

Notification on the use of market-based allocation of cross zonal capacity for the common Nordic aFRR capacity Market

8. September 2022

The TSOs of the Nordic CCR; Fingrid, Statnett, Svenska kraftnät and Energinet, expect to take the common Nordic market-based allocation process of cross-zonal capacity for the exchange of aFRR balancing capacity into use 8. December 2022. The exact implementation date is depended on final approval from the Nordic NRAs and will be announced on [nordicbalancingmodel](#) and on local TSOs websites when approved. For the Finnish-Swedish border, cross-border capacity allocation for the exchange of aFRR balancing capacity will take place only against forecasted commercial flow in the Day Ahead electricity markets . Thus, the allocation has no effect on Day Ahead electricity markets. This is until further notice.

The methodology for market-based allocated is approved in ACER decision 22/2020 5. August 2020 in accordance with article 41(1) of Commission Regulation (EU) 2017/2195 of 23. November 2017 (EB GL).

A description on the specifications, including the market timeframe can be found in the [aFRR Capacity Market Handbook](#). The aFRR capacity market clearing algorithm is a daily auction optimization that allocates CZC and selects bids that meet the requirements for aFRR at the lowest socio-economic cost. The aFRR capacity market will have gate opening time at 00:00 CET (D-7), i.e., one week before delivery day. The gate closure time it set to 7:30 CET (D-1). The pricing is based on marginal pricing (pay-as-cleared).

The Nordic TSO's expect to interchange between 300 MW and 400 MW of aFRR on average due to the cross-zonal FRR activation process when the market-based allocation process is taken into use.

The maximum volume of cross zonal capacity for exchange of balancing capacity is 10 % of cross-zonal capacity for each bidding zone border calculated for the day-ahead timeframe in accordance with the capacity calculation methodologies developed pursuant to Article 20(2) of the CACM Regulation. The entire 10 % will be used for the exchange of aFRR capacity until the common Nordic mFRR capacity market will go live. Hereafter the 10 % will be allocated between the aFRR capacity market and the mFRR capacity market.

If the limit for the maximum volume of cross-zonal capacity allocated for the exchange of balancing capacity is not sufficient to satisfy TSO demand in a bidding zone, a TSO may increase the percentage limit on the relevant bidding zone borders for the relevant day-ahead market time units. The limit for the maximum volume of cross-zonal capacity allocated for the exchange of balancing capacity shall only be increased to the point until the TSO demand is satisfied and maximum up to 20% of the calculated cross-zonal capacity calculated for day ahead market timeframe. If this maximum limit is still not sufficient to satisfy a TSO demand, a fallback procedure will be initiated.

The standard balancing capacity product which will be exchanged is automated frequency restoration reserve (aFRR). The first Gate Opening time for the Nordic aFRR capacity market will be 30. November 2022. The first Gate Closure time for the Nordic aFRR capacity market will be 7. December 2022, and the first delivery date will be 8. December 2022.