulatory authorities may approve, derogations from paragraphs 2 and 4 for specific balancing products which are activated locally without exchanging them with other transmission system operators.

Proposals for derogations shall include a description of measures proposed to minimise the use of specific products, subject to economic efficiency, a demonstration that the specific products do not create significant inefficiencies and distortions in the balancing market either inside or outside the scheduling area, as well as, where applicable, the rules and information for the process for converting the balancing energy bids from specific balancing products into balancing energy bids from standard balancing products.

Article 7

Day-ahead and intraday markets

1. Transmission system operators and NEMOs shall jointly organise the management of the integrated day-ahead and intraday markets in accordance with Regulation (EU) 2015/1222, **as adapted and adopted by Permanent High Level Group Decision [xxxx]**. Transmission system operators and NEMOs shall cooperate at **Energy Community** level or, where more appropriate, at a regional level in order to maximise the efficiency and effectiveness of **Energy Community** electricity day-ahead and intraday trading. The obligation to cooperate shall be without prejudice to the application of competition law. In their functions relating to electricity trading, transmission

system operators and NEMOs shall be subject to regulatory oversight by the regulatory authorities pursuant to Article 59 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC, and the Energy Community Regulatory Board <...>**.

2. Day-ahead and intraday markets shall:

- (a) be organised in such a way as to be non-discriminatory;
- (b) maximise the ability of all market participants to manage imbalances;
- (c) maximise the opportunities for all market participants to participate in cross-zonal trade in as close as possible to real time across all bidding zones;
- (d) provide prices that reflect market fundamentals, including the real time value of energy, on which market participants are able to rely when agreeing on longer-term hedging products;
- (e) ensure operational security while allowing for maximum use of transmission capacity;
- (f) be transparent while at the same time protecting the confidentiality of commercially sensitive information and ensuring trading occurs in an anonymous manner;
- (g) make no distinction between trades made within a bidding zone and across bidding zones; and
- (h) be organised in such a way as to ensure that all market participants are able to access the market individually or through aggregation.

Article 8

Trade on day-ahead and intraday markets

1. **Once designated in accordance with Articles 4 to 6 of Regulation (EU) 2015/1222, as adapted and adopted by Permanent High Level Group Decision [xxxx]**, NEMOs shall allow market participants to trade energy as close to real time as possible and at least up to the intraday cross-zonal gate closure time.
2. NEMOs shall provide market participants with the opportunity to trade in energy in time intervals which are at least as short as the imbalance settlement period for both day-ahead and intraday markets.
3. NEMOs shall provide products for trading in day-ahead and intraday markets which are sufficiently small in size, with minimum bid sizes of 500 kW or less, to allow for the effective participation of demand-side response, energy storage and small-scale renewables including direct participation by customers.
4. By 1 January **[2023]**, the imbalance settlement period shall be 15 minutes in all scheduling areas, unless regulatory authorities have granted a derogation or an exemption. Derogations may be granted only until 31 December **[2026]**.

<...>

Article 9

Forward markets

1. In accordance with Regulation (EU) 2016/1719, **as adapted and adopted by Permanent High Level Group Decision [xxxx]**, transmission system operators shall issue long-term transmission rights or have equivalent measures in place to allow for market participants, including owners of power-generating facilities using renewable energy sources, to hedge price risks across bidding zone borders, unless an assessment of the forward market on the bidding zone borders performed by the competent regulatory authorities shows that there are sufficient hedging opportunities in the concerned bidding zones.
2. Long-term transmission rights shall be allocated in a transparent, market based and non-discriminatory manner through a single allocation platform **in accordance with [Article 2(4) and chapter IV] of Regulation (EU) 2016/1719, as adapted and adopted by Permanent High Level Group Decision [xxxx]**.
3. Subject to compliance with **Energy Community** competition law, market operators shall be free to develop forward hedging products, including long-term forward hedging products, to provide market participants, including owners of power-generating facilities using renewable energy sources, with appropriate possibilities for hedging financial risks against price fluctuations. **Contracting Parties** shall not require that such hedging activity be limited to trades within a **Contracting Party** or bidding zone.

Article 10

Technical bidding limits

1. There shall be neither a maximum nor a minimum limit to the wholesale electricity price. This provision shall apply, inter alia, to bidding and clearing in all timeframes and shall include balancing energy and imbalance prices, without prejudice to the technical price limits which may be applied in the balancing timeframe and in the day-ahead and intraday timeframes in accordance with paragraph 2.
2. NEMOs may apply harmonised limits on maximum and minimum clearing prices for day-ahead and intraday timeframes. Those limits shall be sufficiently high so as not to unnecessarily restrict trade, shall be harmonised for the internal market and shall take into account the maximum value of lost load. NEMOs shall implement a transparent mechanism to adjust automatically the technical bidding limits in due time in the event that the set limits are expected to be reached. The adjusted higher limits shall remain applicable until further increases under that mechanism are required.
3. Transmission system operators shall not take any measures for the purpose of changing wholesale prices.

4. Regulatory authorities or, where a **Contracting Party** has designated another competent authority for that purpose, such designated competent authorities, shall identify policies and measures applied within their territory that could contribute to indirectly restricting wholesale price formation, including limiting bids relating to the activation of balancing energy, capacity mechanisms, measures by the transmission system operators, measures intended to challenge market outcomes, or to prevent the abuse of dominant positions or inefficiently defined bidding zones.

5. Where a regulatory authority or designated competent authority has identified a policy or measure which could serve to restrict wholesale price formation it shall take all appropriate actions to eliminate or, if not possible, to mitigate the impact of that policy or measure on bidding behaviour. **Contracting Parties** shall provide a report to the **Energy Community Secretariat** by 5 January **2023** detailing the measures and actions they have taken or intend to take.

Article 11

Value of lost load

1. By 5 July [**2023**] where required for the purpose of setting a reliability standard in accordance with Article 25 regulatory authorities or, where a **Contracting Party** has designated another competent authority for that purpose, such designated competent authorities shall determine a single estimate of the value of lost load for their territory. That estimate shall be made publically available. Regulatory authorities or other designated competent authorities may determine different estimates per bidding zone if they have more than one bidding zone in their territory. Where a bidding zone consists of territories of more than one **Contracting Party**, the concerned regulatory authorities or other designated competent authorities shall determine a single estimate of the value of lost load for that bidding zone. In determining the single estimate of the value of lost load, regulatory authorities or other designated competent authorities shall apply the methodology referred to in Article 23(6) of **Regulation (EU) 2019/943**.

2. Regulatory authorities and designated competent authorities shall update their estimate of the value of lost load at least every five years, or earlier where they observe a significant change.

Article 12

Dispatching of generation and demand response

1. The dispatching of power-generating facilities and demand response shall be non-discriminatory, transparent and, unless otherwise provided under paragraphs 2 to 6, market based.

2. Without prejudice to **Articles 18 and 19 of Energy Community Treaty**, **Contracting Parties** shall ensure that when dispatching electricity generating installations, system operators shall give priority to generating installations using renewable energy sources to the extent permitted by the secure operation of the national electricity system, based on transparent and non-discriminatory criteria and where such power-generating facilities are either:

- (a) power-generating facilities that use renewable energy sources and have an installed electricity capacity of less than 400 kW; or
- (b) demonstration projects for innovative technologies, subject to approval by the regulatory authority, provided that such priority is limited to the time and extent necessary for achieving the demonstration purposes.

3. A **Contracting Party** may decide not to apply priority dispatch to power-generating facilities as referred to in point (a) of paragraph 2 with a start of operation at least six months after that decision, or to apply a lower minimum capacity than that set out under point (a) of paragraph 2, provided that:

- (a) it has well-functioning intraday and other wholesale and balancing markets and that those markets are fully accessible to all market participants in accordance with this Regulation;
- (b) redispatching rules and congestion management are transparent to all market participants;
- (c) the national contribution of the **Contracting Party** towards the **Contracting Parties' economy-wide target of the relevant share of renewable energy in 2030** <...> under Article 3(2) of Directive (EU) 2018/2001 of the European Parliament and of the Council and point (a)(2) of Article 4 of Regulation (EU) 2018/1999 of the European Parliament and of the Council, **as adapted and adopted by Ministerial Council Decision 2021/14/MC-EnC, is not lower than the share to be adopted by Ministerial Council Decision**, or alternatively, the **Contracting Party's** share of energy from renewable sources in gross final electricity consumption is at least 50 %;
- (d) the **Contracting Party** has notified the planned derogation to the **Energy Community Secretariat** setting out in detail how the conditions set out under points (a), (b) and (c) are fulfilled; and
- (e) the **Contracting Party** has published the planned derogation, including the detailed reasoning for the granting of that derogation, taking due account of the protection of commercially sensitive information where required.

Any derogation shall avoid retroactive changes that affect generating installations already benefiting from priority dispatch, notwithstanding any agreement between a **Contracting Party** and the operator of a generating installation on a voluntary basis.

Without prejudice to **Articles 18 and 19 of the Energy Community Treaty**, **Contracting Parties** may provide incentives to installations eligible for priority dispatch to voluntarily give up priority dispatch.

4. Without prejudice to **Articles 18 and 19 of the Energy Community Treaty**, **Contracting Parties** may provide for priority dispatch for electricity generated in power-generating facilities using high-efficiency cogeneration with an installed electricity capacity of less than 400 kW.

5. For power-generating facilities commissioned as from 1 January 2026, point (a) of paragraph 2 shall apply only to power-generating facilities that use renewable energy sources and have an installed electricity capacity of less than 200 kW.
6. Without prejudice to contracts concluded before **the date of entry into force of this Regulation**, power-generating facilities that use renewable energy sources or high-efficiency cogeneration and were commissioned before 4 July 2019 and, when commissioned, were subject to priority dispatch under Article 15(5) of Directive 2012/27/EU **as adapted and adopted by Ministerial Council Decision 2015/08/MC-EnC** or Article 16(2) of Directive 2009/28/EC **as adapted and adopted by Ministerial Council Decision 2018/02/MC-EnC**, shall continue to benefit from priority dispatch. Priority dispatch shall no longer apply to such power-generating facilities from the date on which the power-generating facility becomes subject to significant modifications, which shall be deemed to be the case at least where a new connection agreement is required or where the generation capacity of the power-generating facility is increased.
7. Priority dispatch shall not endanger the secure operation of the electricity system, shall not be used as a justification for curtailment of cross-zonal capacities beyond what is provided for in Article 16 and shall be based on transparent and non-discriminatory criteria.

Article 13

Redispatching

1. The redispatching of generation and redispatching of demand response shall be based on objective, transparent and non-discriminatory criteria. It shall be open to all generation technologies, all energy storage and all demand response, including those located in other Member States **or Contracting Parties** unless technically not feasible.
2. The resources that are redispatched shall be selected from among generating facilities, energy storage or demand response using market-based mechanisms and shall be financially compensated. Balancing energy bids used for redispatching shall not set the balancing energy price.
3. Non-market-based redispatching of generation, energy storage and demand response may only be used where:
 - (a) no market-based alternative is available;
 - (b) all available market-based resources have been used;
 - (c) the number of available power generating, energy storage or demand response facilities is too low to ensure effective competition in the area where suitable facilities for the provision of the service are located; or
 - (d) the current grid situation leads to congestion in such a regular and predictable way that market-based redispatching would lead to regular strategic bidding which would increase the level of internal congestion and the **Contracting Party** concerned either has adopted an action plan to

address this congestion or ensures that minimum available capacity for cross-zonal trade is in accordance with Article 16(8).

4. The transmission system operators and distribution system operators shall report at least annually to the competent regulatory authority, on:

- (a) the level of development and effectiveness of market-based redispatching mechanisms for power generating, energy storage and demand response facilities;
- (b) the reasons, volumes in MWh and type of generation source subject to redispatching;
- (c) the measures taken to reduce the need for the downward redispatching of generating installations using renewable energy sources or high-efficiency cogeneration in the future including investments in digitalisation of the grid infrastructure and in services that increase flexibility.

The regulatory authority shall submit the report to **the Energy Community Regulatory Board** and shall publish a summary of the data referred to in points (a), (b) and (c) of the first subparagraph together with recommendations for improvement where necessary.

5. Subject to requirements relating to the maintenance of the reliability and safety of the grid, based on transparent and non-discriminatory criteria established by the regulatory authorities, transmission system operators and distribution system operators shall:

- (a) guarantee the capability of transmission networks and distribution networks to transmit electricity produced from renewable energy sources or high-efficiency cogeneration with minimum possible redispatching, which shall not prevent network planning from taking into account limited redispatching where the transmission system operator or distribution system operator is able to demonstrate in a transparent way that doing so is more economically efficient and does not exceed 5 % of the annual generated electricity in installations which use renewable energy sources and which are directly connected to their respective grid, unless otherwise provided by a **Contracting Party** in which electricity from power-generating facilities using renewable energy sources or high-efficiency cogeneration represents more than 50 % of the annual gross final consumption of electricity;
- (b) take appropriate grid-related and market-related operational measures in order to minimise the downward redispatching of electricity produced from renewable energy sources or from high-efficiency cogeneration;
- (c) ensure that their networks are sufficiently flexible so that they are able to manage them.

6. Where non-market-based downward redispatching is used, the following principles shall apply:

- (a) power-generating facilities using renewable energy sources shall only be subject to downward redispatching if no other alternative exists or if other solutions would result in significantly disproportionate costs or severe risks to network security;

- (b) electricity generated in a high-efficiency cogeneration process shall only be subject to downward redispatching if, other than downward redispatching of power-generating facilities using renewable energy sources, no other alternative exists or if other solutions would result in disproportionate costs or severe risks to network security;
- (c) self-generated electricity from generating installations using renewable energy sources or high-efficiency cogeneration which is not fed into the transmission or distribution network shall not be subject to downward redispatching unless no other solution would resolve network security issues;
- (d) downward redispatching under points (a), (b) and (c) shall be duly and transparently justified. The justification shall be included in the report under paragraph 3.

