

**ACER Decision on the amendment of the HCZCA methodology: Annex I**

**Amendment to the Methodology for a  
harmonised allocation process of cross-zonal  
capacity for the exchange of balancing capacity  
or sharing of reserves per timeframe**

**in accordance with Article 38(3) of Commission Regulation  
(EU) 2017/2195 of 23 November 2017 establishing a guideline  
on electricity balancing**

**29 January 2025**

## Whereas

- (1) This document provides an amendment to the Methodology for a harmonised allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves per timeframe (hereafter referred to as ‘harmonised cross-zonal capacity allocation methodology’) in accordance with Article 38(3) of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (the ‘EB Regulation’) following ACER Decision No 11/2023 of 19 July 2023 on the TSOs’ proposal for the harmonised cross-zonal capacity allocation methodology. With the approval came a request for amendment of specific parts of the methodology, which must be submitted by 31 July 2024.
- (2) The following elements of the harmonised cross-zonal capacity allocation methodology have been amended:
  - a) definitions;
  - b) governance for change requests for the cross-zonal capacity allocation optimisation function software;
  - c) governance and decision-making process of the balancing capacity platforms;
  - d) process and governance framework for the increase of maximum limits;
  - e) sharing of congestion income resulting from exchanging balancing capacity or sharing reserves;
  - f) implementation deadline for the market-based cross-zonal capacity allocation optimisation function software and for the application of the harmonised methodology; and
  - g) general improvements to enhance clarity and/or consistency.
- (3) For the purposes of this amendment to the harmonised cross-zonal capacity allocation methodology, the terms used have the meaning given to them in Article 2 of the EB Regulation, Article 2 of the Transparency Regulation, Article 2 of the CACM Regulation, Article 3 of the SO Regulation and Article 2 of the harmonised cross-zonal capacity allocation methodology.
- (4) This amendment to the harmonised cross-zonal capacity allocation methodology does not have any negative impact on the fulfilment of the objectives of the EB Regulation as assessed in ACER Decision No 11/2023.

## **Article 1 Definitions**

Article 2 – Definitions – shall be amended as follows:

- a) The following definitions shall be included and be read accordingly:
  - a. “‘Additional aggregated flow’ means additional aggregated flow as defined in the methodology developed pursuant to Article 73(1) of the CACM Regulation.
  - b. ‘Advanced hybrid coupling’ means advanced hybrid coupling as defined in the methodology developed pursuant to Article 73(1) of the CACM Regulation.
  - c. ‘Allocation constraint’ means allocation constraint as defined in the methodology developed pursuant to Article 73(1) of the CACM Regulation.
  - d. ‘Application TSO’ means a TSO which participates in an application.
  - e. ‘Expert group’ means a body composed of nominated experts of all application TSOs of a balancing capacity platform and established by the steering committee.
  - f. ‘Set of requirements’ means the requirements that the cross-zonal capacity allocation optimisation function software shall satisfy and which have been approved by all TSOs in accordance with Article 15(2)(b) and Article 27(1)(c).
  - g. ‘Shadow price’ means shadow price as defined in the methodology developed pursuant to Article 73(1) of the CACM Regulation; in the absence of such definition, it means the dual price of a critical network element with contingency (CNEC) or allocation constraint representing the increase in the economic surplus if a constraint is increased by one (1) MW.
  - h. ‘Steering committee’ means the decision-making body of the balancing capacity platform, consisting of nominated representatives from all application TSOs of that balancing capacity platform.
  - i. ‘Virtual hub’ means virtual hub as defined in the methodology developed pursuant to Article 73(1) of the CACM Regulation.”
- b) The following definitions shall be amended and be read accordingly:
  - a. “‘Application’ means the application by two or more TSOs of a cross-zonal capacity allocation process for the exchange of balancing capacity or sharing of reserves of at least one SPBC based on an approved proposal for that application according to Article 38(1) of the EB Regulation.
- c) The list of definitions shall be sorted alphabetically.

