

**REQUEST FOR AMENDMENT BY ALL REGULATORY
AUTHORITIES OF THE NORDIC SYNCHRONOUS AREA**

ON

**ALL TSOS' PROPOSAL FOR THE DETERMINATION OF
LFC BLOCKS FOR THE NORDIC SYNCHRONOUS AREA
IN ACCORDANCE WITH ARTICLE 141(2) OF THE
COMMISSION REGULATION (EU) 2017/1485 OF
2 AUGUST 2017 ESTABLISHING A GUIDELINE ON
ELECTRICITY TRANSMISSION SYSTEM OPERATION**

27 June 2018

I. Introduction and legal context

This document elaborates an agreement of All Regulatory Authorities of the Nordic synchronous area made on [27 June 2018], on the **All TSOs' proposal for the determination of LFC blocks for the Nordic Synchronous Area (hereafter referred to as "Nordic LFC Blocks Determination Proposal")** submitted in accordance with Article 141(2) of the Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation (hereafter referred to as "Regulation 2017/1485").

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

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

Article 141 – Regulation 2017/1485 – Process responsibility structure

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

Article 139 – Regulation 2017/1485 – Basic structure

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

Article 2 – Regulation 2017/1485 – Scope

1. (...)
2. *This Regulation shall apply to all transmission systems, distribution systems and interconnections in the Union and regional security coordinators, except transmission systems and distribution systems or parts of the transmission systems and distribution systems located in islands of Member States of which the systems are not operated synchronously with Continental Europe ('CE'), Great Britain ('GB'), Nordic, Ireland and Northern Ireland ('IE/NI') or Baltic synchronous area.*
3. *Where more than one TSO exists in a Member State, this Regulation shall apply to all TSOs in a Member State. Where a TSO does not have a function relevant to one or more obligations under this Regulation, Member States may, under the national regulatory regime, provide that the responsibility of a TSO to comply with one or some or all obligations under this Regulation is assigned to one or more specific TSOs.*
4. (...)
5. (...)

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

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

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

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

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

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

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

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

II. The Nordic LFC Blocks Determination Proposal

The Nordic LFC Blocks Determination Proposal was consulted by All TSOs of the Nordic synchronous area through ENTSO-e for one month from 9 March 2018 to 9 April 2018, in line with Article 11 of Regulation 2017/1485¹.

The final Nordic LFC Blocks Determination Proposal, dated 19 April 2018, was received by the last Regulatory Authority of the Nordic synchronous area on 7 May 2018

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

The Nordic LFC Blocks Determination Proposal determines the monitoring areas, LFC areas and LFC block, in line with Article 141(2) of Regulation 2017/1485.

It also describes the timescale for the implementation and a description of the expected impact on the objectives of Regulation 2017/1485, in line with Article 6(6) of this Regulation.

III. All Nordic Regulatory Authority position

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

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

All Regulatory Authorities of the Nordic synchronous area cannot approve the Nordic LFC Blocks Determination Proposal for the reasons that are detailed below. All Regulatory Authorities of the Nordic synchronous area request All TSOs of the Nordic synchronous area to amend the proposal pursuant to Article 7(1) of Regulation 2017/1485.

General comment

NRAs see that it is relevant and necessary to define the geographical area that is considered as relevant for the scope of this proposal in the actual approved document. Article 1 in the proposal shall include the names of the TSOs that are proposing the LFC-determination and the areas where the proposal will apply. E.g. on how the article 1 should be rewritten:

The determination of LFC blocks as established in this proposal shall be considered as the proposal from all TSOs of the Nordic SA complying with Article 2(2) of the SO Regulation in accordance with Article 141(2) of the SO Regulation.” The Nordic SA includes Energinet, Fingrid, Kraftnät Åland, Svenska Kraftnät and Statnett.

¹ The public consultation held from March 2018 to 9 April 2018 is available on the ENTSO-e website: <https://consultations.entsoe.eu/markets/common-proposal-for-determination-of-the-lfc-block/>

In order to ensure clarity regarding the legal enforcement of the Nordic LFC Blocks Determination Proposal, the article 3.1 shall include a definition of the Nordic synchronous area via control areas by specifying the names of all TSOs the Nordic synchronous area. E.g. on how the article 3 should be rewritten:

The Proposal covers the geographic area of the Nordic SA, consisting of control areas of Energinet (DK2), Fingrid, Kraftnät Åland, Svenska kraftnät and Statnett

Specific comment

All Regulatory Authorities of the Nordic synchronous area ask All TSOs of the Nordic synchronous area to check the wording of the proposal in article 3.3. The word “or” should be change to “and”, in order to ensure compliance with the requirement that every network element must be part of only one Monitoring area, one LFC area and one LFC block.

IV. Actions

Based on the above rationale, All Regulatory Authorities of the Nordic synchronous area agree to request an amendment to the Nordic LFC Blocks Determination Proposal. This amendment should contain the following elements:

1. Include the names of the TSOs that are proposing the LFC-determination and the areas where the proposal will apply in article 1.
2. Specify the names of all TSOs the Nordic synchronous area in article 3.1
3. Change the conjunction in art 3.3.

According to Regulation 2017/1485, all Regulatory Authorities of the Nordic synchronous area should issue their national decisions, on the basis of this agreement, within 6 months after the receipt of the proposal by the last NRA, i.e. by November 7, 2018

However, considering the interdependency between this proposal and notably the operational agreements at Synchronous Area level, LFC block level, LFC area level and monitoring area level, as required respectively in articles 118, 119, 120 and 121 of Regulation 2017/1485, all Regulatory Authorities of the Nordic synchronous area agreed to issue their corresponding national decisions as soon as possible, to avoid delaying the process of implementing Regulation 2017/1485 unnecessarily.

All TSOs of the Nordic synchronous area will have to submit the related amended Nordic LFC Blocks Determination Proposal within 2 months following the requirement from All Regulatory Authorities of the Nordic synchronous area, pursuant to article 7(1) of Regulation 2017/1485, i.e. by August 28, 2018, but for the same reason as explained above, all Regulatory Authorities of the Nordic synchronous area urge all TSOs of the Nordic synchronous area to submit the related amended Nordic LFC Blocks Determination Proposal as soon as possible but by 27 July 2018.

Attention: The Nordic NRAs strongly emphasize that the proposal must be send to the Åland regulator as Kraftnät Åland is part of this proposal.