7. Where non-market based redispatching is used, it shall be subject to financial compensation by the system operator requesting the redispatching to the operator of the redispatched generation, energy storage or demand response facility except in the case of producers that have accepted a connection agreement under which there is no guarantee of firm delivery of energy. Such financial compensation shall be at least equal to the higher of the following elements or a combination of both if applying only the higher would lead to an unjustifiably low or an unjustifiably high compensation:

- (a) additional operating cost caused by the redispatching, such as additional fuel costs in the case of upward redispatching, or backup heat provision in the case of downward redispatching of power-generating facilities using high-efficiency cogeneration;
- (b) net revenues from the sale of electricity on the day-ahead market that the power-generating, energy storage or demand response facility would have generated without the redispatching request; where financial support is granted to power-generating, energy storage or demand response facilities based on the electricity volume generated or consumed, financial support that would have been received without the redispatching request shall be deemed to be part of the net revenues.

CHAPTER III

NETWORK ACCESS AND CONGESTION MANAGEMENT

SECTION 1

Capacity Allocation

Article 14

Bidding zone review

1. **Contracting Parties** shall take all appropriate measures to address congestions. Bidding zone borders shall be based on long-term, structural congestions in the transmission network. Bidding zones shall not contain such structural congestions unless they have no impact on neighbouring bidding zones, or, as a temporary exemption, their impact on neighbouring bidding zones is mitigated through the use of remedial actions and those structural congestions do not lead to reductions of cross-zonal trading capacity in accordance with the requirements of Article 16. The configuration of bidding zones shall be designed in such a way as to maximise economic efficiency and to maximise cross-zonal trading opportunities in accordance with Article 16 **for bidding zones in the same capacity calculation region established in accordance with Article 15 of Regulation (EU) 2015/1222, as adapted and adopted by Permanent High Level Group Decision [xxxx]**, while maintaining security of supply.
2. **When reporting** on structural congestions and other major physical congestions between and within bidding zones, including the location and frequency of such congestions, in accordance with **Regulation (EU) 2015/1222 as adapted and adopted by Permanent High Level Group Decision [xxxx]**, the **ENTSO for Electricity, acting in accordance with Article 3 of Procedural Act No 2022/02/MC-EnC**, shall extend this report to include the Contracting Parties. To the extent the report covers bidding zones located outside the Continental Europe synchronous area, the **Energy Community Secretariat** shall, where needed, coordinate the contributions by the transmission system operators concerned to the report. The report shall contain an assessment of whether the cross-zonal trade capacity reached the linear trajectory pursuant to Article 15 or the minimum capacity pursuant to Article 16 of this Regulation.
3. In order to ensure an optimal configuration of bidding zones, a bidding zone review shall be carried out **for the Contracting Parties for bidding zones in the same capacity calculation region established in accordance with Article 15 of Regulation (EU) 2015/1222, as adapted and adopted by Permanent High Level Group Decision [xxxx]**, at the latest six months following the first report by the **ENTSO for Electricity in accordance with paragraph 2, but not later than 31 December 2025**. That review shall identify all structural congestions and shall include an analysis of different configurations of bidding zones in a coordinated manner with the involvement of affected stakeholders from all relevant **Contracting Parties**, in accordance with **Articles 32 and 33 of Regulation (EU) 2015/1222, as adapted and adopted by Permanent High Level Group Decision [xxx]**. Before performing any of its tasks pursuant to those provisions, the **Agency for the Cooperation of Energy Regulators, acting in accordance with Article 2 of Procedural Act No 2022/02/MC-EnC**, shall consult the **Energy Community Regulatory Board**. <....>
4. <....>
5. **The bidding zone review shall take into account the methodology and assumptions developed pursuant to Article 14 paragraph 5 of Regulation (EU) 2019/943**. <....>
6. <....>

7. Where structural congestion has been identified in the report pursuant to paragraph 2 of this Article or in the bidding zone review pursuant to this Article or by one or more transmission system operators in their control areas in a report approved by the competent regulatory authority, the **Contracting Party** with identified structural congestion shall, in cooperation with its transmission system operators, decide, within six months of receipt of the report, either to establish national or multinational action plans pursuant to Article 15, or to review and amend its bidding zone configuration. Those decisions shall be immediately notified to the **Energy Community Secretariat** and to **the Energy Community Regulatory Board**.

8. For those **Contracting Parties** that have opted to amend the bidding zone configuration pursuant to paragraph 7, the relevant **Contracting Parties in the same capacity calculation region established in accordance with Article 15 of Regulation (EU) 2015/1222, as adapted and adopted by Permanent High Level Group Decision [xxxx]**, shall reach a unanimous decision within six months of the notification referred to in paragraph 7. Other Members States and **Contracting Parties in the same capacity calculation region** may submit comments to the relevant **Contracting Parties**, who should take account of those comments when reaching their decision. The decision shall be reasoned and shall be notified to **the Energy Community Secretariat** and **the Energy Community Regulatory Board**. In the event that the relevant **Contracting Parties** fail to reach a unanimous decision within those six months, they shall immediately notify the **Energy Community Regulatory Board** thereof. As a measure of last resort, the **Energy Community Regulatory Board** and after consulting **the Energy Community Secretariat**, shall adopt a decision whether to amend or maintain the bidding zone configuration in and between those **Contracting Parties** by six months after receipt of such a notification.

9. **Contracting Parties and the Energy Community Regulatory Board**, shall consult relevant stakeholders before adopting a decision under this Article.

10. Any decision adopted under this Article shall specify the date of implementation of any changes. That implementation date shall balance the need for expeditiousness with practical considerations, including forward trade of electricity. The decision may establish appropriate transitional arrangements.

11. <...>

Article 15

Action plans

1. Following the adoption of a decision pursuant to Article 14(7), the **Contracting Party** with identified structural congestion shall develop an action plan in cooperation with its regulatory authority. That action plan shall contain a concrete timetable for adopting measures to reduce the structural congestions identified within four years of the adoption of the decision pursuant to Article 14(7).

2. Irrespective of the concrete progress of the action plan, **Contracting Parties** shall ensure that without prejudice to derogations granted under Article 16(9) or deviations under Article 16(3), the cross-zonal trade capacity is increased on an annual basis until the minimum capacity provided for in Article 16(8) is reached. That minimum capacity shall be reached by **31 December [2027]**.

Those annual increases shall be achieved by means of a linear trajectory. The starting point of that trajectory shall be either the capacity allocated at the border or on a critical network element in the year before adoption of the action plan or the average during the three years before adoption of the action plan, whichever is higher. **Contracting Parties** shall ensure that, during the implementation of their action plans the capacity made available for cross-zonal trade to be compliant with Article 16(8) is at least equal to the values of the linear trajectory, including by use of remedial actions in the capacity calculation region.

3. The cost of the remedial actions necessary to achieve the linear trajectory referred to in paragraph 2 or make available cross-zonal capacity at the borders or on critical network elements concerned by the action plan shall be borne by the **Contracting Party**, or **Contracting Parties** implementing the action plan.

4. On an annual basis, during the implementation of the action plan and within six months of its expiry, the relevant transmission system operators shall assess for the previous 12 months whether the available cross-border capacity has reached the linear trajectory or, from **1 January [2028]**, the minimum capacities provided for in Article 16(8) have been achieved. They shall submit their assessments to the **Energy Community Regulatory Board** and to the relevant regulatory authorities. Before drafting the report, each transmission system operator shall submit its contribution to the report, including all the relevant data, to its regulatory authority for approval.

5. For those **Contracting Parties** for which the assessments referred to in paragraph 4 demonstrate that a transmission system operator has not complied with the linear trajectory, the relevant **Contracting Parties** shall, within six months of receipt of the assessment report referred to in paragraph 4, decide unanimously whether to amend or maintain the bidding zone configuration within and between those **Contracting Parties**. In their decision, the relevant **Contracting Parties** should take account of any comments submitted by other Member States or **Contracting Parties**. The relevant **Contracting Parties'** decision shall be substantiated and shall be notified to the **Energy Community Secretariat** and the **Energy Community Regulatory Board**.

The relevant **Contracting Parties** shall notify the **Energy Community Secretariat** immediately if they fail to reach a unanimous decision within the timeframe laid down. Within six months of receipt of such notification, the **Energy Community Secretariat**, as a last resort and after consulting **the Agency for the Cooperation of Energy Regulators, the Energy Community Regulatory Board** and the relevant stakeholders shall adopt a decision whether to amend or maintain the bidding zone configuration in and between those **Contracting Parties**.

6. Six months before the expiry of the action plan, the **Contracting Parties** with identified structural congestion shall decide whether to address remaining congestion by amending its

bidding zone or whether to address remaining internal congestion with remedial actions for which it shall cover the costs.

7. Where no action plan is established within six months of identification of structural congestion pursuant to Article 14(7), the relevant transmission system operators shall, within 12 months of identification of such structural congestion, assess whether the available cross-border capacity has reached the minimum capacities provided for in Article 16(8) during the previous 12 months and shall submit an assessment report to the relevant regulatory authorities and to **the Energy Community Regulatory Board**.

Before drafting the report, each transmission system operator shall send its contribution to the report, including all relevant data, to its national regulatory authority for approval. Where the assessment demonstrates that a transmission system operator has not complied with the minimum capacity, the decision-making process laid down in paragraph 5 of this Article shall apply.

Article 16

General principles of capacity allocation and congestion management

1. Network congestion problems **between Parties to the Energy Community** shall be addressed with non-discriminatory market-based solutions which give efficient economic signals to the market participants and transmission system operators involved. Network congestion problems shall be solved by means of non-transaction-based methods, namely methods that do not involve a selection between the contracts of individual market participants. When taking operational measures to ensure that its transmission system remains in the normal state, the transmission system operator shall take into account the effect of those measures on neighbouring control areas and coordinate such measures with other affected transmission system operators as provided for in Regulation (EU) 2015/1222, **as adapted and adopted by Permanent High Level Group Decision [xxxx]**.
2. Transaction curtailment procedures shall be used only in emergency situations, namely where the transmission system operator must act in an expeditious manner and redispatching or countertrading is not possible. Any such procedure shall be applied in a non-discriminatory manner. Except in cases of force majeure, market participants that have been allocated capacity shall be compensated for any such curtailment.
3. Regional coordination centres shall carry out coordinated capacity calculation in accordance with paragraphs 4 and 8 of this Article, as provided for in point (a) of Article 37(1) and in Article 42(1).

Regional coordination centres shall calculate cross-zonal capacities respecting operational security limits using data from transmission system operators including data on the technical availability of remedial actions, not including load shedding. Where regional coordination centres conclude that those available remedial actions in the capacity calculation region or between capacity calculation regions are not sufficient to reach the linear trajectory pursuant to Article 15(2) or the

minimum capacities provided for in paragraph 8 of this Article while respecting operational security limits, they may, as a measure of last resort, set out coordinated actions reducing the cross-zonal capacities accordingly. Transmission system operators may deviate from coordinated actions in respect of coordinated capacity calculation and coordinated security analysis only in accordance with Article 42(2).

By 3 months after the entry into operation of the regional coordination centres pursuant to Article 35 of this Regulation and every three months thereafter, the regional coordination centres shall submit a report to the relevant regulatory authorities, to the **Energy Community Regulatory Board and, to the extent Member States are affected, to the Agency for the Cooperation of Energy Regulators** on any reduction of capacity or deviation from coordinated actions pursuant to the second subparagraph and shall assess the incidences and make recommendations, if necessary, on how to avoid such deviations in the future. **If the Agency for the Cooperation of Energy Regulators, acting in accordance with Article 2 of Procedural Act No 2022/02/MC-EnC, or the Energy Community Regulatory Board** concludes that the prerequisites for a deviation pursuant to this paragraph are not fulfilled or are of a structural nature, **the Agency for the Cooperation of Energy Regulators, acting in accordance with Article 2 of Procedural Act No 2022/02/MC-EnC, or the Energy Community Regulatory Board** shall submit an opinion to the relevant regulatory authorities, **to the European Commission and to the Energy Community Secretariat. Before issuing an opinion, the Energy Community Regulatory Board and the Agency for the Cooperation of Energy Regulators shall consult each other.** The competent regulatory authorities shall take appropriate action against transmission system operators or regional coordination centres pursuant to Article 59 or 62 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**, if the prerequisites for a deviation pursuant to this paragraph were not fulfilled.

Deviations of a structural nature shall be addressed in an action plan referred to in Article 14(7) or in an update of an existing action plan.

4. The maximum level of capacity of the interconnections and the transmission networks affected by cross-border capacity, **between Parties to the Energy Community** shall be made available to market participants complying with the safety standards of secure network operation. Counter-trading and redispatch, including cross-border redispatch, shall be used to maximise available capacities to reach the minimum capacity provided for in paragraph 8. A coordinated and non-discriminatory process for cross-border remedial actions shall be applied to enable such maximisation, following the implementation of a redispatching and counter-trading cost-sharing methodology.

5. Capacity shall be allocated by means of explicit capacity auctions or implicit auctions including both capacity and energy. Both methods may coexist on the same interconnection. For intraday trade, continuous trading, which may be complemented by auctions, shall be used.

6. In the case of congestion, the valid highest value bids for network capacity, whether implicit or explicit, offering the highest value for the scarce transmission capacity in a given timeframe,

shall be successful. Other than in the case of new interconnectors which benefit from an exemption under Article 7 of Regulation (EC) No 1228/2003, **as adapted and adopted by Ministerial Council Decision 2011/02/MC-EnC**, Article 17 of Regulation (EC) No 714/2009, **as adapted and adopted by Ministerial Council Decision 2011/02/MC-EnC**, or Article 63 of this Regulation, establishing reserve prices in capacity-allocation methods shall be prohibited.

7. Capacity shall be freely tradable on a secondary basis, provided that the transmission system operator is informed sufficiently in advance. Where a transmission system operator refuses any secondary trade (transaction), this shall be clearly and transparently communicated and explained to all the market participants by that transmission system operator and notified to the regulatory authority.