## **Article 2 General principles on allocating cross-zonal capacity for the exchange of balancing capacity or sharing of reserves**

Article 4 – General principles on allocating cross-zonal capacity for the exchange of balancing capacity or sharing of reserves – shall be amended as follows:

- a) Paragraph 4 shall be amended and be read accordingly:

“TSOs applying this methodology shall define one single gate closure time for BSPs submitting bids of SPBC to their respective connecting TSOs. The single gate closure time shall apply for each operation of a cross-zonal capacity allocation optimisation function per balancing capacity platform and shall take into account time zone differences,

such that one single gate closure time applies to all BSPs connected to a TSO applying this methodology.”

### **Article 3**

#### **Requirements for the cross-zonal capacity allocation optimisation function**

Article 5 – Requirements for the cross-zonal capacity allocation optimisation function – shall be amended as follows:

- a) Paragraph 2 shall be amended and be read accordingly:

“When this methodology is applied, a cross-zonal capacity allocation optimisation function shall produce at least the following results per market time unit:

  - a. allocated volumes of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves of each SPBC per bidding zone border in each direction;
  - b. allocated volumes of cross-zonal capacity for the exchange of energy in SDAC;
  - c. marginal clearing prices and volumes of each SPBC per bidding zone; and
  - d. activation status of all SPBC bids.”
- b) Paragraph 3 shall be amended and be read accordingly:

“In case of cross-zonal capacity from a capacity calculation region (CCR) where the flow-based approach is applied, the relevant cross-zonal capacity allocation optimisation function shall provide the results pursuant to point 2(a) also in the form of flow-based parameters.”

### **Article 4**

#### **Linking of SPBC bids and sensitivity of TSO demand**

Article 6 – Linking of SBCP bids and sensitivity of TSO demand – shall be amended as follows:

- a) Paragraph 4 shall be amended and be read accordingly:

“BSPs may submit cross-product linked bids of SPBC in case a TSO is involved in an application with two or more SPBC. In those cases, the capacity procurement optimisation functions shall match the cross-product linked bids under the same application such that the bids of SPBC are selected where they minimise the overall socioeconomic procurement costs pursuant to Article 58(3)(a) of the EB Regulation.”

### **Article 5**

#### **Governance for all market-based application TSOs**

Article 15 – Governance for all market-based application TSOs – shall be amended as follows:

- a) Paragraph 2 shall be amended and be read accordingly:

“To ensure an effective change request process for the market-based cross-zonal capacity allocation optimisation function software, the following change request rules shall be implemented:

  - a. Any TSO may submit a change request to the cross-zonal capacity allocation optimisation function software.

- b. Change requests to the cross-zonal capacity allocation optimisation function software that are not in line with the existing set of requirements shall be subject to the approval of all TSOs.
  - c. Change requests to the cross-zonal capacity allocation optimisation function software that concern the operation of the balancing capacity platforms and are in line with the existing set of requirements shall be subject to the approval by all application TSOs of all balancing capacity platforms.”
- b) A new paragraph 3 shall be included and be read accordingly:
- “Any approved change request under point 2(b) which is not in accordance with this methodology shall be pursued via an amendment of this methodology and be subject to regulatory approval, in accordance with Article 6(3) of the EB Regulation.”
- c) A new paragraph 4 shall be included and be read accordingly:
- “Costs incurred for the implementation of change requests shall be shared among the Member States of all application TSOs in accordance with the principles set out in Article 28(5).”

## **Article 6**

### **Governance and decision-making process of the balancing capacity platforms**

Article 16 – Governance and decision-making process of the balancing capacity platforms – shall be amended as follows:

- a) Paragraph 1 shall be amended and be read accordingly:
 

“Two or more TSOs which want to jointly allocate cross-zonal capacity via the market-based allocation process to support the cross-border procurement of balancing capacity for one or more SPBC shall jointly establish an application or join an existing one.”
- b) Paragraph 2 shall be amended and be read accordingly:
 

