

Regional Operational Centers (ROC)

European Commission proposals		
Article 32 All TSOs shall establish ROCs to establish operational arrangements for system operation functions of regional relevance.	Electricity Regulation	✓
Article 33 ENTSO-E shall submit to ACER a proposal defining the geographical scope of ROCs, to be adopted or reviewed by ACER. The size of the region shall cover at least one capacity calculation region.	Electricity Regulation	≈
Article 34 ROCs shall execute system operation functions of regional relevance detailed in Annex 1 and issue binding decisions and recommendations to the TSOs of the system operation region.	Electricity Regulation	≈
Articles 35-39 The day-to-day operation of the ROCs and procedure for adoption and revision of binding decisions and recommendations shall be managed through cooperative decision-making.	Electricity Regulation	≈
Article 5.7 & 5.8 The dimensioning of reserve capacity and the amount of balancing capacity procurement shall be done on a regional level.	Electricity Regulation	≈
Annex 1 points 7.1 b, 8.1a and 8.2a Regional sizing of reserve capacity and capacity procurement to be performed only at the day-ahead and/or intraday timeframe.	Electricity Regulation	✗

Current framework is insufficient to ensure regional welfare optimisation

With wholesale markets getting increasingly interconnected and coupled, **a regional approach to system operation** (i.e. an approach where the goal is to maximise regional welfare) **is one of the prerequisites to build the IEM. Achieving an integrated energy market indeed depends on the ability to maximise the cross-border transmission capacity released to the markets** in order to ensure an efficient dispatch of units across Europe. Today, **cross-border capacity limitations are used as a non-costly way to deal preventively with potential congestions**. As a consequence, maximum social welfare is not captured.

Such regional approach to system operation should build upon and expand on the existing TSO coordination initiatives (Regional Security Coordination Initiatives) **and network code implementation**, which will already contribute when fully implemented to significantly increase regional TSO cooperation. These are **no regret solutions and shall form a basis to move towards a regional approach to system operation. However, some system operation tasks could benefit from more coordination at regional level, in particular:**

- Coordination of capacity calculation;
- Coordination of security analysis/adequacy assessments;
- Planning and coordination of network investment decisions;
- Coordination of risk preparedness plans.

Indeed, the framework (network codes + RSCs) to be implemented still foresees iterative processes where RSCs only have an advisory role and where the guarantee to optimise the regional welfare is not ensured. Keeping network access tasks at national level with some level of regional coordination is

not sufficient. An example of such inefficiencies is the speed of the capacity calculation processes: modelling the network jointly would avoid long iterative processes between TSOs and RSCs.

The ROC proposal is a good framework to implement this regional approach to system operation

All IEM stakeholders share the goals of an efficient and safely operated power system and want to find the relevant system operation framework to achieve them. EURELECTRIC is not dogmatic about the ROC proposal and open to a constructive dialogue: we believe that the EC proposal on ROC is **is one way to implement the regional approach to system operation we are promoting and is overall a good framework for discussion.** To make the ROC efficient, it should be ensured that **the transition from RSCs to ROCs builds as much as possible on what already exists to allow for a linear/natural evolution.** A **step-wise allocation of the responsibility to regional entities is also needed.**

How to improve the Commission's proposal?

First, enhanced regional cooperation at regulatory level (MS, NRAs) is a prerequisite for further regional TSO cooperation. Progress in this field should go hand in hand and this should be better reflected in the CEP proposals, in particular in the ACER Regulation.

Second, real progress is conditional to the SoS and quality of service liability being moved from national to the regional level to allay the concerns of TSOs with regard to their responsibilities and liabilities.

Last but not least, **the proposals require clarifications regarding the geographical scope of ROCs:** some tasks listed in Art. 34.1 (e.g. regional sizing of reserve capacity or calculation of maximum entry capacity to be considered in capacity mechanisms) suppose that each control area can be in only one ROC, whereas others (e.g. cross-border capacity calculation) consider that each border can be in only one ROC. This overlap is likely to induce inconsistencies and would mechanically lead to a single ROC for Europe. Stakeholder engagement should be ensured on this.