8. Transmission system operators shall not limit the volume of interconnection capacity to be made available to market participants as a means of solving congestion inside their own bidding zone or as a means of managing flows resulting from transactions internal to bidding zones. Without prejudice to the application of the derogations under paragraphs 3 and 9 of this Article and to the application of Article 15(2), this paragraph shall be considered to be complied with where the following minimum levels of available capacity for cross-zonal trade are reached:

- (a) for borders using a coordinated net transmission capacity approach, the minimum capacity shall be 70 % of the transmission capacity respecting operational security limits after deduction of contingencies, as determined in accordance with **Regulation (EU) 2015/1222, as adapted and adopted by Permanent High Level Group Decision [xxxx]**;
- (b) for borders using a flow-based approach, the minimum capacity shall be a margin set in the capacity calculation process as available for flows induced by cross-zonal exchange. The margin shall be 70 % of the capacity respecting operational security limits of internal and cross-zonal critical network elements, taking into account contingencies, as determined in accordance with **Regulation (EU) 2015/1222, as adapted and adopted by Permanent High Level Group Decision [xxxx]**.

The total amount of 30 % can be used for the reliability margins, loop flows and internal flows on each critical network element.

9. At the request of the transmission system operators in a capacity calculation region, the relevant regulatory authorities may grant a derogation from paragraph 8 on foreseeable grounds where necessary for maintaining operational security. Such derogations, which shall not relate to the curtailment of capacities already allocated pursuant to paragraph 2, shall be granted for no more than one-year at a time, or, provided that the extent of the derogation decreases significantly after the first year, up to a maximum of two years. The extent of such derogations shall be strictly limited to what is necessary to maintain operational security and they shall avoid discrimination between internal and cross-zonal exchanges.

Before granting a derogation, the relevant regulatory authority shall consult the regulatory authorities of other Member States **and Contracting Parties** forming part of the affected capacity

calculation regions. Where a regulatory authority disagrees with the proposed derogation, the **Energy Community Regulatory Board and, to the extent Member States are affected, the Agency for the Cooperation of Energy Regulators, acting in accordance with Article 2 of Procedural Act No 2022/02/MC-EnC**, shall decide whether it should be granted pursuant to **Article 62(1)(f) of Directive (EU) 2019/944, including as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**. The justification and reasons for the derogation shall be published. **Before taking a decision, the Energy Community Regulatory Board and the Agency for the Cooperation of Energy Regulators shall consult each other.**

Where a derogation is granted, the relevant transmission system operators shall develop and publish a methodology and projects that shall provide a long-term solution to the issue that the derogation seeks to address. The derogation shall expire when the time limit for the derogation is reached or when the solution is applied, whichever is earlier.

10. Market participants shall inform the transmission system operators concerned within a reasonable period in advance of the relevant operational period whether they intend to use allocated capacity. Any allocated capacity that is not going to be used shall be made available again to the market, in an open, transparent and non-discriminatory manner.

11. As far as technically possible, transmission system operators shall net the capacity requirements of any power flows in opposite directions over the congested interconnection line in order to use that line to its maximum capacity. Having full regard to network security, transactions that relieve the congestion shall not be refused.

12. The financial consequences of a failure to honour obligations associated with the allocation of capacity shall be attributed to the transmission system operators or NEMOs who are responsible for such a failure. Where market participants fail to use the capacity that they have committed to use, or, in the case of explicitly auctioned capacity, fail to trade capacity on a secondary basis or give the capacity back in due time, those market participants shall lose the rights to such capacity and shall pay a cost-reflective charge. Any cost-reflective charges for the failure to use capacity shall be justified and proportionate. If a transmission system operator does not fulfil its obligation of providing firm transmission capacity, it shall be liable to compensate the market participant for the loss of capacity rights. Consequential losses shall not be taken into account for that purpose. The key concepts and methods for the determination of liabilities that accrue upon failure to honour obligations shall be set out in advance in respect of the financial consequences, and shall be subject to review by the relevant regulatory authority.

13. When allocating costs of remedial actions between transmission system operators, regulatory authorities shall analyse to what extent flows resulting from transactions internal to bidding zones contribute to the congestion between two bidding zones observed, and allocate the costs based on the contribution to the congestion to the transmission system operators of the bidding zones creating such flows except for costs induced by flows resulting from transactions internal to bidding zones that are below the level that could be expected without structural congestion in a bidding zone.

That level shall be jointly analysed and defined by all transmission system operators in a capacity calculation region for each individual bidding zone border, and shall be subject to the approval of all regulatory authorities in the capacity calculation region.

Article 17

Allocation of cross-zonal capacity across timeframes

1. Transmission system operators of Member States **-and Contracting Parties** shall recalculate available cross-zonal capacity at least after day-ahead gate closure times and after intraday cross-zonal gate closure times. Transmission system operators shall allocate the available cross-zonal capacity plus any remaining cross-zonal capacity not previously allocated and any cross-zonal capacity released by physical transmission right holders from previous allocations in the following cross-zonal capacity allocation process.
2. Transmission system operators shall propose an appropriate structure for the allocation of cross-zonal capacity across timeframes, including day-ahead, intraday and balancing. That allocation structure shall be subject to review by the relevant regulatory authorities. In drawing up their proposal, the transmission system operators shall take into account:
 - (a) the characteristics of the markets;
 - (b) the operational conditions of the electricity system, such as the implications of netting firmly declared schedules;
 - (c) the level of harmonisation of the percentages allocated to different timeframes and the timeframes adopted for the different cross-zonal capacity allocation mechanisms that are already in place.
3. Where cross-zonal capacity is available after the intraday cross-zonal gate closure time, transmission system operators shall use the cross-zonal capacity for the exchange of balancing energy or for the operation of the imbalance netting process.
4. Where cross-zonal capacity is allocated for the exchange of balancing capacity or sharing of reserves pursuant to Article 6(8) of this Regulation, transmission system operators shall use the methodologies developed in **accordance with Regulation (EU) 2017/2195, as adapted and adopted by Permanent High Level Group Decision [xxxx]**.
5. Transmission system operators shall not increase the reliability margin calculated pursuant to Regulation (EU) 2015/1222, **as adapted and adopted by Permanent High Level Group Decision [xxxx]**, due to the exchange of balancing capacity or sharing of reserves.

SECTION 2

Network charges and congestion income

Article 18

Charges for access to networks, use of networks and reinforcement

1. Charges applied by network operators for access to networks, including charges for connection to the networks, charges for use of networks, and, where applicable, charges for related network reinforcements, shall be cost-reflective, transparent, take into account the need for network security and flexibility and reflect actual costs incurred insofar as they correspond to those of an efficient and structurally comparable network operator and are applied in a non-discriminatory manner. Those charges shall not include unrelated costs supporting unrelated policy objectives.

Without prejudice to Article 15(1) and (6) of Directive 2012/27/EU, **as adopted and adapted by Ministerial Council Decision 2015/08/MC-EnC**, and the criteria in Annex XI to that Directive the method used to determine the network charges shall neutrally support overall system efficiency over the long run through price signals to customers and producers and in particular be applied in a way which does not discriminate positively or negatively between production connected at the distribution level and production connected at the transmission level. The network charges shall not discriminate either positively or negatively against energy storage or aggregation and shall not create disincentives for self-generation, self-consumption or for participation in demand response. Without prejudice to paragraph 3 of this Article, those charges shall not be distance-related.

2. Tariff methodologies shall reflect the fixed costs of transmission system operators and distribution system operators and shall provide appropriate incentives to transmission system operators and distribution system operators over both the short and long run, in order to increase efficiencies, including energy efficiency, to foster market integration and security of supply, to support efficient investments, to support related research activities, and to facilitate innovation in interest of consumers in areas such as digitalisation, flexibility services and interconnection.

3. Where appropriate, the level of the tariffs applied to producers or final customers, or both shall provide locational signals at **Energy Community** level, and take into account the amount of network losses and congestion caused, and investment costs for infrastructure.

4. When setting the charges for network access, the following shall be taken into account:

(a) payments and receipts resulting from the inter-transmission system operator compensation mechanism;

(b) actual payments made and received as well as payments expected for future periods, estimated on the basis of previous periods.

5. Setting the charges for network access under this Article shall be without prejudice to charges resulting from congestion management referred to in Article 16.

6. There shall be no specific network charge on individual transactions for cross-zonal trading of electricity.

7. Distribution tariffs shall be cost-reflective taking into account the use of the distribution network by system users including active customers. Distribution tariffs may contain network

connection capacity elements and may be differentiated based on system users' consumption or generation profiles. Where **Contracting Parties** have implemented the deployment of smart metering systems, regulatory authorities shall consider time-differentiated network tariffs when fixing or approving transmission tariffs and distribution tariffs or their methodologies in accordance with Article 59 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**, and, where appropriate, time-differentiated network tariffs may be introduced to reflect the use of the network, in a transparent, cost efficient and foreseeable way for the final customer.

8. Distribution tariff methodologies shall provide incentives to distribution system operators for the most cost-efficient operation and development of their networks including through the procurement of services. For that purpose regulatory authorities shall recognise relevant costs as eligible, shall include those costs in distribution tariffs, and may introduce performance targets in order to provide incentives to distribution system operators to increase efficiencies in their networks, including through energy efficiency, flexibility and the development of smart grids and intelligent metering systems.

9. By **5 October [2023]** in order to mitigate the risk of market fragmentation **the Energy Community Regulatory Board** shall provide a best practice report on transmission and distribution tariff methodologies while taking account of national specificities. That best practice report shall address at least:

- (a) the ratio of tariffs applied to producers and tariffs applied to final customers;
- (b) the costs to be recovered by tariffs;
- (c) time-differentiated network tariffs;
- (d) locational signals;
- (e) the relationship between transmission tariffs and distribution tariffs;
- (f) methods to ensure transparency in the setting and structure of tariffs;
- (g) groups of network users subject to tariffs including, where applicable, the characteristics of those groups, forms of consumption, and any tariff exemptions;
- (h) losses in high, medium and low-voltage grids.

The Energy Community Regulatory Board shall take into account the best practice report developed by the Agency for the Cooperation of Energy Regulators for that purpose. The Energy Community Regulatory Board shall update the best practice report at least once every two years.

10. Regulatory authorities shall duly take the best practice report into consideration when fixing or approving transmission tariffs and distribution tariffs or their methodologies in accordance with Article 59 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**.

Article 19

Congestion income

1. Congestion-management procedures associated with a pre-specified timeframe may generate revenue only in the event of congestion which arises for that timeframe, except in the case of new interconnectors which benefit from an exemption under Article 63 of this Regulation, Article 17 of Regulation (EC) No 714/2009, **as adapted by Ministerial Council Decision 2011/02/MC-EnC** or Article 7 of Regulation (EC) No 1228/2003, **as adapted and adopted by Ministerial Council Decision 2011/02/MC-EnC**. The procedure for the distribution of those revenues shall be subject to review by the regulatory authorities and shall neither distort the allocation process in favour of any party requesting capacity or energy nor provide a disincentive to reduce congestion.
2. The following objectives shall have priority with the respect to the allocation of any revenues resulting from the allocation of cross-zonal capacity:
 - (a) guaranteeing the actual availability of the allocated capacity including firmness compensation;
or
 - (b) maintaining or increasing cross-zonal capacities through optimization of the usage of existing interconnectors by means of coordinated remedial actions, where applicable, or covering costs resulting from network investments that are relevant to reduce interconnector congestion.
3. Where the priority objectives set out in paragraph 2 have been adequately fulfilled, the revenues may be used as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs or fixing network tariffs, or both. The residual revenues shall be placed on a separate internal account line until such a time as it can be spent for the purposes set out in paragraph 2.
4. The use of revenues in accordance with point (a) or (b) of paragraph 2 shall be subject to **the methodology adopted by the Agency for the Cooperation of Energy Regulators in accordance with Article 19(4) of Regulation (EU) 2019/943**. <...>
5. Transmission system operators shall clearly establish, in advance, how any congestion income will be used, and shall report to the regulatory authorities on the actual use of that income. By 1 March each year, the regulatory authorities shall inform **the Energy Community Regulatory Board** and shall publish a report setting out:
 - (a) the amount of revenue collected for the 12-month period ending on 31 December of the previous year;
 - (b) how that revenue was used pursuant to paragraph 2, including the specific projects the income has been used for, and the amount placed on a separate account line;
 - (c) the amount that was used when calculating network tariffs; and
 - (d) verification that the amount referred to in point (c) complies with this Regulation and the methodology developed pursuant to paragraphs 3 and 4.

Where some of the congestion revenues are used when calculating network tariffs, the report shall set out how the transmission system operators fulfilled the priority objectives set out in paragraph 2 where applicable.

CHAPTER IV RESOURCE ADEQUACY

Article 20

Resource adequacy in the internal market for electricity

1. **Contracting Parties** shall monitor resource adequacy within their territory on the basis of the European resource adequacy assessment referred to in Article 23. For the purpose of complementing the European resource adequacy assessment, **Contracting Parties** may also carry out national resource adequacy assessments pursuant to Article 24.
2. Where the European resource adequacy assessment referred to in Article 23 or national resource adequacy assessment referred to in Article 24 identifies a resource adequacy concern, the **Contracting Parties** concerned shall identify any regulatory distortions or market failures that caused or contributed to the emergence of the concern.
3. **Contracting Parties** with identified resource adequacy concerns shall develop and publish an implementation plan with a timeline for adopting measures to eliminate any identified regulatory distortions or market failures **and submit it to the competent national State aid authority when notifying a capacity mechanism for the purpose of Article 21(8), as well as to the Energy Community Secretariat.** When addressing resource adequacy concerns, the **Contracting Parties** shall in particular take into account the principles set out in Article 3 and shall consider:
 - (a) removing regulatory distortions;
 - (b) removing price caps in accordance with Article 10;
 - (c) introducing a shortage pricing function for balancing energy as referred to in Article 44(3) of Regulation (EU) 2017/2195 **as adapted and adopted by Permanent High Level Group Decision [xxxx];**
 - (d) increasing interconnection and internal grid capacity with a view to reaching at least their interconnection targets as referred in point (d)(1) of Article 4 of Regulation (EU) 2018/1999, **as adapted and adopted by Ministerial Council Decision 2021/14/MC-EnC;**
 - (e) enabling self-generation, energy storage, demand side measures and energy efficiency by adopting measures to eliminate any identified regulatory distortions;
 - (f) ensuring cost-efficient and market-based procurement of balancing and ancillary services;
 - (g) removing regulated prices where required by Article 5 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC.**

4. The **Contracting Parties** concerned shall submit their implementation plans to the **Energy Community Secretariat** for review.
5. Within four months of receipt of the implementation plan, the **Energy Community Secretariat** shall issue an opinion on whether the measures are sufficient to eliminate the regulatory distortions or market failures that were identified pursuant to paragraph 2, and may invite the **Contracting Parties** to amend their implementation plans accordingly.
6. The **Contracting Parties** concerned shall monitor the application of their implementation plans and shall publish the results of the monitoring in an annual report and shall submit that report to the **Energy Community Secretariat**.
7. The **Energy Community Secretariat** shall issue an opinion on whether the implementation plans have been sufficiently implemented and whether the resource adequacy concern has been resolved.
8. **Contracting Parties** shall continue to adhere to the implementation plan after the identified resource adequacy concern has been resolved.