“Two or more applications may continue to operate independently from each other as long as, for each application, the procurement of balancing capacity for one or more SPBC remains within the geographic scope of the same application. In case any application TSO or a TSO with the prospect of submitting an application proposal pursuant to Article 38(1)(b) of the EB Regulation intends to exchange balancing capacity or share reserves with a bidding zone of a different application, the respective TSOs shall submit a joint application proposal in accordance with Article 38(1)(b) of the EB Regulation to the competent regulatory authorities for approval. Among others, the application proposal shall indicate which balancing capacity platform is to be used by the concerned application TSOs.”
- c) Paragraph 3 shall be amended and be read accordingly:
 

“In order to make effective and non-discriminatory decisions, each balancing capacity platform shall establish a steering committee, which constitutes the decision-making body of the balancing capacity platform. The steering committee shall:

  - a. Decide on any matter or question related to the balancing capacity platform and its operation as long as the matter or question is relevant for the balancing capacity platform only.
  - b. Organise the management of the implementation and the operation of the balancing capacity platform. This shall include the establishment and amendment of operational procedures.

- c. Take binding decisions according to the decision-making principles laid down in this methodology.
  - d. Monitor the implementation of its decisions.”
- d) Paragraph 4 shall be amended and be read accordingly:
- “The steering committee of a balancing capacity platform may establish an expert group. The expert group shall be the expert body of the balancing capacity platform, shall prepare background materials for the steering committee and shall evaluate and propose concepts in relation to the implementation of the balancing capacity platform.”
- e) Paragraph 5 shall be amended and be read accordingly:
- “At the latest when a new application proposal in accordance with Article 38(1)(b) of the EB Regulation is approved, all TSOs of the concerned application shall either establish a steering committee or, in case at least another application runs on the same balancing capacity platform, be integrated into the existing steering committee of the concerned balancing capacity platform.”
- f) Paragraph 6 shall be amended and be read accordingly:
- “Each application TSO shall appoint at least one regular representative to the steering committee and, where it is established, at least one regular representative to the expert group of the balancing capacity platform.”
- g) Paragraph 7 shall be amended and be read accordingly:
- “Any TSO with the prospect of joining a balancing capacity platform may participate in the steering committee and, where it is established, in the expert group as observer.”
- h) Paragraph 8 shall be amended and be read accordingly:
- “All application TSOs of a balancing capacity platform shall establish the following processes:
- a. calculation of the results pursuant to Article 5(2) by using the market-based cross-zonal capacity allocation optimisation function software;
  - b. the forecast of day-ahead energy bids for all relevant bidding zones and MTUs in accordance with Article 18(5); and
  - c. the forecast validation process in accordance with Article 19.”
- i) Paragraph 9 shall be amended and be read accordingly:
- “All application TSOs of a balancing capacity platform shall designate:
- a. a TSO, an RCC or any other company owned by TSOs to perform the cross-zonal capacity allocation optimisation function pursuant to point 8(a);
  - b. a TSO, an RCC or any other company owned by TSOs to perform the forecasting process of day-ahead energy bids for the relevant bidding zones pursuant to point 8(b); and
  - c. an RCC for the forecast validation process under point 8(c).”
- j) A new paragraph 10 shall be included and be read accordingly:
- “All application TSOs of a balancing capacity platform may decide to designate the same entity for some or all the different processes pursuant to paragraph 8. With regard to the forecast validation process under point 8(c), this entity shall be an RCC.”
- k) A new paragraph 11 shall be included and be read accordingly:
- “For the avoidance of doubt, the designated entities may contract third parties for executing supporting tasks, subject to the agreement of the steering committee.”