ROCs and national TSOs, a cooperative decision-making

As under the current proposal, national TSOs ultimately remain responsible and liable for the operational safety of the system, we welcome the possibility for national TSOs to:

- derogate from the ROC's decision in cases when the safety of the system would be negatively affected (Art. 38.2);
- follow a clear process for the revision of decisions and recommendations (Art. 39).

Yet, should a TSO decide to deviate or not implement a ROC's decision or recommendation, full transparency and reporting on this choice shall be ensured.

Where regional balancing capacity procurement is in place, cross border capacity allocation must be the outcome of the markets.

A move towards regional procurement and dimensioning of balancing reserve capacity by ROCs is welcome to allow the system to grasp the potential economic benefits of exchanging balancing reserves. However, for this benefit to materialise, reservation of cross-border transmission capacity is necessary. EURELECTRIC is opposed to the possibility for TSOs to reserve cross-border transmission capacity for balancing purposes. **Regional procurement of balancing reserves should therefore be done only when proven to be cost-efficient and when it does not require reservation by TSOs of cross-border transmission capacity.** Furthermore, performing those tasks only at the day-ahead and intra-day time frame is too ambitious given current practices. **Procurement on multiple auctions with various lead times seems to be the most relevant design** (cf. art. Article 5.7 & 5.8)

Key proposed amendments

Article 38.2

Regional operational centres shall adopt binding decisions addressed to the transmission system operators in respect of the functions referred to in points (a), (b), (g) and (q) of Article 34(1). Transmission system operators shall implement the binding decisions issued by the regional operational centres except in cases when the safety of the system will be negatively affected. ***Should this be the case, the involved TSO(s) shall systematically report on the motivations for this decision and the alternative measure. This report shall be publicly disclosed no later than one week after declining the recommendation. Every 6 months, TSOs shall publish a comprehensive report presenting all cases where recommendations of the ROC were not applied, and detailing proposals for improving the procedures of the ROC.***

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Justification

While we support the fact that TSOs may derogate from ROC recommendation/binding decision in cases when the safety of the system will be negatively affected, full transparency and reporting on this choice shall be ensured. Such justification is already foreseen under Art. 39.4 in the case of the revision of a recommendation that is not followed by a TSO.

Article 43.2

Regional operational centres shall submit to the Agency and to the regulatory authorities of the system operation region the data resulting from their continuous monitoring at least annually. ***Upon request of the Agency or any of the regulatory authorities of the system operation region, the regional operational centres shall submit a report of the outcomes of binding decisions. Regional operational centres shall submit a report to the Agency and the regulatory authorities of the system operation region whenever a binding decision negatively affected system security.***

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Justification

While we support the fact that TSOs may derogate from ROC recommendation/binding decision in cases when the safety of the system will be negatively affected, full transparency and reporting on this choice shall be ensured towards the market and the NRAs.

Annex 1 7.1.b

Regional operational centres shall determine 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 and/or intraday timeframe;~~
- c) determine the overall amount of required reserve capacity for the system operation region;
- d) define 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

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of required reserve capacity, if any.

Justification

Performing sizing of balancing capacity reserves only at the day-ahead and intra-day time frame is too ambitious given current practices and should rather be performed on various lead times.

Annex 1 8.1

Regional operational centres shall support the transmission system operators of 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 **according to the rules as referred in Art. 32, 33 and 34 of the Electricity Balancing Guideline ~~at the day-ahead and/or intraday timeframe;~~**
- 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.
- d) **Be performed in a way ensuring that cross-border capacity allocation is always the result of a market based process.**

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Annex 1 8.2

Regional operational 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 **according to the rules as referred in Art. 32, 33, 34 of the Electricity Balancing Guideline ~~at the day-ahead and/or intraday timeframe;~~**
- b) take into account possible substitutions between different types of reserve capacity with the aim to minimise the costs of procurement.
- c) **Be performed in a way ensuring that cross-border capacity allocation is always the result of a market based process.**

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Justification

Where economically relevant, a move towards regional balancing capacity procurement is welcome to allow the system to grasp the potential economic benefits of exchanging balancing reserves. Performing regional balancing capacity procurement only at the day-ahead and intra-day time frame is too ambitious given current practices. Those tasks should be performed according to the rules already defined in Electricity Balancing guideline.

In addition, where regional balancing capacity procurement is in place, cross border capacity allocation must be the outcome of the markets and should not involve reservation of cross-border transmission capacity by TSOs.