Article 21

General principles for capacity mechanisms

1. To eliminate residual resource adequacy concerns, **Contracting Parties** may, as a last resort while implementing the measures referred to in Article 20(3) of this Regulation in accordance with **Articles 18 and 19 of the Treaty** introduce capacity mechanisms.
2. Before introducing capacity mechanisms, the **Contracting Parties** concerned shall conduct a comprehensive study of the possible effects of such mechanisms on the neighbouring Member States **and Contracting Parties** by consulting at least its neighbouring Member States **and Contracting Parties** to which they have a direct network connection and the stakeholders of those Member States **and Contracting Parties**.
3. **Contracting Parties** shall assess whether a capacity mechanism in the form of strategic reserve is capable of addressing the resource adequacy concerns. Where this is not the case, **Contracting Parties** may implement a different type of capacity mechanism.
4. **Contracting Parties** shall not introduce capacity mechanisms where both European resource adequacy assessment and the national resource adequacy assessment, or in the absence of a national resource adequacy assessment, the European resource adequacy assessment have not identified a resource adequacy concern.
5. **Contracting Parties** shall not introduce capacity mechanisms before the implementation plan as referred to in Article 20(3) has received an opinion by the **Energy Community Secretariat** as referred to in Article 20(5).
6. Where a **Contracting Party** applies a capacity mechanism, it shall review that capacity mechanism and shall ensure that no new contracts are concluded under that mechanism where both

the European resource adequacy assessment and the national resource adequacy assessment, or in the absence of a national resource adequacy assessment, the European resource adequacy assessment have not identified a resource adequacy concern or the implementation plan as referred to in Article 20(3) has not received an opinion by the **Energy Community Secretariat** as referred to in Article 20(5).

7. When designing capacity mechanisms **Contracting Parties** shall include a provision allowing for an efficient administrative phase-out of the capacity mechanism where no new contracts are concluded under paragraph 6 during three consecutive years.

8. Capacity mechanisms shall be temporary. They shall be approved by the **competent national State aid authority, upon informing the Energy Community Secretariat**, no longer than 10 years. They shall be phased out or the amount of the committed capacities shall be reduced on the basis of the implementation plans referred to in Article 20. **Contracting Parties** shall continue to apply the implementation plan after the introduction of the capacity mechanism.

Article 22

Design principles for capacity mechanisms

1. Any capacity mechanism shall:

- (a) be temporary;
- (b) not create undue market distortions and not limit cross-zonal trade;
- (c) not go beyond what is necessary to address the adequacy concerns referred to in Article 20;
- (d) select capacity providers by means of a transparent, non-discriminatory and competitive process;
- (e) provide incentives for capacity providers to be available in times of expected system stress;
- (f) ensure that the remuneration is determined through the competitive process;
- (g) set out the technical conditions for the participation of capacity providers in advance of the selection process;
- (h) be open to participation of all resources that are capable of providing the required technical performance, including energy storage and demand side management;
- (i) apply appropriate penalties to capacity providers that are not available in times of system stress.

2. The design of strategic reserves shall meet the following requirements:

- (a) where a capacity mechanism has been designed as a strategic reserve, the resources thereof are to be dispatched only if the transmission system operators are likely to exhaust their balancing resources to establish an equilibrium between demand and supply;

- (b) during imbalance settlement periods where resources in the strategic reserve are dispatched, imbalances in the market are to be settled at least at the value of lost load or at a higher value than the intraday technical price limit as referred in Article 10(1), whichever is higher;
- (c) the output of the strategic reserve following dispatch is to be attributed to balance responsible parties through the imbalance settlement mechanism;
- (d) the resources taking part in the strategic reserve are not to receive remuneration from the wholesale electricity markets or from the balancing markets;
- (e) the resources in the strategic reserve are to be held outside the market for at least the duration of the contractual period.

The requirement referred to in point (a) of the first subparagraph shall be without prejudice to the activation of resources before actual dispatch in order to respect the ramping constraints and operating requirements of the resources. The output of the strategic reserve during activation shall not be attributed to balance groups through wholesale markets and shall not change their imbalances.

3. In addition to the requirements laid down in paragraph 1, capacity mechanisms other than strategic reserves shall:

- (a) be constructed so as to ensure that the price paid for availability automatically tends to zero when the level of capacity supplied is expected to be adequate to meet the level of capacity demanded;
- (b) remunerate the participating resources only for their availability and ensure that the remuneration does not affect decisions of the capacity provider on whether or not to generate;
- (c) ensure that capacity obligations are transferable between eligible capacity providers.

4. Capacity mechanisms shall incorporate the following requirements regarding CO₂ emission limits:

- (a) from **the date of entry into force of this Regulation** at the latest, generation capacity that started commercial production on or after that date and that emits more than 550 g of CO₂ of fossil fuel origin per kWh of electricity shall not be committed or to receive payments or commitments for future payments under a capacity mechanism;
- (b) from 1 July 2025 at the latest, generation capacity that started commercial production before **the date of entry into force of this Regulation** and that emits more than 550 g of CO₂ of fossil fuel origin per kWh of electricity and more than 350 kg CO₂ of fossil fuel origin on average per year per installed kWe shall not be committed or receive payments or commitments for future payments under a capacity mechanism.

The emission limit of 550 g CO₂ of fossil fuel origin per kWh of electricity and the limit of 350 kg CO₂ of fossil fuel origin on average per year per installed kWe referred to in points (a) and (b) of the first subparagraph shall be calculated on the basis of the design efficiency of the generation

unit meaning the net efficiency at nominal capacity under the relevant standards provided for by the International Organization for Standardization.

For the purpose of implementing the first subparagraph, Contracting Parties shall take into account the opinion providing technical guidance published by the Agency for the Cooperation of Energy Regulators in accordance with Article 22(4) of Regulation (EU) 2019/943.

5. **Contracting Parties** that apply capacity mechanisms on **the date of entry into force of this Regulation** shall adapt their mechanisms to comply with Chapter 4 without prejudice to commitments or contracts concluded by 31 December 2022.

Article 23

European resource adequacy assessment

1. The European resource adequacy assessment shall identify resource adequacy concerns by assessing the overall adequacy of the electricity system to supply current and projected demands for electricity at European <...> level, at the level of the Member States **and Contracting Parties**, and at the level of individual bidding zones, where relevant. The European resource adequacy assessment shall cover each year within a period of 10 years from the date of that assessment.

2. **The ENTSO for Electricity, acting in accordance with Article 3 of Procedural Act No 2022/02/MC-EnC, shall include the Contracting Parties in the European resource adequacy assessment based on Article 23 of Regulation (EU) No 2019/943. Before conducting the European resource adequacy assessment, the ENTSO for Electricity shall consult the transmission system operators of the Contracting Parties and the Energy Community Secretariat.**

Transmission system operators shall provide the ENTSO for Electricity the data it needs to carry out the resource adequacy assessment. Producers and other market participants shall provide transmission system operators with data regarding expected utilisation of the generation resources, taking into account the availability of primary resources and appropriate scenarios of projected demand and supply.

3. <...>

4. <...>.

5. <...>

6. <...>

7. The results of the European resource adequacy assessment under paragraph 2 shall be subject to the prior consultation of **Contracting Parties, the Security of Supply Group for Electricity** and relevant stakeholders **in the Energy Community <...>.**

Article 24

National resource adequacy assessments

1. National resource adequacy assessments shall have a regional scope and shall be based on the methodology referred in <...> Article 23(5) **of Regulation (EU) 2019/943**.

National resource adequacy assessments shall contain the reference central scenarios as referred to in point (b) of Article 23(5).

National resource adequacy assessments may take into account additional sensitivities to those referred in point (b) of Article 23(5). In such cases, national resource adequacy assessments may:

- (a) make assumptions taking into account the particularities of national electricity demand and supply;
- (b) use tools and consistent recent data that are complementary to those used by the ENTSO for Electricity for the European resource adequacy assessment.

In addition, the national resource adequacy assessments, in assessing the contribution of capacity providers located in another Member State **or Contracting Party** to the security of supply of the bidding zones that they cover, shall use the methodology **developed by the ENTSO for Electricity in accordance with** point (a) of Article 26(11) **of Regulation (EU) 2019/943 and approved by the Agency for the Cooperation of Energy Regulators**.

2. National resource adequacy assessments and, where applicable, the European resource adequacy assessment and the opinion of **the Energy Community Regulatory Board** pursuant to paragraph 3 shall be made publicly available.

3. Where the national resource adequacy assessment identifies an adequacy concern with regard to a bidding zone that was not identified in the European resource adequacy assessment, the national resource adequacy assessment shall include the reasons for the divergence between the two resource adequacy assessments, including details of the sensitivities used and the underlying assumptions. **Contracting Parties** shall publish that assessment and submit it to the **Energy Community Secretariat**.

Within **four** months of the date of the receipt of the report, **the Energy Community Secretariat** shall provide an opinion on whether the differences between the national resource adequacy assessment and the European resource adequacy assessment are justified. **When preparing its opinion, the Energy Community Secretariat shall request the Energy Community Regulatory Board to provide its opinion on the report and shall consult the Agency on Cooperation of Energy Regulators**.

The body that is responsible for the national resource adequacy assessment shall take due account of **the Energy Community Secretariat's** opinion, and where necessary shall amend its assessment. Where it decides not to take **the Energy Community Secretariat's** opinion fully into account, the body that is responsible for the national resource adequacy assessment shall publish a report with detailed reasons.

Article 25

Reliability standard

1. When applying capacity mechanisms **Contracting Parties** shall have a reliability standard in place. A reliability standard shall indicate the necessary level of security of supply of the **Contracting Parties** in a transparent manner. In the case of cross-border bidding zones, such reliability standards shall be established jointly by the relevant authorities.
2. The reliability standard shall be set by the **Contracting Party** or by a competent authority designated by the **Contracting Party**, following a proposal by the regulatory authority. The reliability standard shall be based on the methodology **developed by the ENTSO for Electricity in accordance with Article 23(6) of Regulation (EU) 2019/943 and approved by the Agency for the Cooperation of Energy Regulators**.
3. The reliability standard shall be calculated using at least the value of lost load and the cost of new entry over a given timeframe and shall be expressed as ‘expected energy not served’ and ‘loss of load expectation’.
4. When applying capacity mechanisms, the parameters determining the amount of capacity procured in the capacity mechanism shall be approved by the **Contracting Party** or by a competent authority designated by the **Contracting Party**, on the basis of a proposal of the regulatory authority.

Article 26

Cross-border participation in capacity mechanisms

1. Capacity mechanisms other than strategic reserves and where technically feasible, strategic reserves shall be open to direct cross-border participation of capacity providers located in another Member State **or Contracting Party**, subject to the conditions laid down in this Article.
2. Member States **and Contracting Parties** shall ensure that foreign capacity capable of providing equivalent technical performance to domestic capacities has the opportunity to participate in the same competitive process as domestic capacity. In the case of capacity mechanisms in operation on **the date of entry into force of this Regulation**, Member States **and Contracting Parties** may allow interconnectors to participate directly in the same competitive process as foreign capacity for a maximum of **four** years from **the date of entry into force of this Regulation**.
Contracting Parties may require foreign capacity to be located in a Member State **or Contracting Party** that has a direct network connection with the **Contracting Party** applying the mechanism.
3. Member States **and Contracting Parties** shall not prevent capacity which is located in their territory from participating in capacity mechanisms of other Member States **or Contracting Parties**.

4. Cross-border participation in capacity mechanisms shall not change, alter or otherwise affect cross-zonal schedules or physical flows between Member States **or Contracting Parties**. Those schedules and flows shall be determined solely by the outcome of capacity allocation pursuant to Article 16.

5. Capacity providers shall be able to participate in more than one capacity mechanism.

Where capacity providers participate in more than one capacity mechanism for the same delivery period, they shall participate up to the expected availability of interconnection and the likely concurrence of system stress between the system where the mechanism is applied and the system in which the foreign capacity is located, in accordance with the methodology **developed by the ENTSO for Electricity in accordance with** point (a) of Article 26(11) **of Regulation (EU) 2019/943 and approved by the Agency for the Cooperation of Energy Regulators**.

6. Capacity providers shall be required to make non-availability payments where their capacity is not available.

Where capacity providers participate in more than one capacity mechanism for the same delivery period, they shall be required to make multiple non-availability payments where they are unable to fulfil multiple commitments.

7. For the purposes of providing a recommendation to transmission system operators, regional coordination centres established pursuant to Article 35 shall calculate on an annual basis the maximum entry capacity available for the participation of foreign capacity. That calculation shall take into account the expected availability of interconnection and the likely concurrence of system stress in the system where the mechanism is applied and the system in which the foreign capacity is located. Such a calculation shall be required for each bidding zone border.