- l) A new paragraph 12 shall be included and be read accordingly:  
“The entities designated to perform the processes shall be acting for the benefit and on behalf of all application TSOs of each balancing capacity platform. They shall fulfil their tasks in accordance with the objectives of the EB Regulation, this methodology, the contractual framework of the respective applications, the steering committee’s decisions and the operational procedures.”
- m) A new paragraph 13 shall be included and be read accordingly:  
“When designating an entity pursuant to paragraphs 9 and 10, TSOs shall consider impacts on the efficiency of operation of the functions under paragraph 8 concerning the required exchanges of data mentioned in this methodology. The requirements in this methodology for the exchange of data between processes do not apply, if these processes, between which the data needs to be exchanged, are operated by the same entity.”
- n) A new paragraph 14 shall be included and be read accordingly:  
“Decisions related to the governance and operation of a balancing capacity platform shall be made unanimously by the application TSOs of the concerned balancing capacity platform via the steering committee. For balancing capacity platforms composed of more than five Member States, where unanimity cannot be reached, decisions shall be based on qualified majority. The qualified majority shall be determined by applying the majority rates and conditions defined in Article 4(4) of the EB Regulation to the application TSOs.”
- o) A new paragraph 15 shall be included and be read accordingly:  
“In accordance with Article 14(1), application TSOs of each application shall agree on a single gate closure time for BSPs to submit balancing capacity bids. Before setting the exact time of a balancing capacity platform gate closure time, TSOs shall publicly consult stakeholders. Such a consultation shall be performed at least three months before implementation of the gate closure time and shall last for at least four weeks. The announcement of the gate closure time shall be made at least four weeks before taking effect or any time there are changes to it. This announcement shall also include exceptions for instances when the gate closure time is delayed or when the bidding window is reopened. In these instances, the TSOs shall announce these changes as soon as possible and with a reasonable lead time before the actual application.”
- p) A new paragraph 16 shall be included and be read accordingly:  
“TSOs proposing an application of the harmonised market-based allocation process in accordance with Article 38(1)(b) of the EB Regulation shall consider for the relevant implementation timeline of such proposal the time needed to get all processes pursuant to paragraph 8 operational. If the submission of such application proposal triggers the need to enlarge the geographic scope of an existing application in accordance with paragraph 2, the proposing TSOs shall contact the TSOs and entities of the relevant application(s), inform them about the expected amendments needed for integrating the proposed application, and all concerned parties shall jointly assess the time needed for the implementation of such proposal.”

## **Article 7**

### **The process to define the maximum volume of allocated cross-zonal capacity for the exchange of balancing capacity or sharing of reserves for market-based allocation**

Article 17 – The process to define the maximum volume of allocated cross-zonal capacity for the exchange of balancing capacity or sharing of reserves for market-based allocation – shall be amended as follows:

a) Paragraph 1 shall be amended and be read accordingly:

“In accordance with Article 41(1)(d) of the EB Regulation, the process to define the maximum volume of allocated cross-zonal capacity for the exchange of balancing capacity or sharing of reserves for the market-based allocation shall be as follows:

- a. The maximum volume of cross-zonal capacity allocated to the exchange of balancing capacity or sharing of reserves shall be ten (10) percent of cross-zonal capacity calculated for the day-ahead market timeframe in accordance with the capacity calculation methodologies developed pursuant to Article 20(2) of the CACM Regulation.
- b. To resolve a situation where the limit for the maximum volume of cross-zonal capacity allocated to the exchange of balancing capacity or sharing of reserves in a market-based allocation in accordance with point a is not sufficient to satisfy TSO demand in a bidding zone, the percentage limit pursuant to point a for the relevant day-ahead MTUs may be increased based on the exemption rule pursuant to Article 41(2) of the EB Regulation. The limit for the maximum volume of cross-zonal capacity allocated to the exchange of balancing capacity or sharing of reserves for market-based allocation shall only be increased to the point until the TSO demand is satisfied and up to a maximum of twenty (20) percent of the calculated cross-zonal capacity for the day-ahead market timeframe. If this maximum limit is still not sufficient to satisfy a TSO demand, a fallback procedure pursuant to Article 4(9) shall be initiated.
- c. If increases pursuant to point b occur due to a structural local shortage of BSPs’ bids for a SPBC in a bidding zone, the limit for the maximum volume of cross-zonal capacity allocated to the exchange of balancing capacity in accordance with point a may be increased by two (2) percentage points. Such increase of the default limit shall be reported to stakeholders and all regulatory authorities at least two weeks in advance of application. This process can be performed repeatedly until the maximum limit of twenty (20) percent is reached. The applied default limits shall be published in accordance with Article 26(7)(e).”