Transmission system operators shall set the maximum entry capacity available for the participation of foreign capacity based on the recommendation of the regional coordination centre on an annual basis.

8. **Contracting Parties** shall ensure that the entry capacity referred to in paragraph 7 is allocated to eligible capacity providers in a transparent, non-discriminatory and market-based manner.

9. Where capacity mechanisms allow for cross-border participation in two neighbouring Member States **or Contracting Parties**, any revenues arising through the allocation referred to in paragraph 8 shall accrue to the transmission system operators concerned and shall be shared between them in accordance with the methodology **developed by the ENTSO for Electricity in accordance with** point (b) of Article 26(11) **of Regulation (EU) 2019/943 and approved by Agency for the Cooperation of Energy Regulators**, or in accordance with a common methodology approved by both relevant regulatory authorities. If the neighbouring Member State **or Contracting Party** does not apply a capacity mechanism or applies a capacity mechanism which is not open to cross-border participation, the share of revenues shall be approved by the competent national authority of the Member State **or Contracting Party** in which the capacity mechanism is implemented after having sought the opinion of the regulatory authorities of the

neighbouring Member States **or Contracting Parties**. Transmission system operators shall use such revenues for the purposes set out in Article 19(2).

10. The transmission system operator where the foreign capacity is located shall:

- (a) establish whether interested capacity providers can provide the technical performance as required by the capacity mechanism in which the capacity provider intends to participate, and register that capacity provider as an eligible capacity provider in a registry set up for that purpose **by the ENTSO for Electricity in accordance with Article 26 of Regulation (EU) 2019/943**;
- (b) carry out availability checks;
- (c) notify the transmission system operator in the Member State **or Contracting Party** applying the capacity mechanism of the information it acquires under points (a) and (b) of this subparagraph and the second subparagraph.

The relevant capacity provider shall notify the transmission system operator of its participation in a foreign capacity mechanism without delay.

11. < ... >

12. The regulatory authorities concerned shall verify whether the capacities have been calculated in accordance with the methodology **developed by the ENTSO for Electricity in accordance with point (a) of Article 26(11) of Regulation (EU) 2019/943 and approved by the Agency for the Cooperation of Energy Regulators**.

13. Regulatory authorities shall ensure that cross-border participation in capacity mechanisms is organised in an effective and non-discriminatory manner. They shall in particular provide for adequate administrative arrangements for the enforcement of non-availability payments across borders.

14. The capacities allocated in accordance with paragraph 8 shall be transferable between eligible capacity providers. Eligible capacity providers shall notify the registry as referred to in point (a) of paragraph 10 of any such transfer.

15. <...> The registry referred to in point (a) of paragraph 10 <...> shall be open to all eligible capacity providers, the systems implementing capacity mechanisms and their transmission system operators.

Article 27

Approval procedure

< ... >

CHAPTER V

TRANSMISSION SYSTEM OPERATION

Article 28

European network of transmission system operators for electricity

1. Transmission system operators shall cooperate at **Energy Community** level through the ENTSO for Electricity, in order to promote the completion and functioning of the internal market for electricity and cross-zonal trade and to ensure the optimal management, coordinated operation and sound technical evolution of the European electricity transmission network.

2. < ... >

Article 29

The ENTSO for Electricity

< ... >

Article 30

Tasks of the ENTSO for Electricity

< ... >

Article 31

Consultations

< ... >

Article 32

Monitoring by ACER

1. < ... >

2. <...>

Article 33

Costs

The costs related to the activities of the ENTSO for Electricity referred to in Articles 4 to 12 shall be borne by the transmission system operators and shall be taken into account in the

calculation of tariffs. Regulatory authorities shall approve those costs only if they are reasonable and proportionate.

Article 34

Regional cooperation of transmission system operators

1. Transmission system operators shall establish regional cooperation, **to the extent possible**, within the ENTSO for Electricity <...>. In particular, they shall publish a regional investment plan biennially, and may take investment decisions based on that regional investment plan. <...>
2. Transmission system operators shall promote operational arrangements in order to ensure the optimum management of the network and shall promote the development of energy exchanges, the coordinated allocation of cross-border capacity through non-discriminatory market-based solutions, paying due attention to the specific merits of implicit auctions for short-term allocations, and the integration of balancing and reserve power mechanisms.
3. For the purposes of achieving the goals set in paragraphs 1 and 2, the geographical area covered by each regional cooperation structure <...> **is defined by Annex IV**. Each **Contracting Party** may promote cooperation in more than one geographical area.

<...>

Article 35

Establishment and mission of regional coordination centres

1. <...>
2. <...> The regional coordination centres shall replace the regional security coordinators established pursuant to the system operation guideline adopted on the basis of Article 18 of Regulation (EC) No 714/2009 and shall enter into operation **in accordance with Annex IV**.
3. Regional coordination centres shall have a legal form referred to in Annex II to Directive (EU) 2017/1132 of the European Parliament and of the Council.
4. In performing their tasks under **Energy Community and** Union law, regional coordination centres shall act independently of individual national interests and independently of the interests of transmission system operators.
5. Regional coordination centres shall complement the role of transmission system operators by performing the tasks of regional relevance assigned to them in accordance with Article 37. Transmission system operators shall be responsible for managing electricity flows and ensuring a secure, reliable and efficient electricity system in accordance with point (d) of Article 40(1) of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**.

Article 36

Geographical scope of regional coordination centres

1. **The system operation regions defined by Annex V shall cover** transmission system operators, bidding zones, bidding zone borders, capacity calculation regions and outage coordination regions <...>
2. The transmission system operators of a system operation region **defined by Annex V** shall participate in the regional coordination centre **defined by Annex IV**. In exceptional circumstances, where the control area of a transmission system operator is part of various synchronous areas, the transmission system operator may participate in two regional coordination centres. <...>. <...> Where the activities of two regional coordination centres may overlap in a system operation region, the transmission system operators of that system operation region shall decide to either designate a single regional coordination centre in that region or that the two regional coordination centres carry out some or all of the tasks of regional relevance in the entire system operation region on a rotational basis while other tasks are carried out by a single designated regional coordination centre.
3. <...>
4. <...>

Article 37

Tasks of regional coordination centres

1. Each regional coordination centre shall carry out at least all the following tasks of regional relevance in the entire system operation region where it is established:
 - (a) carrying out the coordinated capacity calculation in accordance with the methodologies developed pursuant to **Regulation (EU) 2015/1222, as adopted and adapted by Permanent High Level Group Decision [xxxx]**;
 - (b) carrying out the coordinated security analysis in accordance with the methodologies developed pursuant to **Regulation (EU) 2017/1485, as adopted and adapted by Permanent High Level Group Decision [xxxx]**;
 - (c) creating common grid models in accordance with the methodologies and procedures developed pursuant to **Regulation (EU) 2017/1485, as adopted and adapted by Permanent High Level Group Decision [xxxx]**;

- (d) supporting the consistency assessment of transmission system operators' defence plans and restoration plans in accordance with the procedure set out in **Regulation (EU) 2017/2196, as adopted and adapted by Permanent High Level Group Decision [xxxx]**;
- (e) carrying out regional week ahead to at least day-ahead system adequacy forecasts and preparation of risk reducing actions in accordance with the methodology set out in Article 8 of Regulation (EU) 2019/941, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**, and the procedures set out in **Regulation (EU) 2017/1485, as adopted and adapted by Permanent High Level Group Decision [xxxx]**;
- (f) carrying out regional outage planning coordination in accordance with the procedures and methodologies set out in **Regulation (EU) 2017/1485, as adopted and adapted by Permanent High Level Group Decision [xxxx]**;
- (g) training and certification of staff working for regional coordination centres;
- (h) supporting the coordination and optimisation of regional restoration as requested by transmission system operators;
- (i) carrying out post-operation and post-disturbances analysis and reporting;
- (j) regional sizing of reserve capacity;
- (k) facilitating the regional procurement of balancing capacity;
- (l) supporting transmission system operators, at their request, in the optimisation of inter-transmission system operators settlements;
- (m) carrying out tasks related to the identification of regional electricity crisis scenarios if and to the extent they are delegated to the regional coordination centres pursuant to Article 6(1) of Regulation (EU) 2019/941, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**;
- (n) carrying out tasks related to the seasonal adequacy assessments if and to the extent that they are delegated to the regional coordination centres pursuant to Article 9(2) of Regulation (EU) 2019/941, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**;
- (o) calculating the value for the maximum entry capacity available for the participation of foreign capacity in capacity mechanisms for the purposes of issuing a recommendation pursuant to Article 26(7);
- (p) carrying out tasks related to supporting transmission system operators in the identification of needs for new transmission capacity, for upgrade of existing transmission capacity or their alternatives, to be submitted to the regional groups established pursuant to Regulation (EU) No 347/2013, **as adapted and adopted by Ministerial Council Decision 2015/09-EnC-MC** and included in the ten-year network development plan referred to in Article 51 of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC**.

The tasks referred to in the first subparagraph are set out in more detail in Annex I.

2. <...>

3. Transmission system operators shall provide their regional coordination centres with the information necessary to carry out its tasks.

4. Regional coordination centres shall provide transmission system operators of the system operation region with all information necessary to implement the coordinated actions and recommendations issued by regional coordination centres.

5. **The tasks set out in this Article and not already covered by the relevant network codes or guidelines shall be performed by the regional coordination centres on the basis of the decision adopted by the Agency for the Cooperation of Energy Regulators pursuant to Article 37(5) of Regulation (EU) 2019/943.**

Article 38

Cooperation within and between regional coordination centres

The day-to-day coordination within and between regional coordination centres shall be managed through cooperative processes among the transmission system operators of the region, including arrangements for coordination between regional coordination centres where relevant. The cooperative process shall be based on:

- (a) working arrangements to address planning and operational aspects relevant to the tasks referred to in Article 37;
- (b) a procedure for sharing analysis and consulting on regional coordination centres' proposals with the transmission system operators in the system operation region and relevant stakeholders and with other regional coordination centres, in an efficient and inclusive manner, in the exercise of the operational duties and tasks, in accordance with Article 40;
- (c) a procedure for the adoption of coordinated actions and recommendations in accordance with Article 42.

Article 39

Working arrangements

1. Regional coordination centres shall develop working arrangements that are efficient, inclusive, transparent and facilitate consensus, in order to address planning and operational aspects related to the tasks to be carried out, taking into account, in particular, the specificities and requirements of those tasks as specified in Annex I. Regional coordination centres shall also develop a process for the revision of those working arrangements.

2. Regional coordination centres shall ensure that the working arrangements referred to in paragraph 1 contain rules for the notification of parties concerned.

Article 40

Consultation procedure

1. Regional coordination centres shall develop a procedure to be organised, in the exercise of their daily operational duties and tasks, the appropriate and regular consultation of transmission system operators in the system operation region, other regional coordination centres and of relevant stakeholders. In order to ensure that regulatory issues can be addressed, regulatory authorities shall be involved when required.
2. Regional coordination centres shall consult the Member States **and Contracting Parties** in the system operation region and, where there is a regional forum, their regional forums on matters of political relevance excluding the day-to-day activities of regional coordination centres and the implementation of their tasks. Regional coordination centres shall take due account of the recommendations of the Member States **and Contracting Parties** and where applicable, of their regional forums.

Article 41

Transparency

1. Regional coordination centres shall develop a process for stakeholder involvement and shall organise regular meetings with stakeholders to discuss matters relating to the efficient, secure and reliable operation of the interconnected system and to identify shortcomings and propose improvements.
2. The <....> regional coordination centres shall operate in full transparency towards stakeholders and the general public. They shall publish all relevant documentation on their respective websites.

Article 42

Adoption and review of coordinated actions and recommendations

1. The transmission system operators in a system operation region **defined by Annex V** shall develop a procedure for the adoption and revision of coordinated actions and recommendations issued by regional coordination centres in accordance with the criteria set out in paragraphs 2, 3, and 4.
2. Regional coordination centres shall issue coordinated actions to the transmission system operators in respect of the tasks referred to in points (a) and (b) of Article 37(1). Transmission system operators shall implement the coordinated actions except where the implementation of the coordinated actions would result in a violation of the operational security limits defined by each transmission system operator in accordance with **Regulation (EC) 2017/1485, as adopted and adapted by Permanent High Level Group Decision [xxxx]**.

Where a transmission system operator decides not to implement a coordinated action for the reasons set out in this paragraph, it shall transparently report the detailed reasons to the regional

coordination centre and the transmission system operators of the system operation region without undue delay. In such cases, the regional coordination centre shall assess the impact of that decision on the other transmission system operators of the system operation region and may propose a different set of coordinated actions subject to the procedure set out in paragraph 1.

3. Regional coordination centres shall issue recommendations to the transmission system operators in relation to the tasks listed in points (c) to (p) of Article 37(1) or assigned in accordance with Article 37(2).

Where a transmission system operator decides to deviate from a recommendation as referred to in paragraph 1, it shall submit a justification for its decision to regional coordination centres and to the other transmission system operators of the system operation region without undue delay.

4. The review of coordinated actions or a recommendation shall be triggered at the request of one or more of the transmission system operators of the system operation region. Following the review of the coordinated action or recommendation, regional coordination centres shall confirm or modify the measure.

5. Where a coordinated action is subject to review in accordance with paragraph 4 of this Article, the request for review shall not suspend the coordinated action except where the implementation of the coordinated action would result in a violation of the operational security limits defined by each individual transmission system operator in accordance with **Regulation (EC) 2017/1485 as adopted and adapted by Permanent High Level Group Decision [xxxx]**.

6. Upon the proposal of a Member State **or Contracting Party in a system operation region defined by Annex V, <...>**, the Member States **or Contracting Parties** in a system operation region may jointly decide to grant the competence to issue coordinated actions to their regional coordination centre for one or more of the tasks provided for in points (c) to (p) of Article 37(1) of this Regulation.

Article 43

Management board of regional coordination centres

1. In order to adopt measures related to their governance and to monitor their performance, the regional coordination centres shall establish a management board.