b) Paragraph 2 shall be amended and be read accordingly:

“All TSOs of a CCR may submit a proposal to the relevant regulatory authorities for setting a limit other than the one defined under point 1(a), 1(b) and 1(c) in accordance with Article 39(6) of the EB Regulation. For CCRs where the coordinated net transmission capacity approach is applied, each bidding zone border in each direction shall only apply one common limit for all SPBC in accordance with paragraph 1. For CCRs where the flow-based approach is applied, all TSOs of the CCR may develop a process to derive a different limit per CNEC starting from intended limits per bidding zone border. Any different limit shall be justified with respect to the objectives set out in Article 3 of the EB Regulation and Article 3 of the Electricity Regulation and, in particular, ensure effective competition, non-discrimination and transparency in balancing capacity markets. This proposal shall include an assessment of the forecast efficiency in accordance with Article 39(6) of the EB Regulation and Article 18(8).”

c) Paragraph 3 shall be amended and be read accordingly:

“TSOs shall publish and notify all the regulatory authorities and neighbouring TSOs in case of CCRs where the coordinated net transmission capacity approach is applied and all TSOs of the CCR where the flow-based approach is applied about each increase of the limit for the maximum volume of cross-zonal capacity allocated to the exchange of balancing capacity or sharing of reserves for market-based allocation above the limits set in point 1(a). This notification shall include at least the final volume percentage of cross-zonal capacity allocated to the exchange of balancing capacity or sharing of reserves for market-based allocation and the reasons for the shortage of balancing capacity bids in the



importing bidding zone. The annual impact of such increases shall be reported pursuant to Article 26(7)(e).”

d) A new paragraph 4 shall be included and be read accordingly:

“The exchange of balancing capacity or sharing of reserves shall, in addition to the limit defined in accordance with paragraph 1, be limited by the rules for the exchange and sharing of reserves in accordance with Title 8, Chapter 1 and 2 of the SO Regulation through the:

- a. maximum procurement volume of balancing capacity per direction for a specific bidding zone, or a set of bidding zones due to operational security requirements pursuant to Article 165(3)(g) of the SO Regulation;
- b. minimum procurement volume of balancing capacity per direction for a specific bidding zone, or a set of bidding zones defined in accordance with the dimensioning process pursuant to Article 157(2)(g) of the SO Regulation.”

### **Article 8**

#### **Determination of the forecasted market value of cross-zonal capacity for the exchange of energy for market-based allocation**

Article 18 – Determination of the forecasted market value of cross-zonal capacity for the exchange of energy for market-based allocation – shall be amended as follows:

a) Paragraph 8 shall be amended and be read accordingly:

“The expected forecast accuracy and related impact on the SDAC shall be taken into account when considering a limit for the maximum volume of allocated cross-zonal capacity for the exchange of balancing capacity or sharing of reserves for market-based allocation pursuant to Article 17(1)(d). For the consideration of such limit, the relevant TSOs shall include in their submission an impact assessment of the proposed application on the SDAC including an assessment of the expected forecast accuracy. The application of harmonised rules for the consideration of the forecast error in accordance with paragraph (7) and resulting mitigating effects on the impact on the SDAC shall also be taken into account when considering such limit.”

### **Article 9**

#### **Sharing of congestion income from cross-zonal capacity**

Article 24 – Sharing of congestion income from cross-zonal capacity – shall be amended as follows:

a) Paragraph 2 shall be amended and be read accordingly:

“On a monthly basis, TSOs of an application applying the market-based allocation process in accordance with Article 38(1)(b) of the EB Regulation, or the entity to whom the task is delegated, shall compare the monthly congestion income calculated in accordance with paragraph 1 with the congestion income which could have been generated for the amount of cross-zonal capacity allocated to the exchange of balancing capacity or sharing of reserves if allocated to SDAC instead ( $CI'_{CCR,T_m}$ ), as calculated according to the following formulas:

- a. For CCRs applying the coordinated net transmission capacity approach:

$$CI'_{CCR,T,m} = \text{adj}_{CCR,T} \times \sum_{t \in T, b \in B_{CCR}} S_{b,t}^{BC} \times \max(0, MS_{b,t})$$

b. For CCRs applying the flow-based approach:

$$CI'_{CCR,T,m} = \text{adj}_{CCR,T} \times \sum_{t \in T, o \in CNEC_{CCR}} \mu_{o,t}^{CNEC} \times BEC_{o,t}$$

Where:

T is the set of MTUs in a given month.

m corresponds to a given month.

$B_{CCR}$  is the set of directed bidding zone borders in a CCR (i.e. this set includes both borders A-B and B-A).

$CNEC_{CCR}$  is the set of CNECs in a CCR.

$S_{b,t}^{BC}$  is the cross-zonal capacity allocated to the exchange of balancing capacity or sharing of reserves on directed bidding zone border b in MTU t.

$MS_{b,t}$  is the market spread for day-ahead energy on directed bidding zone border b in MTU t, i.e. the price difference between the two bidding zones sharing border b (in case of advanced hybrid coupling or allocation constraints, the market spread is the price difference between the virtual hubs).

$\mu_{o,t}^{CNEC}$  is the shadow price of CNEC o in MTU t.

$BEC_{o,t}$  is the cross-zonal capacity allocated to the exchange of balancing capacity or sharing of reserves on CNEC o in MTU t.

$\text{adj}_{CCR,T}$  is the adjustment factor which is used to adjust the compensation amounts per CCR.

The monthly compensation at the CCR level shall be calculated with the following formula:

$$C_{CCR,T,m} = \max(CI'_{CCR,T,m} - EBCI_{CCR,T,m}, 0)$$

Where:

$EBCI_{CCR,T,m}$  is the congestion income from balancing capacity generated in a CCR in a given month.”

b) Paragraph 3 shall be amended and be read accordingly:

“The respective TSOs of each application shall inform all TSOs and regulatory authorities of the relevant CCR(s) and ACER of the outcome of the assessment carried out pursuant to paragraph 2.”

c) A new paragraph 4 shall be included and be read accordingly:

“The adjustment factor  $\text{adj}_{CCR,T}$  shall reflect the overestimation of the congestion income which could have been generated in the day-ahead market due to the fact that the expected price spreads with the increased capacity would be smaller compared to the price spreads obtained with the actually allocated capacity in day-ahead. The adjustment factor shall be set to 1. TSOs of the concerned CCR may define a different adjustment factor. Such

definition shall be based on a unanimous agreement of the TSOs. For CCRs composed of more than five Member States, where unanimity cannot be reached, such definition shall be based on a decision taken by qualified majority voting. The qualified majority shall be determined by applying the majority rates and conditions defined in Article 4(4) of the EB Regulation to the TSOs of the concerned CCR.”

d) A new paragraph 5 shall be included and be read accordingly:

“TSOs of the concerned CCR shall communicate any such change in the value of the adjustment factor, including a justification for this change, to the relevant regulatory authorities and ACER without delay.”

e) A new paragraph 6 shall be included and be read accordingly:

“Application TSOs of a balancing capacity platform may decide to not apply the compensation process described in paragraph 2 in case all TSOs of a CCR are part of a balancing capacity platform.”

f) A new paragraph 7 shall be included and be read accordingly:

“If the comparison pursuant to paragraph 2 shows a deficit on a monthly basis of generated congestion income following the allocation of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves, the TSOs of an application applying the market-based allocation process in accordance with Article 38(1)(b) of the EB Regulation shall pay compensation to SDAC to cover such deficit. The costs of such compensation shall be split among the TSOs of the respective application in accordance with the distribution of shares of overall decreased procurement costs per TSO from the application of the market-based allocation process in the relevant month. The compensation calculated in accordance with paragraph 2 shall be shared among all TSOs of the relevant CCR(s) in accordance with the shares of decreased congestion income per bidding zone border and MTU after reduction of received congestion income from balancing capacity.