2. The management board shall be composed of members representing all the transmission system operators that participate in the relevant regional coordination centre.

3. The management board shall be responsible for:

(a) drafting and endorsing the statutes and rules of procedure of regional coordination centres;

(b) deciding upon and implementing the organisational structure;

(c) preparing and endorsing the annual budget;

(d) developing and endorsing the cooperative processes in accordance with Article 38.

4. The competences of the management board shall exclude those that are related to the day-to-day activities of regional coordination centres and the performance of its tasks.

Article 44

Organisational structure

1. The transmission system operators of a system operation region shall establish the organisational structure of regional coordination centres that supports the safety of their tasks.

Their organisational structure shall specify:

- (a) the powers, duties and responsibilities of the personnel;
- (b) the relationship and reporting lines between different parts and processes of the organisation.

2. Regional coordination centres may establish regional desks to address sub-regional specificities or establish back-up regional coordination centres for the efficient and reliable exercise of their tasks where proven to be strictly necessary.

Article 45

Equipment and staff

Regional coordination centres shall be equipped with all human, technical, physical and financial resources necessary for fulfilling their obligations under this Regulation and carrying out their tasks independently and impartially.

Article 46

Monitoring and reporting

1. Regional coordination centres shall establish a process for the continuous monitoring of at least:

- (a) their operational performance;
- (b) the coordinated actions and recommendations issued, the extent to which the coordinated actions and recommendations have been implemented by the transmission system operators and the outcome achieved;
- (c) the effectiveness and efficiency of each of the tasks for which they are responsible and, where applicable, the rotation of those tasks.

2. Regional coordination centres shall account for their costs in a transparent manner and report them to the **Energy Community Regulatory Board, and to the extent that Member States are**

involved, to the **Agency for the Cooperation of Energy Regulators**, and to the regulatory authorities in the system operation region.

3. Regional coordination centres shall submit an annual report on the outcome of the monitoring provided for in paragraph 1 and information on their performance to the ENTSO for Electricity, the **Agency for the Cooperation of Energy Regulators, the Energy Community Regulatory Board**, the regulatory authorities in the system operation region and the **Security of Supply Group**.

4. Regional coordination centres shall report any shortcomings that they identify in the monitoring process under paragraph 1 to the ENTSO for Electricity, the regulatory authorities in the system operation region, the **Agency for the Cooperation of Energy Regulators, the Energy Community Regulatory Board**, the **Security of Supply Group** and the other competent authorities of Member States **and Contracting Parties** responsible for the prevention and management of crisis situations. On the basis of that report, the relevant regulatory authorities of the system operation region may propose measures to address the shortcomings to the regional coordination centres.

5. Without prejudice to the need to protect security and the confidentiality of commercially sensitive information, regional coordination centres shall make public the reports referred to in paragraphs 3 and 4.

Article 47

Liability

In proposals for the establishment of regional coordination centres in accordance with Article 35, the transmission system operators in the system operation region shall include the necessary steps to cover liability related to the execution of regional coordination centres' tasks. The method employed to provide the cover shall take into account the legal status of regional coordination centres and the level of commercial insurance cover available.

Article 48

Ten-year network development plan

<...>

The Contracting Parties shall be included in the ten-year network development plan modelling of the integrated network, scenario development and an assessment of the resilience of the system pursuant to Article 48 of Regulation 2019/943.

Article 49

Inter-transmission system operator compensation mechanism

1. Transmission system operators shall receive compensation for costs incurred as a result of hosting cross-border flows of electricity on their networks.
2. The compensation referred to in paragraph 1 shall be paid by the operators of national transmission systems from which cross-border flows originate and the systems where those flows end.
3. Compensation payments shall be made on a regular basis with regard to a given period in the past. Ex-post adjustments of compensation paid shall be made where necessary, to reflect costs actually incurred.

<...>

4. <...>

5. The magnitude of cross-border flows hosted and the magnitude of cross-border flows designated as originating or ending in national transmission systems shall be determined on the basis of the physical flows of electricity actually measured during a given period.
6. The costs incurred as a result of hosting cross-border flows shall be established on the basis of the forward-looking long-run average incremental costs, taking into account losses, investment in new infrastructure, and an appropriate proportion of the cost of existing infrastructure, in so far as such infrastructure is used for the transmission of cross-border flows, in particular taking into account the need to guarantee security of supply. When establishing the costs incurred, recognised standard-costing methodologies shall be used. Benefits that a network incurs as a result of hosting cross-border flows shall be taken into account to reduce the compensation received.
7. For the purpose of the inter-transmission system operator compensation mechanism only, where transmission networks of two or more Member States **or Contracting Parties** form part, in whole or in part, of a single control block, the control block as a whole shall be considered as forming part of the transmission network of one of the Member States or **Contracting Parties** concerned, in order to avoid flows within control blocks being considered as cross-border flows under point (b) of Article 2(2) and giving rise to compensation payments under paragraph 1 of this Article. The regulatory authorities of the Member States **or Contracting Parties** concerned may decide which of the Member States **or Contracting Parties** concerned shall be that of which the control block as a whole is to be considered to form part.

Article 50

Provision of information

1. Transmission system operators shall put in place coordination and information exchange mechanisms to ensure the security of the networks in the context of congestion management.
2. The safety, operational and planning standards used by transmission system operators shall be made public. The information published shall include a general scheme for the calculation of the

total transfer capacity and the transmission reliability margin based upon the electrical and physical features of the network. Such schemes shall be subject to approval by the regulatory authorities.

3. Transmission system operators shall publish estimates of available transfer capacity for each day, indicating any available transfer capacity already reserved. Those publications shall be made at specified intervals before the day of transport and shall include, in any event, week-ahead and month-ahead estimates, as well as a quantitative indication of the expected reliability of the available capacity.

4. Transmission system operators shall publish relevant data on aggregated forecast and actual demand, on availability and actual use of generation and load assets, on availability and use of the networks and interconnections, on balancing power and reserve capacity and on the availability of flexibility. For the availability and actual use of small generation and load assets, aggregated estimate data may be used.

5. The market participants concerned shall provide the transmission system operators with the relevant data.

6. Generation undertakings which own or operate generation assets, where at least one generation asset has an installed capacity of at least 250 MW, or which have a portfolio comprising at least 400 MW of generation assets, shall keep at the disposal of the regulatory authority, the national competition authority and the **Energy Community Secretariat**, for five years all hourly data per plant that is necessary to verify all operational dispatching decisions and the bidding behaviour at power exchanges, interconnection auctions, reserve markets and over-the-counter-markets. The per-plant and per hour information to be stored shall include, but shall not be limited to, data on available generation capacity and committed reserves, including allocation of those committed reserves on a per-plant level, at the times the bidding is carried out and when production takes place.

7. Transmission system operators shall exchange regularly a set of sufficiently accurate network and load flow data in order to enable load flow calculations for each transmission system operator in its relevant area. The same set of data shall be made available to the regulatory authorities, and to the **Energy Community Secretariat**, Member States **and Contracting Parties** upon request. The regulatory authorities, Member State **and Contracting Parties** and the **Energy Community Secretariat** shall treat that set of data confidentially, and shall ensure that confidential treatment is also given by any consultant carrying out analytical work on their request, on the basis of those data.

Article 51

Certification of transmission system operators

1. The **Energy Community Secretariat** shall examine any notification of a decision on the certification of a transmission system operator as laid down in Article 52(6) of Directive (EU) 2019/944, **as adopted and adapted by Ministerial Council Decision 2021/13/MC-EnC** as

soon as it is received. Within two months of receipt of such notification, the **Energy Community Secretariat** shall deliver its opinion to the relevant regulatory authority as to its compatibility with Article 43 and either Article 52(2) or Article 53 of Directive (EU) 2019/944.

When preparing the opinion referred to in the first subparagraph, the **Energy Community Secretariat** may request the **Energy Community Regulatory Board** to provide its opinion on the regulatory authority's decision. In such a case, the two-month period referred to in the first subparagraph shall be extended by two further months.

In the absence of an opinion by the **Energy Community Secretariat** within the periods referred to in the first and second subparagraphs, the **Energy Community Secretariat** shall be considered not to raise objections to the regulatory authority's decision.

2. Within two months of receipt of an opinion of the **Energy Community Secretariat**, the regulatory authority shall adopt its final decision regarding the certification of the transmission system operator, taking the utmost account of that opinion. The regulatory authority's decision and the **Energy Community Secretariat's** opinion shall be published together.

3. At any time during the procedure, regulatory authorities or the **Energy Community Secretariat** may request from a transmission system operator or an undertaking performing any of the functions of generation or supply any information relevant to the fulfilment of their tasks under this Article.

4. Regulatory authorities and the **Energy Community Secretariat** shall protect the confidentiality of commercially sensitive information.

5. Where the **Energy Community Secretariat** has received notification of the certification of a transmission system operator under Article 43(9) of Directive (EU) 2019/944, **as adapted and adopted by the Ministerial Council Decision 2021/13/MC-EnC, the Energy Community Secretariat shall issue an opinion relating to certification. The regulatory authority shall take the utmost account of that opinion. Where the final decision diverges from the Secretariat's opinion the regulatory authority concerned shall provide and publish, together with that decision, the reasoning underlying its decision. Diverting decisions shall be included in the agenda of the first meeting of the Ministerial Council following the date of the decision, for information and discussion.**

CHAPTER VI

DISTRIBUTION SYSTEM OPERATION

Article 52

Coordination Group of the Energy Community Distribution System Operators

1. Distribution system operators shall cooperate at **Contracting Party** level through the **Coordination Group of the Energy Community Distribution System Operators established by Procedural Act No 2018/01/MC-EnC** in order to promote the completion and functioning of the **single** market for electricity, and to promote optimal management and a coordinated operation of distribution and transmission systems, **and in accordance with the tasks and terms of reference adopted by Procedural Act No 2018/01/MC-EnC**. Distribution system operators who wish to **cooperate with** the EU DSO entity **established in accordance with Regulation (EU) 943/2019 shall be represented by the Energy Community Secretariat for that purpose**.
2. <...>As an expert entity working for the common **Energy Community** interest, the **Coordination Group of the Energy Community Distribution System Operators** shall neither represent particular interests nor seek to influence the decision-making process to promote specific interests.
3. <...>.

Article 53

Establishment of the EU DSO entity

<...>

Article 54

Principal rules and procedures for the EU DSO entity

<...>

Article 55

Tasks of the EU DSO entity

<...>

Article 56

Consultations in the network code development process

< ... >

Article 57

Cooperation between distribution system operators and transmission system operators

1. Distribution system operators and transmission system operators shall cooperate with each other in planning and operating their networks. In particular, distribution system operators and

transmission system operators shall exchange all necessary information and data regarding, the performance of generation assets and demand side response, the daily operation of their networks and the long-term planning of network investments, with the view to ensure the cost-efficient, secure and reliable development and operation of their networks.

2. Distribution system operators and transmission system operators shall cooperate with each other in order to achieve coordinated access to resources such as distributed generation, energy storage or demand response that may support particular needs of both the distribution system operators and the transmission system operators.

CHAPTER VII NETWORK CODES AND GUIDELINES

Article 58

Adoption of network codes and guidelines

The Energy Community shall transpose and implement the network codes and guidelines developed at European Union level and as adapted by the Permanent High Level Group, following the procedure laid down in Article 79 of the Treaty. Before taking a decision, the Permanent High Level Group shall seek the opinion of the Energy Community Regulatory Board.

Article 59

Establishment of network codes

< ... >

Article 60

Amendments of network codes

<... >

Article 61

Guidelines

< ... >

Article 62

Right of Contracting Parties to provide for more detailed measures

This Regulation shall be without prejudice to the rights of **Contracting Parties** to maintain or introduce measures that contain more detailed provisions than those set out in this Regulation, in

the guidelines referred to in Article 61 or in the network codes referred to in Article 59, provided that those measures are compatible with **Energy Community** law.

CHAPTER VIII FINAL PROVISIONS

Article 63

New interconnectors

1. New direct current interconnectors may, upon request, be exempted, for a limited period, from Article 19(2) and (3) of this Regulation and from Articles 6 and 43, Article 59(7) and Article 60(1) of Directive (EU) 2019/944, **as adapted and adopted by Ministerial Council Decision 2021/13/MC-EnC** provided that the following conditions are met:

- (a) the investment enhances competition in electricity supply;
- (b) the level of risk attached to the investment is such that the investment would not take place unless an exemption is granted;
- (c) the interconnector is owned by a natural or legal person which is separate, at least in terms of its legal form, from the system operators in whose systems that interconnector is to be built;
- (d) charges are levied on users of that interconnector;
- (e) Since **1 July 2007**, no part of the capital or operating costs of the interconnector has been recovered from any component of charges made for the use of transmission or distribution systems linked by the interconnector; and
- (f) an exemption would not be to the detriment of competition or the effective functioning of the internal market for electricity, or the efficient functioning of the regulated system to which the interconnector is linked.

2. Paragraph 1 shall also apply, in exceptional cases, to alternating current interconnectors provided that the costs and risks of the investment in question are particularly high when compared with the costs and risks normally incurred when connecting two neighbouring national transmission systems by an alternating current interconnector.

3. Paragraph 1 shall also apply to significant increases of capacity in existing interconnectors.

4. The decision granting an exemption as referred to in paragraphs 1, 2 and 3 shall be taken on a case-by-case basis by the regulatory authorities of the **Contracting Parties** concerned. An exemption may cover all or part of the capacity of the new interconnector, or of the existing interconnector with significantly increased capacity.

Within two months of receipt of the request for exemption by the last of the regulatory authorities concerned, **Energy Community Regulatory Board** may provide those regulatory authorities with an opinion. The regulatory authorities may base their decision on that opinion.

In deciding to grant an exemption, regulatory authorities shall take into consideration, on a case-by-case basis, the need to impose conditions regarding the duration of the exemption and non-discriminatory access to the interconnector. When deciding on those conditions, regulatory authorities shall, in particular, take account of additional capacity to be built or the modification of existing capacity, the time-frame of the project and national circumstances.

Before granting an exemption, the regulatory authorities of the **Contracting Parties** concerned shall decide on the rules and mechanisms for management and allocation of capacity. Those congestion-management rules shall include the obligation to offer unused capacity on the market and users of the facility shall be entitled to trade their contracted capacities on the secondary market. In the assessment of the criteria referred to in points (a), (b) and (f) of paragraph 1, the results of the capacity-allocation procedure shall be taken into account.

Where all the regulatory authorities concerned have reached agreement on the exemption decision within six months of receipt of the request, they shall inform the **Energy Community Regulatory Board** of that decision.

The exemption decision, including any conditions referred to in the third subparagraph of this paragraph, shall be duly reasoned and published.

5. The decision referred to in paragraph 4 shall be taken by the **Energy Community Regulatory Board**:

- (a) where the regulatory authorities concerned have not been able to reach an agreement within six months from the date on which the last of those regulatory authorities received the exemption request; or
- (b) upon a joint request from the regulatory authorities concerned.

Before taking such a decision, the **Energy Community Regulatory Board** shall consult the regulatory authorities concerned and the applicants.

6. Notwithstanding paragraphs 4 and 5, **Contracting Parties** may provide for the regulatory authority or the **Energy Community Regulatory Board**, as the case may be, to submit, for a formal decision, to the relevant body in the **Contracting Parties**, its opinion on the request for an exemption. That opinion shall be published together with the decision.

7. A copy of every request for exemption shall be transmitted for information without delay by the regulatory authorities to the **Energy Community Secretariat** and **Energy Community Regulatory Board** on receipt. The decision shall be notified, without delay, by the regulatory authorities concerned or by **Energy Community Regulatory Board** (the notifying bodies), to the **Energy Community Secretariat**, together with all the relevant information with respect to the decision. That information may be submitted to the **Energy Community Secretariat** in aggregate

form, enabling the **Energy Community Secretariat** to reach a well-founded decision. In particular, the information shall contain:

- (a) the detailed reasons on the basis of which the exemption was granted or refused, including the financial information justifying the need for the exemption;
- (b) the analysis undertaken of the effect on competition and the effective functioning of the internal market for electricity resulting from the grant of the exemption;
- (c) the reasons for the time period and the share of the total capacity of the interconnector in question for which the exemption is granted; and
- (d) the result of the consultation of the regulatory authorities concerned.

8. Within 50 working days of the day following that of receipt of the notification under paragraph 7, the **Energy Community Secretariat** may **issue an opinion inviting** the notifying bodies to amend or withdraw the decision to grant an exemption. That period may be extended by an additional 50 working days where further information is requested by the **Energy Community Secretariat**. The additional period shall begin on the day following receipt of the complete information. The initial period may also be extended by consent of both the **Energy Community Secretariat** and the notifying bodies.

Where the requested information is not provided within the period set out in the **Energy Community Secretariat's** request, the notification shall be deemed to be withdrawn unless, before the expiry of that period, either the period is extended by consent of both the **Energy Community Secretariat** and the notifying bodies, or the notifying bodies, in a duly reasoned statement, inform the **Energy Community Secretariat** that they consider the notification to be complete.

The notifying bodies shall take the utmost account of a Secretariat opinion that recommends to amend or withdraw the exemption decision. Where the final decision diverges from the Secretariat's opinion, the regulatory authority concerned shall provide and publish, together with that decision, the reasoning underlying its decision. Diverting decisions shall be included in the agenda of the first meeting of the Ministerial Council following the date of the decision, for information and discussion.

The **Energy Community Secretariat** shall protect the confidentiality of commercially sensitive information.

The **Energy Community Secretariat's opinion on** an exemption decision shall expire two years after the date of its adoption in the event that construction of the interconnector has not started by that date, and five years after the date of its adoption if the interconnector has not become operational by that date, unless the **Energy Community Secretariat** decides, on the basis of a reasoned request by the notifying bodies, that any delay is due to major obstacles beyond the control of the person to whom the exemption has been granted.

9. Where the regulatory authorities of the **Contracting Parties** concerned decide to modify an exemption decision, they shall notify their decision to the **Energy Community Secretariat**

without delay, together with all the relevant information with respect to the decision. Paragraphs 1 to 8 shall apply to the decision to modify an exemption decision, taking into account the particularities of the existing exemption.

10. The **Energy Community Secretariat** may, on request or on its own initiative, reopen proceedings relating to an exemption request where:

- (a) taking due account of the legitimate expectations of the parties and of the economic balance achieved in the original exemption decision, there has been a material change in any of the facts on which the decision was based;
- (b) the undertakings concerned act contrary to their commitments; or
- (c) the decision was based on incomplete, incorrect or misleading information, which was provided by the parties.

11. < ... >

Article 64

Derogations

< ... >

Article 65

Provision of information and confidentiality

1. **Contracting Parties** and the regulatory authorities shall, on request, provide the **Energy Community Secretariat** with all the information necessary for the purposes of enforcing this Regulation.

The **Energy Community Secretariat** shall set a reasonable time limit within which the information is to be provided, taking into account the complexity and urgency of the information required.

2. If the **Contracting Party** or the regulatory authority concerned does not provide the information referred to in paragraph 1 within the time limit referred to in paragraph 1 the **Energy Community Secretariat** may request all the information necessary for the purpose of enforcing this Regulation directly from the undertakings concerned.

When sending a request for information to an undertaking, the **Energy Community Secretariat** shall, at the same time, forward a copy of the request to the regulatory authorities of the **Contracting Parties** in whose territory the seat of the undertaking is situated.

3. In its request for information under paragraph 1, the **Energy Community Secretariat** shall state the legal basis of the request, the time limit within which the information is to be provided, the purpose of the request, and the penalties provided for in Article 66(2) for supplying incorrect, incomplete or misleading information.

4. The owners of the undertakings or their representatives and, in the case of legal persons, the natural persons authorised to represent the undertaking by law or by their instrument of incorporation, shall supply the information requested. Where lawyers are authorised to supply the information on behalf of their client, the client shall remain fully responsible in the event that the information supplied is incomplete, incorrect or misleading.

5. Where an undertaking does not provide the information requested within the time limit set by the **Energy Community Secretariat** or supplies incomplete information, the **Energy Community Secretariat** may request **the Contracting Party** concerned to require the information to be provided. That request shall specify what information is required and set an appropriate time limit within which it is to be supplied. It shall indicate an appropriate proposal for penalties provided for in Article 66(2). <...>

6. The information referred to in paragraphs 1 and 2 shall be used only for the purposes of enforcing this Regulation.

The **Energy Community Secretariat** shall not disclose information acquired pursuant to this Regulation where that information is covered by the obligation of professional secrecy.

Article 66

Penalties

1. Contracting Parties shall lay down rules on penalties applicable to infringements of the provisions of this Regulation and shall take all measures necessary to ensure that those provisions are implemented. The penalties provided for must be effective, proportionate and dissuasive. Contracting Parties shall notify these provisions to the Energy Community Secretariat by [xxx] and shall notify the Energy Community Secretariat without delay of any subsequent amendment affecting them.

2. <...>

3. The penalties provided for pursuant to paragraph 1 <...> shall not be of a criminal law nature.

Article 67

Committee procedure

< ... >

-Article 68

Exercise of the delegation

< ... >

Article 69

Commission reviews and reports

<...>

Article 70

Repeal

Ministerial Council Decision 2011/02/EnC-MC adapting and adopting Regulation (EC) No 714/2009 is repealed. References to the Regulation (EC) No 714/2009 shall be construed as references to this Regulation and shall be read in accordance with the correlation table set out in Annex III.

Article 71

Entry into force

This Regulation shall enter into force on the day of the adoption of the Decision by the Ministerial Council-

It shall be transposed into national legislation of the Contracting Parties no later than by [tbd].

This Decision shall be binding in its entirety <...> in all Member States and Contracting Parties.

<...>

ANNEX I

TASKS OF REGIONAL COORDINATION CENTRES

1. Coordinated capacity calculation

- 1.1 Regional coordination centres shall carry out the coordinated calculation of cross-zonal capacities.
- 1.2 Coordinated capacity calculation shall be performed for the day-ahead and intraday timeframes.
- 1.3 Coordinated capacity calculation shall be performed on the basis of the methodologies developed pursuant to the guideline on capacity allocation and congestion management adopted on the basis of Article 18(5) of Regulation (EC) No 714/2009.
- 1.4 Coordinated capacity calculation shall be performed based on a common grid model in accordance with point 3.
- 1.5 Coordinated capacity calculation shall ensure an efficient congestion management in accordance with the principles of congestion management defined in this Regulation.

2. Coordinated security analysis

- 2.1 Regional coordination centres shall carry out a coordinated security analysis aiming to ensure secure system operation.
- 2.2 Security analysis shall be performed for all operational planning timeframes, between the year-ahead and intraday timeframes, using the common grid models.
- 2.3 Coordinated security analysis shall be performed on the basis of the methodologies developed pursuant to the system operation guideline adopted on the basis of Article 18(5) of Regulation (EC) No 714/2009.
- 2.4 Regional coordination centres shall share the results of the coordinated security analysis with at least the transmission system operators in the system operation region.
- 2.5 When as a result of the coordinated security analysis a regional coordination centre detects a possible constraint, it shall design remedial actions maximising effectiveness and economic efficiency.

3. Creation of common grid models

- 3.1 Regional coordination centres shall set up efficient processes for the creation of a common grid model for each operational planning timeframe between the year-ahead and intraday timeframes.
- 3.2 Transmission system operators shall appoint one regional coordination centre to build the Union-wide common grid models.
- 3.3 Common grid models shall be performed in accordance with the methodologies developed pursuant to **Regulation (EC) 2017/1485**.
- 3.4 Common grid models shall include relevant data for efficient operational planning and capacity calculation in all operational planning timeframes between the year-ahead and intraday timeframes.
- 3.5 Common grid models shall be made available to all regional coordination centres, transmission system operators, ENTSO for Electricity and, upon request, to the **Energy Community Regulatory Board**.

4. Support for transmission system operators' defence and restoration plans with regard to the consistency assessment

- 4.1 Regional coordination centres shall support the transmission system operators in the system operation region in carrying out the consistency assessment of transmission system operators' defence plans and restoration plans pursuant to **Regulation (EC) 2017/2195, as adopted and adapted by Permanent High Level Group Decision [xxxx]**.
- 4.2 All transmission system operators shall agree on a threshold above which the impact of actions of one or more transmission system operators in the emergency, blackout or restoration states is considered significant for other transmission system operators synchronously or non-synchronously interconnected.
- 4.3 In providing support to the transmission system operators, the regional coordination centre shall:
- (a) identify potential incompatibilities;
 - (b) propose mitigation actions.
- 4.4 Transmission system operators shall assess and take into account the proposed mitigation actions.

5. Support the coordination and optimisation of regional restoration

- 5.1 Each relevant regional coordination centre shall support the transmission system operators appointed as frequency leaders and the resynchronisation leaders pursuant to **Regulation (EU) 2017/2196, as adopted and adapted by Permanent High Level Group Decision [xxxx]**. The transmission system operators in the system operation region shall establish the role of the regional coordination centre relating to the support to the coordination and optimisation of regional restoration.
- 5.2 Transmission system operators may request assistance from regional coordination centres if their system is in a blackout or restoration state.
- 5.3 Regional coordination centres shall be equipped with the close to real time supervisory control and data acquisition systems with the observability defined by applying the threshold referred to in point 4.2.

6. Post-operation and post-disturbances analysis and reporting

- 6.1 Regional coordination centres shall investigate and prepare a report on any incident above the threshold referred to in point 4.2. The regulatory authorities in the system operation region **as defined by Annex V** may be involved in the investigation upon their request. The report shall contain recommendations aiming to prevent similar incidents in future.
- 6.2 Regional coordination centres shall publish the report. **The Energy Community Regulatory Board, or the extent Member States are affected, the Agency for Cooperation of European Regulators, acting in accordance with Article 2 of Procedural Act No 2022/02/MC-EnC**, may issue recommendations aiming to prevent similar incidents in future.

7. Regional sizing of reserve capacity

- 7.1 Regional coordination centres shall calculate the reserve capacity requirements for the system operation region. The determination of reserve capacity requirements shall:
- (a) pursue the general objective to maintain operational security in the most cost effective manner;
 - (b) be performed at the day-ahead or intraday timeframe, or both;
 - (c) calculate the overall amount of required reserve capacity for the system operation region;
 - (d) determine minimum reserve capacity requirements for each type of reserve capacity;
 - (e) take into account possible substitutions between different types of reserve capacity with the aim to minimise the costs of procurement;
 - (f) set out the necessary requirements for the geographical distribution of required reserve capacity, if any.

8. Facilitation of the regional procurement of balancing capacity

- 8.1 Regional coordination centres shall support the transmission system operators in the system operation region in determining the amount of balancing capacity that needs to be procured. The determination of the amount of balancing capacity shall:
- (a) be performed at the day-ahead or intraday timeframe, or both;
 - (b) take into account possible substitutions between different types of reserve capacity with the aim to minimise the costs of procurement;
 - (c) take into account the volumes of required reserve capacity that are expected to be provided by balancing energy bids, which are not submitted based on a contract for balancing capacity.
- 8.2 Regional coordination centres shall support the transmission system operators of the system operation region in procuring the required amount of balancing capacity determined in accordance with point 8.1. The procurement of balancing capacity shall:
- (a) be performed at the day-ahead or intraday timeframe, or both;
 - (b) take into account possible substitutions between different types of reserve capacity with the aim to minimise the costs of procurement.