To determine the compensation to give to each border, first the decrease of congestion income from day-ahead for each bidding zone border  $b$  at MTU  $t$  ( $CI_{b,t}^{DEC}$ ) shall be calculated according to the following formulas:

a. For CCRs applying the coordinated net transmission capacity approach:

$$CI_{b,t}^{DEC} = \sum_{p \in P} \max(MS_{b,t}, 0) \times CF_b^{BC,p}$$

b. For CCRs applying the flow-based approach:

$$CI_{b,t}^{DEC} = \sum_{p \in P} |MS_{b,t} \times \max(AAF_{b,t}^{BC,p}, 0) \times SF_t| \text{ if } AAF_{b,t} \geq 0$$

$$CI_{b,t}^{DEC} = 0 \text{ if } AAF_{b,t} < 0$$

Where:

$P$  is the set of SPBC used in a balancing capacity platform.

$CF_{b,t}^{BC,p}$  is the allocated capacity on directed bidding zone border  $b$  from product SPBC  $p$  in MTU  $t$ .

$AAF_{b,t}^{BC,p}$  is the resulting additional aggregated flow from balancing capacity exchanges or sharing of reserves on directed bidding zone border  $b$  from product  $p$  in MTU  $t$ .

$AAF_{b,t}$  is the resulting additional aggregated flow from day-ahead energy exchanges on directed bidding zone border  $b$  in MTU  $t$  ( $AAF_{A \rightarrow B,t} = -AAF_{B \rightarrow A,t}$ ).

$MS_{b,t}$  is the market spread for day-ahead energy on directed bidding zone border  $b$  in MTU  $t$ , i.e. the price difference between the two bidding zones sharing border  $b$  (in case of advanced hybrid coupling or allocation constraints, the market spread is the price difference between the virtual hubs).

$SF_t$  is the scaling factor used for scaling the negative congestion income from day-ahead energy congestions in MTU  $t$  as defined in the methodology developed pursuant to Article 73(1) of the CACM Regulation.

For CCRs applying either the coordinated net transmission capacity approach or the flow-based approach, the compensation assigned for period  $T$  for bidding zone border  $b$  ( $c_b$ ) is calculated using the following formula:

$$c_b = \frac{\sum_{t \in T} \max(CI_{b,t}^{DEC} \times Corr_t - EBCI_{b,t}, 0)}{\sum_{t \in T, b \in B_{CCR}} \max(CI_{b,t}^{DEC} \times Corr_t - EBCI_{b,t}, 0)} \times C_{CCR,T}$$

Where:

$Corr_t = \frac{CI_{CCR,t}}{\sum_{b \in B_{CCR}} CI_{b,t}^{DEC}}$  is the correction factor which is needed to ensure that not all compensation  $c_b$  is zero when there is compensation to be shared. This is necessary because the sum of decreased congestion income  $CI_{b,t}^{DEC}$  (used for sharing the compensation) for all borders  $B_{CCR}$  may be smaller than the congestion income that could have been generated  $CI_{CCR,T,m}$  (used when calculating the compensation amount).

$EBCI_{b,t}$  is the congestion income attributed to bidding zone border  $b$  at MTU  $t$  for the exchange of balancing capacity or sharing of reserves, calculated in accordance with the methodology developed pursuant to Article 73(1) of the CACM Regulation.

$T$  is the set of MTUs in a given month.

$B_{CCR}$  is the set of directed borders in a CCR (i.e. this set includes both borders A-B and B-A).

$c_b$  is distributed between the relevant TSOs for bidding zone border  $b$  using the same sharing keys as those used for sharing congestion income from day-ahead energy for this bidding zone border and defined in accordance with the methodology developed pursuant to Article 73(1) of the CACM Regulation.”