9. Week-ahead to at least day-ahead regional system adequacy assessments and preparation of risk reducing actions

- 9.1 Regional coordination centres shall carry out week-ahead to at least day-ahead regional adequacy assessments in accordance with the procedures set out in Regulation (EU) 2017/1485, **as adopted and adapted by Permanent High Level Group Decision [xxxx]** and on the basis of the methodology developed pursuant Article 8 of Regulation (EU) 2019/941, **as adopted and adapted by Ministerial Council Decision 2021/13/MC-EnC**.
- 9.2 Regional coordination centres shall base the short-term regional adequacy assessments on the information provided by the transmission system operators of system operation region with

the aim of detecting situations where a lack of adequacy is expected in any of the control areas or at regional level. Regional coordination centres shall take into account possible cross-zonal exchanges and operational security limits in all relevant operational planning timeframes.

9.3 When performing a regional system adequacy assessment, each regional coordination centre shall coordinate with other regional coordination centres to:

- (a) verify the underlying assumptions and forecasts;
- (b) detect possible cross-regional lack of adequacy situations.

9.4 Each regional coordination centre shall deliver the results of the regional system adequacy assessments together with the actions it proposes to reduce risks of lack of adequacy to the transmission system operators in the system operation region and to other regional coordination centres.

10. Regional outage planning coordination

10.1 Each Regional coordination centre shall carry out regional outage coordination in accordance with **Regulation (EU) 2017/1485, as adopted and adapted by Permanent High Level Group Decision [xxxx]** in order to monitor the availability status of the relevant assets and coordinate their availability plans to ensure the operational security of the transmission system, while maximising the capacity of the interconnectors and the transmission systems affecting cross-zonal flows.

10.2 Each Regional coordination centre shall maintain a single list of relevant grid elements, power generating modules and demand facilities of the system operation region **as defined by Annex V** and make it available on the ENTSO for Electricity operational planning data environment.

10.3 Each Regional coordination centre shall carry out the following activities related to outage coordination in the system operation region:

- (a) assess outage planning compatibility using all transmission system operators' year-ahead availability plans;
- (b) provide the transmission system operators in the system operation region with a list of detected planning incompatibilities and the solutions it proposes to solve the incompatibilities.

11. Optimisation of inter-transmission system operator compensation mechanisms

11.1 The transmission system operators in the system operation region may jointly decide to receive support from the regional coordination centre in administering the financial flows related to settlements between transmission system operators involving more than two transmission system operators, such as redispatching costs, congestion income, unintentional deviations or reserve procurement costs.

12. Training and certification of staff working for regional coordination centres

12.1 Regional coordination centres shall prepare and carry out training and certification programmes focusing on regional system operation for the personnel working for regional coordination centres.

- 12.2 The training programs shall cover all the relevant components of system operation, where the regional coordination centre performs tasks including scenarios of regional crisis.

13. Identification of regional electricity crisis scenarios

- 13.1 If the ENTSO for Electricity delegates this function, regional coordination centres shall identify regional electricity crisis scenarios in accordance with the criteria set out in Article 6(1) of Regulation (EU) 2019/941, **as adopted and adapted by Ministerial Council Decision 2021/13/MC-EnC**.

The identification of regional electricity crisis scenarios shall be performed in accordance with the methodology set out in Article 5 of Regulation (EU) 2019/941, **as adopted and adapted by Ministerial Council Decision 2021/13/MC-EnC**.

- 13.2 Regional coordination centres shall support the competent authorities of each system operation region upon their request in the preparation and carrying out of biennial crisis simulation in accordance with Article 12(3) of Regulation (EU) 2019/941, **as adopted and adapted by Ministerial Council Decision 2021/13/MC-EnC**.

14. Identification of needs for new transmission capacity, for upgrade of existing transmission capacity or their alternatives

- 14.1 Regional coordination centres shall support transmission system operators in the identification of needs for new transmission capacity, for an upgrade of existing transmission capacity or for their alternatives, to be submitted to the regional groups established pursuant to Regulation (EU) No 347/2013, **as adopted by Ministerial Council Decision 2015/09/MC-EnC** and to be included in the ten-year network development plan referred to in Article 51 of Directive (EU) 2019/944, **as adopted by Ministerial Council Decision 2021/13/MC-EnC**.

15. Calculation of the maximum entry capacity available for the participation of foreign capacity in capacity mechanisms

- 15.1 Regional coordination centres shall support transmission system operator in calculating the maximum entry capacity available for the participation of foreign capacity in capacity mechanisms taking into account the expected availability of interconnection and the likely concurrence of system stress between the system where the mechanism is applied and the system in which the foreign capacity is located.
- 15.2 The calculation shall be performed in accordance with the methodology **developed by the ENTSO for Electricity and approved by the Agency for the Cooperation of Energy Regulators**.
- 15.3 Regional coordination centres shall provide a calculation for each bidding zone border covered by the system operation region.

16. Preparation of seasonal adequacy assessments

- 16.1 If the ENTSO for Electricity delegates this function pursuant to Article 9 of Regulation (EU) 2019/941, regional coordination centres shall carry out regional seasonal adequacy assessments.

- 16.2 The preparation of seasonal adequacy assessments shall be carried out on the basis of the methodology developed pursuant to Article 8 of Regulation (EU) 2019/941, **as adopted and adapted by Ministerial Council Decision 2021/13/MC-EnC.**

ANNEX II

[...]

ANNEX III

[...]

ANNEX IV

SYSTEM OPERATION REGIONS IN THE ENERGY COMMUNITY

Article 1

Subject matter and scope

1. This Annex specifies the transmission system operators (TSOs), bidding zones (BZ), bidding zone borders, capacity calculation regions (CCR) as defined according to Article 15 of Regulation 2015/1222 as adapted and adopted by Permanent High Level Group Decision 2022/xx/PHLG-EnC) and outage coordination regions (OCR) that are covered by the individual system operation regions (SOR) established in line with this Regulation, reflecting interdependency of the electricity system in terms of flows, as well as geographic system operation regions already established within the EU process.
2. This Annex also defines how the coordination between regional coordination centres shall take place for bidding zone borders adjacent to SORs.
3. Adjustments of the configuration of System Operation Regions listed in this Annex shall be subject to proposal of ENTSO-E and the approval procedures pursuant to Article 36 of Regulation (EU) 2019/943.

Article 2

System Operation Regions

1. SORs include TSOs that have been designated or assigned with responsibilities which are relevant for system operation, such as, but not limited to: calculation of capacity, assessment of needed remedial actions to ensure security of the whole system, coordination of all the outages to ensure security and efficiency, adequacy assessment and tasks related to the provision of system balancing.
2. TSOs from SORs in the Energy Community should cooperate with TSOs from regions established under the EU framework and consult in particular with those TSOs where system operation regions overlap with capacity calculation regions.

3. When consulting the relevant stakeholders, the TSOs of each SOR shall take the utmost account of the views expressed by the TSOs included in a CCR but not incorporated in the SOR of the mentioned CCR.
4. In case of amendments to the capacity calculation regions and until such amendments are incorporated in this Annex or amendments under the EU framework, the list of bidding zones, bidding zone borders and TSOs in system operation regions defined pursuant to paragraph 5 shall automatically reflect the changes to the capacity calculation regions.
5. The system operation regions shall be defined as follows:

	CCR	TSOs	BZs	BZ borders
Shadow South-east Europe System Operation Region (Shadow SEE SOR)	Shadow SEE CCR	Operatori i Sistemit te Transmetimit sh.a. (OST) Nezavisni operator sistema u Bosni i Hercegovini (NOS BiH) Operator sistemi, transmisioni dhe tregu Sh.A. (KOSTT) Crnogorski elektroprenosni sistem AD (CGES) Makedonski Elektroprenosen Sistem Operator AD (MEPSO) Elektromreza Srbije AD (EMS)	Albania (AL) Bosnia and Hercegovina (BA) Kosovo* (KS) Montenegro (ME) North Macedonia (MK) Serbia (RS)	Shadow SEE CCR bidding zone borders ITME CCR bidding zone borders
Eastern Europe System Operation Region (EE SOR)	EE CCR	Ukrenergo NPC SE (Ukrenergo) I.S. Moldelectrica (Moldeelctrica)	Ukraine (UA) Moldova (MD)	EE CCR bidding zone borders

Article 3

Coordination of the bidding zone borders adjacent to the Shadow SEE SOR

1. The bidding zone borders adjacent to Shadow SEE SOR:

- a. Croatia – Bosnia and Hercegovina (HR - BA), Croatian Transmission System Operator Ltd. (HOPS) and Nezavisni operator sistema u Bosni i Hercegovini (NOS BiH)
 - b. Croatia – Serbia (HR - RS), Croatian Transmission System Operator Ltd. (HOPS) and Elektromreza Srbije AD (EMS)
 - c. Hungary – Serbia (HU - RS), Hungarian Independent Transmission Operator Company Ltd (MAVIR) and Elektromreza Srbije AD (EMS)
 - d. Romania – Serbia (RO - RS), Compania Natională de Transport al Energiei Electrice “Transelectrica” S.A. and Elektromreza Srbije AD (EMS)
 - e. Bulgaria – Serbia (BG - RS), Elektroenergien Systemen Operator EAD (ESO) and Elektromreza Srbije AD (EMS)
 - f. Bulgaria – North Macedonia (BG - MK), Elektroenergien Systemen Operator EAD (ESO) and Makedonski Elektroprenosen Sistem Operator AD (MEPSO)
 - g. Greece – North Macedonia (BG - MK), Independent Power Transmission Operator S.A. (IPTO) and Makedonski Elektroprenosen Sistem Operator AD (MEPSO)
 - h. Greece – Albania (GR - AL), Independent Power Transmission Operator S.A. (IPTO) and Operatori i Sistemit te Transmetimit sh.a. (OST)
 - i. Italy – Montenegro (IT-ME), TERNA Rete Elettrica Nazionale S.p.A (TERNA) and Crnogorski elektroprenosni sistem AD (CGES)
2. The regional coordination centre (RCC) defined in Annex V for the Shadow SEE SOR shall coordinate the bidding zone borders listed in paragraph 1 in accordance with applicable terms, conditions and methodologies, and its mission as set out in this Regulation or Regulation (EU) 2019/943 in case the RCC’s is seated in a Member State.
 3. TSOs listed in paragraph 1 that are part of the SORs defined by the Agency for the Cooperation of Energy Regulators, shall participate in the coordination of the borders through the RCC defined by the TSOs from the SEE Shadow SOR.
 4. RCC defined by the TSOs from the SEE Shadow SOR shall have agreements with RCCs defined for the neighbouring SORs defined by the Agency for the Cooperation of Energy Regulators; the Central Europe SOR and the SEE SOR.

Article 4

Coordination of the bidding zone borders adjacent to the EE SOR

1. The bidding zone borders adjacent to EE SOR:
 - a. Ukraine - Poland (UA - PL), Ukrenergo NPC SE (Ukrenergo) and PSE S.A. (PSE)
 - b. Ukraine- Slovakia (UA - SL), Ukrenergo NPC SE (Ukrenergo) and Slovenská elektrizaná prenosová sústava, a.s. (SEPS)

- c. Ukraine - Hungary (UA - HU), Ukrenergo NPC SE (Ukrenergo) and Hungarian Independent Transmission Operator Company Ltd (MAVIR)
 - d. Ukraine - Romania (UA - RO), Ukrenergo NPC SE (Ukrenergo) and Compania Națională de Transport al Energiei Electrice “Transelectrica” S.A. (TEL)
 - e. Moldova - Romania (MD - RO), I.S. Moldelectrica (MED) and Compania Națională de Transport al Energiei Electrice “Transelectrica” S.A. (TEL)
2. The RCC mandated for EE SOR according to Annex IV, shall coordinate the bidding zone borders listed in paragraph 1 in accordance with applicable terms, conditions and methodologies, and its mission as set out in this Regulation or the EU version of the same Regulation in case the RCC’s seat is in a Member State.
 3. TSOs listed in paragraph 1 that are part of the SORs defined by the Agency for the Cooperation of Energy Regulators framework, shall participate in the coordination of the borders through the RCC defined by the TSOs from the EE SOR.
 4. RCC defined by the TSOs from the EE SOR shall have agreements with RCCs defined for the neighboring SORs defined by the Agency for the Cooperation of Energy Regulators; the Central Europe SOR and the SEE SOR.

ANNEX V

REGIONAL COORDINATION CENTRES FOR THE SYSTEM OPERATION REGIONS

Article 1

Subject matter and scope

1. Regional Coordination Centres seated in a Contracting Party listed in Article 2 to 4 of this Annex are mandated to perform their tasks and mission in line with Regulation (EU) 2019/943 as adapted and adopted by Ministerial Council Decision 2022/xx/MC-EnC.
2. Regional Coordination Centres seated in a Member State listed in Articles 2 and 3 of this Annex are mandated to perform their tasks and mission in line with Regulation (EU) 2019/943.
3. Adjustments of the configuration of Regional Coordination Centres listed in this Annex shall be subject to the proposal of all transmission system operators of a system operation region defined in this Annex and the approval procedures pursuant to Article 35 of Regulation (EU) 2019/943.

Article 2

Regional Coordination Centres for the Shadow SEE SOR

The role of the Regional Coordination Centres for the Shadow South-East Europe System Operation Region (Shadow SEE SOR) shall have the Regional Coordination Centre with its seat in [*Thessaloniki, Greece / Belgrade, Serbia*].

Article 3

Regional Coordination Centres for the EE SOR

The role of the Regional Coordination Centres for the Eastern Europe System Operation Region (EE SOR) shall have the Regional Coordination Centre for the Central Europe SOR, as defined by the Agency for the Cooperation of Energy Regulators.

Article 4

Implementation and monitoring

Within [6 months] the Regional Coordination Centres defined according to Article 2 to 4 of this Annex shall present to the regulatory authorities concerned:

- (a) the organisational, financial and operational arrangements necessary to ensure the efficient, secure and reliable operation of the interconnected transmission system;
- (b) an implementation plan for the entry into operation of the regional coordination centres;
- (c) the statutes and rules of procedure of the regional coordination centres;
- (d) a description of cooperative processes in accordance with Article 38 of this Regulation;
- (f) a description of the arrangements concerning the liability of the regional coordination centres in accordance with Article 47 of this Regulation.