## **Article 10**

### **Implementation timeline**

Article 27 – Implementation timeline – shall be amended as follows:

- a) Paragraph 3 shall be amended and be read accordingly:

“All TSOs which are subject to an application pursuant to Article 38(1)(b) of the EB Regulation or which intend to apply the market-based allocation process shall develop the market-based cross-zonal capacity allocation optimisation function software considering all relevant requirements of this methodology and specified in accordance with paragraph (1)(c) and ensure that it is ready for application at the latest by 30 June 2026.”

- b) Paragraph 5 shall be amended and be read accordingly:

“TSOs subject to a methodology pursuant to Article 38(1)(b) of the EB Regulation, i.e. for the application of a methodology pursuant to Article 41(1) of the EB Regulation, which was approved before the implementation deadline pursuant to paragraph 3, shall

operate the market-based allocation process in accordance with this methodology by no later than 30 June 2027.”

c) Paragraph 6 shall be amended and be read accordingly:

“By way of derogation from paragraph 5, the TSOs referred to in paragraph 5 may apply provisions of the methodology pursuant to Article 41(1) of the EB Regulation related to the forecast activities instead of the requirements specified under Article 18 and Article 19 of this methodology and the requirements following from references to those Articles in other provisions of this methodology. The derogation of this paragraph shall cease to apply according to the following timeline:

- a. In case at least one new application proposal pursuant to Article 38(1)(b) of the EB Regulation is approved, for TSOs other than the ones which are already subject to such a methodology, between 29 January 2025 and 30 June 2026, the derogation shall end by 30 September 2027;
- b. In case no new application proposal pursuant to Article 38(1)(b) of the EB Regulation is approved, for TSOs other than the ones which are already subject to such a methodology, between 29 January 2025 and 30 June 2026, the derogation shall end by whichever is later:
  - i. six (6) months after the date of approval of a new application proposal pursuant to Article 38(1)(b) of the EB Regulation; or
  - ii. 31 December 2027.

After the derogation ceases to apply, any market-based allocation process shall be operated in accordance with this methodology.”

## **Article 11**

### **Categorisation of costs and detailed principles for sharing the common and regional costs for market-based allocation**

Article 28 – Categorisation of costs and detailed principles for sharing the common and regional costs for market-based allocation – shall be amended as follows:

a) Paragraph 5 shall be amended and be read accordingly:

“Costs pursuant to paragraph 3 shall be shared among the Member States of all application TSOs in accordance with the following principles set out by Article 23 of the EB Regulation:

- a. one-eighths (1/8) of common costs shall be divided equally between each Member State of the market-based application TSOs;
- b. five-eighths (5/8) of common costs shall be divided proportionally to the consumption of each Member State of the market-based application TSOs; and
- c. two-eighths (2/8) of common costs shall be divided equally between the market-based application TSOs.”

b) Paragraph 6 shall be amended and be read accordingly:

“The common costs for technically developing, implementing or amending and operating a balancing capacity platform in accordance with paragraph 4 shall be shared among the Member States of the application TSOs of the respective balancing capacity platform in accordance with the following principles set out by Article 23 of the EB Regulation:

- a. one-eighths (1/8) of common costs shall be divided equally between each Member State of the market-based application TSOs of the respective balancing capacity platform;

- b. five-eighths (5/8) of common costs shall be divided proportionally to the consumption of each Member State of the market-based application TSOs of the respective balancing capacity platform; and
  - c. two-eighths (2/8) of common costs shall be divided equally between the market-based application TSOs of the respective balancing capacity platform.”
- c) Paragraph 9 shall be amended and be read accordingly:
- “In case of several application TSOs are active in a Member State, the Member State’s share of the costs shall be distributed among those application TSOs proportionally to the consumption in the application TSOs’ monitoring areas.”

## **Article 12**

### **Miscellaneous**

- a) ‘SBCP’ shall be replaced by ‘SPBC’ in Article 2, Article 4, Article 5, Article 6, Article 7, Article 8, Article 9, Article 10, Article 12, Article 13, Article 14, Article 20, Article 21, Article 23 and Article 26.
- b) Cross-references in Article 8, Article 14, Article 18, Article 19, Article 25, Article 26, Article 27 and Article 28 shall be updated accordingly.